As filed with the Securities and Exchange Commission on October 5, 2016

Registration No. 333-191106

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Post-Effective Amendment No. 10
to

Form S-11
REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

Hines Global REIT II, Inc.

(Exact name of registrant as specified in governing instruments)

2800 Post Oak Boulevard
Suite 5000
Houston, Texas 77056-6118
(888) 220-6121
(Address, including zip code, and telephone number, including, area code, of principal executive offices)

Sherri W. Schugart
2800 Post Oak Boulevard
Suite 5000
Houston, Texas 77056-6118
(888) 220-6121
(Name and address, including zip code, and telephone number, including area code, of agent for service)

With copies to:
Judith D. Fryer, Esq.
Alice L. Connaughton, Esq.
Greenberg Traurig, LLP
200 Park Avenue
New York, New York 10166
(212) 801-9200

Approximate date of commencement of proposed sale to the public: as soon as practicable after this registration statement becomes effective.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: ☑

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☑

This Post-Effective Amendment No. 10 consists of:

- Supplement No. 4, dated October 5, 2016, which supersedes and replaces Supplement No. 1, dated August 24, 2016, Supplement No. 2, dated September 1, 2016 and Supplement No. 3, dated September 22, 2016;
- Our Prospectus, dated August 2, 2016, previously filed pursuant to Rule 424(b)(3) and re-filed herewith;
- Part II, included herewith; and
- Signatures, included herewith.

Hines Global REIT II, Inc.

Sticker Supplement No. 4

This Sticker Supplement No. 4, dated October 5, 2016, to our prospectus dated August 2, 2016 (the “Prospectus”), supplements and/or updates information in the “Prospectus Summary,” “Risk Factors,” “Management Compensation, Expense Reimbursement and Operating Partnership OP Units and Special OP Units,” “Our Real Estate Investments,” “Security Ownership of Certain Beneficial Owners and Management,” “Selected Financial Data,” “Experts,” “Incorporation by Reference,” and “Index to Financial Statements” sections of our Prospectus as well as Appendix C to our Prospectus. This Sticker Supplement No. 4 supplements, modifies or supersedes certain information in our Prospectus and must be read in conjunction with our Prospectus.

Hines Global REIT II, Inc.
Supplement No. 4 dated October 5, 2016
To the Prospectus dated August 2, 2016

This prospectus supplement (this "Supplement") is part of and should be read in conjunction with the prospectus of Hines Global REIT II, Inc., dated August 2, 2016 (the "Prospectus"). This Supplement supersedes and replaces all prior supplements to the Prospectus. Unless otherwise defined herein, capitalized terms used in this Supplement shall have the same meanings as in the Prospectus.

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A. Status of Our Current Public Offering

As of September 26, 2016, we had received gross proceeds of approximately $151.1 million through the sale of 15.2 million Class A Shares and $61.4 million through the sale of 6.5 million Class T Shares to the public in connection with the Offering, including $3.9 million and $565,204 of Class A Shares and Class T Shares, respectively, issued under our distribution reinvestment plan. As of September 26, 2016, approximately $1,792.0 million of our common shares remained available for sale pursuant to our current public offering in any combination of Class A Shares or Class T Shares, exclusive of approximately $495.5 million of shares available under our distribution reinvestment plan.

B. Distributions Declared

The following information updates, supplements and should be read in conjunction with the "Prospectus Summary— Description of Capital Stock— Distribution Objectives," "Management's Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition, Liquidity and Capital Resources— Cash Flows from Financing Activities— Distributions" and "Description of Capital Stock— Distribution Objectives" sections beginning on pages 30, 182 and 199 of the Prospectus, respectively.

With the authorization of our board of directors, we declared distributions with respect to Class A Shares of our common stock for the period from October 1, 2014 through October 31, 2016. For the period from October 1, 2014 through April 30, 2016, distributions for Class A Shares were calculated based on stockholders of record each day in an amount equal to $0.001575342 per share, per day. The distribution rate per share, per day was increased effective May 1, 2016. As a result, with respect to the period from May 1, 2016 through October 31, 2016, distributions for Class A Shares were or will be calculated based on stockholders of record each day in an amount equal to $0.001594766 per share, per day.

Also, with the authorization of our board of directors, we declared distributions with respect to Class T Shares of our common stock for the period from August 24, 2015 through October 31, 2016. For the period from August 24, 2015 through April 30, 2016, distributions for Class T Shares were calculated based on stockholders of record each day in an amount equal to $0.001575342 per share, per day less the distribution and stockholder servicing fees that were payable with respect to such Class T Shares (as calculated on a daily basis). The distribution rate per share, per day was increased effective May 1, 2016. As a result, with respect to the period from May 1, 2016 through October 31, 2016, distributions for Class T Shares were or will be calculated based on stockholders of record each day in an amount equal to $0.001594766 per share, per day less the distribution and stockholder servicing fees that are payable with respect to such Class T Shares (as calculated on a daily basis).

All distributions were or will be paid in cash or reinvested in shares of our common stock for those participating in our distribution reinvestment plan and have been or will be paid or issued, respectively, on the first business day following the completion of the month to which they relate. Distributions reinvested pursuant to the distribution reinvestment plan have been or will be reinvested in shares of the same class as the shares on which the distributions are being made.

We expect to continue paying regular distributions on a monthly basis unless our results of operations, our general financial condition, general economic conditions or other factors inhibit us from doing so. The timing and amount of distributions will be determined by our board of directors, in its discretion, and may vary from time to time. Distributions will be made on all classes of our common stock at the same time. Distributions paid with respect to Class A Shares will be higher than those paid with respect to Class T Shares because distributions paid with respect to Class T Shares, including those issued pursuant to the distribution reinvestment plan, will be reduced by the payment of the distribution and stockholder servicing fees. All Class T Shares will receive the same per share distribution. As described above, we expect the estimated net asset value per share of each Class A Share and Class T Share to be the same, except in the unlikely event that the distribution and stockholder servicing fees exceed the amount otherwise available for distribution to holders of Class T Shares in a particular period (prior to the deduction of the distribution and stockholder servicing fees), in which case the excess will be accrued as a reduction to the estimated net asset value per share of each Class T Share, which would result in the net asset value and distributions upon liquidation with respect to Class T Shares being lower than the net asset value and distributions upon liquidation with respect to Class A Shares.

We have not generated sufficient cash flows from operations to fully fund distributions paid. Therefore some or all of our distributions have been and may continue to be paid from other sources, such as proceeds from our debt financings, proceeds from this Offering, cash advances by our Advisor, cash resulting from a waiver or deferral of fees and/or proceeds from the sale of assets. We have not placed a cap on the amount of our distributions that may be paid from any of these sources. For the year ended December 31, 2015 and for the six months ended June 30, 2016, we funded 23% and 44%, respectively, of total distributions with cash flows from financing activities, which included offering proceeds.

Commencing with the quarter ended December 31, 2014, our Advisor agreed to waive the asset management fees for each quarter through December 31, 2016, to the extent that our modified funds from operations ("MFFO"), for a particular quarter amounts to less than 100% of the aggregate distributions declared to our stockholders for such quarter. Our Advisor also agreed to waive an additional $62,500 in asset management fees so that our MFFO for the year ended December 31, 2015 would equal our distributions declared for such year. As a result of these waivers, our Advisor waived all of the $363,873 and $376,550 in asset management fees payable to it during the three months ended March 31, 2016 and June 30, 2016, respectively, $583,433 of the total $888,109 in asset management fees payable to it during the year ended December 31, 2015 and all of the $16,258 asset management fee payable to it during the year ended December 31, 2014. In addition, as a result of these waivers, cash flows from operations that would have been paid to our Advisor for asset management fees may be available to pay distributions to stockholders. These fee waivers are not deferrals and accordingly, these fees will not be paid to our Advisor in cash at any time in the future.

The following table outlines our total distributions declared to stockholders and noncontrolling interests (HALP II) for each of the quarters during 2016 and 2015, including the breakout between the distributions declared in cash and those reinvested pursuant to our distribution reinvestment plan.

	Stockholders			Noncontrolling Interests	Sources			
Distributions for the Three Months Ended	Cash Distributions	Distributions Reinvested	Total Declared	Total Declared	Cash Flows From Operating Activities		Cash Flows From Financing Activities	
2016								
June 30, 2016	$ 1,106,860	$ 1,128,377	$ 2,235,237	$ 3,052	$ 2,238,289	100%	$ —	—%
March 31, 2016	871,004	886,755	1,757,759	3,026	—	—%	1,760,785	100%
Total	$ 1,977,864	$ 2,015,132	$ 3,992,996	$ 6,078	$ 2,238,289	56%	$ 1,760,785	44%
2015								
December 31, 2015	$ 603,936	$ 655,664	$ 1,259,600	$ 3,059	$ 754,717	60%	$ 507,942	40%
September 30, 2015	457,698	489,796	947,494	3,060	950,554	100%	—	—%
June 30, 2015	279,432	287,799	567,231	3,027	570,258	100%	—	—%
March 31, 2015	91,135	58,691	149,826	2,993	—	—%	152,819	100%
Total	$ 1,432,201	$ 1,491,950	$ 2,924,151	$ 12,139	$ 2,275,529	77%	$ 660,761	23%

From inception through June 30, 2016, we declared $7.0 million of cash distributions to our stockholders (including those reinvested in shares pursuant to our distribution reinvestment plan), compared to our total aggregate FFO loss of $376,781 and our total aggregate net loss of $9.2 million for that period. During our offering and investment stages, we incur acquisition fees and expenses in connection with our real estate investments, which are recorded as reductions to net income (loss) and FFO. From inception through June 30, 2016, we incurred acquisition fees and expenses totaling $7.7 million. For the six months ended June 30, 2016, we declared $4.0 million of cash distributions to our stockholders (including those reinvested in shares pursuant to our distribution reinvestment plan), compared to our total aggregate FFO of $2.1 million and our total aggregate net loss of $2.2 million for that period. For the six months ended June 30, 2015, we declared $717,057 of cash distributions to our stockholders (including those reinvested in shares pursuant to our distribution reinvestment plan), compared to our total aggregate FFO loss of $3.8 million and our total aggregate net loss of $5.7 million for that period.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition, Liquidity and Capital Resources” in the Prospectus, as supplemented by Section J of this Supplement, for additional information regarding our distributions and FFO.

C. Waiver of Asset Management Fee

The following information updates and supplements the disclosure under the caption “Asset Management Fee—our Advisor” in the “Prospectus Summary—Management Compensation, Expense Reimbursements and Operating Partnership OP Units and Special OP Units” section beginning on page 18 of the Prospectus and the related disclosure throughout the Prospectus:

We have agreed to pay a monthly asset management fee to our Advisor, and since the quarter ended December 31, 2014, our Advisor has agreed to waive the asset management fees for each quarter through December 31, 2016, to the extent that our MFFO, for a particular quarter, as disclosed in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as applicable, amounts to less than 100% of the aggregate distributions declared to our stockholders for such quarter. Our Advisor also agreed to waive an additional $62,500 in asset management fees so that our MFFO for the year ended December 31, 2015 would equal our distributions declared for such year. As a result of these waivers, our Advisor waived all of the $363,873 and $376,550 in asset management fees payable to it during the three months ended March 31, 2016 and June 30, 2016, respectively, $583,433 of the total $888,109 in asset management fees payable to it during the year ended December 31, 2015 and all of the $16,258 asset management fee payable to it during the year ended December 31, 2014. There can be no assurances that our Advisor will continue this waiver, and if not, cash available to pay distributions in future periods may be reduced.

D. Amendments to our Distribution Reinvestment Plan and Share Redemption Program

The following disclosure updates the disclosure throughout the Prospectus concerning our distribution reinvestment plan and our share redemption program, including disclosure in the "Prospectus Summary — Description of Capital Stock," "Description of Capital Stock — Share Redemption Program" and "Description of Capital Stock — Distribution Reinvestment Plan" sections of the Prospectus.

Distribution Reinvestment Plan

On September 15, 2016, our board of directors approved and adopted the Fifth Amended and Restated Distribution Reinvestment Plan, or the Amended DRP. We amended the price at which additional shares of the same class may be purchased pursuant to the distribution reinvestment plan to a price equal to the estimated per share NAV of the Class A Shares and the Class T shares, respectively, most recently disclosed by us in a public filing with the SEC. The Amended DRP will supersede and replace our current distribution reinvestment plan, effective as of October 31, 2016. In April 2016, we disclosed that our board of directors had unanimously approved an estimated per share NAV of our common stock of $9.03, based on the number of shares issued and outstanding as of February 29, 2016. We anticipate that we will next disclose an estimated per share NAV by April 2017. Therefore, until we disclose a new estimated per share NAV, the new offering price under the Amended DRP for both Class A Shares and Class T Shares will be $9.03 per share. Accordingly, since the Amended DRP takes effect on October 31, 2016, the new offering price under the Amended DRP will first be applied to distributions declared for the month of October 2016, which will be reinvested on November 1, 2016 and distributions declared for September 2016 will be reinvested at the current distribution reinvestment plan prices of $9.46 per Class A Share and $9.08 per Class T Share, respectively.

Share Redemption Program

Additionally, on September 15, 2016, our board of directors approved and adopted the Amended and Restated Share Redemption Program, or the Amended SRP, which will take effect on October 31, 2016. The Amended SRP will continue to provide eligible stockholders with limited, interim liquidity by enabling them to present for redemption all or a portion of their Class A Shares or Class T Shares and was amended solely to reflect new redemption pricing effective as of October 31, 2016. Subject to the limitations of the Amended SRP and the special pricing applicable to redemptions in connection with the death or disability of a stockholder, shares redeemed under the Amended SRP will be redeemed at a price equal to the estimated per share NAV applicable to the class of shares being redeemed and most recently disclosed by us in a public filing with the SEC. Shares that are redeemed in connection with the death or disability of a stockholder will be redeemed at a price equal to the price paid to acquire such shares from us; provided, that, the redemption price cannot exceed the then-current offering price and, as described below, the redemption price will be reduced as necessary to be equal to then-current offering price for such class of shares.

During the period of any public offering, the redemption price per share that a stockholder will be eligible to receive under the Amended SRP will be equal to or less than the price of the share offered in the relevant offering. If we are engaged in a public offering and the redemption price calculated in accordance with the terms of the Amended SRP would result in a price that is higher than the then-current public offering price of our common shares, then the redemption price, including the redemption price for death and disability redemptions, will be reduced and will be equal to the then-current public offering price of such class of common stock. As described above, we disclosed an estimated per share NAV of our common stock of $9.03 in April 2016. Therefore, until we disclose a new estimated per share NAV (which we anticipate will happen by April 2017), the new redemption price under the Amended SRP for both Class A Shares and Class T Shares will be $9.03 per share. Accordingly, since the Amended SRP takes effect on October 31, 2016, the new redemption price of $9.03 per share will first be applied with respect to shares tendered for redemption during October 2016, excluding any shares tendered for redemption in connection with the death or disability of a stockholder. Any shares tendered for redemption in connection with the death or disability of a stockholder will continue to be redeemed at a price equal to the price paid to acquire such shares from us, subject to the limitations noted above. Any shares tendered for redemption during September 2016 that are redeemed by us will be redeemed in accordance with the pricing and terms of our current share redemption program.

Our board of directors, in its sole discretion, may determine at any time to modify the Amended SRP to redeem shares at a price that is higher or lower than the then current redemption price, which may result in a new redemption price that is higher or lower than the price paid for the shares by the redeeming stockholder. In addition, as was the case before the share redemption program was amended, there are limitations on stockholders' ability to have their shares of our common stock redeemed pursuant to the Amended SRP. For a stockholder's shares to be eligible for redemption in a given month, we must receive a written notice from the stockholder or from an authorized representative of the stockholder at least five business days before the end of the applicable month. If our board of directors determines to materially amend, suspend or terminate the Amended SRP, we will provide stockholders with 30 days' prior notice. Any notice of the material amendment, suspension or termination of the Amended SRP will be provided by us in a Current Report on Form 8-K filed with the SEC.

Any estimated per share NAV approved by our board of directors in the future may be higher or lower than the most recently disclosed estimated per share NAV of $9.03, which would cause the offering price under the Amended DRP and the redemption price under the Amended SRP to increase or decrease accordingly. The prices under the Amended DRP and the Amended SRP, as well as the estimated per share NAV are not a representation, warranty or guarantee that (i) a stockholder would be able to realize such per share amounts if such stockholder attempts to sell his or her shares; (ii) a stockholder would ultimately realize distributions per share equal to such per share amounts upon our liquidation or sale; (iii) shares of our common stock would trade at such per share amounts on a national securities exchange; or (iv) a third party would offer such per share amounts in an arm's-length transaction to purchase all or substantially all of our shares of common stock.

As of October 3, 2016, we had received eligible requests for redemptions related to 47,489 shares of our common stock, all of which have been redeemed using proceeds from our own distribution reinvestment plan at an average price of $9.48 per share, or an aggregate amount of $450,427.

E. Update to the Risk Factors Section

The seventh and tenth risk factors under the caption "Risks Related to Investing in this Offering" beginning on page 38 of the Prospectus are hereby deleted in their entirety and replaced with the following:

We have and may continue to pay distributions from sources other than our cash flow from operations, including advances, deferrals or waivers of fees from our Advisor or affiliates, borrowings and/or proceeds of this offering. We have not placed a cap on the amount of our distributions that may be paid from any of these sources. The use of sources other than our cash flow from operations to fund distributions could adversely impact our ability to pay distributions in future periods, decrease the amount of cash we have available for operations and new investments and/or potentially impact the value or result in dilution of your investment.

In our initial quarters of operations, and from time to time thereafter, our cash flow from operations may be insufficient to fund distributions to stockholders. Our organizational documents permit us to make distributions from any source and we may choose to pay distributions when we do not have sufficient cash flow from operations to fund such distributions. We may choose to use advances, deferrals or waivers of fees, if available, from our Advisor or affiliates, borrowings and/or proceeds of this offering or other sources to fund distributions to you. For example, we funded 44% of total distributions for the six months ended June 30, 2016 and 23% of total distributions for 2015 with cash flows from financing activities which includes offering proceeds. In addition, our Advisor agreed to waive the asset management fee otherwise payable to it pursuant to our Advisory Agreement for the fourth quarter of 2014 and for each of the quarters in 2015 and 2016, to the extent that our MFFO for each respective quarter, as disclosed in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as applicable, amounts to less than 100% of the aggregate distributions declared for such quarter. Pursuant to this waiver agreement, our Advisor waived $740,423, $583,433 and $16,258 in asset management fees payable to it during the six months ended June 30, 2016 and the years ended December 31, 2015 and December 31, 2014, respectively. We have not placed a cap on the amount of our distributions that may be paid from sources other than cash flows from operations, including proceeds from our debt financings, proceeds from our public offerings, cash advances by our Advisor and cash resulting from a waiver or deferral of fees. However, our Advisor and affiliates are under no obligation to advance funds to us or to defer or, subsequent to the fourth quarter of 2016, to continue to waive fees in order to support our distributions. When we pay distributions in excess of earnings and we use cash flows from financing activities, including offering proceeds and borrowings, to fund distributions, then we have less funds available for operations and for acquiring properties and other investments, which could adversely impact our ability to pay distributions in future periods, may reduce your overall return and may result in the dilution of your investment. In addition, our Advisor or its affiliates could choose to receive shares of our common stock or interests in the Operating Partnership in lieu of cash or deferred fees or the repayment of advances to which they are entitled, and the issuance of such securities may dilute your interest in us. Furthermore, to the extent distributions exceed cash flow from operations, a stockholder's basis in our stock will be reduced and, to the extent distributions exceed a stockholder's basis, the stockholder may recognize capital gain.

The actual value of shares that we redeem under our share redemption program may be substantially less than what we pay.

Under our share redemption program, commencing on October 31, 2016, shares may be repurchased at a price equal to the estimated per share NAV applicable to the class of shares being redeemed and most recently announced by us in a public filing with the SEC as of the applicable date of the redemption. However, if the redemptions are sought upon a stockholder's death or disability, shares will be redeemed at a price equal to the price paid to acquire such shares from us; provided that, the redemption price cannot exceed the then-current offering price, in which case, the redemption price will be reduced as necessary to equal the then-current offering price for such class of shares being redeemed. The estimated per share NAV and the price paid to acquire shares from us may not accurately represent the current value of our assets per share of our common stock at any particular time and may be higher or lower than the actual value of our assets per share at such time. Accordingly, we may redeem share at prices that are higher than the actual value of our shares, which would be dilutive to our remaining stockholders.

F. Updates to the Management Compensation, Expense Reimbursements and Operating Partnership OP Units and Special OP Units Section

The following disclosure updates the "Prospectus Summary — Management Compensation, Expense Reimbursements and Operating Partnership OP Units and Special OP Units" section and "Management Compensation, Expense Reimbursements and Operating Partnership OP Units and Special OP Units" section beginning on pages 18 and 118 of the Prospectus, respectively:

The table below outlines fees and expense reimbursements incurred that are payable by us to Hines and its affiliates for the periods indicated below:

	Incurred					
	Three Months Ended June 30,		Six Months Ended June 30,		Unpaid as of	
Type and Recipient	**2016**	**2015**	**2016**	**2015**	**June 30, 2016**	**December 31, 2015**
Selling Commissions- Dealer Manager	$ 1,427,053	$ 1,938,836	$ 2,761,308	$ 3,319,480	$ 57,508	$ 276,686
Dealer Manager Fee- Dealer Manager	$ 1,022,301	$ 837,296	$ 1,836,765	$ 1,446,395	$ 7,168	$ 98,451
Distribution & Stockholder Servicing Fee- Dealer Manager	$ 1,861,597	$ —	$ 1,861,597	$ —	$ 1,825,776	$ 7,246
Issuer Costs- the Advisor	$ 874,348	$ 883,010	$ 1,475,430	$ 1,848,513	$ 5,389,575	$ 2,701,249
Acquisition Fee- the Advisor and affiliates of Hines	$ —	$ —	$ 1,307,689	$ 2,327,715	$ —	$ —
Asset Management Fee- the Advisor and affiliates of Hines (1)	$ —	$ 251,841	$ —	$ 251,841	$ —	$ (119,781)
Other- the Advisor (2)	$ 193,942	$ 119,724	$ 363,780	$ 449,150	$ 94,427	$ 180,488
Interest Expense- Hines (3)	$ —	$ 206,321	$ 2,020	$ 431,337	$ —	$ —
Property Management Fee- Hines	$ 11,929	$ 11,600	$ 23,859	$ 23,200	$ —	$ —
Expense Reimbursement- Hines (with respect to management and operations of the Company's properties)	$ 86,100	$ 85,812	$ 170,982	$ 120,308	$ 58,738	$ 41,871
Total	$ 5,477,270	$ 4,334,440	$ 9,803,430	$ 10,217,939	$ 7,433,192	$ 3,186,210

(1) Our Advisor waived all of the $376,550 and $740,423 in asset management fees payable to it during the three and six months ended June 30, 2016, respectively. Our Advisor also waived $129,524 in asset management fees payable to it during the three months ended March 31, 2015. However, since MFFO exceeded distributions declared to our stockholders during the three months ended June 30, 2015, no asset management fees were waived by our Advisor for that period.

(2) Includes amounts our Advisor paid on our behalf such as general and administrative expenses and acquisition-related expenses. These amounts are generally reimbursed to our Advisor during the month following the period in which they are incurred.

(3) Includes amounts paid related to the Hines Credit Facility.

G. Update to the Our Real Estate Investments Section

The section titled "Our Real Estate Investments" beginning on page 129 of the Prospectus is hereby deleted and replaced in its entirety with the following:

As of October 1, 2016, we owned interests in five real estate investments: 2819 Loker Avenue East, an industrial property located in Carlsbad, California, Bishop's Square, an office building located in Dublin, Ireland, the Domain

Apartments, a multi-family community located near Las Vegas in Henderson, Nevada, Cottonwood Corporate Center, an office project located near Salt Lake City in Cottonwood Heights, Utah and Goodyear Crossing II, an industrial warehouse located near Phoenix in Goodyear, Arizona.

Property [1]	**Location**	**Investment Type**	**Date Acquired/ Net Purchase Price (in millions)**	**Estimated Going-in Capitalization Rate** [3]	**Leasable Square Feet**	**Percent Leased** [4]
2819 Loker Avenue East	Carlsbad, California	Industrial	12/2014; $25.4	6.5%	161,310	100%
Bishop's Square	Dublin, Ireland	Office	3/2015; $103.2 [2]	6.1%	153,569	100%
Domain Apartments	Las Vegas, Nevada	Multi-family	1/2016; $58.1	5.5%	331,038	98%
Cottonwood Corporate Center	Salt Lake City, Utah	Office	7/2016; $139.2	6.9%	490,030	93%
Goodyear Crossing II	Phoenix, Arizona	Industrial	8/2016; $56.2	8.5%	820,384	100%
Total for All Investments					1,956,331	98%

(1) On June 30, 2016 we effectively owned a 99.9% interest in these properties through the ownership interest in the Operating Partnership as its sole general partner. HALP II, an affiliate of Hines, owned the remaining 0.1% interest in the Operating Partnership.

(2) The net purchase price for Bishop's Square was denominated in Euros and has been translated at an exchange rate based on the rate in effect on the acquisition date.

(3) The estimated going-in capitalization rate is determined as of the date of acquisition by dividing the projected property revenues in excess of expenses for the first fiscal year by the net purchase price (excluding closing costs and taxes). Property revenues in excess of expenses includes all projected operating revenues (rental income, tenant reimbursements, parking and any other property-related income) less all projected operating expenses (property operating and maintenance expenses, property taxes, insurance and property management fees). The projected property revenues in excess of expenses includes assumptions which may not be indicative of the actual future performance of the property, including the assumption that the tenants will perform under their lease agreements during the 12 months following our acquisition of the properties.

(4) As of June 30, 2016, but includes the effect of our acquisition of Cottonwood Corporate Center in July 2016 and Goodyear Crossing II in August 2016.

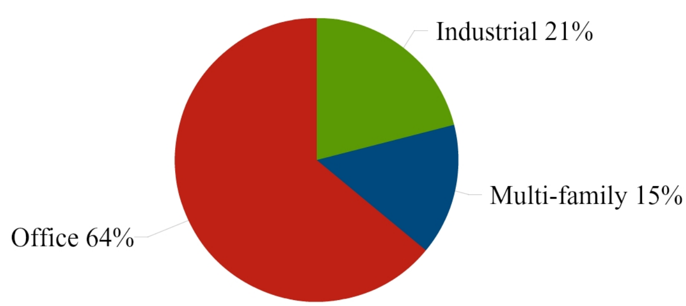
Lease Expirations

The following table lists the scheduled lease expirations and related expiring base rents of our commercial properties for the period from July 1, 2016 through December 31, 2016 and for each of the years ending December 31, 2017 through December 31, 2025 and the period thereafter for the commercial properties we owned as of October 1, 2016. The data in the table is as of June 30, 2016 for properties we acquired prior to June 30, 2016 or the date of acquisition with respect to Cottonwood Corporate Center and Goodyear Crossing II.

		Leasable Area			
Year	**Number of Leases**	**Approximate Square Feet**	**Percent of Total Leasable Area**	**Annual Base Rental Income of Expiring Leases**	**Percent of Total Annual Base Rental Income**
Vacant	—	35,046	2.2%	$ —	—%
July 1, 2016 through December 31, 2016	1	12,405	0.8%	$ 314,466	1.2%
2017	4	27,346	1.7%	$ 859,550	3.2%
2018	8	95,535	5.9%	$ 2,732,631	10.1%
2019	3	983,331	60.5%	$ 7,939,042	29.3%
2020	5	60,044	3.7%	$ 1,878,077	6.9%
2021	4	175,362	10.8%	$ 5,238,931	19.3%
2022	2	14,665	0.9%	$ 739,216	2.7%
2023	—	—	—%	$ —	—%
2024	2	51,091	3.1%	$ 1,709,574	6.3%
2025	—	—	—%	$ —	—%
Thereafter	4	170,468	10.4%	$ 5,710,449	21.0%

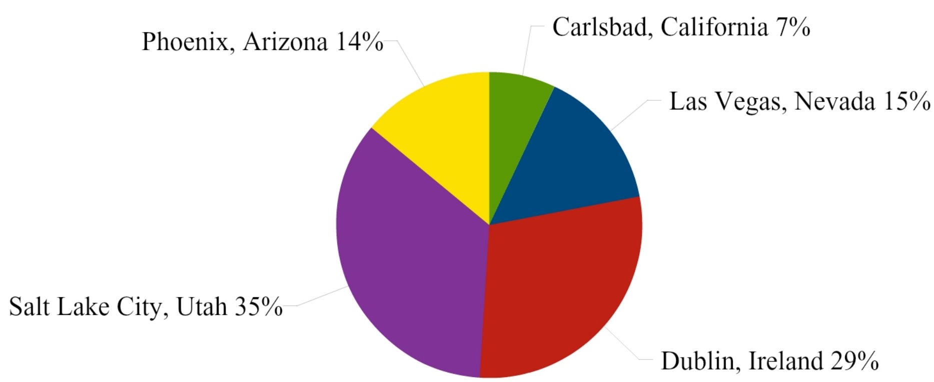
Investment Type

Our portfolio is comprised of investments in a variety of real estate asset classes, including office, industrial and multi-family properties. The following chart depicts the percentage of our portfolio's investment types based on our pro-rata share of the estimated value of each of our investments as of June 30, 2016 and includes the effect of our acquisition of Cottonwood Corporate Center in July 2016 and Goodyear Crossing II in August 2016. The estimated values of our real estate property investments were based on the most recent appraised values of our real estate values except for Cottonwood Corporate Center and Goodyear Crossing II which were based on their net purchase prices.



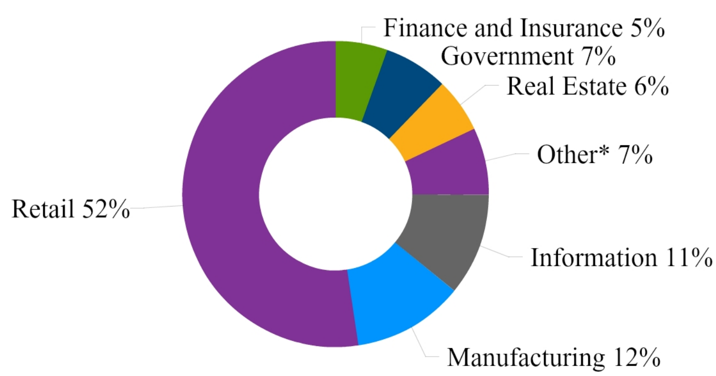
Market Concentration

The following chart depicts the location of our real estate investments as of June 30, 2016 and includes the effect of our acquisition of Cottonwood Corporate Center in July 2016 and Goodyear Crossing II in August 2016. Approximately 71% of our portfolio is located throughout the United States and approximately 29% is located internationally (based on our pro rata share of the estimated value of each of the investments). The estimated values of our real estate property investments were based on the most recent appraised values of our real estate except for Cottonwood Corporate Center and Goodyear Crossing II which were based on their net purchase prices.



Industry Concentration

The following table provides a summary of the industry concentration of the tenants in our four commercial properties based on their leased square footage as of June 30, 2016 (or July 5, 2016 as it relates to Cottonwood Corporate Center and August 18, 2016 as it relates to Goodyear Crossing II):



* Other is made up of industries which are individually less than 3% or our portfolio and includes: Administrative and Support Services, Construction, Hospitality, Oil and Gas, Other Professional Services, and Other Services.

Set forth below is additional information regarding our acquisitions.

2819 Loker Avenue East

On December 17, 2014, we acquired, through a subsidiary of the Operating Partnership, 2819 Loker Avenue East, an industrial building located in Carlsbad, California. The seller, Canoga-Rincon Loker Industrial, LLC is not affiliated with us or our affiliates.

2819 Loker Avenue East was constructed in 1998 and consists of 161,310 square feet of net rentable area that is 100% leased to the Acushnet Company, the parent company of Titleist, FootJoy, BV-Vokey Design, Scotty Cameron, Pinnacle, and the Titleist Performance Institute, under a lease that expires in July 2019.

The net purchase price for 2819 Loker Avenue East was approximately $25.4 million, exclusive of transaction costs and working capital reserves. We funded the acquisition using proceeds from this offering and a credit facility provided by Hines (described below under "Our Permanent Debt").

The estimated going-in capitalization rate for 2819 Loker Avenue East is approximately 6.5%. The estimated going-in capitalization rate is determined by dividing the projected property revenues in excess of expenses for the first fiscal year by the net purchase price (excluding closing costs and taxes). Property revenues in excess of expenses includes all projected operating revenues (rental income, tenant reimbursements, parking and any other property-related income) less all projected operating expenses (property operating and maintenance expenses, property taxes, insurance and property management fees). The projected property revenues in excess of expenses includes assumptions which may not be indicative of the actual future performance of the property, including the assumption that the current tenant will perform under its lease agreement during the next 12 months.

In connection with this acquisition, we paid our Advisor approximately $570,000 in acquisition fees.

Our management currently has no plans for material renovations or other capital improvements to the property and believes 2819 Loker Avenue East is suitable for its intended purpose and adequately covered by insurance. The cost of 2819 Loker Avenue East (excluding the cost attributable to land) will be depreciated for tax purposes over a 40-year period on a straight-line basis.

The following table shows the weighted average occupancy rate, expressed as a percentage of rentable square feet, and the average effective annual net rent per leased square foot, for 2819 Loker Avenue East during the past five years ended December 31:

Year	Weighted Average Occupancy	Average Effective Annual Net Rent per Leased Sq. Ft.(1)
2011	100%	$ 9.87
2012	100%	$ 10.20
2013	100%	$ 10.47
2014	100%	$ 6.47
2015	100%	$ 11.44

(1) Average effective annual net rent per leased square foot for each year is calculated by dividing such year's accrual basis total rent (excluding operating expense recoveries) by the weighted average square footage under lease during such year.

The following table lists, on an aggregate basis, the approximate leasable square feet for all of the scheduled lease expirations for the period from July 1, 2016 through December 31, 2016 and for each of the years ending December 31, 2017 through December 31, 2025 for 2819 Loker Avenue East:

Year	Number of Leases	Approximate Square Feet	Percent of Total Leasable Area	Annual Base Rental Income of Expiring Leases	% of Total Annual Base Rental Income
July 1, 2016 through December 31, 2016	—	—	—	—	—
2017	—	—	—	—	—
2018	—	—	—	—	—
2019	1	161,310	100%	$ 1,899,473	100%
2020	—	—	—	—	—
2021	—	—	—	—	—
2022	—	—	—	—	—
2023	—	—	—	—	—
2024	—	—	—	—	—
2025	—	—	—	—	—

Bishop's Square

On March 3, 2015, we acquired, through a subsidiary of the Operating Partnership, Bishop's Square, a Class A office building located in Dublin, Ireland. The seller, Violet Yarrow Real Estate (Dublin) Limited, is not affiliated with us or our affiliates. The building consists of 153,569 square feet of net rentable area that is 100% leased to five tenants. Three of these tenants individually lease more than 10% of the net rentable area of the complex, as described below:

- The Commissioners of Public Works in Ireland, a state agency of Ireland, leases 90,017 square feet or approximately 59% of the building's net rentable area, under a lease that expires in January 2028. The annual base rent under the lease is currently €3.4 million ($3.7 million assuming a rate of $1.09 per EUR as of December 31, 2015).
- International Financial Data Services, an investor record keeping and transfer agency provider, leases 32,916 square feet or approximately 21% of the building's net rentable area, under a lease that expires in June 2024. The annual base rent under the lease is approximately €1.0 million ($1.1 million assuming a rate of $1.09 per EUR as of December 31, 2015).
- News Corp UK & Ireland Limited, a newspaper publisher, leases 16,153 square feet or approximately 11% of the building's net rentable area, under a lease that expires in August 2017. The annual base rent under the lease is currently €0.5 million ($0.5 million assuming a rate of $1.09 as of December 31, 2015). In addition, the lease has a termination option which permits the tenant to terminate the lease if notice is given 12 months in advance of August 2017. In August 2016, the tenant exercised this termination option and currently expects to vacate the space no later than August 2017.

The net purchase price for Bishop's Square was €92.0 million (approximately $103.2 million assuming a rate of $1.12 per EUR as of the acquisition date), exclusive of transaction costs, fees and working capital reserves. We funded the acquisition using proceeds from this offering, an advance under our credit facility with Hines, and a €55.2 million (approximately $62.1 million assuming a rate of $1.12 per EUR as of the transaction date) secured facility agreement (both of which are described below under "Our Permanent Debt").

The estimated going-in capitalization rate for Bishop's Square is approximately 6.1%. The estimated going-in capitalization rate is determined by dividing the projected property revenues in excess of expenses for the first fiscal year by the net purchase price (excluding closing costs and taxes). Property revenues in excess of expenses includes all projected operating revenues (rental income, tenant reimbursements, parking and any other property-related income) less all projected operating expenses (property operating and maintenance expenses, property taxes, insurance and property management fees). The projected property revenues in excess of expenses includes assumptions which may not be indicative of the actual future performance of the property, including the assumption that the current tenants will perform under their lease agreements during the next 12 months.

In connection with this acquisition, we paid our Advisor approximately $2.3 million in acquisition fees.

Our management currently has no plans for material renovations or other capital improvements to the property and believes the property is suitable for its intended purpose and adequately covered by insurance. The cost of Bishop's Square (excluding the cost attributable to land) will be depreciated for tax purposes over a 40-year period on a straight-line basis.

The following table shows the weighted average occupancy rate, expressed as a percentage of net rentable square feet, and the average effective annual net rent per leased square foot, for Bishop's Square during the past five years ended December 31:

Year	Weighted Average Occupancy	Average Effective Annual Net Rent per Leased Sq. Ft.(1)	
		Euro	USD
2011	99%	€ 43.47	$ 56.08
2012	100%	€ 43.67	$ 57.64
2013	100%	€ 43.67	$ 60.26
2014	100%	€ 36.64	$ 44.70
2015	100%	€ 35.64	$ 38.85

(1) Average effective annual net rent per leased square foot for each year is calculated by dividing such year's accrual basis total rent revenue (excluding operating expense recoveries) by the weighted average square footage under lease during such year. All EUR amounts were translated to USD using the corresponding yearly average exchange rate.

The following table lists, on an aggregate basis, the approximate leasable square feet for all of the scheduled lease expirations for the period from July 1, 2016 through December 31, 2016 and for each of the years ending December 31, 2017 through December 31, 2025 and the period thereafter for Bishop's Square:

Period	Number of Leases	Approximate Square Feet	Percent of Total Leasable Area	Annual Base Rental Income of Expiring Leases (1)	% of Total Annual Base Rental Income
July 1, 2016 through December 31, 2016	—	—	—%	$ —	—%
2017	1	16,153	10.5%	$ 531,567	8.5%
2018	—	—	—%	$ —	—%
2019	—	—	—%	$ —	—%
2020	—	—	—%	$ —	—%
2021	—	—	—%	$ —	—%
2022	1	12,395	8.1%	$ 666,734	10.6%
2023	—	—	—%	$ —	—%
2024	1	32,916	21.4%	$ 1,133,609	18.1%
2025	—	—	—%	$ —	—%
Thereafter	2	92,105	60.0%	$ 3,928,773	62.8%

(1) Assuming an exchange rate of $1.09 per EUR based on the exchange rate in effect as of December 31, 2015.

Domain Apartments

On January 29, 2016, we acquired, through a wholly-owned subsidiary of our Operating Partnership, the Domain Apartments. The Domain Apartments is a multi-family community located near Las Vegas in Henderson, Nevada. The net purchase price for the Domain Apartments was $58.1 million, exclusive of transaction costs and working capital reserves. As of June 30, 2016, the multi-family community that consists of 331,038 square feet of net rentable area was 98% leased with an average effective monthly rental rate of $1,265 per unit.

For the years ended December 31, 2015 and 2014, the average effective monthly rental rate was $1,231 and $1,187 per unit, respectively, and the weighted average occupancy was 95% and 54%, respectively. Average effective monthly rental rate per unit is calculated as the monthly contractual base rent excluding charges for storage, parking, pets and other miscellaneous amounts, net of free rent, divided by the average units leased. The average effective monthly rental rate per unit and the weighted average occupancy for the year ended December 31, 2014 may not be indicative of the rent and occupancy in the periods post-stabilization since the community did not reach stabilization until November 2014.

The estimated going-in capitalization rate for the Domain Apartments is approximately 5.5%. The estimated going-in capitalization rate is determined by dividing the projected property revenues in excess of expenses for the first fiscal year by the net purchase price (excluding closing costs and taxes). Property revenues in excess of expenses include all projected operating revenues (rental income, tenant reimbursements, parking and any other property-related income) less all projected operating expenses (property operating and maintenance expenses, property taxes, insurance and property management fees). The projected property revenues in excess of expenses includes assumptions which may not be indicative of the actual future performance of the property, including the assumption that the current tenants will perform under their lease agreements during the next 12 months and assumptions related to leasing vacant space.

In connection with this acquisition, we paid our Advisor approximately $1.3 million in acquisition fees.

Our management currently has no plans for material renovations or other capital improvements to the property and believes the property is suitable for its intended purpose and adequately covered by insurance. The cost of the Domain Apartments (excluding the cost attributable to land) will be depreciated for tax purposes over a 40-year period on a straight-line basis.

Cottonwood Corporate Center

On July 5, 2016, we, through a wholly-owned subsidiary of our Operating Partnership, acquired Cottonwood Corporate Center. Cottonwood Corporate Center is a four-building, Class-A office project located in Cottonwood Heights, Utah, a submarket of Salt Lake City, Utah. The net purchase price for Cottonwood Corporate Center was $139.2 million, exclusive of transaction costs and working capital reserves. We funded the acquisition using proceeds from this offering, an advance under our credit facility with Hines, and a $78.0 million loan (described below under "Our Permanent Debt"). Cottonwood Corporate Center consists of 490,030 square feet of net rentable area that was 93% leased to 25 tenants as of the date of acquisition. Two of these tenants, Western Digital, formerly known as SanDisk, and Extra Space Storage, individually lease more than 10% of the rentable area of the project.

- Western Digital, a designer, developer and manufacturer of data storage technology, leases 153,201 square feet or approximately 31% of the project's net rentable area, under a lease that expires in September 2021. The annual base rent under the lease is currently $4.5 million. Additionally, the lease provides the tenant with one five-year renewal option at the then-current market rental rate. Lastly, the tenant has an ongoing right of first offer on an additional 63,453 square feet of space as it becomes available until March 2020, unless the tenant has exercised its renewal option, at which point the tenant can maintain its right of first offer on such available space until September 2024.

- Extra Space Storage, a fully integrated, self-managed real estate investment trust focused on for rent self-storage facilities, leases 71,852 square feet or approximately 15% of the project's net rentable area, under a lease that expires in January 2028. The annual base rent under the lease is currently $1.6 million. Additionally, the lease has a termination option which permits the tenant to terminate the lease if notice is given on or before April 30, 2023. Lastly, the lease provides the tenant with two five-year renewal options at 95% of the then-current market rental rate at the time of each renewal.

The estimated going-in capitalization rate for Cottonwood Corporate Center is approximately 6.9%. The estimated going-in capitalization rate is determined by dividing the projected property revenues in excess of expenses for the first fiscal year by the net purchase price (excluding closing costs and taxes). Property revenues in excess of expenses includes all projected operating revenues (rental income, tenant reimbursements, parking and any other property-related income) less all projected operating expenses (property operating and maintenance expenses, property taxes, insurance and property management fees). The projected property revenues in excess of expenses includes assumptions which may not be indicative of the actual future performance of the property, including the assumption that the current tenants will perform under their lease agreements during the next 12 months and assumptions related to leasing vacant space.

In connection with this acquisition, we expect to pay our Advisor approximately $3.1 million in acquisition fees.

Our management currently has no plans for material renovations or other capital improvements at the property and believes the property is suitable for its intended purpose and adequately covered by insurance. The cost of Cottonwood Corporate Center (excluding the cost attributable to land) will be depreciated for tax purposes over a 40-year period on a straight-line basis.

The following table shows the weighted average occupancy rate, expressed as a percentage of net rentable square feet, and the average effective annual net rent per leased square foot, for Cottonwood Corporate Center during the past five years ended December 31:

Year	Weighted Average Occupancy	Average Effective Annual Net Rent per Leased Sq. Ft.(1)
2011	92%	$ 20.46
2012	96%	$ 24.19
2013	94%	$ 18.94
2014	92%	$ 19.04
2015	92%	$ 21.80

(1) Average effective annual net rent per leased square foot for each year is calculated by dividing such year's accrual basis total rent revenue (including operating expense recoveries) by the weighted average square footage under lease during such year.

The following table lists, on an aggregate basis, the approximate leasable square feet for all of the scheduled lease expirations for the period from July 5, 2016 through December 31, 2016, for each of the years ending December 31, 2017 through December 31, 2025 and the period thereafter for Cottonwood Corporate Center:

Year	Number of Leases	Approximate Square Feet	Percent of Total Leasable Area	Annual Base Rental Income of Expiring Leases	% of Total Annual Base Rental Income
Vacant	—	35,046	7.2%	$ —	—%
July 5, 2016 through December 31, 2016	1	12,405	2.5%	$ 314,466	2.4%
2017	3	11,193	2.3%	$ 327,983	2.5%
2018	8	95,535	19.5%	$ 2,732,631	21.1%
2019	1	1,637	0.3%	$ 55,162	0.4%
2020	5	60,044	12.3%	$ 1,878,077	14.5%
2021	4	175,362	35.8%	$ 5,238,931	40.4%
2022	1	2,270	0.5%	$ 72,481	0.6%
2023	—	—	—%	$ —	—%
2024	1	18,175	3.7%	$ 575,966	4.4%
2025	—	—	—%	$ —	—%
Thereafter	2	78,363	15.9%	$ 1,781,676	13.7%

Goodyear Crossing II

On August 18, 2016, we, through a wholly-owned subsidiary of our Operating Partnership, acquired Goodyear Crossing II. Goodyear Crossing II is a Class-A industrial warehouse located in Goodyear, Arizona, a submarket of Phoenix, Arizona. The contract purchase price for Goodyear Crossing II was $56.2 million, exclusive of transaction costs and working capital reserves. We funded the acquisition using proceeds from this offering, an advance under our credit facility with Hines, and a $29.0 million loan (described below under "Our Permanent Debt"). Goodyear Crossing II consists of 820,384 square feet of net rentable area that is 100% leased to Amazon.com, under a lease that expires in September 2019.

The estimated going-in capitalization rate for Goodyear Crossing II is approximately 8.5%. The estimated going-in capitalization rate is determined by dividing the projected property revenues in excess of expenses for the first fiscal year by the net purchase price (excluding closing costs and taxes). Property revenues in excess of expenses includes all projected operating revenues (rental income, tenant reimbursements, parking and any other property-related income) less all projected operating expenses (property operating and maintenance expenses, property taxes, insurance and property management fees). The projected property revenues in excess of expenses includes assumptions which may not be indicative of the actual future performance of the property, including the assumption that the current tenant will perform under its lease agreement during the next 12 months.

In connection with this acquisition, we expect to pay our Advisor approximately $1.3 million in acquisition fees.

Our management currently has no plans for material renovations or other capital improvements at the property and believes the property is suitable for its intended purpose and adequately covered by insurance. The cost of Goodyear Crossing II (excluding the cost attributable to land) will be depreciated for tax purposes over a 40-year period on a straight-line basis.

The following table shows the weighted average occupancy rate, expressed as a percentage of net rentable square feet, and the average effective annual net rent per leased square foot, for Goodyear Crossing II during the past five years ended December 31:

Year	Weighted Average Occupancy	Average Effective Annual Net Rent per Leased Sq. Ft.[(1)]
2011	100%	$ 5.40
2012	100%	$ 5.40
2013	100%	$ 5.52
2014	100%	$ 5.64
2015	100%	$ 5.76

(1) Average effective annual net rent per leased square foot for each year is calculated by dividing such year's accrual basis total rent revenue (including operating expense recoveries) by the weighted average square footage under lease during such year.

The following table lists, on an aggregate basis, the approximate leasable square feet for the scheduled lease expiration for the period from August 18, 2016 through December 31, 2016, for each of the years ending December 31, 2017 through December 31, 2025 and the period thereafter for Goodyear Crossing II:

Year	Number of Leases	Approximate Square Feet	Percent of Total Leasable Area	Annual Base Rental Income of Expiring Leases	% of Total Annual Base Rental Income
August 18, 2016 through December 31, 2016	—	—	—%	—	—%
2017	—	—	—%	—	—%
2018	—	—	—%	—	—%
2019	1	820,384	100%	$ 5,984,407	100%
2020	—	—	—%	—	—%
2021	—	—	—%	—	—%
2022	—	—	—%	—	—%
2023	—	—	—%	—	—%
2024	—	—	—%	—	—%
2025	—	—	—%	—	—%
Thereafter	—	—	—%	—	—%

Our Permanent Debt

Hines Credit Facility

On December 15, 2014, the Operating Partnership entered into a credit facility with Hines (the "Hines Credit Facility") with a maximum principal amount of $75.0 million. Interest on each advance is charged monthly at a variable rate, which is the greater of (i) Hines' then-current borrowing rate under its revolving credit facility and (ii) if we enter into a revolving credit facility through the Operating Partnership, the rate under such facility. Each advance under the Hines Credit Facility must be repaid within six months, subject to one six-month extension at our option and subject to the satisfaction of certain conditions. The Hines Credit Facility will terminate on the earlier of (a) the termination of the availability period as determined by Hines at its discretion (which will not impact the maturity date of any outstanding or previously approved advance under the loan agreement); (b) December 15, 2016; and (c) the date Hines accelerates the repayment of the loan agreement pursuant to any event of default. As of October 1, 2016, we did not have a balance outstanding under the Hines Credit Facility.

Notwithstanding that each advance under the Hines Credit Facility matures six months after it is made, we are required to repay each advance with proceeds from this offering as such proceeds are raised, unless we, through the Operating Partnership, enter into a revolving credit facility, which we refer to as the OP Facility, at which point we may use our offering proceeds to repay the OP Facility, if any, prior to repaying any advances under the Hines Credit Facility. The loan agreement also permits voluntary prepayment of principal and accrued interest.

The Hines Credit Facility requires the maintenance of certain financial covenants including covenants concerning indebtedness to total asset value. In addition, the Hines Credit Facility contains customary affirmative and negative covenants, which, among other things, prohibit us from: (i) merging with other companies or changing ownership interest; (ii) selling all or substantially all of our assets or properties; and (iii) if in default under the Hines Credit Facility, paying distributions to our stockholders other than as required to maintain our status as a real estate investment trust. The Hines Credit Facility also requires us to deliver to Hines certain quarterly and annual financial information.

The Hines Credit Facility contains various customary events of default. As is customary in such financings, if an event of default occurs under the Hines Credit Facility, Hines may accelerate the repayment of amounts outstanding under the Hines Credit Facility and exercise other remedies subject, in certain instances, to the expiration of an applicable cure period.

Bishop's Square Facility

On March 3, 2015, we, through a wholly-owned subsidiary of the Operating Partnership, entered into a secured facility agreement (the "Bishop's Square Facility") with DekaBank Deutsche Girozentrale ("DekaBank") totaling €55.2 million (approximately $62.1 million assuming a rate of $1.12 per EUR as of the transaction date) to fund the acquisition of Bishop's Square, including associated costs. DekaBank is not affiliated with us or our affiliates. The Bishop's Square Facility is secured by a mortgage and related security interests in Bishop's Square and is non-recourse with respect to us. The Bishop's Square Facility also includes assignments of rent, leases and permits for the benefit of DekaBank.

The Bishop's Square Facility requires quarterly interest payments beginning in July 2015 and repayment of principal upon the maturity of the Bishop's Square Facility on March 2, 2022. The Bishop's Square Facility has a floating interest rate of EURIBOR plus 1.30%. The Bishop's Square Facility may be repaid in full prior to maturity, subject to a prepayment premium if it is repaid in the first three years. In accordance with the terms of the Bishop's Square Facility, we entered into a €55.2 million (approximately $62.1 million assuming a rate of $1.12 per EUR as of the transaction date) three-year interest rate cap at 2% to limit exposure to interest rate fluctuations.

The Bishop's Square Facility contains customary events of default with corresponding grace periods, including, without limitation, payment defaults, cross-defaults to other agreements and bankruptcy-related defaults, customary financial covenants regarding the debt service coverage ratio, sale of assets, failure to maintain insurance on Bishop's Square and the failure of certain representations and warranties in the Bishop's Square Facility to be true and correct in all material respects, and customary covenants, including limitation on the incurrence of debt and granting liens. If an event of default has not been cured and is continuing, DekaBank may declare that the principal and any unpaid interest are immediately due and payable.

Domain Apartments Facility

On January 29, 2016, we, through a wholly-owned subsidiary of the Operating Partnership, entered into a loan agreement with Wells Fargo Bank, National Association, which we refer to as Wells Fargo, with the principal sum of $34.3 million to fund the acquisition of the Domain Apartments. Wells Fargo is not affiliated with us or our affiliates.

Interest accrued on the loan is due and payable on the first business day of each month commencing in February 2016. The loan has a floating interest rate of Libor + 1.60%. Repayment of principal is due upon the maturity of the loan on January 29, 2020. We have the option to extend the term for an additional year subject to the satisfaction of certain conditions.

The loan may be prepaid at any time on or after July 29, 2017, subject to certain conditions, including but not limited to providing 30 days' notice to Wells Fargo.

The loan contains various customary events of default, with corresponding grace periods, including, without limitation, payment defaults and bankruptcy defaults. The loan also contains customary financial and other covenants, including without limitation, covenants regarding the debt service coverage ratio, failure to maintain a property management agreement and other customary covenants which are more fully described therein. Upon the occurrence of any default, Wells Fargo may declare all sums owed under this loan immediately due and payable.

Cottonwood Corporate Center Facility

On July 5, 2016, we, through a wholly-owned subsidiary of the Operating Partnership, entered into a loan agreement with Principal Life Insurance Company, which we refer to as Principal Life, for a principal sum of $78.0 million to fund the acquisition of Cottonwood Corporate Center. Principal Life is not affiliated with us or our affiliates. The loan is secured by a first priority lien on our interest in Cottonwood Corporate Center and assignments of all of its leases and rents and the personal property on the premises of Cottonwood Corporate Center.

The loan requires monthly payments of principal and interest. Principal and interest accrued on the loan are due and payable on the first day of each month commencing in September 2016. The loan has a fixed interest rate per annum equal to 2.98% and matures on August 1, 2023. The loan may be prepaid at any time on or after April 1, 2023, subject to certain conditions, including but not limited to providing 30 days' advance written notice to Principal Life and, in the event of prepayment of the loan prior to April 1, 2023, the payment of a prepayment penalty.

The loan contains various customary events of default, with corresponding grace periods, including, without limitation, payment defaults and bankruptcy-related defaults. The loan also contains customary financial and other covenants, including, without limitation, covenants regarding the debt service coverage ratio, failure to maintain a property management agreement, limitations on the incurrence of debt and other customary covenants which are more fully described therein. Upon the occurrence of an event of default under the loan, Principal Life may declare all sums owed under the loan immediately due and payable. Our liability under the loan and the related loan documents is limited to our interest in Cottonwood Corporate Center, including its leases and rents and the personal property on its premises.

Goodyear Crossing II Facility

On August 18, 2016, we, through a wholly-owned subsidiary of our Operating Partnership, entered into a loan agreement with SunTrust Bank, which we refer to as SunTrust, for a principal sum of $29.0 million to fund the acquisition of Goodyear Crossing II. SunTrust is not affiliated with us or our affiliates. The loan is secured by a first priority lien on our interest in Goodyear Crossing II and assignments of all of its leases and rents and the personal property on the premises of Goodyear Crossing II.

Interest accrued on the loan is due and payable on the fifth of each month commencing in October 2016. The loan has a floating interest rate of Libor + 2.00%. Repayment of principal is due upon maturity of the loan on the earlier of (i) August 18, 2021, or (ii) the date on which the principal amount of the loan has been declared or automatically has become due and payable. The loan may be prepaid at any time, in whole or in part, without premium or penalty, subject to certain conditions, including but not limited to providing 3 days' advance written notice to SunTrust.

The loan contains various customary events of default, with corresponding grace periods, including, without limitation, payment defaults and bankruptcy-related defaults. The loan also contains customary financial and other covenants, including, without limitation, covenants regarding the debt service coverage ratio, failure to maintain a property management agreement, limitations on the incurrence of debt and other customary covenants which are more fully described therein. Upon the occurrence of an event of default under the loan, SunTrust may declare all sums owed under the loan immediately due and payable. Our liability under the loan and the related loan documents is limited to our interest in Goodyear Crossing II, including its leases and rents and the personal property on its premises.

H. Update to the Security Ownership of Certain Beneficial Owners and Management Section

The section titled "Security Ownership of Certain Beneficial Owners and Management" beginning on page 142 of the Prospectus is hereby deleted and replaced in its entirety with the following:

The following table shows the number and percentage of our outstanding common shares that were owned as of October 3, 2016 by:

- persons known to us to beneficially own more than 5% of our common shares;
- each director and executive officer; and
- all directors and executive officers as a group.

		Common Shares Beneficially Owned[2]	
Name of Beneficial Owner[1]	**Position**	**Number of Common Shares**	**Percentage of Class**
Jeffrey C. Hines	Chairman of the Board	225,007.898 [3][4]	1.0%
Charles M. Baughn	Director	12,464.842	*
Sherri W. Schugart	President and Chief Executive Officer	22,167.720	*
Ryan T. Sims	Chief Financial Officer and Secretary	4,438.085	*
David L. Steinbach	Chief Investment Officer	5,536.118	*
Kevin L. McMeans	Asset Management Officer	5,536.194	*
J. Shea Morgenroth	Chief Accounting Officer and Treasurer	4,441.741	*
John O. Niemann, Jr.	Independent Director	11,190.446	*
Humberto "Burt" Cabañas	Independent Director	11,164.447	*
Dougal A. Cameron	Independent Director	—	—
All directors and executive officers as a group		301,947.491	1.4%

* Amount represents less than 1%.

(1) The address of each person listed is c/o Hines Global REIT II, Inc., 2800 Post Oak Boulevard, Suite 5000, Houston, Texas 77056-6618.

(2) For purposes of this table, "beneficial ownership" is determined in accordance with Rule 13d-3 under the Exchange Act, pursuant to which a person is deemed to have "beneficial ownership" of shares of our stock that the person has the right to acquire within 60 days. For purposes of computing the percentage of outstanding shares of our stock held by each person or group of persons named in the table, any shares that such person or persons have the right to acquire within 60 days of October 3, 2016 are deemed to be outstanding, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other persons. All shares reported in the table are Class A Shares.

(3) Includes all common shares owned directly by Hines Global REIT II Investor Limited Partnership. Mr. Hines is deemed to be the beneficial owner of the shares owned by Hines Global REIT II Investor Limited Partnership.

(4) This amount does not include the (i) 21,111 OP Units in the Operating Partnership and (ii) the Special OP Units owned by Hines Global REIT II Associates Limited Partnership. Mr. Hines and Gerald D. Hines indirectly own and/or control Hines Global REIT II Associates Limited Partnership. Limited partners in the Operating Partnership may request repurchase of their OP Units for cash or, at our option, common shares on a one-for-one basis, beginning one year after such OP Units were issued. Please see "Management Compensation, Expense Reimbursements and Operating Partnership OP Units and Special OP Units." The holder of the Special OP Units is entitled to distributions from the Operating Partnership under certain circumstances. Please see "The Operating Partnership—Special OP Units" for a description of these distributions. In addition, under our Advisory Agreement, if we are not advised by an entity affiliated with Hines, Hines or its affiliates may cause the Operating Partnership to purchase some or all of the Special OP Units or any other OP Units then held by such entities for cash (or in certain cases, a promissory note) or our shares as determined by the seller. Please see "Management—Our Advisor and Our Advisory Agreement—Removal of our Advisor."

I. Update to the Selected Financial Data Section

The disclosure under "Selected Financial Data" on page 176 of the Prospectus is hereby deleted and replaced in its entirety with the following:

The following selected consolidated financial data are qualified by reference to and should be read in conjunction with our Consolidated Financial Statements and Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our results of operations for the six months ended June 30, 2016 and June 30, 2015 and the years ended December 31, 2015 and 2014 are not indicative of those expected in future periods as we did not meet our minimum offering requirements until September 2014 (and subsequent dates with respect to Washington and Pennsylvania) and did not make our first real estate investment until December 2014. We did not have any results of operations for the period ended July 31, 2013 (date of inception) through December 31, 2013.

	Six Months Ended June 30,		Year Ended December 31,		
	2016	2015	2015	2014	2013 (1)
Operating Data:					
Revenues	$ 7,283,773	$ 3,940,717	$ 9,410,675	$ 94,327	$ —
Depreciation and amortization	$ 4,310,794	$ 1,837,837	$ 4,206,600	$ 49,288	$ —
Asset management and acquisition fees	$ 1,336,257	$ 2,579,556	$ 2,639,645	$ 570,375	$ —
Organizational expenses	$ —	$ —	$ —	$ 63,164	$ —
General and administrative	$ 973,224	$ 741,693	$ 1,548,979	$ 554,476	$ —
Net income (loss)	$ (2,192,254)	$ (5,657,673)	$ (5,637,566)	$ (1,327,663)	$ —
Net (income) loss attributable to noncontrolling interests	$ (6,078)	$ (6,020)	$ (12,139)	$ 186,940	$ —
Net income (loss) attributable to common stockholders	$ (2,198,332)	$ (5,663,693)	$ (5,649,705)	$ (1,140,723)	$ —
Basic and diluted income (loss) per common share	$ (0.15)	$ (2.18)	$ (1.06)	$ (14.67)	$ —
Weighted average number of common shares outstanding	14,276,944	2,592,589	5,307,700	77,779	1,113
Cash distributions declared per Class A Share	$ 0.29	$ 0.29	$ 0.57	$ 0.15	$ —
Cash distributions declared per Class T Share	$ 0.24	$ —	$ 0.17	$ —	$ —
Balance Sheet Data:					
Total investment property	$ 128,516,836	$ 73,815,770	$ 72,426,072	$ 21,355,421	$ —
Cash and cash equivalents	$ 51,484,196	$ 4,355,229	$ 17,224,448	$ 2,726,742	$ 200,000
Total assets	$ 241,530,055	$ 135,792,580	$ 149,056,249	$ 28,550,814	$ 200,000
Long-term obligations	$ 94,890,587	$ 91,956,594	$ 59,693,212	$ 24,200,000	$ —

(1) For the period from July 31, 2013 (date of inception) through December 31, 2013 for operating data and as of December 31, 2013 for balance sheet data.

J. Update to the Management's Discussion and Analysis of Financial Condition and Results of Operations Section

The disclosure under "Funds from Operations and Modified Funds from Operations" beginning on page 185 of the Prospectus is hereby deleted and replaced in its entirety with the following:

Funds from Operations and Modified Funds from Operations

Funds from Operations ("FFO") is a non-GAAP financial performance measure defined by the National Association of Real Estate Investment Trusts ("NAREIT") and is widely recognized by investors and analysts as one measure of operating performance of a real estate company. FFO excludes items such as real estate depreciation and amortization. Depreciation and amortization, as applied in accordance with GAAP, implicitly assumes that the value of real estate assets diminishes predictably over time and also assumes that such assets are adequately maintained and renovated as required in order to maintain their value. Since real estate values have historically risen or fallen with market conditions such as occupancy rates, rental rates, inflation, interest rates, the business cycle, unemployment and consumer spending, it is management's view, and we believe the view of many industry investors and analysts, that the presentation of operating results for real estate companies using historical cost accounting alone is insufficient. In addition, FFO excludes gains and losses from the sale of real estate and impairment charges related to depreciable real estate assets and in-substance real estate equity investments, which we believe provides management and investors with a helpful additional measure of the historical performance of our real estate portfolio, as it allows for comparisons, year to year, that reflect the impact on operations from trends in items such as occupancy rates, rental rates, operating costs, general and administrative expenses and interest costs. A property will be evaluated for impairment if events or circumstances indicate that the carrying amount may not be recoverable (i.e. the carrying amount exceeds the total estimated undiscounted future cash flows from the property). Undiscounted future cash flows are based on anticipated operating performance, including estimated future net rental and lease revenues, net proceeds on the sale of the property, and certain other ancillary cash flows. While impairment charges are excluded from the calculation of FFO as described above, stockholders are cautioned that due to the limited term of our operations, it could be difficult to recover any impairment charges.

In addition to FFO, management uses MFFO, as defined by the Investment Program Association, (the "IPA"), as a non-GAAP supplemental financial performance measure to evaluate our operating performance. The IPA has recommended the use of MFFO as a supplemental measure for publicly registered, non-listed REITs to enhance the assessment of the operating performance of a non-listed REIT. MFFO is not equivalent to our net income or loss as determined under GAAP, and MFFO may not be useful as a measure of the long-term operating performance of our investments or as a comparative measure to other publicly registered, non-listed REITs if we do not continue to operate with a limited life and targeted exit strategy, as currently intended and described herein. MFFO includes funds generated by the operations of our real estate investments and funds used in our corporate-level operations. MFFO is based on FFO, but includes certain additional adjustments which we believe are appropriate. Such items include reversing the effects of straight-line rent revenue recognition, fair value adjustments to derivative instruments that do not qualify for hedge accounting treatment and certain other items as described below. Some of these adjustments are necessary to address changes in the accounting and reporting rules under GAAP such as the accounting for acquisition-related expenses from a capitalization/depreciation model to an expensed-as-incurred model that were put into effect in 2009 and other changes to GAAP rules for real estate subsequent to the establishment of NAREIT's definition of FFO. These changes in the accounting and reporting rules under GAAP affected all industries, and as a result of these changes, acquisition fees and expenses are typically accounted for as operating expenses under GAAP. Management believes these fees and expenses do not affect our overall long-term operating performance. These changes also have prompted a significant increase in the magnitude of non-cash and non-operating items included in FFO, as defined. Such items include amortization of out-of-market lease intangible assets and liabilities and certain tenant incentives.

Other adjustments included in MFFO are necessary to address issues that are common to publicly registered, non-listed REITs. Publicly registered, non-listed REITs typically have a significant amount of acquisition activity and are substantially more dynamic during their initial years of investment and operations. While other start-up entities may also experience significant acquisition activity during their initial years, we believe that non-listed REITs like us are unique in that they have a limited life with targeted exit strategies within a relatively limited time frame after the acquisition activity ceases. We will use the proceeds raised in our offerings to make real estate investments, and intend to begin the process of considering our alternatives for the execution of a Liquidity Event (i.e., a sale of our assets, our sale or merger, a listing of our shares on a national securities exchange, or another similar transaction) five to eight years following the end of our offering. Thus, as a limited life REIT we will not continuously purchase assets and will have a limited life.

The purchase of properties, and the corresponding expenses associated with that process, including acquisition fees and expenses, is a key operational feature of our business plan to generate operational income and cash flows in order to make distributions to our stockholders. MFFO excludes acquisition fees payable to our Advisor and acquisition expenses. Under

GAAP, acquisition fees and expenses are characterized as operating expenses in determining operating net income. These expenses are paid in cash by us, and therefore such funds will not be available to distribute to our stockholders. All paid and accrued acquisition fees and expenses with respect to the acquisition of a property negatively impact our operating performance during the period in which the property is acquired and will have negative effects on returns to our stockholders, the potential for future distributions, and future cash flows, unless earnings from operations or net sales proceeds from the disposition of other properties are generated to cover the purchase price of the property, the related acquisition fees and expenses and other costs related to such property. In addition, if we acquire a property after all offering proceeds from this offering have been invested, there will not be any offering proceeds to pay the corresponding acquisition-related costs. Accordingly, unless our Advisor determines to waive the payment of any then-outstanding acquisition-related costs otherwise payable to the Advisor, such costs will be paid from additional debt, operational earnings or cash flow, net proceeds from the sale of properties, or ancillary cash flows. Therefore, MFFO may not be an accurate indicator of our operating performance, especially during periods in which properties are being acquired. Since MFFO excludes acquisition fees and expenses, MFFO would only be comparable to the operations of non-listed REITs that have completed their acquisition activity and have other similar operating characteristics.

Management uses MFFO to evaluate the financial performance of our investment portfolio, including the impact of potential future investments. In addition, management uses MFFO to evaluate and establish our distribution policy and the sustainability thereof. Further, we believe MFFO is one of several measures that may be useful to investors in evaluating the potential performance of our portfolio following the conclusion of the acquisition phase, as it excludes acquisition fees and expenses, as described herein.

MFFO has limitations as a performance measure in an offering such as ours where the price of a share of common stock is a stated value and there is no net asset value determination during the offering stage and for a period thereafter. MFFO is useful in assisting management and investors in assessing the sustainability (that is, the capacity to continue to be maintained) of operating performance in future operating periods, and in particular, after the offering and acquisition stages are complete and net asset value is disclosed. MFFO is not a useful measure in evaluating net asset value because impairments are taken into account in determining net asset value but not in determining MFFO.

FFO and MFFO should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income or in its applicability in evaluating our operating performance. In addition, FFO and MFFO should not be considered as alternatives to net income (loss) or income (loss) from continuing operations as an indication of our performance or as alternatives to cash flows from operating activities as an indication of our liquidity, but rather should be reviewed in conjunction with these and other GAAP measurements. Further, FFO and MFFO are not intended to be used as liquidity measures indicative of cash flow available to fund our cash needs, including our ability to make distributions to our stockholders. Please see the limitations listed below associated with the use of MFFO:

- As we are currently in the acquisition phase of our life cycle, acquisition costs and other adjustments that are increases to MFFO are, and may continue to be, a significant use of cash and dilutive to the value of an investment in our shares.
- MFFO excludes acquisition fees payable to our Advisor and acquisition expenses. Although these amounts reduce net income, we generally fund such costs with proceeds from our offering and/or acquisition-related indebtedness and do not consider these fees and expenses in the evaluation of our operating performance and determining MFFO.
- We use an interest rate cap as an economic hedge against the variability of interest rates on one of our variable interest rate borrowings. Although we expect to hold this instrument to maturity, if we were to settle this instrument currently, it would have an impact on our operating performance. Additionally, this derivative instrument is measured at fair value on a quarterly basis in accordance with GAAP. MFFO excludes gains (losses) related to changes in the estimated value of our derivative instrument because such adjustments may not be reflective of ongoing operations and may reflect unrealized impacts on our operating performance.
- We utilize the definition of FFO as set forth by NAREIT and the definition of MFFO as set forth by the IPA. Our FFO and MFFO as presented may not be comparable to amounts calculated by other REITs, if they use different approaches.
- Our business is subject to volatility in the real estate markets and general economic conditions, and adverse changes in those conditions could have a material adverse impact on our business, results of operations and MFFO. Accordingly, the predictive nature of MFFO is uncertain and past performance may not be indicative of future results.

Neither the SEC, NAREIT nor any regulatory body has passed judgment on the acceptability of the adjustments that we use to calculate FFO or MFFO. In the future, the SEC, NAREIT or a regulatory body may decide to standardize the allowable adjustments across the non-listed REIT industry and we would have to adjust our calculation and characterization of FFO or MFFO.

The following section presents our calculation of FFO and MFFO attributable to common stockholders and provides additional information related to our operations for the three and six months ended June 30, 2016 and 2015 and the period from inception through June 30, 2016. As we are in the capital raising and acquisition phase of our operations, FFO and MFFO are not useful in comparing operations for the periods presented below. We expect revenues and expenses to increase in future periods as we raise additional offering proceeds and use them to make additional real estate investments.

	Three months ended June 30,		Six months ended June 30,		Period from July 31, 2013 (date of inception) through June 30, 2016
	2016	2015	2016	2015	
Net income (loss)	$ (780,389)	$ (291,110)	$(2,192,254)	$(5,657,673)	$ (9,157,493)
Depreciation and amortization [1]	2,360,226	1,211,059	4,310,794	1,837,837	8,566,682
Adjustments for noncontrolling interests [2]	(5,848)	(439)	(6,658)	38,901	214,030
Funds From Operations attributable to common stockholders	1,573,989	919,510	2,111,882	(3,780,935)	(376,781)
Loss (gain) on derivative instruments [3]	1,320	(12,170)	4,261	14,511	44,796
Loss (gain) on foreign currency [4]	82,870	—	(45,320)	—	(34,920)
Other components of revenues and expenses [5]	(255,857)	(269,660)	(515,238)	(409,645)	(1,459,464)
Acquisition fees and expenses [6]	357,087	105,527	1,747,194	4,995,251	7,692,087
Adjustments for noncontrolling interests [2]	(220)	83	(1,731)	(39,560)	(74,505)
Modified Funds From Operations attributable to common stockholders	$ 1,759,189	$ 743,290	$ 3,301,048	$ 779,622	$ 5,791,213
Basic and diluted loss per common share	$ (0.05)	$ (0.07)	$ (0.15)	$ (2.18)	$ (2.05)
Funds From Operations attributable to common stockholders per common share	$ 0.10	$ 0.23	$ 0.15	$ (1.46)	$ (0.09)
Modified Funds From Operations attributable to common stockholders per common share	$ 0.11	$ 0.18	$ 0.23	$ 0.30	$ 1.32
Weighted average shares outstanding	16,014,138	4,051,587	14,276,944	2,592,589	4,386,114

Notes to the table:

(1) Represents the depreciation and amortization of real estate assets. Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, we believe that such depreciation and amortization may be of limited relevance in evaluating current operating performance and, as such, these items are excluded from our determination of FFO.

(2) Includes income attributable to noncontrolling interests and all adjustments to eliminate the noncontrolling interests' share of the adjustments to convert our net loss to FFO and MFFO.

(3) Represents components of net income (loss) related to the estimated changes in the values of our interest rate contract derivative. We have excluded this change in value from our evaluation of our operating performance and MFFO because such adjustments may not be reflective of our ongoing performance and may reflect unrealized impacts on our operating performance.

(4) Represents components of net income (loss) primarily resulting from transactions that are denominated in currencies other than our functional currencies. We have excluded these changes in value from our evaluation of our operating performance and MFFO because such adjustments may not be reflective of our ongoing performance and may reflect unrealized impacts on our operating performance.

(5) Includes the following components of revenues and expenses that we do not consider in evaluating our operating performance and determining MFFO for the three and six months ended June 30, 2016 and 2015 and the period from inception through June 30, 2016:

	Three months ended June 30,		**Six months ended June 30,**		**Period from July 31, 2013 (date of inception) through June 30, 2016**
	2016	**2015**	**2016**	**2015**	
Straight-line rent adjustment [a]	$ (163,739)	$ (173,400)	$ (333,148)	$ (280,067)	$ (966,027)
Amortization of lease incentives [b]	1,294	—	2,558	—	3,394
Amortization of out-of-market leases [b]	(93,412)	(96,260)	(184,648)	(129,578)	(496,831)
	$ (255,857)	$ (269,660)	$ (515,238)	$ (409,645)	$ (1,459,464)

(a) Represents the adjustments to rental revenue as required by GAAP to recognize minimum lease payments on a straight-line basis over the respective lease terms. We have excluded these adjustments from our evaluation of our operating performance and in determining MFFO because we believe that the rent that is billable during the current period is a more relevant measure of our operating performance for such period.

(b) Represents the amortization of lease incentives and out-of-market leases.

(6) Represents acquisition expenses and acquisition fees paid to our Advisor that are expensed in our condensed consolidated statements of operations. We fund such costs with proceeds from our offering and/or acquisition-related indebtedness, and therefore do not consider these expenses in evaluating our operating performance and determining MFFO.

Set forth below is additional information relating to certain items excluded from the analysis above which may be helpful in assessing our operating results:

- For the three and six months ended June 30, 2016, we incurred $66,211 and $94,779, respectively, in distribution and stockholder servicing fees.

As noted previously, our cash flows from operations have been and may continue to be insufficient to fund distributions to stockholders. We may continue to choose to use proceeds from our debt financings, proceeds from the Offering, cash advances from our Advisor, cash resulting from a waiver or deferral of fees and/or proceeds from the sale of assets to fund distributions to our stockholders. For the six months ended June 30, 2016, we funded 44% of total distributions with cash flows from financing activities, which includes offering proceeds. For the six months ended June 30, 2015, we funded 21% of total distributions with cash flows from financing activities, which includes offering proceeds. Additionally, our Advisor waived $740,423 and $129,524 in asset management fees payable to it for the six months ended June 30, 2016 and 2015, respectively. We have not placed a cap on the amount of our distributions that may be paid from sources other than cash flows from operations, including proceeds from our debt financings, proceeds from the offering, cash advances by our Advisor and cash resulting from a waiver or deferral of fees.

From inception through June 30, 2016, we declared $7.0 million of cash distributions to our stockholders (including those reinvested in shares pursuant to our distribution reinvestment plan), compared to our total aggregate FFO loss of $376,781 and our total aggregate net loss of $9.2 million for that period. During the Offering and investment stages, we incur acquisition fees and expenses in connection with our real estate investments, which are recorded as reductions to net income (loss) and FFO. From inception through June 30, 2016, we incurred acquisition fees and expenses totaling $7.7 million. For the six months ended June 30, 2016, we declared $4.0 million of cash distributions to our stockholders (including those reinvested in shares pursuant to our distribution reinvestment plan), compared to our total aggregate FFO of $2.1 million and our total aggregate net loss of $2.2 million for that period. For the six months ended June 2015, we declared $717,057 of cash distributions to our stockholders (including those reinvested in shares pursuant to our distribution reinvestment plan), compared to our total aggregate FFO loss of $3.8 million and our total aggregate net loss of $5.7 million for that period.

K. Update to the Experts Section

The second paragraph of the "Experts" section on page 261 of the Prospectus is hereby deleted in its entirety and replaced with the following:

The statement of revenues and certain operating expenses of the property located at 2819 Loker Avenue East, Carlsbad, California for the year ended December 31, 2013, the statement of revenues and certain operating expenses of Bishop's Square, an office building located in Dublin, Ireland, for the year ended December 31, 2014, the statement of revenues and certain operating expenses of the Domain Apartments, a multi-family community located near Las Vegas in Henderson, Nevada, for the year ended December 31, 2015, and the statement of revenues and certain operating expenses of Cottonwood Corporate Center, a four-building office project located near Salt Lake City, Utah, for the year ended December 31, 2015, incorporated herein by reference from our Current Reports on Form 8-K/A filed on February 27, 2015, May 15, 2015, April 11, 2016, and September 20, 2016, respectively, have been audited by Saville Dodgen & Company PLLC, independent auditors, as stated in their report, which is incorporated herein by reference (which report on the statement of revenues and certain operating expenses expresses an unqualified opinion and includes a matter of emphasis paragraph referring to the purpose of the statement) and is so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

L. Update to the Incorporation by Reference Section

The disclosure under "Incorporation by Reference" on page 261 is hereby deleted and replaced in its entirety with the following:

The SEC's rules allow us to incorporate by reference certain information into this prospectus. The documents listed below are incorporated by reference into this prospectus, except for any document or portion thereof deemed to be "furnished" and not filed in accordance with SEC rules.

- Our Current Reports on Form 8-K, filed January 4, 2016, February 1, 2016, February 4, 2016, March 1, 2016, April 1, 2016, April 15, 2016, May 2, 2016, May 19, 2016, June 1, 2016, June 30, 2016, July 1, 2016, July 11, 2016, July 18, 2016, July 25, 2016, August 1, 2016, August 23, 2016, September 1, 2016, September 15, 2016, September 22, 2016 and October 3, 2016;

- Our Current Reports on Form 8-K/A filed February 27, 2015, May 15, 2015, April 11, 2016 and September 20, 2016,

- Our Annual Report on Form 10-K for the year ended December 31, 2015, filed March 24, 2016;

- Our Quarterly Reports on Form 10-Q for the quarter ended March 31, 2016, filed May 10, 2016 and the quarter ended June 30, 2016, filed August 12, 2016; and

- Our definitive proxy statement on Schedule 14A filed on April 27, 2016, as amended on June 17, 2016.

M. Update to the Financial Statements Section

The index on Page F-1 of the Prospectus is hereby deleted and replaced in its entirety by the following:

INDEX TO FINANCIAL STATEMENTS

* See the "Incorporation by Reference" section (section L) of this Supplement.

N. Update to Appendix C to the Prospectus, Effective as of October 31, 2016

Appendix C to the Prospectus is hereby deleted in its entirety and replaced with the Fifth Amended and Restated Distribution Reinvestment Plan below.

Appendix C

HINES GLOBAL REIT II, INC.
FIFTH AMENDED AND RESTATED
DISTRIBUTION REINVESTMENT PLAN
Effective as of October 31, 2016

Hines Global REIT II, Inc., a Maryland Corporation (the "Company"), has adopted the following Distribution Reinvestment Plan (the "DRP"). Capitalized terms shall have the same meaning as set forth in the Company's Charter (the "Articles") unless otherwise defined herein.

1. *Distribution Reinvestment*. As an agent for the stockholders ("Stockholders") of the Company who purchase shares of the Company's common stock (the "Shares") pursuant to an offering by the Company ("Offering"), and who elect to participate in the DRP (the "Participants"), the Company will apply all cash distributions, other than Designated Special Distributions (as defined below), ("Distributions"), including Distributions paid with respect to any full or fractional Shares acquired under the DRP, to the purchase of the Shares for such Participants directly, if permitted under state securities laws and, if not, through the Dealer Manager or Soliciting Dealers registered in the Participant's state of residence. The Shares purchased pursuant to the DRP shall be of the same Share class as the Shares with respect to which the Participant is receiving cash distributions to be reinvested through DRP. As used in the DRP, the term "Designated Special Distributions" shall mean those cash or other distributions designated as Designated Special Distributions by the Board of Directors.

2. *Procedure for Participation*. Any Stockholder who owns Shares and who has received a prospectus, as contained in the Company's Registration Statement filed with the Securities and Exchange Commission (the "Commission"), may elect to become a Participant by completing and executing a subscription agreement, an enrollment form or any other appropriate authorization form as may be available from the Company from time to time. Participation in the DRP will begin with the next Distribution payable after receipt of a Participant's subscription, enrollment or authorization. Shares will be purchased under the DRP on the date that Distributions are paid by the Company. We request that if, at any time prior to the listing of the Shares on a national securities exchange, a Participant does not meet the minimum income and net worth standards established for making an investment in the Company or can no longer make the other representations or warranties set forth in the subscription agreement or other applicable enrollment form, he or she will promptly so notify the Company in writing.

Participation in the DRP shall continue until such participation is terminated in writing by the Participant pursuant to Section 7 below. If the DRP transaction involves Shares which are registered with the Commission in a future registration or the Board of Directors elects to change the purchase price to be paid for Shares issued pursuant to the DRP, the Company shall make available to all Participants the prospectus as contained in the Company's Registration Statement filed with the Commission with respect to such future registration or provide public notification to all Participants of such change in the purchase price of Shares issued pursuant to the DRP. If, after a price change, a Participant does not desire to continue to participate in the DRP, he should exercise his right to terminate his participation pursuant to the provisions of Section 7 below.

3. *Purchase of Shares*. Participants will acquire DRP Shares from the Company at a price equal to the estimated per share net asset value applicable to the class of DRP Shares being acquired by the Participant and most recently announced by the Company in a public filing with the Commission on or before the date

such DRP Shares are issued. Participants in the DRP may also purchase fractional Shares so that 100% of the Distributions will be used to acquire Shares. However, a Participant will not be able to acquire DRP Shares to the extent that any such purchase would cause such Participant to violate any provision in the Articles.

Shares to be distributed by the Company in connection with the DRP may (but are not required to) be supplied from: (a) the DRP Shares which are being registered with the Commission in connection with the Offering, (b) Shares to be registered with the Commission after the Offering for use in the DRP (a "Future Registration"), or (c) Shares of the Company's common stock purchased by the Company for the DRP in a secondary market (if available) or on a securities exchange (if listed) (collectively, the "Secondary Market"). Shares purchased on the Secondary Market as set forth in (c) above will be purchased at the then-prevailing market price, which price will be utilized for purposes of purchases of Shares in the DRP. Shares acquired by the Company on the Secondary Market will have a price per share equal to the then-prevailing market price, which shall equal the price on the securities exchange, or over-the-counter market on which such shares are listed at the date of purchase if such shares are then listed. If Shares are not so listed, the Board of Directors of the Company will determine the price at which Shares will be issued under the DRP.

If the Company acquires Shares in the Secondary Market for use in the DRP, the Company shall use reasonable efforts to acquire Shares for use in the DRP at the lowest price then reasonably available. However, the Company does not in any respect guarantee or warrant that the Shares so acquired and purchased by the Participant in the DRP will be at the lowest possible price. Further, irrespective of the Company's ability to acquire Shares in the Secondary Market or to complete a Future Registration for Shares to be used in the DRP, the Company is in no way obligated to do either, in its sole discretion.

4. *Share Certificates*. The ownership of the Shares purchased through the DRP will be in book-entry form only.

5. *Reports*. Within 90 days after the end of the Company's fiscal year, the Company shall provide or cause to be provided to each Stockholder an individualized report on his or her investment, including the purchase date(s), purchase price and number of Shares owned, as well as the dates of Distributions and amounts of Distributions paid during the prior fiscal year. In addition, the Company shall provide or cause to be provided to each Participant a confirmation at least once every calendar quarter showing the number of Shares owned by such Participant at the beginning of the covered period, the amount of the Distributions paid in the covered period and the number of Shares owned at the end of the covered period.

6. *Commissions*. The Company will not pay any selling commissions or Dealer Manager fees in connection with Shares sold pursuant to the DRP.

7. *Termination by Participant*. A Participant may terminate participation in the DRP at any time, upon 10 days' written notice, without penalty by delivering to the Company a written notice of such termination. Any such withdrawal will be effective only with respect to distributions paid more than 30 days after receipt of such written notice. Prior to listing of the Shares on a national securities exchange, any transfer of Shares by a Participant to a non-Participant will terminate participation in the DRP with respect to the transferred Shares. Upon the Company's receipt of a request for redemption from a Participant, the Company will terminate the Participant's participation in the DRP. Upon termination of DRP participation, future Distributions, if any, will be distributed to the Stockholder in cash.

8. *Taxation of Distributions*. The reinvestment of Distributions in the DRP does not relieve Participants of any taxes which may be payable as a result of those Distributions and their reinvestment in Shares pursuant to the terms of the DRP.

9. *Amendment or Termination of DRP by the Company*. The Board of Directors of the Company may by majority vote amend, suspend or terminate the DRP for any reason upon 10 days' notice to the Participants, which notice shall be provided by the Company to the Participants in a Current Report on

Form 8-K publicly filed with the Commission; provided, however, the Board of Directors may not amend the DRP to eliminate the right of a Participant to terminate participation in the DRP at least annually.

10. *Liability of the Company*. The Company shall not be liable for any act done in good faith, or for any good faith omission to act, including, without limitation, any claims or liability: (a) arising out of failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing of such death; and (b) with respect to the time and the prices at which Shares are purchased or sold for Participant's account.

Filed pursuant to Rule 424(b)(3)
Registration No. 333-191106

PROSPECTUS

Hines Global REIT II, Inc.

$2,500,000,000 Maximum Offering
$2,000,000 Minimum Offering

We were incorporated under the General Corporation Laws of the State of Maryland on July 31, 2013, to invest in a diversified portfolio of quality commercial real estate properties and other real estate investments throughout the United States and internationally. We are sponsored by Hines Interests Limited Partnership, or Hines, a fully integrated global real estate investment and management firm that has acquired, developed, owned, operated and sold real estate for over 55 years. We intend to elect to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes beginning with our taxable year ended December 31, 2015.

Through our affiliated Dealer Manager, Hines Securities, Inc., we are offering up to $2,000,000,000 in our common shares in our primary offering on a best efforts basis. We are offering two classes of shares of our common stock: Class A shares and Class T shares, which we refer to individually as our Class A Shares and Class T Shares, and collectively as our common shares. We are also offering up to $500,000,000 in our common shares to be issued pursuant to our distribution reinvestment plan. We reserve the right to reallocate the common shares in accordance with federal securities laws between the primary offering and the distribution reinvestment plan. Our board of directors may change the price of the shares in this offering in its discretion. As of September 26, 2014, we had sold the minimum offering amount of $2,000,000 in shares to Hines Global REIT II Investor Limited Partnership. This offering will terminate on or before August 20, 2017, a date which is three years after the effective date of this offering, unless further extended by our board of directors in accordance with federal securities laws. However, in certain states the offering may continue for just one year following the most recent clearance by applicable state authorities unless we renew the offering period.

We are an "emerging growth company" under the federal securities laws and will be subject to reduced public company reporting requirements. Investing in shares of our common stock involves a high degree of risk. You should purchase shares only if you can afford a complete loss of your investment. See "Risk Factors" beginning on page 36 before purchasing our common shares. Significant risks relating to your investment in our common shares include:

- This is our initial public offering. We have no prior operating history and the prior performance of other Hines affiliated entities may not be a good measure of our future results; therefore, there is no assurance we will be able to achieve our investment objectives;
- Our charter does not require us to pursue a transaction to provide liquidity to our stockholders and there is no public market for our common shares; therefore, you must be prepared to hold your shares for an indefinite length of time and, if you are able to sell your shares, you will likely sell them at a substantial discount;
- The offering prices of our Class A Shares and Class T Shares will not accurately represent the value of our assets at any given time and the actual value of your investment may be substantially less;
- 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;
- This is a best efforts offering and as such, there is a risk that we will not be able to accomplish our business objectives and that the poor performance of a single investment will materially adversely affect our overall investment performance, if we are unable to raise substantial funds;
- The availability and timing of distributions we may pay is uncertain and cannot be assured;
- Distributions have exceeded earnings. Some or all of our distributions have been paid and may continue to be paid from sources such as proceeds from our debt financings, proceeds from this offering, cash advances by our Advisor, Hines Global REIT II Advisors LP, cash resulting from a waiver or deferral of fees and/or proceeds from the sale of assets. We have not placed a cap on the amount of our distributions that may be paid from any of these sources. If we continue to pay distributions from sources other than our cash flow from operations, we will have less funds available for the acquisition of properties, and your overall return may be reduced;
- There are significant restrictions and limitations on your ability to have any of your shares of our common stock redeemed under our share redemption program and, if you are able to have your shares redeemed, it may be at a price that is less than the price you paid and the then-current market value of the shares;
- Due to the risks involved in the ownership of real estate investments, there is no assurance of any return on your investment and you may lose some or all of your investment;
- International investment risks, including 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 governmental measures to curb inflation may adversely affect our operations and our ability to make distributions; and
- We rely on affiliates of Hines for our day-to-day operations and the selection of real estate investments. We pay substantial fees and other payments to these affiliates for these services. These affiliates are subject to conflicts of interest as a result of this and other relationships they have with us and other investment vehicles sponsored by Hines. We also compete with affiliates of Hines for tenants and investment opportunities, and some of those affiliates will have priority with respect to certain investment opportunities.

		Less		Plus	
	Maximum Aggregate Price to the Public[1]	**Maximum Selling Commission [2]**	**Maximum Dealer Manager Fee [2]**	**Advisor Payment of a Portion of Dealer Manager Fee [2]**	**Proceeds, Before Expenses, To Us[3]**
Maximum Primary Offering	$ 2,000,000,000	$ 60,000,000	$ 56,000,000	$ 27,252,000	$ 1,911,252,000
Class A Shares, Per Share	$ 9.96	$ 0.70	$ 0.30	$ 0.15	$ 9.11
Class T Shares, Per Share[4]	$ 9.41	$ 0.19	$ 0.26	$ 0.14	$ 9.11
Distribution Reinvestment Plan	$ 500,000,000	$ —	$ —	$ —	$ 500,000,000
Class A Shares, Per Share	$ 9.46	$ —	$ —	$ —	$ 9.46
Class T Shares, Per Share	$ 9.08	$ —	$ —	$ —	$ 9.08
Total Maximum Offering	$ 2,500,000,000	$ 60,000,000	$ 56,000,000	$ 27,252,000	$ 2,411,252,000

(1) Assumes we sell $2,000,000,000 in the primary offering and $500,000,000 in our distribution reinvestment plan.

(2) The table assumes that 20% and 80% of the shares sold in the primary offering are Class A Shares and Class T Shares, respectively. Per share amounts reflect that with respect to the approximately $1,816.8 million in Class A Shares and Class T Shares remaining to be sold in the primary offering on and after August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds. Prior to that date, all dealer manager fees were paid by us from gross offering proceeds. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees. See "Plan of Distribution" for additional information regarding underwriting compensation.

(3) Proceeds are calculated before deducting issuer costs. These issuer costs are expected to consist of, among others, expenses of our organization, actual legal, bona fide out-of-pocket itemized due diligence expenses, accounting, printing, filing fees, transfer agent costs, postage, escrow fees, data processing fees, advertising and sales literature and other offering-related expenses. In addition, an annual distribution and stockholder servicing fee is payable on Class T Shares out of distributions or operations.

(4) Per share amounts have been rounded to the nearest whole cent.

Neither the Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense. THE ATTORNEY GENERAL OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

The use of projections or forecasts in this offering is prohibited. Any representations to the contrary and any predictions, written or oral, as to the amount or certainty of any present or future cash benefit or tax consequence that may flow from an investment in the common shares is not permitted.

The date of this prospectus is August 2, 2016.

SUITABILITY STANDARDS

The common shares we are offering are suitable only as a long-term investment for persons of adequate financial means. There currently is no public market for our common shares, and we currently do not intend to list our shares on a national securities exchange. Therefore, it will likely 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. You should not buy these shares if you need to sell them immediately, will need to sell them quickly in the future or cannot bear the loss of your entire investment.

In consideration of these factors, we have established suitability standards for all persons who may purchase shares from us in this offering. Investors with investment discretion over assets of an employee benefit plan covered under ERISA should carefully review the information entitled "ERISA Considerations." These suitability standards require that a purchaser of shares have either:

- a minimum annual gross income of at least $70,000 and a minimum net worth (excluding the value of the purchaser's home, home furnishings and automobiles) of at least $70,000; or
- a minimum net worth (excluding the value of the purchaser's home, home furnishings and automobiles) of at least $250,000.

Several states have established suitability standards different from those we have established. Shares will be sold only to investors in these states who meet the special suitability standards set forth below.

Missouri and Oregon—In addition to our suitability requirements, an investor must have a liquid net worth of at least 10 times such investor's investment in our shares.

North Dakota and Pennsylvania—In addition to our suitability requirements, an investor must have a net worth of at least 10 times such investor's investment in our shares.

Alabama—In addition to our suitability requirements, an Alabama investor must have a liquid net worth of at least 10 times such Alabama resident's investment in us and our affiliated programs.

California—In addition to our suitability requirements, an investor must have a net worth of at least 10 times such investor's investment in Hines Global REIT II, Inc. An investment by a California investor that is an accredited investor within the meaning of the Federal securities laws (17 C.F.R. §230.501) is not subject to the foregoing limitation.

Iowa—An Iowa investor must have either (i) a minimum net worth of $100,000 (excluding the value of an investor's home, furnishings and automobiles) and an annual income of $85,000, or (ii) a minimum net worth of $350,000 (excluding the value of an investor's home, furnishings and automobiles). In addition, an Iowa investor's total investment in Hines Global REIT II, Inc., our affiliates and any other public, non-listed REIT may not exceed 10% of such investor's liquid net worth. For this purpose, "liquid net worth" is defined as that portion of an investor's net worth (total assets exclusive of home, furnishings and automobiles) that is comprised of cash, cash equivalents and readily marketable securities. An investment by an Iowa investor that is an accredited investor within the meaning of the Federal securities laws (17 C.F.R. §230.501) is not subject to the foregoing limitation.

Kansas—In addition to our suitability requirements, it is recommended that each investor limit such investor's total investment in us and in the securities of similar programs to not more than 10% of such investor's liquid net worth. For this purpose, "liquid net worth" is that portion of net worth (total assets minus total liabilities) which consists of cash, cash equivalents and readily marketable securities, as determined in conformity with Generally Accepted Accounting Principles.

Kentucky—In addition to our suitability requirements, no Kentucky resident shall invest more than 10% of his or her liquid net worth (cash, cash equivalents and readily marketable securities) in our shares or in shares of our affiliates' non-publicly traded real estate investment trusts.

Massachusetts—In addition to our suitability requirements, an investor's investment in us and in other illiquid direct participation programs may not exceed 10% of such investor's liquid net worth.

Maine—In addition to our suitability requirements, the Maine Office of Securities recommends that an investor's aggregate investment in this offering and other direct participation investments not exceed 10% of the investor's liquid net worth. For this purpose, "liquid net worth" is defined as that portion of net worth that consists of cash, cash equivalents and readily marketable securities.

Nebraska—In addition to our suitability requirements, a Nebraska investor must limit his or her aggregate investment in us and in securities of other non-traded REIT programs to 10% of such investor's net worth (exclusive of home, furnishings, and automobiles). An investment by a Nebraska investor that is an accredited investor within the meaning of the Federal Securities laws (17 C.F.R. §230.501) is not subject to the foregoing limitations.

New Jersey—A New Jersey Investor must have either (a) a minimum liquid net worth of at least $100,000 and a minimum annual gross income of not less than $85,000, or (b) a minimum liquid net worth of $350,000. For these purposes, "liquid net worth" is defined as that portion of net worth (total assets exclusive of home, home furnishings, and automobiles, minus total liabilities) that consists of cash, cash equivalents and readily marketable securities. In addition, an investor's investment in us, our affiliates, and other non-publicly traded direct investment programs (including real estate investment trusts, business development companies, oil and gas programs, equipment leasing programs and commodity pools, but excluding unregistered, federally and state exempt private offerings) may not exceed ten percent (10%) of his or her liquid net worth.

New Mexico—In addition to our suitability requirements, an investor's investment in us, our affiliates and in any other public, non-listed real estate programs may not exceed ten percent (10%) of his, her or its liquid net worth. "Liquid net worth" is defined as that portion of net worth (total assets exclusive of home, furnishings, and automobiles minus total liabilities) that is comprised of cash, cash equivalents, and readily marketable securities.

Ohio—In addition, it shall be unsuitable for an Ohio investor's aggregate investment in our shares, in shares of our affiliates, and in shares of other non-traded real estate investment programs to exceed ten percent (10%) of his, her, or its liquid net worth. "Liquid net worth" shall be defined as that portion of net worth (total assets exclusive of home, home furnishings, and automobiles *minus* total liabilities) that is comprised of cash, cash equivalents, and readily marketable securities.

Tennessee—In addition to our suitability requirements, an investor's investment in us and other public real estate programs sponsored by our affiliates may not exceed 10% of such investor's net worth (exclusive of home, home furnishings and automobiles). An investment by a Tennessee investor that is an accredited investor within the meaning of the Federal securities laws (17 C.F.R. §230.501) is not subject to the foregoing limitation.

For purposes of determining suitability of an investor, net worth in all cases shall be calculated excluding the value of an investor's home, furnishings and automobiles.

In the case of sales to fiduciary accounts (such as an IRA, Keogh Plan, or pension or profit-sharing plan), these suitability standards must be met by the beneficiary, the fiduciary account or by the donor or grantor who directly or indirectly supplies the funds for the purchase of the shares if the donor or grantor is the fiduciary. These suitability standards are intended to help ensure that, given the long-term nature of an investment in our common shares, our investment objectives and the relative illiquidity of our shares, our shares are an appropriate investment for those of you desiring to become stockholders. Our sponsor and each person selling our shares must make every reasonable effort to determine that the purchase of common shares is a suitable and appropriate investment for each stockholder based on information provided by the stockholder in the subscription agreement or otherwise. Our sponsor or each person selling our shares is required to maintain records of the information used to determine that an investment in common shares is suitable and appropriate for each stockholder for a period of six years.

In the case of gifts to minors, the suitability standards must be met by the custodian account or by the donor.

Subject to the restrictions imposed by state law, we will sell our common shares only to investors who initially invest at least $2,500. This initial minimum purchase requirement applies to all potential investors, including tax-exempt entities. A tax-exempt entity is generally any entity that is exempt from federal income taxation, including:

- a pension, profit-sharing, retirement or other employee benefit plan that satisfies the requirements for qualification under Section 401(a), 414(d) or 414(e) of the Internal Revenue Code of 1986, as amended, or the Code;
- a pension, profit-sharing, retirement or other employee benefit plan that meets the requirements of Section 457 of the Code;
- trusts that are otherwise exempt under Section 501(a) of the Code;
- a voluntary employees' beneficiary association under Section 501(c)(9) of the Code; or
- an IRA that meets the requirements of Section 408 or Section 408A of the Code.

The term "plan" includes plans subject to Title I of ERISA, other employee benefit plans and IRAs subject to the prohibited transaction provisions of Section 4975 of the Code, governmental or church plans that are exempt from ERISA and Section 4975 of the Code, but that may be subject to state law requirements, or other employee benefit plans.

In order to satisfy the initial minimum purchase requirements for retirement plans, unless otherwise prohibited by state law, a husband and wife may jointly contribute funds from their separate IRAs. You should note that an investment in our common shares will not, in itself, create a retirement plan and that, in order to create a retirement plan, you must comply with all applicable provisions of the Code. Except in Maine, Minnesota, Nebraska and Washington (where any subsequent subscriptions by investors must be made in increments of at least $1,000), investors who have satisfied the initial minimum purchase requirement may make additional purchases through this or future offerings in increments of at least five shares, except for purchases made pursuant to our distribution reinvestment plan which may be in increments of less than five shares.

You must obtain our approval prior to any transfer of your shares if, as a result of such transfer, you or the transferee will own less than the initial minimum purchase requirement, unless you are transferring all of your shares, such transfer is made on behalf of a plan, or such transfer is made by gift, inheritance, intra-family transfer or family dissolution. In addition, no transfer or assignment may be made of a fractional share without our prior approval.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information inconsistent with that contained in this prospectus. We are offering to sell, and seeking offers to buy, our common shares only in jurisdictions where such offers and sales are permitted.

FOR RESIDENTS OF PENNSYLVANIA ONLY

BECAUSE THE MINIMUM CLOSING AMOUNT IS LESS THAN $200,000,000 YOU ARE CAUTIONED TO CAREFULLY EVALUATE OUR ABILITY TO FULLY ACCOMPLISH STATED OBJECTIVES AND TO INQUIRE AS TO THE CURRENT DOLLAR VOLUME OF COMPANY SUBSCRIPTIONS.

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QUESTIONS AND ANSWERS ABOUT THIS OFFERING

The following questions and answers about this offering highlight material information regarding us and this offering that is not otherwise addressed in the "Prospectus Summary" section of this prospectus. You should read this entire prospectus, including the section entitled "Risk Factors," before deciding to purchase any of the common shares offered by this prospectus.

Q. What is Hines Global REIT II, Inc., or Hines Global II?

A. Hines Global REIT II, Inc., which we refer to as Hines Global II, was formed in July 2013 as a Maryland corporation. We intend to invest in a diversified portfolio of quality commercial real estate properties and other real estate investments throughout the United States and internationally. As of July 8, 2016 we owned four real estate investments which contain, in the aggregate, 1.1 million square feet of leaseable space. As of July 31, 2016, we had received gross proceeds of approximately $141.7 million through the sale of 14.3 million Class A Shares and $41.5 million through the sale of 4.4 million Class T Shares to the public in connection with this offering, including $3.2 million and $319,926 of Class A Shares and Class T Shares, respectively, issued under our distribution reinvestment plan. As of July 31, 2016, approximately $1,820.3 million of our common shares remained available for sale pursuant to our current public offering in any combination of Class A Shares or Class T Shares, exclusive of approximately $496.5 million of shares available under our distribution reinvestment plan.

Q. What is a real estate investment trust, or REIT?

A. In general, a REIT is an entity that:

- combines the capital of many investors to acquire or provide financing for a diversified portfolio of real estate investments under professional management;
- is able to qualify as a "real estate investment trust" for U.S. federal income tax purposes and is therefore generally not subject to federal corporate income taxes on its net income that is distributed, which substantially eliminates the "double taxation" treatment (i.e., taxation at both the corporate and stockholder levels) that generally results from investments in a corporation; and
- pays distributions to investors of at least 90% of its annual ordinary taxable income.

In this prospectus, we refer to an entity that qualifies as a real estate investment trust for U.S. federal income tax purposes as a "REIT." Hines Global II has not yet elected to be taxed as a REIT. However, we intend to qualify as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2015.

Q. Who is Hines?

A. Hines Interests Limited Partnership, which we refer to as Hines, is our sponsor. Hines is a fully integrated global real estate investment and management firm and, with its predecessor, has been investing in real estate and providing acquisition, development, financing, property management, leasing and disposition services for over 59 years. Hines provides investment management services to numerous investors and partners including pension plans, domestic and foreign institutional investors, high net worth individuals and retail investors. Hines is owned and controlled by or for the benefit of Gerald D. Hines and his son Jeffrey C. Hines and has $89.1 billion of assets under management, which includes $42.5 billion in assets that Hines manages as a fiduciary and $46.6 billion for which Hines provides third-party property management services, as of December 31, 2015. Please see "Management—Hines and Our Property Management, Leasing and Other Services—The Hines Organization" for more information regarding Hines.

Q. What potential competitive advantages does Hines Global II achieve through its relationship with Hines and its affiliates?

A. We believe our relationship with Hines and its affiliates provides us the following benefits:

- Global Presence—Our relationship with Hines and its affiliates as our sponsor and advisor allows us to have access to an organization that has extraordinary depth and breadth around the world with, as of December 31, 2015, a presence in 20 countries and 182 cities around the world and relationships with many of the world's largest financial institutions. This provides us a significant competitive advantage in drawing upon the experiences resulting from the vast and varied real estate cycles and strategies that varied economies and markets experience.

As part of a global organization, all Hines offices and the investments they make get the benefit of:

- Hines' international tenant base, which as of December 31, 2015 consists of more than 4,500 national and multinational corporate tenants;
- Extensive international financial relationships providing access to a broad base of buyers, sellers and debt financing sources;
- Awareness of and access to new state-of-the-art building technologies as new experiences are gained on the projects which Hines has under development or management anywhere in the world; and
- International "institutional" best practices on a global scale:
  - Operating partner transparency;
  - Accounting standards;
  - Construction techniques;
  - Property management services; and
  - Sustainability leadership.
- Local Market Expertise—Hines' global platform is built from the ground up based on Hines' philosophy that real estate is essentially a local business. Hines provides us access to a team of real estate professionals who live and work in individual major markets around the world. These regional and local teams are fully integrated to provide a full range of real estate investment and management services including sourcing investment opportunities, acquisitions, development, re-development, financing, property management, leasing, asset management, disposition, accounting and financial reporting.
- Centralized Resources—Hines provides the regional and local teams with, as of December 31, 2015, a group of 241 personnel who specialize in areas such as global sustainability, financial administration, corporate communications and marketing, conceptual construction, operations/engineering services, human resources, cash management, risk management, information technology, tax, legal, compliance and internal audit. These experienced personnel provide a repository of knowledge, experience and expertise and an important control point for preserving performance standards and maintaining operating consistency for the entire organization.
- Investment Management—Hines combines ground-up operating expertise and local knowledge with top-down research and investment management to optimize execution for investors. Hines' Office of Investments is comprised of 289 personnel globally who specialize in capital markets, investment management, and proprietary research.
- Tenure of Personnel—Hines has one of the most experienced executive management teams in the real estate industry. All 15 employees who are part of Hines' Executive Leadership have individual tenures of between 19 and 59 years, with an average tenure within the organization of 34 years as of December 31, 2015.
- Long-Term Track Record—Hines has more than 59 years of experience in creating and successfully managing capital and real estate investments for numerous third-party investors. As stated above, as of December 31, 2015, Hines had a presence in 20 countries and 182 cities around the world and relationships with many of the world's largest financial institutions. Since its inception in 1957, Hines, its predecessor and their respective affiliates have acquired, developed or have in the development process 1,235 real estate projects representing more

than 409 million square feet. Hines' property/asset management portfolio includes 457 properties with more than 193 million square feet.

Please see "Risk Factors—Risks Related to Potential Conflicts of Interest" and "Conflicts of Interest" for a discussion of certain risks and potential disadvantages of our relationship with Hines.

Q. How will you structure the ownership and operation of your assets?

A. We plan to own most of our assets and conduct our operations through an operating partnership called Hines Global REIT II Properties LP. We are the sole general partner of Hines Global REIT II Properties LP. Because we plan to conduct most of our operations through an operating partnership, we are organized as an Umbrella Partnership Real Estate Investment Trust, or UPREIT. To avoid confusion, in this prospectus:

- we refer to Hines Global REIT II Properties LP as the Operating Partnership and partnership interests and special partnership interests in the Operating Partnership, respectively, as OP Units and Special OP Units;
- the use of "we," "our," "us" or similar pronouns in this prospectus refers to Hines Global II and its direct and indirect wholly owned subsidiaries which includes the Operating Partnership, as required by the context in which such term is used.

For a discussion of certain risks related to our UPREIT structure, please see "Risk Factors—Risks Related to Potential Conflicts of Interest—Our UPREIT structure may result in potential conflicts of interest."

Q. Who will choose which real estate investments you will invest in?

A. Hines Global REIT II Advisors LP will make recommendations for all of our investment decisions, which are subject to the approval of our board of directors. In this prospectus, we refer to Hines Global REIT II Advisors LP as our Advisor.

Q. What fees and expense reimbursements will you pay to your Advisor, Hines and other affiliates of Hines in connection with your operations?

A. We will pay fees to our Advisor, Hines and other affiliates of Hines for services relating to, among other things, this offering, acquisitions and dispositions of real estate investments, our financings, the conduct of our day-to-day activities and the management of our real estate investments, which could be increased or decreased during or after this offering. Please see "Management Compensation, Expense Reimbursements and Operating Partnership OP Units and Special OP Units" for an explanation of the fees and expense reimbursements we will pay to our Advisor, Hines and other affiliates of Hines in connection with our operations. Entities in which we may invest may pay Hines and/or its affiliates fees or other compensation in connection with the real estate investments of such entities.

Q. What investment or ownership interests will Hines or any of its affiliates have in us?

A. Hines or its affiliates have the following investments and ownership interests in us:

- an initial investment of $2,010,000 in Class A Shares by Hines Global REIT II Investor Limited Partnership, an affiliate of Hines;
- an investment of $190,000 in limited partner interests of the Operating Partnership by Hines Global REIT II Associates Limited Partnership, an affiliate of Hines;
- an interest in the Operating Partnership, denominated as Special OP Units, held by Hines Global REIT II Associates Limited Partnership with economic terms as more particularly described in "The Operating Partnership—Special OP Units";
- investments in shares of our common stock by certain of our officers and directors as described in "Security Ownership of Certain Beneficial Owners and Management"; and
- Hines or its affiliates may also elect to receive certain fees, such as acquisition, asset management and disposition fees, in OP Units rather than cash. Please see "Management

Compensation, Expense Reimbursements and Operating Partnership OP Units and Special OP Units" for a description of the fees which may be paid with OP Units.

Q. What is Hines Global II's term and the timing of a Liquidity Event?

A. Subject to then existing market conditions, we expect to consider alternatives for providing liquidity to our stockholders beginning five to eight years following the end of this offering. While we expect to seek a Liquidity Event in this timeframe, there can be no assurance that a suitable transaction will be available or that market conditions for a transaction will be favorable during that timeframe. Accordingly, a Liquidity Event is not guaranteed and may be postponed. Our board of directors has the sole discretion to consider a Liquidity Event at any time if it determines such event to be in our best interests. Hines Global II does not have a stated term, as we believe setting finite dates for possible, but uncertain future liquidity events may result in actions that are not necessarily in the best interest or within the expectations of our stockholders. A "Liquidity Event" could consist of a sale of our assets, our sale or merger, a listing of our shares on a national securities exchange or a similar transaction.

Q. What is the liquidity history of programs sponsored by Hines?

A. Hines, our sponsor, currently sponsors Hines Real Estate Investment Trust, Inc., which we refer to as Hines REIT, Hines Global REIT, Inc., which we refer to as Hines Global I, and HMS Income Fund, Inc., which we refer to as HMS. Hines REIT sold shares of its common stock to new investors from 2004 through 2009. Hines REIT disclosed in its offering materials that it had not set a finite date or time by which it anticipated that it might be liquidated. Hines REIT has recently announced that its board of directors has determined that it is in the best interest of Hines REIT and its stockholders to sell all or substantially all of Hines REIT's properties and assets and liquidate and dissolve Hines REIT pursuant to a plan of liquidation and dissolution. If the plan of liquidation and dissolution is approved by Hines REIT's stockholders and the sale of all or substantially all of Hines REIT's assets is completed in accordance with the plan, Hines REIT expects to make distributions from the proceeds of the asset sales to its stockholders on or before December 31, 2016. Hines REIT has indicated that there can be no assurances regarding the amounts of any distributions or the timing thereof. Hines Global I sold shares of its common stock to new investors from August 2009 through April 2014. Hines Global I has disclosed in its offering materials that it intends to consider alternatives for providing liquidity to its stockholders between 2017 and 2019, however, Hines Global I has not set a finite date by which it must effect a liquidity event. HMS is currently offering shares of its common stock pursuant to its second public offering, which commenced in January 2016. HMS has disclosed in its offering materials that it intends to explore a potential liquidity event between four and six years following the end of its offering period, however, HMS has not set a finite date by which it must effect a liquidity event.

Q. Why should I invest in real estate investments?

A. Allocating some portion of your investment portfolio to real estate investments may provide you with portfolio diversification, reduction of overall risk, a hedge against inflation, and attractive risk-adjusted returns. For these reasons, real estate has been embraced as a major asset class for purposes of asset allocations within investment portfolios. According to the 2015 Global Investor Survey prepared by Institutional Real Estate, Inc. and Kingsley Associates, the U.S. institutions represented in the survey allocated an average of 7.9% of their total portfolios to real estate in 2014. Although institutional investors can invest directly in real estate investments and on substantially different terms than individual investors, we believe that individual investors can also benefit by adding a real estate component to their investment portfolios. You and your financial advisor, investment advisor or financial planner should determine whether investing in real estate would benefit your investment portfolio. Please see "Risk Factors—Risks Related to Investments in Real Estate—An economic slowdown or rise in interest rates or other unfavorable changes in economic conditions in the markets in which we operate could adversely impact our business, results of operations, cash flows and financial condition and our ability to make distributions to you and the value of your investment" for a discussion of the recent economic slowdown and disruptions in the capital and credit markets.

Q. What are your investment objectives?

A. Our primary investment objectives are to:

- preserve invested capital;
- invest in a diversified portfolio of quality commercial real estate properties and other real estate investments;
- provide income in the form of regular, stable cash distributions;
- provide modest growth in the value of invested capital;
- achieve attractive total returns upon the ultimate sale of our investments or occurrence of some other Liquidity Event; and
- qualify for and remain qualified as a REIT for federal income tax purposes.

Q. How would you describe your real estate property acquisition and operations process?

A. We expect to buy real estate with part of the proceeds from this offering that we believe have some of the following attributes:

- Preferred Location. We believe that location often has the single greatest impact on an asset's long-term income-producing potential and value and that assets located in the preferred submarkets in metropolitan areas and situated at preferred locations within such submarkets have the potential to achieve attractive total returns.
- Premium Buildings. We will seek to acquire assets that generally have design and physical attributes (e.g., quality construction and materials, systems, floorplates, etc.) that are more attractive to a user than those of inferior properties.
- Quality Tenancy. We will seek to acquire assets that typically attract tenants with better credit who require larger blocks of space because these larger tenants generally require longer term leases in order to accommodate their current and future space needs without undergoing disruptive and costly relocations.

We believe that following an acquisition, the additional component of proactive property management and leasing is a critical element necessary to achieve attractive investment returns for investors. Actively anticipating and quickly responding to tenant needs are examples of areas where proactive property management may make the difference in a tenant's occupancy experience, increasing its desire to remain a tenant and thereby providing a higher tenant retention rate, which may result in better financial performance of the property.

Q. Do you currently own any investments?

A. As of July 8, 2016, we owned interests in four real estate investments: 2819 Loker Avenue East, an industrial property located in Carlsbad, California, Bishop's Square, an office building located in Dublin, Ireland, the Domain Apartments, a multi-family community located near Las Vegas in Henderson, Nevada and Cottonwood Corporate Center, an office project located near Salt Lake City in Cottonwood Heights, Utah. These properties contain, in the aggregate, 1.1 million square feet of leaseable space. We may purchase properties or make other real estate investments that relate to varying property types including office, retail, industrial, multi-family residential and hospitality or leisure.

Q. What kind of offering is this?

A. Through Hines Securities, Inc., which we refer to as our Dealer Manager, we are offering up to \$2,000,000,000 in any combination of Class A Shares and Class T Shares to the public in a primary offering on a "best efforts" basis. We are also offering up to \$500,000,000 in any combination of Class A Shares and Class T Shares to be issued pursuant to our distribution reinvestment plan to those stockholders who elect to participate in such plan as described in this prospectus. We reserve the right to reallocate the shares between our classes of stock and between the primary offering and the distribution reinvestment plan.

Q. How does a "best efforts" offering work?

A. When shares are offered to the public on a "best efforts" basis, no underwriter, broker dealer or other person has a firm commitment or obligation to purchase any of the shares. Therefore, we cannot guarantee that any minimum number of shares will be sold.

Q. Why are we offering two classes of our common stock and what are the similarities and differences between the classes?

A. We are offering two classes of our common stock in order to provide investors with more flexibility in making their investment in us and to provide participating broker dealers with more flexibility to facilitate an investment in shares of our common stock. Investors can choose to purchase shares of either class of common stock in the offering. Each share of our common stock, regardless of class, will be entitled to one vote per share on matters presented to the common stockholders for approval. The differences between each class relate to the offering price per share, selling commissions and other underwriting compensation payable in respect of each class. The following summarizes the differences in fees and selling commissions between the classes of our common stock on a per share basis.

	Class A Shares	Class T Shares
Offering Price	$ 9.96	$ 9.41 (1)
Selling Commission	7.0 %	2.0 %
Dealer Manager Fee	3.0 %	2.75 %
Advisor Payment of a Portion of the Dealer Manager Fee (2)	(1.5)%	(1.5)%
Annual Distribution and Stockholder Servicing Fee	None	1.0 % (3)

(1) The actual offering price per Class T Share in the primary offering is $9.411 and has been rounded to $9.41 per share throughout this prospectus.

(2) With respect to Class A Shares and Class T Shares sold in the primary offering on and after August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds. Prior to that date, all dealer manager fees were paid by us from gross offering proceeds. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees.

(3) The distribution and stockholder servicing fee is calculated on outstanding Class T Shares issued in the primary offering in an amount equal to 1.0% per annum of the gross offering price per share (or, if we are no longer offering primary shares, the then-current estimated net asset value per share, if any has been disclosed). The distribution and stockholder servicing fee will accrue daily and be paid quarterly in arrears. The distribution and stockholder servicing fee is an ongoing fee that is not paid at the time of purchase. We will cease paying the distribution and stockholder servicing fee with respect to any particular Class T Share and that Class T Share will convert into a number of Class A Shares determined by multiplying each Class T Share to be converted by the "Conversion Rate" described herein on the earlier of: (i) a listing of the Class A Shares on a national securities exchange; (ii) a merger or consolidation of the company with or into another entity, or the sale or other disposition of all or substantially all of our assets; (iii) the end of the month in which the Dealer Manager determines that total underwriting compensation paid in the primary offering including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid on all Class T Shares sold in the primary offering is equal to 10.0% of the gross proceeds of the primary offering from the sale of both Class A Shares and Class T Shares; and (iv) the end of the month in which the transfer agent, on our behalf, determines that underwriting compensation paid in the primary offering including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid with respect to the Class T Shares held by a stockholder within his or her particular account equals 10.0% of the gross offering price at the time of investment of the Class T Shares held in such account. Stockholders will receive notice that their Class T Shares have been converted into Class A Shares in accordance with industry practice at that

time, which we expect to be either a transaction confirmation from the transfer agent or notification through the next account statement following the conversion. The Conversion Rate will be equal to the quotient, the numerator of which is the estimated net asset value per Class T Share (including any reduction for distribution and stockholder servicing fees as described herein) and the denominator of which is the estimated net asset value per Class A Share. We expect that the conversion will be on a one-for-one basis, as we expect the estimated net asset value per share of each Class A Share and Class T Share to be the same, except in the unlikely event that the distribution and stockholder servicing fees payable by us exceed the amount otherwise available for distribution to holders of Class T Shares in a particular period (prior to the deduction of the distribution and stockholder servicing fees), in which case the excess will be accrued as a reduction to the estimated net asset value per share of each Class T Share. See “Description of Capital Stock.” We will further cease paying the distribution and stockholder servicing fee on any Class T Share that is redeemed or repurchased, as well as upon our dissolution, liquidation or the winding up of our affairs, or a merger or other extraordinary transaction in which we are a party and in which the Class T Shares as a class are exchanged for cash or other securities. We cannot predict if or when this will occur for each Class T Share. The aggregate amount of underwriting compensation for the Class A Shares and Class T Shares, including our Advisor’s payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee for the Class T Shares, will not exceed the 10% cap on underwriting compensation imposed by the Financial Industry Regulatory Authority, or FINRA.

Class A Shares

- Higher front-end selling commission and dealer manager fee than Class T Shares, which are one-time fees charged at the time of purchase of the shares. See “Plan of Distribution” for additional information concerning purchases eligible for reduced selling commissions.

- No distribution and stockholder servicing fees. Distributions paid with respect to Class A Shares will be higher than those paid with respect to Class T Shares because distributions paid with respect to Class T Shares, including those issued pursuant to the distribution reinvestment plan, will be reduced by the payment of the distribution and stockholder servicing fees.

Class T Shares

- Lower front-end selling commission and dealer manager fee than Class A Shares, but subject to ongoing distribution and stockholder servicing fees payable to the Dealer Manager.

- We will pay to the Dealer Manager, as additional underwriting compensation for Class T Shares purchased in the primary offering a distribution and stockholder servicing fee as described above. The distribution and stockholder servicing fee is an ongoing fee that is not paid at the time of purchase. To the extent the offering price increases, the amount of this fee may also increase. In the case of a Class T Share purchased in the primary offering at a price equal to $9.41, the maximum distribution and stockholder servicing fee that may be paid on that Class T Share will be equal to approximately $0.49 per share, assuming a constant per share offering price or estimated net asset value, as applicable, of $9.41 per Class T Share. Although we cannot predict the length of time over which this fee will be paid due to potential changes in the estimated net asset value of our Class T Shares, this fee would be paid over approximately 5.25 years from the date of purchase, assuming a constant per share offering price or estimated net asset value, as applicable, of $9.41 per Class T Share. Distributions paid with respect to all Class T Shares, including those issued pursuant to the distribution reinvestment plan, will be lower than those paid with respect to Class A Shares because distributions paid with respect to all Class T Shares will be reduced by the payment of the distribution and stockholder servicing fees to the Dealer Manager.

If a portion, but not all of the Class T Shares in a stockholder’s account are redeemed pursuant to our share redemption program, the total underwriting compensation limit and the amount of underwriting compensation previously paid with respect to the account will be prorated between the Class T Shares that were redeemed and those Class T Shares that were retained in the account. Similarly, if a portion of the Class T Shares in a stockholder's account is sold or otherwise transferred in a secondary transaction, the total underwriting compensation limit and amount of underwriting compensation previously paid with respect to the account will be prorated between the Class T Shares that were transferred and the Class T Shares that were retained in the account. If a stockholder's account includes Class T Shares and the stockholder makes a subsequent purchase of Class T Shares in the primary offering in the same stockholder account, the total underwriting compensation limit will be based on the total number of primary offering Class T Shares in the account and the distribution and stockholder servicing fees will be calculated on all of the primary offering Class T Shares in the account, such that the conversion of the Class T Shares from the initial purchase will be delayed and the accrual of the distribution and stockholder servicing fees and the conversion of the Class T Shares with respect to the subsequent purchase will happen on a more accelerated basis than would have been the case if the stockholder had made the subsequent purchase in a separate account. Stockholders may elect to make subsequent purchases in a separate account. Purchasing additional primary shares in the same account will not increase the amount of the distribution and stockholder servicing fees paid with respect to a stockholder's shares, but will only affect the timing of such payments.

As noted above, our Advisor has agreed to pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds from the primary offering with respect to Class A Shares and Class T Shares sold on and after August 2, 2016. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees. See "Description of Capital Stock" and "Plan of Distribution" for a discussion on the differences between our Class A Shares and Class T Shares.

Q. Who can buy shares?

A. Generally, you may purchase shares if you have either:

- a minimum net worth (not including home, furnishings and personal automobiles) of at least $70,000 and a minimum annual gross income of at least $70,000; or
- a minimum net worth (not including home, furnishings and personal automobiles) of at least $250,000.

However, these minimum levels may vary from state to state, so you should carefully read the suitability requirements explained in the "Suitability Standards" section of this prospectus.

Q. How do I subscribe for shares?

A. If you choose to purchase common shares in this offering, you will need to contact your registered broker dealer or investment advisor and fill out a subscription agreement like the one attached to this prospectus as Appendix B for a certain investment amount and pay for the shares at the time you subscribe.

Q. How does the payment of fees and expenses by us affect your invested capital?

A. We will pay to the Dealer Manager selling commissions and dealer manager fees in connection with this offering, all of such selling commissions and all or a portion of such dealer manager fees may be reallowed to participating broker dealers for shares sold by the participating broker dealers. We will also pay distribution and stockholder servicing fees to the Dealer Manager with respect to the Class T Shares, which the Dealer Manager may reallow or advance to participating broker dealers. In addition, we will reimburse our Advisor for the cumulative issuer costs incurred in connection with the organization and our public offerings in an amount equal to up to 2.5% of gross offering proceeds from our public offerings and our Advisor or its affiliates will be responsible for any issuer costs in excess of this cap. Although the cap on reimbursements to our Advisor and its affiliates for cumulative issuer costs is equal to 2.5% of gross offering proceeds from our public offerings, we estimate that the total reimbursement paid to our Advisor and its affiliates from the proceeds of this offering for issuer costs incurred will be equal to approximately 0.8% of the maximum gross offering proceeds. Although our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds from the primary offering with respect to Class A Shares and Class T Shares sold on and after August 2, 2016, the payment of fees and expenses reduces the funds available to us for payment of distributions and investment in our target assets, and therefore may reduce our distributions. However, because we are not required to pay distribution and stockholder servicing fees with respect to Class A Shares, the distributions with respect to Class A Shares will not be reduced by these distribution and stockholder servicing fees.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of us, or any liquidating distribution of our assets, then such assets, or the proceeds therefrom, will be distributed between the holders of Class A Shares and Class T Shares ratably in proportion to the respective net asset value for each class until the net asset value for each class has been paid. We will calculate the net asset value as a whole for all shares of our common stock and then will determine any differences attributable to each class. Each holder of shares of a particular class of common stock will be entitled to receive, proportionately with each other holder of shares of such class, that portion of such aggregate assets available for distribution to such class as the number of outstanding shares of such class held by such holder bears to the total number of outstanding shares of such class then outstanding. As described above, we expect the estimated net asset value per share of each Class A Share and Class T Share to be the same, except in the unlikely event that the distribution and stockholder servicing fees payable by us exceed the amount otherwise available for distribution to holders of Class T Shares in a particular period (prior to the deduction of the distribution and stockholder servicing fees), in which case the excess will be accrued as a reduction to the estimated net asset value per share of each Class T Share.

Q. Are there any risks involved in buying shares of our stock?

A. An investment in shares of our common stock involves significant risks. These risks include, among others:

- This is our initial public offering. We have no prior operating history and the prior performance of other Hines affiliated entities may not be a good measure of our future results; therefore, there is no assurance we will be able to achieve our investment objectives;
- Our charter does not require us to pursue a transaction to provide liquidity to our stockholders and there is no public market for our common shares; therefore, you must be prepared to hold your shares for an indefinite length of time and, if you are able to sell your shares, you will likely sell them at a substantial discount;
- The offering prices for our Class A Shares and Class T Shares will not accurately represent the value of our assets at any given time and the actual value of your investment may be substantially less;
- 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;
- This is a best efforts offering and as such, there is a risk that we will not be able to accomplish our business objectives and that the poor performance of a single investment will materially adversely affect our overall investment performance, if we are unable to raise substantial funds;
- The availability and timing of distributions we may pay is uncertain and cannot be assured;
- Distributions have exceeded earnings. Some or all of our distributions have been paid and may continue to be paid from sources such as proceeds from our debt financings, proceeds from this offering, cash advances by our Advisor, Hines Global REIT II Advisors LP, cash resulting from a waiver or deferral of fees and/or proceeds from the sale of assets. We have not placed a cap on the amount of our distributions that may be paid from any of these sources. If we continue to pay distributions from sources other than our cash flow from operations, we will have less funds available for the acquisition of properties, and your overall return may be reduced;
- There are significant restrictions and limitations on your ability to have any of your shares of our common stock redeemed under our share redemption program and, if you are able to have your shares redeemed, it may be at a price that is less than the price you paid and the then-current market value of the shares;
- Due to the risks involved in the ownership of real estate investments, there is no assurance of any return on your investment and you may lose some or all of your investment;
- International investment risks, including 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 governmental measures to curb inflation may adversely affect our operations and our ability to make distributions;

- If we internalize our management functions, we could incur adverse effects on our business and financial condition, including significant costs associated with becoming and being self-managed and the percentage of our outstanding common stock owned by our stockholders could be reduced;
- Under certain circumstances, including where the Advisory Agreement is terminated by us for cause or not renewed due to poor performance, Hines may cause the Operating Partnership to purchase the Special OP Units and any other OP Units that it or its affiliates hold, which may deter us from terminating the Advisory Agreement when we would otherwise do so; and
- We rely on affiliates of Hines for our day-to-day operations and the selection of real estate investments. We pay substantial fees and other payments to these affiliates for these services. These affiliates are subject to conflicts of interest as a result of this and other relationships they have with us and other investment vehicles sponsored by Hines. We also compete with affiliates of Hines for tenants and investment opportunities, and some of those affiliates will have priority with respect to certain investment opportunities. See "Risk Factors—Risks Related to Potential Conflicts of Interest" beginning on page 68 and "Conflicts of Interest" beginning on page 143 for a description of potential conflicts of interest.

Q. How should you determine which class of common shares to invest in?

A. When selecting between our Class A Shares and Class T Shares, you should consider whether you would prefer an investment with higher upfront fees and commissions and likely higher distributions (Class A Shares) versus an investment with lower upfront fees and commissions but likely lower distributions due to ongoing distribution and stockholder servicing fees (Class T Shares). In addition, for the same investment amount, you generally will receive more Class T Shares than you would if you purchased Class A Shares, due to the differences in the purchase prices of the Class A Shares and Class T Shares. Furthermore, you should consider whether you qualify for any volume discounts if you choose to purchase Class A Shares. Please review the more detailed description of our classes of shares in the section entitled "Description of Capital Stock" in this prospectus, and consult with your financial advisor before making your investment decision.

Q. Is there any minimum required investment?

A. Yes. You must initially invest at least $2,500. Thereafter, subject to restrictions imposed by state law, you may purchase additional shares in whole or fractional share increments subject to a minimum for each additional purchase of $50. You should carefully read the minimum investment requirements explained in the "Suitability Standards" section of this prospectus.

Q. Are distributions I receive taxable?

A. Yes and no. Generally, distributions that you receive will be considered ordinary income (unless declared as a capital gain dividend) to the extent of our current or accumulated earnings and profits. In addition, because depreciation expense reduces earnings and profits but does not reduce cash available for the payment of distributions, and because we initially expect such depreciation expense to exceed our nondeductible expenditures, we expect a portion of your distributions will be considered returns of capital for tax purposes. These amounts will not be subject to tax immediately to the extent of your basis in your shares but will instead reduce the tax basis of your investment. To the extent these amounts exceed your basis in your shares, they will be treated as having been paid in exchange for shares. This in effect defers a portion of your tax until your shares are sold or we are liquidated, at which time you will generally be taxed at capital gains rates (assuming you have held your shares for at least one year). However, because each investor's tax implications are different, we suggest you consult with your tax advisor. You and your tax advisor should also review the section of this prospectus entitled "Material U.S. Federal Income Tax Considerations."

Q. What will you do with the proceeds from your primary offering?

A. If we sell all the shares offered in our primary offering and after giving effect to the Advisor's payment of a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds from the primary offering with respect to Class A Shares and Class T Shares sold on and after August 2, 2016, we expect to use approximately 94.7% of the gross proceeds (assuming the sale of 20% of Class A Shares and 80% of Class T Shares in the aggregate) to make real estate investments and to pay acquisition fees and expenses related to those investments. We will use the remaining approximately 5.3% of the gross proceeds to pay selling commissions, dealer manager fees and issuer costs. Our cash flows from operations have been and may continue to be insufficient to fully fund distributions to our stockholders. Therefore, some or all of our distributions have been paid and may continue to be paid from other sources, such as proceeds from our debt financings, proceeds from this offering, cash advances by our Advisor, cash resulting from a waiver or deferral of fees and/or proceeds from the sale of assets. For the quarter ended March 31, 2016 and the year ended December 31, 2015, respectively, we funded 100% and 23% of total distributions with cash flows from financing activities, which includes offering proceeds. We have not placed a cap on the amount of our distributions that may be paid from proceeds from this offering or any of these other sources. To the extent distributions are paid from proceeds from this offering, the amount of proceeds used to make real estate investments and to pay acquisition fees and expenses related to those investments will be less. The per share amount of distributions on Class A Shares and Class T Shares will differ because distributions on Class T Shares will be reduced by the ongoing distribution and stockholder servicing fees that are payable with respect to Class T Shares. See "Description of Capital Stock—Distribution Objectives."

Q. Will the Advisor be reimbursed for its payment of a portion of the dealer manager fees?

A. No. With respect to Class A Shares and Class T Shares sold in the primary offering on and after August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds. Prior to that date, all dealer manager fees were paid by us from gross offering proceeds. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees.

Q. How long will this offering last?

A. This offering began on August 20, 2014, and we will continue to offer shares of our common stock on a continuous basis until this offering terminates, which we presently expect will be on or before August 20, 2017, unless further extended by our board of directors in accordance with Rule 415 of the Securities Act of 1933, as amended, or the "Securities Act." Rule 415 of the Securities Act permits us to file a new registration statement on Form S-11 with the Securities and Exchange Commission, or SEC, to register additional Class A Shares and Class T Shares so that we may continuously offer shares of our common stock. If our board of directors determines to extend the offering beyond August 20, 2017, we will notify stockholders by filing a supplement to this prospectus with the SEC. In certain states, the registration of this offering may continue for only one year following the most recent clearance by applicable state authorities, after which we intend to renew the offering period for additional one-year periods (or longer, if permitted by the laws of each particular state). We reserve the right to terminate this offering at any time.

Q. Will I be notified of how my investment is doing?

A. Yes, periodic updates on the performance of your investment will be made available to you, including:

- distribution statements;
- periodic prospectus supplements during the offering;
- an annual report;
- an annual IRS Form 1099-DIV, if required; and
- three quarterly financial reports.

We will make this information available to you via one or more of the following methods:

- electronic delivery; or

- posting on our website, located at www.hinessecurities.com/reits/hines-global-reit-2, along with any required notice.

In addition, to the extent required by law or regulation or, in our discretion, we may make certain of this information available to you via U.S. mail or other courier.

Q. When will I get my detailed tax information?

A. Generally, we expect that we will send you your Form 1099-DIV tax information for each year by January 31 of the following year.

Q. Who is your transfer agent?

A. Our transfer agent is DST Systems, Inc.

Q. Who can help answer my questions?

A. If you have more questions about this offering or if you would like additional copies of this prospectus, you should contact your registered selling representative or:

Hines Securities, Inc.
2800 Post Oak Boulevard, Suite 4700
Houston, Texas 77056-6118
Telephone: (888) 446-3773

If you have questions regarding our assets and operations, you should contact us at:

Hines Global REIT II, Inc.
2800 Post Oak Boulevard, Suite 5000
Houston, Texas 77056-6118
Telephone: (888) 220-6121
Website: www.hinessecurities.com/reits/hines-global-reit-2

PROSPECTUS SUMMARY

This prospectus summary highlights material information regarding our business and this offering that is not otherwise addressed in the "Questions and Answers about this Offering" section of this prospectus. You should read and consider this entire prospectus, including the section entitled "Risk Factors," before deciding to purchase any common shares offered by this prospectus. We include a glossary of some of the terms used in this prospectus beginning on page 263.

Hines Global REIT II, Inc.

We are Hines' third publicly-offered REIT. We intend to invest primarily in a diversified portfolio of quality commercial real estate properties and other real estate investments throughout the United States and internationally. As of July 8, 2016, we owned interests in four real estate investments: 2819 Loker Avenue East, an industrial property located in Carlsbad, California, Bishop's Square, an office building located in Dublin, Ireland, the Domain Apartments, a multi-family community located near Las Vegas in Henderson, Nevada and Cottonwood Corporate Center, an office project located near Salt Lake City in Cottonwood Heights, Utah. These properties contain, in the aggregate, 1.1 million square feet of leaseable space. We may purchase additional properties or make other real estate investments that relate to varying property types including office, retail, industrial, multi-family residential and hospitality or leisure. We may invest in operating properties, properties under development, and undeveloped properties such as land. Other real estate investments may include equity or debt interests including securities in other real estate entities and debt related to properties such as mortgages, mezzanine loans, B-notes, bridge loans, construction loans and securitized debt. We believe that there is an opportunity to create attractive total returns by employing a strategy of investing in a diversified portfolio of such investments which are well-selected, well-managed and disposed of at an optimal time. Our principal targeted assets are investments in properties, and other real estate investments that relate to properties, that have quality construction and desirable locations which can attract quality tenants. These types of investments are, or relate to, properties generally located in central business districts or suburban markets of major metropolitan cities worldwide. We intend to invest in a geographically diverse portfolio in order to reduce the risk of reliance on a particular market, a particular property and/or a particular tenant. We anticipate that international real estate investments may comprise a substantial portion of our portfolio. Although the actual percentages may vary from those presently anticipated, after the proceeds of this offering have been fully invested, we anticipate that international real estate investments will comprise between 40% and 60% of our portfolio and real estate investments other than the acquisition of commercial real estate properties will comprise less than 30% of our portfolio.

We intend to obtain loans and other debt financing to provide additional proceeds to make additional real estate investments as well as to potentially enhance the returns of our investments.

We intend to operate in a manner that will allow us to qualify as a REIT for U.S. federal income tax purposes commencing with our 2015 tax year. Among other requirements, REITs are required to distribute at least 90% of their annual ordinary taxable income.

Our office is located at 2800 Post Oak Boulevard, Suite 5000, Houston, Texas 77056-6118. Our telephone number is 1-888-220-6121. Our website is www.hinessecurities.com/reits/hines-global-reit-2.

Class A and Class T Shares

In this offering, we are offering to the public two classes of shares of our common stock: Class A Shares and Class T Shares. The following summarizes the differences in fees and selling commissions between Class A Shares and Class T Shares on a per share basis.

	Class A Shares	Class T Shares
Offering Price	$ 9.96	$ 9.41
Selling Commissions	7.0%	2.0 %
Dealer Manager Fee	3.0%	2.75 %
Advisor Payment of a Portion of the Dealer Manager Fee(1)	(1.5)%	(1.5)%
Annual Distribution and Stockholder Servicing Fee	None	1.0 % (2)

(1) With respect to Class A Shares and Class T Shares sold in the primary offering on and after August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds. Prior to that date, all dealer manager fees were paid by us from gross offering proceeds. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees.

(2) The distribution and stockholder servicing fee is calculated on outstanding Class T Shares issued in the primary offering in an amount equal to 1.0% per annum of the gross offering price per share (or, if we are no longer offering primary shares, the then-current estimated net asset value per share, if any has been disclosed). The distribution and stockholder servicing fee will accrue daily and be paid quarterly in arrears. The distribution and stockholder servicing fee is an ongoing fee that is not paid at the time of purchase. We will cease paying the distribution and stockholder servicing fee with respect to any particular Class T Share and that Class T Share will convert into a number of Class A Shares determined by multiplying each Class T Share to be converted by the "Conversion Rate" described herein on the earlier of: (i) a listing of the Class A Shares on a national securities exchange; (ii) a merger or consolidation of the company with or into another entity, or the sale or other disposition of all or substantially all of our assets; (iii) the end of the month in which the Dealer Manager determines that total underwriting compensation paid in the primary offering including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid on all Class T Shares sold in the primary offering is equal to 10.0% of the gross proceeds of the primary offering from the sale of both Class A Shares and Class T Shares; and (iv) the end of the month in which the transfer agent, on our behalf, determines that underwriting compensation paid in the primary offering including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid with respect to the Class T Shares held by a stockholder within his or her particular account equals 10.0% of the gross offering price at the time of investment of the Class T Shares held in such account. Stockholders will receive notice that their Class T Shares have been converted into Class A Shares in accordance with industry practice at that time, which we expect to be either a transaction confirmation from the transfer agent or notification through the next account statement following the conversion. The Conversion Rate will be equal to the quotient, the numerator of which is the estimated net asset value per Class T Share (including any reduction for distribution and stockholder servicing fees as described herein) and the denominator of which is the estimated net asset value per Class A Share. We expect that the conversion will be on a one-for-one basis, as we expect the estimated net asset value per share of each Class A Share and Class T Share to be the same, except in the unlikely event that the distribution and stockholder servicing fees payable by us exceed the amount otherwise available for distribution to holders of Class T Shares in a particular period (prior to the deduction of the distribution and stockholder servicing fees), in which case the excess will be accrued as a reduction to the estimated net asset value per share of each Class T Share. See "Description of Capital Stock." We will further cease paying the distribution and stockholder servicing fee on any Class T Share that is

redeemed or repurchased, as well as upon our dissolution, liquidation or the winding up of our affairs, or a merger or other extraordinary transaction in which we are a party and in which the Class T Shares as a class are exchanged for cash or other securities. We cannot predict if or when this will occur for each Class T Share. The aggregate amount of underwriting compensation for the Class A Shares and Class T Shares, including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee for the Class T Shares, will not exceed the 10% cap on underwriting compensation imposed by FINRA.

The fees and expenses listed above will be payable on a class-specific basis. Distributions paid with respect to Class A Shares will be higher than those paid with respect to Class T Shares because distributions paid with respect to Class T Shares, including those issued pursuant to the distribution reinvestment plan, will be reduced by the payment of the distribution and stockholder servicing fees. See "Questions and Answers About this Offering" and "Description of Capital Stock" for more information concerning the differences between the Class A Shares and the Class T Shares.

Our Board

We operate under the direction of our board of directors, which has a fiduciary duty to act in the best interest of our stockholders. Our board of directors has approval rights over each potential investment recommended by our Advisor and oversees our operations. We currently have five directors, three of whom are independent directors. Our directors are elected annually by our stockholders. Our three independent directors serve on the conflicts committee of our board of directors, and this committee is required to review and approve all matters the board believes may involve a conflict of interest between us and Hines or its affiliates.

Our Advisor

Our Advisor, an affiliate of Hines, manages our day-to-day operations pursuant to the advisory agreement among us, our Advisor and the Operating Partnership, which we refer to as the Advisory Agreement. Our Advisor is responsible for identifying potential investments, acquiring real estate investments, structuring and negotiating financings, asset and portfolio management, executing asset dispositions, financial reporting, public reporting and other regulatory compliance, investor relations and other administrative functions. Our Advisor may contract with other Hines entities or third parties to perform or assist with these functions.

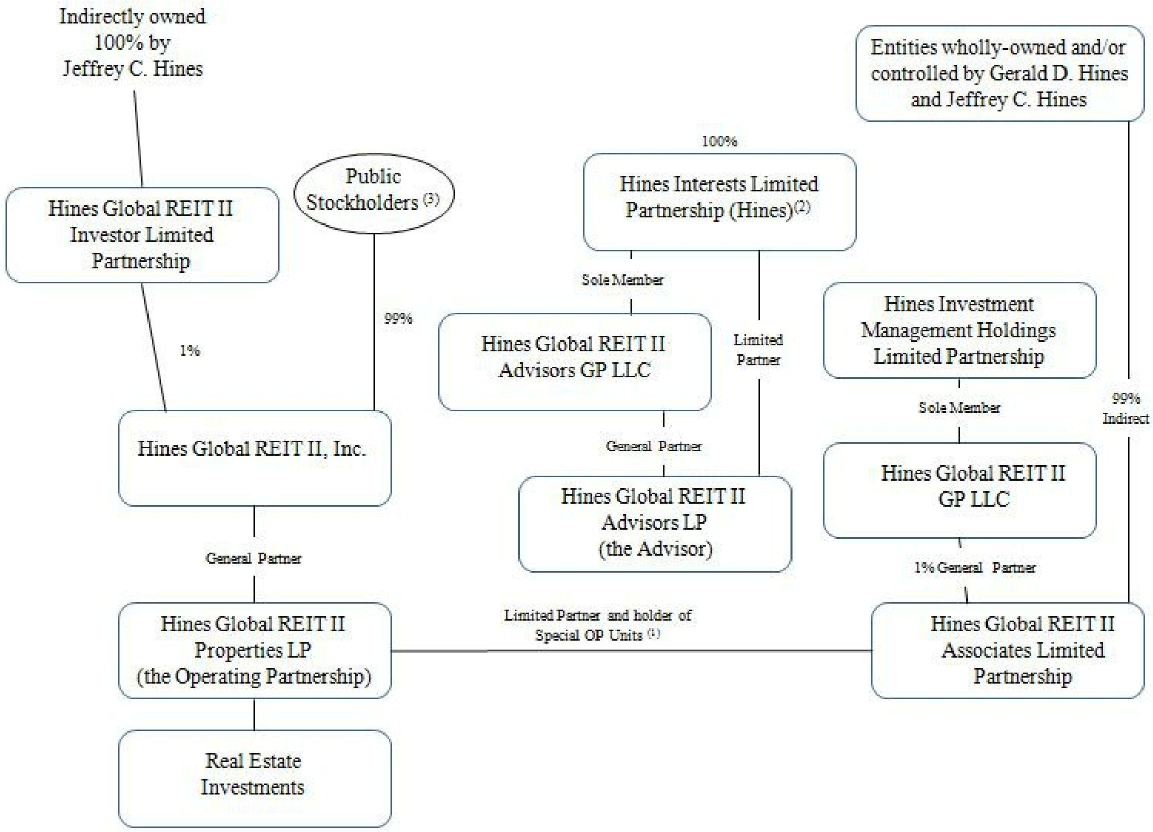
Support of a Portion of the Dealer Manager Fees — With respect to Class A Shares and Class T Shares sold in the primary offering on and after August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds. Prior to that date, all dealer manager fees were paid from gross offering proceeds. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees.

Conflicts of Interest

We rely on affiliates of Hines for our day-to-day operations and the selection of real estate investments. We pay substantial fees to these affiliates for these services. These affiliates are subject to conflicts of interest as a result of this and other relationships they have with us and other investment vehicles sponsored by Hines. For example, these relationships may provide an incentive for the Advisor to sell or not sell assets, or engage or not engage in other transactions such as a merger or listing. Considerations relating to compensation from us to the Advisor and its affiliates and related parties could result in decisions that are not in your best interests, which could result in a decline in the value of your investment. We also compete with affiliates of Hines, including Hines Global I, for tenants and investment opportunities, and some of those affiliates will have priority with respect to certain investment opportunities. Please see "Conflicts of Interest" beginning on page 143 and "Risk Factors—Risks Related to Potential Conflicts of Interests" beginning on page 68 for a more detailed description of the conflicts of interests, and the associated risks, related to our structure and ownership.

Our Structure

The following chart illustrates our general structure and relationship with Hines and its affiliates as of July 1, 2016:



(1) Please see "Management Compensation, Expense Reimbursements and Operating Partnership OP Units and Special OP Units" for a description of the payments we may make with respect to the Special OP Units held by Hines Global REIT II Associates Limited Partnership.
(2) Please see "Conflicts of Interest" for a description of the other direct participation programs sponsored and managed by Hines and its affiliates.
(3) Please see "Security Ownership of Certain Beneficial Owners and Management" for information concerning the number of shares of our common stock owned by our officers and directors as of July 1, 2016.

Summary Risk Factors

An investment in shares of our common stock involves significant risks. See "Risk Factors" beginning on page 36. These risks include, among others:

- This is our initial public offering. We have no prior operating history and the prior performance of other Hines affiliated entities may not be a good measure of our future results; therefore, there is no assurance we will be able to achieve our investment objectives;
- Our charter does not require us to pursue a transaction to provide liquidity to our stockholders and there is no public market for our common shares; therefore, you must be prepared to hold your shares for an indefinite length of time and, if you are able to sell your shares, you will likely sell them at a substantial discount;

- The offering prices for our Class A Shares and Class T Shares will not accurately represent the value of our assets at any given time and the actual value of your investment may be substantially less;
- 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;
- This is a best efforts offering and as such, there is a risk that we will not be able to accomplish our business objectives and that the poor performance of a single investment will materially adversely affect our overall investment performance, if we are unable to raise substantial funds;
- The availability and timing of distributions we may pay is uncertain and cannot be assured;
- Distributions have exceeded earnings. Some or all of our distributions have been paid and may continue to be paid from sources such as proceeds from our debt financings, proceeds from this offering, cash advances by our Advisor, Hines Global REIT II Advisors LP, cash resulting from a waiver or deferral of fees and/or proceeds from the sale of assets. We have not placed a cap on the amount of our distributions that may be paid from any of these sources. If we continue to pay distributions from sources other than our cash flow from operations, we will have less funds available for the acquisition of properties, and your overall return may be reduced;
- There are significant restrictions and limitations on your ability to have any of your shares of our common stock redeemed under our share redemption program and, if you are able to have your shares redeemed, it may be at a price that is less than the price you paid and the then-current market value of the shares;
- If we internalize our management functions, we could incur adverse effects on our business and financial condition, including significant costs associated with becoming and being self-managed and the percentage of our outstanding common stock owned by our stockholders could be reduced;
- Due to the risks involved in the ownership of real estate investments, there is no assurance of any return on your investment in, and you may lose some or all of your investment;
- International investment risks, including 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 governmental measures to curb inflation may adversely affect our operations and our ability to make distributions;
- Under certain circumstances, including where the Advisory Agreement is terminated by us for cause or not renewed due to poor performance, Hines may cause the Operating Partnership to purchase the Special OP Units and any other OP Units that it or its affiliates hold, which may deter us from terminating the Advisory Agreement when we would otherwise do so; and
- We rely on affiliates of Hines for our day-to-day operations and the selection of real estate investments. We pay substantial fees and other payments to these affiliates for these services. These affiliates are subject to conflicts of interest as a result of this and other relationships they have with us and other investment vehicles sponsored by Hines. We also compete with affiliates of Hines for tenants and investment opportunities, and some of those affiliates will have priority with respect to certain investment opportunities. See "Risk Factors—Risks Related to Potential Conflicts of Interest" beginning on page 68 and "Conflicts of Interest" beginning on page 143 for a description of potential conflicts of interest.

Estimated Use of Proceeds

If we sell all the shares offered in our primary offering and after giving effect to the Advisor's payment of a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds from the primary offering with respect to Class A Shares and Class T Shares sold on and after August 2, 2016, we expect to use approximately 94.7% of the gross proceeds (assuming the sale of 20% of Class A Shares and 80% of Class T Shares in the aggregate) to make real estate investments and to pay acquisition fees and expenses related to those investments. The actual percentage of offering proceeds used to make investments will depend on the number of primary shares sold and the number of shares sold pursuant to our distribution reinvestment plan as well as whether we sell more or less than we have assumed of either Class A Shares or Class T Shares. We will use the remaining approximately 5.3% of the gross proceeds (assuming the sale of

20% of Class A Shares and 80% of Class T Shares in the aggregate) to pay selling commissions, dealer manager fees and issuer costs. Our cash flows from operations have been and may continue to be insufficient to fully fund distributions to our stockholders. Therefore, some or all of our distributions have been paid and may continue to be paid from other sources, such as proceeds from our debt financings, proceeds from this offering, cash advances by our Advisor, cash resulting from a waiver or deferral of fees and/or proceeds from the sale of assets. We funded 100% and 23% of total distributions for the quarter ended March 31, 2016 and the year ended December 31, 2015, respectively, with cash flows from financing activities, which includes offering proceeds. We have not placed a cap on the amount of our distributions that may be paid from offering proceeds or any of these other sources. Please see "Estimated Use of Proceeds" beginning on page 80.

Management Compensation, Expense Reimbursements and Operating Partnership OP Units and Special OP Units

Our Advisor and its affiliates will receive substantial fees in connection with this offering, our operations and any disposition or liquidation, which compensation could be increased or decreased during or after this offering. The following table sets forth the type and, to the extent possible, estimates of all fees, compensation, income, expense reimbursements, interests and other payments we may pay directly to Hines and its affiliates in connection with this offering, our operations, and any disposition or liquidation. With respect to Class A Shares and Class T Shares sold in the primary offering on and after August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds. Prior to that date, all dealer manager fees were paid by us from gross offering proceeds. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees. For purposes of this table, except as noted, we have assumed no volume discounts or waived commissions as discussed in the "Plan of Distribution." The allocation of amounts between the Class A Shares and Class T Shares assumes that 20% of the common shares sold in the primary offering are Class A Shares and 80% are Class T Shares.

Type and Recipient	Description and Method of Computation	Estimated Maximum (Based on $2,000,000,000 in Shares)(1)
	Organization and Offering Activities(2)	
Selling Commissions—our Dealer Manager	**Class A Shares** Up to 7.0% of gross offering proceeds from our primary offering of Class A Shares, excluding proceeds from our distribution reinvestment plan; all of such selling commissions may be reallowed to participating broker dealers. **Class T Shares** Up to 2.0% of gross offering proceeds from our primary offering of Class T Shares, excluding proceeds from our distribution reinvestment plan; all of such selling commissions may be reallowed to participating broker dealers.	$60,000,000 ($28,000,000 for the Class A Shares and $32,000,000 for the Class T Shares)(3) Assuming we sell the maximum offering amount and 100% of shares sold are either Class A Shares or Class T Shares, the maximum amount of selling commissions payable would be $140,000,000 or $40,000,000, respectively. (3)

Type and Recipient	Description and Method of Computation	Estimated Maximum (Based on $2,000,000,000 in Shares)(1)
Dealer Manager Fee—our Dealer Manager	**<u>Class A Shares</u>** Up to 3.0% of gross offering proceeds from our primary offering of Class A Shares, excluding proceeds from our distribution reinvestment plan; a portion of such dealer manager fee may be reallowed to participating broker dealers as a marketing fee (5). **<u>Class T Shares</u>** Up to 2.75% of gross offering proceeds from our primary offering of Class T Shares, excluding proceeds from our distribution reinvestment plan; all or a portion of such dealer manager fee may be reallowed to participating broker dealers as a marketing fee (5).	$56,000,000 ($12,000,000 for the Class A Shares and $44,000,000 for the Class T Shares)(4) Assuming we sell the maximum offering amount and 100% of shares sold are either Class A Shares or Class T Shares, the maximum amount of dealer manager fees payable would be $60,000,000 or $55,000,000, respectively. (4)
Reimbursement of Issuer Costs —our Advisor and its Affiliates	We will reimburse our Advisor and its affiliates for the cumulative issuer costs that they pay on our behalf up to an amount equal to 2.5% of gross offering proceeds from our public offerings. Although the cap on reimbursements to our Advisor and its affiliates for cumulative issuer costs is equal to 2.5% of gross offering proceeds from our public offerings, we estimate that the total reimbursement paid to our Advisor and its affiliates from the proceeds of this offering for issuer costs incurred will be equal to approximately 0.8% of the maximum gross offering proceeds. Included in such amount are reimbursements to our Dealer Manager and participating broker dealers for bona fide out-of-pocket, itemized and detailed due diligence expenses incurred by these entities. (6)	$16,800,000 ($3,360,000 for the Class A Shares and $13,440,000 for the Class T Shares)
	Investment Activities(7)	
Acquisition Fee—our Advisor	2.25% of (i) the purchase price of real estate investments acquired, including any debt attributable to such investments, or the total principal amounts borrowed under any loans made or acquired directly by us, or (ii) when we make an investment or make or acquire a loan indirectly through another entity, such investment's pro rata share of the gross asset value of real estate investments held by that entity, including any debt attributable to such investments, or the total principal amount borrowed under any loans made or acquired by that entity.(8)(9)	Assuming no leverage, the estimated initial acquisition fees are $40,852,185 ($7,774,177 for the Class A Shares and $33,078,008 for Class T Shares) (10) Assuming 40% leverage, the estimated initial acquisition fees are $66,249,875 ($12,607,361 for the Class A Shares and $53,642,514 for Class T Shares) (10) Assuming 60% leverage, the estimated initial acquisition fees are $96,132,544 ($18,294,038 for the Class A Shares and $77,838,506 for Class T Shares) (10)

Type and Recipient	Description and Method of Computation	Estimated Maximum (Based on $2,000,000,000 in Shares)(1)
Acquisition Expenses—our Advisor	Reimbursement of acquisition expenses in connection with the purchase of real estate investments.(8)	Not determinable at this time
	Operational Activities(7)	
Development Fee—Hines or its Affiliates	We will pay a development fee in an amount that is usual and customary for comparable services rendered to similar projects in the geographic area of the project. We expect such fee could range from 3% to 6% of the total projected development cost.(12)	Not determinable at this time(11)
Asset Management Fee—our Advisor	0.0625% per month of the cost of our real estate investments at the end of each month; provided that, if our board of directors has determined an estimated net asset value per share, then, with respect to the real estate investments included in the board of director's determination, the asset management fees will be equal to 0.0625% per month of the most recently determined value of such real estate investments at the end of each month. The asset management fee will be equal to 0.75% on an annual basis. Since the quarter ended December 31, 2014, our Advisor has agreed to waive the asset management fees for each quarter through September 30, 2016 to the extent that our modified funds from operations ("MFFO"), for a particular quarter, as disclosed in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as applicable, amounts to less than 100% of the aggregate distributions declared to our stockholders for such quarter. Our Advisor also agreed to waive an additional $62,500 in asset management fees so that our MFFO for the year ended December 31, 2015 would equal our distributions declared for such year. As a result of these waivers, our Advisor waived all of the $363,873 asset management fee payable to it for the quarter ended March 31, 2016, $583,433 of the total $888,109 in asset management fees payable to it during the year ended December 31, 2015 and all of the $16,258 asset management fee payable to it during the year ended December 31, 2014.	Not determinable at this time(10)(13)
Administrative Expense Reimbursements—our Advisor	Reimbursement of actual expenses incurred by our Advisor in connection with our administration on an ongoing basis.(14)	Not determinable at this time
Property Management Fee—Hines or its Affiliates	Customary property management fees if Hines or an affiliate is our property manager. Such fees will be paid in an amount that is usual and customary in that geographic area for that type of property. We expect such fee could range from 2.5% to 4.0% of the annual gross revenues for our properties.(12)(15)	Not determinable at this time

Type and Recipient	Description and Method of Computation	Estimated Maximum (Based on $2,000,000,000 in Shares)(1)
Leasing Fee—Hines or its Affiliates	Customary leasing fees if Hines or an affiliate is our primary leasing agent. Such fees will be paid in an amount that is usual and customary in that geographic area for that type of property. We expect such fee could range from 1% to 3% of the annual gross rent paid under a lease.(12)(15)	Not determinable at this time
Tenant Construction Management Fees—Hines or its Affiliates	Amount payable by the tenant under its lease or, if payable by the landlord, direct costs incurred by Hines or an affiliate if the related services are provided by off-site employees.(16)	Not determinable at this time
Re-development Construction Management Fees—Hines or its Affiliates	Customary re-development construction management fees if Hines or its affiliates provide such services. Such fees will be paid in an amount that is usual and customary in the geographic area for that type of property. We expect such fee could range from 3% to 6% of the total projected re-development or construction cost.(12)	Not determinable at this time
Expense Reimbursements —Hines or its Affiliates	Reimbursement of actual expenses incurred in connection with the management and operation of our properties.(17)	Not determinable at this time

Type and Recipient	Description and Method of Computation	Estimated Maximum (Based on $2,000,000,000 in Shares)(1)
Distribution and Stockholder Servicing Fee-our Dealer Manager	Annual fee of 1.0% of the gross offering price of Class T Shares purchased in our primary offering (or, if we are no longer offering primary shares, the then-current estimated net asset value, if any has been disclosed). The distribution and stockholder servicing fee will accrue daily and be payable quarterly in arrears. We will cease paying the distribution and stockholder servicing fee with respect to any particular Class T Share on the earlier of: (i) a listing of the Class A Shares on a national securities exchange; (ii) a merger or consolidation of the company with or into another entity, or the sale or other disposition of all or substantially all of our assets; (iii) the end of the month in which the Dealer Manager determines that total underwriting compensation paid in the primary offering including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid on all Class T Shares sold in the primary offering is equal to 10.0% of the gross proceeds of the primary offering from the sale of both Class A Shares and Class T Shares; and (iv) the end of the month in which the transfer agent, on our behalf, determines that underwriting compensation paid in the primary offering including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid with respect to the Class T Shares held by a stockholder within his or her particular account equals 10.0% of the gross offering price at the time of investment of the Class T Shares held in such account. All or a portion of the distribution and stockholder servicing fees may be reallowed or advanced to participating broker dealers.	Assuming the sale of $1.6 billion of Class T Shares, we estimate that distribution and stockholder servicing fees will equal $16,000,000 annually, subject to the 10.0% limit on underwriting compensation. We also estimate that a maximum of $84,000,000 such fees will be paid in connection with this offering. (18) Assuming we sell the maximum offering amount and all shares sold are Class T Shares, the amount of distribution and stockholder servicing fees on an annual basis would be $20,000,000. (18)

Type and Recipient	Description and Method of Computation	Estimated Maximum (Based on $2,000,000,000 in Shares)(1)
Special OP Units—Hines Global REIT II Associates Limited Partnership	The Special OP Units may be converted into OP Units that, at the election of the holder, will be repurchased for cash (or, in the case of (iii) below, a promissory note) or our shares, following: (i) the listing of our common stock on a national securities exchange, (ii) a merger, consolidation or sale of substantially all of our assets or any similar transaction, a purchase, tender or exchange offer that results in the tender or exchange of more than 50% of our outstanding common shares, or any transaction pursuant to which a majority of our board of directors then in office are replaced or removed or (iii) the occurrence of certain events that result in the termination or non-renewal of our Advisory Agreement. The holder of the Special OP Units in the Operating Partnership will be entitled to receive distributions from the Operating Partnership in an amount equal to 15% of distributions, including from sales of real estate investments, refinancings and other sources, but only after we (and our stockholders) have received (or are deemed to have received in the cases described above where there is no liquidation or sale of our assets or similar transaction), in the aggregate, cumulative distributions equal to 100% of their invested capital plus a 6.0% cumulative, non-compounded annual pre-tax return on such invested capital. Please see "The Operating Partnership—Special OP Units."	Not determinable at this time

Type and Recipient	Description and Method of Computation	Estimated Maximum (Based on $2,000,000,000 in Shares)(1)
	Disposition, Liquidation and Other Significant Events(7)	
Disposition Fee—our Advisor	If our Advisor, its affiliates or related parties provide a substantial amount of services, as determined in good faith by a majority of our independent directors, we will pay our Advisor, its affiliates or related parties a disposition fee in an amount equal to (a) 1% of the Market Value determined in connection with a listing of our common stock on a national securities exchange, or 1% of the gross consideration received or to be received by us or our stockholders upon the occurrence of any other Liquidity Event involving us or the Operating Partnership, pursuant to which our stockholders receive in exchange for their shares of our common stock, cash, securities listed on a national securities exchange, securities redeemable for cash, or a combination thereof, or (b) 1% of the gross sales price upon the sale or transfer of one or more real estate investments (including a sale of all of our real estate investments). Even if our Advisor, its affiliates or related parties receive a disposition fee, we may still be obligated to pay fees or commissions to another third party. However, when a real estate or brokerage fee is payable in connection with a particular transaction, the amount of the disposition fee paid to our Advisor or its affiliates or related parties, as applicable, may not exceed an amount equal to the lesser of (i) one-half of a competitive real estate or brokerage commission and (ii) 1% of the gross sales price and, when added to the sum of all real estate or brokerage fees and commissions paid to unaffiliated parties, may not exceed the lesser of (x) a competitive real estate or brokerage commission or (y) an amount equal to 6% of the gross sales price. (14)(19)	Not determinable at this time(10)

Type and Recipient	Description and Method of Computation	Estimated Maximum (Based on $2,000,000,000 in Shares)(1)
Special OP Units—Hines Global REIT II Associates Limited Partnership	The Special OP Units may be converted into OP Units that, at the election of the holder, will be repurchased for cash (or, in the case of (iii) below, a promissory note) or our shares, following: (i) the listing of our common stock on a national securities exchange, (ii) a merger, consolidation or a sale of substantially all of our assets or any similar transaction, a purchase, tender or exchange offer that results in the tender or exchange of more than 50% of our outstanding common shares, or any transaction pursuant to which a majority of our board of directors then in office are replaced or removed or (iii) the occurrence of certain events that result in the termination or non-renewal of our Advisory Agreement. The holder of the Special OP Units in the Operating Partnership will be entitled to receive distributions from the Operating Partnership in an amount equal to 15% of distributions, including from sales of real estate investments, refinancings and other sources, but only after we (and our stockholders) have received (or are deemed to have received in the cases described above where there is no liquidation or sale of our assets or similar transaction), in the aggregate, cumulative distributions equal to 100% of invested capital plus a 6.0% cumulative, non-compounded annual pre-tax return on such invested capital. Please see "The Operating Partnership—Special OP Units."	Not determinable at this time

(1) Unless otherwise indicated, assumes we sell the maximum of $2,000,000,000 in shares in our primary offering (20% Class A Shares and 80% Class T Shares) and excludes the sale of any shares under our distribution reinvestment plan, which may be used for redemptions or other purposes. To the extent such proceeds are invested in real estate investments, certain fees will be increased but, except as set forth herein, the amounts are not determinable at this time.

(2) The total compensation related to our organization and offering activities, which includes selling commissions, the dealer manager fees, the distribution and stockholder servicing fees and issuer costs will not exceed 15% of the gross offering proceeds.

(3) Commissions on our Class A Shares may be reduced for volume or other discounts or waived as further described in the "Plan of Distribution" section of this prospectus; however, for purposes of calculating the estimated maximum selling commissions in this table, we have not assumed any such discounts or waivers. Further, our Dealer Manager will not receive selling commissions for shares issued pursuant to our distribution reinvestment plan.

(4) The dealer manager fees may be waived as further described in the "Plan of Distribution" section of this prospectus; however, for purposes of calculating the estimated maximum dealer manager fees in this table, we have not assumed any such waivers. Further, our Dealer Manager will not receive the dealer manager fee for shares issued pursuant to our distribution reinvestment plan. With respect to Class A Shares and Class T Shares sold in the primary offering on and after August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds. Prior to that date, all dealer manager fees were paid by us from gross offering proceeds. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees.

(5) In addition, out of its dealer manager fee, the Dealer Manager may reimburse participating broker dealers for distribution and marketing-related costs and expenses, such as costs associated with attending or sponsoring conferences, technology costs and other marketing costs and expenses.

(6) The Advisory Agreement was amended, effective February 29, 2016, to cap the amount which we will reimburse our Advisor for the cumulative issuer costs incurred in connection with our organization and our public offerings. Although the cap on reimbursements to our Advisor and its affiliates for cumulative issuer costs is equal to 2.5% of gross offering proceeds from our public offerings, we estimate that the total reimbursement to be paid to our Advisor and its affiliates from the proceeds of this offering for issuer costs incurred will be equal to approximately 0.8% of the maximum gross offering proceeds. As a result of the cap on reimbursement as a percentage of gross offering proceeds, as of February 29, 2016, we were only obligated to reimburse our Advisor for $3.2 million of issuer costs out of the $8.2 million of issuer costs our Advisor had incurred. On April 14, 2016, our Advisor reimbursed us for $4.0 million in issuer costs that we had previously reimbursed in excess of this new 2.5% cap. As we raise additional offering proceeds, we expect to reimburse our Advisor for the $4.0 million in issuer costs they recently repaid to us to the extent such costs do not exceed 2.5% of gross offering proceeds from our public offerings.

(7) For a discussion of the expenses which may be reimbursed please see "Management—Our Advisor and Our Advisory Agreement—Compensation."

(8) The acquisition fees and acquisition expenses incurred in connection with the purchase of real estate investments will not exceed an amount equal to 6.0% of the contract purchase price of the investment. However, a majority of our directors (including a majority of our independent directors) not otherwise interested in the transaction may approve such fees and expenses in excess of this limit if they determine the transaction to be commercially competitive, fair and reasonable to us. Tenant construction management fees and re-development construction management fees will be included in the definition of acquisition fees or acquisition expenses for this purpose to the extent that they are paid in connection with the acquisition, development or redevelopment of a property. If any such fees are paid in connection with a portion of a leased property at the request of a tenant or in conjunction with a new lease or lease renewal, such fees will be treated as ongoing operating costs of the property, similar to leasing commissions.

(9) To the extent we use distribution reinvestment plan proceeds for acquisitions, rather than redemptions, our Advisor will also receive an acquisition fee for any such real estate investments. Accordingly, in the event we raise the maximum $2,000,000,000 pursuant to our primary offering and the maximum $500,000,000 pursuant to our distribution reinvestment plan, and we use all such proceeds for acquisitions (and all of our real estate investments are 40% or 60% leveraged at the time we acquire them as the case may be), the total acquisition fees payable will be $82,635,219 and $119,908,660, respectively. Some of these fees may be payable out of the proceeds of such borrowings.

(10) In the sole discretion of our Advisor, these fees are payable, in whole or in part, in cash or OP Units. For the purposes of the payment of these fees, if we are engaged in a public offering of primary shares, each OP Unit will be valued at the per share offering price of our Class A Shares in our ongoing public offering, minus the maximum selling commissions and dealer manager fee being paid by us from gross offering proceeds in such offering, to account for the fact that no selling commissions or dealer manager fees will be paid from any source in connection with any such issuances (at the current offering price, each such OP Unit would be issued at $9.11 per unit). If these fees are paid in OP Units at a time when we are not engaged in a public offering of primary shares, each OP Unit will be valued at the most recently determined estimated net asset value per share of our Class A Shares. Each OP Unit will be convertible into one share of Class A common stock.

(11) Actual amounts are dependent upon usual and customary development fees for specific projects and therefore the amount cannot be determined at the present time.

(12) Such fees must be approved by a majority of our independent directors as being fair and reasonable and on terms and conditions not less favorable than those available from unaffiliated third parties.

(13) The asset management fee equals 0.75% on an annual basis. However, because this fee is calculated monthly, and the cost of our real estate investments may change on a monthly basis, we cannot accurately determine or calculate the amount of this fee on an annual basis.

(14) Our Advisor will reimburse us for any amounts by which operating expenses exceed the greater of (i) 2.0% of our invested assets or (ii) 25% of our net income, unless our independent directors determine that such excess was justified (the "2%/25% Limitation"). To the extent operating expenses exceed these limitations, they may not be deferred and paid in subsequent periods. Operating expenses include generally all expenses paid or incurred by us as determined by accounting principles generally accepted

in the United States, or GAAP, except certain expenses identified in our Articles of Amendment and Restatement, which we refer to in this prospectus as our charter. The expenses identified by our charter as excluded from operating expenses include: (i) expenses of raising capital such as organization and offering costs, legal, audit, accounting, tax services, costs related to compliance with the Sarbanes-Oxley Act of 2002, underwriting, brokerage, listing, registration and other fees, printing and such other expenses and taxes incurred in connection with the issuance, distribution, transfer, registration and stock exchange listing of our shares; (ii) interest payments, taxes and non-cash expenditures such as depreciation, amortization and bad debt reserves; (iii) incentive fees; (iv) distributions made with respect to interests in the Operating Partnership; and (v) all fees and expenses associated or paid in connection with acquisitions, transfers, dispositions, and the management and ownership of assets (such as real estate commissions, disposition fees (other than disposition fees payable in connection with the sale of assets other than real properties), acquisition and debt financing fees and expenses, costs of foreclosure, insurance premiums, legal services, maintenance, repair or improvement of property, etc.). Please see "Management—Our Advisor and Our Advisory Agreement—Reimbursements by our Advisor" for a detailed description of these expenses. We do not intend to reimburse our Advisor for the salaries and benefits paid to our named executive officers. We will reimburse our Advisor for certain personnel costs. Please see "Management—Our Advisor and Our Advisory Agreement—Compensation" for a description of the costs that will be reimbursed by us to our Advisor. For the four fiscal quarters ended September 30, 2015, our total operating expenses exceeded the 2%/25% Limitation. Based upon a review of unusual and non-recurring factors, including but not limited to our being in the early stages of raising and deploying capital, the limited number of assets acquired to date and the timing of those acquisitions, a majority of our independent directors determined that the excess expenses were justified and thus reimbursable to the Advisor. For the four fiscal quarters ended December 31, 2015, our total operating expenses did not exceed the 2%/25% Limitation.

(15) Property management fees and leasing fees for international acquisitions may differ from our domestic property management fees and leasing fees due to differences in international markets, but in all events the fees shall be paid in compliance with our charter, and fees paid to Hines and its affiliates shall be approved by a majority of our independent directors.

(16) These fees relate to construction management services for improvements and build-out to tenant space.

(17) Included in reimbursement of actual expenses incurred by Hines or its affiliates are the costs of personnel and overhead expenses related to such personnel, to the extent to which such costs and expenses relate to or support the performance of their duties. Periodically, Hines or an affiliate may be retained to provide ancillary services for a property which are not covered by a property management agreement and are generally provided by third parties. These services are provided at market terms and are generally not material to the management of the property.

(18) The estimated aggregate maximum distribution and stockholder servicing fees assumes that (1) we sell the maximum offering amount of $2.0 billion in shares (consisting of $400 million in Class A Shares and $1.6 billion in Class T Shares) and therefore, the maximum amount of underwriting compensation from all sources is $200 million, which is 10% of the maximum amount of gross offering proceeds, and (2) all other underwriting compensation other than the distribution and stockholder servicing fees, will equal $116 million, which consists of the maximum selling commissions and dealer manager fees payable in connection with the purchase of shares in our primary offering (of which $40 million and $76 million is attributable to the Class A Shares and Class T Shares, respectively), as set forth in the "Plan of Distribution–Underwriting Terms" section of this prospectus. We will cease paying the distribution and stockholder servicing fee with respect to any particular Class T Share and that Class T Share will convert into a number of Class A Shares determined by multiplying each Class T Share to be converted by the "Conversion Rate" described herein on the earlier of: (i) a listing of the Class A Shares on a national securities exchange; (ii) a merger or consolidation of the company with or into another entity, or the sale or other disposition of all or substantially all of our assets; (iii) the end of the month in which the Dealer Manager determines that total underwriting compensation paid in the primary offering including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid on all Class T Shares sold in the primary offering is equal to 10.0% of the gross proceeds of the primary offering from the sale of both Class A Shares and Class T Shares; and (iv) the end of the month in which the transfer agent, on our behalf, determines that underwriting compensation paid in the primary offering including our Advisor's payment of a portion of the dealer

manager fees and the distribution and stockholder servicing fee paid with respect to the Class T Shares held by a stockholder within his or her particular account equals 10.0% of the gross offering price at the time of investment of the Class T Shares held in such account. Stockholders will receive notice that their Class T Shares have been converted into Class A Shares in accordance with industry practice at that time, which we expect to be either a transaction confirmation from the transfer agent or notification through the next account statement following the conversion. In the case of a Class T Share purchased in the primary offering at a price equal to $9.41, the maximum distribution and stockholder servicing fee that may be paid on that Class T Share will be equal to approximately $0.49 per share, assuming a constant per share offering price or estimated net asset value, as applicable, of $9.41 per Class T Share. Although we cannot predict the length of time over which this fee will be paid due to potential changes in the estimated net asset value of our Class T Shares, this fee would be paid over approximately 5.25 years from the date of purchase, assuming a constant per share offering price or estimated net asset value, as applicable, of $9.41 per Class T Share. The Conversion Rate will be equal to the quotient, the numerator of which is the estimated net asset value per Class T Share (including any reduction for distribution and stockholder servicing fees as described herein) and the denominator of which is the estimated net asset value per Class A Share. We will further cease paying the distribution and stockholder servicing fee on any Class T Share that is redeemed or repurchased, as well as upon our dissolution, liquidation or the winding up of our affairs, or a merger or other extraordinary transaction in which we are a party and in which the Class T Shares as a class are exchanged for cash or other securities. We cannot predict if or when this will occur for each Class T Share. The aggregate amount of underwriting compensation for the Class A Shares and Class T Shares, including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee for the Class T Shares, will not exceed the 10% cap on underwriting compensation imposed by FINRA.

(19) For purposes of this fee, "Market Value" means the average closing price, or average of bid and asked prices (if closing prices are not available) of the shares over a period of 30 days during which the shares are traded, with such period beginning 90 days after the commencement of trading of the shares and "gross consideration" means the value of any cash, the Market Value of any securities that are listed on a national securities exchange and the value of any securities redeemable for cash.

The table below outlines fees and expense reimbursements incurred that are payable by us to Hines and its affiliates for the periods indicated below:

	Three Months Ended March 31,	Years Ended December 31,		Unpaid as of	
Type and Recipient	**2016**	**2015**	**2014**	**March 31, 2016**	**December 31, 2015**
Selling Commissions- Dealer Manager	$ 1,334,253	$ 6,660,620	$ 60,697	$ 57,216	$ 276,686
Dealer Manager Fee- Dealer Manager	$ 814,464	$ 3,089,100	$ 27,511	$ (6,778)	$ 98,451
Distribution & Stockholder Servicing Fee-Dealer Manager	$ 28,568	$ 7,254	$ —	$ 28,568	$ 7,246
Issuer Costs- Advisor	$ 601,083	$ 3,818,027	$ 4,153,388	$ 1,375,369	$ 2,701,249
Acquisition Fee- the Advisor and affiliates of Hines	$ 1,307,689	$ 2,327,715	$ 570,375	$ —	$ —
Asset Management Fee- the Advisor and affiliates of Hines (1)	$ —	$ 304,676	$ —	$ —	$ (119,781)
Other (2) - the Advisor	$ 169,838	$ 1,111,230	$ 365,960	$ 118,326	$ 180,488
Interest Expense- Hines(3)	$ 2,020	$ 570,442	$ 20,328	$ —	$ —
Property Management Fee- Hines	$ 11,930	$ 46,205	$ 1,769	$ —	$ —
Construction Management Fee- Hines	$ —	$ 510	$ —	$ —	$ —
Expense Reimbursement- Hines (with respect to management and operations of our properties)	$ 84,882	$ 332,628	$ 1,260	$ 132,992	$ 41,871
Total	$ 4,354,727	$ 18,268,407	$ 5,201,288	$ 1,705,693	$ 3,186,210

(1) Our Advisor waived $363,873 in asset management fees payable to it for three months ended March 31, 2016, $583,433 for the year ended December 31, 2015, and $16,258 for the year ended December 31, 2014. See "— Distribution Objectives" below for a discussion of the asset management fee waiver.

(2) Includes amounts our Advisor paid on our behalf such as general and administrative expenses and acquisition-related expenses. These amounts are generally reimbursed to our Advisor during the month following the period in which they are incurred.

(3) Includes amounts paid related to Hines Global's credit facility with Hines. See "Our Real Estate Investments—Our Permanent Debt" for a description of this credit facility.

In addition, we pay our independent directors certain fees and reimburse independent directors for certain out-of-pocket expenses, including for their attendance at board or committee meetings. Please see "Management—Compensation of Directors." Additionally, if we borrow any funds from our Advisor or its affiliates or if our Advisor or its affiliates defer any fees, we may pay them interest at a competitive rate. Any such transaction must be approved by a majority of our independent directors.

For a more complete description of all of the fees, compensation, income, expense reimbursements, interests, distributions and other payments payable to Hines and its affiliates, please see the "Management Compensation, Expense Reimbursements and Operating Partnership OP Units and Special OP Units" section of this prospectus. Subject to limitations in our charter, such fees, compensation, income, expense reimbursements, interests, distributions and other payments payable to Hines and its affiliates may increase or decrease during this offering or future offerings from those described above if such revision is approved by a majority of our independent directors.

Description of Capital Stock

Distribution Objectives

In order to qualify as a REIT for federal income tax purposes, we must distribute at least 90% of our taxable income (excluding capital gains) to our stockholders. We intend, although we are not legally obligated, to make regular monthly distributions to holders of our common shares initially at least at the level required to maintain our REIT status unless our results of operations, our general financial condition, general economic conditions or other factors inhibit us from doing so. Distributions are authorized at the discretion of our board of directors, which will be influenced by our intention to comply with the REIT requirements of the Internal Revenue Code of 1986, as amended, or the Code.

With the authorization of our board of directors, we declared distributions with respect to Class A Shares of our common stock for the period from October 1, 2014 through August 31, 2016. For the period from October 1, 2014 through April 30, 2016, distributions for Class A Shares were calculated based on stockholders of record each day in an amount equal to $0.001575342 per share, per day. With respect to the period from May 1, 2016 through August 31, 2016, distributions for Class A Shares were or will be calculated based on stockholders of record each day in an amount equal to $0.001594766 per share, per day. Also, with the authorization of our board of directors, we declared distributions with respect to Class T Shares of our common stock for the period from August 24, 2015 through August 31, 2016. For the period from August 24, 2015 through April 30, 2016, distributions for Class T Shares were calculated based on stockholders of record each day in an amount equal to $0.001575342 per share, per day less the distribution and stockholder servicing fees that were payable with respect to such Class T Shares (as calculated on a daily basis). With respect to the period from May 1, 2016 through August 31, 2016, distributions for Class T Shares were or will be calculated based on stockholders of record each day in an amount equal to $0.001594766 per share, per day less the distribution and stockholder servicing fees that are payable with respect to such Class T Shares (as calculated on a daily basis).

In addition to the distributions described above, our board of directors authorized special stock dividends as of daily record dates for the period from October 1, 2014 through June 30, 2015. Stock dividends for our Class A Shares were calculated based on stockholders of record each day in an amount equal to 0.0000273973 of a share of Class A common stock, per day. These stock dividends were issued on a quarterly basis. For the years ended December 31, 2015 and 2014, respectively, we issued stock dividends of 12,470 and 737 shares, which equated to $124,700 and $7,367, respectively, using the $10.00 per Class A Share offering price in effect on the respective dates the shares were issued.

We expect to continue paying regular distributions on a monthly basis unless our results of operations, our general financial condition, general economic conditions or other factors inhibit us from doing so. The timing and amount of distributions will be determined by our board of directors, in its discretion, and may vary from time to time. Distributions will be made on all classes of our common stock at the same time. Distributions paid with respect to Class A Shares will be higher than those paid with respect to Class T Shares because distributions paid with respect to Class T Shares, including those issued pursuant to the distribution reinvestment plan, will be reduced by the payment of the distribution and stockholder servicing fees. All Class T Shares will receive the same per share distribution. As described above, we expect the estimated net asset value per share of each Class A Share and Class T Share to be the same, except in the unlikely event that the distribution and stockholder servicing fees exceed the amount otherwise available for distribution to holders of Class T Shares in a particular period (prior to the deduction of the distribution and stockholder servicing fees), in which case the excess will be accrued as a reduction to the estimated net asset value per share of each Class T Share, which would result in the net asset value and distributions upon liquidation with respect to Class T Shares being lower than the net asset value and distributions upon liquidation with respect to Class A Shares.

Commencing with the quarter ended December 31, 2014, our Advisor agreed to waive the asset management fees for each quarter through September 30, 2016, to the extent that our modified funds from operations ("MFFO"), for a particular quarter, as disclosed in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as applicable, amounts to less than 100% of the aggregate distributions declared to our stockholders for such quarter. Our Advisor also agreed to waive an additional $62,500 in asset management fees so that our MFFO for the year ended December 31, 2015 would equal our distributions declared for such year. As a result of these waivers, our Advisor waived all of the $363,873 asset management fee payable to it for the quarter ended March 31, 2016, $583,433 of the total $888,109 in asset management fees payable to it during the year ended December 31, 2015 and all of the $16,258 asset management fee payable to it during the year ended December 31, 2014. Also, as a result of these waivers, cash flows from operations that would have been paid to our Advisor for asset management fees may be available to pay distributions to stockholders. These fee waivers are not deferrals and accordingly, these fees will not be paid to our Advisor in cash at any time in the future. There can be no assurances that our Advisor will continue this waiver, and if not, cash available to pay distributions in future periods may be reduced.

We have not generated sufficient cash flows from operations to fully fund distributions paid. Therefore, some or all of our distributions have been and may continue to be paid from other sources, such as proceeds from our debt financings, proceeds from this offering, cash advances by our Advisor, cash resulting from a waiver or deferral of fees and/or proceeds from the sale of assets. For example, for the quarter ended March 31, 2016 and the year ended December 31, 2015, respectively, we funded 100% and 23% of total distributions with cash flows from financing activities, which includes offering proceeds. We have not placed a cap on the amount of our distributions that may be paid from any of these sources.

Cash Distributions

The following table outlines our total cash distributions declared to stockholders and noncontrolling interests (HALP II) for each of the quarters during 2015 and the quarter ended March 31, 2016, including the breakout between the distributions declared in cash and those reinvested pursuant to our distribution reinvestment plan.

	Stockholders			**Non-controlling Interests**	**Sources**			
Distributions for the Three Months Ended	**Cash Distributions**	**Distributions Reinvested**	**Total Declared**	**Total Declared**	**Cash Flows From Operating Activities**		**Cash Flows From Financing Activities**	
2016								
March 31, 2016	$ 871,004	$ 886,755	$ 1,757,759	$ 3,026	$ —	—%	$1,760,785	100%
Total	$ 871,004	$ 886,755	$ 1,757,759	$ 3,026	$ —	—%	$1,760,785	100%
2015								
December 31, 2015	$ 603,936	$ 655,664	$ 1,259,600	$ 3,059	$ 754,717	60%	$ 507,942	40%
September 30, 2015	457,698	489,796	947,494	3,060	950,554	100%	—	—%
June 30, 2015	279,432	287,799	567,231	3,027	570,258	100%	—	—%
March 31, 2015	91,135	58,691	149,826	2,993	—	—%	152,819	100%
Total	$ 1,432,201	$ 1,491,950	$ 2,924,151	$ 12,139	$2,275,529	77%	$ 660,761	23%

From inception through March 31, 2016, we declared distributions to our stockholders totaling $4.7 million, compared to total aggregate funds from operations, or FFO, loss of $2.0 million. During our offering and investment stages, we incur acquisition fees and expenses in connection with our real estate investments, which are recorded as reductions to net income and FFO. From inception through March 31, 2016, we incurred acquisition fees and expenses totaling $7.3 million.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition, Liquidity and Capital Resources” for additional information regarding our distributions and FFO.

Distribution Reinvestment Plan

You may participate in our distribution reinvestment plan, pursuant to which you may have your distributions reinvested in additional whole or fractional common shares. Purchases will be made directly from us and must be reinvested in shares of the same class as the shares for which you received distributions that are being reinvested. Commencing with distributions to be reinvested after August 2, 2016, you may purchase common shares under our distribution reinvestment plan at a price of $9.46 per Class A Share and $9.08 per Class T Share. If you participate in the distribution reinvestment plan and are subject to federal income taxation, you may incur a tax liability for distributions allocated to you even though you have elected not to receive the distributions in cash but rather to have the distributions withheld and reinvested in common shares. As a result, you may have a tax liability without receiving cash distributions to pay such liability and would have to rely solely on sources of funds other than our distributions in order to pay your taxes. A majority of our board of directors may amend or terminate the distribution reinvestment plan for any reason at any time upon 10 days' prior notice to plan participants, which notice will be made via a current report on Form 8-K filed with the SEC; provided, however, our board will not be permitted to amend the distribution reinvestment plan if such amendment would eliminate plan participants' ability to withdraw from the plan at least annually. Please see the "Description of Capital Stock—Distribution Reinvestment Plan" section of this prospectus for further explanation of our distribution reinvestment plan, a complete copy of which is included as Appendix C to this prospectus.

Share Redemption Program

We offer a share redemption program that may allow stockholders who have purchased shares from us or received their shares through a non-cash transaction, not in the secondary market, to have their shares redeemed subject to certain limitations and restrictions discussed more fully in the "Description of Capital Stock—Share Redemption Program" portion of this prospectus. No fees will be paid to Hines in connection with any redemption. Our board of directors may terminate, suspend or amend the share redemption program upon 30 days' written notice without stockholder approval. Any notice of a termination, suspension or amendment of the share redemption program will be made via a current report on Form 8-K filed with the SEC at least 30 days prior to the effective date of such termination, suspension or amendment. In December 2009, the other public REIT sponsored by Hines, Hines Real Estate Investment Trust, Inc., which we refer to as Hines REIT, suspended its share redemption program, except in connection with the death or disability of a stockholder.

After you have held your shares for a minimum of one year, our share redemption program may provide you with the ability to have all or a portion of the shares you purchased from us or received through a non-cash transaction, not in the secondary market, redeemed, subject to certain restrictions and limitations. We initially intend to allow redemptions of our shares on a monthly basis.

Subject to the limitations of and restrictions on the program, and subject to funds being available as described below, the number of shares repurchased during any consecutive 12-month period will be limited to no more than 5% of the number of outstanding shares of common stock at the beginning of that 12-month period. Unless our board of directors determines otherwise, the funds available for redemptions in each month will be limited to the funds received from the distribution reinvestment plan in the prior month. Our board of directors has complete discretion to determine whether all of such funds from the prior month's distribution reinvestment plan will be applied to redemptions in the following month, whether such funds are needed for other purposes or whether additional funds from other sources may be used for redemptions.

Shares that are redeemed will be redeemed at the following prices, unless such shares are redeemed in connection with the death or disability of a stockholder, as described below: (i) the lower of 92.5% of the then-current offering price of the shares of such class or 92.5% of the price paid to acquire the shares from us for stockholders who have held their shares continuously for at least one year; (ii) the lower of 95.0% of the then-current offering price of the shares of such class or 95.0% of the price paid to acquire the shares from us for stockholders who have held their shares continuously for at least two years; (iii) the lower of 97.5% of the then-current offering price of the shares of such class or 97.5% of the price paid to acquire the shares from us for stockholders who have held their shares continuously for at least three years; and (iv) the lower of 100% of the then-current offering price of the shares of such class or 100% of the price paid to acquire the shares from us for stockholders who have held their shares continuously for at least four years; provided that in each case, the redemption price will be adjusted for any combinations, splits, recapitalizations or similar actions with respect to our common stock. For purposes of determining the redemption price of shares issued pursuant to stock dividends, the "price paid to acquire the shares from us" will be deemed to be $10.00 per Class A Share. However, our board of directors, in its sole discretion, may determine at any time to amend the share redemption program to redeem shares at a price that is higher or lower than the price paid for the shares by the redeeming stockholder. Any such price modification may be arbitrarily determined, or may be determined on a different basis, as determined by our board of directors. For example, in the event that we are not engaged in a public offering of our primary shares, our board of directors may determine to amend the share redemption program to redeem shares at a price that is at or below the then-current net asset value per share.

In the event a stockholder is having all his shares redeemed, we may waive the one-year holding requirement for shares purchased under our distribution reinvestment plan and for shares issued pursuant to stock dividends. In addition, we may waive the one-year holding requirement in the event of a stockholder's bankruptcy. If we determine to waive the one-year holding requirement in these circumstances, then, for purposes of determining the applicable redemption price, the stockholder will be deemed to have held his shares continuously for one year. In the event of the death or disability of the holder, upon request, we will waive the one-year holding requirement. Except as noted below, shares that are redeemed in connection with the death or disability of a stockholder will be redeemed at a purchase price equal to the price paid to acquire such shares from us; provided, that, the redemption price cannot exceed the then-current offering price and, as described below, the redemption price will be reduced as necessary to equal the then-current offering price of such class of shares.

During the period of any public offering, the redemption price will be equal to or less than the price of the shares of such class offered in the relevant offering. If we are engaged in a public offering and the redemption price calculated in accordance with the guidelines set forth above would result in a price that is higher than the then-current public offering price of such class of common shares, then the redemption price will be reduced and will be equal to the then-current public offering price of such class of common shares.

In the event that funds are insufficient to repurchase all of the shares for which repurchase requests have been submitted in a particular month and our board of directors determines that we will redeem shares in that month, then shares will be repurchased on a pro rata basis and the portion of any unfulfilled repurchase request will be held and considered for redemption until the next month unless withdrawn by the stockholder.

As of July 8, 2016, we had received eligible requests for redemptions related to 25,329 shares of our common stock, all of which have been redeemed using proceeds from our own distribution reinvestment plan at an average price of $9.70 per share, or an aggregate amount of $245,708.

Emerging Growth Company

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act, or the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. Although these exemptions will be available to us, they will not have a material impact on our public reporting and disclosure. We are deemed a "non-accelerated filer" under the Securities Exchange Act of 1934, or the Exchange Act, and as a non-accelerated filer, we are permanently exempt from compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. In addition, because we have no employees, we do not have any executive compensation or golden parachute payments to report in our periodic reports and proxy statements.

We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier. We will remain an "emerging growth company" until the earliest to occur of (i) the last day of the fiscal year during which our total annual revenues equal or exceed $1.0 billion (subject to adjustment for inflation), (ii) the last day of the fiscal year following the fifth anniversary of our initial public offering, (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt, or (iv) the date on which we are deemed a "large accelerated filer" under the Exchange Act.

Under the JOBS Act, emerging growth companies can also delay the adoption of new or revised accounting standards until such time as those standards apply to private companies. We are choosing to "opt out" of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

Investment Company Act of 1940 Exclusions

We intend to conduct the operations of Hines Global II and its subsidiaries so that none of them will be required to register as an investment company under the Investment Company Act of 1940, as amended, which we refer to as the Investment Company Act.

Section 3(a)(1)(A) of the Investment Company Act defines an investment company as any issuer that is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the Investment Company Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. Government securities and cash items) on an unconsolidated basis, which we refer to as the 40% test. Excluded from the term "investment securities," among other things, are U.S. Government securities and securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

We plan to conduct our businesses primarily through the Operating Partnership, a majority-owned subsidiary, and expect to establish other direct or indirect majority-owned subsidiaries to carry out specific activities; however, Hines Global II may also make investments directly. Although we reserve the right to modify our business methods at any time, at the time of this offering we expect the focus of our business will involve investments in real estate, buildings, and other assets that can be referred to as "sticks and bricks" and therefore we will not be an investment company under Section 3(a)(1)(A) of the Investment Company Act. We may also invest in other real estate investments and intend to otherwise be considered to be in the real estate business. Both we and the Operating Partnership intend to conduct our operations so that they do not hold investment securities in excess of the limit imposed by the 40% test and will not hold ourselves out as being engaged primarily or actually engage in the business of investing in securities. Therefore, we expect that we and the Operating Partnership will not be subject to regulation as an investment company under the Investment Company Act. The securities issued to the Operating Partnership and to Hines Global II by their respective majority-owned subsidiaries that are neither investment companies nor relying on Sections 3(c)(1) or (7) of the Investment Company Act, as discussed above, will not be investment securities for the purpose of this 40% test.

We may in the future organize special purpose subsidiaries of the Operating Partnership that will rely on Section 3(c)(7) for their Investment Company Act exclusion and, therefore, the Operating Partnership's interest in each of these subsidiaries would constitute an "investment security" for purposes of determining whether the Operating Partnership satisfies the 40% test. However, as stated above, we expect that even in such a situation most of our other majority-owned subsidiaries will not meet the definition of investment company or, if they meet that definition, they will not rely on the exclusions under either Section 3(c)(1) or 3(c)(7) of the Investment Company Act. Consequently, we expect that our interests in these subsidiaries (which we expect will constitute a substantial majority of our assets) will not constitute investment securities, and we expect to be able to conduct our operations so that we are not required to register as an investment company under the Investment Company Act, even if some special purpose subsidiaries do rely on Section 3(c)(7).

One or more of our subsidiaries or subsidiaries of the Operating Partnership may seek to qualify for an exclusion from the definition of investment company under the Investment Company Act pursuant to other provisions of the Investment Company Act, such as Section 3(c)(5)(C) which is available for entities "primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate." This exclusion, as interpreted by the staff of the SEC, generally requires that at least 55% of an entity's portfolio be comprised of qualifying interests and the remaining 45% of the entity's portfolio consist primarily of real estate-type interests (as such terms have been interpreted by the staff of the SEC). We expect our subsidiaries to rely on guidance published by the SEC or the staff of the SEC or on our own analyses of guidance published with respect to other types of assets to determine which assets are qualifying interests and real estate-type interests.

In August 2011, the SEC solicited public comment on a wide range of issues related to Section 3(c)(5)(C), including the nature of the assets that qualify for purposes of the exclusion and whether mortgage REITs should be regulated in a manner similar to investment companies. There can be no assurance that the laws and regulations governing the Investment Company Act status of REITs (and/or their subsidiaries), including the guidance of the SEC or its staff regarding this exclusion, will not change in a manner that adversely affects our operations. To the extent that the SEC or its staff publishes new or different guidance with respect to these matters, we may be required to adjust our strategy accordingly. Any additional guidance could provide additional flexibility to us, or it could further inhibit our ability to pursue the strategies we have chosen.

We will monitor our holdings and those of our subsidiaries to ensure continuing and ongoing compliance with these tests, and we will be responsible for making the determinations and calculations required to confirm our compliance with these tests. If the SEC or its staff does not agree with our determinations, we may be required to adjust our activities, those of the Operating Partnership, or other subsidiaries.

Qualification for these exclusions could affect our ability to acquire or hold investments, or could require us to dispose of investments that we might prefer to retain in order to remain qualified for such exclusions. Changes in current policies by the SEC and its staff could also require that we alter our business activities for this purpose. If we or our subsidiaries fail to maintain an exclusion from the Investment Company Act, we could, among other things, be required either to (i) change the manner in which we conduct our operations to avoid being required to register as an investment company, (ii) effect sales of our assets in a manner that, or at a time when, we would not otherwise choose to do so, or (iii) register as an investment company, any of which would negatively affect the value of shares of our common stock the sustainability of our business model, and our ability to make distributions. For a discussion of certain risks associated with the Investment Company Act, please see "Risk Factors."

RISK FACTORS

You should carefully read and consider the risks described below, together with all other information in this prospectus, before you decide to buy our common shares. We encourage you to keep these risks in mind when you read this prospectus and evaluate an investment in us. If certain of the following risks actually occur, it could have a material adverse effect on our business, financial condition, and results of operations and our ability to pay distributions would likely suffer materially or could be eliminated entirely. As a result, the value of our common shares may decline, and you could lose all or part of the money you paid to buy our common shares.

Risks Related to Investing in this Offering

We have no prior operating history, and the prior performance of other Hines affiliated entities may not be a good measure of our future results; therefore there is a higher risk that we will not be able to achieve our investment objectives compared to a real estate investment trust with an operating history.

We have no prior operating history. As a result, an investment in our shares of common stock may entail more risk than the shares of common stock of a real estate investment trust with an operating history and we may not be able to achieve our investment objectives. In addition, you should not rely on the past performance of investments by other investment vehicles sponsored by Hines to predict our future results. Our investment strategy and key employees may differ from the investment strategies and key employees of our affiliates in the past, present and future.

We offer a share redemption program for you if you are seeking liquidity of your shares. However, there is no public market for our common shares; therefore, 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.

There is no public market for our common shares, and we do not expect one to develop. We have a share redemption program, but it is limited in terms of the amount of shares which may be redeemed. It will therefore be difficult for you to sell your shares of common stock promptly or at all. Additionally, our charter contains restrictions on the ownership and transfer of our shares, and these restrictions may limit your ability to sell your shares. If you are able to sell your shares, you may only be able to sell them at a substantial discount from the price you paid. This may be the result, in part, of the fact that the amount of funds available for investment are reduced by funds used to pay certain up-front fees and expenses, including organization and offering costs, such as issuer costs, selling commissions, and the dealer manager fee and acquisition fees and expenses in connection with our public offerings. Unless our aggregate investments increase in value to compensate for these up-front fees and expenses, which may not occur, it is unlikely that you will be able to sell your shares, without incurring a substantial loss. You may also experience substantial losses if we dispose of our assets or in connection with a liquidation event. We cannot assure you that your shares will ever appreciate in value to equal the price you paid for your shares. Thus, prospective stockholders should consider our common shares as illiquid and a long-term investment, and you must be prepared to hold your shares for an indefinite length of time. Please see "Description of Capital Stock—Restrictions on Transfer" herein for a more complete discussion on certain restrictions regarding your ability to transfer your shares.

This is a fixed price offering and the offering price of each class of our common stock was arbitrarily determined. Therefore, the offering price will not accurately represent the current value of our assets at any particular time and may be higher than the value of our assets per share of our common stock at the time of your purchase.

This is a fixed price offering, which means that the price for each class of our common stock in the offering has been fixed by our board of directors and does not vary based on the underlying value of our assets from time to time. Our board of directors arbitrarily determined the offering price of each class of our common stock in its sole discretion. We have not undertaken to adjust the offering price after we acquire each additional asset and, therefore, the fixed offering price established for each class of our common stock will not accurately represent the value of our assets and the actual value of your investment may be substantially less than what you pay. Our offering price may not be indicative of either the price you would receive if you sold your shares, the price at which shares of our common stock would trade if they were listed on a national securities exchange or if we were liquidated or dissolved. Similarly, the amount you may receive upon redemption of your shares, if you determine to participate in our share redemption program, may be less than the amount you paid for such shares, regardless of any increase in the underlying value of any assets we own.

Because we are conducting an ongoing offering, we are providing information about our net tangible book value per share of our common stock. As of December 31, 2015, our net tangible book value per share was $7.27 for each class of our common stock, which is less than the offering price for shares of each class of our common stock. Net tangible book value is a rough approximation of value calculated simply as total book value of assets minus total liabilities (all of which are adjusted for noncontrolling interests). It assumes that the value of real estate assets diminishes predictably over time as shown through the depreciation and amortization of real estate investments. Real estate values have historically risen or fallen with market conditions. Net tangible book value is used generally as a conservative measure of net worth that we do not believe reflects our estimated value per share. It is not intended to reflect the value of our assets upon an orderly liquidation of the company in accordance with our investment objectives. However, net tangible book value does reflect certain dilution in value of our common stock from the issue price as a result of (i) accumulated depreciation and amortization of real estate investments, (ii) the funding of distributions from sources other than our cash flow from operations, (iii) the substantial fees paid in connection with this offering, such as selling commissions and marketing fees, all or a portion of which have been reallowed by our dealer manager to participating broker dealers and (iv) the fees and expenses paid to our advisor and its affiliates in connection with the selection, acquisition, management and sale of our investments.

This is a "blind pool" offering and you will not have the opportunity to evaluate our future investments prior to purchasing shares of our common stock.

You will not be able to evaluate the economic merits, transaction terms or other financial or operational data concerning our future investments prior to purchasing shares of our common stock. In addition, our investment policies and strategies are very broad and permit us to invest in all types of properties and other real estate investments. You must rely on our Advisor and our board of directors to implement our investment policies, to evaluate our investment opportunities and to structure the terms of our investments. Because you cannot evaluate our future investments in advance of purchasing shares of our common stock, a "blind pool" offering may entail more risk than other types of offerings. This additional risk may hinder your ability to achieve your personal investment objectives related to portfolio diversification, risk-adjusted investment returns and other objectives.

This offering is a "best efforts" offering and if we are unable to raise substantial funds, we will be limited in the number and type of investments we may make which could negatively impact an investment in shares of our common stock.

This offering is being made on a "best efforts" basis, whereby the broker dealers participating in this offering are only required to use their best efforts to sell shares of our common stock and have no firm commitment or obligation to purchase any of the shares of our common stock. As a result, the amount of proceeds we raise in this offering may be substantially less than the amount we would need to achieve a diversified industrial portfolio. Our inability to raise substantial funds would increase our fixed operating expenses as a percentage of gross income, and our financial condition and ability to make distributions could be adversely affected. As of July 31, 2016, we have raised approximately $183.2 million from the sale of shares in this offering and have acquired four real estate investments. If we are unable to sell a significant number of the shares being offered in this offering, we are more likely to focus on making investments in loans and real estate related entities, resulting in less diversification in terms of the number of investments owned, the geographic regions in which our property investments are located and the types of investments that we make. As a result, the likelihood increases that any single investment's poor performance would materially affect our overall investment performance.

The availability and timing of distributions to our stockholders is uncertain and cannot be assured.

There is no assurance that distributions will continue to be authorized and paid. We cannot assure you that we will have sufficient cash to pay distributions to you or that the amount of any such distributions will increase over time. In addition, the distribution and stockholder servicing fees payable with respect to Class T Shares issued in the primary offering will reduce the amount of funds available for distribution with respect to all Class T Shares (including Class T Shares issued pursuant to the distribution reinvestment plan). Should we fail for any reason to distribute at least 90% of our REIT taxable income, we would not qualify for the favorable tax treatment accorded to REITs.

We have and may continue to pay distributions from sources other than our cash flow from operations, including advances, deferrals or waivers of fees from our Advisor or affiliates, borrowings and/or proceeds of this offering. We have not placed a cap on the amount of our distributions that may be paid from any of these sources. The use of sources other than our cash flow from operations to fund distributions could adversely impact our ability to pay distributions in future periods, decrease the amount of cash we have available for operations and new investments and/or potentially impact the value or result in dilution of your investment.

In our initial quarters of operations, and from time to time thereafter, our cash flow from operations may be insufficient to fund distributions to stockholders. Our organizational documents permit us to make distributions from any source and we may choose to pay distributions when we do not have sufficient cash flow from operations to fund such distributions. We may choose to use advances, deferrals or waivers of fees, if available, from our Advisor or affiliates, borrowings and/or proceeds of this offering or other sources to fund distributions to you. For example, we funded 100% of total distributions for the quarter ended March 31, 2016 and 23% of total distributions for 2015 with cash flows from financing activities which includes offering proceeds. In addition, our Advisor agreed to waive the asset management fee otherwise payable to it pursuant to our Advisory Agreement for the fourth quarter of 2014, each of the quarters in 2015, and the first two quarters of 2016, to the extent that our MFFO for each respective quarter, as disclosed in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as applicable, amounts to less than 100% of the aggregate distributions declared for such quarter. Pursuant to this waiver agreement, our Advisor waived $583,433 and $16,258 in asset management fees payable to it during the years ended December 31, 2015 and December 31, 2014, respectively. We have not placed a cap on the amount of our distributions that may be paid from sources other than cash flows from operations, including proceeds from our debt financings, proceeds from our public offerings, cash advances by our Advisor and cash resulting from a waiver or deferral of fees. However, our Advisor and affiliates are under no obligation to advance funds to us or to defer or, subsequent to the second quarter of 2016, to continue to waive fees in order to support our distributions. When we pay distributions in excess of earnings and we use cash flows from financing activities, including offering proceeds and borrowings, to fund distributions, then we have less funds available for operations and for acquiring properties and other investments, which could adversely impact our ability to pay distributions in future periods, may reduce your overall return and may result in the dilution of your investment. In addition, our Advisor or its affiliates could choose to receive shares of our common stock or interests in the Operating Partnership in lieu of cash or deferred fees or the repayment of advances to which they are entitled, and the issuance of such securities may dilute your interest in us. Furthermore, to the extent distributions exceed cash flow from operations, a stockholder's basis in our stock will be reduced and, to the extent distributions exceed a stockholder's basis, the stockholder may recognize capital gain.

Payments to the holders of the Special OP Units or any other OP Units will reduce cash available for distribution to our stockholders.

An affiliate of Hines has received OP Units in return for its $190,000 contribution to the Operation Partnership. Our Advisor or its affiliates may also choose to receive OP Units in lieu of certain fees. The holders of all OP Units will be entitled to receive cash from operations pro rata with the distributions being paid to us and such distributions to the holder of the OP Units will reduce the cash available for distribution to our stockholders. In addition, Hines Global REIT II Associates Limited Partnership, the holder of the Special OP Units, will be entitled to cash distributions, under certain circumstances, including from sales of our real estate investments, refinancings and other sources, which may reduce cash available for distribution to our stockholders and may negatively affect the value of our shares of common stock. Furthermore, under certain circumstances the Special OP Units and any other OP Units held by Hines or its affiliates are required to be repurchased, in cash at the holder's election and there may not be sufficient cash to make such a repurchase payment; therefore, we may need to use cash from operations, borrowings, or other sources to make the payment, which will reduce cash available for distribution to you.

Your ability to have your shares redeemed is limited under our share redemption program, and if you are able to have your shares redeemed, it may be at a price that is less than the price you paid for the shares and the then-current market value of the shares.

Our share redemption program contains significant restrictions and limitations. For example, only stockholders who purchase their shares directly from us or who received their shares through a non-cash transaction, not in the secondary market, are eligible to participate, and stockholders must generally hold their shares for a minimum of one year before they can participate in our share redemption program. In addition, our share redemption program generally provides that only funds received from the prior month's distribution reinvestment plan may be used in the subsequent month to redeem shares. Our board of directors may terminate, suspend or amend the share redemption program upon 30 days' written notice without stockholder approval. As a result of these limitations, the redemption price you may receive upon any such redemption may not be indicative of the price you would receive if our shares were actively traded or if we were liquidated, and you should not assume that you will be able to sell all or any portion of your shares back to us pursuant to our share redemption program or to third parties at a price that reflects the then current market value of the shares or at all. Please see "Description of Capital Stock — Share Redemption Program" for a description of all of the terms and limitations associated with our share redemption program.

The actual value of shares that we redeem under our share redemption program may be substantially less than what we pay.

Under our share redemption program, shares may be repurchased at varying prices depending on the number of years the shares have been held and whether the redemptions are sought upon a stockholder's death or disability. Although the offering price for the shares of each class of our common stock represents the most recent price at which most investors are willing to purchase such shares, it will not accurately represent the current value of our assets per share of our common stock at any particular time and may be higher or lower than the actual value of our assets per share at such time. Accordingly, when we repurchase shares of our common stock at the offering price for such class of shares or at a percentage of the offering price for such class of shares, the actual value of the shares that we repurchase may be less, and, if so, then the repurchase will be dilutive to our remaining stockholders.

You will not have the benefit of an independent due diligence review in connection with this offering and, since there is no separate counsel for us and certain of our affiliates in connection with this offering, if a conflict of interest arises between us and Hines, we may incur additional fees and expenses.

Because our Advisor and our Dealer Manager are affiliates of Hines, you will not have the benefit of an independent due diligence review and investigation of the type normally performed by an unaffiliated, independent underwriter in connection with a securities offering. In addition, Greenberg Traurig, LLP has acted as counsel to us, our Advisor and our Dealer Manager in connection with this offering and, therefore, you will not have the benefit of a due diligence review and investigation that might otherwise be performed by independent counsel which increases the risk of your investment. There is a possibility in the future that the interests of the various parties may become adverse and, under the code of professional responsibility of the legal profession, Greenberg Traurig, LLP may be precluded from representing any one or all of such parties. If any situation arises in which our interests appear to be in conflict with those of our Advisor, our Dealer Manager or their affiliates, additional counsel may be retained by one or more of the parties to assure that their interests are adequately protected, which may result in us incurring additional fees and expenses. Moreover, should a conflict of interest not be readily apparent, Greenberg Traurig, LLP may inadvertently act in derogation of the interest of the parties which could affect our ability to meet our investment objectives.

The fees we pay in connection with this offering and the agreements entered into with Hines and its affiliates were not determined on an arm's-length basis and therefore may not be on the same terms we could achieve from a third party.

The compensation paid to our Advisor, Dealer Manager, Hines and other affiliates for services they provide us was not determined on an arm's-length basis. All service agreements, contracts or arrangements between or among Hines and its affiliates, including our Advisor and us, were not negotiated at arm's-length. Such agreements include our Advisory Agreement, our Dealer Manager Agreement, and any property management and leasing agreements. A third party unaffiliated with Hines may be willing and able to provide certain services to us at a lower price.

We will pay substantial compensation to Hines, our Advisor and their affiliates, which may be increased during this offering or future offerings by our independent directors.

Subject to limitations in our charter, the fees, compensation, income, expense reimbursements, interests and other payments payable to Hines, our Advisor and their affiliates may increase during this offering or in the future without stockholder approval from those described in "Management Compensation, Expense Reimbursements and Operating Partnership OP Units and Special OP Units," if such increase is approved by a majority of our independent directors.

We do not, and do not expect to, have research analysts reviewing our performance.

We do not, and do not expect to, have research analysts reviewing our performance or our securities on an ongoing basis. Therefore, you will not have an independent review of our performance and the value of our common stock relative to publicly traded companies.

Our stockholders may experience dilution.

Our stockholders do not have preemptive rights. If we engage in a subsequent offering of common shares or securities convertible into common shares, issue shares pursuant to our distribution reinvestment plan or otherwise issue additional shares, investors who purchase shares in this offering who do not participate in those other stock issuances will experience dilution in their percentage ownership of our outstanding shares. Furthermore, stockholders may experience a dilution in the value of their shares depending on the terms and pricing of any share issuances (including the shares being sold in this offering) and the value of our assets at the time of issuance.

The prices of our Class A Shares and Class T Shares may each be adjusted to a price less than the price you paid for your shares.

The prices of our Class A Shares and Class T Shares may each be adjusted periodically in the discretion of our board of directors and therefore any future adjustments may result in an offering price lower than the price you paid for your shares.

We have disclosed an estimated net asset value, or NAV, per share of our common stock and the current purchase price our stockholders pay for shares of each class of our common stock in this offering is higher than such estimated NAV per share. Neither the estimated NAV per share nor the offering price may be an accurate reflection of the fair market value of our assets and liabilities and likely will not represent the amount of net proceeds that would result if we liquidated or dissolved or the amount you would receive upon the sale of your shares.

Due to rules of the Financial Industry Regulatory Authority, or FINRA, and due to contractual obligations in the selling agreements between our participating broker dealers and our Dealer Manager, we may from time to time disclose an estimated NAV per share of our common stock. The price at which we sell shares of our common stock is likely to be in excess of such estimated NAV per share. For example, the estimated NAV per share of our common stock determined by our board of directors on April 13, 2016 is 9.3% and 4.0%, respectively, lower than the primary offering prices with respect to Class A Shares and Class T Shares as of the date of this prospectus. National Association of Securities Dealers, or "NASD," Conduct Rule 2340, which took effect in April 2016, sets forth the obligations of FINRA members to provide per share values in customer account statements calculated in a certain manner. In accordance with this rule, the customer account statements that we issue to our stockholders will reflect the estimated NAV per share determined by our board of directors. In addition, we expect to use the estimated NAV per share as the deemed estimated per share value for purposes of reports to fiduciaries of retirement plans. Because we have used a portion of the proceeds from this offering to pay selling commissions, dealer manager fees and issuer costs in connection with our organization and this offering, which reduce the amount of funds available for investment, unless our aggregate investments increase in value to compensate for these up-front fees and expenses, the estimated NAV per share, which will be the "value" shown on our stockholders' account statements, will be lower than the purchase price paid by our stockholders in this offering.

The estimated NAV per share and the primary offering price per share of each class of our common stock are likely to differ from the price that you would receive upon a resale of your shares or upon our liquidation because: (i) there is no public trading market for the shares at this time; (ii) the primary offering price involves the payment of underwriting compensation and other offering-related costs, which are likely to produce a higher purchase price than could otherwise be obtained; (iii) the estimated NAV per share and the primary offering price per share do not take into account how market fluctuations affect the value of our investments, including how disruptions in the financial and real estate markets may affect the values of our investments; and (v) the estimated NAV per share and the primary offering price per share do not take into account how developments related to individual assets may have increased or decreased the value of our portfolio.

Further, the estimated NAV per share and the primary offering price of each class of our common stock may not be an accurate reflection of the fair value of our assets and liabilities in accordance with accounting principles generally accepted in the United States of America ("GAAP"), may not reflect the price at which we would be able to sell all or substantially all of our assets or the outstanding shares of our common stock in an arm's-length transaction, may not represent the value that stockholders could realize upon a sale of the company or upon the liquidation of our assets and settlement of our liabilities, and may not be indicative of the prices at which Class A Shares or Class T Shares would trade if they were listed on a national securities exchange. In addition, any estimated NAV per share that we disclose may not be the equivalent of the disclosure of a market price by an open-ended real estate fund.

See “Description of Capital Stock — Valuation Policy” for a description of our policy with respect to valuations of our common stock. The methodology used to determine the estimated NAV per share of our common stock may be based upon assumptions, estimates and judgments that may not be accurate or complete, such that, if different property-specific and general real estate and capital market assumptions, estimates and judgments were used, it could result in an estimated NAV per share that is significantly different.

Risks Related to Our Business in General

Delays in purchasing properties or making other real estate investments with the proceeds received from this offering may result in a lower rate of return to you.

Our ability to locate and commit to purchase specific properties, or make investments, will be partially dependent on our ability to raise sufficient funds for such acquisitions and investments. We may be substantially delayed in making investments due to delays in:

- the sale of our common shares,
- obtaining debt financing,
- negotiating or obtaining the necessary purchase documentation,
- locating suitable investments or
- other factors.

We expect to invest proceeds we receive from this offering in short-term, highly-liquid investments until we use such funds in our operations. We expect that the income we earn on these temporary investments will not be substantial. Further, we may use the principal amount of these investments, and any returns generated on these investments, to pay for fees and expenses in connection with this offering and distributions. Therefore, delays in investing proceeds we raise from this offering could impact our ability to generate cash flow for distributions.

The U.S. Department of Labor, or DOL, has adopted certain amendments, including an amendment to the definition of “fiduciary” under the Employee Retirement Income Security Act of 1974, as amended, or ERISA, and the Code, which could impact our ability to raise significant additional capital in this offering.

The DOL has adopted certain amendments, including an amendment to the definition of “fiduciary” under ERISA and the Code. The amendments have broadened the definition of “fiduciary” and have changed the prohibited transaction exemptions relating to investments by employee benefit plans subject to Title I of ERISA or retirement plans or accounts subject to Section 4975 of the Code (including individual retirement accounts). The majority of the amendments take effect between April 10, 2017 and January 1, 2018. The ultimate impact of the amendments is not yet known, but when they take effect, they could have a significantly negative effect on the sale of shares of our common stock to such plans or accounts.

A prolonged national or world-wide economic downturn or volatile capital market conditions could adversely affect our results of operations and our ability to pay distributions to our stockholders.

If disruptions in the capital and credit markets were to occur again, as have been experienced during recent years, they could adversely affect our ability to obtain loans, credit facilities, debt financing and other financing, or, when available, to obtain such financing on reasonable terms, which could negatively impact our ability to implement our investment strategy.

If these disruptions in the capital and credit markets should occur again as a result of, among other factors, uncertainty, changing or increased regulation, reduced alternatives or additional failures of significant financial institutions, our access to liquidity could be significantly impacted. Prolonged disruptions could result in us taking measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs could be arranged. Such measures could include deferring investments, reducing or eliminating the number of shares redeemed under our share redemption program and reducing or eliminating distributions we make to our stockholders.

We believe the risks associated with our business are more severe during periods of economic downturn if these periods are accompanied by declining values in real estate. For example, a prolonged economic downturn could negatively impact our property investments as a result of increased customer delinquencies and/or defaults under our leases, generally lower demand for rentable space, potential oversupply of rentable space leading to increased concessions, and/or customer improvement expenditures, or reduced rental rates to maintain occupancies.

Our operations could be negatively affected to a greater extent if an economic downturn occurs again, is prolonged or becomes more severe, which could significantly harm our revenues, results of operations, financial condition, liquidity, business prospects and our ability to make distributions to you and may result in a decrease in the value of your investment.

Yields on and safety of deposits may be lower due to the extensive decline in the financial markets.

Until we invest the proceeds of this offering in real properties and other real estate investments, we may hold those funds in investments, including money market funds, bank money market accounts and CDs or other accounts at third-party depository institutions. Unusual declines in the financial markets, similar to those experienced during the Great Recession, could result in a loss of some or all of these funds. In particular, money market funds may experience intense redemption pressure and have difficulty satisfying redemption requests. As a result, we may not be able to access the cash in our money market investments. In addition, current yields from these investments are minimal.

The failure of any bank in which we deposit our funds could reduce the amount of cash we have available to pay distributions and make additional investments.

The Federal Deposit Insurance Corporation only insures amounts up to $250,000 per depositor. It is likely that we will have cash and cash equivalents and restricted cash deposited in certain financial institutions in excess of federally insured levels. If any of the banking institutions in which we deposit funds ultimately fails, we may lose any amounts of our deposits over federally insured levels. The loss of our deposits could reduce the amount of cash we have available to distribute or invest and could result in a decline in the value of your investment.

Because of our inability to retain earnings, we will rely on debt and equity financings for acquisitions, and if we do not have sufficient capital resources from such financings, our growth may be limited.

In order to qualify for taxation as a REIT, we are required to distribute to our stockholders at least 90% of our annual ordinary taxable income to maintain such qualification. This requirement limits our ability to retain income or cash flow from operations to finance the acquisition of new investments. We will explore acquisition opportunities from time to time with the intention of expanding our operations and increasing our profitability. We anticipate that we will use debt and equity financing for such acquisitions because of our inability to retain significant earnings. Consequently, if we cannot obtain debt or equity financing on acceptable terms, our ability to acquire new investments and expand our operations will be adversely affected.

We may need to incur borrowings that would otherwise not be incurred to meet REIT minimum distribution requirements.

In order to qualify as a REIT, we are required to distribute to our stockholders at least 90% of our annual ordinary taxable income. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which certain distributions paid (or deemed paid) by us with respect to any calendar year are less than the sum of (i) 85% of our ordinary income for that year, (ii) 95% of our capital gain net income for that year and (iii) 100% of our undistributed taxable income from prior years.

We expect our income, if any, to consist almost solely of our share of the Operating Partnership's income, and the cash available for the payment of distributions by us to our stockholders will consist of our share of cash distributions made by the Operating Partnership. As the general partner of the Operating Partnership, we will determine the amount of any distributions made by the Operating Partnership. However, we must consider a number of factors in making such distributions, including:

- the amount of the cash available for distribution;
- the impact of such distribution on other partners of the Operating Partnership;
- the Operating Partnership's financial condition;
- the Operating Partnership's capital expenditure requirements and reserves therefor; and
- the annual distribution requirements contained in the Code necessary to qualify and maintain our qualification as a REIT.

Differences in timing between the actual receipt of income and actual payment of deductible expenses and the inclusion of such income and deduction of such expenses when determining our taxable income, as well as the effect of nondeductible capital expenditures, the creation of reserves, the use of cash to purchase shares under our share redemption program or required debt amortization payments, could result in our having taxable income that exceeds cash available for distribution.

In view of the foregoing, we may be unable to meet the REIT minimum distribution requirements and/or avoid the 4% excise tax described above. In certain cases, we may decide to borrow funds in order to meet the REIT minimum distribution and/or avoid the 4% excise tax even if our management believes that the then prevailing market conditions generally are not favorable for such borrowings or that such borrowings would not be advisable in the absence of such tax considerations.

Lenders may require us to enter into restrictive covenants that relate to or otherwise limit our operations, which could limit our ability to make distributions to you, to replace our Advisor or to otherwise achieve our investment objectives.

When providing financing, a lender may impose restrictions on us that affect our distribution and operating policies and our ability to incur additional debt. Loan documents we enter into may contain covenants that limit our ability to further mortgage property, discontinue insurance coverage, or make distributions under certain circumstances. In addition, provisions of our loan documents may deter us from replacing our Advisor because of the consequences under such agreements and may limit our ability to replace the property manager or terminate certain operating or lease agreements related to the property. These or other limitations may adversely affect our flexibility and our ability to achieve our investment objectives.

Actions of our joint venture partners, including other Hines investment vehicles and third parties, could negatively impact our performance.

We may purchase or develop properties or other real estate investments or make investments in joint ventures or partnerships, co-tenancies or other co-ownership arrangements with Hines affiliates, the sellers of the properties, developers or similar persons. Joint ownership of properties or other investments, under certain circumstances, may involve risks not otherwise present with other methods of owning real estate or other real estate investments. Examples of these risks include:

- the possibility that our partners or co-investors might become insolvent or bankrupt;
- that such partners or co-investors might have economic or other business interests or goals that are inconsistent with our business interests or goals, including inconsistent goals relating to the sale of properties or other investments held in the joint venture or the timing of the termination and liquidation of the venture;
- the possibility that we may incur liabilities as the result of actions taken by our partners or co-investors; or
- that such partners or co-investors may be in controlling positions and/or be in a position to take actions contrary to our instructions or requests or contrary to our policies or objectives, including our policy with respect to qualifying and maintaining our qualification as a REIT.

Actions by a co-venturer, co-tenant or partner may result in subjecting the assets of the joint venture to unexpected liabilities. Under joint venture arrangements, neither co-venturer may have the power to control the venture, and under certain circumstances, an impasse could result and this impasse could have an adverse impact on the operations and profitability of the joint venture.

If we have a right of first refusal or buy/sell right to buy out a co-venturer or partner, we may be unable to finance such a buy-out if it becomes exercisable or we are required to purchase such interest at a time when it would not otherwise be in our best interest to do so. If our interest is subject to a buy/sell right, we may not have sufficient cash, available borrowing capacity or other capital resources to allow us to elect to purchase an interest of a co-venturer subject to the buy/sell right, in which case we may be forced to sell our interest as the result of the exercise of such right when we would otherwise prefer to keep our interest. Finally, we may not be able to sell our interest in a joint venture if we desire to exit the venture for any reason or if our interest is likewise subject to a right of first refusal of our co-venturer or partner, our ability to sell such interest may be adversely impacted by such right. Joint ownership arrangements with Hines affiliates may also entail conflicts of interest. Please see "Conflicts of Interest—Joint Venture Conflicts of Interest" for a description of these risks.

If we invest in a limited partnership as a general partner, we could be responsible for all liabilities of such partnership.

In some joint ventures or other investments we may make, if the entity in which we invest is a limited partnership, we may acquire all or a portion of our interest in such partnership as a general partner. As a general partner, we could be liable for all the liabilities of such partnership. Additionally, we may acquire a general partner interest in the form of a non-managing general partner interest. As a non-managing general partner, we are potentially liable for all liabilities of the partnership without having the same rights of management or control over the operation of the partnership as the managing general partner. Therefore, we may be held responsible for all of the liabilities of an entity in which we do not have full management rights or control, and our liability may far exceed the amount or value of investment we initially made or then had in the partnership.

We may acquire various financial instruments for purposes of "hedging" or reducing our risks, which may be costly and ineffective and may reduce our cash available for distribution to you.

We may enter into currency rate swaps and caps, or similar hedging or derivative transactions or arrangements, in order to manage or mitigate our risk of exposure to the effects of currency changes as a result of our international investments. Similarly, we may enter into interest rate swaps and caps, or similar hedging or derivative transactions or arrangements, in order to manage or mitigate our risk of exposure to the effects of interest rate changes due to variable interest rate debt that we may have.

We are different in some respects from other investment vehicles sponsored by Hines, and therefore the past performance of such investments may not be indicative of our future results. In addition, Hines has limited experience in acquiring and operating certain types of real estate investments that we may acquire.

We are Hines' third publicly-offered real estate investment vehicle. We collectively refer to real estate joint ventures, funds and programs as real estate investment vehicles. All but two of the previous real estate investment vehicles of Hines and its affiliates were conducted through privately-held entities not subject to either the up-front commissions, fees and expenses associated with this offering or all of the laws and regulations that govern us, including reporting requirements under the federal securities laws and tax and other regulations applicable to REITs.

The past performance of other investment vehicles sponsored by Hines or its affiliates may not be indicative of our future results, and we may not be able to successfully operate our business and implement our investment strategy, which may be different in a number of respects from the operations previously conducted by Hines. In addition, Hines has limited experience in acquiring and operating certain types of real estate investments that we may acquire. For example, a significant amount of real estate investments that have been made by Hines' other investment vehicles have consisted of acquisitions and development of office or industrial properties or land. Therefore, we may need to use third parties to source or manage investments in which Hines has limited experience. In addition, a significant portion of Hines' other programs and investments involve development projects. Although we are able to invest in development projects, we do not anticipate that a significant portion of the proceeds from this offering will be invested in development projects. As a result of all of these factors, you should not rely on the past performance of other investment vehicles sponsored by Hines and its affiliates to predict, or as an indication of, our future performance.

Our success will be dependent on the performance of Hines as well as key employees of Hines. Certain other investment vehicles sponsored by Hines have experienced adverse developments in recent years and there is a risk that we may experience similar adverse developments. Adverse changes in affiliated programs could also adversely affect our ability to raise capital.

Our ability to achieve our investment objectives and to pay distributions is dependent upon the performance of Hines and its affiliates as well as key employees of Hines in the identification and acquisition of investments, the selection of tenants, the determination of any financing arrangements, the management of our assets and operation of our day-to-day activities. Our board of directors and our Advisor have broad discretion when identifying, evaluating, making and managing our investments with the proceeds of this offering. You will have no opportunity to evaluate the terms of transactions or other economic or financial data concerning our investments. We will rely on the management ability of Hines and the oversight of our board of directors as well as the management of any entities or ventures in which we invest.

We may not be able to retain our key employees. To the extent we are unable to retain and/or find qualified successors for key employees that depart from the company, our results of operations may be adversely impacted. Our officers and the management of our Advisor also serve in similar capacities for numerous other entities. If Hines or any of its key employees are distracted by these other activities or suffer from adverse financial or operational problems in connection with operations unrelated to us, the ability of Hines and its affiliates to allocate time and/or resources to our operations may be adversely affected. If Hines is unable to allocate sufficient resources to oversee and perform our operations for any reason, our results of operations would be adversely impacted. We will not provide key-man life insurance policies for any of Hines' key employees. Please see "Risk Factors—Risks Related to Potential Conflicts of Interest—Employees of our Advisor and Hines will face conflicts of interest relating to time management and allocation of resources and investment opportunities."

Certain other investment vehicles sponsored by Hines have experienced adverse developments in recent years. Although it was re-opened with respect to ordinary redemption requests in April 2013, Hines REIT suspended its share redemption program, except with respect to redemptions in connection with the death or disability of a stockholder in December 2009. As of December 31, 2015, shares redeemed pursuant to the share redemption program were redeemed at $5.45 per share, with respect to ordinary redemption requests, and with respect to requests in connection with the death or disability of a stockholder commencing with redemptions made on January 1, 2016, shares were redeemed at $6.65 per share. In May 2011, November 2012, April 2013, November 2013, December 2014 and September 2015, Hines REIT's board of directors determined an estimated per share net asset value, or NAV of $7.78, $7.61, $6.75, $6.40, $6.50, and $6.65, respectively, each of which was lower than the most recent primary offering price of $10.08 per share. The reduction in the estimated NAV between November 2012 and April 2013 was due to Hines REIT's payment to its stockholders of special distributions in excess of $0.80 per share (all of which represented a return of capital). In addition, Hines REIT decreased its distribution rate in July 2010 and further decreased the rate in April 2013.

In addition to Hines REIT, Hines Global I, and HMS Income Fund, Inc. ("HMS"), Hines has sponsored more than 20 privately-offered programs in the past ten years. Several of Hines' privately-offered programs have experienced adverse economic developments in recent years due to the global financial crisis and deteriorating economic conditions in several European and South American countries, Mexico and several U.S. markets. The adverse market conditions may cause these programs to alter their investment strategy, generate returns lower than originally expected, or ultimately incur losses. There is a risk that we may experience similar adverse developments, as an investment vehicle sponsored by Hines.

Adverse results in the other non-traded REITs on the Hines platform have the potential to affect Hines' and our reputation among financial advisors and investors, which could affect our ability to raise capital.

Terrorist attacks and other acts of violence, civilian unrest or war may affect the markets in which we operate, our business and our profitability.

Terrorist attacks and other acts of violence, civilian unrest or war may negatively affect our operations and your investment in our shares. We may acquire real estate investments located in or that relate to real estate located in areas that are susceptible to attack. In addition, any kind of terrorist activity or violent criminal acts, including terrorist acts against public institutions or buildings or modes of public transportation (including airlines, trains or buses) could have a negative effect on our business. These events may directly impact the value of our assets through damage, destruction, loss or increased security costs. We may not be able to obtain insurance against the risk of terrorism because it may not be available or may not be available on terms that are economically feasible. Further, even if we do obtain terrorism insurance, we may not be able to obtain sufficient coverage to fund any losses we may incur. Risks associated with potential acts of terrorism in the areas in which we acquire properties or other real estate investments could sharply increase the premiums we pay for coverage against property and casualty claims. Additionally, mortgage lenders in some cases have begun to insist that specific coverage against terrorism be purchased by commercial owners as a condition for providing loans.

The consequences of any armed conflict are unpredictable, and we may not be able to foresee events that could have an adverse effect on our business or your investment. More generally, any terrorist attack, other act of violence or war, including armed conflicts, could result in increased volatility in or damage to, the United States and worldwide financial markets and economy. They also could result in a continuation of the current economic uncertainty in the United States or abroad. Our revenues will be dependent upon the payment of rent and the return of our other investments which may be particularly vulnerable to uncertainty in the local economy. Increased economic volatility could adversely affect our tenants' ability to pay rent or the return on our other investments or our ability to borrow money or issue capital stock at acceptable prices and have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to make distributions to you and the value of your investment.

We may be subject to litigation which could have a material adverse effect on our business and financial condition.

We may be subject to litigation, including claims relating to our operations, offerings, unrecognized pre-acquisition contingencies and otherwise in the ordinary course of business. Some of these claims may result in potentially significant judgments against us, some of which are not, or cannot be, insured against. We generally intend to vigorously defend ourselves; however, we cannot be certain of the ultimate outcomes of claims that may arise in the future. Resolution of these types of matters against us may result in our payment of significant fines or settlements, which, if not insured against, or if these fines and settlements exceed insured levels, would adversely impact our earnings and cash flows. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage which could adversely impact our results of operations and cash flows, expose us to increased risks that would be uninsured and/or adversely impact our ability to attract officers and directors.

Our business could suffer in the event our Advisor, our Dealer Manager, our transfer agent or any other party that provides us with services essential to our operations experiences system failures or cyberincidents or a deficiency in cybersecurity.

Our Advisor, our Dealer Manager, our transfer agent and other parties that provide us with services essential to our operations are vulnerable to damages from any number of sources, including computer viruses, unauthorized access, energy blackouts, natural disasters, terrorism, war and telecommunication failures. Any system failure or accident that causes interruptions in our operations could result in a material disruption to our business. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of information resources. More specifically, a cyber incident is an intentional attack or an unintentional event that may include, but is not limited to, gaining unauthorized access to systems to disrupt operations, corrupt data, steal assets or misappropriate confidential information, such as confidential stockholder records. As reliance on technology in our industry has increased, so have the risks posed to our systems, both internal and those we have outsourced. In addition, the risk of a cyber incident, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and instructions from around the world have increased. The remediation costs and lost revenues experienced by a victim of a cyber incident may be significant and significant resources may be required to repair system damage, protect against the threat of future security breaches or to alleviate problems, including reputational harm, loss of revenues and litigation, caused by any breaches. There also may be liability for any stolen assets or misappropriated confidential information. Any material adverse effect experienced by our Advisor, our Dealer Manager, our transfer agent and other parties that provide us with services essential to our operations could, in turn, have an adverse impact on us.

Risks Related to Investments in Real Estate

Geographic concentration of our portfolio may make us particularly susceptible to adverse economic developments in the real estate markets of those areas.

In the event that we have a concentration of properties in, or real estate investments that invest in properties located in, a particular geographic area, our operating results and ability to make distributions are likely to be impacted by economic changes affecting the real estate markets in that area. Therefore, an investment in our common stock will be subject to greater risk to the extent that we lack a geographically diversified portfolio. As of June 30, 2016 and including the effect of our acquisition of Cottonwood Corporate Center on July 5, 2016, based on the estimated aggregate value of our real estate investments, approximately 8% of our portfolio consists of a property located in Carlsbad, California, approximately 34% consists of a property located in Dublin Ireland, approximately 17% consists of a property located near Las Vegas in Henderson, Nevada, and approximately 41% consists of a property located near Salt Lake City in Cottonwood Heights, Utah.

Industry concentration of our tenants may make us particularly susceptible to adverse economic developments in these industries

In the event we have a concentration of tenants in a particular industry, our operating results and ability to make distributions may be adversely affected by adverse developments in those industries and we will be subject to a greater risk to the extent that our tenants are not diversified by industry. For example, based on leased square footage of our commercial real estate properties, as of June 30, 2016 and including the effect of our acquisition of Cottonwood Corporate Center on July 5, 2016, approximately 24% is leased to tenants in the manufacturing industry, approximately 22% is leased to tenants in the information industry, approximately 14% is leased to tenants in the government sector, approximately 12% is leased to tenants in the real estate industry, and approximately 11% is leased to tenants in the finance and insurance industry.

We have not established investment criteria limiting the size of property acquisitions. If we have an investment that represents a material percentage of our assets which experiences a loss, the value of an investment in us would be significantly diminished.

We are not limited in the size of any single property acquisition we may make and certain of our investments may represent a significant percentage of its assets. Should we experience a loss on a portion or all of an investment that represents a significant percentage of our assets, this event would have a material adverse effect on our business and financial condition, which would result in an investment in us being diminished.

We will depend on tenants for our revenue, and therefore our revenue will be dependent on the success and economic viability of our tenants. Our reliance on single or significant tenants in certain buildings may decrease our ability to lease vacated space.

We expect that rental income from real property will, directly or indirectly, constitute a significant portion of our income. Delays in collecting accounts receivable from tenants could adversely affect our cash flows and financial condition. In addition, the inability of a single major tenant or a number of smaller tenants to meet their rental obligations would adversely affect our income. Therefore, our financial success will be indirectly dependent on the success of the businesses operated by the tenants in our properties or in the properties securing loans we may own. Of our total rental revenue for the three months ended March 31, 2016, approximately 36% was earned from the Commissioner of Public Works in Ireland, a state agency of Ireland, whose lease expires in 2028, 18% was earned from Acushnet, a tenant in the manufacturing industry, whose lease expires in 2019, and approximately 12% was earned from International Financial Data Services, an investor record-keeping and transfer agency provider, whose lease expires in 2024. The weakening of the financial condition or the bankruptcy or insolvency of a significant tenant or a number of smaller tenants and vacancies caused by defaults of tenants or the expiration of leases, may adversely affect our operations and our ability to pay distributions.

Generally, under U.S. bankruptcy law, a debtor tenant has 120 days to exercise the option of assuming or rejecting the obligations under any unexpired lease for nonresidential real property, which period may be extended once by the bankruptcy court. If the tenant assumes its lease, the tenant must cure all defaults under the lease and may be required to provide adequate assurance of its future performance under the lease. If the tenant rejects the lease, we will have a claim against the tenant's bankruptcy estate. Although rent owing for the period between filing for bankruptcy and rejection of the lease may be afforded administrative expense priority and paid in full, pre-bankruptcy arrears and amounts owing under the remaining term of the lease will be afforded general unsecured claim status (absent collateral securing the claim). Moreover, amounts owing under the remaining term of the lease will be capped. Other than equity and subordinated claims, general unsecured claims are the last claims paid in a bankruptcy and therefore funds may not be available to pay such claims in full. In addition, while the specifics of the bankruptcy laws of international jurisdictions may differ from the U.S. bankruptcy laws described herein, the bankruptcy or insolvency of a significant tenant or a number of smaller tenants at any of the international properties we may acquire, may similarly adversely impact our operations and our ability to pay distributions.

One of our properties is and in the future, we may invest in additional properties that are leased to a single or significant tenant and, accordingly, may be suited to the particular or unique needs of such tenant. We may have difficulty replacing such a tenant if the floor plan of the vacant space limits the types of businesses that can use the space without major renovation. In addition, the resale value of the property could be diminished because the market value of a particular property will depend principally upon the value of the leases of such property.

Due to the risks involved in the ownership of real estate investments and real estate acquisitions, a return on your investment in Hines Global II is not guaranteed, and you may lose some or all of your investment.

By owning our shares, you will be subjected to significant risks associated with owning and operating real estate investments. The performance of your investment in Hines Global II will be subject to such risks, including:

- changes in the general economic climate;
- changes in local conditions such as an oversupply of space or reduction in demand for real estate;
- changes in interest rates and the availability of financing;

- changes in property level operating expenses due to inflation or otherwise;

- changes in laws and governmental regulations, including those governing real estate usage, zoning and taxes; and

- changes due to factors that are generally outside of our control, such as terrorist attacks and international instability, natural disasters and acts of God, over-building, adverse national, state or local changes in applicable tax, environmental or zoning laws and a taking of any of the properties which we own or in which we otherwise have interests by eminent domain.

In addition, we expect to acquire properties in the future, which may subject us to additional risks associated with real estate property acquisitions, including the risks that:

- the investments will fail to perform in accordance with our expectations because of conditions or liabilities we did not know about at the time of acquisition; and

- our projections or estimates with respect to the performance of the investments, the costs of operating or improving the properties or the effect of the economy or capital markets on the investments will prove inaccurate.

Any of these factors could have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to make distributions to you and the value of your investment.

An economic slowdown or rise in interest rates or other unfavorable changes in economic conditions in the markets in which we operate could adversely impact our business, results of operations, cash flows and financial condition and our ability to make distributions to you and the value of your investment.

The development of negative economic conditions in the markets in which we operate may significantly affect occupancy, rental rates and our ability to collect rent from our tenants, as well as our property values, which could have a material adverse impact on our cash flows, operating results and carrying value of investment property. For example, an economic recession or rise in interest rates could make it more difficult for us to lease real properties, may require us to lease the real properties we acquire at lower rental rates and may lead to an increase in tenant defaults. In addition, these conditions may also lead to a decline in the value of our properties and make it more difficult for us to dispose of these properties at an attractive price. Other risks that may affect conditions in the markets in which we operate include:

- Local conditions, such as an oversupply of the types of properties we invest in or a reduction in demand for such properties in the area; and

- Increased operating costs, if these costs cannot be passed through to tenants.

International, national, regional and local economic climates have been adversely affected by the slow job growth of recent years. To the extent any of the adverse conditions described above occurs in the specific markets in which we operate, market rents, occupancy rates and our ability to collect rents from our tenants will likely be affected and the value of our properties may decline. We could also face challenges related to adequately managing and maintaining our properties, should we experience increased operating cost and as a result, we may experience a loss of rental revenues. Any of these factors may adversely affect our business, results of operations, cash flows and financial condition, our ability to make distributions to you and the value of your investment.

Our use of borrowings to partially fund acquisitions and improvements on properties could result in foreclosures and unexpected debt service expenses upon refinancing, both of which could have an adverse impact on our operations and cash flow.

We are relying and intend to continue to rely in part on borrowings under credit facilities and other external sources of financing to fund the costs of new investments, capital expenditures and other items. Accordingly, we are subject to the risks that our cash flow will not be sufficient to cover required debt service payments and that we will be unable to meet other covenants or requirements in the credit agreements.

If we cannot meet our required debt obligations, the property or properties securing such indebtedness could be foreclosed upon by, or otherwise transferred to, our lender, with a consequent loss of income and asset value to us. For tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but we may not receive any cash proceeds. Additionally, we may be required to refinance our debt subject to "lump sum" or "balloon" payment maturities on terms less favorable than the original loan or at a time we would otherwise prefer to not refinance such debt. A refinancing on such terms or at such times could increase our debt service payments, which would decrease the amount of cash we would have available for operations, new investments and distribution payments and may cause us to determine to sell one or more properties at a time when we would not otherwise do so.

Uninsured losses relating to real property may adversely impact the value of our portfolio.

We will attempt to ensure that all of our properties are adequately insured to cover casualty losses. However, there are types of losses, generally catastrophic in nature, which are uninsurable, are not economically insurable or are only insurable subject to limitations. Examples of such catastrophic events include acts of war or terrorism, earthquakes, floods, hurricanes and pollution or environmental matters. We may not have adequate coverage in the event we or our buildings suffer casualty losses. If we do not have adequate insurance coverage, the value of our assets will be reduced as the result of, and to the extent of, any such uninsured losses. Additionally, we may not have access to capital resources to repair or reconstruct any uninsured damage to a property.

We may be unable to obtain desirable types of insurance coverage at a reasonable cost, if at all, and we may be unable to comply with insurance requirements contained in mortgage or other agreements due to high insurance costs.

We may not be able either to obtain certain desirable types of insurance coverage, such as terrorism, earthquake, flood, hurricane and pollution or environmental matter insurance, or to obtain such coverage at a reasonable cost in the future, and this risk may limit our ability to finance or refinance debt secured by our properties. Additionally, we could default under debt or other agreements if the cost and/or availability of certain types of insurance make it impractical or impossible to comply with covenants relating to the insurance we are required to maintain under such agreements. In such instances, we may be required to self-insure against certain losses or seek other forms of financial assurance.

The real estate industry is subject to extensive regulation, which may result in higher expenses or other negative consequences that could adversely affect us.

Our activities are subject to federal, state and municipal laws, and to regulations, authorizations and license requirements with respect to, among other things, zoning, environmental protection and historical heritage, all of which may affect our business. We may be required to obtain licenses and permits with different governmental authorities in order to acquire and manage our assets.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which generally took effect in 2011, contains a sweeping overhaul of the regulation of U.S. financial institutions and financial markets. Key provisions of the Dodd-Frank Act require extensive rulemaking by the SEC and the U.S. Commodity Futures Trading Commission, some of which remains ongoing. Thus, the full impact of the Dodd-Frank Act on our business cannot be fully assessed until all final implementing rules and regulations are promulgated.

Various rules currently in effect under the Dodd-Frank Act may have a significant impact on our business, including, without limitation, provisions of the legislation that increase regulation of and disclosure requirements related to investment advisors, swap transactions and hedging policies, corporate governance and executive compensation, investor protection and enforcement provisions, and asset-backed securities.

For example, but not by way of limitation, the Dodd-Frank Act and the rules and regulations promulgated thereunder provides for significantly increased regulation of the derivatives markets and transactions that affect our interest rate hedging activities, including: (i) regulatory reporting, (ii) subject to limited exemptions, mandated clearing through central counterparties and execution on regulated exchanges or execution facilities, and (iii) margin and collateral requirements. While the full impact of the Dodd-Frank Act on our interest rate hedging activities cannot be fully assessed until all final implementing rules and regulations are promulgated, the foregoing requirements may affect our ability to enter into hedging or other risk management transactions, may increase our costs in entering into such transactions, and/or may result in us entering into such transactions on less favorable terms than prior to the Dodd-Frank Act. For example, subject to an exception for "end-users" of swaps upon which we may seek to rely, we may be required to clear certain interest rate hedging transactions by submitting them to a derivatives clearing organization. To the extent we are required to clear any such transactions, we will be required to, among other things, post margin in connection with such transactions. The occurrence of any of the foregoing events may have an adverse effect on our business and your return.

In addition, public authorities may enact new and more stringent standards, or interpret existing laws and regulations in a more restrictive manner, which may force companies in the real estate industry, including us, to spend funds to comply with these new rules. Any such action on the part of public authorities may adversely affect our results from operations.

In the event of noncompliance with such laws, regulations, licenses and authorizations, we may face the payment of fines, project shutdowns, cancellation of licenses, and revocation of authorizations, in addition to other civil and criminal penalties.

We operate in a competitive business, and many of our competitors have significant resources and operating flexibility, allowing them to compete effectively with us.

Numerous real estate companies that operate in the markets in which we may operate will compete with us in acquiring real estate investments and obtaining creditworthy tenants to occupy such properties or the properties owned by such investments. Such competition could adversely affect our business. There are numerous real estate companies, real estate investment trusts and U.S. institutional and foreign investors that will compete with us in seeking investments and tenants for properties, including Hines REIT and Hines Global I. Many of these entities have significant financial and other resources, including operating experience, allowing them to compete effectively with us. In addition, our ability to charge premium rental rates to tenants may be negatively impacted. This increased competition may increase our costs of acquisitions or investments or lower our occupancy rates and the rent we may charge tenants. In addition, the arrival of new competitors in the immediate areas where we have assets could require unplanned investments in our assets, which may adversely affect us. We may also have difficulty in renewing leases or in leasing to new tenants, which may lead to a reduction in our cash flow and operating income, since the proximity of new competitors could divert existing or new tenants to such competitors, resulting in vacancies.

We may have difficulty selling real estate investments, and our ability to distribute all or a portion of the net proceeds from such sales to our stockholders may be limited.

Real estate investments are relatively illiquid. We will have a limited ability to vary our portfolio in response to changes in economic or other conditions. We will also have a limited ability to sell assets in order to fund working capital and similar capital needs such as share redemptions. We expect to generally hold a real estate investment for the long term. When we sell any of our real estate investments, we may not realize a gain on such sale or the amount of our taxable gain could exceed the cash proceeds we receive from such sale. We may not distribute any proceeds from the sale of real estate investments to our stockholders. Rather, we may use such proceeds to:

- purchase additional real estate investments;
- repay debt;
- buy out interests of any co-venturers or other partners in any joint venture in which we are a party;
- purchase shares under our share redemption program;
- create working capital reserves; or
- make repairs, maintenance, tenant improvements or other capital improvements or expenditures to our other properties.

Our ability to sell our properties may also be limited by our desire to avoid a 100% penalty tax that is imposed on gain recognized by a REIT from the sale of property characterized as dealer property. In order to avoid such characterization and to take advantage of certain safe harbors under the Code, we may determine to hold our properties for a minimum period of time, generally two years.

Potential liability as the result of, and the cost of compliance with, environmental matters could adversely affect our operations.

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the cost of removal or remediation of hazardous or toxic substances on such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances.

We expect to invest in, or make investments in real estate investments that have interests in, properties historically used for industrial, manufacturing and commercial purposes. These properties are more likely to contain, or may have contained, underground storage tanks for the storage of petroleum products and other hazardous or toxic substances. All of these operations create a potential for the release of petroleum products or other hazardous or toxic substances. Leasing properties to tenants that engage in industrial, manufacturing, and commercial activities will cause us to be subject to increased risk of liabilities under environmental laws and regulations. The presence of hazardous or toxic substances, or the failure to properly remediate these substances, may adversely affect our ability to sell, rent or pledge such property as collateral for future borrowings.

Environmental laws also may impose restrictions on the manner in which properties may be used or businesses may be operated, and these restrictions may require expenditures. Such laws may be amended so as to require compliance with stringent standards which could require us to make unexpected, substantial expenditures. Environmental laws provide for sanctions in the event of noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. We may be potentially liable for such costs in connection with the acquisition and ownership of our properties in the United States. In addition, we may invest in properties located in countries that have adopted laws or observe environmental management standards that are less stringent than those generally followed in the United States, which may pose a greater risk that releases of hazardous or toxic substances have occurred to the environment. The cost of defending against claims of liability, compliance with environmental regulatory requirements or remediating any contaminated property could be substantial and require a material portion of our cash flow.

We face possible risks associated with the physical effects of climate change.

We cannot predict with certainty whether climate change is occurring and, if so, at what rate. However, the physical effects of climate change could have a material adverse effect on our properties, operations and business. To the extent climate change causes changes in weather patterns, our markets could experience increases in storm intensity, such as those experienced in Super Storm Sandy in October 2012, and rising sea-levels. Over time, these conditions could result in declining demand for office space in our buildings or the inability of us to operate the buildings at all. Climate change may also have indirect effects on our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable, increasing the cost of energy and increasing the cost of snow removal at our properties. There can be no assurance that climate change will not have a material adverse effect on our properties, operations or business.

The properties we acquire will be subject to property taxes that may increase in the future, which could adversely affect our cash flow.

Any properties we acquire will be subject to real and personal property taxes that may increase as property tax rates change and as the properties are assessed or reassessed by taxing authorities. We anticipate that most of our leases will generally provide that the property taxes, or increases therein, are charged to the lessees as an expense related to the properties that they occupy. As the owner of the properties, however, we are ultimately responsible for payment of the taxes to the government. If property taxes increase, our tenants may be unable to make the required tax payments, ultimately requiring us to pay the taxes. In addition, we will generally be responsible for property taxes related to any vacant space. If we purchase residential properties, the leases for such properties typically will not allow us to pass through real estate taxes and other taxes to residents of such properties. Consequently, any tax increases may adversely affect our results of operations at such properties.

Our properties may contain or develop harmful mold, which could lead to liability for adverse health effects and costs of remediating the problem.

If any of our properties has or develops mold we may be required to undertake a costly program to remediate, contain or remove the mold. Mold growth may occur when moisture accumulates in buildings or on building materials. Some molds may produce airborne toxins or irritants. Concern about indoor exposure to mold has been increasing because exposure to mold may cause a variety of adverse health effects and symptoms, including allergic or other reactions. We may become liable to our tenants, their employees and others if property damage or health concerns arise, all of which could have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to make distributions to you and the value of your investment.

If we set aside insufficient working capital reserves, we may be required to defer necessary or desirable property improvements.

If we do not establish sufficient reserves for working capital to supply necessary funds for capital improvements or similar expenses, we may be required to defer necessary or desirable improvements to our properties. If we defer such improvements, the applicable properties may decline in value, it may be more difficult for us to attract or retain tenants to such properties or the amount of rent we can charge at such properties may decrease.

Risks related to the development of real properties may have an adverse effect on our results of operations and returns to our stockholders.

We may invest in properties on which developments or improvements are to be constructed or completed. As such, we may be subject to the risks associated with development and construction activities including the following:

- long periods of time may elapse between the commencement and the completion of our projects;
- our original estimates may not be accurate and our actual construction and development costs may exceed those estimates;
- the level of interest of potential tenants for a recently launched development may be low;
- construction materials and equipment may be unavailable or cost more than expected due to changes in supply and demand;
- construction and sales may not be completed on time, resulting in a cost increase;
- we may not be able to acquire or we may pay too much for the land we acquire for new developments or properties;
- labor may be in limited availability; and
- changes in tax, real estate and zoning laws may be unfavorable to us.

In addition, our reputation and the construction quality of our real estate developments, whether operated individually or through partnerships, may be determining factors for our ability to lease space and grow. The timely delivery of real estate projects and the quality of our developments, however, depend on certain factors beyond our full control, including the quality and timeliness of construction materials delivered to us and the technical capabilities of our contractor. If one or more problems affect our real estate developments, our reputation and future performance may be negatively affected and we may be exposed to civil liability.

We depend on a variety of factors outside of our control to build, develop and operate real estate projects. These factors include, among others, the availability of market resources for financing, land acquisition and project development. Any scarcity of market resources, including human capital, may decrease our development capacity due to either difficulty in obtaining credit for land acquisition or construction financing or a need to reduce the pace of our growth. The combination of these risks may adversely affect our business, results of operations, cash flows and financial condition and our ability to make distributions to you and the value of your investment.

Delays in the development and construction of real properties may have adverse effects on portfolio diversification, results of operations and returns to our stockholders.

If we experience delays in the development of our real properties, it could adversely affect your return. When properties are acquired prior to the start of construction or during the early stages of construction, it will typically take several months or longer to complete construction, to rent available space, and for rent payments to commence. Therefore, we may not receive any income from these properties and our ability to pay distributions to you could suffer. If we are delayed in the completion of any such construction project, our tenants may have the right to terminate preconstruction leases for space at such newly developed project. We may incur additional risks when we make periodic progress payments or other advances to builders prior to completion of construction. Each of these factors could result in increased costs of a project or loss of our investment. In addition, we will be subject to normal lease-up risks relating to newly-constructed projects. Furthermore, the price we agree to pay for a real property will be based on our projections of rental income and expenses and estimates of the fair market value of the real property upon completion of construction. If our projections are inaccurate, we may pay too much for a property.

Changes in supply of or demand for similar properties in a particular area may increase the price of real estate assets we may seek to purchase or adversely affect the value of the properties we own.

The real estate industry is subject to market forces and we are unable to predict certain market changes including changes in supply of or demand for similar properties in a particular area. For example, if demand for the types of real estate assets in which we seek to invest were to sharply increase or supply of those assets were to sharply decrease, the prices of those assets could rise significantly. Any potential purchase of an overpriced asset could decrease our rate of return on these investments and result in lower operating results and overall returns to you. Likewise, a sharp increase in supply could adversely affect lease rates and occupancy, which could result in lower operating results and overall returns to you.

Retail properties depend on anchor tenants to attract shoppers and could be adversely affected by the loss of a key anchor tenant.

We may acquire retail properties in the future. Retail properties, like other properties, are subject to the risk that tenants may be unable to make their lease payments or may decline to extend a lease upon its expiration. A lease termination by a tenant that occupies a large area of a retail center (commonly referred to as an anchor tenant) could impact leases of other tenants. Other tenants may be entitled to modify the terms of their existing leases in the event of a lease termination by an anchor tenant, or the closure of the business of an anchor tenant that leaves its space vacant even if the anchor tenant continues to pay rent. Any such modifications or conditions could be unfavorable to us as the property owner and could decrease rents or expense recoveries. Additionally, major tenant closures may result in decreased customer traffic, which could lead to decreased sales at other stores. In the event of default by a tenant or anchor store, we may experience delays and costs in enforcing our rights as landlord to recover amounts due to us under the terms of our agreements with those parties.

Leases with retail properties' tenants may restrict us from re-leasing space.

Most leases with retail tenants contain provisions giving the particular tenant the exclusive right to sell particular types of merchandise or provide specific types of services within the particular retail center. These provisions may limit the number and types of prospective tenants interested in leasing space in a particular retail property.

Short-term multifamily community leases associated with any multifamily residential properties we acquire may expose us to the effects of declining market rent and could adversely impact our ability to make cash distributions to you.

We expect that, to the extent that we invest in any multifamily residential properties, substantially all of our multifamily community leases will be for a term of one year or less. Because these leases generally permit the residents to leave at the end of the lease term without penalty, our rental revenues may be impacted by declines in market rents more quickly than if our leases were for longer terms.

High levels of unemployment could adversely affect the occupancy and rental rates of any multifamily residential properties we acquire, with high quality multifamily communities suffering even more severely.

Increased levels of unemployment in multifamily markets could significantly decrease occupancy and rental rates. In times of increasing unemployment, multifamily occupancy and rental rates have historically been adversely affected by:

- rental residents deciding to share rental units and therefore rent fewer units;
- potential residents moving back into family homes or delaying leaving family homes;
- a reduced demand for higher-rent units, such as those of high quality multifamily communities;
- a decline in household formation;
- persons enrolled in college delaying leaving college or choosing to proceed to or return to graduate school in the absence of available employment;
- the inability or unwillingness of residents to pay rent increases; and
- increased collection losses.

These factors generally have contributed to lower rental rates. To the extent that we invest in any multifamily residential properties, our results of operations, financial condition and ability to make distributions to you may be adversely affected if these factors worsen.

If we acquire hospitality or leisure properties, we will depend on others to manage those facilities.

In order to qualify as a REIT, we will not be able to operate any hospitality or leisure properties that we acquire or participate in the decisions affecting the daily operations of these properties. We will lease any hospitality or leisure properties we acquire to a taxable REIT subsidiary, or TRS, in which we may own up to a 100% interest. Our TRS will enter into management agreements with eligible independent contractors, potentially including Hines or its affiliates, that are not our subsidiaries or otherwise controlled by us to manage these properties. Thus, independent operators, under management agreements with our TRS, will control the daily operations of our hospitality, leisure and healthcare-related properties.

We will depend on these independent management companies to operate our hospitality or leisure properties. We will not have the authority to require these properties to be operated in a particular manner or to govern any particular aspect of the daily operations, such as establishing room rates at our hospitality or leisure properties. Thus, even if we believe our hospitality or leisure properties are being operated inefficiently or in a manner that does not result in satisfactory results, we may not be able to force the management company to change its method of operation of these properties. We can only seek redress if a management company violates the terms of the applicable management agreement with the TRS, and then only to the extent of the remedies provided for under the terms of the management agreement. In the event that we need to replace any management company, we may be required by the terms of the management agreement to pay substantial termination fees and may experience significant disruptions at the affected properties.

The hospitality or leisure industry is seasonal.

The hospitality or leisure industry is seasonal in nature. As a result of the seasonality of the hospitality or leisure industry, there will likely be quarterly fluctuations in results of operations of any hospitality or leisure properties that we may own. Quarterly financial results may be adversely affected by factors outside our control.

The hospitality or leisure market is highly competitive and generally subject to greater volatility than our other market segments.

The hospitality or leisure business is highly competitive and influenced by factors such as location, room rates, quality, service levels, reputation and reservation systems, among many other factors. There are many competitors in this market, and these competitors may have substantially greater marketing and financial resources than those available to us. This competition, along with other factors, such as over-building in the hospitality or leisure industry and certain deterrents to traveling, may increase the number of rooms available and may decrease the average occupancy and room rates of our hospitality or leisure properties. The demand for rooms at any hospitality or leisure properties that we may acquire will change much more rapidly than the demand for space at other properties that we acquire. This volatility in room demand and occupancy rates could have a material adverse effect on our financial condition, results of operations and ability to pay distributions to you.

If we purchase assets at a time when the commercial real estate market is experiencing substantial influxes of capital investment and competition for properties, the real estate we purchase may not appreciate or may decrease in value.

Real estate investment transaction volume has increased and estimated going-in capitalization rates, or cap rates (ratio of the net projected operating income of a property in its initial fiscal year divided by the net purchase price), have fallen relative to their post-recession peaks in late 2009. There continues to be a significant amount of investment capital pursuing high-quality, well-located assets that generate stable cash flows, causing aggressive competition and pricing for assets which match our investment strategy. This may continue to drive prices higher, resulting in lower cap rates and returns. To the extent we purchase real estate in the future in this environment, we are subject to the risks that the value of our assets may not appreciate or may decrease significantly below the amount we paid for such assets if the real estate market ceases to attract the same level of capital investment in the future as it has recently attracted, or if the number of companies seeking to acquire such assets decreases. If any of these circumstances occur or the values of our investments are otherwise negatively affected, the value of your investment may be lower.

Risks Related to Investments in Debt

Hines does not have substantial experience investing in mortgage, mezzanine, bridge or construction loans, B Notes, securitized debt or other debt related to properties in which we may invest, which could adversely affect our return on our loan investments.

We may make investments in mortgage, mezzanine, bridge or construction loans, B-Notes, securitized debt or other debt related to properties if our Advisor determines that it is advantageous to us due to the state of the real estate market or in order to diversify our investment portfolio. However, neither our Advisor nor any of its affiliates has any substantial experience investing in these types of loans and we may not have the expertise necessary to maximize the return on our investment in these types of loans.

If we make or invest in loans, our loans may be impacted by unfavorable real estate market conditions, which could decrease the value of our loan investments.

If we make or invest in loans, we will be at risk of default by the borrowers on those loans. These defaults may be caused by many conditions beyond our control, including interest rate levels and local and other economic conditions affecting real estate values. We may invest in unsecured loans. Even with respect to loans secured by real property, we will not know whether the values of the properties securing the loans will remain at the levels existing on the dates of origination of the loans. If the values of such underlying properties drop, our risk will increase with respect to secured loans because of the lower value of the security associated with such loans.

If we make or invest in loans, our loans will be subject to interest rate fluctuations, which could reduce our returns as compared to market interest rates as well as the value of the loans in the event we sell the loans.

If we invest in fixed-rate, long-term loans and interest rates rise, the loans could yield a return that is lower than then-current market rates. If interest rates decrease, we will be adversely affected to the extent that loans are prepaid, because we may not be able to make new loans at the previously higher interest rate. If we invest in variable interest rate loans, if interest rates decrease, our revenues will likewise decrease. Finally, if interest rates increase, the value of fixed-rate loans we own at such time would decrease which would lower the proceeds we would receive in the event we sell such assets.

Delays in liquidating defaulted loans could reduce our investment returns.

If there are defaults under our loans secured by real property, we may not be able to repossess and sell the underlying properties quickly. The resulting time delay could reduce the value of our investment in the defaulted loans. An action to foreclose on a property securing a loan is regulated by state statutes and rules and is subject to many of the delays and expenses of other lawsuits if the defendant raises defenses or counterclaims. In the event of default by a borrower, these restrictions, among other things, may impede our ability to foreclose on or sell the secured property or to obtain proceeds sufficient to repay all amounts due to us on the loan.

We may make or invest in mezzanine loans, which involve greater risks of loss than senior loans secured by real properties.

We may make or invest in mezzanine loans that generally take the form of subordinated loans secured by second mortgages on the underlying real property or loans secured by a pledge of the ownership interests of an entity that directly or indirectly owns real property. These types of investments involve a higher degree of risk than long-term senior mortgage loans secured by real property because the investment may become unsecured as a result of foreclosure by the senior lender. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan. If a borrower defaults on our mezzanine loan or debt senior to our mezzanine loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt. As a result, we may not recover some or all of our investment. In addition, mezzanine loans may have higher loan-to-value ratios than traditional mortgage loans, resulting in less equity in the real property and increasing our risk of loss of principal.

We may invest in B-Notes, which are subject to additional risks as a result of the privately negotiated structure and terms of such transactions which may result in losses.

We may invest in B-Notes, which are typically secured by a first mortgage on a single large commercial property or group of related properties and subordinated to an A-Note secured by the same first mortgage on the same collateral. If a borrower defaults on a B-Note, A-Note holders would be paid first and there may not be sufficient funds remaining to repay us and other B-Note holders. B-Notes can vary in their structural characteristics and risks because each transaction is privately negotiated. For example, the rights of holders of B-Notes to control the process following a borrower default may be limited in certain investments. We cannot predict the terms of each B-Note investment. Moreover, because B-Notes are typically secured by a single property or group of related properties, such investments may not be as diversified as investments secured by a pool of properties and therefore may be subject to increased risks.

Bridge loans may involve a greater risk of loss than conventional mortgage loans.

We may provide bridge loans secured by first lien mortgages on properties to borrowers who are typically seeking short-term capital in connection with acquisitions, developments or refinancings of real estate. In connection with such investments, there is a risk that the borrower may not achieve its investment objectives and that we may therefore not recover some or all of our investment in such bridge loans. For example, if we provide a bridge loan to a borrower who has identified an undervalued asset, either due to mismanagement of the underlying assets or as a result of what the borrowers deem to be a recovering market, and the market in which such asset is located fails to recover according to the borrower's projections, or if the borrower fails to improve the quality of the asset's management or the value of the asset, the borrower may not receive a sufficient return on the asset to satisfy the bridge loan.

In addition, owners usually borrow funds under a conventional mortgage loan to repay a bridge loan. If the borrower is unable to obtain permanent financing to repay our bridge loan, we may lose some or all of our investment. Bridge loans are also subject to risks of borrower defaults, bankruptcies, fraud, losses and special hazard losses that are not covered by standard hazard insurance. In the event we make a bridge loan to a borrower who defaults, we bear the risk of loss of principal and nonpayment of interest and fees to the extent of any deficiency between the value of the mortgage collateral and the principal amount of the bridge loan. To the extent we suffer such losses with respect to our investments in bridge loans, it could adversely impact our business, results of operations, cash flows and financial ability and our ability to make distributions to you and the value of your investment.

Non-conforming and non-investment grade loans are subject to an increased risk of loss.

Loans we may acquire or originate may not conform to conventional loan criteria applied by traditional lenders and may not be rated or may be rated as "non-investment grade." Non-investment grade ratings for these loans typically result from the overall leverage of the loans, the lack of a strong operating history for the properties underlying the loans, the borrowers' credit history, the properties' underlying cash flow or other factors. Therefore, non-conforming and investment loans we acquire or originate may have a higher risk of default and loss than conventional loans. Any loss we incur may adversely impact our business, results of operations, cash flows and financial ability and our ability to make distributions to you and the value of your investment.

We may invest in commercial mortgage-backed securities, or CMBS, which are subject to all of the risks of the underlying mortgage loans and the additional risks of the securitization process.

CMBS are securities that evidence interests in, or are secured by, a single commercial mortgage loan or a pool of commercial mortgage loans. In a rising interest rate environment, the value of CMBS may be adversely affected when payments on underlying mortgages do not occur as anticipated, resulting in the extension of the security's effective maturity and the related increase in interest rate sensitivity of a longer-term instrument. The value of CMBS may also change due to shifts in the market's perception of issuers and regulatory or tax changes adversely affecting the mortgage securities market as a whole. In addition, CMBS are subject to the credit risk associated with the performance of the underlying mortgage properties.

The securitization process that CMBS go through may also result in additional risks. Generally, CMBS are issued in classes similar to mortgage loans. To the extent that we invest in a subordinate class, we will be paid interest only to the extent that there are funds available after paying the senior classes. To the extent the collateral pool includes delinquent loans, subordinate classes will likely not be fully paid and may not be paid at all. Subordinate CMBS are also subject to greater credit risk than those CMBS that are more highly rated. Further, the ratings assigned to any particular class of CMBS may not ultimately prove to be accurate. Thus, any particular class of CMBS may be riskier and more volatile than the rating assigned to such security which may result in the returns on any such CMBS investment to be less than anticipated.

Our debt investments may be considered illiquid and we may not be able to adjust our portfolio in response to changes in economic and other conditions.

The debt investments we may make in connection with privately negotiated transactions may not be registered under the relevant securities laws, resulting in a prohibition against their transfer, sale, pledge or other disposition except in a transaction that is exempt from the registration requirements of, or is otherwise in accordance with, those laws. As a result, our ability to vary our portfolio in response to changes in economic and other conditions may be relatively limited. The mezzanine loans we may purchase in the future will be particularly illiquid investments due to their short life, their unsuitability for securitization and the greater difficulty of recoupment in the event of a borrower's default.

Risks Related to International Investments

We are subject to additional risks from our international investments.

We expect to continue to purchase real estate investments located in, or related to assets located in, the United States and internationally, and may make or purchase loans or participations in loans secured by property located outside the United States. These investments may be affected by factors particular to the laws and business practices of the jurisdictions in which the properties are located. These laws and business practices may expose us to risks that are different from and in addition to those commonly found in the United States. Foreign investments are subject to risk, including the following risks:

- the burden of complying with a wide variety of foreign laws;
- changing governmental rules and policies, including changes in land use and zoning laws, more stringent environmental laws or changes in such environmental laws;
- existing or new laws relating to the foreign ownership of real property or loans and laws restricting the ability of foreign persons or companies to remove profits earned from activities within the country to the person's or company's country of origin;
- the potential for expropriation;
- possible currency transfer restrictions;
- imposition of adverse or confiscatory taxes;
- changes in real estate and other tax rates and changes in other operating expenses in particular countries;
- possible challenges to the anticipated tax treatment of the structures that allow us to acquire and hold investments;
- adverse market conditions caused by terrorism, civil unrest and changes in national or local governmental or economic conditions;
- the willingness of domestic or foreign lenders to make loans in certain countries and changes in the availability, cost and terms of loan funds resulting from varying national economic policies;
- general political and economic instability in certain regions;
- the potential difficulty of enforcing obligations in other countries; and

- Hines' limited experience and expertise in foreign countries relative to its experience and expertise in the United States.

Investments in properties or other real estate investments outside the United States subject us to foreign currency risks, which may adversely affect distributions and our REIT status.

Revenues generated from any properties or other real estate investments we acquire or ventures we enter into relating to transactions involving assets located in markets outside the United States likely will be denominated in the local currency. Therefore, any investments we make outside the United States may subject us to foreign currency risk due to potential fluctuations in exchange rates between foreign currencies and the U.S. dollar. As a result, changes in exchange rates of any such foreign currency to the U.S. dollar may affect our revenues, operating margins and distributions and may also affect the book value of our assets and the amount of stockholders' equity.

Changes in foreign currency exchange rates used to value a REIT's foreign assets may be considered changes in the value of the REIT's assets. These changes may adversely affect our status as a REIT. Further, bank accounts in foreign currency which are not considered cash or cash equivalents may adversely affect our status as a REIT.

Inflation in foreign countries, along with government measures to curb inflation, may have an adverse effect on our investments.

Certain countries have in the past experienced extremely high rates of inflation. Inflation, along with governmental measures to curb inflation, coupled with public speculation about possible future governmental measures to be adopted, has had significant negative effects on these international economies in the past and this could occur again in the future. The introduction of governmental policies to curb inflation can have an adverse effect on our business. High inflation in the countries in which we purchase real estate or make other investments could increase our expenses and we may not be able to pass these increased costs on to our tenants.

Lack of compliance with the United States Foreign Corrupt Practices Act, or FCPA, could subject us to penalties and other adverse consequences.

We are subject to the FCPA, which generally prohibits United States companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Foreign companies, including potential competitors, are not subject to these prohibitions. Fraudulent practices, including corruption, extortion, bribery, pay-offs, theft and others, occur from time-to-time in countries in which we may do business. If people acting on our behalf or at our request are found to have engaged in such practices, severe penalties and other consequences could be imposed on us that may have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to make distributions to you and the value of your investment.

Risks Related to Organizational Structure

Any interest in Hines Global II will be diluted by the Special OP Units and any other OP Units in the Operating Partnership and any interest in Hines Global II may be diluted if we issue additional shares.

Hines Global II owned a 99.8% general partner interest in the Operating Partnership as of March 31, 2016. Hines Global REIT II Associates Limited Partnership owns the remaining interest in the Operating Partnership, including the Special OP Units in the Operating Partnership, which were issued as consideration for an obligation by Hines and its affiliates to perform future services in connection with our real estate operations. Please see "Management Compensation, Expense Reimbursements and Operating

Partnership OP Units and Special OP Units" for a summary of these interests. Payments with respect to these interests will reduce the amount of distributions that would otherwise be payable to you in the future.

Stockholders do not have preemptive rights to acquire any shares issued by us in the future. Therefore, investors purchasing our common shares in this offering may experience dilution of their equity investment if we:

- sell shares in this offering or sell additional shares in the future, including those issued pursuant to our distribution reinvestment plan;
- sell securities that are convertible into shares, such as OP Units;
- at the option of our Advisor, issue OP Units to pay for certain fees;
- issue OP Units or common shares to our Advisor or affiliates in exchange for advances or deferrals of fees;
- issue shares in a private offering; or
- issue shares to sellers of properties acquired by us in connection with an exchange of partnership units from the Operating Partnership.

The repurchase of interests in the Operating Partnership held by Hines and its affiliates (including the Special OP Units and other OP Units) as required in our Advisory Agreement may discourage a takeover attempt.

Under certain circumstances, including a merger, consolidation or sale of substantially all of our assets or any similar transaction, a purchase, tender or exchange offer that results in the tender or exchange of more than 50% of our outstanding common shares, a transaction pursuant to which a majority of our board of directors then in office are replaced or removed, or the termination or non-renewal of our Advisory Agreement, including termination by us for cause or non-renewal for poor performance, the Operating Partnership is, at the election of Hines or its affiliates, required to purchase the Special OP Units and any OP Units that Hines or its affiliates own for cash (or, in certain cases, a promissory note) or our shares, at the election of the holder. For a discussion of how the payment to be made in connection with the redemption of the Special OP Units would be calculated, please see "Management—Our Advisor and Our Advisory Agreement—Removal of our Advisor." These rights may deter these types of transactions which may limit the opportunity for stockholders to receive a premium for their common shares that might otherwise exist if an investor attempted to acquire us.

Hines' ability to cause the Operating Partnership to purchase the Special OP Units and any other OP Units that it or its affiliates hold in connection with the termination of our Advisory Agreement may deter us from terminating our Advisory Agreement.

Under certain circumstances, if we are not advised by an entity affiliated with Hines, including under circumstances where our Advisory Agreement is terminated by us for cause or not renewed due to poor performance, Hines or its affiliates may cause the Operating Partnership to purchase some or all of the Special OP Units or any other OP Units then held by such entities. For a discussion of how the payment to be made in connection with the redemption of the Special OP Units would be calculated, please see "Management—Our Advisor and Our Advisory Agreement—Removal of our Advisor." Under these circumstances if the amount necessary to purchase Hines' and its affiliates' interests in the Operating Partnership is substantial, these rights could discourage or deter us from terminating our Advisory Agreement under circumstances in which we would otherwise do so.

We have issued shares of common stock as dividends and may issue preferred shares or separate classes or series of common shares, which issuance could adversely affect the holders of our common shares.

Holders of our common stock do not have preemptive rights to any shares issued by us in the future. With the authorization of our board of directors, we declared special daily stock dividends for the period from October 1, 2014 through June 30, 2015, which may dilute the value of our shares. In addition, we may issue, without stockholder approval, preferred shares or a class or series of common shares with rights that could adversely affect the holders of our common shares. Upon the affirmative vote of a majority of our directors (including, in the case of preferred shares, a majority of our independent directors), our charter authorizes our board of directors (without any further action by our stockholders) to issue preferred shares or common shares in one or more classes or series, and to fix the voting rights (subject to certain limitations), liquidation preferences, distribution rates, conversion rights, redemption rights and terms, including sinking fund provisions, and certain other rights and preferences with respect to such classes or series of shares. If we ever create and issue preferred shares with a distribution preference over common shares, payment of any distribution preferences of outstanding preferred shares would reduce the amount of funds available for the payment of distributions on the common shares. Further, holders of preferred shares are normally entitled to receive a preference payment in the event we liquidate, dissolve or wind up before any payment is made to the common stockholders, likely reducing the amount common stockholders would otherwise receive upon such an occurrence. We could also designate and issue shares in a class or series of common shares with similar rights. In addition, under certain circumstances, the issuance of preferred shares or a separate class or series of common shares may render more difficult or tend to discourage:

- a merger, tender offer or proxy contest;
- the assumption of control by a holder of a large block of our securities; and/or
- the removal of incumbent management.

Our board of directors determines our major policies and operations which increases the uncertainties faced by you.

Our board of directors determines our major policies, including our policies regarding acquisitions, dispositions, financing, growth, debt capitalization, REIT qualification, redemptions and distributions. Our board of directors may amend or revise these and other policies without a vote of the stockholders. Under the Maryland General Corporation Law and our charter, our stockholders have a right to vote only on limited matters. Our board of directors' broad discretion in setting policies and your inability to exert control over those policies increases the uncertainty and risks you face, especially if our board of directors and you disagree as to what course of action is in your best interests.

The ownership limit in our charter may discourage a takeover attempt.

Our charter provides that no holder of shares, other than any person to whom our board of directors grants an exemption, may directly or indirectly own more than 9.9% of the number or value, whichever is more restrictive, of the aggregate of our outstanding shares or more than 9.9% of the number or value, whichever is more restrictive, of the outstanding shares of any class or series of our outstanding securities. This ownership limit may deter tender offers for our common shares, which offers may be attractive to our stockholders, and thus may limit the opportunity for stockholders to receive a premium for their common shares that might otherwise exist if an investor attempted to assemble a block of common shares in excess of 9.9% of the number or value, whichever is more restrictive, of the aggregate of our outstanding shares, or 9.9% in number or value, whichever is more restrictive, of the outstanding common shares or otherwise to effect a change of control in us. Please see the "Description of Capital Stock—Restrictions on Transfer" section of this prospectus for additional information regarding the restrictions on transfer of our common shares.

We will not be afforded the protection of the Maryland General Corporation Law relating to business combinations.

Provisions of the Maryland General Corporation Law prohibit business combinations, unless prior approval of the board of directors is obtained before the person seeking the combination became an interested stockholder, with:

- any person who beneficially owns 10% or more of the voting power of our outstanding voting shares (an "interested stockholder");
- any of our affiliates or associates who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of our then outstanding shares (also an "interested stockholder"); or
- an affiliate of an interested stockholder.

These prohibitions are intended to prevent a change of control by interested stockholders who do not have the support of our board of directors. Because our charter contains limitations on ownership of more than 9.9% of our common shares, our board of directors has adopted a resolution presently opting out of the business combinations statute. Therefore, we will not be afforded the protections of this statute and, accordingly, there is no guarantee that the ownership limitations in our charter will provide the same measure of protection as the business combinations statute and prevent an undesired change of control by an interested stockholder.

We are not registered as an investment company under the Investment Company Act of 1940, as amended, or the Investment Company Act, and therefore we will not be subject to the requirements imposed on an investment company by the Investment Company Act which may limit or otherwise affect our investment choices.

Hines Global II, the Operating Partnership, and our subsidiaries will conduct our businesses so that none of such entities are required to register as "investment companies" under the Investment Company Act. The operation of a business in a manner so as not to be subject to regulation as an investment company requires an analysis of and compliance with complex laws, regulations and SEC staff interpretations, not all of which are summarized herein. Although we could modify our business methods at any time, at the present time we expect that the focus of our activities will involve investments in real estate, buildings, and other assets that can be referred to as "sticks and bricks" and therefore we will not be an investment company under Section 3(a)(1)(A) of the Investment Company Act. We may invest in other real estate investments and will otherwise be considered to be in the real estate business.

Companies subject to the Investment Company Act are required to comply with a variety of substantive requirements such as requirements relating to:

- limitations on the capital structure of the entity;
- restrictions on certain investments;
- prohibitions on transactions with affiliated entities; and
- public reporting disclosures, record keeping, voting procedures, proxy disclosure and similar corporate governance rules and regulations.

These and other requirements are intended to provide benefits and/or protections to security holders of investment companies. Because we and our subsidiaries do not expect to be subject to these requirements, you will not be entitled to these benefits or protections. It is our policy to operate in a manner that will not require us to register as an investment company, and we do not expect or intend to register as an "investment company" under the Investment Company Act.

We do not expect that we, the Operating Partnership, or other subsidiaries will be an investment company because we intend to ensure that holdings of investment securities by each such entity will not exceed 40% of the total assets of that entity and that no such entity holds itself out as being engaged primarily in the business of investing in securities. If an entity were to hold investment securities having a value exceeding 40% of the value of the entity's total assets, and no other exclusion from registration was available, that entity might be required to register as an investment company. In order to avoid such a result, we, the Operating Partnership, or a subsidiary may be unable to sell assets we would otherwise want to sell or may need to sell assets we would otherwise wish to retain. In addition, we may also have to forgo opportunities to acquire certain investments or interests in companies or entities that we would otherwise want to acquire, or acquire assets we might otherwise not select for purchase.

If Hines Global II, the Operating Partnership or any subsidiary owns assets that qualify as "investment securities" and the value of such assets exceeds 40% of the value of its total assets, the entity would be deemed to be an investment company absent another exclusion from the Investment Company Act. Certain of the subsidiaries that we may form in the future could seek to rely upon the exclusion provided by Section 3(c)(5)(C) of that Act, which is available for, among other things, entities "primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate." This exclusion, as interpreted by the staff of the SEC, generally requires that at least 55% of an entity's portfolio be comprised of qualifying interests and the remaining 45% of the entity's portfolio be comprised primarily of real estate-type interests (as such terms have been interpreted by the staff of the SEC). SEC staff no-action letters have indicated that the foregoing real estate-type interests test will be met if at least 25% of such entity's assets are invested in real estate-type interests, which threshold is subject to reduction to the extent that the entity invested more than 55% of its total assets in qualifying interests, and no more than 20% of such entity's total assets are invested in miscellaneous investments. Qualifying interests for this purpose include actual interests in real estate, certain mortgage loans and other assets as interpreted in a manner consistent with SEC staff guidance. We intend to treat the following as real estate-type interests: non-agency RMBS; CMBS, debt and equity securities of companies primarily engaged in real estate businesses; agency partial pool certificates and securities issued by pass-through entities of which substantially all of the assets consist of qualifying interests; and/or real estate-related assets. Due to the factual nature of this test, we, the Operating Partnership, or a subsidiary may be unable to sell assets we would otherwise want to sell or may need to sell assets we would otherwise wish to retain, if we deem it necessary to remain in compliance with the foregoing standards. In addition, we may have to forgo opportunities to acquire certain investments or interests in companies or entities that we would otherwise want to acquire, or acquire assets we might otherwise not select for purchase, if we deem it necessary to remain in compliance with the foregoing standards.

In addition, we, the Operating Partnership and/or our subsidiaries may rely upon other exclusions, including the exclusion provided by Section 3(c)(6) of the Investment Company Act (which excludes, among other things, parent entities whose primary business is conducted through majority-owned subsidiaries relying upon the exclusion provided by Section 3(c)(5)(C) (discussed above)), from the definition of an investment company and the registration requirements under the Investment Company Act.

There can be no assurance that the laws and regulations governing the Investment Company Act status of REITs (and/or their subsidiaries), including actions by the SEC or its staff providing more specific or different guidance regarding these exclusions, will not change in a manner that adversely affects our operations. For example, on August 31, 2011, the SEC issued a concept release requesting comments regarding a number of matters relating to the exclusion provided by Section 3(c)(5)(C) of the Investment Company Act, including the nature of assets that qualify for purposes of the exclusion and whether mortgage REITs should be regulated in a manner similar to investment companies. To the extent that the SEC or the SEC staff provides more specific guidance regarding any of the matters bearing upon the exclusions discussed above or other exclusions from the definition of an investment company under the

Investment Company Act upon which we may rely, we may be required to change the way we conduct our business or adjust our strategy accordingly. Any additional guidance from the SEC staff could provide additional flexibility to us, or it could further inhibit our ability to pursue the strategies we have chosen. If we meet the definition of an investment company under the Investment Company Act and we fail to qualify for an exclusion therefrom, our ability to use leverage and other business strategies would be substantially reduced. Our business will be materially and adversely affected if we fail to qualify for an exclusion from regulation under the Investment Company Act.

If Hines Global II or the Operating Partnership is required to register as an investment company under the Investment Company Act, the additional expenses and operational limitations associated with such registration may reduce your investment return or impair our ability to conduct our business as planned.

If we become an investment company or are otherwise required to register as an investment company, we might be required to revise some of our current policies, or substantially restructure our business, to comply with the Investment Company Act. This would likely require us to incur the expense and delay of holding a stockholder meeting to vote on proposals for such changes. Further, if we were required to register as an investment company, but failed to do so, we would be prohibited from engaging in our business, criminal and civil actions could be brought against us, some of our contracts might be unenforceable, unless a court were to direct enforcement, and a court could appoint a receiver to take control of us and liquidate our business.

If we internalize our management functions, we could incur adverse effects on our business and financial condition, including significant costs associated with becoming and being self-managed and the percentage of our outstanding common stock owned by our stockholders could be reduced.

If we seek to list our shares on an exchange as a way of providing our stockholders with a liquidity event, we may consider internalizing the functions performed for us by our Advisor. An internalization could take many forms, for example, we may hire our own group of executives and other employees or we may acquire our Advisor or its respective assets including its existing workforce. Any internalization could result in significant payments, including in the form of our stock, to the owners of our Advisor as compensation, which could reduce the percentage ownership of our then existing stockholders and concentrate ownership in Hines. In addition, there is no assurance that internalizing our management functions will be beneficial to us and our stockholders. For example, we may not realize the perceived benefits because of: (i) the costs of being self-managed; (ii) our inability to effectively integrate a new staff of managers and employees; or (iii) our inability to properly replicate the services provided previously by our Advisor or its affiliates. Additionally, internalization transactions have also, in some cases, been the subject of litigation and even if these claims are without merit, we could be forced to spend significant amounts of money defending claims which would reduce the amount of funds available for us to invest in real estate investments or to pay distributions. In connection with any such internalization transaction, a special committee consisting of our independent directors will be appointed to evaluate the transaction and to determine whether a fairness opinion should be obtained.

Risks Related to Potential Conflicts of Interest

We compete with affiliates of Hines for real estate investment opportunities and some of these affiliates have preferential rights to accept or reject certain investment opportunities in advance of our right to accept or reject such opportunities.

Hines has existing real estate joint ventures, funds and programs, which we collectively refer to as real estate investment vehicles, with investment objectives and strategies similar to ours, including Hines REIT and Hines Global I. Because we compete with these real estate investment vehicles for investment opportunities, Hines faces conflicts of interest in allocating investment opportunities between us and these other real estate investment vehicles. We have limited rights to specific investment opportunities located by Hines. Some of these entities have a priority right over other Hines real estate investment vehicles, including us, to accept investment opportunities that meet certain defined investment criteria. Because we and other Hines real estate investment vehicles rely on Hines to present us with investment opportunities, these rights will reduce our investment opportunities. Please see "Conflicts of Interest—Competitive Activities of Hines and its Affiliates" for a description of some of these entities and priority rights. We therefore may not be able to invest in, or we may only invest indirectly with or through another Hines affiliated real estate investment vehicle in, certain investments we otherwise would make directly. To the extent we invest in opportunities with another real estate investment vehicles affiliated with Hines, we may not have the control over such investment we would otherwise have if we owned all of or otherwise controlled such assets.

We do not have priority rights to specific investment opportunities located by Hines. Our right to participate in Hines' investment allocation process will terminate once we have fully invested the proceeds of our public offerings or if we are no longer advised by an affiliate of Hines. For investment opportunities not covered by this allocation procedure, Hines will decide in its discretion, subject to any priority rights it grants or has granted to other Hines-managed or otherwise affiliated real estate investment vehicles, how to allocate such opportunities among us, Hines and other real estate investment vehicles. Because we do not have a right to accept or reject any investment opportunities before Hines or one or more Hines real estate investment vehicles have the right to accept such opportunities, and are otherwise subject to Hines' discretion as to the investment opportunities we will receive, we may not be able to review and/or invest in opportunities which we would otherwise pursue if we were the only real estate investment vehicle sponsored by Hines or had a priority right in regard to such investments. We are subject to the risk that, as a result of the conflicts of interest between Hines, us and other real estate investment vehicles sponsored or managed by or affiliated with Hines, and the priority rights Hines has granted or may in the future grant to any such other real estate investment vehicles, we may not be offered favorable investment opportunities located by Hines when it would otherwise be in our best interest to accept such investment opportunities, and our business, results of operations, cash flows and financial condition and our ability to make distributions to you and the value of your investment may be adversely impacted thereby.

We may compete with other investment vehicles affiliated with Hines for tenants.

Hines and its affiliates are not prohibited from engaging, directly or indirectly, in any other business or from possessing interests in any other business venture or ventures, including businesses and ventures involved in the acquisition, development, ownership, management, leasing or sale of real estate projects. Hines or its affiliates own and/or manage properties in most, if not all, geographical areas in which we expect to acquire interests in real estate assets. Therefore, our properties may compete for tenants with other properties owned and/or managed by Hines and its affiliates, including Hines REIT and Hines Global I. Hines may face conflicts of interest when evaluating tenant opportunities for our properties and other properties owned and/or managed by Hines and its affiliates and these conflicts of interest may have a negative impact on our ability to attract and retain tenants. Please see "Conflicts of Interest—Competitive Activities of Hines and its Affiliates" for a description of these conflicts of interest.

Employees of our Advisor and Hines will face conflicts of interest relating to time management and allocation of resources and investment opportunities.

We do not have employees. Pursuant to a contract with Hines, we rely on employees of Hines and its affiliates to manage and operate our business and they are contractually bound to devote the time and attention reasonably necessary to conduct our business in an appropriate manner. Our officers and the officers and employees of our Advisor, Hines and its affiliates hold similar positions in numerous entities and they may from time to time allocate more of their time to service the needs of such entities than they allocate to servicing our needs. Hines is not restricted from acquiring, developing, operating, managing, leasing or selling real estate through entities other than us and Hines will continue to be actively involved in real estate operations and activities other than our operations and activities. Hines currently controls and/or operates other entities that own properties in many of the markets in which we will seek to invest. Hines spends a material amount of time managing these properties and other assets unrelated to our business. We lack the ability to manage it without the time and attention of Hines' employees. We encourage you to read the "Conflicts of Interest" section of this prospectus for a further discussion of these topics.

Hines and its affiliates are general partners and sponsors of other real estate investment vehicles having investment objectives and legal and financial obligations similar to ours, including Hines REIT and Hines Global I. Because Hines and its affiliates have interests in other real estate investment vehicles and also engage in other business activities, they may have conflicts of interest in allocating their time and resources among our business and these other activities. Our officers and directors, as well as those of our Advisor, own equity interests in entities affiliated with Hines from which we may buy properties. These individuals may make substantial profits in connection with such transactions, which could result in conflicts of interest. Likewise, such individuals could make substantial profits as the result of investment opportunities allocated to entities affiliated with Hines other than us. As a result of these interests, they could pursue transactions that may not be in our best interest.

Hines may face conflicts of interest if it sells properties it acquires or develops to us.

We may in the future acquire properties from Hines and affiliates of Hines. We may acquire properties Hines currently owns or hereafter acquires from third parties. Hines may also develop properties and then sell the completed properties to us. Similarly, we may provide development loans to Hines in connection with these developments. Hines, its affiliates and its employees (including our officers and directors) may make substantial profits in connection with such transactions. We must follow certain procedures when purchasing assets from Hines and its affiliates. Please see "Conflicts of Interest—Certain Conflict Resolution Procedures" below. Hines may owe fiduciary and/or other duties to the selling entity in these transactions and conflicts of interest between us and the selling entities could exist in such transactions. Because we are relying on Hines, these conflicts could result in transactions based on terms that are less favorable to us than we would receive from a third party.

Hines and its affiliates may face conflicts of interest caused by compensation arrangements with us, which could result in actions that are not in your best interest.

Hines, our Advisor and their affiliates receive substantial fees from us in return for their services and these fees could influence our Advisor's advice to us. Among other matters, the compensation arrangements could affect their judgment with respect to:

- Public offerings of equity by us, which allow our Dealer Manager to earn additional dealer manager fees;

- Property dispositions in circumstances where Hines or an affiliate of Hines manages the property and earns significant fees for managing the property;

- Property acquisitions, which may allow our Advisor or its affiliates to earn additional acquisition fees, asset management fees and other fees; and

- Various liquidity events.

Further, our Advisor may recommend that we invest in a particular asset or pay a higher purchase price for the asset than it would otherwise recommend if it did not receive an acquisition fee. Similarly, our Advisor has incentives to recommend that we purchase properties using debt financing since the acquisition fees that we pay to our Advisor could increase if we raise the level of debt financing in connection with the acquisition of certain properties. Certain potential acquisition fees and asset management fees paid to our Advisor and property management and leasing fees paid to Hines and its affiliates would be paid irrespective of the quality of the underlying real estate or property management services during the term of the related agreement. Our Advisor is also entitled to a fee equal to a percentage of the total consideration paid in connection with a disposition. This fee may incentivize our Advisor to recommend the disposition of a property or properties through a sale, merger, or other transaction that may not be in our best interests at the time. In addition, the premature disposition of an asset may add concentration risk to the portfolio or may be at a price lower than if we held the property. Moreover, our Advisor has considerable discretion with respect to the terms and timing of acquisition, disposition and leasing transactions. Our Dealer Manager will be paid an annual distribution and stockholder servicing fee with respect to Class T Shares until the earliest to occur of several events, including (i) a listing of the Class A Shares on a national securities exchange, and (ii) such Class T Shares no longer being outstanding, which may incentivize our Advisor not to recommend a sale, merger or other liquidity event until our Dealer Manager has been paid all distribution and stockholder servicing fees, because the completion of such transactions would cause our Dealer Manager to no longer be paid such fees. In evaluating investments and other management strategies, the opportunity to earn these fees may lead our Advisor to place undue emphasis on criteria relating to its and its affiliates' compensation at the expense of other criteria, such as preservation of capital, in order to achieve higher short-term compensation. Considerations relating to compensation from us to our Advisor and its affiliates could result in decisions that are not in your best interests, which could hurt our ability to pay you distributions or result in a decline in the value of your investment. See "Management – Our Advisor and Our Advisory Agreement," "Management Compensation, Expense Reimbursements and Operating Partnership OP Units and Special OP Units" and "Plan of Distribution."

Hines may face conflicts of interest in connection with the management of our day-to-day operations and in the enforcement of agreements between Hines and its affiliates.

Hines and our Advisor manage our day-to-day operations and properties pursuant to an advisory agreement. This agreement was not negotiated at arm's length and certain fees payable by us under such agreement are paid regardless of our performance. Hines and its affiliates may encounter conflicts of interest with respect to position as to matters relating to this agreement. Areas of potential conflict include the computation of fees and reimbursements under such agreements, the enforcement, renewal and/or termination of the agreements and the priority of payments to third parties as opposed to amounts paid to affiliates of Hines. These fees may be higher than fees charged by third parties in an arm's-length transaction as a result of these conflicts.

Certain of our officers and directors face conflicts of interest relating to the positions they hold with other entities.

All of our officers and non-independent directors are also officers and directors of our Advisor and/or other entities controlled by Hines. Some of these entities, including Hines REIT and Hines Global I, may compete with us for investment and leasing opportunities. These personnel owe fiduciary duties to these other entities and their security holders and these duties may from time to time conflict with the fiduciary duties such individuals owe to us and our stockholders. For example, conflicts of interest adversely affecting our investment decisions could arise in decisions or activities related to:

- the allocation of new investments among us and other entities operated by Hines;
- the allocation of time and resources among us and other entities operated by Hines;
- the timing and terms of the investment in or sale of an asset;
- investments with Hines and affiliates of Hines;
- the compensation paid to our Advisor; and
- our relationship with Hines in the management of our properties.

These conflicts of interest may also be impacted by the fact that such individuals may have compensation structures tied to the performance of such other entities controlled by Hines and these compensation structures may potentially provide for greater remuneration in the event an investment opportunity is presented to a Hines affiliate rather than us.

Our officers and directors have limited liability.

Generally, we are obligated under our charter to indemnify our officers and directors against certain liabilities incurred in connection with their services. We enter into indemnification agreements with each of our officers and directors pursuant to which we generally agree to indemnify our officers and directors for any such liabilities that they incur. These indemnification agreements, as well as the indemnification provisions in our charter, could limit our ability and the ability of our stockholders to effectively take action against our officers and directors arising from their service to us. In addition, there could be a potential reduction in distributions resulting from our payment of premiums associated with insurance or payments of a defense, settlement or claim. You should read the section of this prospectus under the caption "Management—Limited Liability and Indemnification of Directors, Officers, Employees and Other Agents" for more information about the indemnification of our officers and directors.

Our UPREIT structure may result in potential conflicts of interest.

Persons holding OP Units have the right to vote on certain amendments to the Agreement of Limited Partnership of the Operating Partnership, as well as on certain other matters. Persons holding such voting rights may exercise them in a manner that conflicts with the interests of our stockholders. As general partner of the Operating Partnership, we will be obligated to act in a manner that is in the best interest of all partners of the Operating Partnership. Circumstances may arise in the future when the interests of limited partners in the Operating Partnership may conflict with the interests of our stockholders.

Risks Related to Taxes

If we fail to qualify as a REIT, our operations and our ability to pay distributions to our stockholders would be adversely impacted.

We intend to elect to be taxed as a REIT for U.S. federal income tax purposes commencing with the taxable year that ended on December 31, 2015 (by filing our U.S. federal tax return for such year), and believe that we have met and will continue to meet the requirements for qualifications as a REIT. We have received the opinion of our U.S. federal income tax counsel, Greenberg Traurig, LLP, in connection with this offering and with respect to our qualification as a REIT. The opinion of Greenberg Traurig, LLP represents only the view of our counsel based on our counsel's review and analysis of existing law and on certain representations as to factual matters and covenants made by us, including representations relating to the values of our assets and the sources of our income and is not binding on the Internal Revenue Service or any court. Greenberg Traurig, LLP has no obligation to advise us or the holders of our common stock of any subsequent change in the matters stated, represented or assumed in its opinion or of any subsequent change in applicable law. Furthermore, both the validity of the opinion of Greenberg Traurig LLP and our qualification as a REIT will depend on our satisfaction of numerous requirements (some on an annual and quarterly basis) established under highly technical and complex provisions of the Code, for which there are only limited judicial or administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within our control. The complexity of these provisions and of the applicable income tax regulations that have been promulgated under the Code is greater in the case of a REIT that holds its assets through a partnership, as we do. Moreover, no assurance can be given that legislation, new regulations, administrative interpretations or court decisions will not change the tax laws with respect to qualification as a REIT or the U.S. federal income tax consequences of that qualification. See "Material U.S. Federal Income Tax Considerations—Requirements for Qualification as a REIT."

If we were to fail to qualify as a REIT in any taxable year:

- we would not be allowed to deduct our distributions to our stockholders when computing our taxable income;
- we would be subject to federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates;
- we would be disqualified from being taxed as a REIT for the four taxable years following the year during which qualification was lost, unless entitled to relief under certain statutory provisions;
- our cash available for distribution would be reduced and we would have less cash to distribute to our stockholders; and
- we might be required to borrow additional funds or sell some of our assets in order to pay corporate tax obligations we may incur as a result of our disqualification.

See "Material U.S. Federal Income Tax Considerations—Requirements for Qualification as a REIT" and "—Failure to Qualify as a REIT."

We may be required to defer repatriation of cash from foreign jurisdictions in order to qualify as a REIT.

Investments in foreign real property may be subject to foreign currency gains and losses. Certain foreign currency gains will generally be excluded from income for purposes of determining our satisfaction of one or both of the REIT gross revenue tests; however, under certain circumstances (for example, if we regularly trade in foreign securities) such gains will be treated as non-qualifying income. To reduce the risk of foreign currency gains adversely affecting our REIT qualification, we may be required to defer the repatriation of cash from foreign jurisdictions or to employ other structures that could affect the timing, character or amount of income we receive from our foreign investments. No assurance can be given that we will be able to manage our foreign currency gains in a manner that enables us to qualify as a REIT or to avoid U.S. federal and other taxes on our income as a result of foreign currency gains. See "Material U.S. Federal Income Tax Considerations—Gross Income Tests" and "—Foreign Currency Gain."

If the Operating Partnership is classified as a "publicly traded partnership" under the Code, our operations and our ability to pay distributions to you could be adversely affected.

We believe that the Operating Partnership will be treated as a partnership, and not as an association or a publicly traded partnership for federal income tax purposes. In this regard, the Code generally classifies "publicly traded partnerships" (as defined in Section 7704 of the Code) as associations taxable as corporations (rather than as partnerships), unless substantially all of their taxable income consists of specified types of passive income. In order to minimize the risk that the Code would classify the Operating Partnership as a "publicly traded partnership" for tax purposes, we placed certain restrictions on the transfer and/or repurchase of partnership units in the Operating Partnership. However, if the Internal Revenue Service, or IRS, successfully determines that the Operating Partnership should be taxed as a corporation, the Operating Partnership would be required to pay U.S. federal income tax at corporate rates on its net income, its partners would be treated as stockholders of the Operating Partnership and distributions to partners would constitute non-deductible distributions in computing the Operating Partnership's taxable income. In addition, we could fail to qualify as a REIT and the imposition of a corporate tax on the Operating Partnership would reduce our amount of cash available for distribution to you. See "Material U.S. Federal Income Tax Considerations—Other Tax Considerations—Tax Aspects of Our Investments in Our Operating Partnership."

Distributions to tax-exempt investors may be classified as unrelated business taxable income.

Neither ordinary nor capital gain distributions with respect to our common shares nor gain from the sale of common shares should generally constitute unrelated business taxable income to a tax-exempt investor. However, there are certain exceptions to this rule. In particular:

- part of the income and gain recognized by certain qualified employee pension trusts with respect to our common shares may be treated as unrelated business taxable income if our stock is predominately held by qualified employee pension trusts, we are required to rely on a special look through rule for purposes of meeting one of the REIT stock ownership tests, and we are not operated in such a manner as to otherwise avoid treatment of such income or gain as unrelated business taxable income;

- part of the income and gain recognized by a tax exempt investor with respect to our common shares would constitute unrelated business taxable income if such investor incurs debt in order to acquire the common shares; and

- part or all of the income or gain recognized with respect to our common shares by social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans which are exempt from federal income taxation under Sections 501(c)(7), (9), (17), or (20) of the Code may be treated as unrelated business taxable income.

See "Material U.S. Federal Income Tax Considerations—Treatment of Tax Exempt Stockholders."

Stockholders who participate in our distribution reinvestment plan may realize taxable income without receiving cash distributions.

If you participate in the distribution reinvestment plan, you will be required to take into account, in computing your taxable income, ordinary and capital gain distributions allocable to shares you own, even though you receive no cash because such distributions are reinvested. In addition, the difference between the public offering price of our shares and the amount paid for shares purchased pursuant to our distribution reinvestment plan may be deemed to be taxable as income to participants in the plan. See "Description of Capital Stock—Distribution Reinvestment Plan."

Foreign investors may be subject to FIRPTA tax on sale of common shares if we are unable to qualify as a "domestically controlled" REIT.

A foreign person disposing of a U.S. real property interest, including shares of a U.S. corporation whose assets consist principally of U.S. real property interests, is generally subject to a tax, pursuant to the Foreign Investment in Real Property Tax Act, or "FIRPTA," on the gain recognized on the disposition. Such FIRPTA tax does not apply, however, to the disposition of stock in a REIT if the REIT is "domestically controlled." A REIT is "domestically controlled" if less than 50% of the REIT's capital stock, by value, has been owned directly or indirectly by persons who are not qualifying U.S. persons during a continuous five-year period ending on the date of disposition or, if shorter, during the entire period of the REIT's existence.

We cannot assure you that we will qualify as a "domestically controlled" REIT. If we were to fail to so qualify, gain realized by foreign investors on a sale of our common shares would generally be subject to FIRPTA tax (unless our common shares were traded on an established securities market and the foreign investor did not at any time during a specified testing period directly or indirectly own more than a prescribed percentage of the value of our outstanding common shares, or if another exemption from FIRTPA were to apply). Our common shares are not currently traded on an established securities market, and no assurance can be given that they will ever be so traded. See "Material U.S. Federal Income Tax Considerations—Taxation of Non-U.S. Stockholders."

In certain circumstances, we may be subject to federal and state income taxes as a REIT or other state or local income taxes, which would reduce our cash available to pay distributions to our stockholders.

Even if we qualify and maintain our status as a REIT, we may be subject to federal income taxes or state taxes. For example, if we have net income from a "prohibited transaction," such income will be subject to a 100% tax. We may not be able to make sufficient distributions to avoid paying federal income tax and/or the 4% excise tax that generally applies to income retained by a REIT. We may also decide to retain income we earn from the sale or other disposition of our property and pay income tax directly on such income. In that event, our stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders that are tax-exempt, such as charities or qualified pension plans, may have no benefit from their deemed payment of such tax liability. We may also be subject to state and local taxes on our income or property, either directly or at the level of the Operating Partnership or at the level of the other companies through which we indirectly own our assets. See "Material U.S. Federal Income Tax Considerations—Taxation of our Company."

We may enter into certain hedging transactions which may have a potential impact on our REIT status.

We may enter into certain hedging transactions with respect to one or more of our assets or liabilities. Our hedging activities may include entering into interest rate and/or foreign currency swaps, caps and floors, options to purchase these items, and futures and forward contracts. The gross income tests generally exclude any income or gain from a hedging or similar transaction entered into by the REIT primarily to manage the risk of interest rate, price changes or currency fluctuations with respect to borrowings made or to be made to acquire or carry real estate assets or to manage the risk of currency fluctuations with respect to an item of income or gain that would be qualifying income under the 75% or 95% gross income test (or any property which generates such income or gain), provided that we properly identify such hedges and other transactions in the manner required by the Code. To the extent that we do not properly identify such transactions as hedges or we hedge with other types of financial instruments, or hedge other types of indebtedness, the income from those transactions is likely to be treated as non-qualifying income for purposes of the gross income tests and may affect our ability to qualify as a REIT. See "Material U.S. Federal Income Tax Considerations—Gross Income Tests" for a description of the gross income tests and "—Hedging Transactions." In addition, to the extent that our position in a hedging transaction has positive value, it may be treated as an asset that does not qualify for purposes of the gross asset requirements applicable to REITs.

Entities through which we hold foreign real estate investments may be subject to foreign taxes, notwithstanding our status as a REIT.

Even if we maintain our status as a REIT, entities through which we hold investments in assets located outside the United States may be subject to income taxation by jurisdictions in which such assets are located. Our cash available for distribution to our stockholders will be reduced by any such foreign income taxes.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum tax rate applicable to income from "qualified dividends" payable to U.S. stockholders that are individuals, trusts or estates is currently 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates. The more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts or estates to perceive investments in our common shares to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of our common shares.

Recharacterization of sale-leaseback transactions may cause us to lose our REIT status.

We may purchase real properties and lease them back to the sellers of such properties. In that case, we will use commercially reasonable efforts to structure any such sale-leaseback transaction such that the lease will be characterized as a "true lease," thereby allowing us to be treated as the owner of the property for federal income tax purposes, but cannot assure you that the IRS will not challenge such characterization. In the event that any such sale-leaseback transaction is challenged and recharacterized as a financing transaction or loan for U.S. federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed. We might fail to satisfy the REIT qualification "asset tests" or the "income tests" and, consequently, lose our REIT status effective with the year of recharacterization if a sale-leaseback transaction were so recharacterized. Alternatively, the amount of our REIT taxable income could be recalculated which might also cause us to fail to meet the distribution requirement for a taxable year.

Investments in other REITs and real estate partnerships could subject us to the tax risks associated with the tax status of such entities.

We may invest in the securities of other REITs and real estate partnerships. Such investments are subject to the risk that any such REIT or partnership may fail to satisfy the requirements to qualify as a REIT or a partnership, as the case may be, in any given taxable year. In the case of a REIT, such failure would subject such entity to taxation as a corporation. Failure to qualify as a REIT may require such REIT to incur indebtedness to pay its tax liabilities, may reduce its ability to make distributions to us, and may render it ineligible to elect REIT status prior to the fifth taxable year following the year in which it fails to so qualify. In the case of a partnership, such failure could subject such partnership to an entity level tax and reduce the entity's ability to make distributions to us. In addition, such failures could, depending on the circumstances, jeopardize our ability to qualify as a REIT.

Complying with the REIT requirements may cause us to forego otherwise attractive opportunities.

To qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of shares of our common stock. We may be required to forego otherwise attractive investments or make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits. See "Material U.S. Federal Income Tax Considerations—Requirements for Qualification as a REIT."

Complying with the REIT requirements may force us to liquidate otherwise attractive investments.

We must ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets in order to ensure our qualification as a REIT. The remainder of our investments (other than governmental securities and qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer, and no more than 25% of the value of our total securities (20% commencing after December 31, 2017) can be represented by securities of one or more taxable REIT subsidiaries. If we fail to comply with these requirements at the end of any calendar quarter, we must correct such failure within 30 days after the end of the calendar quarter to avoid losing our REIT status and suffering adverse tax consequences. As a result, we may be required to liquidate otherwise attractive investments. See "Material U.S. Federal Income Tax Considerations—Requirements for Qualification as a REIT" and "—Asset Tests."

The failure of a mezzanine loan or any other loan which is not secured by a mortgage on real property to qualify as a real estate asset could adversely affect our ability to qualify as a REIT.

The IRS has issued Revenue Procedure 2003-65, which provides a safe harbor pursuant to which a mezzanine loan that is secured by interests in a pass-through entity will be treated by the IRS as a real estate asset for purposes of the REIT tests, and interest derived from such loan will be treated as qualifying mortgage interest for purposes of the REIT 75% income test. Although the Revenue Procedure provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law. We may make investments in loans secured by interests in pass-through entities in a manner that complies with the various requirements applicable to our qualification as a REIT. To the extent, however, that any such loans do not satisfy all of the requirements for reliance on the safe harbor set forth in the Revenue Procedure, there can be no assurance that the IRS will not challenge the tax treatment of such loans, which could jeopardize our ability to qualify as a REIT. Similarly any other loan which we make which is not secured by a mortgage on real property, or which is less than fully secured by real estate, may fail to qualify as a real estate asset in whole or in part for purposes of the REIT qualification tests and therefore could adversely affect our ability to qualify as a REIT.

Legislative or regulatory action could adversely affect us and/or our investors.

In recent years, numerous legislative, judicial and administrative changes have been made to the U.S. federal income tax laws applicable to the qualification and taxation of REITs and to investments in REITs and similar entities. Additional changes to tax laws are likely to continue to occur in the future and may be given retroactive or prospective effect, and we cannot assure you that any such changes will not adversely affect how we are taxed or the taxation of a stockholder. Any such changes could have an adverse effect on us and on an investment in shares of our common stock. We urge you to consult with your own tax advisors with respect to the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in shares of our common stock.

Risks Related to ERISA

If our assets are deemed to be plan assets under ERISA, we, our Advisor and the fiduciaries of investing ERISA plans may be exposed to liabilities under Title I of ERISA and the Internal Revenue Code.

In some circumstances where an ERISA plan holds an interest in an entity, an undivided interest in the assets of the entity attributable to that interest are deemed to be ERISA plan assets unless an exception applies. This is known as the "look-through rule." Under those circumstances, the obligations and other responsibilities of plan sponsors, plan fiduciaries and plan administrators, and of parties in interest and disqualified persons, under Title I of ERISA and Section 4975 of the Code, as applicable, may be applicable, and there may be liability under these and other provisions of ERISA and the Code. We believe that our assets should not be treated as plan assets because the shares should qualify as "publicly-offered securities" that are exempt from the look-through rules under applicable regulations of the U.S. Department of the Treasury, because we have 100 stockholders that are independent of us and one another. We note, however, that because certain limitations are imposed upon the transferability of shares so that we may qualify as a REIT, and perhaps for other reasons, it is possible that this exemption may not apply. If that is the case, and if our Advisor or we are exposed to liability under ERISA or the Code, our performance and results of operations could be adversely affected. In addition, if that were the case, an investment in our common shares might constitute an ineffective delegation of fiduciary responsibility to our Advisor, and expose the fiduciary of the benefit plan to co-fiduciary liability under ERISA for any breach by our Advisor of the fiduciary duties mandated under ERISA. If our Advisor or we are exposed to liability under ERISA or the Code, our performance and results of operations could be adversely affected. Prior to making an investment in us, you should consult with your legal and other advisors concerning the impact of ERISA and the Code on your investment and our performance.

See “ERISA Considerations” for a more complete discussion of the foregoing issues and other risks associated with an investment in our common shares by retirement plans.

There are special considerations that apply to pension or profit sharing trusts or individual retirement accounts, or IRAs, investing in our common stock.

If you are investing the assets of an IRA, pension, profit sharing, 401(k), Keogh or other qualified retirement plan, you should satisfy yourself that:

- your investment is consistent with your fiduciary obligations under ERISA and the Code;
- your investment is made in accordance with the documents and instruments governing your plan or IRA, including your plan’s investment policy;
- your investment satisfies the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA;
- your investment will not impair the liquidity of the plan or IRA;
- your investment will not produce “unrelated business taxable income” for the plan or IRA;
- you will be able to value the assets of the plan annually in accordance with ERISA requirements; and
- your investment will not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

See “ERISA Considerations” for a more complete discussion of the foregoing issues and other risks associated with an investment in shares of our common stock by retirement plans.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes certain statements that may be deemed forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements relate to, without limitation, potential future acquisitions, economic conditions that may impact our operations, our future leverage and financial position, our future capital expenditures, future distributions, other developments and trends in the commercial real estate industry and our business strategy. Actual events or our investments and results of operations could differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements are typically identified by the use of terms such as “may,” “should,” “expect,” “could,” “intend,” “plan,” “anticipate,” “estimate,” “believe,” “continue,” “predict,” “potential” or the negative of such terms and other comparable terminology.

The forward-looking statements included herein are based on our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Any of the assumptions underlying the forward-looking statements could prove to be inaccurate. You are cautioned not to place undue reliance on any forward-looking statements included in this prospectus. All forward-looking statements are made as of the date of this prospectus and the risk exists that actual results will differ materially from the expectations expressed in this prospectus and this risk will increase with the passage of time. In light of the significant uncertainties inherent in the forward-looking statements included in this prospectus, including, without limitation, the risks set forth in the “Risk Factors” section, the inclusion of such forward-looking statements should not be regarded as a representation by us or any other person that the objectives and plans set forth in this prospectus will be achieved. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements.

ESTIMATED USE OF PROCEEDS

The tables on the following pages set forth information about how we intend to use the proceeds raised in this offering and assume:

- with respect to Class A Shares and Class T Shares sold in the primary offering on and after August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds and that prior to that date, all dealer manager fees were paid by us from gross offering proceeds;
- the sale of the Class A Shares and Class T Shares remaining to be sold in this offering as of August 2, 2016, in the amount of approximately $1,816.8 million, which we refer to as the "remaining offering amount;"
- the sale of the maximum offering amount;
- that, with respect to the amounts presented in the tables on the following pages for the remaining offering amount and the maximum offering amount, 20% of gross offering proceeds are from the sale of Class A Shares and 80% of gross offering proceeds are from the sale of Class T Shares; and
- we incur no leverage.

We have not given effect to any other special sales or volume discounts which could also reduce the selling commissions and dealer manager fees. We also have not included the proceeds from our distribution reinvestment plan which may be used for redemptions or other purposes.

This offering is being conducted on a "best efforts" basis, and the risk that we will not be able to accomplish our business objectives will increase if only a small number of shares are purchased in this offering. Please see "Risk Factors—Risks Related to Investing in this Offering—This offering is a "best efforts" offering and if we are unable to raise substantial funds, we will be limited in the number and type of investments we may make which could negatively impact an investment in shares of our common stock."

Many of the amounts set forth below represent management's best estimates as these amounts cannot be precisely calculated at this time. Therefore, these amounts may not accurately reflect the actual receipt or application of the offering proceeds. We have assumed what percentage of shares of each class will be sold based on discussions with the Dealer Manager and broker dealers but there can be no assurance as to how many shares of each class will be sold.

Assuming we raise the maximum offering amount pursuant to this offering, in accordance with the 20%/80% split described above, after giving effect to the Advisor's payment of a portion of the dealer manager fees, effective as of August 2, 2016, in an amount equal to 1.5% of the gross offering proceeds from the primary offering with respect to the sale of Class A Shares and Class T Shares, excluding proceeds from the sale of shares offered under our distribution reinvestment plan, we expect that approximately 94.7% of the money invested by our stockholders will be used to make real estate investments and to pay acquisition fees and expenses related to those investments. The balance will be used to pay selling commissions, the portion of the dealer manager fee funded by us and issuer costs. Raising less than the maximum offering amount or selling a different combination of Class A Shares and Class T Shares would change the amounts of fees, commissions, costs and expenses presented in the table below.

We have not generated sufficient cash flow from operations to fully fund distributions. Therefore, particularly in the earlier part of this offering, some or all of our distributions have been and may continue to be paid from other sources, such as proceeds from our debt financings, proceeds from this offering, cash advances by our Advisor, cash resulting from a waiver or deferral of fees and/or proceeds from the sale of assets. For the quarter ended March 31, 2016 and the year ended December 31, 2015, respectively, we funded 100% and 23% of total distributions with cash flows from financing activities, which includes offering proceeds. We have not placed a cap on the amount of our distributions that may be paid from any of these sources. To the extent we use proceeds from this offering to fund distributions, the remaining proceeds available for investment will be less than the amount presented below.

We have not identified the investments we will make with all of the proceeds of this offering.

The following table presents information regarding the estimated use of proceeds raised in this offering with respect to Class A Shares based on the assumptions described above.

	Remaining Offering Amount $258,300,000 in Class A Shares(1)		**Maximum Offering $400,000,000 in Class A Shares(2)**	
	Amount	**Percentage**	**Amount**	**Percentage**
GROSS PROCEEDS	$258,300,000	100.0 %	$ 400,000,000	100.0 %
Less Expenses:				
Selling Commissions(3)	$ 18,081,000	7.0 %	$ 28,000,000	7.0 %
Dealer Manager Fees(4)	$ 7,749,000	3.0 %	$ 12,000,000	3.0 %
Issuer Costs(5)	$ 2,169,720	0.8 %	$ 3,360,000	0.8 %
Total Expenses	$ 27,999,720	10.8 %	$ 43,360,000	10.8 %
Plus:				
Advisor Payment of a Portion of the Dealer Manager Fees(4)	$ (3,874,500)	(1.5)%	$ (3,874,500)	(1.0)%
NET PROCEEDS AVAILABLE FOR INVESTMENT	$234,174,780	90.7 %	$ 360,514,500	90.2 %
Less:				
Acquisition Fees on Investments(6)(7)	$ 5,049,772	2.0 %	$ 7,774,177	1.9 %
Acquisition Expenses(7)(8)	$ 4,690,677	1.8 %	$ 7,221,347	1.8 %
REMAINING PROCEEDS AVAILABLE FOR INVESTMENT	$224,434,331	86.9 %	$ 345,518,976	86.5 %

(1) As of August 2, 2016, we had sold approximately $141.7 million in Class A Shares. This table assumes we sell the remaining offering amount of approximately $258.3 million in Class A Shares in our primary offering, which represents 20% of the total shares to be sold as part of the aggregate remaining offering amount of approximately $1,816.8 million, but issue no shares under our distribution reinvestment plan and that no discounts or waivers of fees described under the “Plan of Distribution” section of this prospectus are applicable.

(2) Assumes we sell the maximum $400.0 million in Class A Shares in our primary offering, which represents 20% of the total shares to be sold in the maximum offering, but issue no shares under our distribution reinvestment plan and that no discounts or waivers of fees described under the “Plan of Distribution” section of this prospectus are applicable.

(3) We will pay our Dealer Manager selling commissions of up to 7.0% of the gross offering proceeds raised in our primary offering for sales of our Class A Shares, all of which may be reallowed to participating broker dealers. We will not pay selling commissions for Class A Shares issued pursuant to our distribution reinvestment plan and certain other purchases as described in the “Plan of Distribution” section of this prospectus.

(4) We will pay our Dealer Manager a dealer manager fee of up to 3.0% of the gross offering proceeds raised in our primary offering for sales of our Class A Shares, a portion of which may be reallowed to participating broker dealers as marketing fees. Commencing August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of gross offering proceeds from the sale of Class A Shares in our primary offering without any reimbursement from us. The amounts for dealer manager fees paid by our Advisor and paid by us that are presented in the table with respect to the maximum offering amount reflect the assumptions that all dealer manager fees were paid by us out of gross offering proceeds with respect to shares sold prior to August 2, 2016 and that our Advisor will pay a portion of the dealer manager fees with respect to the remaining

offering amount as described above. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees. In addition, out of its dealer manager fee, the Dealer Manager may reimburse participating broker dealers for distribution and marketing-related costs and expenses, such as costs associated with attending or sponsoring conferences, technology costs and other marketing costs and expenses. No dealer manager fees will be paid for Class A Shares issued pursuant to our distribution reinvestment plan and certain other purchases as described in the "Plan of Distribution" section of this prospectus.

(5) In addition to paying selling commissions and the dealer manager fee, we will pay the issuer costs incurred by us directly or indirectly through our Advisor and its affiliates, which expenses are expected to consist of, among other costs, expenses of our organization, actual legal, accounting, bona fide out-of-pocket itemized and detailed due diligence costs, printing, filing fees, transfer agent costs, postage, escrow fees, data processing fees, advertising and sales literature and other offering-related costs. The Advisory Agreement was amended, effective February 29, 2016, to cap the amount which we will reimburse our Advisor for the cumulative issuer costs in connection with our organization and our public offerings. Although the cap on reimbursements to our Advisor and its affiliates for cumulative issuer costs is equal to 2.5% of gross offering proceeds from our public offerings, we estimate that the total reimbursement to be paid to our Advisor and its affiliates from the proceeds of this offering for issuer costs will be equal to approximately 0.8% of the maximum gross offering proceeds. As a result of the cap on reimbursement as a percentage of gross offering proceeds, as of February 29, 2016, we were only obligated to reimburse our Advisor for $3.2 million of issuer costs out of the $8.2 million of issuer costs our Advisor had incurred. On April 14, 2016, our Advisor reimbursed us for $4.0 million in issuer costs that we had previously reimbursed in excess of this new 2.5% cap. As we raise additional offering proceeds, we expect to reimburse our Advisor for the $4.0 million in issuer costs they recently repaid to us to the extent such costs do not exceed 2.5% of gross offering proceeds from our public offerings. As noted above, we will not reimburse our Advisor in any way for our Advisor's payment of dealer manager fees.

(6) We will pay an acquisition fee of 2.25%, payable in cash or OP Units, of (i) the purchase price of real estate investments acquired or originated directly by us, including any debt attributable to such investments or the principal amounts borrowed under any loans made or acquired directly by us, and (ii) when we make an investment or make or acquire a loan indirectly through another entity, such investment's pro rata share of the gross asset value of real estate related investments held by that entity, including any debt attributable to such investments or the total principal amount borrowed under any loans made or acquired by that entity. For purposes of this table we have assumed that we will not use debt when making real estate investments and will pay all acquisition fees in cash. In the event we raise the maximum $400,000,000 pursuant to our primary offering of Class A Shares, pay all acquisition fees in cash, and all of our real estate investments are 40% leveraged at the time we acquire them, the total acquisition fees payable will be $12,607,361 or approximately 3.2% of gross proceeds. In the event we raise the maximum $400,000,000 pursuant to our primary offering of Class A Shares, pay all acquisition fees in cash, and all of our real estate investments are 60% leveraged at the time we acquire them, the total acquisition fees payable will be $18,294,038 or approximately 4.6% of gross proceeds. Some of these fees may be payable out of the proceeds of such borrowings.

(7) The acquisition fees and acquisition expenses incurred in connection with the purchase of real estate investments will not exceed an amount equal to 6.0% of the contract purchase price of the investment. However, a majority of our directors (including a majority of our independent directors) not otherwise interested in the transaction may approve such fees and expenses in excess of this limit if they determine the transaction to be commercially competitive, fair and reasonable to us.

(8) Acquisition expenses were estimated by us for illustrative purposes, based on the prior experience of Hines, and may include customary third-party acquisition costs which are typically included in the gross purchase price of the real estate investments we acquire or are paid by us in connection with such acquisitions. These third-party acquisition costs include legal, accounting, consulting, travel, appraisals, engineering, due diligence, option payments, title insurance and other costs and expenses relating to potential acquisitions regardless of whether the property is actually acquired.

The actual amount of acquisition expenses cannot be determined at the present time and will depend on numerous factors, including the type and jurisdiction of the real estate investment acquired, the legal structure of the transaction in which the real estate investment is acquired, the aggregate purchase price paid to acquire the real estate investment, and the number of real estate investments acquired.

The following table presents information regarding the estimated use of proceeds raised in this offering with respect to Class T Shares, based on the assumptions described above.

	Remaining Offering Amount $1,558,500,000 in Class T Shares (1)		Maximum Offering Amount $1,600,000,000 in Class T Shares(2)	
	Amount	Percentage	Amount	Percentage
GROSS PROCEEDS	$1,558,500,000	100.00 %	$1,600,000,000	100.00 %
Less Expenses:				
Selling Commissions(3)	$ 31,170,000	2.00 %	$ 32,000,000	2.00 %
Dealer Manager Fees(4)	$ 42,858,750	2.75 %	$ 44,000,000	2.75 %
Issuer Costs(5)	$ 13,091,400	0.84 %	$ 13,440,000	0.84 %
Total Expenses	$87,120,150.00	5.59 %	$ 89,440,000	5.59 %
Plus:				
Payment of a Portion of the Dealer Manager Fees(4)	$ (23,377,500)	(1.50)%	$ (23,377,500)	(1.46)%
NET PROCEEDS AVAILABLE FOR INVESTMENT	$1,494,757,350	95.91 %	$1,533,937,500	95.87 %
Less:				
Acquisition Fees on Investments(6)(7)	$ 32,233,123	2.07 %	$ 33,078,008	2.07 %
Acquisition Expenses(7)(8)	$ 29,940,990	1.92 %	$ 30,725,794	1.92 %
REMAINING PROCEEDS AVAILABLE FOR INVESTMENT	$1,432,583,237	91.92 %	$1,470,133,698	91.88 %

(1) As of August 2, 2016, we had sold approximately $41.5 million in Class T Shares. This table assumes we sell the remaining offering amount of approximately $1,558.5 million in Class T Shares in our primary offering, which represents 80% of the total shares to be sold as part of the aggregate remaining offering amount of approximately $1,816.8 million, but issue no shares under our distribution reinvestment plan.

(2) Assumes we sell the maximum $1,600.0 million in Class T Shares in our primary offering, which represents 80% of the total shares to be sold in the maximum offering, but issue no shares under our distribution reinvestment plan.

(3) We will pay our Dealer Manager selling commissions of up to 2.0% of the gross offering proceeds raised in our primary offering for sales of our Class T Shares, all of which may be reallowed to participating broker dealers. We will not pay selling commissions for Class T Shares issued pursuant to our distribution reinvestment plan.

(4) We will pay our Dealer Manager a dealer manager fee of up to 2.75% of the gross offering proceeds raised in our primary offering for sales of our Class T Shares, all or a portion of which may be reallowed to participating broker dealers as marketing fees. Commencing August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of gross offering proceeds from the sale of Class T Shares in our primary offering without any reimbursement from us. The amounts for dealer manager fees paid by our Advisor and paid by us that are presented in the table with respect to the maximum offering amount reflect the assumptions that all dealer manager fees were paid by us out of gross offering proceeds with respect to shares sold prior to August 2, 2016 and that our Advisor will pay a portion of the dealer manager fees with respect to the remaining offering amount as described above. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees. In addition, out of its dealer manager fee, the Dealer Manager may reimburse participating broker dealers for distribution and marketing-related costs and expenses, such as costs associated with attending or sponsoring conferences, technology

costs and other marketing costs and expenses. No dealer manager fees will be paid for Class T Shares issued pursuant to our distribution reinvestment plan. In addition, we will pay our Dealer Manager distribution and stockholder servicing fees in an annual amount equal to 1.0% of the offering price per share (or, if we are no longer offering primary shares, the then-current net asset value, if any has been disclosed) calculated on outstanding Class T Shares purchased in our primary offering. The distribution and stockholder servicing fees will accrue daily and be paid quarterly in arrears. The distribution and stockholder servicing fees are not intended to be a principal use of offering proceeds and are not included in the above table. See “Plan of Distribution” for a description of these fees.

(5) See footnote 5 to the table above regarding the estimated use of proceeds with respect to Class A Shares.

(6) We will pay an acquisition fee of 2.25%, payable in cash or OP Units, of (i) the purchase price of real estate investments acquired or originated directly by us, including any debt attributable to such investments or the principal amounts borrowed under any loans made or acquired directly by us, and (ii) when we make an investment or make or acquire a loan indirectly through another entity, such investment’s pro rata share of the gross asset value of real estate related investments held by that entity, including any debt attributable to such investments or the total principal amount borrowed under any loans made or acquired by that entity. For purposes of this table we have assumed that we will not use debt when making real estate investments and will pay all acquisition fees in cash. In the event we raise the maximum $1,600,000,000 pursuant to our primary offering of Class T Shares, pay all acquisition fees in cash, and all of our real estate investments are 40% leveraged at the time we acquire them, the total acquisition fees payable will be $53,642,514 or approximately 3.4% of gross proceeds. In the event we raise the maximum $1,600,000,000 pursuant to our primary offering of Class T Shares, pay all acquisition fees in cash, and all of our real estate investments are 60% leveraged at the time we acquire them, the total acquisition fees payable will be $77,838,506 or approximately 4.9% of gross proceeds. Some of these fees may be payable out of the proceeds of such borrowings.

(7) See footnote 7 to the table above regarding the estimated use of proceeds with respect to Class A Shares.

(8) See footnote 8 to the table above regarding the estimated use of proceeds with respect to Class A Shares.

The fees, compensation, income, expense reimbursements, interests and other payments described above payable to Hines, our Advisor and other Hines affiliates may increase or decrease during or after this offering, if such increase or decrease is approved by a majority of our independent directors.

MANAGEMENT

Management of Hines Global II

We operate under the direction of our board of directors. Our board is ultimately responsible for the management and control of our business and operations. We have no employees and have retained our Advisor to manage our day-to-day operations, including the identification and acquisition of our properties, subject to the board's supervision. We expect to retain Hines or an affiliate of Hines to perform property management for our properties. We have retained our Dealer Manager to manage activities relating to the offering of our shares.

Our Officers and Directors

We have a total of five directors, three of whom are independent of us, our Advisor and our respective affiliates. Our full board of directors has determined that each of our independent directors is independent within the meaning of (i) the applicable provisions set forth in our charter, (ii) the applicable requirements set forth in the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the applicable SEC rules, and (iii) although our shares are not listed on the New York Stock Exchange, or NYSE, the independence rules set forth in the NYSE Listed Company Manual. Our board applies the NYSE rules governing independence as part of its policy of maintaining strong corporate governance practices.

Other than our independent directors, each of our officers and directors is affiliated with Hines and subject to conflicts of interest. Please see "Conflicts of Interest" and "Risk Factors—Risks Related to Potential Conflicts of Interest." As described below, because of the inherent conflicts of interest existing as the result of these relationships, our independent directors monitor the performance of all Hines affiliates performing services for us, and these board members have a fiduciary duty to act in the best interests of our stockholders in connection with our relationships with Hines affiliates. However, we cannot assure you that our independent directors will be successful in eliminating, or decreasing the impact of the risks resulting from, the conflicts of interest we face with Hines and its affiliates. Indeed, our independent directors will not monitor or approve all decisions made by Hines that impact us, such as the allocation of investment opportunities.

The following sets forth information about our directors and our executive officers:

Name	Age	Position and Office with Hines Global II
Jeffrey C. Hines	61	Director and Chairman of the board of directors
Charles M. Baughn	61	Director
Humberto "Burt" Cabañas	68	Independent Director
Dougal A. Cameron	58	Independent Director
John O. Niemann, Jr.	59	Independent Director
Sherri W. Schugart	50	President and Chief Executive Officer
Ryan T. Sims	45	Chief Financial Officer and Secretary
David L. Steinbach	39	Chief Investment Officer
Kevin L. McMeans	51	Asset Management Officer
J. Shea Morgenroth	41	Chief Accounting Officer and Treasurer

Jeffrey C. Hines. Mr. Hines joined Hines in 1982. Mr. Hines has served as Chairman of our board of directors and Chairman of the managers of the general partner of our Advisor since July 2013. Mr. Hines also has served as the Chairman of the board of directors of Hines Global I and Chairman of the managers of the general partner of Hines Global REIT Advisors LP, the advisor to Hines Global I since December

2008. Mr. Hines also has been the Chairman of the board of directors of Hines Real Estate Investment Trust, Inc. (“Hines REIT”), Chairman of the managers of the general partner of HALP Associates Limited Partnership, the advisor to Hines REIT and a member of the management board of the Hines US Core Office Fund LP (“Core Fund”), since August 2003. He is also the co-owner and President and Chief Executive Officer of the general partner of Hines and is a member of Hines’ Executive Committee. Mr. Hines is responsible for overseeing all firm policies and procedures as well as day-to-day operations of Hines. He became President of the general partner of Hines in 1990 and Chief Executive Officer of the general partner of Hines in January 2008 and has overseen a major expansion of the firm’s personnel, financial resources, domestic and foreign market penetration, products and services. He has been a major participant in the development of the Hines domestic and international acquisition program and currently oversees a portfolio of $89.1 billion in assets under management. Mr. Hines graduated from Williams College with a B.A. in Economics and received his M.B.A. from the Harvard Business School.

We believe that Mr. Hines’ career, spanning more than 34 years in the commercial real estate industry, including his leadership of Hines and the depth of his knowledge of Hines and its affiliates qualifies him to serve on our board of directors.

Charles M. Baughn. Mr. Baughn joined Hines in 1984. Mr. Baughn has served as a member of our board of directors and as a manager of the general partner of our Advisor since July 2013. Mr. Baughn also has served as a member of the board of directors of Hines Global I and as a manager of the general partner of its advisor since December 2008. Mr. Baughn also has been a member of the board of directors of Hines REIT since April 2008 and a manager of the general partner of its advisor since August 2003. Mr. Baughn also served as Chief Executive Officer of Hines REIT from August 2003 through April 1, 2008. He has served as the Senior Managing Director and Chief Financial Officer of the general partner of Hines since 2012. In this role, he is responsible for overseeing Hines’ operating business including central services, balance sheet-related activities and bank and other debt financing. Previously, he also has served as an Executive Vice President and CEO—Capital Markets Group of the general partner of Hines from April 2001 through 2012 and, as such, was responsible for overseeing Hines’ capital markets group, which raises, places and manages equity and debt for Hines projects in the U.S. and internationally, Mr. Baughn is also a member of Hines’ Executive Committee and a director of our Dealer Manager. Until May 2015, Mr. Baughn also served as the Chief Executive Officer of our Dealer Manager. Mr. Baughn has also been a member of the management board of the Core Fund since 2003. During his tenure at Hines, he also has contributed to the development or redevelopment of over 9 million square feet of office and special use facilities in the southwestern United States. He graduated from the New York State College of Ceramics at Alfred University with a B.A. and received his M.B.A. from the University of Colorado. Mr. Baughn holds Series 7, 24 and 63 securities licenses.

We believe that Mr. Baughn’s experience in the commercial real estate industry during his 30-year career with Hines, including his familiarity with Hines’ financial and investment policies, qualifies him to serve on our board of directors.

Humberto “Burt” Cabañas. Mr. Cabañas has served as one of our independent directors since July 2014. Mr. Cabañas is the Founder and Chairman of Benchmark Hospitality International, where he oversees Benchmark’s diverse portfolio, a position he has held since 1987. He also served as Chief Executive Officer at Benchmark from 1987 to 2013. Prior to his current position, he served as a Senior Vice President and in various other positions at The Woodlands Corporation, where he oversaw all hospitality operations. He presently serves as director on the Foundation Board of Florida International University and previously served as Chairman of the Industry Advisory Board for the Chaplin School of Hospitality & Tourism Management at Florida International University. Mr. Cabañas is also a founding board member and a past president of the International Association of Conference Centers (IACC). He is a graduate of Florida International University with a Bachelor’s degree in Hotel and Restaurant Management.

We believe Mr. Cabañas’ significant and deep experience in the hotel and hospitality industry and the real estate aspects of that industry makes him well-qualified to serve as one of our directors.

Dougal A. Cameron. Mr. Cameron has served as one of our independent directors since July 2014. Mr. Cameron is President and Owner of Cameron Management, a position he has held since his founding of the firm in 1995. Cameron Management is a firm that owns, finances, leases, and manages all of its office buildings in an integrated fashion. From 1991-1994, Mr. Cameron was an owner and investment manager of VNSM Inc., an investment management firm with over $1 billion in assets under management. Prior to this time, he was an accountant with Arthur Young & Company (now Ernst & Young), and he worked as an asset and project manager for Hines from 1985 to 1991. Additionally, he was on the board of Mosher Inc., a private, closed-end mutual fund from 1992 to 1997. Mr. Cameron holds a bachelor's degree in Accounting from Texas Tech University and an M.B.A. from Harvard Business School.

We believe that Mr. Cameron is well-qualified to serve as one of our directors due to his background in running a real estate firm since 1995 and his extensive experience in owning, leasing and managing office buildings as the company intends to make investments in office buildings along with other real estate product types.

John O. Niemann, Jr. Mr. Niemann has served as one of our independent directors since July 2014. In addition, he has served as an independent director of HMS, which is a non-listed public business development company that is co-sponsored by Hines, since May 2012 and currently serves as the Chairman of the Audit Committee. He previously served as a director and Chairman of the Audit Committee of Gateway Energy Corporation from June 2010 until December 2013 (when the company went private). Since June 2013, he has served as a Managing Director of Andersen Tax LLC (formerly known as WTAS LLC). He is also the president and chief operating officer of Arthur Andersen LLP, and has been since 2003. He previously served on the administrative board of Arthur Andersen LLP and on the board of partners of Andersen Worldwide. He began his career at Arthur Andersen LLP in 1978 and has served in increasing responsibilities in senior management positions, since 1992. Mr. Niemann has served on the board of directors of many Houston area non-profit organizations, including Strake Jesuit College Preparatory School (past chair of the board), The Regis School of the Sacred Heart (past chair of the board), The Houston Symphony, The University of St. Thomas, The Alley Theatre and Taping for the Blind, Inc. He graduated with a bachelor of arts in managerial studies (magna cum laude) and a masters in accounting from Rice University and received a juris doctor (summa cum laude) from the South Texas College of Law.

We believe Mr. Niemann's significant experience in the public accounting industry, including 37 years in various capacities at Arthur Andersen LLP makes him well qualified to serve as one of our directors and as the audit committee financial expert. Drawing on this experience, Mr. Niemann is able to provide valuable insights regarding our investment strategies, internal controls, and financial reporting. In addition, through his experience serving on the board of directors of other public companies, Mr. Niemann has previous experience in the requirements of serving on a public company board.

Sherri W. Schugart. Ms. Schugart joined Hines in 1995. Ms. Schugart has served as President and Chief Executive Officer for us and for the general partner of our Advisor since August 2013. Ms. Schugart also has served as President and Chief Executive Officer for Hines Global I and for the general partner of its Advisor since March 2013. Additionally, since March 2013, Ms. Schugart also has served as President and Chief Executive Officer for Hines REIT, the general partner of its Advisor and the Core Fund. In February 2016, Ms. Schugart was appointed as member of Hines' Executive Committee. In these roles, Ms. Schugart is responsible for the overall management of each funds' business strategy and operations in the U.S. and internationally. Also since March 2013, Ms. Schugart has served as the President and Chief Executive Officer of HMS and HMS Adviser GP LLC, the general partner of the adviser to HMS. Additionally, in February 2014, Ms. Schugart was appointed as the Chairperson of the board of directors of HMS. HMS is a public specialty finance company sponsored by Hines, which was formed in 2011 and intends to make debt and equity investments in companies with revenues generally between $10 million and $3 billion that operate in diverse industries. Prior to March 2013, Ms. Schugart had served as the Chief Operating Officer for Hines Global I and the general partner of its advisor and as the Chief Operating Officer of Hines REIT, the general partner of its advisor and the Core Fund since November 2011. In these roles, Ms. Schugart was responsible for the execution of each entity's business plan and oversight of day-to-day business operations, including issues related to portfolio strategy, asset management and all other operational and financial matters of each entity. Ms. Schugart also served as Chief Financial Officer for Hines Global I and the general partner of its advisor from inception in December 2008 through October 2011. Ms. Schugart also served as the Chief Financial Officer for Hines REIT and the general partner of its advisor from August 2003 through October 2011 and as the Chief Financial Officer of the Core Fund from July 2004 through October 2011. In these roles, her responsibilities included oversight of financial and portfolio management, equity and debt financing activities, investor relations, accounting, financial reporting, compliance and administrative functions in the U.S. and internationally. She has also been a Senior Managing Director of the general partner of Hines since October 2007 and has served as a director of the Dealer Manager since August 2003. Prior to holding these positions, she was a Vice President in Hines Capital Markets Group raising equity and debt financing for various Hines investment vehicles in the U.S. and internationally. Ms. Schugart has been responsible for arranging and managing more than $10 billion in equity and debt for Hines' public and private investment funds. Prior to joining Hines, Ms. Schugart spent eight years with Arthur Andersen LLP, where she served both public and private clients in the real estate, construction, finance and banking industries. She holds a Bachelor of Business Administration degree in Accounting from Southwest Texas State University.

Ryan T. Sims. Mr. Sims joined Hines in August 2003. Mr. Sims has served as Chief Financial Officer and Secretary for us and the general partner of our Advisor since August 2013. Since November 2011, Mr. Sims has served as Chief Financial Officer and Secretary for Hines Global I and the general partner of its Advisor. Since November 2011, Mr. Sims also has served as Chief Financial Officer and Secretary of Hines REIT, the general partner of its Advisor and the Core Fund. Also since 2011, Mr. Sims has served as the Chief Financial Officer and Secretary of HMS and of the general partner of the adviser to HMS. In these roles, Mr. Sims is responsible for the oversight of financial operations, equity and debt financing activities, investor relations, accounting, financial reporting, tax, legal, compliance and administrative functions in the U.S. and internationally. From December 2008 until November 2011, Mr. Sims served as the Chief Accounting Officer of Hines Global I and the general partner of its Advisor. From April 2008 until November 2011, Mr. Sims also served as the Chief Accounting Officer of Hines REIT, the general partner of its Advisor and the Core Fund. In these roles, he was responsible for the oversight of the accounting, financial reporting and SEC reporting functions, as well as the Sarbanes-Oxley compliance program in the U.S. and internationally. He was also responsible for establishing the companies' accounting policies and ensuring compliance with those policies in the U.S. and internationally. He has also previously served as a Senior Controller for Hines REIT and the general partner of its Advisor from August 2003 to April 2008 and the Core Fund from July 2004 to April 2008. Prior to joining Hines, Mr. Sims was a manager in the audit practice of Arthur Andersen LLP and Deloitte & Touche LLP, serving clients primarily in the real estate industry. He holds a Bachelor of Business Administration degree in Accounting from Baylor University and is a certified public accountant.

David L. Steinbach. Mr. Steinbach joined Hines in 1999. Mr. Steinbach has served as the Chief Investment Officer for us and the general partner for our Advisor since July 2014. Mr. Steinbach also serves as the Chief Investment Officer for Hines Global I and the general partner of its advisor since July 2014. In these roles, he is responsible for management of the real estate acquisition program in the U.S. and internationally. He also has served as a Managing Director of the general partner of Hines since February 2011. He has been responsible for the acquisition of over $4 billion in assets for various Hines affiliates in the U.S. and internationally. Prior to this role, he served in various roles in which he was responsible for acquisitions, asset management and property dispositions on behalf of Hines REIT, Hines Global I and the Core Fund, both in the U.S. and internationally. He graduated from Texas A&M University with a Bachelors and Masters in Business Administration.

Kevin L. McMeans. Mr. McMeans joined Hines in 1992. Since August 2013, he served as the Asset Management Officer for us and the general partner of our Advisor. Mr. McMeans has also served as Asset Management Officer for Hines Global I and the general partner of its advisor since December 2008. Mr. McMeans has also served as the Asset Management Officer of Hines REIT and the general partner of its advisor since April 2008. He also has served as the Asset Management Officer of the Core Fund since January 2005. Since February 2015, he has served as the Senior Managing Director of Investment Management of the general partner of Hines. Prior to February 2015, he also has served as a Managing Director of Investment Management of the general partner of Hines. In these roles, he is responsible for overseeing the management of the various investment properties owned by each of the funds in the U.S. and internationally. He previously served as the Chief Financial Officer of Hines Corporate Properties, an investment venture established by Hines with a major U.S. pension fund, from 2001 through June 2004. In this role, Mr. McMeans was responsible for negotiating and closing debt financings, underwriting and evaluating new investments, negotiating and closing sale transactions and overseeing the administrative and financial reporting requirements of the venture and its investors. Before joining Hines, Mr. McMeans spent four and a half years at Deloitte & Touche LLP in the audit department. He graduated from Texas A&M University with a B.S. in Computer Science.

J. Shea Morgenroth. Mr. Morgenroth joined Hines in October 2003. Mr. Morgenroth has served as Chief Accounting Officer and Treasurer for us and the general partner of our Advisor since August 2013. Since November 2011, Mr. Morgenroth has served as Chief Accounting Officer and Treasurer for Hines Global I and the general partner of its advisor. Since November 2011, Mr. Morgenroth also has served as Chief Accounting Officer and Treasurer of Hines REIT and the general partner of its advisor. In these roles, Mr. Morgenroth is responsible for the oversight of the treasury, accounting, financial reporting and SEC reporting functions, as well as the Sarbanes-Oxley compliance program in the U.S. and internationally. Prior to his appointment, Mr. Morgenroth served as a Senior Controller for Hines Global I and the general partner of its advisor from December 2008 until November 2011 and for Hines REIT and the general partner of its advisor from January 2008 until November 2011 and as a Controller for Hines REIT and its advisor from October 2003 to January 2008. In these roles, he was responsible for the management of the accounting, financial reporting and SEC reporting functions. Prior to joining Hines, Mr. Morgenroth was a manager in the audit practice of Arthur Andersen LLP and Deloitte & Touche LLP, serving clients primarily in the real estate industry. He holds a Bachelor of Business Administration degree in Accounting from Texas A&M University and is a certified public accountant.

Our Board of Directors

Our board of directors has reviewed and unanimously ratified our charter and adopted our bylaws. Our charter and bylaws allow for a board of directors with no fewer than three directors and no more than ten directors, of which a majority must be independent directors. We currently have five directors, including three independent directors. Directors are elected annually by our stockholders, and there is no limit on the number of times a director may be elected to office. Each director will serve until the next annual meeting of stockholders or (if longer) until his or her successor has been duly elected and qualifies.

Although the number of directors may be increased or decreased, subject to the limits of our charter, a decrease may not have the effect of shortening the term of any incumbent director. Any director may resign at any time and may be removed with or without cause by the stockholders upon the affirmative vote of at least a majority of all votes entitled to be cast at a meeting called for the purpose of the proposed removal. A vacancy created by the death, removal or resignation of a director, other than a vacancy created by an increase in the number of directors may be filled only by a majority vote of the remaining directors, even if the remaining directors do not constitute a quorum. Any vacancy created by an increase in the number of directors may be filled only by the affirmative vote of a majority of the directors, including a majority of the independent directors. Independent directors must nominate replacements for vacancies required to be filled by independent directors.

An “independent director” is defined under our charter and means a person who is not, and within the last two years has not been, directly or indirectly associated with Hines or our Advisor by virtue of:

- ownership of an interest in Hines, our Advisor or their affiliates other than Hines Global II or any other affiliate with securities registered under the Exchange Act;
- employment by Hines or our Advisor or their affiliates;
- service as an officer, trust manager or director of Hines or our Advisor or their affiliates other than as a director of Hines Global II or any other affiliate with securities registered under the Exchange Act;
- performance of services for us, other than as a director, or any of our affiliates with securities registered under the Exchange Act;
- service as a director, trust manager or trustee of more than three real estate investment trusts advised by our Advisor or organized by Hines; or
- maintenance of a material business or professional relationship with Hines, our Advisor or any of their affiliates.

An independent director cannot be associated with us, Hines or our Advisor, as set forth above either directly or indirectly. An indirect relationship includes circumstances in which a director’s spouse, parents, children, siblings, mothers- or fathers-in-law, sons- or daughters-in-law or brothers- or sisters-in-law, is or has been associated with us, Hines, our Advisor, or their affiliates. A business or professional relationship is considered material if the aggregate gross revenue derived by the director from our Advisor or Hines and their affiliates exceeds five percent of either the director’s annual gross revenue during either of the last two years or the director’s net worth on a fair market value basis.

To be considered independent under the NYSE rules, the board of directors must determine that a director does not have a material relationship with us and/or our consolidated subsidiaries (either directly or as a partner, stockholder or officer of an organization that has a relationship with any of those entities, including Hines and its affiliates). Under the NYSE rules, a director will not be independent if:

- the director was employed by us within the last three years;
- an immediate family member of the director was employed by us as an executive officer within the last three years;
- the director, or an immediate family member of the director, received more than $120,000 during any 12-month period within the last three years in direct compensation from us, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
- the director is a current partner or employee of a firm that is our internal or external auditor, the director has an immediate family member who is a current partner of such a firm, the director has an immediate family member who is a current employee of such a firm and personally works on our audit, or the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on our audit within that time;
- the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of our present executive officers at the same time serves or served on that company’s compensation committee; or
- the director was an executive officer or an employee (or an immediate family member of the director was an executive officer) of a company that makes payments to, or receives payments from, us for property or services in an amount which, in any of the last three fiscal years, exceeded the greater of $1,000,000 or 2% of such other company’s consolidated gross revenues.

Our directors are accountable to us and our stockholders as fiduciaries. Generally speaking, this means that our directors must perform their duties in good faith and in a manner each director reasonably believes to be in the best interest of us and our stockholders. Our directors are not required to devote all or any specific amount of their time to our business. Our directors are only required to devote the time to our business as their duties require. We anticipate that our directors will meet at least quarterly or more frequently if necessary. In the exercise of their fiduciary responsibilities, we anticipate that our directors will rely heavily on our Advisor. Therefore, our directors will be dependent on our Advisor and information they receive from our Advisor in order to adequately perform their duties, including their obligation to oversee and evaluate our Advisor and its affiliates. Please see "Risk Factors—Risks Related to Our Business in General—Our success will be dependent on the performance of Hines as well as key employees of Hines. Certain other investment vehicles sponsored by Hines have experienced adverse developments in recent years and there is a risk that we may experience similar adverse developments." and "Risk Factors—Risks Related to Potential Conflicts of Interest."

Our board of directors has approved written policies on investments and borrowing for us as described in this prospectus. The directors may establish further written policies on investments and borrowings and will monitor our administrative procedures, investment operations and performance to ensure that the policies are fulfilled and are in the best interest of the stockholders. We will follow the policies on investments and borrowings set forth in this prospectus unless and until they are modified by our board of directors following, if applicable, requirements set forth in our charter.

Our independent directors are responsible for reviewing our fees and expenses on at least an annual basis and with sufficient frequency to determine that the expenses incurred are in the best interest of our stockholders. Our independent directors may determine from time to time during or after this offering to increase or decrease the fees and expenses payable to Hines, our Advisor and other Hines affiliates. Our independent directors will also be responsible for reviewing the performance of our Advisor and determining that the compensation to be paid to our Advisor is reasonable in relation to the nature and quality of services performed and our investment performance and that the provisions of our Advisory Agreement are being carried out. Specifically, our independent directors will consider factors such as:

- our net assets and net income;
- the amount of the fees paid to our Advisor in relation to the size, composition and performance of our investments;
- the success of our Advisor in generating appropriate investment opportunities;
- rates charged to other REITs, especially REITs of similar structure and other investors by advisors performing similar services;
- additional revenues realized by our Advisor and its affiliates through their relationship with us, whether we pay them or they are paid by others with whom we do business;
- the quality and extent of service and advice furnished by our Advisor;
- the performance of our investment portfolio;
- the quality of our portfolio relative to the investments generated by our Advisor for its own account; and
- other factors related to managing a public company, such as stockholder services and support, compliance with securities laws, including Sarbanes-Oxley and other factors typical of a public company.

Our directors and their affiliates may not vote or consent to the voting of shares they now own or hereafter acquire on matters submitted to the stockholders regarding either the removal of our Advisor, any director and any of their affiliates, or any transaction between us and our Advisor, any director or any of their affiliates. Any shares owned by our directors and their affiliates will be excluded in determining the requisite percentage in interest of shares necessary to approve any such matter.

Committees of the Board of Directors

Our full board of directors generally considers all major decisions concerning our business. Our charter and bylaws provide that our board may establish such committees as the board believes appropriate. We currently have five directors on our board of directors, three of whom are independent. Our board of directors has established an audit committee, conflicts committee, nominating and corporate governance committee, compensation committee and a valuation committee. Our independent directors are the sole members of all of these committees so that these important areas can be addressed in more depth than may be possible at a full board meeting and to also ensure that these areas are addressed by non-interested members of the board. Our board of directors has adopted written charters for each of these committees other than the valuation committee. A copy of each such charter is available on our website, www.hinessecurities.com/reits/hines-global-reit-2. See "Description of Capital Stock — Valuation Policy" for a description of the duties of our valuation committee.

Audit Committee

Members of the audit committee are appointed by our board of directors to serve one-year terms or until their successors are duly elected and qualify, or until their earlier death, retirement, resignation or removal. The audit committee reviews the functions of our management and independent registered public accounting firm pertaining to our financial statements and performs such other duties and functions deemed appropriate by the board. The audit committee is ultimately responsible for the selection, evaluation and replacement of our independent registered public accounting firm. The audit committee is comprised of all of the members of our board of directors who are independent within the meaning of the applicable requirements set forth in or promulgated under the Exchange Act, as well as in the rules of the NYSE. John O. Niemann, Jr. is the Chairman of the audit committee and is an "audit committee financial expert" within the meaning of the applicable rules promulgated by the Securities and Exchange Commission. Unless otherwise determined by the board of directors, no member of the committee will serve as a member of the audit committee of more than two other public companies.

Conflicts Committee

Members of the conflicts committee are appointed by our board of directors to serve one-year terms or until their successors are duly elected and qualify or until their earlier death, resignation, retirement or removal. The primary purpose of the conflicts committee is to review specific matters that the board believes may involve conflicts of interest and to determine if the resolution of the conflict of interest is fair and reasonable to us and our stockholders. However, we cannot assure you that this committee will successfully eliminate the conflicts of interest that will exist between us and Hines, or reduce the risks related thereto. Humberto Cabañas is the Chairman of the conflicts committee.

The conflicts committee is responsible for reviewing and approving the terms of all transactions between us and Hines or its affiliates or any member of our board of directors, including (when applicable) the economic, structural and other terms of all acquisitions and dispositions and the annual renewal of our Advisory Agreement between us and our Advisor. The conflicts committee also is responsible for reviewing: our Advisor's performance and the fees and expenses paid by us to our Advisor and any of its affiliates, and any Liquidity Events proposed or recommended by our Advisor. The review of such fees and expenses is required to be performed with sufficient frequency, but at least annually, to determine that the expenses incurred are in the best interest of our stockholders. For further discussion, please see the "Investment Objectives and Policies with Respect to Certain Activities—Acquisition and Investment Policies—Affiliate Transaction Policy" section of this prospectus. The conflicts committee also is responsible for reviewing Hines' performance as property manager of our directly-owned properties.

Compensation Committee

Members of the compensation committee are appointed by our board of directors to serve one-year terms or until their successors are duly elected and qualify or until their earlier death, retirement, resignation or removal. The committee meets as called by the chairman of the committee, but not less frequently than annually. The primary purpose of the compensation committee is to oversee our compensation programs. The committee reviews the compensation and benefits paid by us to our directors and, in the event we hire employees, the compensation paid to our executive officers as well as any employment, severance and termination agreements or arrangements made with any executive officer and, if desired by our board of directors, produce an annual report to be included in our annual proxy statement. Dougal A. Cameron is the Chairman of the compensation committee.

Nominating and Corporate Governance Committee

Members of the nominating and corporate governance committee are appointed by our board of directors to serve one-year terms or until their successors are duly elected and qualify or until their earlier death, retirement, resignation or removal. Dougal A. Cameron is the Chairman of the nominating and corporate governance committee. This committee:

- assists our board of directors in identifying individuals qualified to become members of our board of directors;
- recommends candidates to our board of directors to fill vacancies on the board;
- recommends committee assignments for directors to the full board;
- periodically assesses the performance of our board of directors;
- reviews and recommends appropriate corporate governance policies and procedures to our board of directors; and
- reviews and monitors our Code of Business Conduct and Ethics for Senior Officers and Directors, and any other corporate governance policies and procedures we may have from time to time.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serve as a director or member of the compensation committee of an entity whose executive officers include a member of our compensation committee.

Compensation of Directors

Our compensation committee designs our director compensation with the goals of attracting and retaining highly qualified individuals to serve as independent directors and to fairly compensate them for their time and efforts. Because of our unique attributes as a REIT, service as an independent director on our board requires a substantial time commitment as well as broad expertise in the fields of real estate and real estate investment. The compensation committee balances these considerations with the principles that our director compensation program should be transparent and should align directors' interests with those of our stockholders.

We pay our independent directors an annual fee of $40,000, (to be prorated for a partial term) and a fee of $2,000 for each meeting of the board (or any committee thereof) attended in person. If a committee meeting is held on the same day as a meeting of the board, each independent director receives $1,500 for each committee meeting attended in person on such day. We also pay our independent directors a fee of $750 for each board or committee meeting attended via teleconference.

We pay the following annual retainers (to be prorated for a partial term) to the Chairpersons of our board committees:

- $7,500 to the Chairperson of our conflicts committee;
- $10,000 to the Chairperson of our audit committee;
- $5,000 to the Chairperson of our compensation committee;
- $5,000 to the Chairperson of our nominating and corporate governance committee; and
- $5,000 to the Chairperson of our valuation committee.

All directors are reimbursed for reasonable out-of-pocket expenses incurred in connection with attendance at board or committee meetings. We do not pay compensation to our directors who are not independent directors for their service as a director.

Limited Liability and Indemnification of Directors, Officers, Employees and Other Agents

Maryland law permits a corporation to include in its charter a provision limiting the liability of directors and officers to the corporation and its stockholders for money damages, except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty established by a final judgment and which is material to the cause of action.

The Maryland General Corporation Law allows directors and officers to be indemnified against judgments, penalties, fines, settlements and expenses actually incurred in a proceeding unless the following can be established:

- an act or omission of the director or officer was material to the cause of action adjudicated in the proceeding, and was committed in bad faith or was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- with respect to any criminal proceeding, the director or officer had reasonable cause to believe his act or omission was unlawful.

A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. However, indemnification for an adverse judgment in a suit by the corporation or in its right, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses.

In addition, the Maryland General Corporation Law permits a corporation to advance reasonable expenses to a director or officer upon receipt of a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification and a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed if it is ultimately determined that the standard of conduct was not met.

Indemnification could reduce the legal remedies available to us and our stockholders against the indemnified individuals. We also maintain a directors and officers liability insurance policy.

An indemnification provision does not reduce the exposure of our directors and officers to liability under federal or state securities laws, nor does it limit our stockholders’ ability to obtain injunctive relief or other equitable remedies for a violation of a director’s or an officer’s duties to us or our stockholders, although the equitable remedies may not be an effective remedy in some circumstances.

Except as prohibited by Maryland law and as set forth below, our charter limit the personal liability of our directors and officers to us and our stockholders for monetary damages and provide that a director or officer will be indemnified and advanced expenses in connection with legal proceedings.

In spite of the above provisions of the Maryland General Corporation Law, the charter of Hines Global II provides that our directors will be indemnified by us for loss or liability suffered by them and held harmless for loss or liability suffered by us only if all of the following conditions are met:

- the indemnified person determined, in good faith, that the course of conduct which caused the loss or liability was in our best interests;
- the indemnified person was acting on our behalf or performing services for us;
- in the case of non-independent directors, the liability or loss was not the result of negligence or misconduct by the party seeking indemnification;
- in the case of independent directors, the liability or loss was not the result of gross negligence or willful misconduct by the party seeking indemnification; and
- the indemnification or agreement to hold harmless is recoverable only out of our net assets and not from our stockholders.

Our Advisor and its affiliates will also be subject to the limitations on indemnification to which the non-independent directors are subject, as described above.

The general effect to investors of any arrangement under which any of our directors or officers are insured or indemnified against liability is a potential reduction in distributions resulting from our payment of premiums associated with insurance or payments of a defense, settlement or claim. In addition, indemnification arrangements and provisions providing for the limitation of liability could reduce the legal remedies available to us and our stockholders against our officers and directors.

The Securities and Exchange Commission takes the position that indemnification against liabilities arising under the Securities Act is against public policy and unenforceable. Indemnification of our directors, Hines or its affiliates will not be allowed for liabilities arising from or out of a violation of state or federal securities laws, unless one or more of the following conditions are met:

- there has been a successful adjudication on the merits of each count involving alleged securities law violations;
- such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction; or
- a court of competent jurisdiction approves a settlement of the claims against the indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the Securities and Exchange Commission and of the published position of any state securities regulatory authority in which the securities were offered or sold as to indemnification for violations of securities laws.

Our charter provides that the advancement of funds to our directors, our Advisor and its affiliates for legal expenses and other costs incurred as a result of any legal action for which indemnification is being sought is permissible only if all of the following conditions are satisfied:

- the legal action relates to acts or omissions with respect to the performance of duties or services on our behalf;
- the legal action is initiated by a third party who is not a stockholder or the legal action is initiated by a stockholder acting in his or her capacity as such and a court of competent jurisdiction specifically approves such advancement;

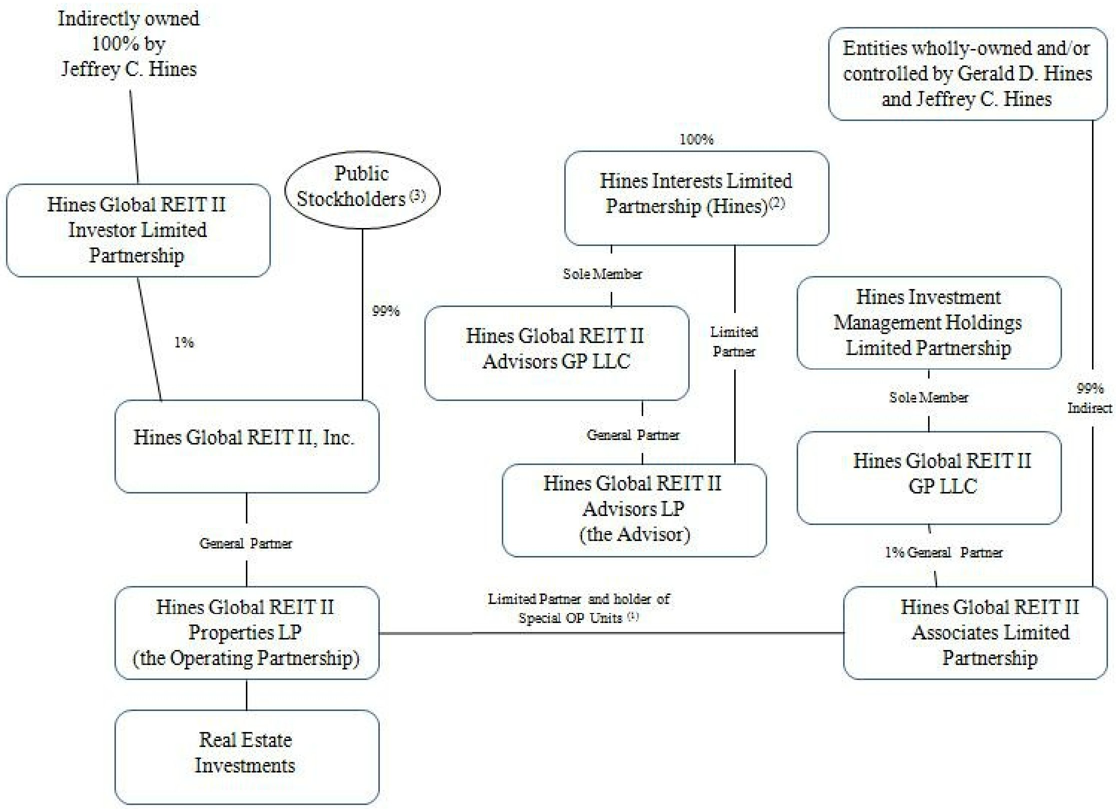
- the party seeking advancement provides us with written affirmation of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification according to our charter; and
- the party seeking advancement provides us with written affirmation of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification and undertakes to repay the advanced funds to us, together with the applicable legal rate of interest thereon, in cases in which such party is found not to be entitled to indemnification. The Operating Partnership has agreed to indemnify and hold harmless our Advisor and Hines and their affiliates performing services for us from specific claims and liabilities arising out of the performance of their obligations under our Advisory Agreement and any Property Management and Leasing Agreement, subject to the limitations contained in such agreements. Please see "Management—Our Advisor and Our Advisory Agreement—Indemnification" and the "Management—Hines and Our Property Management, Leasing and Other Services—The Hines Organization—Indemnification" sections below. The Operating Partnership must also indemnify Hines Global II and its directors, officers and employees in Hines Global II's capacity as its general partner. Please see "The Operating Partnership—Indemnity."

We executed indemnification agreements with our officers and directors. These agreements provide our officers and directors with a contractual right to indemnification to substantially the same extent they enjoy mandatory indemnification under our charter.

Our Advisor and Our Advisory Agreement

Our Structure

The following chart illustrates our general structure and relationship with Hines and its affiliates as of July 1, 2016:



(1) Please see "Management Compensation, Expense Reimbursements and Operating Partnership OP Units and Special OP Units" for a description of the payments we may make with respect to the Special OP Units held by Hines Global REIT II Associates Limited Partnership.

(2) Please see "Conflicts of Interest" for a description of the other direct participation programs sponsored and managed by Hines and its affiliates.

(3) Please see "Security Ownership of Certain Beneficial Owners and Management" for information concerning the number of shares of our common stock owned by our officers and directors as of July 1, 2016.

Our Advisor was formed in Texas on August 1, 2013 and is an affiliate of Hines. Its address is 2800 Post Oak Boulevard, Suite 5000, Houston, Texas 77056-6118. All of our day-to-day operations are managed and performed by our Advisor and its affiliates and our Advisor currently only serves as our advisor. Certain of our directors and executive officers are also managers and executive officers of the general partner of our Advisor. The following table sets forth information regarding the managers and executive officers of the general partner of our Advisor. With the exception of Mr. Apollo, the biography of each of these managers and executive officers is set forth above. Please see "Management—The Dealer Manager" for Mr. Apollo's biography.

Name	Age	Position and Office with the General Partner of our Advisor
Jeffrey C. Hines	61	Chairman of the Managers
C. Hastings Johnson	68	Manager
Charles M. Baughn	61	Manager
Sherri W. Schugart	50	President and Chief Executive Officer
Ryan T. Sims	45	Chief Financial Officer and Secretary
David L. Steinbach	39	Chief Investment Officer
Frank R. Apollo	49	Senior Managing Director—Finance
Kevin L. McMeans	51	Asset Management Officer
J. Shea Morgenroth	41	Chief Accounting Officer and Treasurer

Duties of Our Advisor

We do not have any employees. We have entered into an advisory agreement with our Advisor. Pursuant to this agreement, which was unanimously approved by our independent directors, we appointed our Advisor to manage, operate, direct and supervise our operations. In connection with managing our operations, our Advisor will face conflicts of interest. Please see "Risk Factors—Risks Related to Potential Conflicts of Interest." Therefore, our Advisor and its affiliates perform our day-to-day operational and administrative services. Our Advisor is subject to the supervision of our board of directors and will provide only the services that are delegated to it. Our independent directors are responsible for reviewing the performance of our Advisor and determining that the compensation to be paid to our Advisor is reasonable in relation to the nature and quality of services performed and that our investment objectives and the provisions of our Advisory Agreement are being carried out. The services for which our Advisor receives fees and reimbursements under our Advisory Agreement include, but are not limited to, the following:

Offering Services

- the development of this offering, including the determination of its specific terms;
- along with our Dealer Manager, the approval of the participating broker dealers and negotiation of the related selling agreements;
- preparation and approval of all marketing materials to be used by our Dealer Manager or others relating to this offering;
- coordination of the due diligence process relating to participating broker dealers and their review of any prospectuses and our other offering documents;
- creation and implementation of various technology and electronic communications related to this offering;
- along with our Dealer Manager, the negotiation and coordination with our transfer agent of the receipt, collection, processing and acceptance of subscription agreements, commissions, and other administrative support functions; and

- all other services related to this offering, whether performed and incurred by our Advisor or its affiliates, other than services related to the underwriting, marketing, distribution or sale of this offering

Acquisition Services

- serve as our investment and financial advisor and obtain certain market research and economic and statistical data in connection with our real estate investments and investment objectives and policies;
- subject to our investment objectives and policies: (i) locate, analyze and select potential investments; (ii) structure and negotiate the terms and conditions of real estate investments; and (iii) acquire real estate investments on our behalf;
- oversee the due diligence process;
- prepare reports regarding prospective investments which include recommendations and supporting documentation necessary for our board of directors to evaluate the proposed investments;
- obtain reports (which may be prepared by our Advisor or its affiliates), where appropriate, concerning the value of our contemplated investments; and
- negotiate and execute approved investments and other transactions.

Asset Management Services

- investigate, select, and, on our behalf, engage and conduct business with such persons as our Advisor deems necessary to the proper performance of its obligations under our Advisory Agreement, including but not limited to consultants, accountants, technical advisors, attorneys, brokers, underwriters, corporate fiduciaries, escrow agents, depositaries, custodians, agents for collection, insurers, insurance agents, developers, construction companies and any and all persons acting in any other capacity deemed by our Advisor necessary or desirable for the performance of any of the services under our Advisory Agreement;
- monitor applicable markets and obtain reports (which may be prepared by our Advisor or its affiliates) where appropriate, concerning the value of our investments;
- monitor and evaluate the performance of our investments, provide daily management services and perform and supervise the various management and operational functions related to our investments;
- coordinate with any property manager;
- coordinate and manage relationships between us and any joint venture partners; and
- provide financial and operational planning services and investment portfolio management functions.

Accounting and Other Administrative Services

- manage and perform the various administrative functions necessary for our day-to-day operations;
- from time-to-time, or at any time reasonably requested by the directors, make reports to the directors on our Advisor's performance of services to us under our Advisory Agreement;
- coordinate with our independent accountants and auditors to prepare and deliver to our audit committee an annual report covering our Advisor's compliance with certain aspects of our Advisory Agreement;
- provide or arrange for administrative services and items, legal and other services, office space, office furnishings, personnel and other overhead items necessary and incidental to our business and operations;
- provide financial and operational planning services and portfolio management functions;

- maintain accounting data and any other information concerning our activities as shall be required to prepare and to file all periodic financial reports and returns required to be filed with the Securities and Exchange Commission and any other regulatory agency, including annual financial statements;
- maintain all of our appropriate books and records;
- oversee tax and compliance services and risk management services and coordinate with appropriate third parties, including independent accountants and other consultants, on related tax matters;
- supervise the performance of such ministerial and administrative functions as may be necessary in connection with our daily operations;
- provide us with all necessary cash management services;
- manage and coordinate with the transfer agent the distribution process and payments to stockholders;
- consult with the officers and board of directors and assist in evaluating and obtaining adequate insurance coverage based upon risk management determinations;
- provide the officers and directors with timely updates related to the overall regulatory environment affecting us, as well as managing compliance with such matters, including but not limited to compliance with the Sarbanes-Oxley Act of 2002;
- consult with the officers and board of directors relating to the corporate governance structure and appropriate policies and procedures related thereto; and
- oversee all reporting, record keeping, internal controls and similar matters in a manner to allow us to comply with applicable law including the Sarbanes-Oxley Act.

Stockholder Services

- manage communications with our stockholders, including answering phone calls, preparing and sending written and electronic reports and other communications; and
- establish technology infrastructure to assist in providing stockholder support and service.

Financing Services

- identify and evaluate potential financing and refinancing sources, engaging a third-party broker if necessary;
- negotiate terms, arrange and execute financing agreements;
- manage relationships between us and our lenders; and
- monitor and oversee the service of our debt facilities and other financings.

Disposition Services

- consult with the board of directors and provide assistance with the evaluation and approval of potential asset dispositions, sales or Liquidity Events; and
- structure and negotiate the terms and conditions of transactions pursuant to which real estate investments may be sold.

Term of Our Advisory Agreement

Our Advisory Agreement has a term of one year. The current term of our Advisory Agreement will end on December 31, 2016 and our Advisory Agreement may be renewed for an unlimited number of successive one-year periods upon the mutual consent of the parties.

Renewals of the agreement must be approved by a majority of our independent directors. Additionally, our Advisory Agreement may be terminated:

- immediately by us (i) in the event our Advisor commits fraud, criminal conduct, willful misconduct or negligently breaches its fiduciary duty to us, (ii) upon the bankruptcy of our Advisor or its involvement in similar insolvency proceedings or (iii) in the event of a material breach of our Advisory Agreement by our Advisor, which remains uncured after 10 days' written notice;
- without cause or penalty by a majority of our independent directors or by our Advisor upon 60 days' written notice; or
- immediately by our Advisor upon our bankruptcy or involvement in similar insolvency proceedings or any material breach of our Advisory Agreement by us, which remains uncured after 10 days' written notice.

For more information regarding a decision by our board of directors to terminate (or elect not to renew) our Advisory Agreement, please see "Management—Our Advisor and Our Advisory Agreement—Removal of our Advisor," "The Operating Partnership—Repurchase of Special OP Units or other OP Units held by Hines and its Affiliates Under Certain Circumstances" and "Risk Factors—Risks Related to Organizational Structure—Hines' ability to cause the Operating Partnership to purchase the Special OP Units and any other OP Units that it and its affiliates hold in connection with the termination of our Advisory Agreement may deter us from terminating our Advisory Agreement." In the event that a new advisor is retained, our Advisor will cooperate with us and our board of directors in effecting an orderly transition of our Advisory functions. The board of directors (including a majority of our independent directors) will approve a successor advisor only upon a determination that the new advisor possesses sufficient qualifications to perform our Advisory functions for us and that the compensation to be received by the new advisor pursuant to the new advisory agreement is justified. Our Advisory Agreement also provides that in the event our Advisory Agreement is terminated, we will promptly change our name and cease doing business under or using the name "Hines" (or any derivative thereof), upon the written request of Hines.

Compensation

Our Advisor and its affiliates receive certain compensation and are reimbursed for certain expenses and receive certain other payments in connection with services provided to us. The compensation, expense reimbursements and other payments payable to our Advisor and its affiliates may increase or decrease during or after this offering. Please see "Management Compensation, Expense Reimbursements and Operating Partnership OP Units and Special OP Units" for a description of these matters. In the event our Advisory Agreement is terminated, our Advisor will be paid all earned, accrued and unpaid compensation and expense reimbursements within 30 days. Please see "Management—Our Advisor and Our Advisory Agreement—Removal of our Advisor" and "The Operating Partnership—Repurchase of Special OP Units or other OP Units held by Hines and its Affiliates Under Certain Circumstances" for information regarding additional payments we may be required to make to our Advisor and other affiliates of Hines in connection with the termination or non-renewal of our Advisory Agreement and in certain other events.

We reimburse our Advisor or its affiliates for all of the costs it incurs in connection with the services it provides to us, including, but not limited to:

- cumulative issuer costs in connection with our organization and our public offerings in an amount equal to up to 2.5% of gross offering proceeds from our public offerings, including expenses of our organization, actual legal, accounting, bona fide out-of-pocket itemized due diligence expenses, printing, filing fees, transfer agent costs, postage, escrow fees, data processing fees, advertising and sales literature and other offering related expenses;

- acquisition expenses incurred in connection with the selection and acquisition of assets, including such expenses incurred related to assets pursued or considered but not ultimately acquired by us;
- expenses incurred in connection with our obtaining debt financings;
- the actual out-of-pocket cost of goods and services used by us and obtained from entities not affiliated with our Advisor, including brokerage fees paid in connection with the purchase and sale of our assets;
- taxes and assessments on income or assets and taxes as an expense of doing business and any other taxes otherwise imposed on us and our business or income;
- out-of-pocket costs associated with insurance required in connection with our business or by our officers and directors;
- all out-of-pocket expenses in connection with payments to our board of directors and meetings of our board of directors and stockholders;
- personnel and related employment direct costs and overhead of our Advisor and its affiliates in performing stockholder services for existing stockholders such as (i) managing communications with stockholders, including answering phone calls, preparing and sending written and electronic reports and other communications, and (ii) establishing reasonable technology infrastructure to assist in providing stockholder support and service;
- out-of-pocket expenses of maintaining communications with stockholders, including the cost of preparation, printing, and mailing annual reports and other stockholder reports, proxy statements and other reports required by governmental entities;
- third-party audit, accounting and legal fees, tax services, fees related to compliance with the Sarbanes-Oxley Act of 2002 and other fees for professional services relating to our operations and all such fees incurred at the request of, or on behalf of, our independent directors or any committee of our board of directors;
- personnel and related employment direct costs and overhead of our Advisor and affiliates in connection with the performance of the following services with respect to our non-U.S. investments: (i) services that would typically be provided by a property manager in the United States; (ii) additional services necessary to meet U.S. accounting and reporting requirements; and (iii) services with respect to managing any non-U.S. entity implemented as part of a tax structure for owning a non-U.S. investment;
- personnel and related employment direct costs and overhead of our Advisor and its affiliates in connection with providing professional services for us in-house, including legal services, tax services, internal audit services, technology related services and services in connection with compliance with Sarbanes-Oxley Act of 2002;
- out-of-pocket costs incurred by us in complying with all applicable laws, regulation and ordinances;
- expenses incurred in connection with disposition services; and
- all other out-of-pocket costs necessary for our operation and the assets incurred by our Advisor in performing its duties under our Advisory Agreement.

Except as provided above, the expenses and payments we are required to reimburse our Advisor do not include personnel and related direct employment or overhead costs of our Advisor or its affiliates, unless such costs are approved by a majority of our independent directors. If (i) we request that our Advisor perform services that are outside of the scope of our Advisory Agreement or (ii) there are changes to the regulatory environment in which our Advisor or company operates that would increase significantly the level of services performed by our Advisor, such that the costs and expenses borne by our Advisor for which it is not entitled to separate reimbursement for personnel and related employment direct costs and overhead under our Advisory Agreement would increase significantly, such services will be separately compensated at rates and in amounts as are agreed to by our Advisor and our independent directors, subject to the limitations contained in our charter.

Reimbursements by our Advisor

Our Advisor must reimburse us quarterly for any amounts by which Operating Expenses (as defined below) exceed, in any four consecutive fiscal quarters, the greater of (i) 2% of our average invested assets, which generally consists of the average book value of our real estate properties, both equity interests in and loans secured by real estate, before reserves for depreciation or bad debts or other similar non-cash reserves, or (ii) 25% of our net income, which is defined as our total revenues applicable to any given period, less the expenses applicable to such period (excluding additions to depreciation, bad debt or similar non-cash reserves), unless our independent directors determine that such excess was justified (the "2%25% Limitation"). Operating Expenses is defined as generally including all expenses paid or incurred by us as determined by GAAP, except certain expenses identified in our charter which include:

- expenses of raising capital such as organization and offering costs, legal, audit, accounting, tax services, costs related to compliance with Sarbanes Oxley Act of 2002, underwriting, brokerage, listing, registration and other fees, printing and other such expenses and taxes incurred in connection with the issuance, distribution, transfer, registration and stock exchange listing of our shares;
- interest payments, taxes and non-cash expenditures such as depreciation, amortization and bad debt reserves;
- incentive fees;
- distributions made with respect to interests in the Operating Partnership; and
- all fees and expenses associated or paid in connection with acquisitions, transfers, dispositions, and the management and ownership of assets (such as real estate commissions, disposition fees (other than disposition fees payable in connection with the sale of assets other than real properties), acquisition and debt financing fees and expenses, costs of foreclosure, insurance premiums, legal services, maintenance, repair or improvement of property, etc.).

Our independent directors have the fiduciary responsibility of limiting Operating Expenses to amounts that do not exceed the limits described above, and our Advisor must reimburse the excess expenses to us within 60 days after the end of each fiscal quarter unless the independent directors determine that the excess expenses were justified based on unusual and nonrecurring factors which they deem sufficient. Within 60 days after the end of any of our fiscal quarters for which total operating expenses for the 12 months then ended exceed the limitation but were nevertheless paid, we will send to our stockholders a written disclosure, together with an explanation of the factors the independent directors considered in arriving at the conclusion that the excess expenses were justified. Any such findings and the reasons in support thereof will be reflected in the minutes of the meetings of our board of directors.

For the four fiscal quarters ended September 30, 2015, our total operating expenses exceeded the 2%/25% Limitation. Based upon a review of unusual and non-recurring factors, including but not limited to our being in the early stages of raising and deploying capital, the limited number of assets acquired to date and the timing of those acquisitions, a majority of our independent directors determined that the excess expenses were justified and thus reimbursable to our Advisor. For the four fiscal quarters ended December 31, 2015, our total operating expenses did not exceed the 2%/25% Limitation.

Our independent directors must review from time to time but at least annually the performance of, and compensation paid to, our Advisor. Please see "Management—Our Board of Directors" for factors that the independent directors must consider in connection with this review.

Our Advisor has the right to assign our Advisory Agreement to an affiliate of Hines subject to approval by our independent directors. We cannot assign our Advisory Agreement without the consent of our Advisor.

Payment of a Portion of the Dealer Manager Fees

With respect to Class A Shares and Class T Shares sold in the primary offering on and after August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds. Prior to that date, all dealer manager fees were paid by us from gross offering proceeds. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees.

Indemnification

The Operating Partnership has agreed to indemnify and hold harmless our Advisor and its affiliates, including their respective officers, directors, partners and employees, from all liability, claims, damages or losses arising in the performance of their duties hereunder, and related expenses, including reasonable attorneys' fees, to the extent such liability, claim, damage or loss and related expense is not fully reimbursed by insurance, subject to any limitations imposed by the laws of the State of Texas or contained in our charter or the partnership agreement of the Operating Partnership, provided that: (i) our Advisor and its affiliates have determined that the cause of conduct which caused the loss or liability was in our best interests, (ii) our Advisor and its affiliates were acting on behalf of or performing services for us, and (iii) the indemnified claim was not the result of negligence, misconduct, or fraud of our Advisor or resulted from a breach of the agreement by our Advisor.

Any indemnification made to our Advisor may be made only out of our net assets and not from our stockholders. Our Advisor will indemnify and hold us harmless from contract or other liability, claims, damages, taxes or losses and related expenses, including attorneys' fees, to the extent that such liability, claim, damage, tax or loss and related expense is not fully reimbursed by insurance and is incurred by reason of our Advisor's bad faith, fraud, willful misconduct or reckless disregard of its duties, but our Advisor shall not be held responsible for any action of our board of directors in following or declining to follow any advice or recommendation given by our Advisor.

Removal of our Advisor

Following the occurrence of: (i) a listing of our shares on a national securities exchange, (ii) a merger, consolidation or sale of substantially all of our assets or any similar transaction, a purchase, tender or exchange offer that results in the tender or exchange of more than 50% of our outstanding common shares, or any transaction pursuant to which a majority of our directors then in office are replaced or removed, or (iii) the termination or nonrenewal of our Advisory Agreement other than by our Advisor, the Operating Partnership may be required to repurchase all or a portion of the Special OP Units and any other OP Units then owned by Hines or any entity affiliated with Hines. If any such event occurs, at the election of the holder, the holder may retain the Special OP Units after receiving a distribution with respect to the event, convert the Special OP Units into OP Units and, hold such OP Units or require us to repurchase such OP Units and any other OP Units held by Hines or its affiliates. If the holder elects to have us immediately repurchase the OP Units, then the holder generally will have the option to receive cash or our shares as consideration, except that, with respect to (iii) above, any payment upon repurchase shall be made in the form of our shares or a non-interest bearing promissory note and not cash. If payment is made in the form of a non-interest bearing promissory note, such promissory note shall be payable in 12 equal quarterly installments, provided, however, that no payment will be made in any quarter in which such payment would impair our capital or jeopardize our REIT status, in which case any such payment or payments will be delayed until the next quarter in which payment would not impair our capital or jeopardize our REIT status. The purchase price for any such repurchase will depend on the triggering event. If the triggering event is a listing of our shares on a national securities exchange, the purchase price will be based on the average share price of our shares for a specified period. In the case of a merger, consolidation or sale of substantially all of our assets or any similar transaction or a purchase, tender or exchange offer as described above, the purchase price will be based on the value of the consideration received or to be received by us or our stockholders and the implied value of our assets and liabilities as a result of the event. If pursuant to a transaction in which a majority of our directors then in office are replaced or removed or, in the event, we or the Operating Partnership terminate or do not renew our Advisory Agreement, then the purchase price will be based on the net asset value of the Operating Partnership assets as determined by an independent valuation. Notwithstanding the above, the Special OP Units will not be converted into OP Units and no distributions will be paid with respect to the Special OP Units unless and until our stockholders have received (or are deemed to have received in the cases described above where there is no liquidation or sale of our assets or similar transaction), in the aggregate, cumulative distributions equal to 100% of their invested capital plus an 6.0% cumulative, non-compounded annual pre-tax return on such invested capital. Please see "Risk Factors—Risks Related to Organizational Structure—The repurchase of interests in the Operating Partnership held by Hines and its affiliates (including the Special OP Units and other OP Units) as required in our Advisory Agreement may discourage a takeover attempt" and "Risk Factors—Risks Related to Organizational Structure—Hines' ability to cause the Operating Partnership to purchase the Special OP Units and any other OP Units that it or its affiliates hold in connection with the termination of our Advisory Agreement may deter us from terminating our Advisory Agreement."

Hines and Our Property Management, Leasing and Other Services

We expect that Hines or an affiliate of Hines will manage many of the properties we acquire in the future.

The Hines Organization

General

Hines is a fully integrated real estate investment and management firm which, with its predecessor, has been investing in real estate assets and providing acquisition, development, financing, property management, leasing or disposition services for over 55 years. The predecessor to Hines was founded by Gerald D. Hines in 1957 and Hines is currently owned by Gerald D. Hines and his son Jeffrey C. Hines. Hines' investment partners have primarily consisted of large domestic and foreign institutional investors and high net worth individuals. Hines has worked with notable architects such as Philip Johnson; Cesar Pelli; I. M. Pei; Skidmore, Owings and Merrill and Frank Gehry, in the history of its operations. Please see the "Hines History, Experience and Timeline" included as Appendix E for additional information about the history of Hines.

Hines is headquartered in Houston and currently has regional offices located in New York, Chicago, Atlanta, Houston, San Francisco, London, Mexico City, São Paulo, and Beijing. Each regional office operates as an independent business unit headed by an executive vice president who manages the day-to-day business of such region and participates in its financial results. They are part of Hines' Executive Leadership, which directs the strategy and management of Hines. All 15 employees who are part of Hines' Executive Leadership have individual tenures of between 19 and 59 years, with an average tenure within the organization of 34 years as of December 31, 2015.

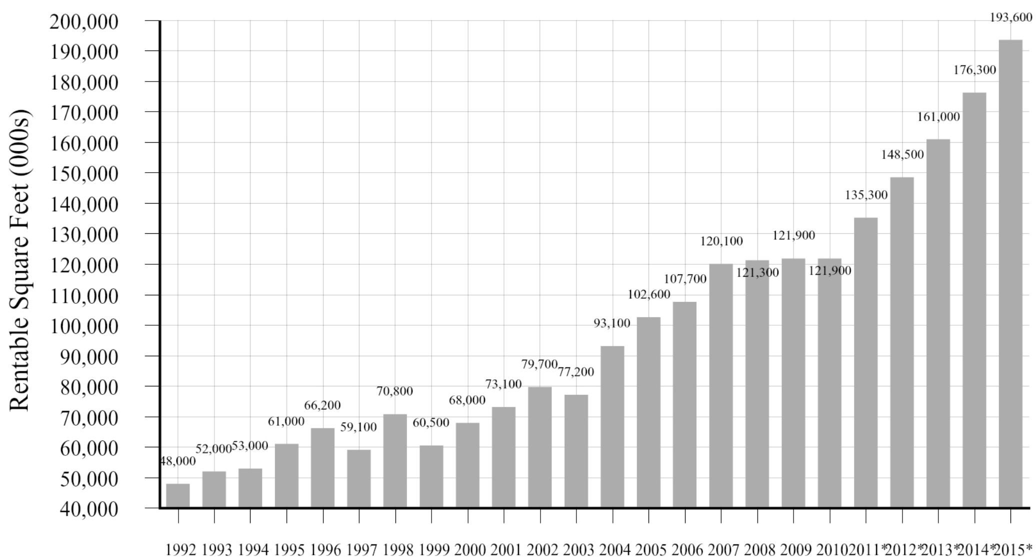
Hines' central resources are located in Houston and these resources support the acquisition, development, financing, property management, leasing and disposition activities of all of the Hines regional offices. Hines' central resources include employees with experience in capital markets and finance, accounting and audit, marketing, human resources, risk management, property management, leasing, asset management, project design and construction, operations and engineering. These resource groups are an important control point for maintaining performance standards and operating consistency for the entire firm. Please see "Risk Factors—Risks Related to Our Business in General—Our success will be dependent on the performance of Hines as well as key employees of Hines. Certain other investment vehicles sponsored by Hines have experienced adverse developments in recent years and there is a risk that we may experience similar adverse developments."

From inception through December 31, 2015, Hines, its predecessor and their respective affiliates have acquired, developed or have in the development process 1,235 real estate projects representing more than 409 million square feet. Hines' property/asset management portfolio includes 457 properties with more than 193 million square feet. These projects consisted of a variety of asset types including: office properties, industrial properties, retail and residential properties, hospitality and a variety of other properties. In connection with these projects, Hines has employed many real estate investment strategies, including acquisitions, development, redevelopment and repositioning in the United States and internationally.

As of December 31, 2015, Hines had $89.1 billion in assets under management, which includes $42.5 billion in assets that Hines manages as a fiduciary and $46.6 billion for which Hines provides third-party property management services. This portfolio represents assets owned by Hines, its affiliates and numerous third-party investors, including pension plans, domestic and foreign institutional investors, high net worth individuals and retail investors as well as assets Hines serves in an investment management role as a fiduciary, regardless of equity participation.

The following table sets forth the history of the number of square feet under Hines' management:

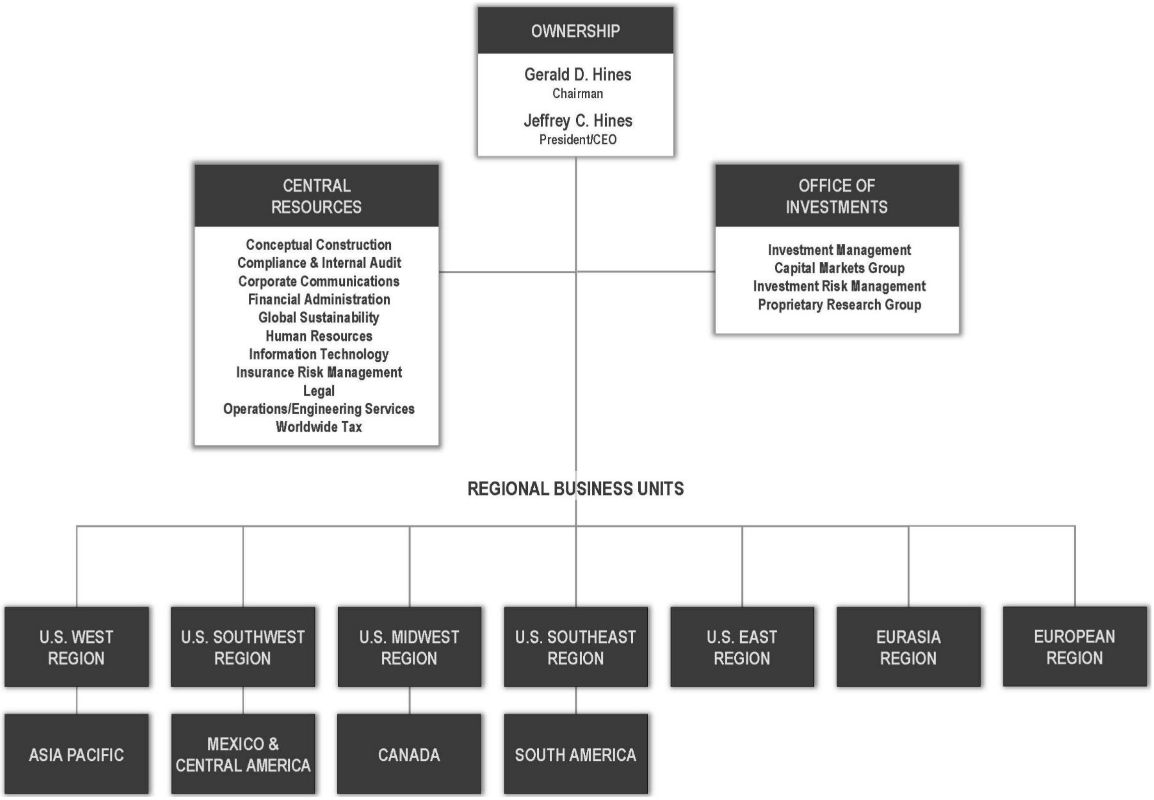
Commercial Real Estate Managed by Hines and its Affiliates



* As of December 31, 2011, calculations include Hines (operating) asset managed properties.

Hines also has extensive experience in disposition services. During the 10 years ended December 31, 2015, Hines sponsored 23 privately-offered programs in which Hines co-invested with various third-party institutional and other third-party investors, two other publicly-offered real estate investment programs, Hines REIT and Hines Global I, and one publicly-offered business development company, HMS. During this period, these funds disposed of 144 investments. The aggregate sales price of such underlying properties was approximately $16.3 billion and the aggregate original cost was approximately $12.0 billion. 85 of these properties were located outside of the United States, which had an aggregate sales price of approximately $7.5 billion and an aggregate cost of approximately $5.6 billion.

The following chart sets forth the Hines organizational structure in each region, the international offices and the central office as of December 31, 2015:



The following is information about the executive officers of the general partner of Hines most of which are members of its Executive Leadership:

Name	Age	Number of Years with Hines	Position
Gerald D. Hines	90	59	Chairman of the Board
Jeffrey C. Hines	61	34	President and Chief Executive Officer
C. Hastings Johnson	68	38	Vice Chairman and Chief Investment Officer
Charles M. Baughn	61	31	Senior Managing Director and Chief Financial Officer
James C. Buie, Jr.	64	35	Senior Managing Director and CEO—West Region, Asia Pacific and Australia
Christopher D. Hughes	54	29	Senior Managing Director and CEO—Capital Markets Group and East Region
Lee Timmins	54	28	Senior Managing Director and CEO—Eurasia Region
Sherri W. Schugart	50	20	Senior Managing Director and CEO—Core Fund, REIT and BDC Group
C. Kevin Shannahan	60	33	Senior Managing Director and CEO—Midwest & Southeast Regions, Canada and South America
Mark A. Cover	56	32	Senior Managing Director and CEO—Southwest Region and Mexico/Central America
Lars Huber	45	19	Senior Managing Director—Capital Markets Group and Co-CEO—Hines Europe and Middle East/North Africa
Michael J.G. Topham	68	40	Senior Managing Director and Co-CEO—Hines Europe and Middle East/North Africa
Colin P. Shepherd	57	33	Senior Managing Director and CEO—Investment Management
Jerrold P. Lea	62	35	Executive Vice President, Conceptual Construction
Thomas D. Owens	64	43	Senior Managing Director and Chief Risk Officer

Jeffrey C. Hines and Charles M. Baughn are on our board of directors. Sherri W. Schugart is our Chief Executive Officer. Their biographies are included above with the rest of our management.

Gerald D. Hines. Mr. Hines is the co-owner and Chairman of the Board of the general partner of Hines, and is responsible for directing all firm policy and procedures as well as participating in major new business ventures and cultivating new and existing investor relations. He is also Chairman of Hines's Executive Committee. He oversees a portfolio of $89.1 billion in assets under management, which includes $42.5 billion in assets that Hines manages as a fiduciary and $46.6 billion for which Hines provides third-party property management services, and has expanded the scope of Hines by moving into foreign markets in 1991, introducing new product lines, initiating acquisition programs and developing major new sources of equity and debt financings. He graduated from Purdue University with a B.S. in Mechanical Engineering and received an Honorary Doctorate of Engineering from Purdue. Mr. Hines is the father of Jeffrey C. Hines.

C. Hastings Johnson. Mr. Johnson joined Hines in 1978. Mr. Johnson serves as a member of the managers of the general partner of our Advisor. Mr. Johnson also serves as a member of the board of directors of Hines Global I and as a member of the managers of the general partner of the advisor to Hines Global I. Mr. Johnson has also served as a member of the board of directors of Hines REIT from August 2003 to December 2013, a manager of the general partner of the advisor to Hines REIT, and a member of the management board of the Core Fund since August 2003. In addition, he has served as Vice Chairman of the general partner of Hines since January 2008 and as Chief Investment Officer of the general partner of Hines since 2012, where he is responsible for investments and chairs Hines' Strategy Committee. Previously, he served as Chief Financial Officer of the general partner of Hines from 1992 through 2012. In this role, he was responsible for the financial policies, equity financing and the joint venture relationships of Hines in the U.S. and internationally. He is also a member of Hines' Executive Committee and currently oversees a portfolio of $89.1 billion in assets under management, which includes $42.5 billion in assets that Hines manages as a fiduciary and $46.6 billion for which Hines provides third-party property management services. Prior to becoming Chief Financial Officer of the general partner of Hines, he led the development or redevelopment of numerous projects and initiated the Hines' domestic and international acquisition program. Mr. Johnson graduated from the Georgia Institute of Technology with a B.S. in Industrial Engineering and received his M.B.A. from the Harvard Business School.

James C. Buie, Jr. Mr. Buie is the Senior Managing Director and CEO of the West region of the United States and Hines Asia Pacific and Australia. He is responsible for all development and operations in these regions, representing a cumulative total of more than 70 million square feet of real estate. He is also a member of Hines' Executive Committee. He graduated from the University of Virginia with a B.A. in Economics and received his M.B.A. from Stanford University.

Christopher D. Hughes. Mr. Hughes is the Senior Managing Director and CEO of the Capital Markets Group and East region of the United States. He oversees all institutional capital raising activities and is responsible for all development and operations in the East region. He is also a member of Hines' Executive Committee. Mr. Hughes was a development officer in the Washington, DC office, where he contributed to the development and acquisition of real estate. He graduated from Southern Methodist University with a B.A. in History. Mr. Hughes also holds Series 22 and 63 Securities Registered Representative Licenses from FINRA.

Lee Timmins. Mr. Timmins is the country manager for Hines' Russian operations and is the Senior Managing Director and CEO of Hines Eurasia. He is also a member of Hines' Executive Committee. Mr. Timmins has been responsible for the development, acquisition and management of more than 3,540,040 square feet of office, warehouse and mixed-use projects. In recent years, Mr. Timmins has been instrumental in establishing development and acquisition funds including the Hines Russia & Poland Fund and the HC Russia Long Term Hold Fund. Mr. Timmins received a Bachelor of Business Administration from the University of Texas at Austin, and a Master of Business Administration from the Cox School of Business, Southern Methodist University.

C. Kevin Shannahan. Mr. Shannahan is the Senior Managing Director and CEO of the Midwest and Southeast regions of the United States, Canada and Hines South America. He is responsible for all development and operations in these regions as well as new activities throughout South America and Canada (excluding Vancouver), representing a cumulative total of more than 70 million square feet of real estate and more than 5,000 acres of land development. He is also a member of Hines' Executive Committee. He graduated from Cornell University with a B.S. in Mechanical Engineering and received his M.B.A. from the Harvard Business School.

Mark A. Cover. Mr. Cover is the Senior Managing Director and CEO of the Southwest region and Hines Mexico/Central America. He is responsible for all development and operations in the Southwest region of the United States and Mexico representing a total of more than 20 million square feet of real estate. He is also a member of Hines' Executive Committee. He graduated from Bob Jones University with a B.S. in Accounting and is a certified public accountant (retired).

Lars Huber. Mr. Huber serves as Co-CEO for Hines' Europe and Middle East/North Africa region and also as Senior Managing Director in the Capital Markets Group. He is a member of the Capital Markets Committee. He oversees the European and Asian Capital Markets team and is involved with key investor relationships, structuring commingled funds, joint ventures and capital raising globally. As Co-CEO of the Europe and Middle East/North Africa region, he is responsible for all development activity, acquisitions and operations in the region. Previously, he served as fund manager in the London-based European headquarters and as development officer in Germany specializing in development and acquisitions of real estate. Huber graduated from the European Business School in Frankfurt.

Michael J.G. Topham. Mr. Topham is the Senior Managing Director and CEO of Hines' Europe and Middle East/North Africa region. He is responsible for all development, acquisitions, operations and real estate services in Europe and the Middle East, including Hines' offices in six countries. He is also a member of Hines' Executive Committee. He was responsible for the establishment and management of Hines' U.S. Midwest Region in 1985 and the development, acquisition and operations of approximately 15 million square feet of real estate in the United States before relocating to London in 1993. Between 1977 and 1984, he was also responsible as project officer of major buildings in Houston, Denver, and Minneapolis. He graduated from Exeter University with a B.A. in Economics and received his M.B.A. from the University of California at Berkeley.

Colin P. Shepherd. Mr. Shepherd is the Senior Managing Director and CEO of the Investment Management group. Mr. Shepherd joined Hines in 1982. Mr. Shepherd has served on the board of directors for Hines Global I since August 2012 and is currently Chairman of Hines' Investments and Performance Committee. He is a member of Hines' Executive Committee and investment committees. He served as a Senior Vice President of Hines from June 1994 to April 2012, where he had contributed to the development, acquisitions, operations, and transactions of more than 21 million square feet of commercial real estate in Los Angeles, Seattle, Salt Lake City, Orange County, San Diego, and Houston. He graduated from Massachusetts Institution of Technology with a B.S. in Civil Engineering and received his M.S. in Management from Massachusetts Institute of Technology.

Jerrold P. Lea. Mr. Lea is Executive Vice President, Conceptual Construction. He is a member of the firm's Risk, Sustainability & Corporate Citizenship Committee. He is responsible for all preconstruction activities including budgeting, design, contractor and consultant contract negotiations, and materials purchase for Hines' domestic and international projects. Mr. Lea has been responsible for consultant selection and contract negotiations, budgeting, scheduling, management of consultants' designs, and contractor and subcontractor bidding and negotiations for office buildings, retail complexes, hotels, sports facilities, clean rooms, performing arts theaters and museums. Lea graduated from The University of Texas with a BS in Architectural Engineering.

Thomas D. Owens. Mr. Owens is Senior Managing Director and Chief Risk Officer for Hines' investments worldwide. He joined Hines in 1973. Mr. Owens serves as a member of the investment committee of all Hines funds as well as the Hines Investment Committee for company projects and joint ventures. He is a member of Hines' Executive Committee. He has been directly responsible for the development of more than 7 million square feet of office and retail space and has been a member of the Allocation Committee since 2002. Mr. Owens was Fund Manager for the Hines Suburban Office Venture, L.L.C., Hines 1999 U.S. Office Development Fund, L.P., Hines 1997 U.S. Office Development Fund, L.P. and HMS Office, L.P., all of which have been monetized. In addition to fund management, he has extensive experience in construction and project management, asset and portfolio management, and project acquisition/disposition. He graduated from Texas A & M University with a B.S. in Building Construction and received his M.B.A. from the University of Texas at Austin.

Hines' Real Estate Personnel and Structure

Hines is one of the largest and most experienced privately owned real estate investment, acquisition, development and management companies in the world. As of December 31, 2015, Hines has a presence in 20 countries and 182 cities around the world and relationships with many of the world's largest financial institutions, as shown in the map below.

Hines believes that it has mitigated many of the risks inherent in real estate investments by hiring, training and retaining what it believes to be highly qualified management personnel and by rewarding these employees with performance-based compensation. Hines believes that the stability of its organization and its ability to retain its employees is demonstrated by the longevity of their tenure at Hines, as shown in the table below. Hines maintains what it believes are high performance and professional standards and rewards its personnel for their achievements. Typically, incentive compensation is provided to senior officers, as well as other key employees, in the form of profit sharing programs tied to Hines' profitability related to each project, investment fund, geographic area, or the firm as a whole. In addition, for assets or groups of assets within the scope of their responsibilities, Hines' senior officers typically hold equity investments (by way of participation in the interests held by Hines and its affiliates) in properties acquired or developed by Hines, its affiliates and investment partners. Hines believes this performance-based compensation provides better alignment of interests between Hines' employees, Hines and its investors, while providing Hines' employees with long-term incentives. However, there is no guarantee that Hines will be able to retain these employees in the future. The loss of a number of key employees could adversely impact our performance. Please see "Risk Factors—Risks Related to Our Business in General—Our success will be dependent on the performance of Hines as well as key employees of Hines. Certain other investment vehicles sponsored by Hines have experienced adverse developments in recent years and there is a risk that we may experience similar adverse developments."

Title	As of December 31, 2015(1) Number of Employees	Average Tenure (Years)
Executive Leadership	15	34
Senior Managing Director/SVP	71	23
Managing Director/VP	190	15
TOTAL	276	18

(1) All 15 employees who are part of Hines' Executive Leadership have individual tenures of between 19 and 59 years, with an average tenure within the organization of 34 years as of December 31, 2015.

Hines has employed a decentralized structure and built an international organization with professionals located in major office markets because it believes that knowledge of local market economics and demographic conditions is essential to the success of any real estate asset. Having real estate professionals living and working in most major markets where Hines invests allows Hines to monitor current local conditions and transactions and build relationships with local tenants, brokers and real estate owners. Hines believes that this decentralized structure allows them to better identify potential investment opportunities, perform more effective research of local markets and manage, lease and operate each real estate asset. However, Hines' decentralized structure may or may not have a positive impact on our performance.

Hines' Leasing and Property Management

Hines and its affiliates have extensive experience in providing responsive and professional property management and leasing services. Property management and leasing services provided by Hines include the following:

- Tenant relations;
- Energy management;
- Preventive maintenance;
- Security;
- Vendor contracting;
- Parking management;
- Marketing plans;
- Broker relations;
- Tenant prospecting; and
- Lease negotiation.

Hines believes that providing these services in a high-quality and professional manner is integral to tenant satisfaction and retention.

Hines has been repeatedly recognized as an industry leader in property management and leasing. Hines joined ENERGY STAR® as a partner in 1999, and in 2001, 2002 and 2003, the U.S. Environmental Protection Agency, or EPA, named Hines as ENERGY STAR® Partner of the Year. An ENERGY STAR® label is a designation by the EPA for buildings that it believes show excellence in energy performance, reduced operating costs and environmental leadership. In 2004, Hines became the first commercial real estate company to receive the EPA's ENERGY STAR® Sustained Excellence Award. In each year from

2009 through 2015, the EPA honored Hines with the Sustained Excellence Award in recognition of the firm's continued leadership in superior energy management. As of December 31, 2015, Hines owned and/or managed 176 buildings with more than 75 million square feet, which have received an ENERGY STAR® label. Also as of December 31, 2015, Hines owned and/or managed 5 buildings, representing more than 3.1 million square feet, which have received the EPA's Designed to Earn the ENERGY STAR® designation. Hines has been actively involved in the development of the U.S. Green Building Council's LEED rating system, the nationally accepted benchmark for the design, construction and operation of high-performance buildings. As of December 31, 2015, Hines has 105 projects that have been certified or pre-certified under LEED's various programs. Together, these projects represent approximately 71 million square feet. Hines has received more than 119 awards for buildings it has owned and/or managed from the Building Owners and Managers Association including "Building of the Year," "New Construction of the Year," "Commercial Recycler of the Year" and "Renovated Building of the Year" in local, regional, national and international competitions. In November 2008, Hines REIT, which is sponsored by Hines, received the NAREIT Gold Leader in the Light Award for demonstrating superior and sustained energy practices. The National Association of Real Estate Investment Trusts, or NAREIT, gives the award in collaboration with ENERGY STAR®. NAREIT again honored Hines REIT with the NAREIT Bronze Leader in the Light Award in 2009 and the NAREIT Silver Leader in the Light Award in 2010 for its continuing demonstration of superior and sustained energy practices.

Hines was a founding member of the German Sustainable Building Council and is currently engaged in the creation of a Russia Green Building Council. Hines is also active in the BRE Environmental Assessment Method program in England and the Haute Qualité Environnementale program in France.

Additionally, Hines introduced Hines GREEN OFFICE (HinesGO), a voluntary, internal program created to measure and reward sustainability within all Hines offices worldwide. Hines employees lead the effort in setting the standard for a sustainable future by "walking the walk" in Hines' own offices. Hines recently expanded the HinesGO program by offering it to its more than 4,500 tenants worldwide.

Hines believes that real estate is essentially a local business and that it is often a competitive advantage for Hines to have real estate professionals living and working in the local markets in which Hines and its affiliates own properties. This allows Hines' real estate professionals to obtain local market knowledge and expertise and to maintain significant local relationships. As a result, Hines may have access to off-market acquisitions involving properties that are not yet being generally marketed for sale, which can alleviate competitive bidding and potentially higher costs for properties in certain cases. In addition, in part, as a result of Hines' strong local presence in the markets it serves and its corporate culture, we believe Hines has a strong track record in attracting and retaining tenants.

Hines believes that tenant retention is a critical component of profitable building operations and results in lower volatility. Tenant loss can reduce operating income by decreasing rental revenue and operating expense recoveries and by exposing the property to market-driven rental concessions that may be required to attract replacement tenants. In addition, a property with high tenant turn-over may incur costs of leasing brokerage commissions and construction costs of tenant improvements required by new occupants of the vacant space.

Hines attempts to manage tenant occupancy proactively by anticipating and meeting tenant needs. In addition, Hines attempts to maintain productive relationships with leasing brokers in most major markets in the U.S. and as of December 31, 2015, maintains ongoing direct relationships with more than 4,500 tenants as the manager of buildings for its own account and as a third-party manager. Hines also has a substantial number of relationships with corporate and financial users of office space as well as with law firms, accounting and consulting firms in multiple locations throughout the United States and, increasingly, in a range of global locations.

Property Management and Leasing Agreements

We expect to retain Hines or Hines affiliates to provide property management and leasing services for many of the properties we acquire directly or indirectly through entities or joint ventures, and to enter into property management and leasing agreements in connection with these activities.

Hines may subcontract part or all of the required property management and leasing services but would be expected to remain ultimately responsible for services set forth in any property management and leasing agreement. Hines may form additional property management companies as necessary to manage the properties we acquire and may approve of the change of management of a property from one manager to another. Also, we may retain a third-party to perform property management and leasing functions.

Many of the services that may be performed by Hines as property manager are summarized below. This summary is provided to illustrate the material functions that Hines may perform for us as our property manager, and it is not intended to include all of the services that may be provided to us by Hines or by third parties. It is expected that under any property management and leasing agreement we enter into with Hines, Hines, either directly or indirectly by engaging an affiliate or a third party, may:

- manage, operate and maintain each premises in a manner normally associated with the management and operation of a quality building;
- prepare and submit to us a proposed operating budget, capital budget, marketing program and leasing guidelines for each property for the management, leasing, and operation of each property for the forthcoming calendar year;
- collect all rents and other charges;
- perform construction management services in connection with the construction of leasehold improvements or redevelopment;
- be primarily responsible for the leasing activities of each property or supervise any third party we retain directly to provide such leasing activities; and
- enter into various agreements with sub-contractors for the operational activities of each property.

The actual terms of any property management and leasing agreements may vary significantly from the terms described in this prospectus based on local customs, competitive and market conditions and other factors.

Compensation under any Property Management and Leasing Agreement with Hines or its Affiliates

For properties we acquire and own directly, we would expect to pay Hines (i) a property management fee equal to a market based percentage of the annual gross receipts received from the property or (ii) the amount of property management fees recoverable from tenants of the property under their leases. If we retain Hines as our primary leasing agent, we will pay Hines a leasing fee which is usual and customary for that type of property in that geographic area. Leasing fees are payable regardless of whether an outside broker was used in connection with the transaction. If the property manager provides construction management services for leasehold improvements, we may pay the property manager the amount payable by the tenant under its lease or, if payable by the landlord, direct costs incurred by the property manager for services provided by off-site employees. If the property manager provides re-development construction management services, the property manager will be paid customary redevelopment construction management fees in an amount that is usual and customary in the geographic area for that type of property. Property management fees and leasing fees for international acquisitions may differ from our domestic property management fees and leasing fees due to differences in international markets, but in all events the fees shall be paid in compliance with our charter and fees paid to Hines or its affiliates shall be approved by our independent directors.

We would also expect to generally reimburse Hines for its operating costs incurred in providing property management and leasing services. Included in this reimbursement of operating costs are the cost of personnel and overhead expenses related to such personnel to the extent the same relate to or support the performance of Hines's duties under any such management agreement. Examples of such support include risk management, regional and central accounting, cash and systems management, human resources and payroll, technology and internal audit.

Expected Term of any Property Management and Leasing Agreement

Any property management and leasing agreements we enter into with Hines is expected to have an initial term of ten years from the date of each such agreement. Thereafter, the term of each such agreement may continue from year to year unless written notice of termination is given. A majority of our independent directors must approve the continuance of the agreement.

It is expected that either Hines or we may terminate an agreement upon 30 days' prior written notice in the event that (i) we sell the property to a third-party that is unaffiliated with us in a bona fide transaction, (ii) the property is substantially destroyed or condemned, where such destruction cannot be restored within one year after the casualty, or (iii) an affiliate of Hines is no longer our advisor. In addition, we expect to be permitted to terminate the applicable property management and leasing agreement if Hines commits a material breach and such breach continues for a specified period after written notice from us.

Development Management

We expect to retain Hines or Hines affiliates to provide development management services for many of the development projects we undertake, if any, and to enter into development management agreements with Hines or its affiliates in connection with these activities.

The services to be performed by Hines or Hines affiliates in connection with our development projects include the management of all development-related activities including, but not limited to the following: program planning, budgeting, consultant selection, architectural and engineering design preparation and development, contract bidding and buy-out, construction management, marketing, leasing, project completion, and tenant relocation and occupancy.

We will pay Hines or its affiliates development fees that are usual and customary for comparable services rendered for similar projects in the geographic area where the services are provided as approved by our board of directors and if a majority of our independent directors determines that such development fees are fair and reasonable and on terms and conditions not less favorable than those available from unaffiliated third parties.

Indemnification

We expect to agree to indemnify, defend and hold harmless Hines and its officers, agents and employees from and against any and all causes of action, claims, losses, costs, expenses, liabilities, damages or injuries (including legal fees and disbursements) that such officers, agents and employees may directly or indirectly sustain, suffer or incur arising from or in connection with any property management and leasing agreement or the property, unless the same results from (i) the negligence or misconduct of such officer, agent or employee acting within the scope of their office, employment, or agency, or (ii) the breach of this agreement by Hines. We shall assume on behalf of such officer, agent and employee the defense of any action at law or in equity which may be brought against such officer, agent or employee based upon a claim for which indemnification is applicable.

There is no assurance that the terms outlined above will be contained in any property management and leasing agreements that we or the operating partnership enter into and terms may differ from agreement to agreement.

The Dealer Manager

Hines Securities, Inc., our Dealer Manager, was formed in June 2003. It is registered under applicable federal and state securities laws and is qualified to do business as a securities broker dealer throughout the United States. The Dealer Manager provides the marketing function for the distribution and sale of our common shares and for offerings by other Hines-sponsored investment vehicles. The Dealer Manager is a member firm of the Financial Industry Regulatory Authority.

The following table sets forth information with respect to the directors, officers and the key employees of our Dealer Manager:

Name	Age	Position and Office with our Dealer Manager
J. Mark Earley	53	Director and Chief Executive Officer
Sherri W. Schugart	50	Director
Colin P. Shepherd	57	Director
Frank R. Apollo	49	Director, Senior Managing Director, Treasurer and Secretary
Charles M. Baughn	61	Director
Dugan Fife	42	National Director of Distribution
Bill Lehew	59	Director of Strategic Accounts

Please see "Management—Our Officers and Directors" for the biographies of Mr. Baughn and Ms. Schugart and "Hines and Our Property Management, Leasing and Other Services—The Hines Organization—General" for the biography of Mr. Shepherd.

Frank R. Apollo. Mr. Apollo joined Hines in 1993 and is the Senior Managing Director—Finance of the general partner of our Advisor and the general partner of the advisor of Hines Global I and Hines REIT. Mr. Apollo also has served as Director and Senior Managing Director—Finance of the Dealer Manager since April 2008 and as Treasurer and Secretary of our Dealer Manager since August 2003. Mr. Apollo serves as Senior Managing Director—Finance; Treasurer and Secretary for us and the general partner of our Advisor, for Hines Global I and the general partner of the advisor to Hines Global I since December 2008, and for Hines REIT and the general partner of the advisor of Hines REIT since April 2008. From April 2008 through November 1, 2011, Mr. Apollo also served as the Senior Managing Director—Finance of the Core Fund. In these roles, he was responsible for overseeing portfolio financial management, debt financings, treasury and liquidity management and legal and corporate governance in the U.S. and internationally. He served as Chief Accounting Officer, Treasurer and Secretary for Hines REIT from August 2003 to April 2008 and Chief Accounting Officer of the Core Fund from July 2004 to April 2008. His responsibilities in these positions included accounting, financial reporting, legal and corporate governance in the U.S. and internationally. He has also served as a Vice President of the general partner of Hines since 1999. In addition to the positions Mr. Apollo currently holds at our Dealer Manager, Mr. Apollo also served as the Vice President of our Dealer Manager from August 2003 to April 2008, and, as a result of his positions at our Dealer Manager, is responsible for all financial operations of our Dealer Manager. Previously, Mr. Apollo also served as the Vice President and Corporate Controller responsible for the accounting and control functions for Hines' international operations, as the Vice President and Regional Controller for Hines' European Region and as the director of Hines' Internal Audit Department. Before joining Hines, Mr. Apollo was an audit manager with Arthur Andersen. He graduated from the University of Texas with a B.B.A. in Accounting, is a certified public accountant and holds Series 28 and 63 Securities Registered Representative Licenses from FINRA.

J. Mark Earley. Mr. Earley joined our Dealer Manager in September of 2003 and is the President and Chief Executive Officer and a director of our Dealer Manager. In his prior role as President - Retail Distribution, Mr. Earley was responsible for overseeing share distribution nationally for our Dealer Manager. Prior to joining our Dealer Manager, he was a Managing Director for Morgan Stanley from April

2002 to September 2003. In addition, he was responsible for seeking sales and revenue growth within a region of 65 branches and approximately 1,600 financial advisors. Prior to joining Morgan Stanley, Mr. Earley was the Western Regional Sales Manager for BlackRock Funds from January 2001 to March 2002. He graduated from Stephen F. Austin State University with a B.B.A. in General Business and holds a Texas Real Estate Brokers License and Series 7, 24 and 63 Securities Registered Representative Licenses from FINRA.

Dugan Fife. Mr. Fife joined our Dealer Manager in June of 2004 and is responsible for overseeing national distribution of our Dealer Manager. Prior to his promotion to National Director, he served as the Western Divisional Director and was a Regional Sales Director for our Dealer Manager covering the states of Michigan, Indiana and Kentucky. Before joining our Dealer Manager, Mr. Fife served as a Regional Vice President for Scudder/Deutsche Bank, with responsibility for wholesaling variable annuities. Prior to that, Mr. Fife worked for Sun Life/MFSLF Securities as a Vice President responsible for wholesaling variable, fixed and indexed annuities. He has been in the securities business since 1997. He is a graduate of the University of Michigan with a B.A. in organizational studies and holds Series 7, 24 and 63 Securities Registered Representative Licenses from FINRA.

Bill Lehew. Mr. Lehew joined our Dealer Manager in May of 2004 and is the Director of Strategic Accounts of our Dealer Manager. Upon joining our Dealer Manager, Mr. Lehew served as a Regional Director covering North Carolina, South Carolina, Virginia, Maryland, Washington, D.C. and West Virginia, and later became Eastern Divisional Director. Before joining our Dealer Manager, Mr. Lehew served as a Regional Vice President for Seligman Advisors, responsible for wholesaling managed money and mutual funds, and for Van Kampen Investments as a Vice President responsible for wholesaling mutual funds, Unit Investment Trusts and Annuities. He has been in the financial services industry for over 20 years. He is a graduate of The Citadel with a BA in political science and holds Series 7, 24 and 63 Securities Registered Representative Licenses from FINRA.

MANAGEMENT COMPENSATION, EXPENSE REIMBURSEMENTS AND OPERATING PARTNERSHIP OP UNITS AND SPECIAL OP UNITS

Our Advisor and its affiliates will receive substantial fees in connection with this offering, our operations and any disposition or liquidation, which compensation could be increased or decreased during or after this offering. The following table sets forth the type and, to the extent possible, estimates of all fees, compensation, income, expense reimbursements, interests and other payments we may pay directly to Hines and its affiliates in connection with this offering, our operations, and any disposition or liquidation. With respect to Class A Shares and Class T Shares sold in the primary offering on and after August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds. Prior to that date, all dealer manager fees were paid by us from gross offering proceeds. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees. For purposes of this table, except as noted, we have assumed no volume discounts or waived commissions as discussed in the "Plan of Distribution." The allocation of amounts between Class A Shares and Class T Shares assumes that 20% of the common shares sold in the primary offering are Class A Shares and 80% are Class T Shares.

Type and Recipient	Description and Method of Computation	Estimated Maximum (Based on $2,000,000,000 in Shares)(1)
	Organization and Offering Activities(2)	
Selling Commissions—our Dealer Manager	**Class A Shares** Up to 7.0% of gross offering proceeds from our primary offering of Class A Shares, excluding proceeds from our distribution reinvestment plan; all of such selling commissions may be reallowed to participating broker dealers. **Class T Shares** Up to 2.0% of gross offering proceeds from our primary offering of Class T Shares, excluding proceeds from our distribution reinvestment plan; all of such selling commissions may be reallowed to participating broker dealers.	$60,000,000 ($28,000,000 for the Class A Shares and $32,000,000 for the Class T Shares)(3) Assuming we sell the maximum offering amount and 100% of shares sold are either Class A Shares or Class T Shares, the maximum amount of selling commissions payable would be $140,000,000 or $40,000,000, respectively. (3)
Dealer Manager Fee—our Dealer Manager	**Class A Shares** Up to 3.0% of gross offering proceeds from our primary offering of Class A Shares, excluding proceeds from our distribution reinvestment plan; a portion of such dealer manager fee may be reallowed to participating broker dealers as a marketing fee (5). **Class T Shares** Up to 2.75% of gross offering proceeds from our primary offering of Class T Shares, excluding proceeds from our distribution reinvestment plan; all or a portion of such dealer manager fee may be reallowed to participating broker dealers as a marketing fee (5).	$56,000,000 ($12,000,000 for the Class A Shares and $44,000,000 for the Class T Shares)(4) Assuming we sell the maximum offering amount and 100% of shares sold are either Class A Shares or Class T Shares, the maximum amount of dealer manager fees payable would be $60,000,000 or $55,000,000, respectively. (4)

Type and Recipient	Description and Method of Computation	Estimated Maximum (Based on $2,000,000,000 in Shares)(1)
Reimbursement of Issuer Costs —our Advisor and its Affiliates	We will reimburse our Advisor and its affiliates for the cumulative issuer costs that they pay on our behalf up to an amount equal to 2.5% of gross offering proceeds from our public offerings. Although the cap on reimbursements to our Advisor and its affiliates for cumulative issuer costs is equal to 2.5% of gross offering proceeds from our public offerings, we estimate that the total reimbursement paid to our Advisor and its affiliates from the proceeds of this offering for issuer costs incurred will be equal to approximately 0.8% of the maximum gross offering proceeds. Included in such amount are reimbursements to our Dealer Manager and participating broker dealers for bona fide out-of-pocket, itemized and detailed due diligence expenses incurred by these entities.(6)	$16,800,000 ($3,360,000 for the Class A Shares and $13,440,000 for the Class T Shares)
	Investment Activities(7)	
Acquisition Fee—our Advisor	2.25% of (i) the purchase price of real estate investments acquired, including any debt attributable to such investments, or the total principal amounts borrowed under any loans made or acquired directly by us, or (ii) when we make an investment or make or acquire a loan indirectly through another entity, such investment's pro rata share of the gross asset value of real estate investments held by that entity, including any debt attributable to such investments, or the total principal amount borrowed under any loans made or acquired by that entity.(8)(9)	Assuming no leverage, the estimated initial acquisition fees are $40,852,185 ($7,774,177 for the Class A Shares and $33,078,008 for Class T Shares)(10) Assuming 40% leverage, the estimated initial acquisition fees are $66,249,875 ($12,607,361 for the Class A Shares and $53,642,514 for Class T Shares)(10) Assuming 60% leverage, the estimated initial acquisition fees are $96,132,544 ($18,294,038 for the Class A Shares and $77,838,506 for Class T Shares)(10)
Acquisition Expenses—our Advisor	Reimbursement of acquisition expenses in connection with the purchase of real estate investments.(8)	Not determinable at this time
	Operational Activities(7)	
Development Fee—Hines or its Affiliates	We will pay a development fee in an amount that is usual and customary for comparable services rendered to similar projects in the geographic area of the project. We expect such fee could range from 3% to 6% of the total projected development cost.(12)	Not determinable at this time(11)

Type and Recipient	Description and Method of Computation	Estimated Maximum (Based on $2,000,000,000 in Shares)(1)
Asset Management Fee—our Advisor	0.0625% per month of the cost of our real estate investments at the end of each month; provided that, if our board of directors has determined an estimated net asset value per share, then, with respect to the real estate investments included in the board of director's determination, the asset management fees will be equal to 0.0625% per month of the most recently determined value of such real estate investments at the end of each month. The asset management fee will be equal to 0.75% on an annual basis. Since the quarter ended December 31, 2014, our Advisor has agreed to waive the asset management fees for each quarter through September 30, 2016 to the extent that our modified funds from operations ("MFFO"), for a particular quarter, as disclosed in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as applicable, amounts to less than 100% of the aggregate distributions declared to our stockholders for such quarter. Our Advisor also agreed to waive an additional $62,500 in asset management fees so that our MFFO for the year ended December 31, 2015 would equal our distributions declared for such year. As a result of these waivers, our Advisor waived all of the $363,873 asset management fee payable to it for the quarter ended March 31, 2016, $583,433 of the total $888,109 in asset management fees payable to it during the year ended December 31, 2015 and all of the $16,258 asset management fee payable to it during the year ended December 31, 2014.	Not determinable at this time(10)(13)
Administrative Expense Reimbursements—our Advisor	Reimbursement of actual expenses incurred by our Advisor in connection with our administration on an ongoing basis.(14)	Not determinable at this time
Property Management Fee—Hines or its Affiliates	Customary property management fees if Hines or an affiliate is our property manager. Such fees will be paid in an amount that is usual and customary in that geographic area for that type of property. We expect such fee could range from 2.5% to 4.0% of the annual gross revenues for our properties.(12)(15)	Not determinable at this time
Leasing Fee—Hines or its Affiliates	Customary leasing fees if Hines or an affiliate is our primary leasing agent. Such fees will be paid in an amount that is usual and customary in that geographic area for that type of property. We expect such fee could range from 1% to 3% of the annual gross rent paid under a lease.(12)(15)	Not determinable at this time
Tenant Construction Management Fees—Hines or its Affiliates	Amount payable by the tenant under its lease or, if payable by the landlord, direct costs incurred by Hines or an affiliate if the related services are provided by off-site employees. (16)	Not determinable at this time

Type and Recipient	Description and Method of Computation	Estimated Maximum (Based on $2,000,000,000 in Shares)(1)
Re-development Construction Management Fees—Hines or its Affiliates	Customary re-development construction management fees if Hines or its affiliates provide such services. Such fees will be paid in an amount that is usual and customary in the geographic area for that type of property. We expect such fee could range from 3% to 6% of the total projected re-development or construction cost.(12)	Not determinable at this time
Expense Reimbursements —Hines or its Affiliates	Reimbursement of actual expenses incurred in connection with the management and operation of our properties.(17)	Not determinable at this time
Distribution and Stockholder Servicing Fee-our Dealer Manager	Annual fee of 1.0% of the gross offering price of Class T Shares purchased in our primary offering (or, if we are no longer offering primary shares, the then-current estimated net asset value, if any has been disclosed). The distribution and stockholder servicing fee will accrue daily and be payable quarterly in arrears. We will cease paying the distribution and stockholder servicing fee with respect to any particular Class T Share on the earlier of: (i) a listing of the Class A Shares on a national securities exchange; (ii) a merger or consolidation of the company with or into another entity, or the sale or other disposition of all or substantially all of our assets; (iii) the end of the month in which the Dealer Manager determines that total underwriting compensation paid in the primary offering including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid on all Class T Shares sold in the primary offering is equal to 10.0% of the gross proceeds of the primary offering from the sale of both Class A Shares and Class T Shares; and (iv) the end of the month in which the transfer agent, on our behalf, determines that underwriting compensation paid in the primary offering including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid with respect to the Class T Shares held by a stockholder within his or her particular account equals 10.0% of the gross offering price at the time of investment of the Class T Shares held in such account. All or a portion of the distribution and stockholder servicing fees may be reallowed or advanced to participating broker dealers.	Assuming the sale of $1.6 billion of Class T Shares, we estimate that distribution and stockholder servicing fees will equal $16,000,000 annually, subject to the 10.0% limit on underwriting compensation. We also estimate that a maximum of $84,000,000 such fees will be paid in connection with this offering. (18) Assuming we sell the maximum offering amount and all shares sold are Class T Shares, the amount of distribution and stockholder servicing fees on an annual basis would be $20,000,000. (18)

Type and Recipient	Description and Method of Computation	Estimated Maximum (Based on $2,000,000,000 in Shares)(1)
Special OP Units—Hines Global REIT II Associates Limited Partnership	The Special OP Units may be converted into OP Units that, at the election of the holder, will be repurchased for cash (or, in the case of (iii) below, a promissory note) or our shares, following: (i) the listing of our common stock on a national securities exchange, (ii) a merger, consolidation or sale of substantially all of our assets or any similar transaction, a purchase, tender or exchange offer that results in the tender or exchange of more than 50% of our outstanding common shares, or any transaction pursuant to which a majority of our board of directors then in office are replaced or removed or (iii) the occurrence of certain events that result in the termination or non-renewal of our Advisory Agreement. The holder of the Special OP Units in the Operating Partnership will be entitled to receive distributions from the Operating Partnership in an amount equal to 15% of distributions, including from sales of real estate investments, refinancings and other sources, but only after we (and our stockholders) have received (or are deemed to have received in the cases described above where there is no liquidation or sale of our assets or similar transaction), in the aggregate, cumulative distributions equal to 100% of their invested capital plus a 6.0% cumulative, non-compounded annual pre-tax return on such invested capital. Please see "The Operating Partnership—Special OP Units."	Not determinable at this time

Type and Recipient	Description and Method of Computation	Estimated Maximum (Based on $2,000,000,000 in Shares)(1)
	Disposition, Liquidation and Other Significant Events(7)	
Disposition Fee—our Advisor	If our Advisor, its affiliates or related parties provide a substantial amount of services, as determined in good faith by a majority of our independent directors, we will pay our Advisor, its affiliates or related parties a disposition fee in an amount equal to (a) 1% of the Market Value determined in connection with a listing of our common stock on a national securities exchange, or 1% of the gross consideration received or to be received by us or our stockholders upon the occurrence of any other Liquidity Event involving us or the Operating Partnership, pursuant to which our stockholders receive in exchange for their shares of our common stock, cash, securities listed on a national securities exchange, securities redeemable for cash, or a combination thereof, or (b) 1% of the gross sales price upon the sale or transfer of one or more real estate investments (including a sale of all of our real estate investments). Even if our Advisor, its affiliates or related parties receive a disposition fee, we may still be obligated to pay fees or commissions to another third party. However, when a real estate or brokerage fee is payable in connection with a particular transaction, the amount of the disposition fee paid to our Advisor or its affiliates or related parties, as applicable, may not exceed an amount equal to the lesser of (i) one-half of a competitive real estate or brokerage commission and (ii) 1% of the gross sales price and, when added to the sum of all real estate or brokerage fees and commissions paid to unaffiliated parties, may not exceed the lesser of (x) a competitive real estate or brokerage commission or (y) an amount equal to 6% of the gross sales price. (14)(19)	Not determinable at this time(10)

Type and Recipient	Description and Method of Computation	Estimated Maximum (Based on $2,000,000,000 in Shares)(1)
Special OP Units—Hines Global REIT II Associates Limited Partnership	The Special OP Units may be converted into OP Units that, at the election of the holder, will be repurchased for cash (or, in the case of (iii) below, a promissory note) or our shares, following: (i) the listing of our common stock on a national securities exchange, (ii) a merger, consolidation or a sale of substantially all of our assets or any similar transaction, a purchase, tender or exchange offer that results in the tender or exchange of more than 50% of our outstanding common shares, or any transaction pursuant to which a majority of our board of directors then in office are replaced or removed or (iii) the occurrence of certain events that result in the termination or non-renewal of our Advisory Agreement. The holder of the Special OP Units in the Operating Partnership will be entitled to receive distributions from the Operating Partnership in an amount equal to 15% of distributions, including from sales of real estate investments, refinancings and other sources, but only after we (and our stockholders) have received (or are deemed to have received in the cases described above where there is no liquidation or sale of our assets or similar transaction), in the aggregate, cumulative distributions equal to 100% of invested capital plus a 6.0% cumulative, non-compounded annual pre-tax return on such invested capital. Please see "The Operating Partnership—Special OP Units."	Not determinable at this time

(1) Unless otherwise indicated, assumes we sell the maximum of $2,000,000,000 in shares in our primary offering (20% Class A Shares and 80% Class T Shares) and excludes the sale of any shares under our distribution reinvestment plan, which may be used for redemptions or other purposes. To the extent such proceeds are invested in real estate investments, certain fees will be increased but, except as set forth herein, the amounts are not determinable at this time.

(2) The total compensation related to our organization and offering activities, which includes selling commissions, the dealer manager fee and issuer costs will not exceed 15% of the gross offering proceeds.

(3) Commissions on our Class A Shares may be reduced for volume or other discounts or waived as further described in the "Plan of Distribution" section of this prospectus; however, for purposes of calculating the estimated maximum selling commissions in this table, we have not assumed any such discounts or waivers. Further, our Dealer Manager will not receive selling commissions for shares issued pursuant to our distribution reinvestment plan.

(4) The dealer manager fees may be waived as further described in the "Plan of Distribution" section of this prospectus; however, for purposes of calculating the estimated maximum dealer manager fees in this table, we have not assumed any such waivers. Further, our Dealer Manager will not receive the dealer manager fee for shares issued pursuant to our distribution reinvestment plan. With respect to Class A Shares and Class T Shares sold in the primary offering on and after August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds. Prior to that date, all dealer manager fees were paid by us from gross offering proceeds. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees.

(5) In addition, out of its dealer manager fee, the Dealer Manager may reimburse participating broker dealers for distribution and marketing-related costs and expenses, such as costs associated with attending or sponsoring conferences, technology costs and other marketing costs and expenses.

(6) The Advisory Agreement was amended, effective February 29, 2016, to cap the amount which we will reimburse our Advisor for the cumulative issuer costs incurred in connection with our organization and our public offerings. Although the cap on reimbursements to our Advisor and its affiliates for cumulative issuer costs is equal to 2.5% of gross offering proceeds from our public

offerings, we estimate that the total reimbursement to be paid to our Advisor and its affiliates from the proceeds of this offering for issuer costs incurred will be equal to approximately 0.8% of the maximum gross offering proceeds. As a result of the cap on reimbursement as a percentage of gross offering proceeds, as of February 29, 2016, we were only obligated to reimburse our Advisor for $3.2 million of issuer costs out of the $8.2 million of issuer costs our Advisor had incurred. On April 14, 2016, our Advisor reimbursed us for $4.0 million in issuer costs that we had previously reimbursed in excess of this new 2.5% cap. As we raise additional offering proceeds, we expect to reimburse our Advisor for the $4.0 million in issuer costs they recently repaid to us to the extent such costs do not exceed 2.5% of gross offering proceeds from our public offerings.

(7) For a discussion of the expenses which may be reimbursed please see "Management—Our Advisor and Our Advisory Agreement—Compensation."

(8) The acquisition fees and acquisition expenses incurred in connection with the purchase of real estate investments will not exceed an amount equal to 6.0% of the contract purchase price of the investment. However, a majority of our directors (including a majority of our independent directors) not otherwise interested in the transaction may approve such fees and expenses in excess of this limit if they determine the transaction to be commercially competitive, fair and reasonable to us. Tenant construction management fees and re-development construction management fees will be included in the definition of acquisition fees or acquisition expenses for this purpose to the extent that they are paid in connection with the acquisition, development or redevelopment of a property. If any such fees are paid in connection with a portion of a leased property at the request of a tenant or in conjunction with a new lease or lease renewal, such fees will be treated as ongoing operating costs of the property, similar to leasing commissions.

(9) To the extent we use distribution reinvestment plan proceeds for acquisitions, rather than redemptions, our Advisor will also receive an acquisition fee for any such real estate investments. Accordingly, in the event we raise the maximum $2,000,000,000 pursuant to our primary offering and the maximum $500,000,000 pursuant to our distribution reinvestment plan, and we use all such proceeds for acquisitions (and all of our real estate investments are 40% or 60% leveraged at the time we acquire them as the case may be), the total acquisition fees payable will be $82,635,219 and $119,908,660, respectively. Some of these fees may be payable out of the proceeds of such borrowings.

(10) In the sole discretion of our Advisor, these fees are payable, in whole or in part, in cash or OP Units. For the purposes of the payment of these fees, if we are engaged in a public offering of primary shares, each OP Unit will be valued at the per share offering price of our Class A Shares in our ongoing public offering, minus the maximum selling commissions and dealer manager fee paid by us from gross offering proceeds in such offering, to account for the fact that no selling commissions or dealer manager fees will be paid from any source in connection with any such issuances (at the current offering price, each such OP Unit would be issued at $9.11 per unit). If these fees are paid in OP Units at a time when we are not engaged in a public offering of primary shares, each OP Unit will be valued at the most recently determined estimated net asset value per share of our Class A Shares. Each OP Unit will be convertible into one share of Class A common stock.

(11) Actual amounts are dependent upon usual and customary development fees for specific projects and therefore the amount cannot be determined at the present time.

(12) Such fees must be approved by a majority of our independent directors as being fair and reasonable and on terms and conditions not less favorable than those available from unaffiliated third parties.

(13) The asset management fee equals 0.75% on an annual basis. However, because this fee is calculated monthly, and the cost of our real estate investments may change on a monthly basis, we cannot accurately determine or calculate the amount of this fee on an annual basis.

(14) Our Advisor will reimburse us for any amounts by which operating expenses exceed the greater of (i) 2.0% of our invested assets or (ii) 25% of our net income, unless our independent directors determine that such excess was justified (the "2%/25% Limitation"). To the extent operating expenses exceed these limitations, they may not be deferred and paid in subsequent periods. Operating expenses include generally all expenses paid or incurred by us as determined by accounting principles generally accepted in the United States, or GAAP, except certain expenses identified in our Articles of Amendment and Restatement, which we refer to in this prospectus as our charter. The expenses identified by our charter as excluded from operating expenses include: (i) expenses of raising capital such as organization and offering costs, legal, audit, accounting, tax services, costs related to compliance with the Sarbanes-Oxley Act of 2002, underwriting, brokerage, listing, registration and other fees, printing and such other expenses and taxes incurred

in connection with the issuance, distribution, transfer, registration and stock exchange listing of our shares; (ii) interest payments, taxes and non-cash expenditures such as depreciation, amortization and bad debt reserves; (iii) incentive fees; (iv) distributions made with respect to interests in the Operating Partnership; and (v) all fees and expenses associated or paid in connection with acquisitions, transfers, dispositions, and the management and ownership of assets (such as real estate commissions, disposition fees (other than disposition fees payable in connection with the sale of assets other than real properties), acquisition and debt financing fees and expenses, costs of foreclosure, insurance premiums, legal services, maintenance, repair or improvement of property, etc.). Please see "Management—Our Advisor and Our Advisory Agreement—Reimbursements by our Advisor" for a detailed description of these expenses. We do not intend to reimburse our Advisor for the salaries and benefits paid to our named executive officers. We will reimburse our Advisor for certain personnel costs. Please see "Management—Our Advisor and Our Advisory Agreement—Compensation" for a description of the costs that will be reimbursed by us to our Advisor. For the four fiscal quarters ended September 30, 2015, our total operating expenses exceeded the 2%/25% Limitation. Based upon a review of unusual and non-recurring factors, including but not limited to our being in the early stages of raising and deploying capital, the limited number of assets acquired to date and the timing of those acquisitions, a majority of our independent directors determined that the excess expenses were justified and thus reimbursable to our Advisor. For the four fiscal quarters ended December 31, 2015, our total operating expenses did not exceed the 2%/25% Limitation.

(15) Property management fees and leasing fees for international acquisitions may differ from our domestic property management fees and leasing fees due to differences in international markets, but in all events the fees shall be paid in compliance with our charter, and fees paid to Hines and its affiliates shall be approved by a majority of our independent directors.

(16) These fees relate to construction management services for improvements and build-out to tenant space.

(17) Included in reimbursement of actual expenses incurred by Hines or its affiliates are the costs of personnel and overhead expenses related to such personnel, to the extent to which such costs and expenses relate to or support the performance of their duties. Periodically, Hines or an affiliate may be retained to provide ancillary services for a property which are not covered by a property management agreement and are generally provided by third parties. These services are provided at market terms and are generally not material to the management of the property.

(18) The estimated aggregate maximum distribution and stockholder servicing fees assumes that (1) we sell the maximum offering amount of $2.0 billion in shares (consisting of $400 million in Class A Shares and $1.6 billion in Class T Shares) and therefore, the maximum amount of underwriting compensation from all sources is $200 million, which is 10% of the maximum amount of gross offering proceeds, and (2) all other underwriting compensation other than the distribution and stockholder servicing fees, will equal $116 million, which consists of the maximum selling commissions and dealer manager fees payable in connection with the purchase of shares in our primary offering (of which $40 million and $76 million is attributable to the Class A Shares and Class T Shares, respectively), as set forth in the "Plan of Distribution–Underwriting Terms" section of this prospectus. We will cease paying the distribution and stockholder servicing fee with respect to any particular Class T Share and that Class T Share will convert into a number of Class A Shares determined by multiplying each Class T Share to be converted by the "Conversion Rate" described herein on the earlier of: (i) a listing of the Class A Shares on a national securities exchange; (ii) a merger or consolidation of the company with or into another entity, or the sale or other disposition of all or substantially all of our assets; (iii) the end of the month in which the Dealer Manager determines that total underwriting compensation paid in the primary offering including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid on all Class T Shares sold in the primary offering is equal to 10.0% of the gross proceeds of the primary offering from the sale of both Class A Shares and Class T Shares; and (iv) the end of the month in which the transfer agent, on our behalf, determines that underwriting compensation paid in the primary offering including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid with respect to the Class T Shares held by a stockholder within his or her particular account equals 10.0% of the gross offering price at the time of investment of the Class T Shares held in such account. Stockholders will receive notice that their Class T Shares have been converted into Class A Shares in accordance with industry practice at that time, which we expect to be either a transaction confirmation from the transfer agent or notification through the next account statement following the conversion. In the

case of a Class T Share purchased in the primary offering at a price equal to $9.41, the maximum distribution and stockholder servicing fee that may be paid on that Class T Share will be equal to approximately $0.49 per share, assuming a constant per share offering price or estimated net asset value, as applicable, of $9.41 per Class T Share. Although we cannot predict the length of time over which this fee will be paid due to potential changes in the estimated net asset value of our Class T Shares, this fee would be paid over approximately 5.25 years from the date of purchase, assuming a constant per share offering price or estimated net asset value, as applicable, of $9.41 per Class T Share. The Conversion Rate will be equal to the quotient, the numerator of which is the estimated net asset value per Class T Share (including any reduction for distribution and stockholder servicing fees as described herein) and the denominator of which is the estimated net asset value per Class A Share. We will further cease paying the distribution and stockholder servicing fee on any Class T Share that is redeemed or repurchased, as well as upon our dissolution, liquidation or the winding up of our affairs, or a merger or other extraordinary transaction in which we are a party and in which the Class T Shares as a class are exchanged for cash or other securities. We cannot predict if or when this will occur for each Class T Share. The aggregate amount of underwriting compensation for the Class A Shares and Class T Shares, including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee for the Class T Shares, will not exceed the 10% cap on underwriting compensation imposed by FINRA.

(19) For purposes of this fee, "Market Value" means the average closing price, or average of bid and asked prices (if closing prices are not available) of the shares over a period of 30 days during which the shares are traded, with such period beginning 90 days after the commencement of trading of the shares and "gross consideration" means the value of any cash, the Market Value of any securities that are listed on a national securities exchange and the value of any securities redeemable for cash.

The table below outlines fees and expense reimbursements incurred that are payable by us to Hines and its affiliates for the periods indicated below:

	Three Months Ended March 31,	**Years Ended December 31,**		**Unpaid as of December 31,**	
Type and Recipient	**2016**	**2015**	**2014**	**March 31, 2016**	**December 31, 2015**
Selling Commissions- Dealer Manager	$ 1,334,253	$ 6,660,620	$ 60,697	$ 57,216	$ 276,686
Dealer Manager Fee- Dealer Manager	$ 814,464	$ 3,089,100	$ 27,511	$ (6,778)	$ 98,451
Distribution & Stockholder Servicing Fee - Dealer Manager	$ 28,568	$ 7,254	$ —	$ 28,568	$ 7,246
Issuer Costs- Advisor	$ 601,083	$ 3,818,027	$ 4,153,388	$ 1,375,369	$ 2,701,249
Acquisition Fee- the Advisor and affiliates of Hines	$ 1,307,689	$ 2,327,715	$ 570,375	$ —	$ —
Asset Management Fee- the Advisor and affiliates of Hines (1)	$ —	$ 304,676	$ —	$ —	$ (119,781)
Other (2) - the Advisor	$ 169,838	$ 1,111,230	$ 365,960	$ 118,326	$ 180,488
Interest Expense- Hines(3)	$ 2,020	$ 570,442	$ 20,328	$ —	$ —
Property Management Fee- Hines	$ 11,930	$ 46,205	$ 1,769	$ —	$ —
Construction Management Fee- Hines	$ —	$ 510	$ —	$ —	$ —
Expense Reimbursement- Hines (with respect to management and operations of our properties)	$ 84,882	$ 332,628	$ 1,260	$ 132,992	$ 41,871
Total	$ 4,354,727	$ 18,268,407	$ 5,201,288	$ 1,705,693	$ 3,186,210

(1) Our Advisor waived $363,873 in asset management fees payable to it for three months ended March 31, 2016, $583,433 for the year ended December 31, 2015, and $16,258 for the year ended December 31, 2014. See "Description of Capital Stock—Distribution Objectives" for a discussion of the asset management fee waiver.

(2) Includes amounts our Advisor paid on our behalf such as general and administrative expenses and acquisition-related expenses. These amounts are generally reimbursed to our Advisor during the month following the period in which they are incurred.

(3) Includes amounts paid related to Hines Global's credit facility with Hines. See "Our Real Estate Investments—Our Permanent Debt" for a description of this credit facility.

In addition, we pay our independent directors certain fees and reimburse independent directors for certain out-of-pocket expenses, including for their attendance at board or committee meetings. Please see "Management—Compensation of Directors." Additionally, if we borrow any funds from our Advisor or its affiliates or if our Advisor or its affiliates defer any fees, we may pay them interest at a competitive rate. Any such transaction must be approved by a majority of our independent directors.

Subject to limitations in our charter, such fees, compensation, income, expense reimbursements, interests, distributions and other payments payable to Hines and its affiliates may increase or decrease during this offering or future offerings from those described above if such revision is approved by a majority of our independent directors.

OUR REAL ESTATE INVESTMENTS

As of July 8, 2016, we owned interests in four real estate investments: 2819 Loker Avenue East, an industrial property located in Carlsbad, California, Bishop's Square, an office building located in Dublin, Ireland, the Domain Apartments, a multifamily community located near Las Vegas in Henderson, Nevada and Cottonwood Corporate Center, an office project located near Salt Lake City in Cottonwood Heights, Utah.

Property (1)	Location	Investment Type	Date Acquired/ Net Purchase Price (in millions)(2)	Estimated Going-in Capitalization Rate (3)	Leasable Square Feet	Percent Leased
2819 Loker Avenue East	Carlsbad, California	Industrial	12/2014; $25.4	6.5%	161,310	100%
Bishop's Square	Dublin, Ireland	Office	3/2015; $103.2	6.1%	153,569	100%
Domain Apartments	Las Vegas, Nevada	Multi-family	1/2016; $58.1	5.5%	331,038	98%
Cottonwood Corporate Center	Salt Lake City, Utah	Office	7/2016; $139.2	6.9%	490,030	93%
Total for All Investments					1,135,947	96%

(1) On March 31, 2016, we effectively owned a 99.8% interest in these properties through the ownership interest in the Operating Partnership as its sole general partner. HALP II, an affiliate of Hines, owned the remaining 0.2% interest in the Operating Partnership.

(2) The net purchase price for Bishop's Square was denominated in Euros and has been translated at an exchange rate based on the rate in effect on the acquisition date.

(3) The estimated going-in capitalization rate is determined as of the date of acquisition by dividing the projected property revenues in excess of expenses for the first fiscal year by the net purchase price (excluding closing costs and taxes). Property revenues in excess of expenses includes all projected operating revenues (rental income, tenant reimbursements, parking and any other property-related income) less all projected operating expenses (property operating and maintenance expenses, property taxes, insurance and property management fees). The projected property revenues in excess of expenses includes assumptions which may not be indicative of the actual future performance of the property, including the assumption that the tenants will perform under their lease agreements during the 12 months following our acquisition of the properties.

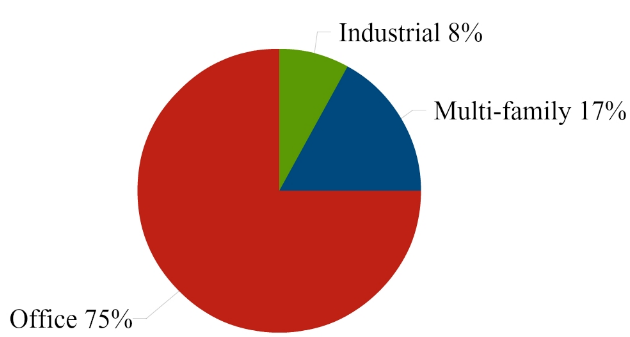
Lease Expirations

The following table lists the scheduled lease expirations and related expiring base rents of our commercial properties for the period from July 1, 2016 through December 31, 2016 and for each of the years ending December 31, 2017 through December 31, 2025 and the period thereafter for the three commercial properties in which we owned an interest as of March 31, 2016, and does not include the effect of our acquisition of the Domain Apartments in January 2016. However, the table does include the effect of our acquisition of Cottonwood Corporate Center in July 2016. The table also shows the approximate leasable square feet represented by the applicable lease expirations:

		Leasable Area			
Year	**Number of Leases**	**Approximate Square Feet**	**Percent of Total Leasable Area**	**Annual Base Rental Income of Expiring Leases**	**Percent of Total Annual Base Rental Income**
Vacant	—	35,046	4.4%	$ —	—%
July 1, 2016 through December 31, 2016	1	12,405	1.5%	$ 314,466	1.5%
2017	4	27,346	3.4%	$ 859,550	4.1%
2018	8	95,535	11.9%	$ 2,732,631	12.9%
2019	2	162,947	20.2%	$ 1,954,635	9.2%
2020	5	60,044	7.5%	$ 1,878,077	8.9%
2021	4	175,362	21.8%	$ 5,238,931	24.8%
2022	2	14,665	1.8%	$ 739,216	3.5%
2023	—	—	—%	$ —	—%
2024	2	51,091	6.3%	$ 1,709,574	8.1%
2025	—	—	—%	$ —	—%
Thereafter	4	170,468	21.2%	$ 5,710,449	27.0%

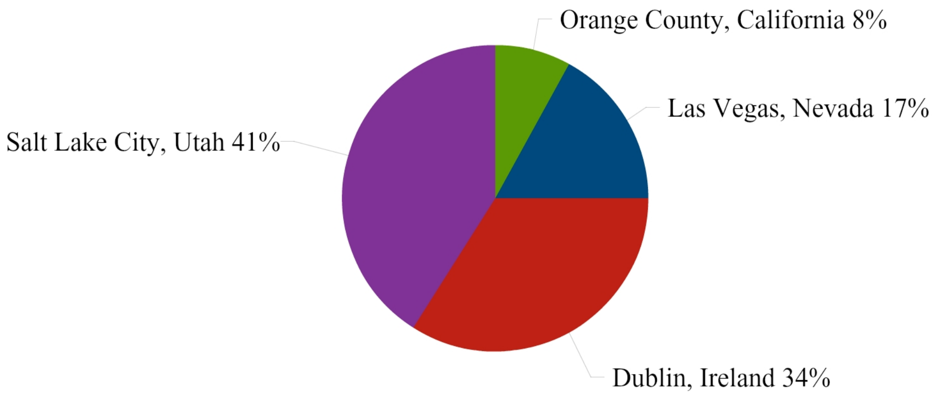
Investment Type

Our portfolio is comprised of investments in a variety of real estate asset classes, including office, industrial and multi-family properties. The following chart depicts the percentage of our portfolio's investment types based on our pro-rata share of the estimated value of each of our investments as of June 30, 2016 and includes the effect of our acquisition of Cottonwood Corporate Center in July 2016. The estimated values of our real estate property investments were based on the most recent appraised values of our real estate values except for Cottonwood Corporate Center which was based on its net purchase price.



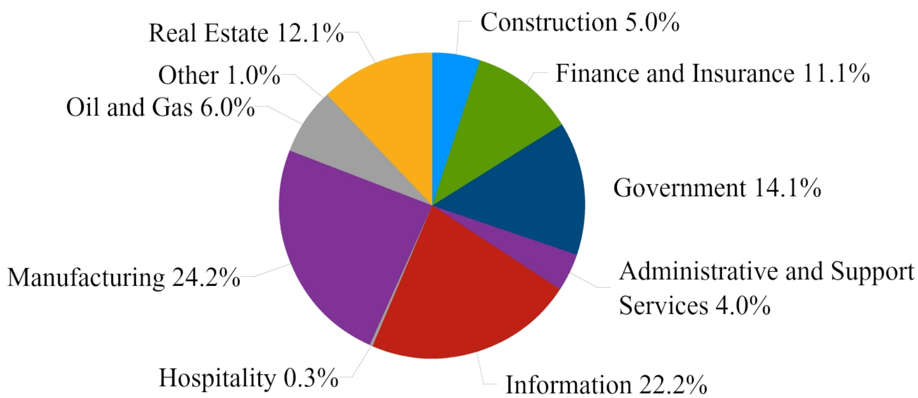
Market Concentration

The following chart depicts the location of our real estate investments as of June 30, 2016 and includes the effect of our acquisition of Cottonwood Corporate Center in July 2016. Approximately 66% of our portfolio is located throughout the United States and approximately 34% is located internationally (based on our pro rata share of the estimated value of each of the investments). The estimated values of our real estate property investments were based on their net purchase prices.



Industry Concentration

The following table provides a summary of the industry concentration of the tenants in our three commercial properties based on their leased square footage as of June 30, 2016 (or July 5, 2016 as it relates to Cottonwood Corporate Center):



Set forth below is additional information regarding our acquisitions.

2819 Loker Avenue East

On December 17, 2014, we acquired, through a subsidiary of the Operating Partnership, 2819 Loker Avenue East, an industrial building located in Carlsbad, California. The seller, Canoga-Rincon Loker Industrial, LLC is not affiliated with us or our affiliates.

2819 Loker Avenue East was constructed in 1998 and consists of 161,310 square feet of net rentable area that is 100% leased to the Acushnet Company, the parent company of Titleist, FootJoy, BV-Vokey Design, Scotty Cameron, Pinnacle, and the Titleist Performance Institute, under a lease that expires in July 2019.

The net purchase price for 2819 Loker Avenue East was approximately $25.4 million, exclusive of transaction costs and working capital reserves. We funded the acquisition using proceeds from this offering and a credit facility provided by Hines (described below under "Our Permanent Debt").

The estimated going-in capitalization rate for 2819 Loker Avenue East is approximately 6.5%. The estimated going-in capitalization rate is determined by dividing the projected property revenues in excess of expenses for the first fiscal year by the net purchase price (excluding closing costs and taxes). Property revenues in excess of expenses includes all projected operating revenues (rental income, tenant reimbursements, parking and any other property-related income) less all projected operating expenses (property operating and maintenance expenses, property taxes, insurance and property management fees). The projected property revenues in excess of expenses includes assumptions which may not be indicative of the actual future performance of the property, including the assumption that the current tenant will perform under its lease agreement during the next 12 months.

In connection with this acquisition, we paid our Advisor approximately $570,000 in acquisition fees.

Our management currently has no plans for material renovations or other capital improvements to the property and believes 2819 Loker Avenue East is suitable for its intended purpose and adequately covered by insurance. The cost of 2819 Loker Avenue East (excluding the cost attributable to land) will be depreciated for tax purposes over a 40-year period on a straight-line basis.

The following table shows the weighted average occupancy rate, expressed as a percentage of rentable square feet, and the average effective annual net rent per leased square foot, for 2819 Loker Avenue East during the past five years ended December 31:

Year	**Weighted Average Occupancy**	**Average Effective Annual Net Rent per Leased Sq. Ft.**[(1)]
2011	100%	$ 9.87
2012	100%	$ 10.20
2013	100%	$ 10.47
2014	100%	$ 6.47
2015	100%	$ 11.44

(1) Average effective annual net rent per leased square foot for each year is calculated by dividing such year's total rent (excluding operating expense recoveries) by the weighted average square footage under lease during such year.

The following table lists, on an aggregate basis, the approximate leasable square feet for all of the scheduled lease expirations for the period from July 1, 2016 through December 31, 2016 and for each of the years ending December 31, 2017 through December 31, 2025 for 2819 Loker Avenue East:

Year	Number of Leases	Approximate Square Feet	Percent of Total Leasable Area	Annual Base Rental Income of Expiring Leases	% of Total Annual Base Rental Income
July 1, 2016 through December 31, 2016	—	—	—	—	—
2017	—	—	—	—	—
2018	—	—	—	—	—
2019	1	161,310	100%	$ 1,899,473	100%
2020	—	—	—	—	—
2021	—	—	—	—	—
2022	—	—	—	—	—
2023	—	—	—	—	—
2024	—	—	—	—	—
2025	—	—	—	—	—

Bishop's Square

On March 3, 2015, we acquired, through a subsidiary of the Operating Partnership, Bishop's Square, a Class A office building located in Dublin, Ireland. The seller, Violet Yarrow Real Estate (Dublin) Limited, is not affiliated with us or our affiliates. The building consists of 153,529 square feet of net rentable area that is 100% leased to five tenants. Three of these tenants individually lease more than 10% of the net rentable area of the complex, as described below:

- The Commissioners of Public Works in Ireland, a state agency of Ireland, leases 90,017 square feet or approximately 59% of the building's net rentable area, under a lease that expires in January 2028. The annual base rent under the lease is currently €3.4 million ($3.7 million assuming a rate of $1.09 per EUR as of December 31, 2015).
- International Financial Data Services, an investor record keeping and transfer agency provider, leases 32,916 square feet or approximately 21% of the building's net rentable area, under a lease that expires in June 2024. The annual base rent under the lease is approximately €1.0 million ($1.1 million assuming a rate of $1.09 per EUR as of December 31, 2015).
- News Corp UK & Ireland Limited, a newspaper publisher, leases 16,153 square feet or approximately 11% of the building's net rentable area, under a lease that expires in August 2017. The annual base rent under the lease is currently €0.5 million ($0.5 million assuming a rate of $1.09 as of December 31, 2015). In addition, the lease has a termination option which permits the tenant to terminate the lease if notice is given 12 months in advance of August 2017.

The net purchase price for Bishop's Square was €92.0 million (approximately $103.2 million assuming a rate of $1.12 per EUR as of the acquisition date), exclusive of transaction costs, fees and working capital reserves. We funded the acquisition using proceeds from this offering, an advance under our credit facility with Hines, and a €55.2 million (approximately $62.1 million assuming a rate of $1.12 per EUR as of the transaction date) secured facility agreement (both of which are described below under "Our Permanent Debt").

The estimated going-in capitalization rate for Bishop's Square is approximately 6.1%. The estimated going-in capitalization rate is determined by dividing the projected property revenues in excess of expenses for the first fiscal year by the net purchase price (excluding closing costs and taxes). Property revenues in excess of expenses includes all projected operating revenues (rental income, tenant reimbursements, parking and any other property-related income) less all projected operating expenses (property operating and maintenance expenses, property taxes, insurance and property management fees). The projected property revenues in excess of expenses includes assumptions which may not be indicative of the actual future performance of the property, including the assumption that the current tenants will perform under their lease agreements during the next 12 months.

In connection with this acquisition, we paid our Advisor approximately $2.3 million in acquisition fees.

Our management currently has no plans for material renovations or other capital improvements to the property and believes the property is suitable for its intended purpose and adequately covered by insurance. The cost of Bishop's Square (excluding the cost attributable to land) will be depreciated for tax purposes over a 40-year period on a straight-line basis.

The following table shows the weighted average occupancy rate, expressed as a percentage of net rentable square feet, and the average effective annual net rent per leased square foot, for Bishop's Square during the past five years ended December 31:

		Average Effective Annual Net Rent per Leased Sq. Ft.(1)	
Year	**Weighted Average Occupancy**	**Euro**	**USD**
2011	99%	€ 43.47	$ 56.08
2012	100%	€ 43.67	$ 57.64
2013	100%	€ 43.67	$ 60.26
2014	100%	€ 36.64	$ 44.70
2015	100%	€ 35.64	$ 38.85

(1) Average effective annual net rent per leased square foot for each year is calculated by dividing such year's accrual basis total rent revenue (excluding operating expense recoveries) by the weighted average square footage under lease during such year. All EUR amounts were translated to USD using the corresponding yearly average exchange rate.

The following table lists, on an aggregate basis, the approximate leasable square feet for all of the scheduled lease expirations for the period from July 1, 2016 through December 31, 2016 and for each of the years ending December 31, 2017 through December 31, 2025 and the period thereafter for Bishop's Square:

Period	Number of Leases	Approximate Square Feet	Percent of Total Leasable Area	Annual Base Rental Income of Expiring Leases (1)	% of Total Annual Base Rental Income
July 1, 2016 through December 31, 2016	—	—	—%	$ —	—%
2017	1	16,153	10.5%	$ 531,567	8.5%
2018	—	—	—%	$ —	—%
2019	—	—	—%	$ —	—%
2020	—	—	—%	$ —	—%
2021	—	—	—%	$ —	—%
2022	1	12,395	8.1%	$ 666,734	10.6%
2023	—	—	—%	$ —	—%
2024	1	32,916	21.4%	$ 1,133,609	18.1%
2025	—	—	—%	$ —	—%
Thereafter	2	92,105	60.0%	$ 3,928,773	62.8%

(1) Assuming an exchange rate of $1.09 per EUR based on the exchange rate in effect as of December 31, 2015.

Domain Apartments

On January 29, 2016, we acquired, through a wholly-owned subsidiary of our operating partnership, the Domain Apartments. The Domain Apartments is a multi-family community located near Las Vegas in Henderson, Nevada. The net purchase price for the Domain Apartments was $58.1 million, exclusive of transaction costs and working capital reserves. As of June 30, 2016, the multi-family community was 98% leased with an average effective monthly rental rate of $1,265 per unit.

For the years ended December 31, 2015 and 2014, the average effective monthly rental rate was $1,231 and $1,187 per unit, respectively, and the weighted average occupancy was 95% and 54%, respectively. Average effective monthly rental rate per unit is calculated as the monthly contractual base rent excluding charges for storage, parking, pets and other miscellaneous amounts, net of free rent, divided by the average units leased. The average effective monthly rental rate per unit and the weighted average occupancy for the year ended December 31, 2014 may not be indicative of the rent and occupancy in the periods post-stabilization since the community did not reach stabilization until November 2014.

The estimated going-in capitalization rate for the Domain Apartments is approximately 5.5%. The estimated going-in capitalization rate is determined by dividing the projected property revenues in excess of expenses for the first fiscal year by the net purchase price (excluding closing costs and taxes). Property revenues in excess of expenses include all projected operating revenues (rental income, tenant reimbursements, parking and any other property-related income) less all projected operating expenses (property operating and maintenance expenses, property taxes, insurance and property management fees). The projected property revenues in excess of expenses includes assumptions which may not be indicative of the actual future performance of the property, including the assumption that the current tenants will perform under their lease agreements during the next 12 months and assumptions related to leasing vacant space.

In connection with this acquisition, we paid our Advisor approximately $1.3 million in acquisition fees.

Our management currently has no plans for material renovations or other capital improvements to the property and believes the property is suitable for its intended purpose and adequately covered by insurance. The cost of Bishop's Square (excluding the cost attributable to land) will be depreciated for tax purposes over a 40-year period on a straight-line basis.

Cottonwood Corporate Center

On July 5, 2016, we, through a wholly-owned subsidiary of our Operating Partnership, acquired Cottonwood Corporate Center. Cottonwood Corporate Center is a four-building, Class-A office project located in Cottonwood Heights, Utah, a submarket of Salt Lake City, Utah. The net purchase price for Cottonwood Corporate Center was $139.2 million, exclusive of transaction costs and working capital reserves. We funded the acquisition using proceeds from this offering, an advance under our credit facility with Hines, and a $78.0 million loan, which is described more fully in the " — Our Permanent Debt" section below. Cottonwood Corporate Center consists of 490,030 square feet of net rentable area that was 91% leased to 25 tenants as of the date of acquisition. Two of these tenants, Western Digital, formerly known as SanDisk, and Extra Space Storage, individually lease more than 10% of the rentable area of the project.

- Western Digital, a designer, developer and manufacturer of data storage technology, leases 153,201 square feet or approximately 31% of the project's net rentable area, under a lease that expires in September 2021. The annual base rent under the lease is currently $4.5 million. Additionally, the lease provides the tenant with one five-year renewal option at the then-current market rental rate. Lastly, the tenant has an ongoing right of first offer on an additional 63,453 square feet of space as it becomes available until March 2020, unless the tenant has exercised its renewal option, at which point the tenant can maintain its right of first offer on such available space until September 2024.

- Extra Space Storage, a fully integrated, self-managed real estate investment trust focused on for rent self-storage facilities, leases 71,852 square feet or approximately 15% of the project's net rentable area, under a lease that expires in January 2028. The annual base rent under the lease is currently $1.6 million. Additionally, the lease has a termination option which permits the tenant to terminate the lease if notice is given on or before April 30, 2023. Lastly, the lease provides the tenant with two five-year renewal options at 95% of the then- current market rental rate at the time of each renewal.

The estimated going-in capitalization rate for Cottonwood Corporate Center is approximately 6.9%. The estimated going-in capitalization rate is determined by dividing the projected property revenues in excess of expenses for the first fiscal year by the net purchase price (excluding closing costs and taxes). Property revenues in excess of expenses includes all projected operating revenues (rental income, tenant reimbursements, parking and any other property-related income) less all projected operating expenses (property operating and maintenance expenses, property taxes, insurance and property management fees). The projected property revenues in excess of expenses includes assumptions which may not be indicative of the actual future performance of the property, including the assumption that the current tenants will perform under their lease agreements during the next 12 months and assumptions related to leasing vacant space.

In connection with this acquisition, we expect to pay our Advisor approximately $3.1 million in acquisition fees.

Our management currently has no plans for material renovations or other capital improvements at the property and believes the property is suitable for its intended purpose and adequately covered by insurance. The cost of Cottonwood Corporate Center (excluding the cost attributable to land) will be depreciated for tax purposes over a 40-year period on a straight-line basis.

The following table shows the weighted average occupancy rate, expressed as a percentage of net rentable square feet, and the average effective annual net rent per leased square foot, for Cottonwood Corporate Center during the past five years ended December 31:

Year	Weighted Average Occupancy	Average Effective Annual Net Rent per Leased Sq. Ft.(1)
2011	92%	$ 20.46
2012	96%	$ 24.19
2013	94%	$ 18.94
2014	92%	$ 19.04
2015	92%	$ 21.80

(1) Average effective annual net rent per leased square foot for each year is calculated by dividing such year's accrual basis total rent revenue (including operating expense recoveries) by the weighted average square footage under lease during such year.

The following table lists, on an aggregate basis, the approximate leasable square feet for all of the scheduled lease expirations for the period from July 5, 2016 through December 31, 2016, for each of the years ending December 31, 2017 through December 31, 2025 and the period thereafter for Cottonwood Corporate Center:

Year	Number of Leases	Approximate Square Feet	Percent of Total Leasable Area	Annual Base Rental Income of Expiring Leases	% of Total Annual Base Rental Income
Vacant	—	35,046	7.2%	$ —	—%
July 5, 2016 through December 31, 2016	1	12,405	2.5%	$ 314,466	2.4%
2017	3	11,193	2.3%	$ 327,983	2.5%
2018	8	95,535	19.5%	$ 2,732,631	21.1%
2019	1	1,637	0.3%	$ 55,162	0.4%
2020	5	60,044	12.3%	$ 1,878,077	14.5%
2021	4	175,362	35.8%	$ 5,238,931	40.4%
2022	1	2,270	0.5%	$ 72,481	0.6%
2023	—	—	—%	$ —	—%
2024	1	18,175	3.7%	$ 575,966	4.4%
2025	—	—	—%	$ —	—%
Thereafter	2	78,363	15.9%	$ 1,781,676	13.7%

Probable Acquisition

Goodyear Crossing II

On June 24, 2016, we, through a wholly-owned subsidiary of the Operating Partnership, entered into a contract to acquire Goodyear Crossing II, a Class-A industrial warehouse located in Goodyear, Arizona, a submarket of Phoenix, Arizona. The seller, RT GOODYEAR, LLC, is not affiliated with us or our affiliates.

Goodyear Crossing II was constructed between 2008 and 2009 and consists of 820,384 square feet of net rentable area that is 100% leased to Amazon.com, under a lease that expires in September 2019.

The contract purchase price for Goodyear Crossing II is $56.2 million, exclusive of transaction costs, fees and working capital reserves. We expect to fund the acquisition using proceeds from this offering, an advance under our credit facility with Hines, and secured mortgage financing from a third party. We funded a $1.0 million earnest money deposit on June 27, 2016, which may not be refunded if we do not close on this acquisition. We expect the closing of this acquisition to occur on August 23, 2016, subject to a number of closing conditions and an option to extend the closing date at our discretion for up to 15 days. There is no guarantee that this acquisition will be consummated nor that third-party financing will be obtained.

In connection with this acquisition, we expect to pay our Advisor approximately $1.3 million in acquisition fees.

Our management currently has no plans for material renovations or other capital improvements at the property and believes the property is suitable for its intended purpose and adequately covered by insurance. The cost of Goodyear Crossing II (excluding the cost attributable to land) will be depreciated for tax purposes over a 40-year period on a straight-line basis.

The following table shows the weighted average occupancy rate, expressed as a percentage of net rentable square feet, and the average effective annual net rent per leased square foot, for Goodyear Crossing II during the past five years ended December 31:

Year	**Weighted Average Occupancy**	**Average Effective Annual Net Rent per Leased Sq. Ft.**[(1)]
2011	100%	$ 5.40
2012	100%	$ 5.40
2013	100%	$ 5.52
2014	100%	$ 5.64
2015	100%	$ 5.76

(1) Average effective annual net rent per leased square foot for each year is calculated by dividing such year's accrual basis total rent revenue (including operating expense recoveries) by the weighted average square footage under lease during such year.

The following table lists, on an aggregate basis, the approximate leasable square feet for the scheduled lease expiration for the period from June 24, 2016 through December 31, 2016, for each of the years ending December 31, 2017 through December 31, 2025 and the period thereafter for Goodyear Crossing II:

Year	Number of Leases	Approximate Square Feet	Percent of Total Leasable Area	Annual Base Rental Income of Expiring Leases	% of Total Annual Base Rental Income
June 24, 2016 through December 31, 2016	—	—	—%	—	—%
2017	—	—	—%	—	—%
2018	—	—	—%	—	—%
2019	1	820,384	100%	$ 5,984,407	100%
2020	—	—	—%	—	—%
2021	—	—	—%	—	—%
2022	—	—	—%	—	—%
2023	—	—	—%	—	—%
2024	—	—	—%	—	—%
2025	—	—	—%	—	—%
Thereafter	—	—	—%	—	—%

Our Permanent Debt

Hines Credit Facility

On December 15, 2014, the Operating Partnership entered into a credit facility with Hines (the "Hines Credit Facility") with a maximum principal amount of $75.0 million. Interest on each advance is charged monthly at a variable rate, which is the greater of (i) Hines' then-current borrowing rate under its revolving credit facility and (ii) if we enter into a revolving credit facility through the Operating Partnership, the rate under such facility. Each advance under Hines Credit Facility must be repaid within six months, subject to one six-month extension at our option and subject to the satisfaction of certain conditions. The Hines Credit Facility will terminate on the earlier of (a) the termination of the availability period as determined by Hines at its discretion (which will not impact the maturity date of any outstanding or previously approved advance under the loan agreement); (b) December 15, 2016; and (c) the date Hines accelerates the repayment of the loan agreement pursuant to any event of default. As of July 15, 2016, we did not have a balance outstanding under the Hines Credit Facility.

Notwithstanding that each advance under the Hines Credit Facility matures six months after it is made, we are required to repay each advance with proceeds from this offering as such proceeds are raised, unless we, through the Operating Partnership, enter into a revolving credit facility, which we refer to as the OP Facility, at which point we may use our offering proceeds to repay the OP Facility, if any, prior to repaying any advances under the Hines Credit Facility. The loan agreement also permits voluntary prepayment of principal and accrued interest.

The Hines Credit Facility requires the maintenance of certain financial covenants including covenants concerning indebtedness to total asset value. In addition, the Hines Credit Facility contains customary affirmative and negative covenants, which, among other things, prohibit us from: (i) merging with other companies or changing ownership interest; (ii) selling all or substantially all of our assets or properties; and (iii) if in default under the Hines Credit Facility, paying distributions to our stockholders other than as required to maintain our status as a real estate investment trust. The Hines Credit Facility also requires us to deliver to Hines certain quarterly and annual financial information.

The Hines Credit Facility contains various customary events of default. As is customary in such financings, if an event of default occurs under the Hines Credit Facility, Hines may accelerate the repayment of amounts outstanding under the Hines Credit Facility and exercise other remedies subject, in certain instances, to the expiration of an applicable cure period.

Bishop's Square Facility

On March 3, 2015, we, through a wholly-owned subsidiary, entered into a secured facility agreement (the "Bishop's Square Facility") with DekaBank Deutsche Girozentrale ("DekaBank") totaling €55.2 million (approximately $62.1 million assuming a rate of $1.12 per EUR as of the transaction date) to fund the acquisition of Bishop's Square, including associated costs. DekaBank is not affiliated with us or our affiliates. The Bishop's Square Facility is secured by a mortgage and related security interests in Bishop's Square and is non-recourse with respect to us. The Bishop's Square Facility also includes assignments of rent, leases and permits for the benefit of DekaBank.

The Bishop's Square Facility requires quarterly interest payments beginning in July 2015 and repayment of principal upon the maturity of the Bishop's Square Facility on March 2, 2022. The Bishop's Square Facility has a floating interest rate of EURIBOR plus 1.30%. The Bishop's Square Facility may be repaid in full prior to maturity, subject to a prepayment premium if it is repaid in the first three years. In accordance with the terms of the Bishop's Square Facility, we entered into a €55.2 million (approximately $62.1 million assuming a rate of $1.12 per EUR as of the transaction date) three-year interest rate cap at 2% to limit exposure to interest rate fluctuations.

The Bishop's Square Facility contains customary events of default with corresponding grace periods, including, without limitation, payment defaults, cross-defaults to other agreements and bankruptcy-related defaults, customary financial covenants regarding the debt service coverage ratio, sale of assets, failure to maintain insurance on Bishop's Square and the failure of certain representations and warranties in the Bishop's Square Facility to be true and correct in all material respects, and customary covenants, including limitation on the incurrence of debt and granting liens. If an event of default has not been cured and is continuing, DekaBank may declare that the principal and any unpaid interest are immediately due and payable.

Domain Apartments Facility

On January 29, 2016, we, through a wholly-owned subsidiary of the Operating Partnership, entered into a loan agreement with Wells Fargo Bank, National Association, which we refer to as Wells Fargo, with the principal sum of $34.3 million to fund the acquisition of the Domain Apartments. Wells Fargo is not affiliated with us or our affiliates.

Interest accrued on the loan is due and payable on the first business day of each month commencing in February 2016. The loan has a floating interest rate of Libor + 1.60%. Repayment of principal is due upon the maturity of the loan on January 29, 2020. We have the option to extend the term for an additional year subject to the satisfaction of certain conditions.

The loan may be prepaid at any time on or after July 29, 2017, subject to certain conditions, including but not limited to providing 30 days' notice to Wells Fargo.

The loan contains various customary events of default, with corresponding grace periods, including, without limitation, payment defaults and bankruptcy defaults. The loan also contains customary financial and other covenants, including without limitation, covenants regarding the debt service coverage ratio, failure to maintain a property management agreement and other customary covenants which are more fully described therein. Upon the occurrence of any default, Wells Fargo may declare all sums owed under this loan immediately due and payable.

Cottonwood Corporate Center Facility

On July 5, 2016, we, through a wholly-owned subsidiary of the Operating Partnership, entered into a loan agreement with Principal Life Insurance Company, which we refer to as Principal Life, for a principal sum of $78.0 million to fund the acquisition of Cottonwood Corporate Center. Principal Life is not affiliated with us or our affiliates. The loan is secured by a first priority lien on our interest in Cottonwood Corporate Center and assignments of all of its leases and rents and the personal property on the premises of Cottonwood Corporate Center.

The loan requires monthly payments of principal and interest. Principal and interest accrued on the loan are due and payable on the first day of each month commencing in September 2016. The loan has a fixed interest rate per annum equal to 2.98% and matures on August 1, 2023. The loan may be prepaid at any time on or after April 1, 2023, subject to certain conditions, including but not limited to providing 30 days' advance written notice to Principal Life and, in the event of prepayment of the loan prior to April 1, 2023, the payment of a prepayment penalty.

The loan contains various customary events of default, with corresponding grace periods, including, without limitation, payment defaults and bankruptcy-related defaults. The loan also contains customary financial and other covenants, including, without limitation, covenants regarding the debt service coverage ratio, failure to maintain a property management agreement, limitations on the incurrence of debt and other customary covenants which are more fully described therein. Upon the occurrence of an event of default under the loan, Principal Life may declare all sums owed under the loan immediately due and payable. Our liability under the loan and the related loan documents is limited to our interest in Cottonwood Corporate Center, including its leases and rents and the personal property on its premises.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows the number and percentage of our outstanding common shares that were owned as of July 1, 2016 by:

- persons known to us to beneficially own more than 5% of our common shares;
- each director and executive officer; and
- all directors and executive officers as a group.

		Common Shares Beneficially Owned(2)	
Name of Beneficial Owner(1)	Position	Number of Common Shares	Percentage of Class
Jeffrey C. Hines	Chairman of the Board	225,007.898 (3)(4)	1.3%
Charles M. Baughn	Director	12,274.496	*
Sherri W. Schugart	President and Chief Executive Officer	22,167.720	*
Ryan T. Sims	Chief Financial Officer and Secretary	4,438.247	*
David L. Steinbach	Chief Investment Officer	5,536.389	*
Kevin L. McMeans	Asset Management Officer	5,536.194	*
J. Shea Morgenroth	Chief Accounting Officer and Treasurer	4,441.903	*
John O. Niemann, Jr.	Independent Director	11,190.446	*
Humberto "Burt" Cabañas	Independent Director	11,164.447	*
Dougal A. Cameron	Independent Director	—	—
All directors and executive officers as a group		301,757.740	1.7%

* Amount represents less than 1%.

(1) The address of each person listed is c/o Hines Global REIT II, Inc., 2800 Post Oak Boulevard, Suite 5000, Houston, Texas 77056-6618.

(2) For purposes of this table, "beneficial ownership" is determined in accordance with Rule 13d-3 under the Exchange Act, pursuant to which a person is deemed to have "beneficial ownership" of shares of our stock that the person has the right to acquire within 60 days. For purposes of computing the percentage of outstanding shares of our stock held by each person or group of persons named in the table, any shares that such person or persons have the right to acquire within 60 days of July 1, 2016 are deemed to be outstanding, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other persons. All shares reported in the table are Class A Shares.

(3) Includes all common shares owned directly by Hines Global REIT II Investor Limited Partnership. Mr. Hines is deemed to be the beneficial owner of the shares owned by Hines Global REIT II Investor Limited Partnership.

(4) This amount does not include the (i) 21,111 OP Units in the Operating Partnership and (ii) the Special OP Units owned by Hines Global REIT II Associates Limited Partnership. Mr. Hines and Gerald D. Hines indirectly own and/or control Hines Global REIT II Associates Limited Partnership. Limited partners in the Operating Partnership may request repurchase of their OP Units for cash or, at our option, common shares on a one-for-one basis, beginning one year after such OP Units were issued. Please see "Management Compensation, Expense Reimbursements and Operating Partnership OP Units and Special OP Units." The holder of the Special OP Units is entitled to distributions from the Operating Partnership under certain circumstances. Please see "The Operating Partnership—Special OP Units" for a description of these distributions. In addition, under our Advisory Agreement, if we are not advised by an entity affiliated with Hines, Hines or its affiliates may cause the Operating Partnership to purchase some or all of the Special OP Units or any other OP Units then held by such entities for cash (or in certain cases, a promissory note) or our shares as determined by the seller. Please see "Management—Our Advisor and Our Advisory Agreement—Removal of our Advisor."

CONFLICTS OF INTEREST

We are subject to various conflicts of interest arising out of our relationship with Hines, our Advisor, our Dealer Manager and their respective officers, directors, employees and other affiliates, which we collectively refer to as Hines and its affiliates. Certain of these conflicts of interest and certain procedures and limitations which are meant to address these conflicts are described below. Three of our five directors are independent directors. Our independent directors comprise our conflicts committee and are required to act on our behalf in all situations in which a conflict of interest may arise and all of our directors have a fiduciary duty to act in the best interests of our stockholders. Please see "Management—Committees of the Board of Directors—Conflicts Committee." However, we cannot assure you that our independent directors will be able to reduce the risks related to these conflicts of interest.

Competitive Activities of Hines and its Affiliates

Hines and its affiliates, including our officers and some of our directors, are not prohibited from engaging, directly or indirectly, in any other business or from owning interests in any other real estate joint ventures, funds or programs, which we collectively refer to as real estate investment vehicles, including businesses and joint ventures involved in the acquisition, origination, development, ownership, management, leasing or sale of properties and other real estate investments. Hines and its affiliates own interests in, and manage, many other real estate investment vehicles, both public and private, with varying investment objectives and strategies which may have investment objectives similar to ours, such as Hines Global I. Our Advisor does not advise or manage any other investment vehicles. See "—Allocation of Investment Opportunities" below for a discussion of the other investment vehicles that may compete with us for certain investment opportunities. Hines and its affiliates may organize and/or manage similar real estate investment vehicles in the future. Hines and its affiliates have certain fiduciary, legal and financial obligations to these real estate investment vehicles similar to their obligations to us. Additionally, these Hines affiliates (including our officers and some of our directors) may devote substantial amounts of time and resources to these other current or future real estate investment vehicles as well as to funds or programs that make investments other than investments in real estate, such as HMS. These Hines affiliates and individuals may therefore face conflicts of interest. Further, these Hines affiliates receive substantial compensation in connection with the services they provide to the other investment vehicles, programs and funds and that compensation may be greater than the compensation that they receive with respect to our activities, which also may create a conflict of interest. Please also see "Risk Factors—Risks Related to Potential Conflicts of Interests—Employees of our Advisor and Hines will face conflicts of interest relating to time management and allocation of resources and investment opportunities."

Allocation of Investment Opportunities

We rely on Hines and its affiliates to identify suitable investment opportunities. Many of the other real estate investment vehicles, programs and funds sponsored or managed by Hines also rely on Hines and its affiliates. In addition, certain real estate investment vehicles currently managed by Hines have priority rights with respect to certain types of investment opportunities located in certain geographic areas, as further described below. Some of these investment opportunities may also be suitable for us, and therefore Hines' ability to offer certain investments to us may be limited by these priority rights. We will only have the opportunity to make investments which are subject to these priority rights if the investment vehicles which have these rights determine not to exercise them. These investment vehicles with priority rights may determine not to exercise these rights based on numerous factors including the investment type, the investment vehicle's available capital, targeted returns, diversification strategy, leverage, tax positions and other considerations.

Hines currently has thirteen other real estate investment vehicles that it sponsors, which are in the investment phase. Four of these vehicles, HT Brazil Fund III, HB Estrela I, Hines India Residential and HNC Maple Partnership I, have investment strategies which focus primarily on development projects or opportunistic investments in specific geographic regions around the world, and all of these vehicles have priority rights over us with respect to investment opportunities involving development in those specified regions. Although we may invest in development, value-add and opportunistic projects, we do not currently anticipate that a significant portion of the proceeds from this offering will be invested in those types of assets due to our desire for income-producing properties. Additionally, nine of Hines' other investment vehicles, Russia Long Term Hold Fund, Hines Poland Sustainable Income Fund, Brazil Long Term Fund, Hines Pan-European Core Fund, Skyline Investment Partners, Luminance Investment Partners, Skywalk Investment Partners, HV Trophy Mandate and BVK High Street Mandate, all have investment strategies which focus on core properties in specific geographic regions around the world (including the U.S.), and each of these vehicles has equal rights with us with respect to investment opportunities involving core office projects or core retail projects as it relates to BVK High Street Mandate. From time to time, Hines may also enter into new separate account relationships with third parties that may seek real estate deals pertaining to any asset class and in any region on a non-discretionary basis. Additionally, Hines Global I has an investment strategy that is substantially the same as ours and has equal rights with us with respect to investment opportunities to the extent that it has available investment capacity. Hines also sponsors Hines REIT, which may make investments from time to time in core office properties in the U.S. and has equal rights with us with respect to such investment opportunities. For a further description of real estate investment vehicles sponsored by Hines and its affiliates, please see "Prior Performance—Prior Program Summary."

If an investment opportunity which our Advisor determines is suitable for us is also suitable for other investment vehicles sponsored by Hines or its affiliates and such an investment is not subject to priority rights (or the investment vehicles with priority rights have determined not to exercise them), the investment opportunity will be assigned to an investment vehicle by Hines. The factors to be considered in allocating the investment opportunities among the remaining investment vehicles that are interested in the investment include the following:

- investment objectives and strategy;
- available funds for investment;
- anticipated cash flow of the investment and the targeted returns;
- diversification strategy, including geographic area, type of property or investment, size of the investment, and tenants;
- leverage requirements, limitations, and availability;
- tax considerations;
- expected holding period of the investment and the remaining term of the investment vehicle;
- prior allocations to the investment vehicle as compared to the total availability of capital remaining in the investment vehicle;
- the level of discretion granted to Hines within each investment vehicle; and
- Hines' fiduciary obligations.

If, after consideration of the relevant factors, Hines determines that an investment is equally suitable for more than one investment vehicle, Hines will assign the investment among such investment vehicles on a rotating basis. If, after an investment has been allocated, a subsequent development, such as delays in constructing or closing on the investment, makes it more appropriate for a different investment vehicle to purchase the investment, Hines may determine to reallocate the investment to such other investment vehicle. In certain situations, Hines may determine to allow more than one investment vehicle, including us, to co-invest in any particular investment.

While these are the current procedures for allocating Hines' investment opportunities, Hines may sponsor additional investment vehicles in the future and, in connection with the creation of such investment vehicles, Hines may revise this allocation procedure including granting additional priority rights to other investment vehicles. The result of such a revision to the allocation procedure may, among other things, be to increase the number of parties who have the right to participate in or have priority rights to investment opportunities sourced by Hines, thereby reducing the number of investment opportunities available to us.

The decision of how any potential investment should be allocated among investment vehicles for which such investment may be suitable may, in many cases, be a matter of subjective judgment which will be made by Hines' investment allocation committee. This committee currently consists of the following individuals: Jeffrey C. Hines, C. Hastings Johnson, Christopher D. Hughes, Charles M. Baughn, Colin P. Shepherd, Joshua A. Scoville and Thomas D. Owens. Certain types of investment opportunities may not enter the allocation process because of special or unique circumstances related to the asset or the seller of the asset that in the judgment of the investment allocation committee do not fall within the priority rights or investment objectives of any particular investment vehicle, including us. In these cases, the investment may be made by an investment vehicle sponsored by Hines or its affiliates without us having an opportunity to make such investment.

Our right to participate in the investment allocation process described in this section will terminate once we have fully invested the proceeds of our public offerings or if we are no longer advised by an affiliate of Hines. Please see "Risk Factors—Risks Related to Potential Conflicts of Interest—We compete with affiliates of Hines for real estate investment opportunities and some of these affiliates have preferential rights to accept or reject certain investment opportunities in advance of our right to accept or reject such opportunities."

Our independent directors are responsible for reviewing our Advisor's performance and determining that the compensation to be paid to our Advisor is reasonable and, in doing so, our independent directors must consider, among other factors, the success of our Advisor in generating appropriate investment opportunities for us.

Allocation of Time and Resources of Our Advisor and Hines and Its Other Affiliates

We rely on our Advisor and Hines and its other affiliates for the day-to-day operation of our business. Our management, including our officers and certain directors, also serve in similar capacities for other Hines investment vehicles, programs and funds. Specifically, members of our management also conduct the operations of Hines REIT, Hines Global I, the Core Fund, HMS and other Hines affiliates and therefore they will not devote their efforts full-time to our operations or the management of our real estate investments, but may devote a material amount of their time to the management of the business of other entities controlled or operated by Hines, but otherwise unaffiliated with us. For an overview of the positions held by these individuals at these Hines affiliates, please see "Management—Our Officers and Directors" and "Management—The Dealer Manager." Additionally, these Hines affiliates receive substantial compensation in connection with the services they provide to the other investment vehicles, programs and funds and that compensation may be greater than the compensation that they receive with respect to our activities. Further, in some cases, these other investment vehicles may have interests and own real estate investments that may conflict or compete with ours and thus certain of our directors and our officers and the employees of Hines and its affiliates may face conflicts of interest when dealing with such circumstances. Likewise, our management may face conflicts of interest when allocating time and resources between our operations and the operations of these other Hines entities. Please see "Risk Factors—Risks Related to Potential Conflicts of Interest—Certain of our officers and directors face conflicts of interest relating to the positions they hold with other entities."

Competition for Tenants and Other Services

To the extent that we own properties in the same geographic area as other investment vehicles sponsored by Hines or its affiliates, Hines and its affiliates will face conflicts of interest in seeking tenants for our properties while seeking tenants for properties owned or managed by other Hines affiliates, including Hines Global I. Similar conflicts may exist with respect to the other services Hines and its affiliates provide us, including but not limited to obtaining financing for our real estate investments, obtaining other third party services, and pursuing a sale of our investments. Please see "Risk Factors—Risks Related to Potential Conflicts of Interest."

Fees and Other Compensation Payable to Hines and its Affiliates

We will pay Hines and its affiliates substantial fees in relation to this offering and our operations, which could be increased or decreased during or after this offering. Please see "Management Compensation, Expense Reimbursements and Operating Partnership OP Units and Special OP Units." In addition, we may make investments in which Hines or its affiliates (including our officers and directors) directly or indirectly have an interest. Hines and its affiliates may also receive fees and other compensation as a result of transactions we enter into with Hines or its affiliates. For example, our Advisor is entitled to a fee equal to a percentage of the total consideration paid in connection with a disposition. This fee may incentivize our Advisor to recommend the disposition of a property or properties through a sale, merger, or other transaction that may not be in our best interests at the time. In addition, the premature disposition of an asset may add concentration risk to the portfolio or may be at a price lower than if we held the property. Moreover, our Advisor has considerable discretion with respect to the terms and timing of acquisition, disposition and leasing transactions. In addition, the Dealer Manager will be paid an annual distribution and stockholder servicing fee with respect to Class T Shares until the earliest to occur of several events, including (i) a listing of the Class A Shares on a national securities exchange, and (ii) such Class T Shares no longer being outstanding, which may incentivize our Advisor not to recommend a sale, merger or other liquidity event until the Dealer Manager has been paid all distribution and stockholder servicing fees, because the completion of such transactions would cause the Dealer Manager to no longer be paid such fees. In evaluating investments and other management strategies, the opportunity to earn these fees may lead our Advisor to place undue emphasis on criteria relating to its and its affiliates' compensation at the expense of other criteria, such as preservation of capital, in order to achieve higher short-term compensation. Considerations relating to compensation from us to our Advisor and its affiliates could result in decisions that are not in your best interests, which could hurt our ability to pay you distributions or result in a decline in the value of your investment.

Joint Venture Conflicts of Interest

We may make investments in properties and assets jointly with other investment vehicles sponsored by Hines or its affiliates, as well as third parties. We may acquire, develop or otherwise invest in properties and assets through corporations, limited liability companies, joint ventures or partnerships, co-tenancies or other co-ownership arrangements with Hines or its affiliates or third parties. Joint ownership of properties, under certain circumstances, may involve conflicts of interest. Examples of these conflicts include:

- such partners or co-investors might have economic or other business interests or goals that are inconsistent with our business interests or goals, including goals relating to the financing, management, operation, leasing or sale of properties held in the joint venture or the timing of the termination and liquidation of the joint venture;
- such partners or co-investors may be in a position to take action contrary to our instructions, requests, policies or objectives, including our policy with respect to maintaining our qualification as a REIT;
- under joint venture or other co-investment arrangements, neither co-venturer may have the power to control the joint venture and, under certain circumstances, an impasse could result and this impasse could have an adverse impact on the joint venture, which could adversely impact the

operations and profitability of the joint venture and/or the amount and timing of distributions we receive from such joint venture; and

- under joint venture or other co-investment arrangements, each venture partner may have a buy/sell right and, as the result of the exercise of such a right by a co-venturer, we may be forced to sell our interest, or buy a co-venturer's interest, at a time when it would not otherwise be in our best interest to do so. Please see "Risk Factors—Risks Related to Our Business in General—Actions of our joint venture partners, including other Hines investment vehicles and third parties, could negatively impact our performance."

Affiliated Dealer Manager and Property Manager

Because our Dealer Manager is an affiliate of Hines, you will not have the benefit of an independent due diligence review and investigation of the type normally performed by an unaffiliated, independent underwriter in connection with an offering of securities. Please see "Risk Factors—Risks Related to Investing in this Offering—You will not have the benefit of an independent due diligence review in connection with this offering and, since there is no separate counsel for us and certain of our affiliates in connection with this offering, if a conflict of interest arises between us and Hines, we may incur additional fees and expenses." In addition, our Dealer Manager also serves as the placement agent for other Hines sponsored investment vehicles and programs which include both public programs, such as HMS, and private investment funds.

Hines manages numerous properties owned by affiliated entities and third parties. We expect that Hines will manage many properties acquired by us.

No Arm's-Length Agreements

All agreements, contracts or arrangements between or among Hines and its affiliates, including our Advisor and us, were not negotiated at arm's-length. Such agreements, contracts or arrangements include our Advisory Agreement, our Dealer Manager Agreement, any property management and leasing agreements, our charter, and the Operating Partnership's partnership agreement. The procedures with respect to conflicts of interest described herein were designed to lessen the effect of potential conflicts that arise from such relationships. However, we cannot assure you that these procedures will eliminate the conflicts of interest or reduce the risks related thereto. The conflicts committee of our board of directors must also approve all conflict-of-interest and related party transactions. Please see the "Investment Objectives and Policies with Respect to Certain Activities—Acquisition and Investment Policies—Affiliate Transaction Policy" section of this prospectus.

Lack of Separate Representation

Hines Global II, the Operating Partnership, our Dealer Manager, our Advisor, Hines and their affiliates may be represented by the same legal counsel and may retain the same accountants and other experts. In this regard, Greenberg Traurig, LLP represents Hines Global II and is providing services to certain of its affiliates including the Operating Partnership, our Dealer Manager, our Advisor, Hines REIT and Hines Global I. Please see "Risk Factors—Risks Related to Investing in this Offering—You will not have the benefit of an independent due diligence review in connection with this offering and, since there is no separate counsel for us and certain of our affiliates in connection with this offering, if a conflict of interest arises between us and Hines, we may incur additional fees and expenses." No counsel, underwriter, or other person has been retained to represent potential investors in connection with this offering.

Additional Conflicts of Interest

We, our Advisor and its affiliates will also potentially be in conflict of interest positions as to various other matters in our day-to-day operations, including matters related to the:

- computation of compensation, expense reimbursements, interests, distributions, and other payments under the Operating Partnership's partnership agreement, our charter, our Advisory Agreement, any property management and leasing agreements and our Dealer Manager Agreement;
- enforcement or termination of the Operating Partnership's partnership agreement, our charter, our Advisory Agreement, any property management and leasing agreements and our Dealer Manager Agreement;
- order and priority in which we pay the obligations of the Operating Partnership, including amounts guaranteed by or due to our Advisor, Hines or its affiliates;
- order and priority in which we pay amounts owed to third parties as opposed to amounts owed to our Advisor, Hines or its affiliates;
- determination of whether to sell properties and acquire additional properties (as to acquisitions, our Advisor might receive additional fees and as to sales, our Advisor might lose fees such as asset management fees and property management fees); and
- extent to which we repay or refinance the indebtedness which is recourse to Hines, if any, prior to nonrecourse indebtedness and the terms of any such refinancing, if applicable.

Certain Conflict Resolution Procedures

In order to reduce the effect of certain potential conflicts of interest, our Advisory Agreement and our charter contain a number of restrictions relating to transactions we enter into with Hines, our Advisor, any of our directors and their respective affiliates. These restrictions include, among others, the following:

- Except as otherwise described in this prospectus or permitted in our charter, we will not engage in transactions with Hines, our Advisor, any of our directors or their respective affiliates unless a majority of our directors, including a majority of our independent directors not otherwise interested in the transaction, approve such transactions as fair and reasonable to us and on terms and conditions not less favorable to us than those available from unaffiliated third parties.
- We will not purchase a property from Hines, our Advisor, any of our directors or their respective affiliates without a determination by a majority of our directors, including a majority of our independent directors not otherwise interested in the transaction, that the transaction is fair and reasonable to us and at a price no greater than the cost of the property to Hines, our Advisor, any of our directors or their respective affiliates, unless there is substantial justification for any amount that exceeds such cost and such excess amount is determined to be reasonable. In all cases where assets are acquired from Hines, our Advisor, any of our directors or their respective affiliates, the fair market value of such assets will be determined by an independent expert selected by our independent directors. In no event will we acquire any property from Hines, our Advisor, any of our directors or their respective affiliates at a price that exceeds the appraised value of the property; provided that in the case of a development, redevelopment or refurbishment project that we agree to acquire prior to completion of the project, the appraised value will be based upon the completed value of the project as determined at the time the agreement to purchase the property is entered into. We will not sell or lease a property to Hines, our Advisor, any of our directors or their respective affiliates unless a majority of our directors, including a majority of the independent directors not otherwise interested in the transaction, determine the transaction is fair and reasonable to us. Even following these procedures, Hines and its affiliates (including our officers and directors) may make substantial profits in connection with the acquisition or sale of properties from other investment vehicles sponsored by Hines, our Advisor, any of our directors or their respective affiliates.

- We will not enter into joint ventures with Hines, our Advisor, any of our directors or their respective affiliates, unless a majority of our independent directors approves such transaction as being fair and reasonable to us and determines that our investment is on terms substantially similar to the terms of third parties making comparable investments.
- We will not make any loan to Hines, our Advisor, any of our directors or their respective affiliates except in the case of loans to our wholly owned subsidiaries and loans in which an independent expert has appraised the underlying asset. Any loans to us by Hines, our Advisor, any of our directors or their respective affiliates must be approved by a majority of our directors, including a majority of the independent directors not otherwise interested in the transaction, as fair, competitive and commercially reasonable, and on terms no less favorable to us than loans between unaffiliated parties under the same circumstances.

Despite these restrictions, conflicts of interest may be detrimental to your investment.

INVESTMENT OBJECTIVES AND POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of our current objectives and policies with respect to investments, borrowings, affiliate transactions, equity capital and certain other activities. All of these objectives and policies have been established in our governance documents or by our management and may be amended or revised from time to time (and at any time) by our management or board of directors. We cannot assure you that our policies or investment objectives will be attained.

Decisions relating to investments we make will be made by our Advisor, subject to approval by our board of directors. Please see “Management—Our Officers and Directors”, “Management—Our Board of Directors” and “Management—Hines and Our Property Management, Leasing and Other Services—The Hines Organization—General” for a description of the background and experience of our directors and executive officers.

Primary Investment Objectives

Our primary investment objectives are to:

- preserve invested capital;
- invest in a diversified portfolio of quality commercial real estate properties and other real estate investments;
- provide income in the form of regular, stable cash distributions;
- provide modest growth in the value of invested capital;
- achieve attractive total returns upon the ultimate sale of our investments or occurrence of some other Liquidity Event; and
- qualify for and remain qualified as a REIT for federal income tax purposes.

We cannot assure you that we will attain these objectives.

Acquisition and Investment Policies

We intend to invest primarily in a diversified portfolio of quality commercial real estate properties and other real estate investments throughout the United States and internationally. As of July 8, 2016, we owned interests in four real estate investments: 2819 Loker Avenue East, an industrial property located in Carlsbad, California, Bishop’s Square, an office building located in Dublin, Ireland, the Domain Apartments, a multi-family community located near Las Vegas in Henderson, Nevada and Cottonwood Corporate Center, an office project located near Salt Lake City in Cottonwood Heights, Utah. These properties contain, in the aggregate, 1.1 million square feet of leaseable space. We may purchase additional properties or make other real estate investments that relate to varying property types including office, retail, industrial, multi-family residential and hospitality or leisure. We may invest in operating properties, properties under development, and undeveloped properties such as land. Other real estate investments may include equity or debt interests including securities in other real estate entities and debt related to properties such as mortgages, mezzanine loans, B-notes, bridge loans, construction loans and securitized debt. We believe that there is an opportunity to create attractive total returns by employing a strategy of investing in a diversified portfolio of such investments which are well-selected, well-managed and disposed of at an optimal time. Our principal targeted assets are investments in properties, and other real estate investments that relate to properties, that have quality construction and desirable locations which can attract quality tenants. These types of investments are, or relate to, properties generally located in central business districts or suburban markets of major metropolitan cities worldwide. We intend to invest in a geographically diverse portfolio in order to reduce the risk of reliance on a particular market, a particular property and/or a particular tenant. We anticipate that international real estate investments may comprise a substantial portion of our portfolio.

We intend to fund our future acquisitions and investments primarily with proceeds raised in this offering and potential follow-on offerings as well as with proceeds from debt financings.

We may invest in real estate properties and other real estate investments directly by owning 100% of such investments or indirectly by owning less than 100% of such investments through co-ownership or joint-venture arrangements with third parties or with other Hines-affiliated entities. We may also purchase or lease properties or purchase other real estate investments from or sell or lease properties or sell other real estate investments to, or invest in properties that have been developed, are being developed or are to be developed by, third parties, Hines or an affiliate of Hines. In addition, we may make loans to, or receive loans from, third parties, Hines or an affiliate of Hines. All such transactions or investments that involve Hines or any of its affiliates will be approved by a majority of our independent directors as described in "Conflicts of Interest—Certain Conflict Resolution Procedures" and generally may not be acquired by us for a value, at the time the transaction is entered into, in excess of the appraised fair market value of such investment, or sold by us unless the transaction is fair and reasonable or, in the case of a loan to us, unless it is fair, competitive and commercially reasonable. Subject to the limitations contained in our charter, Hines, and its affiliates (including our officers and directors) may make substantial profits in connection with any such transaction. Please see "Risk Factors—Risks Related to Potential Conflicts of Interest" and "Conflicts of Interest."

We will seek to make investments that will satisfy one or more of the primary objectives of preserving invested capital, paying regular cash distributions to our stockholders, achieving attractive total returns upon a sale or the occurrence of another Liquidity Event and remaining qualified to be taxed as a REIT for federal income tax purposes. We intend to meet these objectives through the compilation of a diversified portfolio of investments. We intend to invest in a portfolio of real estate properties and other real estate investments that relate to properties that are generally diversified by geographic area, lease expirations and tenant industries. We expect it will take several years for us to raise enough capital and make enough investments to achieve this diversification. Please see "Risk Factors—Risks Related to Investing in this Offering—This offering is a "best efforts" offering and if we are unable to raise substantial funds, we will be limited in the number and type of investments we may make which could negatively impact an investment in shares of our common stock."

We are not limited as to the asset types or geographic areas in which we may invest and conduct our operations. We are not specifically limited in the number or size of investments we may make, or on the percentage of net proceeds of this offering that we may invest in a single property, real estate investment or loan. The number, size and mix of investments we make will depend upon real estate and market conditions and other circumstances existing at the time we are evaluating investment opportunities and the amount of proceeds we raise in this and any subsequent offerings. Please see "Investment Objectives and Policies with Respect to Certain Activities—Acquisition and Investment Policies—Investment Limitations" for certain limitations that pertain to our investments.

Commercial Properties

General

We expect to buy commercial real estate with part of the proceeds of this offering that we believe will have some or all of the following attributes:

Preferred Location. We believe that location often has the single greatest impact on an asset's long-term income-producing potential and value and that assets located in the preferred submarkets in metropolitan areas and situated at preferred locations within such submarkets have the potential to achieve attractive total returns.

Premium Buildings. We will seek to acquire assets that generally have design and physical attributes (e.g., quality construction and materials, systems, floorplates, etc.) that are more attractive to a user than those of inferior properties. Such assets generally attract and retain a greater number of desirable tenants in the marketplace.

Quality Tenancy. We will seek to acquire assets that typically attract tenants with better credit who require larger blocks of space because these larger tenants generally require longer term leases in order to accommodate their current and future space needs without undergoing disruptive and costly relocations. Such tenants may make significant tenant improvements to their spaces, and thus may be more likely to renew their leases prior to expiration.

We believe that following an acquisition, the additional component of proactive management and leasing is a critical element necessary to achieve attractive investment returns for investors. Actively anticipating and quickly responding to tenant needs are examples of areas where proactive property management may make the difference in a tenant's occupancy experience, increasing its desire to remain a tenant and thereby providing a higher tenant retention rate, which may result in better financial performance of the property.

Each individual real estate property we acquire will generally have an optimal hold period which may be tied to the current and projected conditions of the overall capital markets, the geographic area, the property's physical attributes or the leasing or tenancy of the property. Our Advisor intends to continually evaluate the hold period of each asset we acquire in an attempt to determine an ideal time to dispose of or sell the asset for the purpose of achieving attractive total returns to our stockholders.

However, our Advisor may not be able to locate properties with all, or a significant number, of these attributes and even if our Advisor is able to locate properties with these attributes, the properties may still perform poorly. Please see "Risk Factors—Risks Related to Investments in Real Estate" and "Risk Factors—Risks Related to Potential Conflicts of Interest."

Although we are not limited as to the form our investments may take, our investments in real estate will generally take the form of holding fee title or long-term ground leases in the properties we acquire, owning interests in investment vehicles sponsored by Hines or acquiring interests in joint ventures or similar entities that own and operate real estate. We primarily expect to acquire such interests through the Operating Partnership, although we may make investments directly. Please see "The Operating Partnership." The Operating Partnership may hold real estate indirectly by acquiring interests in properties through limited liability companies and limited partnerships, or through investments in joint ventures, partnerships, co-tenancies or other co-ownership arrangements with other owners of properties, affiliates of Hines or other persons. Please see "Risk Factors—Risks Related to our Business in General—Actions of our joint venture partners, including other Hines investment vehicles and third parties, could negatively impact our performance." We may hold our investments in joint ventures or other entities in the form of equity securities, debt or general partner interests. Please see "Investment Objectives and Policies with Respect to Certain Activities—Acquisition and Investment Policies—Joint Venture Investments" below. If we invest in a partnership as a general partner, we may acquire non-managing general partner interests. Please see "Risk Factors—Risks Related to our Business in General—If we invest in a limited partnership as a general partner, we could be responsible for all liabilities of such partnership."

In seeking investment opportunities for us, our Advisor will consider relevant real estate and financial factors, including the location of the property, the leases and other agreements affecting the property, the creditworthiness of major tenants, its income-producing capacity, its prospects for appreciation and liquidity and tax considerations. In this regard, our Advisor will have substantial discretion with respect to the selection of specific investments, subject to board approval. In determining whether to purchase a particular property, we may obtain an option on such property. The amount paid for an option, if any, is normally surrendered if the property is not purchased and may or may not be credited against the purchase price if the property is purchased.

Our obligation to close the purchase of any investment will generally be conditioned upon the delivery and verification of certain documents from the seller or developer, including, where available and appropriate:

- plans, specifications and surveys;
- evidence of marketable title, subject to such liens and encumbrances as are acceptable to our Advisor, as well as title and other insurance policies; and
- financial information relating to the property, including the recent operating histories of properties that have operating histories.

Additionally, we expect to obtain an environmental site assessment (which at a minimum includes a Phase 1 environmental assessment) on all properties in which we invest.

Specialized Real Estate Properties

As part of our investment strategy, we may invest in real estate assets within specific industries, including properties in the hospitality or leisure industry. Our investment strategies with respect to these types of real estate assets are described below.

Hospitality or Leisure Properties. We may acquire hospitality or leisure properties that meet our investment strategy. These investments may include full-service, select-service and extended-stay hospitality or leisure facilities, as well as all-inclusive resorts. Full-service hospitality or leisure facilities generally provide a full complement of guest amenities including restaurants, concierge and room service, porter service or valet parking. Select-service hospitality or leisure facilities typically do not include these amenities. Extended-stay hospitality or leisure facilities offer upscale, high-quality, residential style hospitality or leisure with a comprehensive package of guest services and amenities for extended-stay business and leisure travelers. We will have no limitation as to the brand of franchise or license with which our hospitality or leisure facilities will be associated. We may acquire existing hospitality or leisure properties or properties under construction and development.

Because the REIT rules prohibit us from operating hospitality or leisure facilities directly, we will lease any hospitality or leisure properties that we acquire to a wholly-owned, "taxable REIT subsidiary." See "Material U.S. Federal Income Tax Considerations—Requirements for Qualification as a REIT" for a discussion of a "taxable REIT subsidiary." Our taxable REIT subsidiary will engage a third party in the business of operating hospitality or leisure properties to manage the property. Any net profit from the leases held by our taxable REIT subsidiary, after payment of any applicable corporate tax, will be available for distribution to us.

Non-Income Producing Commercial Properties

Development and Construction of Properties. We may invest in properties on which improvements are to be constructed or completed. We may also originate or acquire loans secured by or related to such properties. We may invest in development properties directly or through joint ventures or other common ownership entities with third parties or Hines or an affiliate of Hines. Please see "Investment Objectives and Policies with Respect to Certain Activities—Acquisition and Investment Policies—Investment Limitations" and "—Joint Venture Investments" for certain limitations that pertain to our investments in unimproved property and our joint venture investments with Hines or an affiliate of Hines.

A development project will typically include program planning, budgeting and consultant selection; architectural and engineering design preparation; design development; entitlement and permitting; construction documentation; contract bidding and buy-out; construction management; marketing and leasing; project completion; tenant relocation and occupancy; property management; and sale/realization of value. A typical development takes several years with the expectation of creating significant value (i.e., projected profit margin on cost) at the project level. Project timelines vary from market to market and by property type. Projects in emerging markets often require more time than those in developed markets.

Land and Land Development. We may acquire and develop, directly or through joint ventures or other common ownership entities with third parties or Hines or its affiliates, undeveloped real estate assets that we believe present opportunities to enhance value for our stockholders, although land development is not expected to comprise a significant component of Hines Global II's portfolio. Land development projects typically involve acquisition of unentitled or entitled land, procurement of entitlements and/or re-entitlements, development of infrastructure (e.g., roads, sidewalks, sewer and utility delivery systems) and subsequent sale of improved land to developers. For example, residential land development might involve infrastructure development and sale of finished lots to home builders for single family home construction. In some cases, we may also simply hold the undeveloped land for investment for a period of time and sell at an optimal time in order to produce attractive returns on our investment.

We may engage a third party or Hines or its affiliates to provide development-related services for all or some of the properties that we acquire for development. Please see "Conflicts of Interest—Hines and Our Property Management, Leasing and Other Services—Development Management."

Other Real Estate Investments

Investments in Securities. We will not invest in equity securities of other real estate companies unless such action is approved by a majority of our directors, including a majority of our independent directors, as being fair, competitive and commercially reasonable or such securities are publicly traded. With the necessary consents, we may purchase common, preferred or debt securities of such companies or options to acquire such securities. These securities may be unsecured and subordinate to the issuer's liabilities and other securities and also involve special risks relating to the particular issuer of the security of which we may not control.

Investments in and Originating Loans

We may make investments in real estate-related loans, including first and second mortgage loans, mezzanine loans, B-Notes, bridge loans, convertible mortgages, wraparound mortgage loans, construction mortgage loans and participations in such loans. We intend to structure, underwrite and originate many of the debt products in which we invest and may engage third parties or Hines or its affiliates with certain specific expertise to assist us in that process. Our underwriting process will involve comprehensive financial, structural, operational and legal due diligence to assess the risks of investments so that we can optimize pricing and structuring. We expect to utilize Hines and its affiliates as well as third parties to source our debt investments and service the loans.

We will not make or invest in mortgage loans on any one property if the aggregate amount of all mortgage loans outstanding on the property, including our borrowings, would exceed an amount equal to 85% of the appraised value of the property, unless we find substantial justification due to the presence of other underwriting criteria. We may find such justification in connection with the purchase of mortgage loans in cases in which we believe there is a high probability of our foreclosure upon the property in order to acquire the underlying assets and in which the cost of the mortgage loan investment does not exceed the appraised value of the underlying property. Such mortgages may or may not be insured or guaranteed by the Federal Housing Administration, the Veterans Administration or another third party.

We expect to hold loans for investment but may sell some of the loans that we originate to third parties or Hines or its affiliates for a profit.

We will fund the loans we originate or acquire with proceeds from this offering and borrowings under debt facilities.

Described below are some of the types of loans in which we may invest and/or originate other than traditional commercial first mortgage loans:

Second Mortgages. Second mortgages are secured by second deeds of trust on real property that is already subject to prior mortgage indebtedness, in an amount which, when added to the existing indebtedness, does not generally exceed 75% of the appraised value of the mortgage property.

B-Notes. B-Notes are junior participations in a first mortgage loan on a single property or group of related properties. The senior participation is known as an A-Note. Although a B-Note may be evidenced by its own promissory note, it shares a single borrower and mortgage with the A-Note and is secured by the same collateral. B-Note lenders have the same obligations, collateral and borrower as the A-Note lender, but in most instances B-Note lenders are contractually limited in rights and remedies in the event of a default. The B-Note is subordinate to the A-Note by virtue of a contractual or intercreditor arrangement between the A-Note lender and the B-Note lender. For the B-Note lender to actively pursue its available remedies (if any), it must, in most instances, purchase the A-Note or maintain its performing status in the event of a default on the B-Note. The B-Note lender may in some instances require a security interest in the stock or partnership interests of the borrower as part of the transaction. If the B-Note holder can obtain a security interest, it may be able to accelerate gaining control of the underlying property, subject to the rights of the A-Note holder. These debt instruments are senior to the mezzanine debt tranches described below, though they may be junior to another junior participation in the first mortgage loan. B-Notes may or may not be rated by a recognized rating agency.

B-Notes typically are secured by a single property or group of related properties, and the associated credit risk is concentrated in that single property or group of properties. B-Notes share certain credit characteristics with second mortgages in that both are subject to more credit risk with respect to the underlying mortgage collateral than the corresponding first mortgage or the A-Note. After the A-Note is satisfied, any remaining recoveries go next to the B-Note holder.

Mezzanine Loans. The mezzanine loans in which we may invest and/or originate will generally take the form of subordinated loans secured by a pledge of the ownership interests of an entity that directly or indirectly owns real property. We may hold senior or junior positions in mezzanine loans.

We may require other collateral to provide additional security for mezzanine loans, including letters of credit, personal guarantees or collateral unrelated to the property. We may structure our mezzanine loans so that we receive a stated fixed or variable interest rate on the loan as well as prepayment lockouts, penalties, minimum profit hurdles and other mechanisms to protect and enhance returns in the event of premature repayment.

These types of investments generally involve a lower degree of risk than the equity investment in the same entity that owns the real property because the mezzanine investment is generally secured by the ownership interests in the property-owning entity and, as a result, is senior to the equity. Upon a default by the borrower under the mezzanine loan, the mezzanine lender generally can take immediate control and ownership of the property-owning entity, subject to the senior mortgage on the property that stays in place in the event of a mezzanine default and change of control of the borrower.

These types of investments involve a higher degree of risk relative to the long-term senior mortgage secured by the underlying real property because the investment may become unsecured as a result of foreclosure by the senior lender. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy the mezzanine loan. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt.

Bridge Loans. We may offer bridge financing products to borrowers who are typically seeking short-term capital to be used in an acquisition, development or refinancing of a given property or for short term capital or liquidity needs. The terms of these loans generally do not exceed three years.

Convertible Mortgages. Convertible mortgages are similar to equity participations. We may invest in and/or originate convertible mortgages if we conclude that we may benefit from the cash flow or any appreciation in the value of the subject property.

Wraparound Mortgages. A wraparound mortgage loan is secured by a wraparound deed of trust on a real property that is already subject to prior mortgage indebtedness, in an amount which, when added to the existing indebtedness, does not generally exceed 75% of the appraised value of the mortgage property. A wraparound loan is one or more junior mortgage loans having a principal amount equal to the outstanding balance under the existing mortgage loan, plus the amount actually to be advanced under the wraparound mortgage loan. Under a wraparound loan, we would generally make principal and interest payments on behalf of the borrower to the holders of the prior mortgage loans.

Construction Loans. Construction loans are loans made for either original development or renovation of property. Construction loans in which we would generally consider an investment would be secured by first deeds of trust on real property and/or such other collateral which is customary for such type of property in such geographic area.

Loans on Leasehold Interests. Loans on leasehold interests are secured by an assignment of the borrower's leasehold interest in the particular real property. The leasehold interest loans are either amortized over a period that is shorter than the lease term or have a maturity date prior to the date the lease terminates. These loans would generally permit us to cure any default under the lease.

Participations. Mortgage and mezzanine participation investments are investments in partial interests of mortgages and mezzanine loans of the type described above that are made and administered by third-party lenders.

In evaluating prospective investments in and originations of loans, our Advisor will consider factors such as the following:

- the ratio of the amount of the investment to the value of the underlying property and other collateral or security;
- the property's potential for capital appreciation;
- expected levels of rental and occupancy rates;
- current and projected cash flow of the property;
- potential for rental increases;
- the degree of liquidity of the investment;
- the geographic area of the property;
- the condition and use of the property;
- the property's income-producing capacity;
- the quality, experience and creditworthiness of the borrower and/or guarantor; and
- general economic conditions in the area where the property is located.

Our Advisor will evaluate all potential loan investments to determine if the security for the loan and the loan-to-value ratio meets our investment criteria. Most loans provide for monthly payments of interest and some may also provide for principal amortization.

Our mortgage loan investments may be subject to regulation by federal, state and local authorities and subject to laws and judicial and administrative decisions imposing various requirements and restrictions, including, among other things, regulating credit-granting activities, establishing maximum interest rates and finance charges, requiring disclosure to customers, governing secured transactions and setting collection, repossession and claims handling procedures and other trade practices. In addition, certain states have enacted legislation requiring the licensing of mortgage bankers or other lenders, and these requirements may affect our ability to effectuate our proposed investments in mortgage loans. Commencement of operations in these or other jurisdictions may not be permitted until the applicable regulatory authority concludes that we have complied in all material respects with applicable requirements.

We do not limit the amount of offering proceeds that we may apply to loan investments. Our charter also does not place any limit or restriction on:

- the percentage of our assets that may be invested in any type of loan or in any single loan; or
- the types of properties subject to mortgages or other loans in which we may invest.

When determining whether to make investments in mortgage and other loans, we will consider such factors as: positioning the overall portfolio to achieve an optimal mix of real estate investments; the diversification benefits of the loans relative to the rest of the portfolio; the potential for the investment to deliver current income and attractive total returns; and other factors considered important to meeting our investment objectives.

We also will be required to consider regulatory requirements and SEC staff interpretations that determine the treatment of such securities for purposes of exceptions to and exemptions from registration as an investment company. This may require us to forgo investments that we, our Operating Partnership, or our subsidiaries might otherwise make in order to continue to assure that "investment securities" do not exceed the 40% limit required to avoid registration as an investment company or that only appropriate assets are treated as qualifying real estate mortgage assets.

Investments in Other Debt-Related Investments

In addition to our investments in properties, equity securities and loans, we may also invest in debt securities such as mortgage-backed securities.

Commercial Mortgage-Backed Securities. Commercial mortgage-backed securities, or CMBS, are securities that evidence interests in, or are secured by, a single commercial mortgage loan or a pool of commercial mortgage loans. We do not expect to invest in any CMBS that are backed by any governmental agencies. Accordingly, these securities are subject to all of the risks of the underlying mortgage loans.

CMBS are generally pass-through certificates that represent beneficial ownership interests in common law trusts whose assets consist of defined portfolios of one or more commercial mortgage loans. They are typically issued in multiple tranches whereby the more senior classes are entitled to priority distributions from the trust's income. Losses and other shortfalls from expected amounts to be received on the mortgage pool are borne by the most subordinate classes, which receive payments only after the more senior classes have received all principal and/or interest to which they are entitled.

The credit quality of mortgage-backed securities depends on the credit quality of the underlying mortgage loans, which is a function of factors such as:

- the principal amount of the loans relative to the value of the related properties;
- the mortgage loan terms (e.g. amortization);
- market assessment and geographic area;
- construction quality of the property;

- the creditworthiness of the borrowers; and
- tenant quality, rents, lease expirations and other lease terms.

The securitization process involves one or more of the rating agencies, including Fitch, Moody's and Standard & Poor's, who determine the respective bond class sizes, generally based on a sequential payment structure. Bonds that are rated from AAA to BBB by the rating agencies are considered "investment grade." Bond classes that are subordinate to the BBB class are considered "non-investment grade." The respective bond class sizes are determined based on the review of the underlying collateral by the rating agencies. The payments received from the underlying loans are used to make the payments on the CMBS. Based on the sequential payment priority, the risk of nonpayment for the AAA CMBS is lower than the risk of nonpayment for the non-investment grade bonds. Accordingly, the AAA class is typically sold at a lower yield compared to the non-investment grade classes that are sold at higher yields. We may invest in investment grade and non-investment grade CMBS classes.

We will evaluate the risk of investment grade and non-investment grade CMBS based on the credit risk of the underlying collateral and the risk of the transactional structure. The credit risk of the underlying collateral is crucial in evaluating the expected performance of an investment. Key variables in this assessment include rent levels, vacancy rates, supply and demand forecasts, tenant credit and tenant incentives (build-out incentives or other rent concessions) related to the underlying properties. We will likely utilize third party data and service providers to review loan level performance such as delinquencies and threats to credit performance; periodic servicing reports of the master and special servicers; reports from rating agencies forecast expected cash flows; probability of default; and loss given a default.

We may use third parties and/or Hines and its affiliates to source, underwrite and service our investments in loans and other debt-related investments.

International Investments

According to Prudential Real Estate Investors, approximately three-fourths of global real estate available for investment is located outside of the United States. Some of this real estate is located in developed markets such as England, Germany and France. These real estate markets are well-developed and have been integrated into the global capital markets for some time. Other real estate investments are located in maturing markets in countries that either have less advanced capital markets or are surrounded by emerging or higher risk markets. We believe examples of maturing markets include Russia and China. Finally, there are other potential real estate opportunities in emerging markets such as Brazil and Mexico. Although these markets may have a higher degree of market risk, they may also offer higher potential returns.

We believe that international properties may play an important role in well-diversified real estate portfolios and that a meaningful allocation to international properties that meet our investment policies and objectives could be an effective tool to compile a well-diversified portfolio with the potential for achieving attractive total returns upon the sale of our investments or the occurrence of another Liquidity Event. International investment diversification may involve diversity in regard to property types as well as geographic areas.

However, international investments involve unique risks. Please see "Risk Factors—Risks Related to International Investments." In addition to risks associated with real estate investments generally, regardless of location, country-specific legal, sovereign and currency risks add an additional layer of factors that must be considered when investing in non-U.S. real estate. Because we may be exposed to the effects of currency changes, for example as a result of our international investments, we may enter into currency rate swaps and caps, or similar hedging or derivative transactions or arrangements, in order to manage or mitigate our currency risk. We will not enter into currency swaps or cap transactions, hedging arrangements or similar transactions for speculative purposes.

We believe that having access to Hines' international organization, with offices in 18 foreign countries and employees living and working full time in these international markets, will be a valuable resource to us when considering international opportunities. As of December 31, 2015, Hines had offices in Australia, Brazil, Canada, Chile, China, England, France, Germany, India, Ireland, Italy, Luxembourg, Mexico, Panama, Poland, Russia, South Korea and Spain. Hines has acquired, developed, or redeveloped 139 projects outside of the United States in the 10 year period ended December 31, 2015 with an aggregate cost of approximately $8.0 billion. A majority of these projects are located in maturing or emerging markets. Our Advisor has access to Hines' international organization, and we expect to consider interests in non-U.S. markets, including opportunities in maturing or emerging markets. However, we cannot assure investors that we will be able to successfully manage the various risks associated with, and unique to, investing in foreign markets.

Joint Venture Investments

We may enter into joint ventures with third parties and with Hines or its affiliates. We may also enter into joint ventures, partnerships, co-tenancies and other co-ownership arrangements or participations with real estate developers, owners and other affiliated or non-affiliated parties for the purpose of owning and/or operating real properties or investing in other real estate investments. Our investment may be in the form of equity or debt. In determining whether to invest in a particular joint venture, our Advisor will evaluate the real estate investments that such joint venture owns or is being formed to own under the same criteria described elsewhere in this prospectus for the selection of our real estate investments.

We will enter into joint ventures with Hines or its affiliates for the acquisition or origination of real estate investments only if:

- a majority of our directors, including a majority of our independent directors not otherwise interested in the transaction, approve the transaction as being fair and reasonable to us; and
- the investment by us and other third-party investors making comparable investments in the joint venture are on substantially the same terms and conditions.

Management may determine that investing in joint ventures or other co-ownership arrangements with third parties or Hines affiliates will provide benefits to our investors because it will allow us to diversify our portfolio of real estate investments at a faster rate than we could obtain by investing directly, which may reduce risks to us. Likewise, such investments may provide us with access to real estate investments with benefits not available to us for direct investments, or are otherwise in the best interest of our stockholders.

Safeguards we will require related to our joint ventures will be determined on a case-by-case basis after our management and/or board of directors consider all facts they feel are relevant, such as the nature and attributes of our other potential joint venture partners, the proposed structure of the joint venture, the nature of the operations, liabilities and assets the joint venture may conduct and/or own, and the proportion of the size of our interest when compared to the interests owned by other parties. We expect to consider specific safeguards to address potential consequences relating to:

- The management of the joint venture, such as obtaining certain approval rights in joint ventures we do not control or providing for procedures to address decisions in the event of an impasse if we share control of the joint venture.
- Our ability to exit a joint venture, such as requiring buy/sell rights, redemption rights or forced liquidation under certain circumstances.
- Our ability to control transfers of interests held by other parties in the joint venture, such as requiring consent, right of first refusal or forced redemption rights in connection with transfers.

Borrowing Policies

We may incur indebtedness in the form of bank borrowings, purchase money obligations to the sellers of properties and publicly or privately placed debt instruments or financing from institutional investors or other lenders. Our indebtedness may be secured or unsecured. Security may be in the form of mortgages or other interests in our properties; equity interests in entities which own our properties or investments; cash or cash equivalents; securities; letters of credit; guarantees or a security interest in one or more of our other assets. We may use borrowing proceeds to finance acquisitions of new properties, make other real estate investments, make payments to our Advisor, pay for capital improvements, repairs or tenant buildouts, refinance existing indebtedness, pay distributions or provide working capital. The form of our indebtedness may be long-term or short-term debt or in the form of a revolving credit facility.

Financing Strategy and Policies

We expect that once we have fully invested the proceeds of this offering and other potential subsequent offerings, our debt financing, including our pro rata share of the debt financing of entities in which we invest, will be in the range of approximately 40%—60% of the aggregate value of our real estate investments and other assets. Financing for acquisitions and investments may be obtained at the time an asset is acquired or an investment is made or at such later time as we determine to be appropriate. In addition, debt financing may be used from time to time for property improvements, lease inducements, tenant improvements and other working capital needs, including the payment of distributions. Additionally, the amount of debt placed on an individual property or related to a particular investment, including our pro rata share of the amount of debt incurred by an individual entity in which we invest, may be less than 40% or more than 60% of the value of such property/investment or the value of the assets owned by such entity, depending on market conditions and other factors. Our aggregate borrowings, secured and unsecured, must be reasonable in relation to our net assets and must be reviewed by our board of directors at least quarterly. Our charter limits our borrowing to 300% of our net assets (which approximates 75% of the cost of our assets) unless any excess borrowing is approved by a majority of our independent directors and is disclosed to our stockholders in our next quarterly report along with justification for the excess. As described below, our independent directors have approved borrowings in excess of these limitations in connection with our first two investments, as we are in the early stages of raising capital through this offering.

As described elsewhere in this prospectus, in November 2014, our board of directors, including all of our independent directors, approved a $75.0 million unsecured credit facility (the "Hines Credit Facility") between us and Hines to be used to fund acquisitions and other working capital needs. In December 2014, our board of directors, including all of our independent directors, approved a $24.2 million borrowing under the Hines Credit Facility to fund our acquisition of 2819 Loker Avenue East, which was equal to approximately 95% of the contract purchase price of 2819 Loker Avenue East. Additionally, in January 2015, our board of directors, including all of our independent directors, approved $45.2 million of additional borrowings under the Hines Credit Facility and a €55.2 million secured credit facility ($62.1 million using $1.12 per Euro as of the transaction date) for the purchase of Bishop's Square in March 2015. In total, these borrowings represented approximately 104% of the cost of Bishop's Square based on the contract purchase price. As of March 31, 2016, our portfolio was approximately 44% leveraged based on the most recent appraised values of our real estate investments.

Our existing indebtedness and any additional indebtedness we do incur will likely be subject to continuing covenants, and we will likely be required to make continuing representations and warranties about the company in connection with such debt. Moreover, some or all of our debt may be secured by some or all of our assets. If we default on the payment of interest or principal on any such debt, breach any representation or warranty in connection with any borrowing or violate any covenant in any loan document, our lender may accelerate the maturity of such debt, requiring us to immediately repay all outstanding principal.

Notwithstanding the above, depending on market conditions and other factors, we may choose not to place debt on our portfolio or our assets and may choose not to borrow to finance our operations or to acquire properties.

Our financing strategy and policies do not eliminate or reduce the risks inherent in using leverage to purchase properties. Please see "Risk Factors—Risks Related to Investments in Real Estate—Our use of borrowings to partially fund acquisitions and improvements on properties could result in foreclosures and unexpected debt service expenses upon refinancing, both of which could have an adverse impact on our operations and cash flow."

By operating on a leveraged basis, we will have more funds available for investment in properties. We believe the prudent use of favorably-priced debt may allow us to make more investments than would otherwise be possible, resulting in a more diversified portfolio. To the extent that we do not obtain mortgage loans on our properties or other debt financing, our ability to acquire additional properties may be restricted.

We will refinance properties during the term of a loan in circumstances that may be beneficial to us, such as when a decline in interest rates makes it beneficial to prepay an existing mortgage, or if an attractive investment becomes available and the proceeds from the refinancing can be used to purchase such investment. The benefits of the refinancing may include increased cash flow resulting from reduced debt service requirements, increased distributions resulting from proceeds of the refinancing, if any, and increased property ownership if some refinancing proceeds are reinvested in real estate.

Because we may be exposed to the effects of interest rate changes, for example as a result of variable interest rate debt we may have, we may enter into interest rate swaps and caps, or similar hedging or derivative transactions or arrangements, in order to manage or mitigate our interest rate risk on variable rate debt. We will not enter into interest rate swaps or cap transactions, hedging arrangements or similar transactions for speculative purposes.

As was the case with the Hines Credit Facility, we may borrow amounts from Hines or its affiliates only if such loan is approved by a majority of our directors, including a majority of our independent directors not otherwise interested in the transaction, as fair, competitive, commercially reasonable and no less favorable to us than comparable loans between unaffiliated parties under the circumstances.

Except as set forth in our charter regarding debt limits, we may reevaluate and change our financing policies in the future without a stockholder vote. Factors that we would consider when reevaluating or changing our financing policies include then-current economic conditions, the relative cost of debt and equity capital, investment opportunities, the ability of our investments to generate sufficient cash flow to cover debt service requirements and other similar factors. Further, we may increase or decrease our expected ratio of debt to aggregate value in connection with any change of our financing policies.

Issuing Securities for Property

Subject to limitations contained in our charter, we may issue, or cause to be issued, shares in Hines Global II or units in the Operating Partnership in any manner (and on such terms and for such consideration) in exchange for real estate, interests in real estate or other real estate-related investments. Existing stockholders have no preemptive rights to purchase such shares in any offering, and any such issuance of our shares or units might result in dilution of a stockholder's investment. Any such transaction must be approved by a majority of our directors, including a majority of our independent directors.

Disposition Policies

We intend to hold our properties for an extended period to enable us to capitalize on the potential for increased cash flow and capital appreciation. The period that we will hold our investments in other real estate-related investments will vary depending on the type of investment, market conditions, and other factors. We may hold some of our investments in mortgage and other loans for shorter periods of time depending on the specific circumstances of such loans. Our Advisor will develop a well-defined exit strategy for each investment we make. Our Advisor generally assigns an optimal hold period for each investment we make as part of the underwriting and business plan for the investment. Our Advisor will continually perform a hold-sell analysis on each investment in order to determine the optimal time to sell and generate attractive total returns. Periodic reviews of each investment will focus on the remaining available value enhancement opportunities and the demand for the investment in the marketplace. Economic and market conditions may influence us to hold our investments for different periods of time. We may sell an asset before the end of the expected holding period if we believe that market conditions and asset positioning have maximized its value to us or the sale of the asset would otherwise be in the best interests of our stockholders.

We may sell assets to third parties or to affiliates of Hines. All transactions with affiliates of Hines must be approved by a majority of our independent directors. Please see "Conflicts of Interest—Certain Conflict Resolution Procedures." Additionally, ventures in which we may have an interest may be forced to sell assets to satisfy mandatory redemptions of other investors or buy/sell mechanisms.

Investment Limitations

Our charter provides that the following investment limitations shall apply and we may not:

- Invest in equity securities, unless a majority of our directors, including a majority of our independent directors, approve such investment as being fair, competitive and commercially reasonable.
- Invest in commodities or commodity futures contracts, except for futures contracts when used solely for the purpose of hedging in connection with our ordinary business of investing in real estate assets and mortgages.
- Invest in real estate contracts of sale, otherwise known as land sale contracts, unless the contract is in recordable form and is appropriately recorded in the chain of title.
- Make or invest in mortgage loans (excluding any investment in mortgage programs or CMBS) unless an appraisal is obtained concerning the underlying asset, except for those mortgage loans insured or guaranteed by a government or government agency. In cases where a majority of our independent directors determines, and in all cases in which the transaction is with any of our directors or Hines and its affiliates, we will obtain an appraisal from an independent appraiser. Such an appraisal shall be maintained in our records for at least five years and shall be available for inspection and duplication by any stockholder. In addition to such an appraisal, a mortgagee's or owner's title insurance policy or commitment as to the priority of the mortgage or the condition of the title will be obtained in each case.
- Make or invest in mortgage loans (excluding any investment in mortgage programs or CMBS) including construction loans, on any one property if the aggregate amount of all mortgage loans on such property would exceed an amount equal to 85% of the appraised value of such property, as determined by an appraisal, unless substantial justification exists for exceeding such limit because of the presence of other loan underwriting criteria.
- Make or invest in any indebtedness secured by a mortgage on real property that is subordinate to any mortgage or equity interest of our Advisor, any of our directors, Hines or any of our affiliates.
- Invest in junior debt secured by a mortgage on real property which is subordinate to the lien or other senior debt except where the amount of such junior debt plus any senior debt does not exceed 90% of the appraised value of such property, if after giving effect thereto, the value of all such mortgage loans would not then exceed 25% of our net assets, which means our total assets less our total liabilities.

- Make investments in unimproved property or indebtedness secured by a deed of trust or mortgage loans on unimproved property in excess of 10% of our total assets.
- Issue equity securities on a deferred payment basis or other similar arrangement.
- Issue debt securities in the absence of adequate cash flow to cover debt service.
- Issue equity securities that are assessable or have voting rights that do not comply with our charter.
- Issue "redeemable securities," as defined in Section 2(a)(32) of the Investment Company Act.
- When applicable, grant warrants or options to purchase shares to Hines or its affiliates or to officers or directors affiliated with Hines except on the same terms as the options or warrants that are sold to the general public. Further, the amount of the options or warrants issued to such persons cannot exceed an amount equal to 10% of outstanding shares on the date of grant of the warrants and options.
- Engage in securities trading, or engage in the business of underwriting or the agency distribution of securities issued by other persons.
- Lend money to Hines or its affiliates, except for certain loans permitted thereunder.
- Acquire interests or securities in any entity holding investments or engaging in the above prohibited activities except for investments in which we own a noncontrolling interest or investments in any entity having securities listed on a national securities exchange.

In addition, we do not intend to:

- underwrite securities of other issuers; or
- actively trade in loans or other investments.

Subject to the restrictions we must follow in order to qualify to be taxed as a REIT, we may make investments other than as previously described, although we do not currently intend to do so.

Affiliate Transaction Policy

Our board of directors has established a conflicts committee, which will review and approve all matters the board believes may involve a conflict of interest. This committee is composed solely of independent directors. Please see "Management—Committees of the Board of Directors—Conflicts Committee." The conflicts committee of our board of directors will approve all transactions between us and Hines and its affiliates. Please see "Conflicts of Interest—Certain Conflict Resolution Procedures."

Certain Other Policies—Investment Company Act of 1940

We intend to conduct our operations so that neither Hines Global II, nor the Operating Partnership, nor a subsidiary will be required to register as an investment company under the Investment Company Act. Section 3(a)(1)(A) of the Investment Company Act defines an investment company as any issuer that is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the Investment Company Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. Government securities and cash items) on an unconsolidated basis, which we refer to as the 40% test. Excluded from the term "investment securities," among other things, are U.S. Government securities and securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

Hines Global II is organized as a holding company that conducts its businesses primarily through the Operating Partnership and our direct and indirect majority-owned subsidiaries; however, Hines Global II may also make investments directly. We expect the focus of our business, conducted primarily through the Operating Partnership and its majority-owned subsidiaries, will involve the non-investment company business of making investments in real estate, buildings, and other assets that can be referred to as "sticks and bricks." Neither Hines Global II nor the Operating Partnership expects to meet the definition of "investment company" under Section 3(a)(1)(A), since neither intends to hold itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities. Both Hines Global II and the Operating Partnership intend to conduct their operations so that they comply with the limits imposed by the 40% test such that neither meets the definition of "investment company" under Section 3(a)(1)(C). The securities issued to the Operating Partnership by any majority-owned subsidiaries that we may form in the future that are excluded from the definition of "investment company" based on Section 3(c)(1) or 3(c)(7) of the Investment Company Act, together with any other investment securities the Operating Partnership may itself own, may not have a value in excess of 40% of the value of the Operating Partnership's total assets on an unconsolidated basis. We will monitor our holdings to ensure continuing and ongoing compliance with this test.

The determination of whether an entity is a majority-owned subsidiary of its immediate parent company is made by us. The Investment Company Act defines a majority-owned subsidiary of a person as a company 50% or more of the outstanding voting securities of which are owned by such person. The Investment Company Act further defines voting securities as any security presently entitling the owner or holder thereof to vote for the election of directors of a company. We treat companies in which we own at least 50% of the outstanding voting securities as majority-owned subsidiaries for purposes of the 40% test. We have not requested the SEC or its staff to approve our treatment of any company as a majority-owned subsidiary and the SEC and its staff have not done so. If the SEC or its staff were to disagree with our treatment of one or more companies as majority-owned subsidiaries, we would need to adjust our strategy and our assets in order to comply with (and hold investment securities below the limit imposed by) the 40% test. Any such adjustment in our strategy could have a material adverse effect on us.

We may in the future organize special purpose subsidiaries of the Operating Partnership that will rely on Section 3(c)(7) for their Investment Company Act exclusion and, therefore, the Operating Partnership's interest in each of these subsidiaries would constitute an investment security for purposes of determining whether the Operating Partnership complies with the 40% test. However, we expect that most of our majority-owned subsidiaries will not meet the definition of investment company or, if they meet that definition, they will not rely on the exclusions under either Section 3(c)(1) or 3(c)(7) of the Investment Company Act. Consequently, we expect that our interests in these subsidiaries (which we expect will constitute a substantial majority of our assets) will not constitute "investment securities." Consequently, we expect to be able to conduct our operations so that we are not required to register as an investment company under the Investment Company Act.

One or more of our current or to-be-formed subsidiaries may seek to qualify for an exclusion from registration as an investment company under the Investment Company Act pursuant to Section 3(c)(5)(C) of the Investment Company Act, which is available for entities "primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate." This exclusion, as interpreted by the staff of the SEC, generally requires that at least 55% of an entity's portfolio be comprised of qualifying interests and the remaining 45% of the entity's portfolio be comprised primarily of real estate-type interests (as such terms have been interpreted by the staff of the SEC). SEC staff no-action letters have indicated that the foregoing real estate-type interests test will be met if at least 25% of such entity's assets are invested in real estate-type interests, which threshold is subject to reduction to the extent that the entity invested more than 55% of its total assets in qualifying interests, and no more than 20% of such entity's total assets are invested in miscellaneous investments. Qualifying interests for this purpose include actual interests in real estate, certain mortgage loans and other assets as interpreted in a manner consistent with SEC staff guidance. We intend to treat the following as real estate-type interests: non-Agency RMBS; CMBS, debt and equity securities of companies primarily engaged in real estate businesses; agency partial pool certificates and securities issued by pass-through entities of which substantially all of the assets consist of qualifying interests; and/or real estate-related assets. Although we intend to monitor our portfolio periodically and prior to each investment acquisition, there can be no assurance that we will be able to maintain this exclusion from registration for each of our subsidiaries.

In addition, we, the Operating Partnership and/or our subsidiaries may rely upon other exclusions, including the exclusion provided by Section 3(c)(6) of the Investment Company Act (which excludes, among other things, parent entities whose primary business is conducted through majority-owned subsidiaries relying upon the exclusion provided by Section 3(c)(5)(C) (discussed above)), from the definition of an investment company and the registration requirements under the Investment Company Act.

Qualification for exclusion from registration under the Investment Company Act could limit our ability to make certain investments. For example, these restrictions will limit the ability of a subsidiary seeking to rely on the exclusion provided by Section 3(c)(5)(C) of the Investment Company Act to invest directly in mortgage-backed securities that represent less than the entire ownership in a pool of mortgage loans, debt and equity tranches of securitizations and certain ABS and real estate companies, in securities that the staff of the SEC has deemed not to be qualifying interests or in assets not related to real estate.

However, there can be no assurance that the laws and regulations governing the Investment Company Act status of REITs (and/or their subsidiaries), including actions by the SEC or the SEC staff providing more specific or different guidance regarding these exclusions, will not change in a manner that adversely affects our operations. For example, on August 31, 2011, the SEC issued a concept release requesting comments regarding a number of matters relating to the exclusion provided by Section 3(c)(5)(C) of the Investment Company Act, including the nature of assets that qualify for purposes of the exclusion and whether mortgage REITs should be regulated in a manner similar to investment companies. To the extent that the SEC staff provides more specific guidance regarding any of the matters bearing upon such exclusions, or other exclusions from the definition of Investment Company Act upon which we may rely, we may be required to change the way we conduct our business or adjust our strategy or the activities of our subsidiaries accordingly. Any additional guidance from the SEC staff could provide additional flexibility to us, or it could further inhibit our ability to pursue the strategies we have chosen.

If we meet the definition of an investment company under the Investment Company Act and we fail to qualify for an exclusion therefrom, our ability to use leverage and other business strategies would be substantially reduced, and our business will be materially and adversely affected if we fail to qualify for an exclusion from regulation under the Investment Company Act. If we did become an investment company, we might be required to revise some of our current policies to comply with the Investment Company Act. This would require us to incur the expense and delay of holding a stockholder meeting to vote on proposals for such changes. Please see “Risk Factors—Risks Related to Organizational Structure—We are not registered as an investment company under the Investment Company Act of 1940, as amended, or the Investment Company Act, and therefore we will not be subject to the requirements imposed on an investment company by the Investment Company Act which may limit or otherwise affect our investment choices.” Please also see “Risk Factors—Risks Related to Organizational Structure—If Hines Global II or the Operating Partnership is required to register as an investment company under the Investment Company Act, the additional expenses and operational limitations associated with such registration may reduce your investment return or impair our ability to conduct our business as planned.”

Liquidity Event

Subject to then existing market conditions and the sole discretion of our board of directors to determine when to consider a Liquidity Event, we expect to consider alternatives for providing liquidity five to eight years following the end of this offering. A “Liquidity Event” could consist of:

- a sale of our assets,
- our sale or merger,
- a listing of our shares on a national securities exchange, or
- a similar transaction.

While we expect to seek a Liquidity Event in this timeframe there can be no assurance that a suitable transaction will be available or that market conditions for a transaction will be favorable during such timeframe. A Liquidity Event is not guaranteed and may be postponed. Our board of directors has the sole discretion to consider a Liquidity Event at any time if they determine such event to be in the best interests of our stockholders. Our board of directors may also continue operations beyond ten years following the commencement of this offering if it deems such continuation to be in the best interests of our stockholders.

Change in Investment Objectives, Policies and Limitations

Our charter requires our independent directors to review our investment policies at least annually to determine that the policies we are following are in the best interests of our stockholders. Each determination and the basis therefor is required to be set forth in the applicable meeting minutes. The methods of implementing our investment policies also may vary as new investment techniques are developed. The methods of implementing our investment objectives and policies, except as otherwise provided in our organizational documents, may be altered by a majority of our directors, including a majority of our independent directors, without the approval of our stockholders. However, the investment limitations in our charter can only be amended with the approval of our shareholders. Please see "Description of Capital Stock—Meetings and Special Voting Requirements."

PRIOR PERFORMANCE

The information presented in this section represents the historical experience of real estate programs managed by Hines and its affiliates. The following summary is qualified in its entirety by reference to the prior performance tables, which can be found in Appendix A of this prospectus.

Other than Hines REIT and Hines Global I, Hines' previous real estate programs were conducted through private entities not subject to similar up-front commissions, fees and expenses associated with this offering or all of the laws and regulations governing Hines Global II. Investors in Hines Global II should not assume that the prior performance of Hines or its affiliates or programs will be indicative of Hines Global II's future performance. Please see "Risk Factors—Risks Related to Our Business in General—We are different in some respects from other investment vehicles sponsored by Hines, and therefore the past performance of such investments may not be indicative of our future results and Hines has limited experience in acquiring and operating certain types of real estate investments that we may acquire." We have omitted from the discussion information regarding the prior performance of entities for which an institutional investor engaged a Hines-sponsored investment advisor if the investor had the power to reject the real estate acquisitions proposed by the Hines-sponsored investment advisor. Such entities are not considered "programs" as that term is used in this prospectus.

Prior Programs

Hines has employed a range of investment strategies to pursue property real estate investment opportunities in the United States and internationally. During the 10 years ended December 31, 2015, Hines sponsored 23 privately-offered programs in which Hines co-invested with various third-party institutional and other third-party investors, and two publicly-offered investment programs, Hines REIT and Hines Global I, which we collectively refer to as the Prior Programs.

The prior performance tables included in Appendix A to this prospectus set forth information as of the dates indicated regarding certain of the Prior Programs as to: (i) experience in raising and investing funds (Table I); (ii) compensation to sponsor (Table II); (iii) operating results of Prior Programs (Table III); and (v) sales or disposals of properties (Table V). Results of Completed Programs (Table IV) has been omitted because the Prior Programs sponsored by Hines had not completed their operations and sold all of their properties during the five years ended December 31, 2015.

Summary Information

Capital Raising

The total amount of funds raised from investors in the Prior Programs during the 10 years ended December 31, 2015 was approximately $15.2 billion. There were over 75 third-party institutional investors in the privately-offered programs and approximately 120,000 investors in both Hines REIT and Hines Global I, combined. Please see "Appendix A—Prior Performance Tables—Table I" and "Appendix A—Prior Performance Tables—Table II" for more detailed information about Hines' experience in raising and investing funds for Prior Programs during the three year period ended December 31, 2015 and the compensation paid to Hines and its affiliates as the sponsor and manager of these Prior Programs.

Investments

During the 10 years ended December 31, 2015, the Prior Programs invested approximately $18.9 billion in 233 properties. The following table provides additional information about these investments as of December 31, 2015, based on their cost:

Type of Property	Existing	Construction	Total
Office	68%	3%	71%
Mixed-use	5%	2%	7%
Retail	7%	3%	10%
Residential	*	3%	3%
Industrial, Hospitality, Parking Garage and Land	5%	4%	9%
Total	85%	15%	100%

The table below gives further details about the properties acquired or developed by the Prior Programs during the 10 years ended December 31, 2015.

	Real Estate Investments			
Location	Number	Percentage	Cost (In thousands)	Percentage
United States:				
East Region	8	3%	$ 1,079,650	6%
Southwest Region	19	8%	$ 1,592,777	8%
Midwest Region	9	4%	$ 1,756,594	9%
West Region	31	13%	$ 4,657,130	25%
Southeast Region	27	12%	$ 1,773,155	9%
TOTAL UNITED STATES	94	40%	$10,859,306	57%
International:				
Western Europe	44	19%	$ 3,539,899	19%
Canada	1	*	$ 215,500	1%
Emerging Market Economies	89	38%	$ 3,772,604	20%
Australia	5	2%	$ 513,174	3%
TOTAL INTERNATIONAL	139	60%	$ 8,041,177	43%
TOTAL	233	100%	$18,900,483	100%

* Amount represents less than 1%.

Investments in 43 properties were made by Prior Programs with objectives similar to ours during the three-year period ended December 31, 2015. The aggregate cost of these properties totaled approximately $3.3 billion. Generally, these investments were financed with a combination of mortgage financing (including construction loans for development projects) and investor equity, including debt financing secured by investors’ commitments to make equity investments.

Sales and Dispositions

The Prior Programs disposed of 144 investments during the 10 years ended December 31, 2015. The aggregate sales price of these investments was approximately $16.3 billion and the aggregate cost was approximately $12.0 billion.

Please see "Appendix A—Prior Performance Tables—Table III" for information about the operating results of Hines' prior programs with investment objectives similar to ours, the offerings of which closed in the five years ended December 31, 2015. "Appendix A—Prior Performance Tables—Table V" provides more detailed information about individual property sales in the last three years by programs with investment objectives similar to ours.

Investment Objectives

Generally, we consider those Prior Programs that invest in real estate properties through acquisition, and not through development, to have investment objectives similar to ours. Approximately 14% of the aggregate funds raised from investors by all of the Prior Programs were invested in Prior Programs with investment objectives similar to ours. The aggregate cost of the underlying properties of the Prior Programs with similar investment objectives is about 68% of the total aggregate cost incurred by all of the Prior Programs during the period. Sales of properties by Prior Programs with similar investment objectives to ours represent approximately 42% of the aggregate sales price from all of the Prior Programs during the 10 years ended December 31, 2015.

Prior Program Summary

During the Great Recession, most global markets experienced a deterioration of economic conditions as well as a reduction of liquidity in the financial markets. These conditions impacted the commercial real estate industry by way of reduced equity capital and debt financing as well as the weakening of real estate fundamentals such as tenant demand, occupancies, leasing velocity and rental rates, the result of which generally was reduced cash flow and lower values. Some of the Prior Programs described below are in their investment and/or operational phase and were impacted by these adverse market conditions, which may cause them to alter their investment strategy or generate returns lower than expected or ultimately incur losses. In addition, we expect that certain of the private programs listed below as being in the "investment phase," as well as additional private programs sponsored by Hines, will be engaged in offerings simultaneously with this offering. Until such time as each of the Prior Programs in their investment and/or operational phases completes their disposition phase, the ultimate performance of such programs is undeterminable given the significant uncertainty surrounding the global economic and real estate markets for the next several years.

Below is a description of all of the Prior Programs. As noted under "—Investment Objectives," not all of the Prior Programs have investment objectives similar to ours. References to "Hines" in the following descriptions include Hines or affiliates of Hines.

Programs in Investment Phase

Hines Pan-European Core Fund	Hines Pan-European Core Fund ("HECF") is an open ended fund that was formed in July 2006 to acquire and manage a geographically diversified portfolio of core real estate assets in the European Union, in EU concession countries as well as in Switzerland and Norway, with a focus on France, Germany, Italy, Spain and England. The primary objective of HECF is to generate sustainable current income from operating leases and long-term capital appreciation of asset values. HECF's current equity capital commitments are €482 million (approximately US$526 million). HECF is managed by Hines, and Hines has discretion over investment decisions.

Hines Poland Sustainable Income Fund	Hines Poland Sustainable Income Fund (“HPSIF”) was formed in June 2014 to acquire stabilized or under leased, well located class A office, logistics and mixed-use real estate in Poland; actively manage the assets over a mid-long hold period to improve cash flow and physical property to maximize capital value. The target equity is €200-250 million (minimum investment €10 million), not to exceed €300 million. The first closing of €107m (approximately US$116 million) occurred in June 2014. The final closing date was June 9, 2015 with a total capital commitment of €155 million (approximately US$169 million). HPSIF is managed by Hines and Hines has discretion over investment decisions.
Skywalk Investment Partners	Skywalk Investment Partners (“Skywalk”) was formed in 2015 in partnership with one institutional investor partner. Skywalk’s objective is to acquire (and potentially develop) institutional-quality real estate assets in select European markets that will be actively asset-managed through core-plus and value add strategies. Skywalk is managed by Hines, and Hines has discretion over investment decisions.

Programs in Operations/Dispositions Phase

Hines Global REIT, Inc.	Hines Global I was formed in December 2008 for the purpose of engaging in the business of investing in and owning commercial real estate properties and other real estate investments. Hines Global I raised US$2.8 billion through two public offerings. Hines Global I is managed by Hines, and Hines has discretion over investment decisions, subject to the approval of the Hines Global I board of directors. In 2010, a significant amount of investment capital began pursuing high-quality, well-located assets and these conditions caused aggressive competition and higher pricing for assets which match Hines Global I’s investment strategy. Accordingly, Hines Global I experienced delays in investing its public offering proceeds which, combined with higher pricing, caused Hines Global I to reduce the amount of per share, per day distributions declared from $0.00191781 to $0.0017808 as of January 1, 2012.
Hines US Core Office Fund LP	The Core Fund is a partnership organized in August 2003 by Hines to invest in existing core office properties in the United States that Hines believes are desirable long-term core holdings. The Core Fund had capital commitments of US $2.3 billion, all of which have been funded. The Core Fund is managed by Hines, and Hines has discretion over investment decisions.

Hines Real Estate Investment Trust, Inc.	Hines REIT was formed in August 2003 as an investment vehicle which invested primarily in institutional-quality office properties located throughout the U.S. Hines REIT raised US$2.5 billion through several public offerings between 2004 and 2009. In addition, Hines REIT has raised $232.4 million through various dividend reinvestment plan offerings between 2010 and 2016. Hines REIT is managed by Hines, and Hines has discretion over investment decisions, subject to the approval of the Hines REIT board of directors. Although it was re-opened with respect to ordinary redemption requests in April 2013, Hines REIT suspended its share redemption program, except with respect to redemptions in connection with the death or disability of a stockholder in December 2009. In May 2011, November 2012, April 2013, November 2013 and December 2014 and September 2015, Hines REIT's board of directors determined an estimated per share net asset value, or NAV, of $7.78, $7.61, $6.75, $6.40, $6.50 and $6.65, respectively, each of which was lower than its final primary offering price of $10.08 per share in 2009. In addition, Hines REIT decreased its distribution rate in July 2010 and further decreased the rate in April 2013. Between 2011 and 2013, in addition to regular quarterly distributions, Hines REIT paid return of capital distributions to stockholders in the aggregate amount of $1.01 per share. On May 31, 2016, Hines REIT announced that, in connection with the company's further consideration of its strategic alternatives to execute a liquidity event, Hines REIT was indefinitely suspending its share redemption program effective as of June 30, 2016. In addition, on June 30, 2016, Hines REIT announced that its board of directors unanimously voted to approve a plan for liquidation and dissolution of Hines REIT. The plan, which is subject to stockholder approval, includes Hines REIT entering into a definitive agreement to sell seven West Coast office assets in a cash transaction for $1.162 billion to an affiliate of Blackstone Real Estate Partners VIII. In light of the pending plan, Hines REIT ceased paying regular quarterly distributions after the payment of distributions declared for the second quarter of 2016. If the plan of liquidation and dissolution is approved by Hines REIT's stockholders and the sale of all or substantially all of Hines REIT's assets is completed in accordance with the plan, Hines REIT expects to make distributions from the proceeds of the asset sales to its stockholders on or before December 31, 2016. Hines REIT has indicated that there can be no assurances regarding the amounts of any distributions or the timing thereof.
Hines Russia & Poland Fund	Hines Russia & Poland Fund ("HRPF") was formed in November 2010 to develop, acquire, and redevelop Class A office, industrial, retail, residential, and mixed-use projects in Russia and Poland. HRPF's current equity capital commitments are €390 million (approximately US $425 million). HRPF is managed by Hines, and Hines has discretion over investment decisions.
Hines India Fund	Hines India Fund LP ("HIF") was formed in October 2007 to develop office projects and high end residential properties in primary markets such as New Delhi's National Capital Region, Bangalore and Mumbai and to acquire fully entitled land with potential involvement in master-planned communities and township developments to meet the demand of multinational and Indian corporations and the growing middle class, respectively. HIF's primary markets are New Delhi/National Capital Region, Bangalore and Mumbai; its secondary markets are Hyderabad, Chennai and Pune. HIF had total equity capital commitments of US$225 million. HIF is managed by Hines, and Hines has discretion over investment decisions.

HCM Holdings II, LP	HCM Holdings II, LP ("HCM II") was formed in March 2007 to develop and acquire residential, retail, office and industrial projects that serve the growing Mexico middle class in geographically diverse locations/ segments in Mexico. As a successor fund to HCM I, HCM II had total equity capital commitments of US$153.8 million. HCM II is managed by Hines, and Hines has discretion over investment decisions subject to an annual investment plan and program guidelines approved by the investment partner. Due to cost overruns and deteriorating economic conditions that led to lower than projected sales prices on its retail and residential projects, HCM II has incurred a loss. Further, due to deteriorating economic conditions, HCM II has suspended two residential projects, the vertical portion of a retail project, and an industrial park which have predevelopment costs that will not be recovered.
Hines International Real Estate Fund	Hines International Real Estate Fund ("HIREF") was formed in July 2006 to acquire and develop office, retail, residential and industrial projects in emerging markets, with its main focus being China, Russia and Poland. HIREF had total equity capital commitments of US$344 million. HIREF is managed by Hines, and Hines has discretion over investment decisions.
HCC Interests LP	HCC Interests LP ("HCC") was formed in May 2006 to develop and acquire office, retail, land development, industrial, mixed use and hospitality projects in China. HCC had equity capital commitments of US$11 million. The Fund's commitment term expired on May 25, 2009. HCC is managed by Hines, and Hines has discretion over investment decisions.
Hines U.S. Office Value Added Fund II LP	Hines U.S. Office Value Added Fund II LP ("Hines VAF II") was formed in October 2006 to acquire existing assets in major U.S. markets with the focus on large CBD office and multi-building suburban office campuses, seeking value add opportunities through leasing and redevelopment. As a successor fund to Hines VAF I, Hines VAF II had total equity capital commitments of US$828 million. Hines VAF II is managed by Hines, and Hines has discretion over investment decisions. Adverse economic conditions and rising cap rates in prior years led to a decline in the values of the assets in this portfolio.
Hines European Development Fund LP	Hines European Development Fund LP ("HEDF I") was formed in October 2002 to develop and redevelop Class A office space in major metropolitan cities in Western Europe. HEDF I had total equity capital commitments of €387 million (approximately US$422 million). HEDF I is managed by Hines, and Hines has discretion over investment decisions. In December 2011, HEDF realized a loss of €19.3 million (approximately US$25.0 million) upon the sale of one of its projects.
Emerging Markets Real Estate Fund II LP	Emerging Markets Real Estate Fund II LP ("EMRE II") was formed in February 1999 to develop, re-develop, lease, own and sell Class A office, residential and industrial projects in diverse emerging economies outside the United States and certain Western European markets. EMRE II had total equity capital commitments of US$436 million. EMRE II is managed by Hines, and Hines has discretion over investment decisions. Due to poor economic conditions in Argentina, one project was cancelled and the land was sold at a loss. Soft market conditions in Germany coupled with a longer lease-up period contributed to a loss on the project in Munich.

HCB Interests II, LP	HCB Interests II, LP ("HCB II") was formed in February 2007 to develop and acquire institutional quality real estate targeting multi-national and major Brazilian corporate tenancies, residential development for low- to middle-income Brazilian households and continue the development and expansion of industrial distribution parks. As a successor fund to HCB I, HCB II had total equity capital commitments of US$1.0 billion. HCB II is managed by Hines, and Hines has discretion over investment decisions. Due to deteriorating economic conditions, HCB II cancelled the development of an office project prior to the commencement of construction. The land acquired for this project was sold at a loss of approximately $16 million in March 2010.
Hines Multifamily Investment Partners	Hines Multifamily Investment Partners ("HMIP") was formed in March 2012 to develop Class A multi-family projects in urban and suburban core markets in the US. HMIP has total equity capital committed of US $111 million. HMIP is managed by Hines, and Hines has discretion over investment decisions.
Hines Value Added Venture III	Hines Value Added Venture III ("VAV III") was formed in August 2012 in partnership with a corporate pension fund to acquire existing assets in U.S. markets with the focus on CBD office and suburban office campuses, seeking opportunities to add value through leasing, management and redevelopment. VAV III has total equity capital commitments of US$211 million. VAV III is managed by Hines, and Hines has discretion over investment decisions.

Fully Monetized Programs

Hines European Value Added Fund	Hines European Value Added Fund ("HEVAF") was formed in March 2005 in the legal form of a Luxembourg FCP to invest in a geographically diverse portfolio of buildings across Europe, with value add created through redevelopment, development, repositioning and leasing before sale of the properties. HEVAF's equity capital commitment was €247 million (approximately US$269 million). HEVAF is managed by Hines, and Hines has discretion over investment decisions. Adverse economic conditions and rising cap rates in prior years led to a cyclical decline in the values of some of the assets in this portfolio, resulting in the extension of investment strategies for portfolio investments which reached culmination in 2013. HEVAF's portfolio has now been fully monetized, with the final real estate investment exited during 2015. The remaining fund entities are currently being liquidated and final capital distributions are being returned to investors.
Hines U.S. Office Value Added Fund LP	Hines U.S. Office Value Added Fund LP ("VAF I" or "Hines Value Added Fund") was formed in December 2003 to invest in existing office properties in the United States with value add potential through leasing or redevelopment activities. Hines Value Added Fund had total equity capital commitments of US$276.4 million. VAF I is managed by Hines, and Hines has discretion over investment decisions.

HCS Interests LP	HCS Interest LP ("HCS") was formed in January 2006 to invest primarily in Sunbelt coastal areas of Spain to develop parcels of land, residential communities and master-planned communities. HCS's equity capital commitment was €183 million (approximately US$200 million). HCS is managed by Hines, and Hines has discretion over investment decisions. Due to changes in regional legislation and adverse market conditions in the Spanish residential market, HCS suspended two projects and began exercising caution in the underwriting of new potential deals. As a result, only 3% of the capital that was originally committed by the investors was invested in HCS. In 2009, HCS decided to close the fund resulting in a loss of all the capital that was invested.
Hines European Development Fund II LP	Hines European Development Fund II LP ("HEDF II") was formed in February 2007 to develop new Class A office buildings and redevelop well-located existing buildings in the targeted countries of France, Germany, Italy, Spain and the UK. As a successor fund to HEDF, HEDF II had total equity capital commitments of €647.1 million (approximately US$706 million). HEDF II is managed by Hines, and Hines has discretion over investment decisions. In 2008, HEDF II entered into a promise of sale agreement to acquire three plots of land in Paris. This development was to be carried out as a joint venture with a large French developer. Due to the downturn in economic conditions in 2008 and 2009, this development became no longer financially viable. In 2009, an agreement was reached with the joint venture partner for the proposed project, whereby HEDF II was fully reimbursed the promise of sale deposit in return for selling all future rights to the land. A loss on disposal of €297,000 was realized.
	Following the global financial crisis and the decline in world trade, the continued contraction in the Spanish economy resulted in HEDF II recognizing significant impairments in 2008 and 2009 in connection with the projects located in Spain. In June 2010, one of the Spanish projects, Diagonal 123, was sold, resulting in the realization of a loss of US$26 million.
Hines 1999 U.S. Office Development Fund LP	Hines 1999 U.S. Office Development Fund LP ("USODF II") was formed in June 1999 to develop, lease, own and sell Class A, multi-tenant office buildings in geographically diverse suburban core locations within the United States that would be attractive to quality tenants and institutional investors. USODF II had total equity capital committed of US$107 million. USODF II was managed by Hines, and Hines had discretion over investment decisions.
Emerging Markets Real Estate Fund I LP	Emerging Markets Real Estate Fund I LP ("EMRE I") was formed in September 1996 to develop, redevelop, lease, own and sell Class A office, residential and industrial projects in diverse emerging economies outside the United States. EMRE I had total equity capital commitments of US$410 million, $362 million of which was funded as of December 31, 2009. EMRE I was managed by Hines, and Hines has discretion over investment decisions. The fund's Mexico City office property was exposed to constrained market demand and over supply, which caused rental rates to decline and resulted in a loss at the time of disposition. The project was sold through a portfolio sale with two industrial projects to optimize value. The fund's last remaining asset was sold in November 2009.

HCB Interests, LP	HCB Interests, LP ("HCB I") was formed in August 2005 to develop and acquire primarily Brazilian office, industrial, retail and residential projects with US$192 million equity capital. HCB I was managed by Hines, and Hines had discretion over investment decisions. The fund's last remaining asset was sold in May 2011.
HCM Holdings LP	HCM Holdings LP ("HCM I") was formed in January 2005 to develop, lease, own and sell residential, retail, office and industrial projects in geographically diverse locations/segments in Mexico. HCM I's equity capital commitment was US$195 million. HCM is managed by Hines, and Hines has discretion over investment decisions. Due to cost overruns and deteriorating economic conditions that led to lower than projected sales prices on its retail and residential projects, HCM I has incurred a loss. Additionally, HCM I incurred predevelopment costs that will not be recovered on a retail project that was suspended due to economic conditions.

SELECTED FINANCIAL DATA

The following selected consolidated financial data are qualified by reference to and should be read in conjunction with our Consolidated Financial Statements and Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" below. Our results of operations for the three months ended March 31, 2016 and the years ended December 31, 2015 and 2014 are not indicative of those expected in future periods as we did not meet our minimum offering requirements until September 2014 (and subsequent dates with respect to Washington and Pennsylvania) and did not make our first real estate investment until December 2014. We did not have any results of operations for the period ended July 31, 2013 (date of inception) through December 31, 2013.

	Three Months Ended March 31,	Year Ended December 31,		
	2016	2015	2014	2013 (1)
Operating Data:				
Revenues	$ 3,418,715	$ 9,410,675	$ 94,327	$ —
Depreciation and amortization	$ 1,950,568	$ 4,206,600	$ 49,288	$ —
Asset management and acquisition fees	$ 1,336,257	$ 2,639,645	$ 570,375	$ —
Organizational expenses	$ —	$ —	$ 63,164	$ —
General and administrative	$ 507,752	$ 1,548,979	$ 554,476	$ —
Net income (loss)	$ (1,411,867)	$ (5,637,566)	$ (1,327,663)	$ —
Net (income) loss attributable to noncontrolling interests	$ (3,026)	$ (12,139)	$ 186,940	$ —
Net income (loss) attributable to common stockholders	$ (1,414,893)	$ (5,649,705)	$ (1,140,723)	$ —
Class A Common Stock				
Basic and diluted income (loss) per common share	$ (0.11)	$ (1.11)	$ (14.67)	$ —
Distributions declared per common share	$ 0.14	$ 0.57	$ 0.15	$ —
Class T Common Stock				
Basic and diluted income (loss) per common share	$ (0.13)	$ (0.03)	$ —	$ —
Distributions declared per share, net of distribution and stockholder servicing fees	$ 0.12	$ 0.17	$ —	$ —
Balance Sheet Data:				
Total investment property	$ 130,278,415	$ 72,426,072	$ 21,355,421	$ —
Cash and cash equivalents	$ 19,523,147	$ 17,224,448	$ 2,726,742	$ 200,000
Total assets	$ 208,005,558	$ 149,056,249	$ 28,550,814	$ 200,000
Long-term obligations	$ 96,250,714	$ 59,693,212	$ 24,200,000	$ —

(1) For the period from July 31, 2013 (date of inception) through December 31, 2013 for operating data and as of December 31, 2013 for balance sheet data.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Critical Accounting Policies

Our discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of the consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and contingencies as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We evaluate our assumptions and estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Additionally, application of our accounting policies involves exercising judgments regarding assumptions as to future uncertainties. Actual results may differ from these estimates under different assumptions or conditions. The following is a discussion of our critical accounting policies. See Note 2 — Summary of Significant Accounting Policies in our Annual Report on Form 10-K for the year ended December 31, 2015 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2016 for additional information concerning our significant accounting policies.

Basis of Presentation

Our financial statements include the accounts of Hines Global II and the Operating Partnership (over which we exercise financial and operating control). All intercompany balances and transactions are eliminated in consolidation.

We may enter into various joint venture agreements with unrelated third parties to hold or develop real estate assets. We will evaluate the need to consolidate joint ventures and will consolidate those that are determined to be variable interest entities for which we are the primary beneficiary. We will also consolidate joint ventures that are not determined to be variable interest entities, but for which we exercise control over major operating decisions through substantive participation rights, such as approval of budgets, selection of property managers, asset management, investment activity and changes in financing. The analysis required to identify VIEs and primary beneficiaries is complex and requires substantial judgment. Accordingly, we believe the decisions made to choose an appropriate accounting framework are critical. To date, we have not entered into any such joint ventures.

Investment Property and Lease Intangibles

When we acquire a property, we allocate the purchase price of the acquisition based upon our assessment of the fair value of various components, including to land and building, land, building and improvements, and intangible lease assets and liabilities. Fair value determinations are based on estimated cash flow projections that utilize discount and/or capitalization rates, as well as certain available market information. The fair value of land, building and improvements considers the value of the property as if it were vacant. The fair value of intangible lease assets is based on our evaluation of the specific characteristics of each lease. Factors considered include estimates of carrying costs during hypothetical expected lease-up periods, current market conditions and market rates, the customer's credit quality and costs to execute similar leases. The fair value of out-of-market leases is calculated as the present value (using a discount rate that reflects the risks associated with the leases) of the difference between the contractual amounts to be paid pursuant to each in-place lease and our estimate of fair market lease rates for each corresponding in-place lease. In estimating carrying costs, we include estimates of lost rentals at market rates during the expected lease-up periods, depending on local market conditions. In estimating costs to execute similar leases, we consider customer improvements, leasing commissions and legal and other related expenses. Initial valuations are subject to change until such information is finalized, which will occur no later than 12 months after the acquisition date.

Real estate assets are reviewed for impairment each reporting period if events or changes in circumstances indicate that the carrying amount of the individual property may not be recoverable. In such an event, a comparison will be made of the current and projected operating cash flows and expected proceeds from the eventual disposition of each property on an undiscounted basis to the carrying amount of such property. If the carrying amount exceeds the undiscounted cash flows, it would be written down to the estimated fair value to reflect impairment in the value of the asset. The determination of whether investment property is impaired requires a significant amount of judgment by management and is based on the best information available to management at the time of the evaluation.

Deferred Leasing Costs

We consider a number of different factors to evaluate whether we or the lessee is the owner of the tenant improvements for accounting purposes. These factors include: (i) whether the lease stipulates how and on what a tenant improvement allowance may be spent; (ii) whether the tenant or landlord retains legal title to the improvements; (iii) the uniqueness of the improvements; (iv) the expected economic life of the tenant improvements relative to the term of the lease; and (v) who constructs or directs the construction of the improvements. The determination of who owns the tenant improvements for accounting purposes is subject to significant judgment. In making that determination, we consider all of the above factors. No one factor, however, necessarily establishes any determination.

Revenue Recognition and Valuation of Receivables

We are required to recognize minimum rent revenues on a straight-line basis over the terms of tenant leases, including rent holidays and bargain renewal options, if any. Revenues associated with tenant reimbursements are recognized in the period in which the expenses are incurred based upon the tenant's lease provision. Leases are not uniform in dealing with such cost reimbursements and there are many variations in the computation. We make quarterly accrual adjustments, positive or negative, to tenant reimbursement revenue to adjust the recorded amounts to our best estimate of the final amounts to be billed and collected with respect to the cost reimbursements. Revenues relating to lease termination fees are recognized on a straight-line basis amortized from the time that a tenant's right to occupy the leased space is modified through the end of the revised lease term and are included in other revenue in the accompanying consolidated statements of operations. To the extent our leases provide for rental increases at specified intervals, we will record a receivable for rent not yet due under the lease terms. Accordingly, our management must determine, in its judgment, to what extent the unbilled rent receivable applicable to each specific tenant is collectible. We review unbilled rent receivables on a quarterly basis and take into consideration the tenant's payment history, the financial condition of the tenant, business conditions in the industry in which the tenant operates and economic conditions in the area in which the property is located. In the event that the collectability of unbilled rent with respect to any given tenant is in doubt, we would be required to record an increase in our allowance for doubtful accounts or record a direct write-off of the specific rent receivable, which would have an adverse effect on our net income for the year in which the reserve is increased or the direct write-off is recorded and would decrease our total assets and stockholders' equity.

Recent Accounting Pronouncements

Under the JOBS Act, emerging growth companies can also delay the adoption of new or revised accounting standards until such time as those standards apply to private companies. We are choosing to "opt out" of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

See Note 2 — Summary of Significant Accounting Policies in our Annual Report on Form 10-K for the year ended December 31, 2015 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2016 for a discussion regarding recent accounting pronouncements and the potential impact, if any, on our financial statements.

Financial Condition, Liquidity and Capital Resources

Our principal demands for funds are to purchase real estate properties and make other real estate investments, for the payment of operating expenses and distributions, and for the payment of principal and interest on any indebtedness we incur. Generally, we expect to meet operating cash needs from our cash flows from operating activities, and we expect to meet cash needs for acquisitions and investments from the net proceeds of this offering and from debt proceeds.

We expect that once we have fully invested the proceeds of this offering and other potential subsequent offerings, our debt financing, including our pro rata share of the debt financing of entities in which we invest, will be in the range of approximately 40% to 60% of the aggregate value of our real estate investments and other assets. Financing for acquisitions and investments may be obtained at the time an asset is acquired or an investment is made or at such later time as determined to be appropriate. In addition, debt financing may be used from time to time for property improvements, lease inducements, tenant improvements and other working capital needs. Additionally, the amount of debt placed on an individual property or related to a particular investment, including our pro rata share of the amount of debt incurred by an individual entity in which we invest, may be less than 40% or more than 60% of the value of such property/investment or the value of the assets owned by such entity, depending on market conditions and other factors. Our aggregate borrowings, secured and unsecured, must be reasonable in relation to our net assets and must be reviewed by our board of directors at least quarterly.

Our charter limits our borrowing to 300% of our net assets (which approximates 75% of the cost of our assets) unless any excess borrowing is approved by a majority of our independent directors and is disclosed to our stockholders in our next quarterly report along with justification for the excess. Our independent directors have approved borrowings in excess of these limitations in connection with our first two investments, as we are in the early stages of raising capital through this offering. In December 2014, our board of directors, including all of our independent directors, approved a $24.2 million borrowing under the Hines Credit Facility to fund our acquisition of 2819 Loker Avenue East, which was equal to approximately 95% of the contract purchase price of 2819 Loker Avenue East. Additionally, in January 2015, our board of directors, including all of our independent directors, approved $45.2 million of additional borrowings under the Hines Credit Facility and a €55.2 million secured credit facility ($62.1 million using $1.12 per Euro as of the transaction date) for the purchase of Bishop's Square in March 2015. In total, these borrowings represented approximately 104% of the cost of Bishop's Square based on the contract purchase price. As of March 31, 2016 and December 31, 2015, our portfolio was approximately 44% and 41% leveraged based on the most recent appraised values as of March 31, 2016 or based on the net purchase price of our real estate investments as of December 31, 2015, respectively.

Notwithstanding the above, depending on market conditions and other factors, we may choose not to place debt on our portfolio or our assets and may choose not to borrow to finance our operations or to acquire properties. Any indebtedness we do incur will likely be subject to continuing covenants, and we will likely be required to make continuing representations and warranties about our company in connection with such debt. Moreover, some or all of our debt may be secured by some or all of our assets. If we default in the payment of interest or principal on any such debt, breach any representation or warranty in connection with any borrowing or violate any covenant in any loan document, our lender may accelerate the maturity of such debt requiring us to immediately repay all outstanding principal. If we are unable to make such payment, our lender could foreclose on our assets that are pledged as collateral to such lender. The lender could also sue us or force us into bankruptcy. Any such event would have a material adverse effect on the value of an investment in our common shares.

The discussions below provide additional details regarding our cash flows.

Cash Flows from Operating Activities

Our real estate properties generate cash flow in the form of rental revenues, which are used to pay direct leasing costs, property-level operating expenses and interest payments. Property-level operating expenses consist primarily of salaries and wages of property management personnel, utilities, cleaning, insurance, security and building maintenance costs, property management and leasing fees, and property taxes. Additionally, we incur general and administrative expenses, acquisition fees and expenses and asset management fees.

Net cash used in operating activities for the three months ended March 31, 2016 was $525,243. Net cash used in operating activities was the result of the operations of 2819 Loker Avenue East and Bishop's Square and includes the operations of the acquisition of the Domain Apartments acquired in January 2016, but was then reduced by the payment of acquisition fees and acquisition-related expenses totaling $1.4 million. Under GAAP, acquisition fees and expenses and acquisition-related expenses are expensed and therefore reduce cash flows from operating activities. However, we fund these expenses with proceeds from our offering and/or acquisition-related indebtedness.

Net cash used in operating activities for the years ended December 31, 2015 and 2014 was $1.6 million and $241,298, respectively. Net cash provided by operating activities was reduced by the payment of acquisition fees and acquisition-related expenses totaling $5.8 million and $23,528 for the years ended December 31, 2015 and 2014, respectively. Under GAAP, acquisition fees and expenses and acquisition-related expenses are expensed and therefore reduce cash flows from operating activities. However, we fund these expenses with proceeds from our offering and/or acquisition-related indebtedness. We had no cash flows from operating activities for the year ended December 31, 2013.

Cash Flows from Investing Activities

Cash flows from investing activities generally consist of our acquisitions of real estate investments. Listed below are details of our investing cash flows for the three months ended March 31, 2016, and the years ended December 31, 2015 and December 31, 2014.

<u>Three months ended March 31, 2016</u>

- We paid $56.5 million related to the acquisition of the Domain Apartments and its related lease intangibles in January 2016.

<u>2015</u>

- We paid $102.7 million related to the acquisition of Bishop's Square and its related lease intangibles in March 2015.
- We incurred $332,557 in capital expenditures at Bishop's Square primarily related to a planned expansion and new equipment at the property.
- We funded a $1.5 million earnest money deposit in connection with the acquisition of the Domain Apartments, which we acquired in January 2016.
- Restricted cash increased by $1.6 million, which primarily related to rents at Bishop's Square that had not been released to us yet by the lender as of the end of 2015, but were released in 2016.

<u>2014</u>

- We paid $25.1 million related to the acquisition of 2819 Loker Avenue East and its related lease intangibles.

Cash Flows from Financing Activities

Initial Public Offering

We commenced this offering in August 2014 and met our minimum offering requirements for every state, except Washington and Pennsylvania, in September 2014 (the minimum offering requirements were met in March 2015 with respect to the state of Washington and December 2015 with respect to the state of Pennsylvania). During the years ended December 31, 2015 and 2014, we raised gross proceeds of $101.4 million and $3.8 million, respectively, from this offering, excluding proceeds from the distribution reinvestment plan. In addition, during the year ended December 31, 2015, we redeemed $11,944 in shares of common stock pursuant to our share redemption program. During the three months ended March 31, 2016, we raised gross proceeds of $30.4 million, respectively from this offering, excluding proceeds from the distribution reinvestment plan. No shares of our common stock were redeemed pursuant to our share redemption program for the three months ended March 31, 2016 or the year ended December 31, 2014.

In addition to the investing activities described previously, we use proceeds from this offering to make certain payments to our Advisor, our Dealer Manager and Hines and their affiliates during the various phases of our organization and operation. During the organization and offering stage, these include payments to our Dealer Manager for selling commissions, dealer manager fees, distribution and stockholder servicing fees and payments to our Advisor for reimbursement of issuer costs. During the years ended December 31, 2015 and 2014, we made payments of $14.7 million and $95,135, respectively, for selling commissions, dealer manager fees, and issuer costs related to this offering. During the three months ended March 31, 2016, we made payments of $4.4 million for selling commissions, dealer manager fees and issuer costs related to this offering.

Distributions

Our board of directors authorized us to declare distributions with respect to Class A Shares of our common stock for the period from October 1, 2014 through April 30, 2016, which have been or will be calculated based on stockholders of record each day in an amount equal to $0.001575342 per Class A Share, per day. The board of directors also authorized us to declare distributions with respect to Class T Shares of our common stock for the period from August 24, 2015 through April 30, 2016, which have been or will be calculated based on stockholders of record each day in an amount equal to $0.001575342 per share, per day less the distribution and stockholder servicing fees that are payable with respect to such Class T Shares (as calculated on a daily basis).

In connection with the determination of the estimated NAV per share, our board of directors determined to increase the offering prices for Class A Shares and Class T Shares in this offering effective April 25, 2016. At that time, with the authorization of our board of directors, we also declared distributions to our stockholders and HALP II beginning in May 2016 through July 31, 2016. With respect to Class A Shares, these distributions were or will be calculated based on stockholders of record each day in an amount equal to $0.001594766 per Class A Share, per day. With respect to Class T Shares, these distributions were or will be calculated based on stockholders of record each day in an amount equal to $0.001594766 per Class T Share, per day less the distribution and stockholder servicing fees that are payable with respect to such Class T Shares (as calculated on a daily basis). These amounts per share, per day are an increase from the amounts per share, per day described above that were declared for the period from October 1, 2014 through April 30, 2016.

All distributions were or will be paid in cash or reinvested in shares of our common stock for those participating in our distribution reinvestment plan and have been or will be paid or issued, respectively, on the first business day following the completion of the month to which they relate. Distributions reinvested pursuant to the distribution reinvestment plan have been or will be reinvested in shares of the same class as the shares on which the distributions are being made. Distributions paid to stockholders (including those reinvested in shares pursuant to our distribution reinvestment plan) during the three months ended March 31, 2016, the years ended December 31, 2015 and December 31, 2014 were $1.6 million, $2.5 million and $24,910, respectively.

In addition to the distributions described above, our board of directors authorized special stock dividends to holders of Class A Shares as of daily record dates for the period from October 1, 2014 through June 30, 2015. Stock dividends for Class A Shares were calculated based on stockholders of record each day in an amount equal to 0.0000273973 of a Class A Share per share, per day. Shares issued related to our stock dividends were issued on the first business day of the month following the quarter to which they related. For the years ended December 31, 2015 and 2014, respectively, we issued stock dividends of 12,470 and 737 shares, which equated to $124,700 and $7,367, respectively, using the $10.00 per Class A Share offering price in effect on the respective dates the shares were issued.

We have not generated sufficient cash flows from operations to fully fund distributions paid. Therefore, some or all of our distributions have been and may continue to be paid from other sources, such as proceeds from our debt financings, proceeds from this offering, cash advances by our Advisor, cash resulting from a waiver or deferral of fees and/or proceeds from the sale of assets. For example, for the three months ended March 31, 2016 and the years ended December 31, 2015 and 2014, respectively, we funded 100%, 23% and 100% of total distributions with cash flows from financing activities, which includes offering proceeds. Commencing with the quarter ended December 31, 2014, our Advisor has agreed to waive the asset management fees for each quarter through September 30, 2016, to the extent that our modified funds from operations (“MFFO”), for a particular quarter, as disclosed in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as applicable, amounts to less than 100% of the aggregate distributions declared to our stockholders for such quarter. Our Advisor also agreed to waive an additional $62,500 in asset management fees so that our MFFO for the year ended December 31, 2015 would equal our distributions declared for such year. As a result of these waivers, our Advisor waived all of the $363,873 asset management fee payable to it for the quarter ended March 31, 2016, $583,433 of the total $888,109 in asset management fees payable to it during the year ended December 31, 2015 and all of the $16,258 asset management fee payable to it during the year ended December 31, 2014. We have not placed a cap on the amount of our distributions that may be paid from any of these sources.

Also, as a result of these fee waivers, cash flows from operations that would have been paid to our Advisor for asset management fees may be available to pay distributions to stockholders. These fee waivers are not deferrals and accordingly, any fees that are waived will not be paid to our Advisor in cash at any time in the future.

The following table outlines our total cash distributions declared to stockholders and noncontrolling interests (HALP II) for each of the quarters during 2015 and the quarter ended March 31, 2016, including the breakout between the distributions declared in cash and those reinvested pursuant to our distribution reinvestment plan.

	Stockholders			Non-controlling Interests	Sources			
Distributions for the Three Months Ended	**Cash Distributions**	**Distributions Reinvested**	**Total Declared**	**Total Declared**	**Cash Flows From Operating Activities**		**Cash Flows From Financing Activities**	
2016								
March 31, 2016	$ 871,004	$ 886,755	$ 1,757,759	$ 3,026	$ —	—%	$ 1,760,785	100%
Total	$ 871,004	$ 886,755	$ 1,757,759	$ 3,026	$ —	—%	$ 1,760,785	100%
2015								
December 31, 2015	$ 603,936	$ 655,664	$ 1,259,600	$ 3,059	$ 754,717	60%	$ 507,942	40%
September 30, 2015	457,698	489,796	947,494	3,060	950,554	100%	—	—%
June 30, 2015	279,432	287,799	567,231	3,027	570,258	100%	—	—%
March 31, 2015	91,135	58,691	149,826	2,993	—	—%	152,819	100%
Total	$ 1,432,201	$ 1,491,950	$ 2,924,151	$ 12,139	$ 2,275,529	77%	$ 660,761	23%

Debt Financings

As mentioned previously, our portfolio was 44% leveraged based on the most recent appraised values of our real estate investments as of March 31, 2016 with a weighted average interest rate of 1.56%. Below is additional information regarding our loan activities for the three months ended March 31, 2016 and the years ended December 31, 2015 and 2014.

Three Months Ended March 31, 2016

- We entered into $34.3 million of permanent mortgage financing related to the acquisition of the Domain Apartments.
- We borrowed $3.0 million under the Hines Credit Facility and made payments of $3.0 million on this facility. No amounts remained outstanding under this facility as of March 31, 2016.
- We made payments of $231,541 for financing costs related to our mortgage loan on the Domain Apartments.

2015

- We entered into $61.8 million of permanent mortgage financing and borrowed $50.3 million under our Hines Credit Facility related to the acquisition of Bishop’s Square.

- We made payments of $74.5 million on our Hines Credit Facility using net proceeds from this offering, which reduced our balance on this facility to zero as of December 31, 2015.
- We made payments of $625,875 for financing costs related to our loans and $47,876 for an interest rate cap related to the mortgage loan secured by Bishop's Square.

<u>*2014*</u>

- We borrowed $24.2 million under the Hines Credit Facility, in connection with the acquisition of 2819 Loker Avenue East.

Contributions From Noncontrolling Interests

In September 2013, HALP II made its initial capital contribution to the Operating Partnership of $190,000 and, accordingly, owned a 95.0% limited partner interest in the Operating Partnership. As of March 31, 2016, HALP II owned a 0.2% limited partner interest in the Operating Partnership.

Results of Operations

Our results of operations for the three months ended March 31, 2016, December 31, 2015 and December 31, 2014 are not indicative of those expected in future periods as we did not make our first real estate investment until December 2014. Amounts recorded in our consolidated statements of operations for the three months ended March 31, 2016 and the years ended December 31, 2015 and 2014 are due to the following:

- Total revenues, property operating expenses, real property taxes, property management fees, depreciation and amortization, and interest expense relate to the operation of 2819 Loker Avenue East (acquired in December 2014), Bishop's Square (acquired in March 2015), and the Domain Apartments (acquired in January 2016).

- Acquisition-related expenses represent costs related to the acquisition of our real estate investments, including those properties which we may acquire in future periods. During 2015, these costs included a $2.0 million Stamp Duty tax related to the acquisition of Bishop's Square.

- We expect to pay monthly asset management fees to our Advisor based on an annual fee equal to 0.75% of the cost of our real estate investments. As described previously, commencing with the quarter ended December 31, 2014, our Advisor has agreed to waive the asset management fees for each quarter through September 30, 2016, to the extent that our MFFO, for a particular quarter, is less than our distributions declared for such quarter. Our Advisor also agreed to waive an additional $62,500 in asset management fees so that our MFFO for the year ended December 31, 2015 would equal our distributions declared for such year. As a result of these waivers, our Advisor waived all of the $363,873 asset management fee payable to it for the quarter ended March 31, 2016, $583,433 of the total $888,109 in asset management fees payable to it during the year ended December 31, 2015 and all of the $16,258 asset management fee payable to it during the year ended December 31, 2014.

- We pay our Advisor acquisition fees equal to 2.25% of the purchase price of our real estate investments. Acquisition fees for the three months ended March 31, 2016 and the years ended December 31, 2015 and 2014 are comprised of the $1.3 million acquisition fee incurred in relation to our acquisition of the Domain Apartments in January 2016, the $2.3 million acquisition fee incurred in relation to our acquisition of Bishop's Square in March 2015 and the $570,375 acquisition fee incurred in relation to our acquisition of 2819 Loker Avenue East in December 2014.

- We pay our Dealer Manager distribution and stockholder servicing fees equal to 1.0% per annum of the gross offering price per share (or, if we are no longer offering primary shares, the then-current estimated net asset value per share, if any has been disclosed) for Class T Shares sold in this offering. For the three months ended March 31, 2016, we incurred $28,568 of distribution and stockholder servicing fees. For the year ended December 31, 2015, the distribution and stockholder servicing fees were immaterial. For the year ended December 31, 2014 we incurred no distribution and stockholder servicing fees because no Class T Shares had been sold.

- General and administrative expenses for the three months ended March 31, 2016 and the years ended December 31, 2015 and 2014 primarily consist of legal and accounting fees, costs and expenses associated with our board of directors, transfer agent costs and insurance costs. Certain of these costs are variable and will increase in the future as we continue to raise capital and make additional real estate investments.

- We entered into an interest rate cap agreement in March 2015 as an economic hedge against the variability of future interest rates on one of our variable interest rate borrowings. We have not designated this contract as a hedge for accounting purposes. Changes in the fair value of this interest rate cap were immaterial for the three months ended March 31, 2016 and resulted in a loss of $40,535 during the year ended December 31, 2015.

- Total income or loss attributable to noncontrolling interests for the three months ended March 31, 2016 and the years ended December 31, 2015 and 2014 relates to our allocation of our net loss to HALP II based on its ownership in the Operating Partnership.

- Foreign currency gains (losses) reflect the effect of changes in foreign currency exchange rates on transactions that were denominated in currencies other than our functional currencies. During the three months ended March 31, 2016 and the year ended December 31, 2015, these foreign currency gains (losses) were primarily related to the weakening of the U.S. dollar against the Euro.

Funds from Operations and Modified Funds from Operations

Funds from Operations ("FFO") is a non-GAAP financial performance measure defined by the National Association of Real Estate Investment Trusts ("NAREIT") and is widely recognized by investors and analysts as one measure of operating performance of a real estate company. FFO excludes items such as real estate depreciation and amortization. Depreciation and amortization, as applied in accordance with GAAP, implicitly assumes that the value of real estate assets diminishes predictably over time and also assumes that such assets are adequately maintained and renovated as required in order to maintain their value. Since real estate values have historically risen or fallen with market conditions such as occupancy rates, rental rates, inflation, interest rates, the business cycle, unemployment and consumer spending, it is management's view, and we believe the view of many industry investors and analysts, that the presentation of operating results for real estate companies using historical cost accounting alone is insufficient. In addition, FFO excludes gains and losses from the sale of real estate and impairment charges related to depreciable real estate assets and in-substance real estate equity investments, which we believe provides management and investors with a helpful additional measure of the historical performance of our real estate portfolio, as it allows for comparisons, year to year, that reflect the impact on operations from trends in items such as occupancy rates, rental rates, operating costs, general and administrative expenses and interest costs. A property will be evaluated for impairment if events or circumstances indicate that the carrying amount may not be recoverable (i.e. the carrying amount exceeds the total estimated undiscounted future cash flows from the property). Undiscounted future cash flows are based on anticipated operating performance, including estimated future net rental and lease revenues, net proceeds on the sale of the property, and certain other ancillary cash flows. While impairment charges are excluded from the calculation of FFO as described above, stockholders are cautioned that due to the limited term of our operations, it could be difficult to recover any impairment charges.

In addition to FFO, management uses MFFO, as defined by the Investment Program Association, (the "IPA"), as a non-GAAP supplemental financial performance measure to evaluate our operating performance. The IPA has recommended the use of MFFO as a supplemental measure for publicly registered, non-listed REITs to enhance the assessment of the operating performance of a non-listed REIT. MFFO is not equivalent to our net income or loss as determined under GAAP, and MFFO may not be useful as a measure of the long-term operating performance of our investments or as a comparative measure to other publicly registered, non-listed REITs if we do not continue to operate with a limited life and targeted exit strategy, as currently intended and described herein. MFFO includes funds generated by the operations of our real estate investments and funds used in our corporate-level operations. MFFO is based on FFO, but includes certain additional adjustments which we believe are appropriate. Such items include reversing the effects of straight-line rent revenue recognition, fair value adjustments to derivative instruments that do not qualify for hedge accounting treatment and certain other items as described below. Some of these adjustments are necessary to address changes in the accounting and reporting rules under GAAP such as the accounting for acquisition-related expenses from a capitalization/depreciation model to an expensed-as-incurred model that were put into effect in 2009 and other changes to GAAP rules for real estate subsequent to the establishment of NAREIT's definition of FFO. These changes in the accounting and reporting rules under GAAP affected all industries, and as a result of these changes, acquisition fees and expenses are typically accounted for as operating expenses under GAAP. Management believes these fees and expenses do not affect our overall long-term operating performance. These changes also have prompted a significant increase in the magnitude of non-cash and non-operating items included in FFO, as defined. Such items include amortization of out-of-market lease intangible assets and liabilities and certain tenant incentives.

Other adjustments included in MFFO are necessary to address issues that are common to publicly registered, non-listed REITs. Publicly registered, non-listed REITs typically have a significant amount of acquisition activity and are substantially more dynamic during their initial years of investment and operations. While other start-up entities may also experience significant acquisition activity during their initial years, we believe that non-listed REITs like us are unique in that they have a limited life with targeted exit strategies within a relatively limited time frame after the acquisition activity ceases. We will use the proceeds raised in our offerings to make real estate investments, and intend to begin the process of considering our alternatives for the execution of a Liquidity Event (i.e., a sale of our assets, our sale or merger, a listing of our shares on a national securities exchange, or another similar transaction) five to eight years following the end of this offering. Thus, as a limited life REIT we will not continuously purchase assets and will have a limited life.

The purchase of properties, and the corresponding expenses associated with that process, including acquisition fees and expenses, is a key operational feature of our business plan to generate operational income and cash flows in order to make distributions to our stockholders. MFFO excludes acquisition fees payable to our Advisor and acquisition expenses. Under GAAP, acquisition fees and expenses are characterized as operating expenses in determining operating net income. These expenses are paid in cash by us, and therefore such funds will not be available to distribute to our stockholders. All paid and accrued acquisition fees and expenses with respect to the acquisition of a property negatively impact our operating performance during the period in which the property is acquired and will have negative effects on returns to our stockholders, the potential for future distributions, and future cash flows, unless earnings from operations or net sales proceeds from the disposition of other properties are generated to cover the purchase price of the property, the related acquisition fees and expenses and other costs related to such property. In addition, if we acquire a property after all offering proceeds from this offering have been invested, there will not be any offering proceeds to pay the corresponding acquisition-related costs. Accordingly, unless our Advisor determines to waive the payment of any then-outstanding acquisition-related costs otherwise payable to our Advisor, such costs will be paid from additional debt, operational earnings or cash flow, net proceeds from the sale of properties, or ancillary cash flows. Therefore, MFFO may not be an accurate indicator of our operating performance, especially during periods in which properties are being acquired. Since MFFO excludes acquisition fees and expenses, MFFO would only be comparable to the operations of non-listed REITs that have completed their acquisition activity and have other similar operating characteristics.

Management uses MFFO to evaluate the financial performance of our investment portfolio, including the impact of potential future investments. In addition, management uses MFFO to evaluate and establish our distribution policy and the sustainability thereof. Further, we believe MFFO is one of several measures that may be useful to investors in evaluating the potential performance of our portfolio following the conclusion of the acquisition phase, as it excludes acquisition fees and expenses, as described herein.

MFFO has limitations as a performance measure in an offering such as ours where the price of a share of common stock is a stated value and there is no net asset value determination during the offering stage and for a period thereafter. MFFO is useful in assisting management and investors in assessing the sustainability (that is, the capacity to continue to be maintained) of operating performance in future operating periods, and in particular, after the offering and acquisition stages are complete and net asset value is disclosed. MFFO is not a useful measure in evaluating net asset value because impairments are taken into account in determining net asset value but not in determining MFFO.

FFO and MFFO should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income or in its applicability in evaluating our operating performance. In addition, FFO and MFFO should not be considered as alternatives to net income (loss) or income (loss) from continuing operations as an indication of our performance or as alternatives to cash flows from operating activities as an indication of our liquidity, but rather should be reviewed in conjunction with these and other GAAP measurements. Further, FFO and MFFO are not intended to be used as liquidity measures indicative of cash flow available to fund our cash needs, including our ability to make distributions to our stockholders. Please see the limitations listed below associated with the use of MFFO:

- As we are currently in the acquisition phase of our life cycle, acquisition costs and other adjustments that are increases to MFFO are, and may continue to be, a significant use of cash and dilutive to the value of an investment in our shares.

- MFFO excludes acquisition fees payable to our Advisor and acquisition expenses. Although these amounts reduce net income, we generally fund such costs with proceeds from our offering and/or acquisition-related indebtedness and do not consider these fees and expenses in the evaluation of our operating performance and determining MFFO.

- We use an interest rate cap as an economic hedge against the variability of interest rates on one of our variable interest rate borrowings. Although we expect to hold this instrument to maturity, if we were to settle this instrument currently, it would have an impact on our operating performance. Additionally, this derivative instrument is measured at fair value on a quarterly basis in accordance with GAAP. MFFO excludes gains (losses) related to changes in the estimated value of our derivative instrument because such adjustments may not be reflective of ongoing operations and may reflect unrealized impacts on our operating performance.

- We utilize the definition of FFO as set forth by NAREIT and the definition of MFFO as set forth by the IPA. Our FFO and MFFO as presented may not be comparable to amounts calculated by other REITs, if they use different approaches.

- Our business is subject to volatility in the real estate markets and general economic conditions, and adverse changes in those conditions could have a material adverse impact on our business, results of operations and MFFO. Accordingly, the predictive nature of MFFO is uncertain and past performance may not be indicative of future results.

Neither the SEC, NAREIT nor any regulatory body has passed judgment on the acceptability of the adjustments that we use to calculate FFO or MFFO. In the future, the SEC, NAREIT or a regulatory body may decide to standardize the allowable adjustments across the non-listed REIT industry and we would have to adjust our calculation and characterization of FFO or MFFO.

The following section presents our calculation of FFO and MFFO attributable to common stockholders and provides additional information related to our operations for three months ended March 31, 2016 and the years ended December 31, 2015 and 2014 and the period from inception through March 31, 2016. As we are in the capital raising and acquisition phase of our operations, FFO and MFFO are not useful in comparing operations for the periods presented below. We expect revenues and expenses to increase in future periods as we raise additional offering proceeds and use them to make additional real estate investments.

	Three Months Ended March 31,	**Years Ended December 31,**		**Period from July 31, 2013 (date of inception) through March 31, 2016**
	2016	**2015**	**2014**	
Net income (loss)	$ (1,411,867)	$ (5,637,566)	$ (1,327,663)	$ (8,377,104)
Depreciation and amortization [1]	1,950,568	4,206,600	49,288	6,206,456
Adjustments for noncontrolling interests [2]	(810)	36,104	184,584	219,878
Funds From Operations attributable to common stockholders	537,891	(1,394,862)	(1,093,791)	(1,950,770)
Loss (gain) on derivative instruments [3]	2,941	40,535	—	43,476
Loss (gain) on foreign currency [4]	(128,190)	10,400	—	(117,790)
Other components of revenues and expenses [5]	(259,381)	(938,330)	(5,895)	(1,203,607)
Acquisition fees and expenses [6]	1,390,107	5,246,064	698,829	7,334,999
Adjustments for noncontrolling interests [2]	(1,512)	(39,656)	(33,122)	(74,285)
Modified Funds From Operations attributable to common stockholders	$ 1,541,856	$ 2,924,151	$ (433,979)	$ 4,032,023

Notes to the table:

(1) Represents the depreciation and amortization of real estate assets. Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, we believe that such depreciation and amortization may be of limited relevance in evaluating current operating performance and, as such, these items are excluded from our determination of FFO.

(2) Includes income attributable to noncontrolling interests and all adjustments to eliminate the noncontrolling interests' share of the adjustments to convert our net loss to FFO and MFFO.

(3) Represents components of net income (loss) related to the estimated changes in the values of our interest rate contract derivative. We have excluded this change in value from our evaluation of our operating performance and MFFO because such adjustments may not be reflective of our ongoing performance and may reflect unrealized impacts on our operating performance.

(4) Represents components of net income (loss) primarily resulting from transactions that are denominated in currencies other than our functional currencies. We have excluded these changes in value from our evaluation of our operating performance and MFFO because such adjustments may not be reflective of our ongoing performance and may reflect unrealized impacts on our operating performance.

(5) Includes the following components of revenues and expenses that we do not consider in evaluating our operating performance and determining MFFO for the three months ended March 31, 2016, the years ended December 31, 2015 and December 31, 2014 and the period from inception through March 31, 2016:

	Three Months Ended March 31,	Years Ended December 31,		Period from July 31, 2013 (date of inception) through March 31, 2016
	2016	2015	2014	
Straight-line rent adjustment [(a)]	$ (169,409)	$ (626,984)	$ (5,895)	$ (802,288)
Amortization of lease incentives [(b)]	1,264	837	—	2,100
Amortization of out-of-market leases [(b)]	(91,236)	(312,183)	—	(403,419)
	$ (259,381)	$ (938,330)	$ (5,895)	$ (1,203,607)

(a) Represents the adjustments to rental revenue as required by GAAP to recognize minimum lease payments on a straight-line basis over the respective lease terms. We have excluded these adjustments from our evaluation of our operating performance and in determining MFFO because we believe that the rent that is billable during the current period is a more relevant measure of our operating performance for such period.

(b) Represents the amortization of lease incentives and out-of-market leases.

(6) Represents acquisition expenses and acquisition fees paid to our Advisor that are expensed in our consolidated statements of operations. We fund such costs with proceeds from our offering and/or acquisition-related indebtedness, and therefore do not consider these expenses in evaluating our operating performance and determining MFFO.

As noted previously, our cash flows from operations have been and may continue to be insufficient to fund distributions to stockholders. We may continue to choose to use proceeds from our debt financings, proceeds from this offering, cash advances from our Advisor, cash resulting from a waiver or deferral of fees and/or proceeds from the sale of assets to fund distributions to our stockholders. For the three months ended March 31, 2016, we funded 100% of total distributions with cash flows from financing activities, which includes offering proceeds. For the years ended December 31, 2015 and 2014, we funded 23% and 100% of total distributions with cash flows from financing activities, which includes offering proceeds. Since the quarter ended December 31, 2014, our Advisor has agreed to waive the asset management fees for each quarter through September 30, 2016, to the extent that our MFFO, for a particular quarter, is less than our distributions declared for such quarter. Our Advisor also agreed to waive an additional $62,500 in asset management fees so that our MFFO for the year ended December 31, 2015 would equal our distributions declared for such year. As a result of these waivers, our Advisor waived all of the $363,873 asset management fee payable to it for the quarter ended March 31, 2016, $583,433 of the total $888,109 in asset management fees payable to it during the year ended December 31, 2015 and all of the $16,258 of asset management fees payable to it during the year ended December 31, 2014. We have not placed a cap on the amount of our distributions that may be paid from sources other than cash flows from operations, including proceeds from our debt financings, proceeds from this offering, cash advances by our Advisor and cash resulting from a waiver or deferral of fees.

From inception through March 31, 2016, we declared cash distributions (including those reinvested in shares pursuant to our distribution reinvestment plan) to our stockholders totaling $4.7 million, compared to our total aggregate FFO loss of $2.0 million. During our offering and investment stages, we incur acquisition fees and expenses in connection with our real estate investments, which are recorded as reductions to net income (loss) and FFO. From inception through March 31, 2016, we incurred acquisition fees and expenses totaling $7.3 million. For the three months ended March 31, 2016, we declared cash distributions (including those reinvested in shares pursuant to our distribution reinvestment plan) to our stockholders totaling $1.8 million, compared to our total aggregate FFO of $537, 891. For the years ended December 31, 2015 and 2014, we declared cash distributions (including those reinvested in shares pursuant to our distribution reinvestment plan) to our stockholders totaling $2.9 million and $42,218, respectively, compared to our total aggregate FFO loss of $1.4 million and $1.1 million, respectively.

Related-Party Transactions and Agreements

We have entered into agreements with our Advisor, Dealer Manager and Hines and its affiliates, whereby we pay certain fees and reimbursements to these entities during the various phases of our organization and operation. During the organization and offering stage, these include payments to our Dealer Manager for selling commissions, the dealer manager fee, distribution and stockholder servicing fees, and payments to our Advisor for reimbursement of issuer costs. During the acquisition and operational stages, these include payments for certain services related to acquisitions, financing and management of our investments and operations provided to us by our Advisor and Hines and its affiliates pursuant to various agreements we have entered into with these entities. See Note 8 — Related Party Transactions in the Notes to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2015 for additional information concerning our related-party transactions and agreements.

Off-Balance Sheet Arrangements

As of March 31, 2016 and December 31, 2015, we had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations

The following table lists our known contractual obligations as of December 31, 2015. Specifically included are our obligations under long-term debt agreements:

	Payments due by Period				
Contractual Obligations	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**More Than 5 Years**	**Total**
Note payable (1)	$ 789,136	$ 1,569,577	$ 1,571,751	$ 61,572,869	$65,503,333

(1) Includes principal and interest payments outstanding as of December 31, 2015.

Qualitative Disclosures About Market Risk

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market-sensitive instruments. In pursuing our business plan, we believe that interest rate risk, currency risk and real estate valuation risk are the primary market risks to which we are exposed. As of March 31, 2016, we were exposed to the market risks listed below.

Interest Rate Risk

We are exposed to the effects of interest rate changes primarily as a result of debt used to maintain liquidity and fund expansion of our real estate investment portfolio and operations. As of March 31, 2016, we had $97.0 million of variable-rate debt outstanding. If interest rates were to increase by 1%, we would incur an additional $969,796 in interest expense. Additionally, in March 2015, we entered into an interest rate cap to limit our exposure to rising interest rates related to our mortgage loan secured by Bishop's Square. See Note 5 — Debt Financing in the Notes to the Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the three months ended March 31, 2016 for more information concerning our outstanding debt.

Foreign Currency Risk

Our investment in Bishop's Square is subject to the effects of exchange rate movements between the Euro and the U.S. dollar, which may affect future costs and cash flows as well as amounts translated into U.S. dollars for inclusion in our condensed consolidated financial statements. We have entered into a mortgage loan denominated in Euros for this investment, which provides a natural hedge with regard to changes in exchange rates between the Euro and U.S. dollar and reduces our exposure to exchange rate differences. Additionally, we are typically a net receiver of Euros, and, as a result, our foreign operations benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar. Based upon our analysis, a 10% immediate, unfavorable change in the exchange rate between the Euro and U.S. dollar would have decreased the net book value of our investment in Bishop's Square by approximately $4.0 million as of March 31, 2016 and would have reduced the net income (loss) of Bishop's Square by $61,556 for the three months ended March 31, 2016.

Other Risks

Our Advisor has agreed to waive the asset management fee otherwise payable to it pursuant to our Advisory Agreement beginning with the quarter ended December 31, 2014 through September 30, 2016, to the extent that our MFFO for each respective quarter, as disclosed in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as applicable, amounts to less than 100% of the aggregate distributions declared for such quarter. As a result of these waivers, our Advisor waived all of the $363,873 asset management fee payable to it for the quarter ended March 31, 2016, $583,433 of the total $888,109 in asset management fees payable to it during the year ended December 31, 2015 and all of the $16,258 asset management fee payable to it during the year ended December 31, 2014. There can be no assurances that our Advisor will continue this waiver subsequent to the second quarter of 2016, and if not, cash available to pay distributions in future periods may be reduced.

DESCRIPTION OF CAPITAL STOCK

We were formed as a corporation under the laws of the State of Maryland. The rights of our stockholders are governed by Maryland law as well as our charter and bylaws. The following summary of the terms of our stock is a summary of all material provisions concerning our stock and you should refer to the Maryland General Corporation Law and our charter and bylaws for a full description. Throughout this prospectus, references to our "charter" refer to our amended and restated charter as amended and supplemented by articles supplementary and articles of amendment. The following summary is qualified in its entirety by the more detailed information contained in our charter and bylaws. Copies of our charter and bylaws are incorporated by reference as exhibits to the registration statement of which this prospectus is a part. You can obtain copies of our charter and bylaws and every other exhibit to our registration statement. Please see "Where You Can Find More Information" below.

Our charter authorizes us to issue up to 1,500,000,000 common shares, $0.001 par value per share, and 500,000,000 preferred shares, $0.001 par value per share. Of the total shares of common stock authorized, 600,000,000 are classified as Class A Shares and 900,000,000 are classified as Class T Shares. As of July 1, 2016, 14.0 million and 3.9 million Class A Shares and Class T Shares, respectively, were issued and outstanding. As of the date of this prospectus, we had no preferred shares issued and outstanding. Our board of directors may amend our charter to increase or decrease the aggregate number of our authorized shares or the number of shares of any class or series that we have authority to issue without any action by our stockholders. See "Security Ownership of Certain Beneficial Owners and Management" for disclosure of the number and percentage of our outstanding common shares owned by our officers and directors.

Our charter and bylaws contain certain provisions that could make it more difficult to acquire control of us by means of a tender offer, a proxy contest or otherwise. These provisions are expected to discourage certain types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that these provisions increase the likelihood that any such proposals initially will be on more attractive terms than would be the case in their absence and will facilitate negotiations which may result in improvement of the terms of an initial offer.

Common Shares

Upon issuance for full payment in accordance with the terms of this offering, all common shares issued in the offering will be fully paid and non-assessable. Holders of our common shares will not have preemptive rights, which means that they will not have an automatic option to purchase any new shares that we issue.

Subject to the limitations described in our charter, our board of directors, without any action by our stockholders, may classify or reclassify any of our unissued common shares into one or more classes or series by setting or changing the preferences, conversion, restrictions or other rights.

We will not issue certificates for our shares. Shares will be held in "uncertificated" form, which will eliminate the physical handling and safekeeping responsibilities inherent in owning transferable stock certificates and eliminate the need to return a duly executed stock certificate to effect a transfer. DST Systems, Inc. will act as our registrar and as the transfer agent for our shares. A transfer of your shares can be effected simply by mailing to DST Systems, Inc. a transfer and assignment form, which we will provide to you upon written request.

Class A Shares

Each Class A Share sold in the primary offering is subject to a selling commission of 7.0% of the price per share and a dealer manager fee of 3.0% of the price per share. With respect to Class A Shares sold in the primary offering on and after August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds. Prior to that date, all dealer manager fees were paid by us from gross offering proceeds. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees. Certain purchasers of Class A Shares may be eligible for volume or other discounts. See “Plan of Distribution” for additional information. The selling commissions and dealer manager fees will not be paid with respect to shares sold pursuant to our distribution reinvestment plan. There are no distribution and stockholder servicing fees payable with respect to the Class A Shares.

Class T Shares

Each Class T Share sold in the primary offering is subject to a selling commission of 2.0% of the price per share and a dealer manager fee of 2.75% of the price per share. With respect to Class T Shares sold in the primary offering on and after August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds. Prior to that date, all dealer manager fees were paid by us from gross offering proceeds. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees. Class T Shares are subject to a distribution and stockholder servicing fee of 1.0% per annum of the gross offering price per share (or, if we are no longer offering primary shares, the then-current estimated net asset value per share, if any has been disclosed) for Class T Shares sold in the primary offering. The distribution and stockholder servicing fee will accrue daily and be paid quarterly in arrears. We will pay the distribution and stockholder servicing fee to our Dealer Manager, which may reallow or advance the fee to the participating broker dealer who sold the Class T Shares or, if applicable, to a subsequent broker dealer of record of the Class T Shares so long as the subsequent broker dealer is party to a selected dealer agreement with the our Dealer Manager that provides for reallowance. The distribution and stockholder servicing fees are ongoing fees that are not paid at the time of purchase.

We will cease paying the distribution and stockholder servicing fee with respect to any particular Class T Share and that Class T Share will convert into a number of Class A Shares determined by multiplying each Class T Share to be converted by the “Conversion Rate” described herein on the earlier of: (i) a listing of the Class A Shares on a national securities exchange; (ii) a merger or consolidation of the company with or into another entity, or the sale or other disposition of all or substantially all of our assets; (iii) the end of the month in which the Dealer Manager determines that total underwriting compensation paid in the primary offering including our Advisor’s payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid on all Class T Shares sold in the primary offering is equal to 10.0% of the gross proceeds of the primary offering from the sale of both Class A Shares and Class T Shares; and (iv) the end of the month in which the transfer agent, on our behalf, determines that underwriting compensation paid in the primary offering including our Advisor’s payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid with respect to the Class T Shares held by a stockholder within his or her particular account equals 10.0% of the gross offering price at the time of investment of the Class T Shares held in such account. Stockholders will receive notice that their Class T Shares have been converted into Class A Shares in accordance with industry practice at that time, which we expect to be either a transaction confirmation from the transfer agent or notification through the next account statement following the conversion. In the case of a Class T Share purchased in the primary offering at a price equal to $9.41, the maximum distribution and stockholder servicing fee that may be paid on that Class T Share will be equal to approximately $0.49 per share, assuming a constant per share offering price or estimated net asset value, as applicable, of $9.41 per Class T Share. Although we cannot predict the length of time over which this fee will be paid due to potential changes in the estimated net asset value of our Class T Shares, this fee would be paid over approximately 5.25 years from the date of purchase, assuming a constant per share offering price or estimated net asset value, as applicable, of $9.41 per Class T Share. The Conversion Rate will be equal to the quotient, the numerator of which is the estimated net asset value per Class T Share (including any reduction for distribution and stockholder servicing fees as described herein) and the denominator of which is the estimated net asset value per Class A Share. We expect that the conversion will be on a one-for-one basis, as we expect the estimated net asset value per share of each Class A Share and Class T Share to be the same, except in the unlikely event that the distribution and stockholder servicing fees payable by us exceed the amount otherwise available for distribution to holders of Class T Shares in a particular period (prior to the deduction of the distribution and stockholder servicing fees), in which case the excess will be accrued as a reduction to the estimated net asset value per share of each Class T Share. See "Description of Capital Stock." We will further cease paying the distribution and stockholder servicing fee on any Class T Share that is redeemed or repurchased, as well as upon the our dissolution, liquidation or the winding up of our affairs, or a merger or other extraordinary transaction in which we are a party and in which the Class T Shares as a class are exchanged for cash or other securities. We cannot predict if or when this will occur for each Class T Share. The aggregate amount of underwriting compensation for the Class A Shares and Class T Shares, including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee for the Class T Shares, will not exceed the 10% cap on underwriting compensation imposed by FINRA.

Distributions paid with respect to all Class T Shares, including those issued pursuant to the distribution reinvestment plan, will be lower than those paid with respect to Class A Shares because distributions paid with respect to all Class T Shares will be reduced by the payment of the distribution and stockholder servicing fees.

If a portion, but not all of the Class T Shares in a stockholder's account are redeemed pursuant to our share redemption program, the total underwriting compensation limit and the amount of underwriting compensation previously paid with respect to the account will be prorated between the Class T Shares that were redeemed and those Class T Shares that were retained in the account. Similarly, if a portion of the Class T Shares in a stockholder's account is sold or otherwise transferred in a secondary transaction, the total underwriting compensation limit and amount of underwriting compensation previously paid with respect to the account will be prorated between the Class T Shares that were transferred and the Class T Shares that were retained in the account. If a stockholder's account includes Class T Shares and the stockholder makes a subsequent purchase of Class T Shares in the primary offering in the same stockholder account, the total underwriting compensation limit will be based on the total number of primary offering Class T Shares in the account and the distribution and stockholder servicing fees will be calculated on all of the primary offering Class T Shares in the account, such that the conversion of the Class T Shares from the initial purchase will be delayed and the accrual of the distribution and stockholder servicing fees and the conversion of the Class T Shares with respect to the subsequent purchase will happen on a more accelerated basis than would have been the case if the stockholder had made the subsequent purchase in a separate account. Stockholders may elect to make subsequent purchases in a separate account. Purchasing additional primary shares in the same account will not increase the amount of the distribution and stockholder servicing fees paid with respect to an investor's shares, but will only affect the timing of such payments.

Preferred Shares

Upon the affirmative vote of a majority of our directors, our charter authorizes our board of directors to issue one or more classes or series of preferred shares without stockholder approval and our charter provides that the issuance of preferred shares must also be approved by a majority of our independent directors who do not have an interest in the transaction and who have access, at our expense, to our legal counsel or to independent legal counsel. Further, our charter authorizes the board to classify or reclassify any of our unissued preferred shares and to fix the voting rights, liquidation preferences, distribution rates, conversion rights, redemption rights and terms, including sinking fund provisions, and certain other rights and preferences with respect to such preferred shares. Because our board of directors has the power to establish the preferences and rights of each class or series of preferred shares, it may afford the holders of any series or class of preferred shares preferences, powers, and rights senior to the rights of holders of common shares. However, the voting rights per preferred share of any series or class of preferred shares sold in a private offering may not exceed voting rights which bear the same relationship to the voting rights of common shares as the consideration paid to us for each privately-held preferred share bears to the book value of each outstanding common share. If we ever created and issued preferred shares with a distribution preference over our common shares, payment of any distribution preferences of outstanding preferred shares would reduce the amount of funds available for the payment of distributions on the common shares. Further, holders of preferred shares are normally entitled to receive a preference payment in the event we liquidate, dissolve or wind up before any payment is made to the common stockholders, likely reducing the amount common stockholders would otherwise receive upon such an occurrence.

Under certain circumstances, the issuance of preferred shares may delay, prevent, render more difficult or tend to discourage:

- a merger, tender offer or proxy contest;
- the assumption of control by a holder of a large block of our securities; or
- the removal of incumbent management.

Our board of directors, without stockholder approval, may issue preferred shares with voting and conversion rights that could adversely affect the holders of common shares, subject to the limits described above. We currently have no preferred shares issued and outstanding. Our board of directors has no present plans to issue preferred shares, but may do so at any time in the future without stockholder approval.

Meetings and Special Voting Requirements

Class A Shares and Class T Shares vote together as a single class, and each share is entitled to one vote per share on each matter submitted to a vote at a meeting of our stockholders, including the election of directors; *provided* that with respect to any mater that would only have a material adverse effect on the rights of a particular class of common stock, only the holders of such affected class are entitled to vote. There is no cumulative voting in the election of our board of directors, which means that the holders of a majority of our outstanding common shares can elect all of the directors then standing for election and the holders of the remaining common shares will not be able to elect any directors. An annual meeting of our stockholders will be held each year, at least 30 days after delivery of our annual report. Special meetings of stockholders may be called only upon the request of a majority of our directors, a majority of our independent directors, our chief executive officer, our president or our chairman of the board or upon the written request of stockholders entitled to cast not less than 10% of all of the votes entitled to be cast on such matter at such meeting. The presence of stockholders, either in person or by proxy, entitled to cast at least 50% of all the votes entitled to be cast at a meeting constitutes a quorum. Generally, the affirmative vote of a majority of all votes cast at a meeting at which a quorum is present is necessary to take stockholder action, except that a majority of the votes represented in person or by proxy at a meeting at which a quorum is present is required to elect a director.

Under the Maryland General Corporation Law and our charter, stockholders are generally entitled to vote at a duly held meeting at which a quorum is present on:

- amendments to our charter and the election and removal of directors (except as otherwise provided in our charter or under the Maryland General Corporation Law);
- our liquidation or dissolution; and
- a merger, consolidation or sale or other disposition of substantially all of our assets.

No such action can be taken by our board of directors without a vote of our stockholders entitled to cast at least a majority of all the votes entitled to be cast on the matter or, in the case of director elections, a majority of the votes present in person or by proxy at a meeting at which a quorum is present. Stockholders are not entitled to exercise any of the rights of an objecting stockholder provided for in Title 3, Subtitle 2 of the Maryland General Corporation Law unless our board of directors determines that such rights shall apply with respect to all or any classes or series of shares, to a particular transaction or all transactions occurring after the date of such determination in connection with which stockholders would otherwise be entitled to exercise such rights.

We will maintain, as part of our books and records, and will make available for inspection by any stockholder or the stockholder's designated agent at our office an alphabetical list of the names, addresses and telephone numbers of our stockholders, along with the number of shares of our common stock held by each of them. We will update the stockholder list at least quarterly to reflect changes in the information contained therein. A copy of the list shall be mailed to any stockholder who requests the list within 10 days of the request and will be printed in alphabetical order, on white paper, and in a readily readable type size (in no event smaller than 10-point type). A stockholder may request a copy of the stockholder list in connection with matters relating to voting rights and the exercise of stockholder rights under federal proxy laws. A stockholder requesting a list will be required to pay the reasonable costs of producing the list. We have the right to request that a requesting stockholder represent to us that the list will not be used to pursue commercial interests. Stockholders also have rights under Rule 14a-7 under the Exchange Act, which provides that, upon the request of investors and the payment of the expenses of the distribution, we are required to distribute specific materials to stockholders in the context of the solicitation of proxies for voting on matters presented to stockholders or, at our option, provide requesting stockholders with a copy of the list of stockholders so that the requesting stockholders may make the distribution of proxies themselves. If we do not honor a proper request for the stockholder list, then the requesting stockholder shall be entitled to recover certain costs incurred in compelling the production of the list, including attorneys' fees, as well as actual damages suffered by reason of the refusal or failure to produce the list. A stockholder, however, shall not have the right to, and we may require a requesting stockholder to represent that it will not, secure the stockholder list or other information for the purpose of selling or using the list for a commercial purpose not related to the requesting stockholder's interest in our affairs. The remedies provided to stockholders requesting copies of the stockholder list described above are in addition to, and shall not in any way limit, other remedies available to such stockholders under federal or state laws.

In addition, pursuant to our charter, any stockholder and any designated representative thereof shall be permitted access to our corporate records to which such stockholder is entitled under applicable law at all reasonable times, and may inspect and copy any of them for a reasonable charge. Under Maryland law, stockholders are entitled to inspect and copy our bylaws, minutes of stockholder proceedings, annual statements of affairs, voting trust agreements and statements of the amount of stock and securities issued by us during the period specified by the requesting stockholder, which period may not be longer than 12 months prior to the date of the stockholder's request. Statements of stock and securities will only include the number of shares issued during the period and the consideration received per share, in conformity with Maryland law, and will not include any personal identifying information concerning the holders of the shares. Requests to inspect and/or copy our corporate records must be made in writing to our address as set forth in the section of this prospectus titled "Where You Can Find More Information." It is the policy of our board of directors to comply with all proper requests for access to our corporate records in conformity with our charter and Maryland law.

Rights Upon Liquidation

In the event of any voluntary or involuntary liquidation, dissolution or winding up of us, or any liquidating distribution of our assets, then such assets, or the proceeds therefrom, will be distributed between the holders of Class A Shares and Class T Shares ratably in proportion to the respective net asset value for each class until the net asset value for each class has been paid. We will calculate the net asset value as a whole for all shares of our common stock and then will determine any differences attributable to each class. Each holder of shares of a particular class of common stock will be entitled to receive, proportionately with each other holder of shares of such class, that portion of such aggregate assets available for distribution to such class as the number of outstanding shares of such class held by such holder bears to the total number of outstanding shares of such class then outstanding. As described above, we expect the estimated net asset value per share of each Class A Share and Class T Share to be the same, except in the unlikely event that the distribution and stockholder servicing fees payable by us exceed the amount otherwise available for distribution to holders of Class T Shares in a particular period (prior to the deduction of the distribution and stockholder servicing fees), in which case the excess will be accrued as a reduction to the estimated net asset value per share of each Class T Share, which would result in the net asset value and distributions upon liquidation with respect to Class T Shares being lower than the net asset value and distributions upon liquidation with respect to Class A Shares.

Restrictions On Transfer

In order for us to qualify as a REIT, no more than 50% in value of the outstanding shares of our common stock may be owned, directly or indirectly through the application of certain attribution rules under the Code, by any five or fewer individuals, as defined in the Code to include specified entities, during the last half of any taxable year, excluding our first taxable year ending December 31, 2015. In addition, the outstanding shares of our common stock must be owned by 100 or more persons independent of us and each other during at least 335 days of a 12-month taxable year or during a proportionate part of a shorter taxable year, excluding our first taxable year ending December 31, 2015. In addition, we must meet requirements regarding the nature of our gross income in order to qualify as a REIT. One of these requirements is that at least 75% of our gross income for each calendar year must consist of rents from real property and income from other real property investments (and a similar test requires that at least 95% of our gross income for each calendar year must consist of rents from real property and income from other real property investments together with certain other passive items such as dividend and interest). The rents received by the Operating Partnership from any tenant will not qualify as rents from real property, which could result in our loss of REIT status, if we own, actually or constructively within the meaning of certain provisions of the Code, 10% or more of the ownership interests in that tenant. In order to assist us in preserving our status as a REIT, among other purposes, our charter provides generally that (i) no person may beneficially or constructively own common shares in excess of 9.9% (in value or number of shares) of the outstanding common shares; (ii) no person may beneficially or constructively own shares in excess of 9.9% of the value of the total outstanding shares; (iii) no person may beneficially or constructively own shares that would result in us being “closely held” under Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT (including, but not limited to, beneficial or constructive ownership that would result in us owning (actually or constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by us from such tenant would cause us to fail to satisfy any of the gross income requirements of Section 856(c) of the Code); and (iv) no person may transfer or attempt to transfer shares if such transfer would result in our shares being owned by fewer than 100 Persons.

Our charter provides that if any of the restrictions on transfer or ownership described above are violated, the shares represented hereby will be automatically transferred to a charitable trust for the benefit of one or more charitable beneficiaries effective on the day before the purported transfer of such shares. We will designate a trustee of the charitable trust that will not be affiliated with us or the purported transferee or record holder. We will also name a charitable organization as beneficiary of the charitable trust. The trustee will receive all distributions on the shares of our capital stock in the same trust and will hold such distributions or distributions in trust for the benefit of the beneficiary. The trustee also will vote the shares of capital stock in the same trust. The purported transferee will acquire no rights in such shares of capital stock, unless, in the case of a transfer that would cause a violation of the 9.9% ownership limit, the transfer is exempted by our board of directors from the ownership limit based upon receipt of information (including certain representations and undertakings from the purported transferee) that such transfer would not violate the provisions of the Code for our qualification as a REIT. In addition, our charter provides that we may redeem shares upon the terms and conditions specified by the board of directors in its sole discretion if our Board of Directors determines that ownership or a transfer or other event may violate the restrictions described above. Furthermore, upon the occurrence of certain events, attempted transfers in violation of the restrictions described above may immediately be void.

The trustee will transfer the shares of our capital stock to a person whose ownership of shares of our capital stock will not violate the ownership limits. The transfer shall be made within 20 days of receiving notice from us that shares of our capital stock have been transferred to the trust. During this 20-day period, we will have the option of redeeming such shares of our capital stock. Upon any such transfer or purchase, the purported transferee or holder shall receive a per share price equal to the lesser of (a) the price paid by the purported transferee for the shares or, if the purported transferee did not give value for the shares in connection with the event causing the shares to be held in the charitable trust (*e.g.*, in the case of a gift, devise or other such transaction), the market price of the shares on the day of the event causing the shares to be held in the charitable trust and (b) the price per share received by the charitable trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the shares held in the charitable trust. The charitable trustee may reduce the amount payable to the purported transferee by the amount of dividends and distributions which have been paid to the purported transferee and are owed by the purported transferee to the charitable trustee pursuant to our charter. Any net sales proceeds in excess of the amount payable to the purported transferee shall be immediately paid to the charitable beneficiary. If, prior to our discovery that shares have been transferred to the charitable trustee, such shares are sold by a purported transferee, then (i) such shares shall be deemed to have been sold on behalf of the charitable trust and (ii) to the extent that the purported transferee received an amount for such shares that exceeds the amount that such purported transferee was entitled to receive pursuant to our charter, such excess shall be paid to the charitable trustee upon demand.

Any person who acquires or attempts or intends to acquire beneficial ownership or constructive ownership of shares that will or may violate the foregoing restrictions, or any person who would have owned shares that resulted in a transfer to the charitable trust pursuant to our charter, is required to immediately give us written notice of such event, or in the case of such a proposed or attempted transaction, give at least 15 days prior written notice, and shall provide us such other information as we may request in order to determine the effect, if any, of such transfer on our status as a REIT.

The ownership limits do not apply to a person or persons which our board of directors has, in its sole discretion, determined to exempt from the ownership limit upon appropriate assurances that our qualification as a REIT is not jeopardized. Any person who owns more than 5% (or such lower percentage applicable under the Code or Treasury regulations) of the outstanding shares of our capital stock during any taxable year will be asked to deliver a statement or affidavit setting forth the number of shares of our capital stock beneficially owned and other information related to such ownership.

Distribution Objectives

With the authorization of our board of directors, we declared distributions with respect to Class A Shares of our common stock for the period from October 1, 2014 through August 31, 2016. For the period from October 1, 2014 through April 30, 2016, distributions for Class A Shares were calculated based on stockholders of record each day in an amount equal to $0.001575342 per share, per day. With respect to the period from May 1, 2016 through August 31, 2016, distributions for Class A Shares were or will be calculated based on stockholders of record each day in an amount equal to $0.001594766 per share, per day. Also, with the authorization of our board of directors, we declared distributions with respect to Class T Shares of our common stock for the period from August 24, 2015 through August 31, 2016. For the period from August 24, 2015 through April 30, 2016, distributions for Class T Shares were calculated based on stockholders of record each day in an amount equal to $0.001575342 per share, per day less the distribution and stockholder servicing fees that were payable with respect to such Class T Shares (as calculated on a daily basis). With respect to the period from May 1, 2016 through August 31, 2016, distributions for Class T Shares were or will be calculated based on stockholders of record each day in an amount equal to $0.001594766 per share, per day less the distribution and stockholder servicing fees that are payable with respect to such Class T Shares (as calculated on a daily basis).

In addition to the distributions described above, our board of directors authorized special stock dividends as of daily record dates for the period from October 1, 2014 through June 30, 2015. Stock dividends for our Class A Shares were calculated based on stockholders of record each day in an amount equal to 0.0000273973 of a share of Class A common stock, per day. Shares issued related to our stock dividends were issued on a quarterly basis.

We expect to continue paying distributions unless our results of operations, our general financial condition, general economic conditions or other factors prohibit us from doing so. The timing and amount of distributions will be determined by our board of directors, in its discretion and may vary from time to time. Distributions cannot be guaranteed. We have not generated sufficient cash flow from operations to fully fund distributions. Therefore, our distributions have been and may continue to be paid from sources such as proceeds from our debt financings, proceeds from this offering, cash advances by our Advisor, cash resulting from a waiver or deferral of fees and/or proceeds from the sale of assets. For example, we funded 100% and 23% of total distributions for the quarter ended March 31, 2016 and the year ended December 31, 2015, respectively, with cash flows from financing activities, which includes offering proceeds. We have not placed a cap on the amount of our distributions that may be paid from any of these sources. Commencing with the quarter ended December 31, 2014, our Advisor agreed to waive the asset management fees for each quarter through September 30, 2016 to the extent that our MFFO, for a particular quarter, as disclosed in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as applicable, amounts to less than 100% of the aggregate distributions declared to our stockholders for such quarter. Our Advisor also agreed to waive an additional $62,500 in asset management fees so that our MFFO for the year ended December 31, 2015 would equal our distributions declared for such year. As a result of these waivers, our Advisor waived all of the $363,873 asset management fee payable to it for the quarter ended March 31, 2016, $583,433 of the total $888,109 in asset management fees payable to it during the year ended December 31, 2015 and all of the $16,258 asset management fee payable to it during the year ended December 31, 2014. These fee waivers are not deferrals and accordingly, these fees will not be paid to our Advisor in cash at any time in the future. There can be no assurances that our Advisor will continue this waiver, and if not, cash available to pay distributions in future periods may be reduced. In addition, to the extent our investments are in development or redevelopment projects or in properties that have significant capital requirements, our ability to make distributions may be negatively impacted, especially during our early periods of operations.

Distributions will be made on all classes of our common stock at the same time. The per share amount of distributions on Class A Shares and Class T Shares will differ because of different class-specific expenses. Specifically, the distribution and stockholder servicing fees payable with respect to Class T Shares will cause the amount of funds available for distributions with respect to Class T Shares, including Class T Shares issued pursuant to the distribution reinvestment plan, to be lower than the amount of funds available for distributions with respect to Class A Shares. As described above, we expect the estimated net asset value per share of each Class A Share and Class T Share to be the same, except in the unlikely event that the distribution and stockholder servicing fees payable by us exceed the amount otherwise available for distribution to holders of Class T Shares in a particular period (prior to the deduction of the distribution and stockholder servicing fees), in which case the excess will be accrued as a reduction to the estimated net asset value per share of each Class T Share. See "—Rights Upon Liquidation."

To the extent our board of directors authorizes the declaration of a distribution, we intend to authorize and calculate distributions on a daily basis and aggregate and pay them initially on a monthly basis. Because all of our operations will be performed indirectly through the Operating Partnership, our ability to pay distributions will depend on the Operating Partnership's ability to pay distributions to its partners, including Hines Global II. Distributions will be paid to our stockholders as of record dates selected by our board of directors. Distributions are authorized at the discretion of our board of directors, which will be directed, in substantial part, by its obligation to cause us to comply with the REIT requirements of the Code. Our ability to pay distributions may be affected by a number of factors, including:

- our Advisor's ability to identify and execute investment opportunities at a pace consistent with capital we raise;
- the ability of borrowers to meet their obligations under any real estate related debt investments we make;
- our operating and interest expenses;
- the ability of tenants to meet their obligations under any leases associated with any properties we acquire;
- the amount of distributions we receive from our indirect real estate investments;
- the ability of borrowers to meet their obligations under any real estate-related debt investments we make;
- our ability to keep our properties occupied;
- our ability to maintain or increase rental rates when renewing or replacing current leases;
- capital expenditures and reserves therefor;
- leasing commissions and tenant inducements for leasing space;
- the issuance of additional shares; and
- financings and refinancings.

We must distribute to our stockholders at least 90% of our annual ordinary taxable income in order to continue to meet the requirements for being treated as a REIT under the Code. This requirement is described in greater detail in the "Material U.S. Federal Income Tax Considerations—Requirements for Qualification as a REIT—Distribution Requirements" section of this prospectus. Our directors may authorize distributions in excess of this percentage as they deem appropriate. Differences in timing between the receipt of income and the payment of expenses, and the effect of required debt payments, among other things, could require us to borrow funds from third parties on a short-term basis, issue new securities or sell assets to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT. These methods of obtaining funding could affect future distributions by increasing operating costs. We refer you to the "Risk Factors—Risks Related to Our Business in General—We may need to incur borrowings that would otherwise not be incurred to meet REIT minimum distribution requirements" and "Material U.S. Federal Income Tax Considerations—Requirements for Qualification as a REIT" sections in this prospectus.

Share Redemption Program

Our shares are currently not listed on a national securities exchange, and we do not know whether they will ever be listed. In order to provide our stockholders with some liquidity, we have a share redemption program. As described below, we cannot guarantee that our share redemption program will be available indefinitely. Stockholders who have purchased shares from us or received their shares through a non-cash transaction, not in the secondary market, and have held their shares for at least one year may receive the benefit of limited liquidity by presenting for redemption to us all or a portion of those shares, in accordance with the procedures outlined herein. There is no fee payable to our Advisor, our Sponsor, our board of directors or any other party in connection with the redemption of shares pursuant to our share redemption program.

Shares that are redeemed will be redeemed at the following prices, unless such shares are redeemed in connection with the death or disability of a stockholder, as described below: (i) the lower of 92.5% of the then-current offering price of the shares of such class or 92.5% of the price paid to acquire the shares from us for stockholders who have held their shares continuously for at least one year; (ii) the lower of 95.0% of the then-current offering price of the shares of such class or 95.0% of the price paid to acquire the shares from us for stockholders who have held their shares continuously for at least two years; (iii) the lower of 97.5% of the then-current offering price of the shares of such class or 97.5% of the price paid to acquire the shares from us for stockholders who have held their shares continuously for at least three years; and (iv) the lower of 100% of the then-current offering price of the shares of such class or 100% of the price paid to acquire the shares from us for stockholders who have held their shares continuously for at least four years; provided that in each case, the redemption price will be adjusted for any combinations, splits, recapitalizations or similar actions with respect to our common stock. For purposes of determining the redemption price of shares issued pursuant to stock dividends, the "price paid to acquire the shares from us" will be deemed to be $10.00 per Class A Share. However, our board of directors, in its sole discretion, may determine at any time to amend the share redemption program to redeem shares at a price that is higher or lower than the price paid for the shares by the redeeming stockholder. Any such price modification may be arbitrarily determined, or may be determined on a different basis, as determined by our board of directors. For example, in the event that we are not engaged in a public offering of our primary shares, our board of directors may determine to amend the share redemption program to redeem shares at a price that is at or below the then-current net asset value per share of our common stock.

In the event a stockholder is having all his shares redeemed, we may waive the one-year holding requirement for shares purchased under our distribution reinvestment plan and for shares issued pursuant to stock dividends. In addition, we may waive the one-year holding requirement in the event of a stockholder's bankruptcy. If we determine to waive the one-year holding requirement in these circumstances, then, for purposes of determining the applicable redemption price, the stockholder will be deemed to have held his shares for one year. In the event of the death or disability of the holder, upon request, we will waive the one-year holding requirement. Except as noted below, shares that are redeemed in connection with the death or disability of a stockholder will be redeemed at a purchase price equal to the price paid to acquire such shares from us; provided, that, the redemption price cannot exceed the then-current offering price and, as described below, the redemption price will be reduced as necessary to equal the then-current offering price for such class of shares. For purposes of the one-year holding period, limited partners of the Operating Partnership who exchange their OP Units for shares of our common stock (and any persons to whom they transfer such stock to) shall be deemed to have owned those shares of our common stock as of the date the related OP Units were issued.

During the period of any public offering, the redemption price will be equal to or less than the price of the shares offered in the relevant offering. If we are engaged in a public offering and the redemption price calculated in accordance with the guidelines set forth above would result in a price that is higher than the then-current public offering price of our common shares, then the redemption price will be reduced and will be equal to the then-current public offering price of such class of common stock.

To the extent our board of directors determines that we have sufficient available cash for redemptions as described below, we initially intend to redeem shares on a monthly basis; however, our board of directors may determine from time to time to adjust the timing of redemptions or suspend or terminate our share redemption program upon 30 days' notice. Subject to the limitations and restrictions on the program and to funds being available, the number of shares repurchased during any consecutive twelve month period will be limited to no more than 5% of the number of outstanding shares of common stock at the beginning of that twelve month period. Please see "Risk Factors—Risks Related to Our Business in General—Our success will be dependent on the performance of Hines as well as key employees of Hines. Certain other investment vehicles sponsored by Hines have experienced adverse developments in recent years and there is a risk that we may experience similar adverse developments. Adverse changes in affiliated programs could also adversely affect our ability to raise capital" for information regarding the previous suspension of the share redemption program of Hines Real Estate Investment Trust, Inc., a public, non-traded REIT sponsored by Hines, which we refer to herein as Hines REIT.

Unless our board of directors determines otherwise, the funds available for redemptions in each month will be limited to the funds received from the distribution reinvestment plan in the prior month. Our board of directors has complete discretion to determine whether all of such funds from the prior month's distribution reinvestment plan can be applied to redemptions in the following month, whether such funds are needed for other purposes or whether additional funds from other sources may be used for redemptions.

Our board of directors may terminate, suspend or amend the share redemption program at any time upon 30 days' written notice without stockholder approval if our directors believe such action is in our best interests, or if they determine the funds otherwise available to fund our share redemption program are needed for other purposes. Any notice of a termination, suspension or amendment of the share redemption program will be made via a current report on Form 8-K filed with the SEC at least 30 days prior to the effective date of such termination, suspension or amendment. Our board of directors may also limit the amounts available for redemption at any time in their sole discretion.

All requests for redemption must be made in writing and received by us at least five business days prior to the end of the month. If you would like to request redemption of your shares, please contact us to receive required redemption forms and instructions concerning required signatures. Certain broker dealers require that their clients make redemption requests through their broker dealer, so please contact your broker dealer first if you want to request redemption of your shares. You may also withdraw your request to have your shares redeemed. Withdrawal requests must also be made in writing and received by us at least five business days prior to the end of the month. We cannot guarantee that we will have sufficient funds from our distribution reinvestment plan, or at all, to accommodate all requests made in any month. In the event the number of shares for which repurchase requests have been submitted exceeds the limits on the number of shares we can redeem or the funds available for such redemption in a particular month and our board of directors determines that we will repurchase shares in that month, then shares will be repurchased on a pro rata basis and the portion of any unfulfilled repurchase request will be held and considered for redemption until the next month unless withdrawn. In addition, if we do not have sufficient available funds at the time redemption is requested, you can withdraw your request for redemption or request in writing that we honor it at such time in a successive month, if any, when we have sufficient funds to do so. Such pending requests will generally be considered on a pro-rata basis with any new redemption requests we receive in the applicable period. If you submit a request for redemption and are also a participant in our distribution reinvestment plan, your participation in our distribution reinvestment plan will terminate upon our receipt of your redemption request.

Commitments by us to repurchase shares will be communicated either telephonically or in writing to each stockholder who submitted a request on or promptly (no more than five business days) after the fifth business day following the end of each month. We will redeem the shares subject to these commitments, and pay the redemption price associated therewith, within three business days following the delivery of such commitments. You will not relinquish your shares until we redeem them. Please see "Risk Factors—Risks Related to Investing in this Offering—Your ability to have your shares redeemed is limited under our share redemption program, and if you are able to have your shares redeemed, it may be at a price that is less than the price you paid for the shares and the then-current market value of the shares" and "Risk Factors—Risks Related to Investing in this Offering—There is no public market for our common shares; therefore, 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."

The shares we redeem under our share redemption program will be cancelled and will have the status of authorized but unissued shares. We will not resell such shares to the public unless such sales are first registered with the Securities and Exchange Commission under the Securities Act and under appropriate state securities laws or are exempt under such laws. We will terminate our share redemption program in the event that our shares ever become listed on a national securities exchange or in the event a secondary market for our common shares develops.

Valuation Policy

We have a valuation policy, pursuant to which we will provide an estimated per share NAV for each class of our common stock consistent with FINRA requirements and will disclose such estimated per share NAV, as applicable, in our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and/or in our Current Reports on Form 8-K as well as in our annual reports to our stockholders. The following is a summary of the valuation policy we expect to follow with respect to each determination of an estimated per share NAV. If we have an ongoing public offering at the time of such disclosure, we will also include the disclosure in the prospectus for the offering. Our board of directors has appointed a committee comprised of independent directors, which we refer to herein as the Valuation Committee, to be responsible for the oversight of the valuation process, subject to the final approval of our board of directors. At a minimum, the estimated per share NAV of each class of our common stock will be based on the fair value of our assets less liabilities under market conditions existing as of the date of the valuation.

We expect that each time it is determined, the NAV per share of each Class A Share and Class T Share will be the same, except in the unlikely event that the distribution fees payable by us exceed the amount otherwise available for distribution to holders of Class T Share in a particular period (prior to the deduction of the distribution fees), in which case the excess will be accrued as a reduction to the NAV per share of each Class T Share. Subject to the approval of the Valuation Committee and our board of directors, we will engage one or more independent third-party firms, which we refer to herein as independent valuation firms, for purposes of the independent valuation. The engagement of an independent valuation firm will be our sole responsibility and we will have the sole discretion to select the independent valuation firm to perform the independent valuation. The disclosure date of the estimated per share NAV for each class of our common stock based on an independent valuation will be no more than 45 days after the date as of which the independent valuation is determined. Subsequent to the initial independent valuation, we will have an independent valuation firm perform an independent valuation no less frequently than every other year.

As part of each independent valuation performed, the independent valuation firm will obtain a new appraisal, utilizing recognized industry standards prescribed by the Uniform Standards of Professional Appraisal Practice or the similar industry standard for the country where the property appraisal is conducted, of each of the real estate properties we own and will assign a discrete value for each property. All appraisals will be conducted by appraisers possessing a Member Appraisal Institute designation or similar designation or, for international appraisals, by a public certified expert for real estate valuations, qualified to perform and oversee the appraisal work of the scope and nature required.

In each year between required independent valuations, our board of directors, in its sole discretion, will either engage an independent valuation firm to conduct an independent valuation in accordance with the procedures set forth above or provide its own valuation, which will be reviewed and confirmed by an independent valuation firm, which we refer to herein as an interim valuation. If our board of directors determines to obtain an interim valuation in the year between required independent valuations, then the role of the independent valuation firm with respect to the interim valuation will include a review and confirmation of the reasonableness of (i) the valuation process and methodology and conformity with real estate industry standards and practices relating to valuations; (ii) the assumptions and data used in connection with the valuation of each real estate investment; and (iii) the final real estate investment valuation determined by our board of directors.

For both independent and interim valuations, we will obtain from the independent valuation firm a written report, which will set forth a summary analysis of the independent valuation firm's processes and methodologies undertaken in the valuation, a description of the scope of the reviews performed and any limitations thereto, the data and assumptions used for the review, the applicable industry standards used for the valuation, any other matters related to the valuation analysis and a conclusion as to a reasonable range of NAV and an estimated per share NAV. Our board of directors will be solely responsible for the final determination of NAV and an estimated per share NAV for each class of our common stock. To the extent the valuation provided by the independent valuation firm is different from the valuation determined by our board of directors and disclosed by us, we will provide an explanation in our filings with the SEC and in our annual reports to stockholders.

When we disclose an estimated per share NAV of our Class A Shares and Class T Shares in our filings with the SEC and in our annual reports to stockholders, we will include a description of how the value was determined, including the methodologies employed. In addition, if subsequent to the date as of which the valuation is determined we have knowledge of a material impairment or appreciation, or a material other-than-temporary change in the value of any real property or real estate-related asset, which would result in a material change in the NAV or estimated per share NAV of our Class A Shares or Class T Shares, then we will consider such change prior to the disclosure of an estimated per share NAV of such class of our common stock in our filings with the SEC and in our annual reports to stockholders. In no event will we engage in a follow-on offering or any subsequent offering of non-listed securities without first obtaining and disclosing an independent valuation as described herein. For a description of the risks associated with the determination of and reliance on an estimated per share NAV of our Class A Shares or Class T Shares, see "Risk Factors—Risks Related to Investing in this Offering—We have disclosed an estimated net asset value, or NAV, per share of our common stock and the current purchase price our stockholders pay for shares of each class of our common stock in this offering is higher than such estimated NAV per share. Neither the estimated NAV per share nor the offering price may be an accurate reflection of the fair market value of our assets and liabilities and likely will not represent the amount of net proceeds that would result if we liquidated or dissolved or the amount you would receive upon the sale of your shares."

On April 13, 2016, our board of directors determined an estimated NAV of our common stock of $9.03 per share (applicable to both Class A Shares and Class T Shares) based on the number of shares issued and outstanding as of February 29, 2016. The estimated NAV per share was determined in accordance with our valuation policy, utilizing guidelines established by Investment Program Association Practice Guideline 2013-01 — "Valuation of Publicly Registered, Non-Listed REITs" issued April 29, 2013, with the exception that certain pro forma adjustments were made. It is currently anticipated that the estimated NAV per share will next be determined and disclosed no later than April 2017. For further information regarding the determination of the estimated NAV per share, please see "Plan of Distribution—Determination of Offering Price per Class A Share and per Class T Share."

Determination of the Net Tangible Book Value of Our Shares

As of December 31, 2015, our net tangible book value per each class of share was $7.27. Net tangible book value is a rough approximation of value calculated as total book value of assets minus total liabilities (all of which are adjusted for noncontrolling interests). It assumes that the value of real estate assets diminishes predictably over time as shown through the depreciation and amortization of real estate investments. Real estate values have historically risen or fallen with market conditions. Net tangible book value is used generally as a conservative measure of net worth that we do not believe reflects our estimated value per share. It is not intended to reflect the value of our assets upon an orderly liquidation in accordance with our investment objectives. However, after we begin acquiring real estate assets, net tangible book value will reflect certain dilution in value of our common stock from the issue price as a result of (i) accumulated depreciation and amortization of real estate investments, (ii) the funding of distributions from sources other than our cash flow from operations, if any, (iii) the substantial fees paid in connection with our public offering, such as selling commissions and marketing fees, all or a portion of which may be reallowed by our dealer manager to participating broker dealers and (iv) the fees and expenses paid to our advisor and its affiliates in connection with the selection, acquisition, management and sale of our investments.

The offering prices of our Class A Shares and Class T Shares were not established on an independent basis and do not equal the net value of our assets. Further, even without depreciation in the value of our assets, the other factors described above with respect to the dilution in the value of our common stock are likely to cause the offering prices of our Class A Shares and Class T Shares to be higher than the amount you would receive per Class A Share or Class T Share if we were to liquidate after we break escrow, but before the end of the offering period.

Restrictions on Roll-Up Transactions

Our charter contains various limitations on our ability to participate in Roll-up Transactions. In connection with any proposed transaction considered a “Roll-up Transaction” involving us and the issuance of securities of an entity, which we refer to as a Roll-up Entity, that would be created or would survive after the successful completion of the Roll-up Transaction, an appraisal of all our properties must be obtained from a competent independent appraiser. The properties must be appraised on a consistent basis, and the appraisal shall be based on the evaluation of all relevant information and shall indicate the value of the properties as of a date immediately prior to the announcement of the proposed Roll-up Transaction. The appraisal shall assume an orderly liquidation of our properties over a 12-month period. The terms of the engagement of the independent appraiser must clearly state that the engagement is for our benefit and that of our stockholders. A summary of the appraisal, indicating all material assumptions underlying the appraisal, shall be included in a report to our stockholders in connection with any proposed Roll-up Transaction. If the appraisal will be included in a prospectus used to offer the securities of a Roll-up Entity, the appraisal will be filed as an exhibit to the registration statement with the Securities and Exchange Commission and with any state where such securities are registered.

A “Roll-up Transaction” is a transaction involving the acquisition, merger, conversion or consolidation, either directly or indirectly, of us and the issuance of securities of a Roll-up Entity. This term does not include:

- a transaction involving the securities of a Roll-up Entity that have been listed on a national securities exchange or traded through the National Association of Securities Dealers Automatic Quotation National Market System for at least 12 months; or
- a transaction involving our conversion into a corporate, trust, or association form if, as a consequence of the transaction, there will be no significant adverse change in any of the following: our common stockholder voting rights; the term of our existence; compensation to our Advisor or our sponsor; or our investment objectives.

In connection with a proposed Roll-up Transaction, the person sponsoring the Roll-up Transaction must offer to our common stockholders who vote "no" on the proposal the choice of:

- accepting the securities of the Roll-up Entity offered in the proposed Roll-up Transaction; or
- one of the following:
  - remaining as stockholders and preserving their interests on the same terms and conditions as existed previously; or
  - receiving cash in an amount equal to the stockholder's pro rata share of the appraised value of our net assets.

We are prohibited from participating in any proposed Roll-up Transaction:

- that would result in our common stockholders having democracy rights in a Roll-up Entity that are less than those provided in our charter and described elsewhere in this prospectus, including rights with respect to the election and removal of directors, annual reports, annual and special meetings, amendment of our charter and our dissolution;
- that includes provisions that would operate to materially impede or frustrate the accumulation of shares by any purchaser of the securities of the Roll-up Entity, except to the minimum extent necessary to preserve the tax status of the Roll-up Entity, or which would limit the ability of an investor to exercise the voting rights of its securities of the Roll-up Entity on the basis of the number of shares held by that investor;
- in which investor's rights to access of records of the Roll-up Entity will be less than those provided in the section of this prospectus entitled "Description of Capital Stock"; or
- in which any of the costs of the Roll-up Transaction would be borne by us if the Roll-up Transaction is rejected by our common stockholders.

Stockholder Liability

Both the Maryland General Corporation Law and our charter provide that our stockholders are not liable personally or individually in any manner whatsoever for any debt, act, omission or obligation incurred by us or our board of directors.

The Maryland General Corporation Law provides that our stockholders are under no obligation to us or our creditors with respect to their shares other than the obligation to pay to us the full amount of the consideration for which their shares were issued.

Distribution Reinvestment Plan

We currently have a distribution reinvestment plan pursuant to which you may have the distributions you receive reinvested in additional common shares of the same class as the shares for which you received the distributions. Commencing with distributions to be reinvested after August 2, 2016, you may purchase common shares under our distribution reinvestment plan for $9.46 per Class A Share and $9.08 per Class T Share. No sales commissions or dealer manager fees will be paid in connection with shares purchased pursuant to our distribution reinvestment plan. We will not pay selling commissions or dealer manager fees in connection with the purchase of shares pursuant to the distribution reinvestment plan**.** Ongoing distribution and stockholder servicing fees payable to the Dealer Manager will be calculated based on outstanding Class T Shares issued in the primary offering only, however distributions on all Class T Shares, including Class T Shares issued pursuant to the distribution reinvestment plan, will be reduced by the distribution and stockholder servicing fees. See "Plan of Distribution" for a description of these fees. A copy of our distribution reinvestment plan as currently in effect is included as Appendix C to this prospectus.

Investors participating in our distribution reinvestment plan may purchase fractional shares. If sufficient common shares are not available for issuance under our distribution reinvestment plan, we will remit excess distributions in cash to the participants. If you elect to participate in the distribution reinvestment plan, we request that, if at any time you fail to meet the applicable income and net worth standards or are no longer able to make the other investor representations or warranties set forth in the then current prospectus, the subscription agreement or other applicable enrollment form pursuant to which you enrolled in the plan, you will promptly notify us in writing of that fact.

Stockholders purchasing common shares pursuant to the distribution reinvestment plan will have the same rights and will be treated in the same manner as if such common shares were purchased pursuant to this offering.

At least quarterly, we will provide or cause to be provided to each participant a confirmation showing the amount of the distribution reinvested in our shares during the covered period, the number of common shares owned at the beginning of the covered period, and the total number of common shares owned at the end of the covered period. We have the discretion not to provide a distribution reinvestment plan, and a majority of our board of directors may amend, suspend or terminate our distribution reinvestment plan for any reason, including to amend the per share price at which distributions are reinvested, at any time upon 10 days' prior notice to the participants, which notice will be made via a current report on Form 8-K filed with the SEC; provided, however, our board will not be permitted to amend the plan if such amendment would eliminate plan participants' ability to withdraw from the plan at least annually. Your participation in the plan will also be terminated to the extent that a reinvestment of your distributions in our common shares would cause the percentage ownership limitation contained in our charter to be exceeded. In addition, your participation in the plan will be terminated upon our receipt of your submission of a request for redemption of your shares. Otherwise, unless you terminate your participation in our distribution reinvestment plan in writing, your participation will continue even if the shares to be issued under the plan are registered in a future registration. You may terminate your participation in the distribution reinvestment plan at any time by providing us with 10 days' written notice. A withdrawal from participation in the distribution reinvestment plan will be effective only with respect to distributions paid more than 30 days after receipt of written notice. Generally, a transfer of common shares will terminate the stockholder's participation in the distribution reinvestment plan as of the first day of the month in which the transfer is effective.

If you participate in our distribution reinvestment plan and are subject to federal income taxation, you will incur a tax liability for distributions allocated to you even though you have elected not to receive the distributions in cash, but rather to have the distributions withheld and reinvested in our common shares. Specifically, you will be treated as if you have received the distribution from us in cash and then applied such distribution to the purchase of additional common shares. You will be taxed on the amount of such distribution as ordinary income to the extent such distribution is from current or accumulated earnings and profits, unless we have designated all or a portion of the distribution as a capital gain distribution. In addition, the difference between the public offering price of our shares and the amount paid for shares purchased pursuant to our distribution reinvestment plan may be deemed to be taxable as income to participants in the plan. Please see "Risk Factors—Risks Related to Taxes—Stockholders who participate in our distribution reinvestment plan may realize taxable income without receiving cash distributions."

Business Combinations

The Maryland General Corporation Law prohibits certain business combinations between a Maryland corporation and an interested stockholder or the interested stockholder's affiliate for five years after the most recent date on which the stockholder becomes an interested stockholder. These business combinations include a merger, consolidation or share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns ten percent or more of the voting power of the corporation's outstanding voting stock; or

- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of ten percent or more of the voting power of the then outstanding stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under the Maryland General Corporation Law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors of the corporation prior to the time that the interested stockholder becomes an interested stockholder. As permitted by the Maryland General Corporation Law, our board of directors has adopted a resolution presently opting out of the business combination provisions of Maryland law, but our board of directors retains discretion to alter or repeal, in whole or in part, this resolution at any time.

Control Share Acquisitions

With some exceptions, Maryland law provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding "control shares":

- owned by the acquiring person;
- owned by officers; and
- owned by employees who are also directors.

"Control shares" mean voting shares which, if aggregated with all other voting shares owned by an acquiring person or shares on which the acquiring person can exercise or direct the exercise of voting power, except solely by virtue of a revocable proxy, would entitle the acquiring person to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition occurs when, subject to some exceptions, a person directly or indirectly acquires ownership or the power to direct the exercise of voting power of issued and outstanding control shares. A person who has made or proposes to make a control share acquisition, upon satisfaction of some specific conditions, including an undertaking to pay expenses, may compel our board of directors to call a special meeting of our stockholders to be held within 50 days of a demand to consider the voting rights of the control shares. If no request for a meeting is made, we may present the question at any stockholders' meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then, subject to some conditions and limitations, we may redeem any or all of the control shares (except those for which voting rights have been previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition. The control share acquisition statute does not apply to shares acquired in a merger, consolidation or share exchange if we are a party to the transaction or to acquisitions approved or exempted by our charter or bylaws.

As permitted by Maryland General Corporation Law, we have provided in our bylaws that the control share provisions of the Maryland General Corporation Law will not apply to any and all acquisitions by any person of our shares but our board of directors retains the discretion to change this provision in the future.

Subtitle 8

Subtitle 8 of Title 3 of the Maryland General Corporation Law permits a Maryland corporation with a class of equity securities registered under the Securities Exchange Act of 1934 and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions:

- a classified board,
- a two-thirds vote requirement for removing a director,
- a requirement that the number of directors be fixed only by vote of the directors,
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred, and
- a majority requirement for the calling of a special meeting of stockholders.

We have elected, pursuant to Subtitle 8, to provide that vacancies on our board of directors may be filled only by the remaining directors and for the remainder of the full term of the directorship in which the vacancy occurred. Through provisions in our charter and bylaws unrelated to Subtitle 8, we already vest in our board of directors the exclusive power to fix the number of directorships. We have not elected to be subject to any of the other provisions of Subtitle 8.

Tender Offers

Our charter provides that if any person makes a tender offer, including any "mini-tender" offer, such person must comply with most of the provisions of Regulation 14D of the Exchange Act, including the notice and disclosure requirements. Among other things, the offeror must provide us notice of such tender offer at least ten business days before initiating the tender offer. In addition, the non-complying offeror will be responsible for all of our expenses in connection with that offeror's noncompliance.

Reports to Stockholders

Our charter requires that we prepare an annual report and deliver it to our stockholders within 120 days after the end of each fiscal year. Among the matters that must be included in the annual report are:

- Financial statements which are prepared in accordance with GAAP (or the then required accounting principles) and are audited by our independent registered public accounting firm;
- If applicable, the ratio of the costs of raising capital during the year to the capital raised;
- The aggregate amount of asset management fees and the aggregate amount of other fees paid to our Advisor and any affiliate of our Advisor by us or third parties doing business with us during the year;
- Our total operating expenses for the year, stated as a percentage of our average invested assets and as a percentage of our net income;
- A report from the independent directors that our policies are in the best interests of our stockholders in the aggregate and the basis for such determination; and
- Separately stated, full disclosure of all material terms, factors and circumstances surrounding any and all transactions involving us and our Advisor, a director or any affiliate thereof during the year; and the independent directors are specifically charged with a duty to examine and comment in the report on the fairness of the transactions.

PLAN OF DISTRIBUTION

General

We are offering up to $2,500,000,000 in shares of our common stock, in any combination of Class A Shares and Class T Shares, pursuant to this prospectus through Hines Securities, Inc., our Dealer Manager, a registered broker dealer which was organized in June 2003 and is affiliated with Hines. For additional information about our Dealer Manager, please see "Management—The Dealer Manager." We are offering up to $2,000,000,000 in any combination of Class A Shares and Class T Shares initially allocated to our primary offering and up to $500,000,000 in any combination of Class A Shares and Class T Shares initially allocated to our distribution reinvestment plan. If, prior to the termination of this offering, any of our shares initially allocated to our distribution reinvestment plan remain unsold, we may determine to sell some or all of such shares to the public in our primary offering. Similarly, if prior to the termination of this offering, we have sold all of the shares allocated to the distribution reinvestment plan and there is additional demand for such shares, we may determine to reallocate to the distribution reinvestment plan shares initially allocated to our primary offering. In order to become a stockholder, all investors must meet the suitability standards discussed in the section of this prospectus titled "Suitability Standards." As of the date of this prospectus, we are offering:

- shares to the public at a price of $9.96 per Class A Share and $9.41 per Class T Share; and
- shares for issuance pursuant to our distribution reinvestment plan at a price of $9.46 per Class A Share and $9.08 per Class T Share.

The actual offering price per Class T Share in the primary offering is $9.411 and has been rounded to $9.41 per Class T Share throughout this prospectus. See "—Determination of Offering Price per Class A Share and per Class T Share" below for a description of how our board of directors determined the offering price per share for our Class A shares and Class T shares. There are discounts available for certain categories of purchasers of our Class A Shares as described below. Please see "—Underwriting Terms" and "—Volume Discounts" for a description of the conditions to which the discounts and fee waivers available to purchasers in this offering are subject.

The offering prices per share described above are effective as of August 2, 2016. This offering began on August 20, 2014, and we will continue to offer shares of our common stock on a continuous basis until this offering terminates, which we presently expect will be on or before August 20, 2017, unless extended by our board of directors in accordance with Rule 415 of the Securities Act. Rule 415 of the Securities Act permits us to file a new registration statement on Form S-11 with the SEC to register additional Class A Shares and Class T Shares so that we may continuously offer shares of our common stock. If our board of directors determines to further extend the offering beyond August 20, 2017, we will notify stockholders by filing a supplement to this prospectus with the SEC. In certain states, the registration of this offering may continue for only one year following the most recent clearance by applicable state authorities, after which we intend to renew the offering period for additional one-year periods (or longer, if permitted by the laws of each particular state). We reserve the right to terminate this offering at any time.

Our board of directors, in its sole discretion, may determine from time to time during this offering to reclassify shares of our common stock, as permitted by our charter, in order to offer shares of one or more additional classes of common stock in this offering. Any additional class of common stock may be offered at a different price and may be subject to different fees and expenses than the shares currently being offered.

Determination of Offering Price per Class A Share and per Class T Share

This is a fixed price offering, which means that the price for shares of our common stock in the offering is fixed and does not vary based on the underlying value of our assets at any particular time. Our board of directors determined the offering price in its sole discretion and is ultimately and solely responsible for establishing the fixed offering price for shares of our common stock in this offering. Our offering price is not a statement of our net asset value per share. The following is a summary of the methodology used by our board of directors in determining the estimated NAV per share and the offering price of $9.96 per Class A Share and $9.41 per Class T Share. Please see "Risk Factors—Risks Related to Investing in this Offering—This is a fixed price offering and the offering price of each class of our common stock was arbitrarily determined. Therefore, the offering price will not accurately represent the current value of our assets at any particular time and may be higher than the value of our assets per share of our common stock at the time of your purchase."

In accordance with our valuation policy described in "Description of Capital Stock—Valuation Policy," a valuation committee comprised of our independent directors (i) approved the engagement of a third party valuation firm to assist in the valuation of our assets and liabilities; (ii) oversaw the valuation process and methodologies used to determine the estimated NAV per share; (iii) reviewed the reasonableness of the estimated NAV per share; and (iv) recommended the final proposed estimated NAV per share to our board of directors. The estimated NAV per share was determined in accordance with our valuation policy, primarily utilizing guidelines established by Investment Program Association Practice Guideline 2013-01 — "Valuation of Publicly Registered, Non-Listed REITs" issued on April 29, 2013, with the exception that, as described below, certain pro forma adjustments were made. The valuation committee approved the engagement of Cushman & Wakefield, Inc., or Cushman, an independent third party real estate advisory and consulting firm, to provide third party appraisals for each of our real estate properties as of February 29, 2016. These appraisals were performed in accordance with Uniform Standards of Professional Appraisal Practice with respect to our two domestic properties and performed in accordance with the professional standards as published by the Royal Institution of Chartered Surveyors with respect to our international real estate investment. Cushman has extensive experience in conducting appraisals and valuations on real properties and each of our appraisals with respect to our domestic properties were prepared by personnel who are members of the Appraisal Institute and have the Member of Appraisal Institute, or MAI, designation.

The valuation committee also approved the engagement of Jones Lang LaSalle, an independent third party real estate advisory and consulting services firm, to perform valuations of our debt obligations as of February 29, 2016.

In establishing the estimated NAV per share, in addition to using the appraised values of our real estate investments and values of our debt obligations, the valuation committee also included in its determination the values of other assets and liabilities such as cash, tenant and other receivables, accounts payable and accrued expenses, distributions payable and other assets and liabilities, all of which were valued at cost. No liquidity discounts or discounts relating to the fact that we are externally managed were applied to the estimated NAV per share and no attempt was made to value Hines Global II as an enterprise.

Additionally, the valuation committee approved the engagement of Cushman to assess the reasonableness of our new NAV per share. In doing so, Cushman utilized their appraised values as described above, the valuations of our debt obligations provided by Jones Lang LaSalle and information provided by management regarding balances of cash, tenant and other receivables, accounts payable and accrued expenses, distributions payable and other assets and liabilities. Upon the recommendation of the valuation committee, our board of directors determined the new estimated NAV of $9.03 per share of our common stock as of February 29, 2016. Cushman concluded that this determination was reasonable.

The aggregate appraised value of our real estate investments as of February 29, 2016 was $198.2 million, including amounts attributable to noncontrolling interests, which represents a 6.1% increase when compared to the purchase price of the real estate investments excluding closing costs, transaction fees and additional capital investments since acquisition. This 6.1% net increase resulted from a 7.9% appreciation in the aggregate appraised values of our real estate investments since their purchase, which was offset by 1.8% dilution resulting from the devaluation of the Euro against the U.S dollar. The increase due to the appreciation of our real estate investments was further offset by the dilution caused by the acquisition fees and expenses incurred in connection with those real estate investments.

The table below sets forth the calculation of our estimated NAV per share as of February 29, 2016 and the offering price of each class of shares of our common stock, effective as of August 2, 2016 (per share amounts have been rounded to the nearest whole cent):

	Gross Amount	Per Share
Real estate investments	$ 198,232,800	$ 15.45
Other assets	15,066,603	1.17
Debt obligations and other liabilities	(97,143,380)	(7.57)
Noncontrolling interests	(221,277)	(0.02)
Estimated NAV	$ 115,934,746	$ 9.03
Shares outstanding	12,832,316	
Class A Shares:		
Estimated NAV		$ 9.03
Costs of raising capital		1.08
Advisor Payment of a Portion of the Dealer Manager Fees		(0.15)
Offering price per Class A Share		$ 9.96
Class T Shares:		
Estimated NAV		$ 9.03
Costs of raising capital		0.52
Advisor Payment of a Portion of the Dealer Manager Fees		(0.14)
Offering price per Class T Share		$ 9.41

The valuation committee and our board of directors determined the estimated NAV per share by (i) utilizing the appraised values of our real estate investments of $198.2 million and adding our other assets (comprised of cash, tenant and other receivables and other assets) of $15.1 million, (ii) subtracting the values of our debt obligations and other liabilities comprised of our accounts payable and accrued expenses, due to affiliates, distributions payable and other liabilities of $97.1 million, as well as amounts related to noncontrolling interests of approximately $221,000, and (iii) dividing the total by our common shares outstanding as of February 29, 2016 of 12.8 million, resulting in an estimated NAV per share of $9.03.

Additionally, our board of directors considered the costs and expenses associated with raising equity in connection with this offering, consisting of selling commissions, dealer manager fees and estimated issuer costs, net of our Advisor's payment, with respect to Class A Shares and Class T Shares sold in the primary offering on and after August 2, 2016, of a portion of the dealer manager fees in an amount equal to 1.5% of the gross proceeds from the sale of Class A Shares and Class T Shares, resulting in a primary offering price of $9.96 per Class A Share and $9.41 per Class T Share, which reflects a decrease of $0.16 and $0.15, respectively, over the previous primary offering prices of our Class A Shares and Class T Shares. The decrease is completely attributable to our Advisor's payment of a portion of the dealer manager fees.

Other than with respect to the appraised values of our real estate investments and values of our debt obligations, the values of the assets and liabilities described above were determined based on their cost as of December 31, 2015 and included certain pro forma adjustments primarily related to: (i) the issuance of additional shares net of offering proceeds of our common stock from January 1, 2016 through February 29, 2016, (ii) pro forma adjustments to reflect the acquisition of the Domain Apartments and related acquisition expenses and (iii) pro forma adjustments to remove the liability related to issuer costs that were in excess of 2.5% of our gross offering proceeds as of February 29, 2016, due to the cap on issuer cost reimbursements to our Advisor. Other than those adjustments described above, we did not make significant additional adjustments related to our operations for the period from January 1, 2016 through February 29, 2016 because we did not believe they would have a material impact on our estimated NAV. Additionally, the calculation of the estimated NAV per share excluded certain items on our consolidated balance sheet that were determined to have no future value or economic impact on the valuation. Examples include receivables related to straight-line rental revenue and costs incurred to put debt in place. Other items were excluded because they were already considered elsewhere in the valuation. Examples include intangible lease assets and liabilities related to our real estate investments and costs incurred for capital expenditures that were included in the appraised values of our real estate investments.

The appraised values provided by Cushman described above were determined primarily by using methodologies that are commonly used in the commercial real estate industry. These methodologies included discounted cash flow analyses and reviews of current, historical and projected capitalization rates for properties comparable to those owned by us as well as going-in capitalization rates for properties comparable to those owned by us. Each appraisal assumes a 10-year hold period. The tables below summarize the key assumptions that were used in the valuations of our real estate investments.

	Rate
Domestic Real Estate Investments	
Industrial	
Exit capitalization rate	7.00%
Discount rate/internal rate of return	7.75%
Multi-Family	
Going-in capitalization rate	5.25%
International Real Estate Investments	
Office	
Going-in capitalization rate	5.20%

While our board of directors believes that the assumptions used in determining the appraised values of our real estate investments are reasonable, a change in these assumptions would impact the calculation of such values. For example, assuming all other factors remained unchanged, an increase in the average discount rate of 25 basis points would yield a decrease in the appraised values of our real estate investments of 1.7%, while a decrease in the average discount rate of 25 basis points would yield an increase in the appraised values of our real estate investments of 1.9%. Likewise, an increase in the average exit capitalization rate of 25 basis points would yield a decrease in the appraised values of our real estate investments of 1.9%, while a decrease in the average exit capitalization rate of 25 basis points would yield an increase in the appraised values of our real estate investments of 2.2%. Additionally, an increase in the average going-in capitalization rate of 25 basis points would yield a decrease in the appraised value of our real estate investments of 4.4%, while a decrease in the average going-in capitalization rate of 25 basis points would yield an increase in the appraised value of our real estate investments of 5.2%.

Limitations of Estimated NAV Per Share and Offering Prices Per Share

As with any valuation methodology, the methodology used to determine the estimated NAV per share was based upon a number of assumptions, estimates and judgments that may not be accurate or complete. Further, different parties using different property-specific and general real estate and capital market assumptions, estimates, judgments and standards could derive an estimated NAV per share that could be significantly different from the estimated NAV per share determined by our board of directors. The estimated NAV per share and the offering prices per share described above are not intended to represent the fair value of our assets less liabilities in accordance with U.S. generally accepted accounting principles, and such estimated NAV per share and offering prices per share are not a representation, warranty or guarantee that (i) a stockholder would be able to realize the estimated NAV per share or the respective offering price per share if such stockholder attempts to sell his or her shares; (ii) a stockholder would ultimately realize distributions per share equal to the estimated NAV per share or the respective offering price per share upon our liquidation or sale; (iii) shares of our common stock would trade at the estimated NAV per share or the respective offering price per share on a national securities exchange; (iv) a third party would offer the estimated NAV per share or the respective offering price per share in an arm's-length transaction to purchase all or substantially all of our shares of common stock; or (v) the methodologies used to determine the estimated NAV per share would be acceptable to FINRA. In addition, we can make no claim as to whether the estimated NAV per share will or will not satisfy the applicable annual valuation requirements under ERISA and the Code with respect to employee benefit plans subject to ERISA and other retirement plans or accounts subject to Section 4975 of the Code that are investing in shares of our common stock.

Further, the estimated NAV per share and the offering prices per share were calculated as of a moment in time, and, although the value of shares of our common stock will fluctuate over time as a result of, among other things, developments related to individual assets, changes in the real estate and capital markets, acquisitions or dispositions of assets, the distribution of proceeds from the sale of real estate to our stockholders and changes in corporate policies such as our distribution level relative to earnings, we do not undertake to update the offering prices per share on a regular basis. As a result, stockholders should not rely on the estimated NAV per share or the respective offering price per share as an accurate measure of the then-current value of shares of our common stock in making a decision to buy or sell shares of our common stock, including whether to invest in this offering, whether to reinvest distributions by participating in our distribution reinvestment plan and whether to request redemption under our share redemption program. In addition, our board of directors may in its discretion from time to time change the offering prices per share of our common stock, and therefore the number of shares being offered in this offering, through one or more supplements or amendments to this prospectus or post-effective amendments to the registration statement of which this prospectus is a part. We cannot assure you that the offering prices per share will increase or that they will not decrease during this offering or in connection with any future offering of shares of our common stock. Included among the circumstances under which our board of directors may determine to change the offering prices per share are the commencement of a new follow-on offering, an event that results in significant changes to the value of our assets or the adoption of new rules by FINRA or other regulatory authorities. We expect that we will next disclose a new estimated NAV per share by April 2017.

Underwriting Terms

We have not retained an underwriter in connection with this offering. Our common shares are being offered on a "best efforts" basis, which means that no underwriter, broker dealer or other person will be obligated to purchase any shares. Please see "Risk Factors—Risks Related to Investing in this Offering—This offering is a "best efforts" offering and if we are unable to raise substantial funds, we will be limited in the number and type of investments we may make which could negatively impact an investment in shares of our common stock."

Front-End Selling Commissions and Discounts (Class A Shares and Class T Shares)

Except as provided below, we will pay our Dealer Manager selling commissions of up to 7.0% of the gross offering proceeds of Class A Shares sold in the primary offering and up to 2.0% of the gross offering proceeds of Class T Shares sold in the primary offering. We will not pay selling commissions on shares issued and sold pursuant to our distribution reinvestment plan. Further, as described below, selling commissions payable with respect to our common shares may be reduced or waived in connection with volume or other discounts or other fee arrangements.

The Dealer Manager will enter into selected dealer agreements with certain other broker dealers who are members of the Financial Industry Regulatory Authority, or FINRA, to authorize them to sell our shares. Upon the sale of shares by such participating broker dealers, our Dealer Manager will reallow all of its selling commissions to such participating broker dealers.

We may also sell Class A Shares at a discount to the offering price of $9.96 per share in the event that the investor:

- has a contract for investment advisory and related brokerage services which includes a fee based on the amount of assets under management or a "wrap" fee feature;
- has a contract for a "commission replacement" account, which is an account in which securities are held for a fee only;
- has engaged the services of a registered investment adviser with whom the investor has agreed to pay compensation for investment advisory services or other financial or investment advice (except where an investor has a contract for financial planning services with a registered investment advisor that is also a registered broker dealer, such contract will not qualify the investor for the discount reflecting nonpayment of the selling commissions as described below);
- is investing in a bank trust account with respect to which the investor has delegated the decision-making authority for investments made in the account to a bank trust department for a fee; or
- is an endowment, foundation, pension fund or other institutional investor.

In these circumstances, we will sell Class A Shares to or for the account of such investor at a 7.0% discount, or $9.26 per share, reflecting the fact that selling commissions will not be paid in connection with such purchases. The net proceeds we receive will not be affected by such sales of shares made net of selling commissions.

We may sell Class A Shares to retirement plans of participating broker dealers, to participating broker dealers themselves (and their employees), to IRAs and qualified plans of their registered representatives or to any one of their registered representatives in their individual capacities (and to each of their spouses, parents and minor children) at a 7.0% discount, or $9.26 per share, reflecting that no selling commissions will be paid in connection with such transactions. The net proceeds we receive will not be affected by such sales of shares at a discount.

Neither our Dealer Manager nor its affiliates will compensate any person engaged as an investment advisor by a potential investor as an inducement for such investment advisor to advise favorably for an investment in us.

Our directors and officers, both current and retired, as well as affiliates of Hines and their directors, officers and employees, both current and retired (and their spouses, parents and minor children) and entities owned substantially by such individuals, may purchase Class A Shares in this offering at $9.11 per share, reflecting the fact that no selling commissions or dealer manager fees will be paid from any source in connection with any such sales. The net offering proceeds we receive will not be affected by such sales of shares at a discount. Hines and its affiliates will be expected to hold their shares purchased as stockholders for investment and not with a view towards distribution.

In addition, we entered into an agreement with our Dealer Manager, our Advisor and Ameriprise Financial Services, Inc. ("Ameriprise"), pursuant to which Ameriprise was appointed as a participating broker dealer in this offering. Subject to certain limitations set forth in the selected dealer agreement with Ameriprise, we, our Dealer Manager and our Advisor, jointly and severally, agreed to indemnify, defend and hold harmless Ameriprise and each person, if any, who controls Ameriprise within the meaning of the Securities Act of 1933, as amended, against losses, liability, claims, damages and expenses caused by certain untrue or alleged untrue statements, or omissions or alleged omissions of material fact made by us, our Dealer Manager or our Advisor in connection with this offering or in certain filings with the SEC and certain other public statements, or the breach by us, our Dealer Manager or our Advisor or any employee or agent acting on our or their behalf, of any of the representations, warranties, covenants, terms and conditions of the selected dealer agreement. In addition, Hines separately agreed to provide a limited indemnification to Ameriprise of these matters on a joint and several basis with the other entities and we have agreed to indemnify and reimburse Hines for any amounts Hines is required to pay pursuant to this indemnification. Please see "Conflicts of Interest."

In addition, Hines, our Dealer Manager or one of their affiliates may form one or more foreign-based entities for the purpose of raising capital from foreign investors to invest in our Class A Shares. Sales of our Class A Shares to any such foreign entity may be at a 7.0% discount, or $9.26 per share, reflecting the fact that no selling commissions will be paid in connection with any such transactions. The net offering proceeds we receive will not be affected by such sales of shares at a discount.

Further, the selling commission and/or dealer manager fee may be reduced or eliminated in connection with certain categories of sales, such as sales for which a volume discount applies, sales through investment advisers or banks acting as trustees or fiduciaries and sales made, subject to the agreement of the Dealer Manager, to certain investors who have agreed with a participating broker dealer to reduce or eliminate the selling commission and/or the dealer manager fee. If the dealer manager fee payable with respect to such a sale is reduced from the full 3.0% to an amount that is equal to or less than 1.5% of gross offering proceeds, then our Advisor will pay the entire dealer manager fee with respect to such a sale and we will not be required to pay any portion of such dealer manager fee. The net proceeds we receive will not be affected by such sales of shares at a discount.

Shares sold at the discounts described above are identical in all respects to shares sold without such discounts, with equal distribution, liquidation and other rights.

Dealer Manager Fees (Class A Shares and Class T Shares)

The Dealer Manager will also receive a dealer manager fee with respect to each class of shares as compensation for managing and coordinating the offering, working with participating broker dealers and registered investment advisers and providing sales and marketing assistance. Our Dealer Manager will be paid dealer manager fees of up to 3.0% of the gross offering proceeds from the sale of Class A Shares sold in the primary offering and up to 2.75% of the gross offering proceeds from the sale of Class T Shares sold in the primary offering. With respect to Class A Shares and Class T Shares sold in the primary offering on and after August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds. Prior to that date, all dealer manager fees were paid by us from gross offering proceeds. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees.

We will not pay dealer manager fees on shares issued and sold pursuant to our distribution reinvestment plan. Further, as described above, dealer manager fees may be waived in connection with certain discounts. The Dealer Manager, in its sole discretion, may pay to participating broker dealers out of its dealer manager fee a marketing fee and may reimburse participating broker dealers for distribution and marketing-related costs and expenses, such as costs associated with attending or sponsoring conferences and technology costs. The marketing fees may be paid to any particular participating broker dealer based upon prior or projected volume of sales and the amount of marketing assistance and the level of marketing support provided by a participating broker dealer in the past and anticipated to be provided in this offering. In addition, our Dealer Manager may incur the expense of training and education meetings, business gifts and travel and entertainment expenses which comply with FINRA Rules.

Distribution and Stockholder Servicing Fees (Class T Shares Only)

In addition, we will also pay a distribution and stockholder servicing fee of 1.0% per annum of the gross offering price per share (or, if we are no longer offering primary shares, the then-current estimated net asset value per share, if any has been disclosed) for Class T Shares sold in the primary offering. The distribution and stockholder servicing fee will accrue daily and be paid quarterly in arrears. We will pay the distribution and stockholder servicing fee to our Dealer Manager, which may reallow or advance the fee to the participating broker dealer who sold the Class T Shares or, if applicable, to a subsequent broker dealer of record of the Class T Shares so long as the subsequent broker dealer is party to a selected dealer agreement with the our Dealer Manager that provides for reallowance. The distribution and stockholder servicing fees are ongoing fees that are not paid at the time of purchase. We will cease paying the distribution and stockholder servicing fee with respect to any particular Class T Share and that Class T Share will convert into a number of Class A Shares determined by multiplying each Class T Share to be converted by the "Conversion Rate" described herein on the earlier of: (i) a listing of the Class A Shares on a national securities exchange; (ii) a merger or consolidation of the company with or into another entity, or the sale or other disposition of all or substantially all of our assets; (iii) the end of the month in which the Dealer Manager determines that total underwriting compensation paid in the primary offering including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid on all Class T Shares sold in the primary offering is equal to 10.0% of the gross proceeds of the primary offering from the sale of both Class A Shares and Class T Shares; and (iv) the end of the month in which the transfer agent, on our behalf, determines that underwriting compensation paid in the primary offering including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid with respect to the Class T Shares held by a stockholder within his or her particular account equals 10.0% of the gross offering price at the time of investment of the Class T Shares held in such account. Stockholders will receive notice that their Class T Shares have been converted into Class A Shares in accordance with industry practice at that time, which we expect to be either a transaction confirmation from the transfer agent or notification through the next account statement following the conversion. In the case of a Class T Share purchased in the primary offering at a price equal to $9.41, the maximum distribution and stockholder servicing fee that may be paid on that Class T Share will be equal to approximately $0.49 per share, assuming a constant per share offering price or estimated net asset value, as applicable, of $9.41 per Class T Share. Although we cannot predict the length of time over which this fee will be paid due to potential changes in the estimated net asset value of our Class T Shares, this fee would be paid over approximately 5.25 years from the date of purchase, assuming a constant per share offering price or estimated net asset value, as applicable, of $9.41 per Class T Share. If a stockholder's account includes Class T Shares and the stockholder makes a subsequent purchase of Class T Shares in the primary offering in the same stockholder account, the total underwriting compensation limit will be based on the total number of primary offering Class T Shares in the account and the distribution and stockholder servicing fees will be calculated on all of the primary offering Class T Shares in the account, such that the conversion of the Class T Shares from the initial purchase will be delayed and the accrual of the distribution and stockholder servicing fees and the conversion of the Class T Shares with respect to the subsequent purchase will happen on a more accelerated basis than would have been the case if the stockholder had made the subsequent purchase in a separate account. Stockholders may elect to make subsequent purchases in a separate account. Purchasing additional primary shares in the same account will not increase the amount of the distribution and stockholder servicing fees paid with respect to an investor's shares, but will only affect the timing of such payments. The Conversion Rate will be equal to the quotient, the numerator of which is the estimated net asset value per Class T Share (including any reduction for distribution and stockholder servicing fees as described herein) and the denominator of which is the estimated net asset value per Class A Share. We expect that the conversion will be on a one-for-one basis, as we expect the estimated net asset value per share of each Class A Share and Class T Share to be the same, except in the unlikely event that the distribution and stockholder servicing fees payable by us exceed the amount otherwise available for distribution to holders of Class T Shares in a particular period (prior to the deduction of the distribution and stockholder servicing fees), in which case the excess will be accrued as a reduction to the estimated net asset value per share of each Class T Share. See “Description of Capital Stock.” We will further cease paying the distribution and stockholder servicing fee on any Class T Share that is redeemed or repurchased, as well as upon our dissolution, liquidation or the winding up of our affairs, or a merger or other extraordinary transaction in which we are a party and in which the Class T Shares as a class are exchanged for cash or other securities. We cannot predict if or when this will occur for each Class T Share. The aggregate amount of underwriting compensation for the Class A Shares and Class T Shares, including the distribution and stockholder servicing fee for the Class T Shares, will not exceed the 10% cap on underwriting compensation imposed by FINRA Rule 2310.

We will also reimburse our Advisor for the cumulative issuer costs incurred by our Advisor and its affiliates in connection with our public offerings and our organization in an amount equal to up to 2.5% of the gross offering proceeds from our public offerings; provided that the aggregate of our issuer costs, together with selling commissions and the dealer-manager fee, shall not exceed an aggregate of 15% of the gross offering proceeds. Although the cap on reimbursement to our Advisor and its affiliates for cumulative issuer costs is equal to 2.5% of gross offering proceeds from our public offerings, we estimate that the total reimbursement paid to our Advisor and its affiliates from the proceeds of this offering for issuer costs incurred will be equal to approximately 0.8% of maximum gross offering proceeds. Such issuer costs will include our reimbursements to the Dealer Manager and participating broker dealers for bona fide out-of-pocket itemized and detailed due diligence expenses incurred by these entities. Reimbursement of due diligence expenses may include legal fees, travel, lodging, meals and other reasonable out-of-pocket expenses incurred by participating broker dealers and their personnel when visiting our office to verify information relating to us and our public offerings and, in some cases, reimbursement of the allocable share of actual out-of-pocket employee expenses of internal due diligence personnel of the participating broker dealer conducting due diligence on the offering. Such costs may also in our sole discretion be reimbursed from amounts paid or reallowed to these entities as a marketing fee. Our Advisor and its affiliates will be responsible for all issuer costs in excess of the 2.5% cap described above.

Other than these fees, we may not pay referral or similar fees to any professional or other person in connection with the distribution of the shares in this offering.

We have agreed to indemnify participating broker dealers, registered investment advisers, our Dealer Manager and our Advisor against material misstatements and omissions contained in this prospectus, as well as other potential liabilities arising in connection with this offering, including liabilities arising under the Securities Act, subject to certain conditions. The Dealer Manager will also indemnify participating broker dealers and registered investment advisers against such liabilities, and under certain circumstances, our sponsor and/or our Advisor may agree to indemnify participating broker dealers and registered investment advisers against such liabilities.

The following table shows the estimated maximum compensation payable to our Dealer Manager, a portion of which may be reallowed to participating broker dealers in connection with this offering.

	Maximum Aggregate[1]	Percentage of Maximum Offering Amount[2]
Class A Shares		
Selling Commissions	$ 28,000,000	7.0%
Dealer Manager Fees[3]	$ 12,000,000	3.0%
Class T Shares		
Selling Commissions	$ 32,000,000	2.0%
Distribution and Stockholder Servicing Fees	$ —[4]	—%[4]
Dealer Manager Fees[3]	$ 44,000,000	2.75%

(1) The maximum aggregate compensation assumes that (a) 20% and 80% of the shares sold in the primary offering are Class A Shares and Class T Shares, respectively and (b) all shares are sold through distribution channels associated with the highest possible selling commissions and dealer manager fees. See "Management Compensation, Expense Reimbursements, and Operating Partnership OP Units and Special OP Units" for a description of the maximum selling commissions and dealer manager fees payable if all shares sold are Class A Shares with the highest possible 7.0% selling commission.

(2) For purposes of this table, we have assumed no volume discounts or waived commissions as discussed elsewhere in this "Plan of Distribution." We will not pay selling commissions or dealer manager fees for sales of shares pursuant to our distribution reinvestment plan.

(3) As noted above, with respect to Class A Shares and Class T Shares sold in the primary offering on and after August 2, 2016, our Advisor will pay a portion of the dealer manager fees in an amount equal to 1.5% of the gross offering proceeds. Prior to that date, all dealer manager fees were paid by us from gross offering proceeds. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees. For purposes of this table, we have also assumed no waiver of the dealer manager fees as discussed elsewhere in this "Plan of Distribution." No dealer manager fees will be paid for sales of shares pursuant to our distribution reinvestment plan.

(4) The distribution and stockholder servicing fees are ongoing fees that are not paid at the time of purchase. We will cease paying the distribution and stockholder servicing fee with respect to any particular Class T Share and that Class T Share will convert into a number of Class A Shares determined by multiplying each Class T Share to be converted by the "Conversion Rate" described above on the earlier of: (i) a listing of the Class A Shares on a national securities exchange; (ii) a merger or consolidation of the company with or into another entity, or the sale or other disposition of all or substantially all of our assets; (iii) the end of the month in which the Dealer Manager determines that total underwriting compensation paid in the primary offering including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid on all Class T Shares sold in the primary offering is equal to 10.0% of the gross proceeds of the primary offering from the sale of both Class A Shares and Class T Shares; and (iv) the end of the month in which the transfer agent, on our behalf, determines that underwriting compensation paid in the primary offering including our Advisor's payment of a portion of the dealer manager fees and the distribution and stockholder servicing fee paid with respect to the Class T Shares held by a stockholder within his or her particular account equals 10.0% of the gross offering price at the time of investment of the Class T Shares held in such account. If $2 billion in shares (consisting of $400 million in Class A Shares and $1.6 billion in Class T Shares is sold in this offering, then the maximum amount of distribution and stockholder servicing fees payable to our Dealer Manager is estimated to be $84 million, before the 10% underwriting compensation limit is reached.

In accordance with applicable FINRA Rules, in no event will total underwriting compensation under Rule 2310 payable to FINRA members exceed 10% of maximum gross offering proceeds, excluding proceeds from the distribution reinvestment plan. Additional amounts may be paid for bona fide out-of-pocket itemized and detailed due diligence expenses.

We will pay the underwriting compensation described above and, subject to the 2.5% cap on reimbursements to our Advisor described above, the other organization and offering costs which are considered to be issuer costs such as the costs of our organization, actual legal, bona fide out-of-pocket itemized due diligence expenses, accounting, printing, filing fees, transfer agent costs, postage, escrow fees, data processing fees, advertising and sales literature and other offering related expenses.

Volume Discounts (Class A Shares only)

We are offering, and participating broker dealers and their registered representatives will be responsible for implementing, volume discounts to investors who purchase $250,000 or more in Class A Shares from the same participating broker dealer, whether in a single purchase or as the result of multiple purchases. In order to qualify for a particular volume discount as the result of multiple purchases of shares, all such purchases must be made by an individual or entity with the same social security number or taxpayer identification number, as applicable; provided, that, purchases by an individual investor and his or her spouse living in the same household may also be combined for purposes of determining the applicable volume discount. Any reduction in the amount of the selling commissions as a result of volume discounts received may be credited to the investors in the form of the issuance of additional shares. Participating broker dealers and their registered representatives will be responsible for the proper implementation of any applicable volume discounts. Any request to combine more than one subscription for the purpose of qualifying for a volume discount must be made in writing by the participating broker dealer, and any resulting reduction in selling commissions will be prorated among the separate subscribers. Any request for a volume discount will be subject to verification by our Dealer Manager that all of the combined subscriptions qualify for the volume discount requested.

The volume discounts for Class A Shares operate as follows:

Amount of Selling Commission Volume Discount	Amount of Purchaser's Investment		Maximum Selling Commission per Share
	From	To	
1.0%	$ 250,000	$ 499,999	6.0 %
2.0%	$ 500,000	$ 999,999	5.0 %
3.0%	$ 1,000,000	$ 2,499,999	4.0 %
4.0%	$ 2,500,000	$ 4,999,999	3.0 %
5.0%	$ 5,000,000	$ 9,999,999	2.0 %
6.0%	$ 10,000,000	and over	1.0 %

For example, if you purchase $350,000 of Class A Shares, the selling commissions on $100,000 of such shares will be reduced to 6.0%, in which event you will receive 35,242 shares instead of 35,141 shares, the number of shares you would have received if you had paid $9.96 per share for all the shares purchased. The net offering proceeds we receive from the sale of shares are not affected by volume discounts. Subsequent purchases made in this offering and any subsequent offerings from the same participating broker dealer will be combined with previous purchases for purposes of computing the amount invested and applying the appropriate volume discount. For example, if you previously purchased $200,000 of Class A Shares and you are now purchasing an additional $60,000 of Class A Shares, you may combine these amounts, resulting in you exceeding the $250,000 breakpoint by $10,000 and you will receive the lower selling commission with respect to that $10,000.

For sales of $10 million or more of Class A Shares, our Dealer Manager may, in its sole discretion, agree to waive all or a portion of the dealer manager fee, such that Class A Shares purchased in any such transaction may be at a discount of up to 9.0%, or $9.06 per share, reflecting a reduction in selling commissions from 7.0% to 1.0% as a result of the volume discount described above and an additional reduction of up to 1.5% due to the Dealer Manager's reduction or waiver of the portion of the dealer manager fee paid by us from offering proceeds. If the dealer manager fee payable with respect to such a sale is reduced from the full 3.0% to an amount that is equal to or less than 1.5% of gross offering proceeds, then our Advisor will pay the entire dealer manager fee with respect to such a sale and we will not be required to pay any portion of such dealer manager fee. The net offering proceeds we receive will not be affected by any such reduction or waiver of the dealer manager fee.

Accordingly, your ability to receive a discount based on combining orders or otherwise may depend on the financial advisor or broker dealer through which you purchase Class A Shares, so you should ask your financial advisor and/or broker dealer about the ability to receive such discounts before purchasing shares.

Regardless of any reduction in any commissions for any reason, all investors will be deemed to have contributed the same amount per share to us whether or not the investor receives a discount. An investor qualifying for a discount will receive a higher percentage return on his or her investment than investors who do not qualify for such discount. Please note that although you will be permitted to participate in the distribution reinvestment plan, if you qualify for the discounts and fee waivers described above, you may be able to receive a lower price on subsequent purchases of Class A Shares in this offering than you would receive if you participate in our distribution reinvestment plan and have your distributions reinvested at the price offered thereunder.

The Subscription Process

We and participating broker dealers selling shares on our behalf are required to make every reasonable effort to determine whether a purchase of our shares is suitable for you. The participating broker dealers shall transmit promptly to us the completed subscription documentation and any supporting documentation we may reasonably require.

The Dealer Manager and participating broker dealers are required to deliver to you a copy of the final prospectus, as amended. We plan to make this prospectus and the appendices available electronically to our Dealer Manager and the participating broker dealers, as well as to provide them paper copies, and such documents will be available on our website at www.hinessecurities.com/reits/hines-global-reit-2/sec-filings/. Any prospectus, amendments and supplements, as well as any quarterly reports, annual reports, proxy statements or other reports required to be made available to you will be posted on our website at www.hinessecurities.com/reits/hines-global-reit-2/sec-filings/.

Subscriptions will be effective only upon our receipt and acceptance. We have the right to accept or reject your subscription within 30 days after our receipt of a fully completed copy of the subscription agreement and payment for the number of shares for which you subscribed and, if for any reason we reject your subscription, we will return your funds, without interest or deduction, and your subscription agreement within ten days after we reject your subscription. If we accept your subscription, our transfer agent will mail you a confirmation of initial acceptance of your subscription. No sale of our shares may be completed until at least five business days after the date you receive the final prospectus.

To purchase shares pursuant to this offering, you must deliver a completed subscription agreement, in substantially the form that accompanies this prospectus, prior to the termination of this offering. You should pay for your shares by check payable to or wire transfer directed to Hines Global REIT II, Inc.

Subscriptions will be effective only upon our acceptance and the satisfaction of the minimum offering requirements. We may, for any reason, accept or reject any subscription agreement, in whole or in part. You may not terminate or withdraw a subscription or purchase obligation after you have delivered a subscription agreement evidencing such obligation to us.

Admission of Stockholders

We will generally admit stockholders daily as subscriptions for shares are accepted by us in good order. After you have been admitted as a stockholder, we intend to use your subscription proceeds to make real estate investments and pay fees and expenses as described in this prospectus. Please see "Estimated Use of Proceeds."

Investments through IRA Accounts

Community National Bank has agreed to act as an IRA custodian for investors who would like to purchase shares through an IRA. For any accountholder that makes and maintains an investment equal to or greater than $10,000 in shares of our common stock through an IRA for which Community National Bank serves as custodian, we will pay the base fee for the first calendar year and an affiliate of Hines will pay the base fee for each successive year. Beginning on the date that their accounts are established, all investors will be responsible for any other fees applicable to their accounts. Further information about custodial services is available through your broker or through our Dealer Manager. See "Questions and Answers About This Offering—Who can help answer my questions?" for the Dealer Manager's contact information.

Subscription Agreement

The general forms of subscription agreement that investors will use to subscribe for the purchase of shares in this offering is included as Appendices B-1 and B-2 to this prospectus. The subscription agreement requires all investors subscribing for shares to make the following certifications or representations:

- your tax identification number set forth in the subscription agreement is accurate and you are not subject to backup withholding;
- a copy of this prospectus was delivered or made available to you;
- you meet the minimum income, net worth and any other applicable suitability standards established for you, as described in the "Suitability Standards" section of this prospectus;
- you are purchasing the shares for your own account; and
- you acknowledge that there is no public market for the shares and, thus, your investment in shares is not liquid.

The above certifications and representations are included in the subscription agreement in order to help satisfy the responsibility of participating broker dealers and our Dealer Manager to make every reasonable effort to determine that the purchase of our shares is a suitable and appropriate investment for you and that appropriate income tax reporting information is obtained. We will not sell any shares to you unless you are able to make the above certifications and representations by executing the subscription agreement. By executing the subscription agreement, you will not, however, be waiving any rights you may have under the federal securities laws.

Determinations of Suitability

Our sponsor and each participating broker dealer who sells shares on our behalf has the responsibility to make every reasonable effort to determine that the purchase of shares in this offering is a suitable and appropriate investment based on information provided by the prospective investor regarding, among other things, each prospective investor's financial situation and investment objectives. In making this determination, participating broker dealers who sell shares on our behalf may rely on, among other things, relevant information provided by the prospective investors. Each prospective investor should be aware that participating broker dealers are responsible for determining suitability and will be relying on the information provided by prospective investors in making this determination. In making this determination, participating broker dealers have a responsibility to ascertain that each prospective investor:

- meets the minimum income and net worth standards set forth under the "Suitability Standards" section of this prospectus;
- can reasonably benefit from an investment in our shares based on the prospective investor's investment objectives and overall portfolio structure;
- is able to bear the economic risk of the investment based on the prospective investor's net worth and overall financial situation; and
- has apparent understanding of:
- the fundamental risks of an investment in the shares;
- the risk that the prospective investor may lose his or her entire investment;
- the lack of liquidity of the shares;
- the restrictions on transferability of the shares; and
- the tax consequences of an investment in the shares.

Participating broker dealers are responsible for making the determinations set forth above based upon information relating to each prospective investor concerning his age, investment objectives, investment experience, income, net worth, financial situation and other investments of the prospective investor, as well as other pertinent factors. Each participating broker dealer is required to maintain records of the information used to determine that an investment in shares is suitable and appropriate for an investor. These records are required to be maintained for a period of at least six years.

Minimum Investment

In order to purchase shares in this offering, you must initially invest at least $2,500. Thereafter, subject to restrictions imposed by state law, you may purchase additional shares in whole or fractional share increments subject to a minimum for each additional purchase of $50. You should carefully read the minimum investment requirements explained in the "Suitability Standards" section of this prospectus.

Termination Date

This offering will terminate at the time all shares being offered pursuant to this prospectus have been sold or the offering is terminated prior thereto and the unsold shares are withdrawn from registration, which we presently expect will be on or before August 20, 2017, unless extended by our board of directors in accordance with Rule 415 of the Securities Act. Rule 415 of the Securities Act permits us to file a new registration statement on Form S-11 with the SEC to register additional Class A Shares and Class T Shares so that we may continuously offer shares of our common stock. If our board of directors determines to extend the offering beyond August 20, 2017, we will notify stockholders by filing a supplement to this prospectus with the SEC. In certain states, the registration of this offering may continue for only one year following the most recent clearance by applicable state authorities, after which we intend to renew the offering period for additional one-year periods (or longer, if permitted by the laws of each particular state). We reserve the right to terminate this offering at any time.

THE OPERATING PARTNERSHIP

We conduct most of our operations through the Operating Partnership. The following is a summary of the material provisions of the Limited Partnership Agreement of the Operating Partnership, which we refer to as the Partnership Agreement, and is qualified by the specific language in the Partnership Agreement, a copy of which has been filed as an exhibit to the registration statement of which this prospectus forms a part.

General

The Operating Partnership was formed on July 31, 2013 to hold our assets. It will allow us to operate as what is generally referred to as an "Umbrella Partnership Real Estate Investment Trust," or an "UPREIT," which structure is utilized generally to provide for the acquisition of real property from owners who desire to defer taxable gain that would otherwise be recognized by them upon the disposition of their property. These owners may also desire to achieve diversity in their investment and other benefits afforded to owners of stock in a REIT. For purposes of satisfying the asset and income tests for qualification as a REIT for tax purposes, the REIT's proportionate share of the assets and income of the Operating Partnership will be deemed to be assets and income of the REIT.

A property owner may contribute property to an UPREIT in exchange for limited partner units on a tax-free basis. In addition, the Operating Partnership is structured to make distributions with respect to OP Units that will be equivalent to the distributions made to holders of our common shares. Finally, a limited partner in the Operating Partnership may exercise its right, under certain conditions to exchange his or her interests in the Operating Partnership for cash or shares of our common stock, generally at our election, in a taxable transaction.

The Partnership Agreement contains provisions which would allow, under certain circumstances, other entities, including other investment vehicles sponsored by Hines or its affiliates, to merge into or cause the exchange or conversion of their interests for limited partner interests in the Operating Partnership. In the event of such a merger, exchange or conversion, the Operating Partnership may issue additional OP Units which would generally be entitled to the same exchange rights as other holders of OP Units of the Operating Partnership. In addition, Hines and its affiliates have the right to request the repurchase of any OP Units held by Hines and its affiliates under certain circumstances as described in "—Repurchase of Special OP Units or Other OP Units held by Hines and its Affiliates Under Certain Circumstances." As a result, any such merger, exchange or conversion could ultimately result in the issuance of a substantial number of our common shares, thereby diluting the percentage ownership interest of other stockholders. In addition, our Advisor may choose to receive some or all of the acquisition fees, asset management fees and disposition fees to which it is entitled in the form of OP Units, in lieu of cash, and any such issuance will also dilute the percentage ownership interest of other stockholders. We may also create separate classes or series of OP Units having privileges, variations and designations as we may determine in our sole and absolute discretion.

We expect to hold most of our assets and conduct most of our operations through the Operating Partnership although we may hold some of our assets and conduct certain of our operations directly. We are the sole general partner of the Operating Partnership and, as of March 31, 2016, we owned a 99.8% ownership interest in the Operating Partnership and Hines Global REIT II Associates Limited Partnership owned the Special OP Units and a 0.2% ownership interest in the Operating Partnership as a limited partner. Please see " —Special OP Units" below for a description of the Special OP Units owned by Hines Global REIT II Associates Limited Partnership. As the sole general partner of the Operating Partnership, we have the exclusive power to manage and conduct the business of the Operating Partnership.

Purposes and Powers

The Operating Partnership is organized as a Delaware limited partnership. The purposes of the Operating Partnership are to conduct any lawful business that may be conducted by a limited partnership formed under the Delaware Revised Uniform Limited Partnership Act; provided however, that such business shall be limited to and conducted in such a manner as to permit us at all times to qualify as a REIT, unless we otherwise cease to qualify as a REIT. The Operating Partnership may also be a partner (general or limited) in partnerships (general or limited), a venturer in joint ventures, a stockholder in corporations, a member in limited liability companies or an investor in any other type of business entity created to accomplish all or any of the foregoing.

Operations

The Partnership Agreement requires that the Operating Partnership be operated in a manner that will enable us to satisfy the requirements for being classified as a REIT for tax purposes (unless we otherwise cease to qualify as a REIT), avoid any federal income or excise tax liability and ensure that the Operating Partnership will not be classified as a "publicly traded partnership" for purposes of Section 7704 of the Code, which classification could result in the Operating Partnership being taxed as a corporation, rather than as a partnership. Please see "Material U.S. Federal Income Tax Considerations—Other Tax Considerations—Tax Aspects of Our Investments in Our Operating Partnership." The Partnership Agreement provides that, except as provided below with respect to the Special OP Units and in connection with certain events described in "—Repurchase of Special OP Units or Other OP Units held by Hines and its Affiliates under Certain Circumstances," the Operating Partnership may distribute cash flow from operations to its partners in accordance with their relative percentage interests, on a monthly basis or, at our election, more or less frequent basis, in amounts determined by us such that generally a holder of one OP Unit in the Operating Partnership will receive an amount of annual cash flow distributions from the Operating Partnership equal to the amount of annual distributions paid to the holder of one of our common shares.

The Partnership Agreement provides that, subject to compliance with the provisions of Sections 704 (b) and 704(c) of the Code and corresponding Treasury Regulations:

- income from operations is allocated first to the holder of the Special OP Units until such holder has been allocated income in an amount equal to distributions made or required to be made to such holder, and then to the remaining partners of the Operating Partnership in proportion to the number of units held by each of them;
- gain from the sale or other disposition of property is generally allocated in such a manner as to cause the capital account balances of the holder of the Special OP Units and the holders of the OP Units to be in proportion to their respective percentage interests in the net liquidation value of the partnership capital as determined at such time; and
- all losses are generally allocated in such a manner as to cause the capital account balances of the holder of the Special OP Units and the holders of the OP Units to be in proportion to their respective percentage interests in the net liquidation value of the partnership capital as determined at such time.

Upon the liquidation of the Operating Partnership, after payment of debts and obligations, any remaining assets of the Operating Partnership will be distributed to partners with positive capital accounts in accordance with their respective positive capital account balances.

There will be a corresponding allocation of realized (or, in the case of redemption, unrealized) profits of the Operating Partnership made to the owner of the Special OP Units in connection with the amounts payable with respect to the Special OP Units, including amounts payable upon repurchase of the Special OP Units, and those amounts will be payable only out of realized (or, in the case of repurchase, unrealized) profits of our Operating Partnership. Depending on various factors, including the date on which shares of our common stock are purchased and the price paid for such shares of common stock, a stockholder may receive more or less than the 6.0% cumulative non-compounded annual pre-tax return on their net contributions described in "—Special OP Units" below prior to the commencement of distributions to the owner of the Special OP Units.

In addition to the administrative and operating costs and expenses incurred by the Operating Partnership in acquiring and operating real estate investments, the Operating Partnership will pay all of our administrative costs and expenses. Such expenses will include:

- all expenses relating to the continuity of our existence;
- all expenses associated with the preparation and filing of any periodic reports by us under federal, state or local laws or regulations;
- all expenses associated with compliance by us with applicable laws, rules and regulations;
- all costs and expenses relating to any issuance or repurchase of OP Units or our common shares; and
- all our other operating or administrative costs incurred in the ordinary course of our business on behalf of the Operating Partnership.

Amendments

The consent of limited partners holding 67% of the aggregate percentage interest held by all limited partners is required to approve certain amendments to the Partnership Agreement, including amendments that:

- affect the conversion factor or redemption right in any manner adverse to the limited partners; and
- adversely affect the rights of the limited partners to receive distributions payable to them other than with respect to the issuance of certain partnership units.

Additionally, the written consent of the general partner and any partner adversely affected is required to amend the Partnership Agreement if the amendment would alter the Operating Partnership's allocations of profit and loss to the limited partners, other than with respect to the issuance of certain partnership units, or would enlarge the obligation of such partner to make capital contributions to the Operating Partnership or the amendment would alter the right or entitlement of any such partner or its affiliates to receive distributions of cash or other property or allocations of items of income, gain, deduction, loss or credits.

Transferability of Our General Partner Interest

We may not (1) voluntarily withdraw as the general partner of the Operating Partnership, (2) engage in any merger, consolidation or other business combination, or (3) transfer our general partnership interest in the Operating Partnership (except to a wholly owned subsidiary), unless the transaction in which such withdrawal, business combination or transfer occurs results in the holders of OP Units receiving or having the right to receive an amount of cash, securities or other property equal in value to the amount they would have received if they had exercised their exchange rights immediately prior to such transaction (or in the case of the holder of the Special OP Units, the amount of cash, securities or other property equal to the fair market value of the Special OP Units) or unless, in the case of a merger or other business combination, the successor entity contributes substantially all of its assets to the Operating Partnership in return for an interest in the Operating Partnership and agrees to assume all obligations of the general partner of the Operating Partnership. We may also enter into a business combination or we may transfer our general partnership interest upon the receipt of the consent of a majority-in-interest of the holders of OP Units and the consent of the holder of the Special OP Units. With certain exceptions, the holders of OP Units may not transfer their interests in the Operating Partnership, in whole or in part, without our written consent, as general partner.

Voting Rights

When the consent of partners is required to approve certain actions, such as amendments to the Partnership Agreement or a transfer of our interests in the Operating Partnership as referenced above, such matters must be approved by the holders of OP Units holding the applicable percentage of OP Units required and the holder of the Special OP Units.

Repurchase of OP Units

Pursuant to the Partnership Agreement, limited partners will receive rights that will enable them to request the repurchase of their OP Units for cash or, generally at our option, common shares in Hines Global II. These repurchase rights will be exercisable one year after the OP Units are issued to such limited partner; provided however that this holding period shall not apply to any of the OP Units issued to our Advisor or its affiliates. The cash amount to be paid will be equal to the cash value of the number of our shares that would be issuable if the OP Units were exchanged for our shares on a one-for-one basis and such shares were redeemed pursuant to any then existing share redemption program; provided, however, that if there is no existing share redemption program, the cash value will generally be determined based on net asset value. Alternatively, we may elect to purchase the OP Units by issuing one common share for each OP Unit exchanged. A limited partner cannot exercise these repurchase rights if such repurchase would:

- cause us to no longer qualify (or it would be likely that we no longer would qualify) as a REIT under the Code;
- result in any person owning common shares in excess of our ownership limits;
- constitute or be likely to constitute a violation of any applicable federal or state securities law;
- violate any provision of our charter or bylaws;
- cause us to be “closely held” within the meaning of Section 856(h) of the Code;
- cause us to own 10% or more of the ownership interests in a tenant within the meaning of Section 856(d)(2)(B) of the Code; or
- cause the Operating Partnership to be classified as a “publicly traded partnership” as that term is defined in Section 7704 of the Code or cause a technical termination of the Operating Partnership under Section 708 of the Code.

We do not expect to issue any of the common shares offered hereby to limited partners of the Operating Partnership in exchange for their OP Units. Rather, in the event a limited partner of the Operating Partnership exercises its repurchase rights, and we elect to purchase the OP Units with our common shares, we expect to issue unregistered common shares or subsequently registered shares in connection with such transaction.

Special OP Units

The holder of the Special OP Units will be entitled to distributions from our Operating Partnership in an amount equal to 15% of distributions, including those from sales of real estate investments, refinancings and other sources, but only after we (and our stockholders) have received (or are deemed to have received in the cases described below where there is no liquidation or sale of our assets or similar transaction), in the aggregate, cumulative distributions equal to 100% of their invested capital plus a 6.0% cumulative, non-compounded annual pretax return on such invested capital.

Repurchase of Special OP Units or other OP Units held by Hines and its Affiliates Under Certain Circumstances

Pursuant to the Partnership Agreement and our Advisory Agreement, Hines and its affiliates have the right to request the repurchase of the Special OP Units or OP Units received in exchange for such Special OP Units and other OP Units held by them following the occurrence of any of the following events: (i) a listing of our shares on a national securities exchange, (ii) a merger, consolidation or sale of substantially all of our assets or any similar transaction, a purchase, tender or exchange offer that results in the tender or exchange of more than 50% of our outstanding common shares, or any transaction pursuant to which a majority of our directors then in office are replaced or removed, or (iii) the termination or nonrenewal of our Advisory Agreement for any reason other than by our Advisor. If any such event occurs, at the election of the holder, the holder may retain the Special OP Units after receiving a distribution with respect to the event, convert the Special OP Units into OP Units and, hold such OP Units or require us to repurchase such OP Units and any other OP Units held by Hines or its affiliates. If the holder elects to have us immediately repurchase the OP Units, then the holder generally will have the option to receive cash or Class A Shares as consideration, except that, with respect to (iii) above, any payment upon repurchase shall be made in the form of Class A Shares or a non-interest bearing promissory note and not cash. If payment is made in the form of a non-interest bearing promissory note, such promissory note shall be payable in 12 equal quarterly installments, provided, however, that no payment will be made in any quarter in which such payment would impair our capital or jeopardize our REIT status, in which case any such payment or payments will be delayed until the next quarter in which payment would not impair our capital or jeopardize our REIT status. The purchase price for any such repurchase and the payment with respect to such event will depend on the triggering event. If the triggering event is a listing of our shares on a national securities exchange, the purchase price will be based on the average share price of Class A Shares for a specified period. In the case of a merger, consolidation or sale of substantially all of our assets or any similar transaction or a purchase, tender or exchange offer as described above, the purchase price will be based on the value of the consideration received or to be received by us or our stockholders and the implied value of our assets and liabilities as a result of the event. If pursuant to a transaction a majority of our directors then in office are replaced or removed or, in the event, we or the Operating Partnership terminate or do not renew our Advisory Agreement, then the purchase price will be based on the net asset value of the Operating Partnership assets as determined by an independent valuation. Notwithstanding the above, the Special OP Units will not be converted into OP Units and no distributions will be paid with respect to the Special OP Units unless and until our stockholders have received (or are deemed to have received in the cases described above where there is no liquidation or sale of our assets or similar transaction), in the aggregate, cumulative distributions equal to 100% of their invested capital plus an 6.0% cumulative, non-compounded annual pre-tax return on such invested capital. Please see "Management—Our Advisor and Our Advisory Agreement—Removal of our Advisor" and "Risk Factors—Risks Related to Investing in this Offering—Payments to the holder of the Special OP Units or any other OP Units will reduce cash available for distribution to our stockholders," and "Risk Factors—Risks Related to Organizational Structure—The repurchase of interests in the Operating Partnership held by Hines and its affiliates (including the Special OP Units and other OP Units) as required in our Advisory Agreement may discourage a takeover attempt" and "Risk Factors—Risks Related to Organizational Structure—Hines' ability to cause the Operating Partnership to purchase the Special OP Units and any other OP Units that it or its affiliates hold in connection with the termination of our Advisory Agreement may deter us from terminating our Advisory Agreement."

In addition, in the event we determine to acquire a property directly, or indirectly but not through the Operating Partnership, and we determine that additional funds are needed to acquire the property, the Partnership Agreement provides that, if the Operating Partnership has funds available, we may direct the Operating Partnership to distribute the funds to us or to redeem certain of our OP Units for cash.

Capital Contributions

If any partner contributes additional capital to the Operating Partnership, the partner will receive additional OP Units and its percentage interest in the Operating Partnership will be increased on a proportionate basis based upon the amount of such additional capital contributions and the value of the Operating Partnership at the time of such contributions; provided, that, if we acquire a property directly or indirectly and such property is not acquired through the Operating Partnership, then we will contribute any amounts we receive from the operation and disposition of the property to the Operating Partnership and no additional OP Units will be issued in connection with such contributions.

Our Operating Partnership has classes of OP Units that correspond to our two class of common stock: Class A OP units and Class T OP units. Such OP units will have economic terms that vary based upon the corresponding class of shares issued. As we accept subscriptions for shares, we will transfer substantially all of the net proceeds of the offering to the Operating Partnership in exchange for OP units of the same class as the shares with respect to which offering proceeds have been received; however, we will be deemed to have made capital contributions in the amount of the gross offering proceeds received from investors. The Operating Partnership will be deemed to have simultaneously paid the selling commissions and other costs associated with the offering. Under the Partnership Agreement, although we generally are obligated to contribute the proceeds of a securities offering as additional capital to the Operating Partnership in exchange for additional OP Units, we are also permitted to retain proceeds of a securities offering in order to purchase a property directly or indirectly (not through the Operating Partnership). In addition, we are authorized to cause the Operating Partnership to issue partnership interests for less than fair market value if we conclude in good faith that such issuance is in the best interests of us and the Operating Partnership.

Tax Matters

Hines Global II is the tax matters partner of the Operating Partnership and, as such, has the authority to handle tax audits and to make tax elections under the Code on behalf of the Operating Partnership.

Indemnity

The Operating Partnership must indemnify and hold Hines Global II (and its employees, directors, and/or officers) harmless from any liability, loss, cost or damage, including without limitation reasonable legal fees and court costs, incurred by it by reason of anything it may do or refrain from doing hereafter for and on behalf of the Operating Partnership or in connection with its business or affairs. However, the Operating Partnership will not be required to indemnify:

- Hines Global II for any liability, loss, cost or damage caused by its fraud, willful misconduct or gross negligence;
- officers and directors of Hines Global II (other than our independent directors) for any liability, loss, cost or damage caused by such person’s negligence or misconduct; or
- our independent directors for any liability, loss, cost or damage caused by their gross negligence or willful misconduct.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of material U.S. federal income tax considerations associated with an investment in our common stock that may be relevant to you. The statements made in this section of the prospectus are based upon current provisions of the Code and Treasury Regulations promulgated thereunder, as currently applicable, currently published administrative positions of the IRS and judicial decisions, all of which are subject to change, either prospectively or retroactively. We cannot assure you that any changes will not modify the conclusions expressed in counsel's opinions described herein. This summary does not address all possible tax considerations that may be material to an investor and does not constitute legal or tax advice. Moreover, this summary does not deal with all tax aspects that might be relevant to you, as a prospective stockholder, in light of your personal circumstances, nor does it deal with particular types of stockholders that are subject to special treatment under the U.S. federal income tax laws, such as:

- insurance companies;
- tax-exempt organizations (except to the limited extent discussed in "—Treatment of Tax-Exempt Stockholders" below);
- financial institutions or broker dealers;
- non-U.S. individuals and foreign corporations (except to the limited extent discussed in "—Taxation of Non-U.S. Stockholders" below);
- U.S. expatriates;
- persons who mark-to-market our common stock;
- subchapter S corporations;
- U.S. stockholders (as defined below) whose functional currency is not the U.S. dollar;
- regulated investment companies and REITs;
- trusts and estates;
- holders who receive our common stock through the exercise of employee stock options or otherwise as compensation;
- persons holding our common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment;
- persons subject to the alternative minimum tax provisions of the Code; and
- persons holding our common stock through a partnership or similar pass-through entity.

This summary assumes that stockholders hold shares as capital assets for U.S. federal income tax purposes, which generally means property held for investment.

If a partnership, including any entity that is treated as a partnership for federal income tax purposes, holds our common stock, the federal income tax treatment of the partner in the partnership will generally depend on the status of the partner and the activities of the partnership. If you are a partner in a partnership that will hold our common stock, you should consult your tax advisor regarding the federal income tax consequences of acquiring, holding and disposing of our common stock by the partnership.

The statements in this section are based on the current U.S. federal income tax laws, are for general information purposes only and are not tax advice. We cannot assure you that new laws, interpretations of law, or court decisions, any of which may take effect retroactively, will not cause any statement in this section to be inaccurate.

WE URGE YOU TO CONSULT YOUR TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES TO YOU OF THE PURCHASE, OWNERSHIP AND SALE OF OUR COMMON STOCK AND OF OUR ELECTION TO BE TAXED AS A REIT, INCLUDING THE U.S. FEDERAL, STATE, LOCAL, FOREIGN, AND OTHER TAX CONSEQUENCES OF SUCH PURCHASE, OWNERSHIP, SALE AND ELECTION, AND REGARDING POTENTIAL CHANGES IN APPLICABLE TAX LAWS.

Taxation of Our Company

We were formed in July 2013 as a Maryland corporation. We intend to elect to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year that ended on December 31, 2015 (by filing our U.S. federal income tax return for such year), and believe that we have met, and will continue to meet, the requirements for qualification as a REIT under the Code. Although we intend to operate in such manner, no assurances can be given that we will be successful in qualifying as a REIT. This section discusses the laws governing the federal income tax treatment of a REIT and its stockholders. These laws are highly technical and complex.

In connection with this offering, we have received an opinion of Greenberg Traurig, LLP to the effect that, commencing with our taxable year ended December 31, 2015, we were organized in conformity with the requirements for qualification as a REIT under the Code, and our actual and proposed method of operation has enabled and will enable us to meet the requirements for qualification and taxation as a REIT. It must be emphasized that the opinion of Greenberg Traurig, LLP is based on various assumptions relating to our organization and operation, and is conditioned upon representations and covenants made by us regarding our organization, assets, the past, present and future conduct of our business operations and speaks as of the date issued. In addition, Greenberg Traurig, LLP's opinion is based on existing federal income tax law regarding qualification as a REIT, which is subject to change either prospectively or retroactively.

While we intend to operate so that we will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given by Greenberg Traurig, LLP or by us that we will so qualify for any particular year. Greenberg Traurig, LLP will have no obligation to advise us or the holders of our common stock of any subsequent change in the matters stated, represented or assumed in the opinion, or of any subsequent change in the applicable law. You should be aware that opinions of counsel are not binding on the IRS or any court, and no assurance can be given that the IRS will not challenge the conclusions set forth in such opinions. Further, we have not obtained rulings from the IRS regarding any matter discussed in this prospectus, and do not currently intend to seek such a ruling. Our qualification and taxation as a REIT depends on our ability to meet on a continuing basis, through actual operating results, distribution levels, and diversity of share ownership, various qualification requirements imposed upon REITs by the Code including requirements related to our income and assets, the compliance with which will not be reviewed by Greenberg Traurig, LLP. Our ability to qualify as a REIT also requires that we satisfy certain asset tests, some of which depend upon the fair market values of assets directly or indirectly owned by us. Such values may not be susceptible to a precise determination. While we intend to continue to operate in a manner that will allow us to qualify as a REIT, no assurance can be given that the actual results of our operations for any taxable year satisfy such requirements for qualification and taxation as a REIT.

We may own an equity interest in one or more entities that will elect to be treated as REITs (each such entity a "Subsidiary REIT"). Any such Subsidiary REITs will be subject to, and must satisfy, the same requirements that we must satisfy in order to qualify as a REIT together with all other rules applicable to REITs. Discussions of our qualification under the REIT rules, the anticipated satisfaction of the REIT requirements, and the consequences of a failure to so qualify also apply to each of the Subsidiary REITs.

If we qualify as a REIT, we generally will not be subject to federal income tax on the taxable income that we distribute to our stockholders, provided such distribution qualifies for the deduction for dividends paid. The benefit of that tax treatment is that it avoids the "double taxation," or taxation at both the corporate and stockholder levels, that generally results from owning stock in a corporation. Any net operating losses, foreign tax credits and other tax attributes generally do not pass through to our stockholders. Even if we qualify as a REIT, we will be subject to federal tax in the following circumstances:

- We will pay federal income tax on any taxable income, including undistributed net capital gain, that we do not distribute to stockholders during, or within a specified time period after, the calendar year in which the income is earned.
- We may be subject to the "alternative minimum tax" on any items of tax preference including any deductions of net operating losses.

- We will pay income tax at the highest corporate rate on:
  - net income from the sale or other disposition of property acquired through foreclosure ("foreclosure property") that we hold primarily for sale to customers in the ordinary course of business, and
  - other non-qualifying income from foreclosure property.
- We will pay a 100% tax on net income from sales or other dispositions of property, other than foreclosure property, that we hold primarily for sale to customers in the ordinary course of business.
- If we fail to satisfy one or both of the 75% gross income test or the 95% gross income test, as described below under "—Gross Income Tests," and nonetheless continue to qualify as a REIT because we meet other requirements, we will pay a 100% tax on:
  - the gross income attributable to the greater of the amount by which we fail the 75% gross income test or the 95% gross income test, in either case, multiplied by
  - a fraction intended to reflect our profitability.
- If we fail to distribute during a calendar year at least the sum of (i) 85% of our REIT ordinary income for the year, (ii) 95% of our REIT capital gain net income for the year, and (iii) any undistributed taxable income required to be distributed from earlier periods, we will pay a 4% nondeductible excise tax on the excess of the required distribution over the amount we actually distributed.
- We may elect to retain and pay income tax on our net long-term capital gain. In that case, a stockholder would be taxed on its proportionate share of our undistributed long-term capital gain (to the extent that we made a timely designation of such gain to the stockholders) and would receive a credit or refund for its proportionate share of the tax we paid.
- We will be subject to a 100% excise tax on transactions with any Taxable REIT Subsidiary ("TRS"), that are not conducted on an arm's-length basis.
- In the event we fail to satisfy any of the asset tests, other than a de minimis failure of the 5% asset test, the 10% vote test or 10% value test, as described below under "—Asset Tests," as long as the failure was due to reasonable cause and not to willful neglect, we file a description of each asset that caused such failure with the IRS, and we dispose of the assets causing the failure or otherwise comply with the asset tests within six months after the last day of the quarter in which we identify such failure, we will pay a tax equal to the greater of $50,000 or the highest federal income tax rate then applicable to U.S. corporations (currently 35%) on the net income from the nonqualifying assets during the period in which we failed to satisfy the asset tests.
- In the event we fail to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, and such failure is due to reasonable cause and not to willful neglect, we will be required to pay a penalty of $50,000 for each such failure.
- If we acquire any asset from a C corporation, or a corporation that generally is subject to full corporate-level tax, in a merger or other transaction in which we acquire a basis in the asset that is determined by reference either to the C corporation's basis in the asset or to another asset, we will pay tax at the highest regular corporate rate applicable if we recognize gain on the sale or disposition of the asset during the 5-year period after we acquire the asset provided no election is made for the transaction to be taxable on a current basis. The amount of gain on which we will pay tax is the lesser of:
  - The amount of gain that we recognize at the time of the sale or disposition, and
  - The amount of gain that we would have recognized if we had sold the asset at the time we acquired it.
- We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of a REIT's stockholders, as described below in "—Recordkeeping Requirements."
- The earnings of our lower-tier entities that are subchapter C corporations, including any TRSs, will be subject to federal corporate income tax.

In addition, notwithstanding our qualification as a REIT, we may also have to pay certain state and local income taxes because not all states and localities treat REITs in the same manner that they are treated for federal income tax purposes. Moreover, as further described below, any TRS we form will be subject to federal, state and local corporate income tax on their taxable income.

We and our Subsidiary REITs could recognize deferred tax liabilities in the future. Deferred tax liabilities include, but are not limited to, tax liabilities attributable to built-in gain assets and tax liabilities attributable to taxable income for which we will not receive cash. In addition, notwithstanding their status as REITs, (i) the Subsidiary REITs may have to pay certain state and local income taxes, because not all states and localities treat REITs and such subsidiaries in the same manner in which they are treated for federal income tax purposes, (ii) the Subsidiary REITs will be subject to the federal income taxes applicable to REITs, as described in the prospectus, and (iii) we and/or the Subsidiary REITs also could be subject to tax in other situations and on transactions not presently contemplated.

Requirements for Qualification as a REIT

A REIT is a corporation, trust, or association that meets each of the following requirements:

1. It is managed by one or more trustees or directors.
2. Its beneficial ownership is evidenced by transferable shares, or by transferable certificates of beneficial interest.
3. It would be taxable as a domestic corporation, but for the REIT provisions of the U.S. federal income tax laws.
4. It is neither a financial institution nor an insurance company subject to special provisions of the U.S. federal income tax law.
5. At least 100 persons are beneficial owners of its shares or ownership certificates.
6. Not more than 50% in value of its outstanding shares or ownership certificates is owned, directly or indirectly, by five or fewer individuals which the Code defines to include certain entities, during the last half of any taxable year.
7. It elects to be a REIT, or has made such election for a previous taxable year, and satisfies all relevant filing and other administrative requirements established by the IRS that must be met to elect and maintain REIT status.
8. It meets certain other qualification tests, described below, regarding the nature of its income and assets and the amount of its distributions to stockholders.
9. It uses a calendar year for U.S. federal income tax purposes and complies with the recordkeeping requirements of the U.S. federal income tax laws.

We must meet the above requirements 1, 2, 3, 4, 7, 8 and 9 during our entire taxable year and must meet requirement 5 during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Requirements 5 and 6 will be applied to us beginning with our taxable year ended December 31, 2016. If we comply with all the requirements for ascertaining the ownership of our outstanding shares in a taxable year and have no reason to know that we violated requirement 6, we will be deemed to have satisfied requirement 6 for that taxable year. For purposes of determining share ownership under requirement 6, an "individual" generally includes a supplemental unemployment compensation benefits plan, a private foundation, or a portion of a trust permanently set aside or used exclusively for charitable purposes. An "individual," however, generally does not include a trust that is a qualified employee pension or profit sharing trust under the U.S. federal income tax laws, and beneficiaries of such a trust will be treated as holding our shares in proportion to their actuarial interests in the trust for purposes of requirement 6.

We intend to elect to be taxed as a REIT for U.S. federal income tax purposes commencing with the taxable year that ended on December 31, 2015 (by filing our U.S. federal income tax return for such year), and believe that we have met, and will continue to meet, the requirements for qualification as a REIT under the Code. In addition, our charter contains restrictions regarding ownership and transfer of shares of our common stock that are intended to assist us in continuing to satisfy the share ownership requirements in 5 and 6 above. See "Description of Capital Stock— Restriction on Ownership of Shares of Capital Stock." We are required to maintain records disclosing the actual ownership of common stock in order to monitor our compliance with the share ownership requirements. To do so, we are required to demand written statements each year from the record holders of certain minimum percentages of our shares in which such record holders must disclose the actual owners of the shares (i.e., the persons required to include our distributions in their gross income). A list of those persons failing or refusing to comply with this demand will be maintained as part of our records. Stockholders who fail or refuse to comply with the demand must submit a statement with their tax returns disclosing the actual ownership of our shares and certain other information. The restrictions in our charter, however, may not ensure that we will, in all cases, be able to satisfy such share ownership requirements. If we fail to satisfy these share ownership requirements, we will not qualify as a REIT.

Subsidiary REITs. As discussed above, we may indirectly or directly own interests in one or more Subsidiary REITs. We believe that each such Subsidiary REIT will be organized and will operate in a manner to permit it to qualify for taxation as a REIT for federal income tax purposes from and after the effective date of its REIT election. However, if any of these Subsidiary REITs were to fail to qualify as a REIT, then (i) the Subsidiary REIT would become subject to regular U.S. corporation income tax, as described herein, see "—Failure to Qualify" below, and (ii) our interest in such Subsidiary REIT would cease to be a qualifying real estate asset for purposes of the 75% asset test and would become subject to the 5% asset test, the 10% voting stock asset test, and the 10% value asset test generally applicable to our ownership in corporations other than REITs, qualified REIT subsidiaries and TRSs. See "—Asset Tests" below. If any of the Subsidiary REITs were to fail to qualify as a REIT, it is possible that we would not meet the 10% voting stock test and the 10% value test with respect to our indirect interest in such entity, in which event we too would fail to qualify as a REIT, unless we could avail ourselves of certain relief provisions.

Qualified REIT Subsidiaries. A corporation that is a "qualified REIT subsidiary" is not treated as a corporation separate from its parent REIT. All assets, liabilities, and items of income, deduction, and credit of a "qualified REIT subsidiary" are treated as assets, liabilities, and items of income, deduction, and credit of the REIT. A "qualified REIT subsidiary" is a corporation, other than a TRS, all of the stock of which is owned by the REIT. Thus, in applying the requirements described herein, any "qualified REIT subsidiary" that we own will be ignored, and all assets, liabilities, and items of income, deduction, and credit of such subsidiary will be treated as our assets, liabilities, and items of income, deduction, and credit.

Other Disregarded Entities and Partnerships. An unincorporated domestic entity, such as a partnership or limited liability company that has a single owner, generally is not treated as an entity separate from its owner for U.S. federal income tax purposes and is treated for purposes of applying the various REIT qualification requirements in a manner similar to qualified REIT subsidiaries as described above. An unincorporated domestic entity with two or more owners is generally treated as a partnership for U.S. federal income tax purposes. In the case of a REIT that is a partner in a partnership that has other partners, the REIT is treated as owning its proportionate share of the assets of the partnership and as earning its allocable share of the gross income of the partnership for purposes of the applicable REIT qualification tests. Our proportionate share for purposes of the 10% value test (see "—Asset Tests") is based on our proportionate interest in the equity interests and certain debt securities issued by the partnership. For all of the other asset and income tests, our proportionate share is based on our proportionate interest in the capital interests in the partnership. Our proportionate share of the assets, liabilities, and items of income of any partnership, joint venture, or limited liability company that is treated as a partnership for U.S. federal income tax purposes in which we acquire an equity interest, directly or indirectly, will be treated as our assets and gross income for purposes of applying the various REIT qualification requirements.

Taxable REIT Subsidiaries. A REIT may own up to 100% of the shares of one or more TRSs. A TRS is a fully taxable corporation that may earn income that would not be qualifying income if earned directly by the parent REIT. The subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the securities will automatically be treated as a TRS. We will not be treated as holding the assets of a TRS or as receiving any income that the TRS earns. Rather, the stock issued by a TRS to us will be an asset in our hands, and we will potentially treat distributions paid to us by the TRS, if any, as income. This treatment may affect our compliance with the gross income and asset tests. Because we will not include the assets and income of TRSs in determining our compliance with the REIT requirements, we may use such entities to undertake indirectly activities that the REIT rules might otherwise preclude us from doing directly or through pass-through subsidiaries. Overall, no more than 25% (20% after December 31, 2017) of the value of a REIT's assets may consist of stock or securities of one or more TRSs.

A TRS pays income tax at regular corporate rates on any income that it earns. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. Further, the rules impose a 100% excise tax on certain transactions between a TRS and its parent REIT or the REIT's tenants that are not conducted on an arm's-length basis.

A TRS may not directly or indirectly operate or manage any health care facilities or lodging facilities or provide rights to any brand name under which any health care facility or lodging facility is operated. A TRS may provide rights to any brand name under which any health care facility or lodging facility is operated if (i) such rights are provided to an "eligible independent contractor" (as described below) to operate or manage a health care facility or lodging facility, (ii) such rights are held by the TRS as a franchisee, licensee, or in a similar capacity and (iii) such health care facility or lodging facility is either owned by the TRS or leased to the TRS by its parent REIT. A TRS is not considered to operate or manage a "qualified health care property" or "qualified lodging facility" solely because the TRS directly or indirectly possesses a license, permit, or similar instrument enabling it to do so. Additionally, a TRS that employs individuals working at a "qualified health care property" or "qualified lodging facility" outside of the United States is not considered to operate or manage a "qualified health care property" or "qualified lodging facility", as long as an "eligible independent contractor" is responsible for the daily supervision and direction of such individuals on behalf of the TRS pursuant to a management agreement or similar service contract.

Other than rent received from a TRS in connection with health care facilities or lodging facilities leased from the REIT, rent that we receive from a TRS with respect to other real property will qualify as "rents from real property" as long as (i) at least 90% of the leased space in the property is leased to persons other than TRSs and related-party tenants, and (ii) the amount paid by the TRS to rent space at the property is substantially comparable to rents paid by other tenants of the property for comparable space, as described in further detail below under "—Gross Income Tests —Rents from Real Property." If we lease space to a TRS in the future, we will seek to comply with these requirements.

Gross Income Tests

We must satisfy two gross income tests annually to maintain our qualification as a REIT. First, at least 75% of our gross income for each taxable year must consist of defined types of income that we derive, directly or indirectly, from investments relating to real property or mortgages on real property or qualified temporary investment income. Qualifying income for purposes of that 75% gross income test generally includes:

- rents from real property;
- interest on debt secured by mortgages on real property (including certain ancillary personal property), or on interests in real property;
- dividends or other distributions on, and gain from the sale of, shares in other REITs;
- gain from the sale of real estate assets (including certain ancillary personal property that is leased along with real property);
- income and gain derived from foreclosure property; and
- income derived from the temporary investment in stock and debt instruments purchased with proceeds from the issuance of our stock or a public offering of our debt with a maturity date of at least five years and that we receive during the one-year period beginning on the date on which we received such new capital.

Second, in general, at least 95% of our gross income for each taxable year must consist of income that is qualifying income for purposes of the 75% gross income test, other types of interest and dividends, gain from the sale or disposition of shares or securities, or any combination of these. Gross income from our sale of property that we hold primarily for sale to customers in the ordinary course of business is excluded from both the numerator and the denominator in both gross income tests. In addition, income and gain from "hedging transactions" that we enter into to hedge indebtedness incurred or to be incurred to acquire or carry real estate assets and that are clearly and timely identified as such will be excluded from both the numerator and the denominator for purposes of the 75% and 95% gross income tests. In addition, certain foreign currency gains will be excluded from gross income for purposes of one or both of the gross income tests. See "—Foreign Currency Gain." The following paragraphs discuss the specific application of the gross income tests to us.

Rents from Real Property. Rent that we receive from our real property will qualify as "rents from real property," which is qualifying income for purposes of the 75% and 95% gross income tests, only if the following conditions are met:

- First, the rent must not be based, in whole or in part, on the income or profits of any person, but may be based on a fixed percentage or percentages of receipts or sales.
- Second, neither we nor a direct or indirect owner of 10% or more of our stock may own, actually or constructively, 10% or more of a tenant from whom we receive rent, other than a TRS.
- Third, if the rent attributable to ancillary personal property that is leased in connection with a lease of real property is 15% or less of the total rent received under the lease, then the rent attributable to the personal property will also qualify as rents from real property. However, if the 15% threshold is exceeded, none of the rent attributable to personal property will qualify as rents from real property.
- Fourth, we generally must not operate or manage our real property or furnish or render services to our tenants, other than certain customary services provided to tenants through an "independent contractor" who is adequately compensated and from whom we do not derive revenue. However, we need not provide services through an "independent contractor," but instead may provide services directly to our tenants, if the services are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not considered to be provided for the tenants' convenience. In addition, we may provide a minimal amount of "noncustomary" services to the tenants of a property, other than through an independent contractor, as long as our income from the services (valued at not less than 150% of our direct cost of performing such services) does not exceed 1% of our income from the related property. Furthermore, we may own up to 100% of the stock of a TRS which may provide customary and noncustomary services to our tenants without tainting our rental income for the related properties.

In order for the rent paid under our leases to constitute "rents from real property," the leases must be respected as true leases for U.S. federal income tax purposes and not treated as service contracts, joint ventures or some other type of arrangement. The determination of whether our leases are true leases depends on an analysis of all the surrounding facts and circumstances. We intend to enter into leases that will be treated as true leases. If our leases are characterized as service contracts or partnership agreements, rather than as true leases, part or all of the payments that our Operating Partnership and its subsidiaries receive from our leases may not be considered rent or may not otherwise satisfy the various requirements for qualification as "rents from real property." In that case, we likely would not be able to satisfy either the 75% or 95% gross income test and, as a result, would lose our REIT status unless we qualify for relief, as described below under "—Failure to Satisfy Gross Income Tests."

As described above, in order for the rent that we receive to constitute "rents from real property," several other requirements must be satisfied. First, rent must not be based in whole or in part on the income or profits of any person. Percentage rent, however, will qualify as "rents from real property" if it is based on percentages of receipts or sales and the percentages:

- are fixed at the time the leases are entered into;
- are not renegotiated during the term of the leases in a manner that has the effect of basing rent on income or profits; and
- conform with normal business practice.

More generally, rent will not qualify as "rents from real property" if, considering the leases and all the surrounding circumstances, the arrangement does not conform with normal business practice, but is in reality used as a means of basing the rent on income or profits.

Second, we must not own, actually or constructively, 10% or more of the shares or the assets or net profits of any lessee (a "related party tenant"), other than a TRS. The constructive ownership rules generally provide that if 10% or more in value of our stock is owned, directly or indirectly, by or for any person, we are considered as owning the shares owned, directly or indirectly, by or for such person. We believe that our properties are and generally will be leased to third parties which do not constitute related party tenants. In addition, our charter prohibits transfers of our stock that would cause us to own actually or constructively, 10% or more of the ownership interests in any non-TRS lessee. Based on the foregoing, we should never own, actually or constructively, 10% or more of any lessee other than a TRS. However, because the constructive ownership rules are broad and it is not possible to monitor continually direct and indirect transfers of our stock, no absolute assurance can be given that such transfers or other events of which we have no knowledge will not cause us to own constructively 10% or more of a lessee (or a subtenant, in which case only rent attributable to the subtenant is disqualified), other than a TRS.

As described above, we may own up to 100% of the shares of one or more TRSs. Under an exception to the related-party tenant rule described in the preceding paragraph, rent that we receive from a TRS will qualify as "rents from real property" as long as (i) at least 90% of the leased space in the property is leased to persons other than TRSs and related-party tenants, and (ii) the amount paid by the TRS to rent space at the property is substantially comparable to rents paid by other tenants of the property for comparable space. The "substantially comparable" requirement must be satisfied when the lease is entered into, when it is extended, and when the lease is modified, if the modification increases the rent paid by the TRS. If the requirement that at least 90% of the leased space in the related property is rented to unrelated tenants is met when a lease is entered into, extended, or modified, such requirement will continue to be met as long as there is no increase in the space leased to any TRS or related party tenant. Any increased rent attributable to a modification of a lease with a TRS in which we own directly or indirectly more than 50% of the voting power or value of the stock (a "controlled TRS") will not be treated as "rents from real property." If in the future we receive rent from a TRS, we will seek to comply with this exception.

Third, the rent attributable to ancillary personal property that is leased in connection with a lease of real property must not be greater than 15% of the total rent received under the lease. The rent attributable to the personal property contained in a property is the amount that bears the same ratio to total rent for the taxable year as the average of the fair market values of the personal property at the beginning and at the end of the taxable year bears to the average of the aggregate fair market values of both the real and personal property contained in the property at the beginning and at the end of such taxable year (the "personal property ratio"). With respect to each of our leases, we believe either that the personal property ratio will be less than 15% or that any rent attributable to excess personal property will not jeopardize our ability to qualify as a REIT. There can be no assurance, however, that the IRS would not challenge our calculation of a personal property ratio, or that a court would not uphold such assertion. If such a challenge were successfully asserted, we could fail to satisfy the 75% or 95% gross income test and thus potentially lose our REIT status.

Fourth, we cannot furnish or render noncustomary services to the tenants of our properties, or manage or operate our properties, other than through an independent contractor who is adequately compensated and from whom we do not derive or receive any income. However, we need not provide services through an "independent contractor," but instead may provide services directly to our tenants, if the services are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not considered to be provided for the tenants' convenience. In addition, we may provide a minimal amount of "noncustomary" services to the tenants of a property, other than through an independent contractor, as long as our income from the services (valued at not less than 150% of our direct cost for performing such services) does not exceed 1% of our income from the related property. Finally, we may own up to 100% of the shares of one or more TRSs, which may provide noncustomary services to our tenants without tainting our rents from the related properties. We do not intend to perform any services other than customary ones for our lessees, unless such services are provided through independent contractors or TRSs.

If a portion of the rent that we receive from a property does not qualify as "rents from real property" because the rent attributable to personal property exceeds 15% of the total rent for a taxable year, the portion of the rent that is attributable to personal property will not be qualifying income for purposes of either the 75% or 95% gross income test. Thus, if such rent attributable to personal property, plus any other income that is nonqualifying income for purposes of the 95% gross income test, during a taxable year exceeds 5% of our gross income during the year, we could lose our REIT qualification. If, however, the rent from a particular property does not qualify as "rents from real property" because either (i) the rent is considered based on the income or profits of the related lessee, (ii) the lessee either is a related party tenant or fails to qualify for the exceptions to the related party tenant rule for qualifying TRSs or (iii) we furnish noncustomary services to the tenants of the property, or manage or operate the property, other than through a qualifying independent contractor or a TRS, none of the rent from that property would qualify as "rents from real property." In that case, we might lose our REIT qualification because we could be unable to satisfy either the 75%

or 95% gross income test. In addition to the rent, the lessees may be required to pay certain additional charges. To the extent that such additional charges represent reimbursements of amounts that we are obligated to pay to third parties, such as a lessee's proportionate share of a property's operational or capital expenses, such charges generally will qualify as "rents from real property." To the extent such additional charges represent penalties for nonpayment or late payment of such amounts, such charges should qualify as "rents from real property." However, to the extent that late charges do not qualify as "rents from real property," they instead will be treated as interest that qualifies for the 95% gross income test.

Interest. The term "interest" generally does not include any amount received or accrued, directly or indirectly, if the determination of such amount depends in whole or in part on the income or profits of any person. However, interest generally includes the following:

- an amount that is based on a fixed percentage or percentages of receipts or sales; and
- an amount that is based on the income or profits of a debtor, as long as the debtor derives substantially all of its income from the real property securing the debt from leasing substantially all of its interest in the property, and only to the extent that the amounts received by the debtor would be qualifying "rents from real property" if received directly by a REIT.

If a loan contains a provision that entitles a REIT to a percentage of the borrower's gain upon the sale of the real property securing the loan or a percentage of the appreciation in the property's value as of a specific date, income attributable to that loan provision will be treated as gain from the sale of the property securing the loan, which generally is qualifying income for purposes of both gross income tests.

We expect that any investments we may make in mortgage loans will generally be treated as being secured by mortgages on real property or interests in real property such that the gross interest income generated thereon qualifies for the 75% income test. However, for purposes of the income tests, if the outstanding principal balance of a mortgage loan exceeds the fair market value of the real property securing the loan, a portion of such gross interest income will not qualify under the 75% income test.

Dividends. Our share of any dividends received from any corporation (including any TRS, but excluding any REIT) in which we own an equity interest will qualify for purposes of the 95% gross income test but not for purposes of the 75% gross income test. Our share of any dividends received from any other REIT in which we own an equity interest, if any, will be qualifying income for purposes of both gross income tests. Dividends from, and gain on the sale of interests in, any of our Subsidiary REITs will generally qualify for purposes of both gross income tests.

Prohibited Transactions. A REIT will incur a 100% tax on the net income (including foreign currency gain) derived from any sale or other disposition of property, other than foreclosure property, that the REIT holds primarily for sale to customers in the ordinary course of a trade or business. We believe that none of our assets will be held primarily for sale to customers and that a sale of any of our assets will not be in the ordinary course of our business. Whether a REIT holds an asset "primarily for sale to customers in the ordinary course of a trade or business" depends, however, on the facts and circumstances in effect from time to time, including those related to a particular asset. A safe harbor to the characterization of the sale of property by a REIT as a prohibited transaction and the imposition of the 100% prohibited transaction tax is available if all of the following requirements are met:

- the REIT has held the property for not less than two years;
- the aggregate expenditures made by the REIT, or any partner of the REIT, during the two-year period preceding the date of the sale that are includable in the basis of the property do not exceed 30% of the selling price of the property;
- at least one of the following conditions are met: (i) during the year in question, the REIT does not make more than seven sales of property other than foreclosure property or sales to which Section 1033 of the Code applies, (ii) sales during the year do not exceed 10% of the REIT's assets as of the beginning of the year (as measured by either fair market value of tax basis), or (iii) sales in the current year do not exceed 20% of the REIT's assets as of the beginning of the year and sales over a 3-year period do not exceed, on average, 10% per annum of the REIT's assets, in each case as measured by either fair market value or tax basis;

- in the case of property not acquired through foreclosure or lease termination, the REIT has held the property for at least two years for the production of rental income; and
- if the REIT has made more than seven sales of non-foreclosure property during the taxable year, substantially all of the marketing and development expenditures with respect to the property were made through an independent contractor from whom the REIT derives no income.

We will attempt to comply with the terms of the safe-harbor provisions in the U.S. federal income tax laws prescribing when an asset sale will not be characterized as a prohibited transaction. We cannot assure you, however, that we can comply with the safe-harbor provisions or that we will avoid owning property that may be characterized as property that we hold "primarily for sale to customers in the ordinary course of a trade or business." The 100% tax will not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will be taxed to the corporation at regular corporate income tax rates.

Foreclosure Property. We will be subject to tax at the maximum corporate rate on any income from foreclosure property, which includes certain foreign currency gains and related deductions, other than income that otherwise would be qualifying income for purposes of the 75% gross income test, less expenses directly connected with the production of that income. However, gross income from foreclosure property will qualify under the 75% and 95% gross income tests. Foreclosure property is any real property, including interests in real property, and any personal property incident to such real property:

- that is acquired by a REIT as the result of the REIT having bid on such property at foreclosure, or having otherwise reduced such property to ownership or possession by agreement or process of law, after there was a default or default was imminent on a lease of such property or on indebtedness that such property secured;
- for which the related loan was acquired by the REIT at a time when the default was not imminent or anticipated; and
- for which the REIT makes a proper election to treat the property as foreclosure property.

A REIT will not be considered to have foreclosed on a property where the REIT takes control of the property as a mortgagee-in-possession and cannot receive any profit or sustain any loss except as a creditor of the mortgagor. Property generally ceases to be foreclosure property at the end of the third taxable year following the taxable year in which the REIT acquired the property, or longer if an extension is granted by the Secretary of the Treasury. However, this grace period terminates and foreclosure property ceases to be foreclosure property on the first day:

- on which a lease is entered into for the property that, by its terms, will give rise to income that does not qualify for purposes of the 75% gross income test, or any amount is received or accrued, directly or indirectly, pursuant to a lease entered into on or after such day that will give rise to income that does not qualify for purposes of the 75% gross income test;
- on which any construction takes place on the property, other than completion of a building or any other improvement, where more than 10% of the construction was completed before default became imminent; or
- which is more than 90 days after the day on which the REIT acquired the property and the property is used in a trade or business which is conducted by the REIT, other than through an independent contractor from whom the REIT itself does not derive or receive any income.

Hedging Transactions. From time to time, we or our Operating Partnership may enter into hedging transactions with respect to one or more of our assets or liabilities. Our hedging activities may include entering into interest rate swaps, caps, and floors, options to purchase such items, and futures and forward contracts. Income and gain from "hedging transactions" will be excluded from gross income for purposes of both the 75% and 95% gross income tests provided we satisfy the identification and other requirements discussed below. A "hedging transaction" means either (i) any transaction entered into in the normal course of our or our Operating Partnership's trade or business primarily to manage the risk of interest rate changes, price changes, or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets and (ii) any transaction entered into primarily to manage the risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% gross income test (or any property which generates such income or gain). We are required to clearly identify any such hedging transaction before the close of the day on which it was acquired, originated, or entered into and to satisfy other identification requirements. We may conduct some or all of our hedging activities (including hedging activities relating to currency risk) through a TRS or other corporate entity, the income from which may be subject to U.S. federal income tax, rather than by participating in the arrangements directly or through pass-through subsidiaries. No assurance can be given, however, that our hedging activities will not give rise to income that does not qualify for purposes of either or both of the REIT income tests, or that our hedging activities will not adversely affect our ability to satisfy the REIT qualification requirements.

Foreign Currency Gain. Certain foreign currency gains will be excluded from gross income for purposes of one or both of the gross income tests. "Real estate foreign exchange gain" will be excluded from gross income for purposes of the 75% gross income test. Real estate foreign exchange gain generally includes foreign currency gain attributable to any item of income or gain that is qualifying income for purposes of the 75% and 95% gross income tests, foreign currency gain attributable to the acquisition or ownership of (or becoming or being the obligor under) obligations secured by mortgages on real property or an interest in real property and certain foreign currency gain attributable to certain "qualified business units" of a REIT. "Passive foreign exchange gain" will be excluded from gross income for purposes of the 95% gross income test. Passive foreign exchange gain generally includes real estate foreign exchange gain as described above, and also includes foreign currency gain attributable to any item of income or gain that is qualifying income for purposes of the 95% gross income test and foreign currency gain attributable to the acquisition or ownership of (or becoming or being the obligor under) obligations. These exclusions for real estate foreign exchange gain and passive foreign exchange gain do not apply to certain foreign currency gain derived from dealing, or engaging in substantial and regular trading, in securities. Such gain is treated as nonqualifying income for purposes of both the 75% and 95% gross income tests.

Failure to Satisfy Gross Income Tests. If we fail to satisfy one or both of the gross income tests for any taxable year, we nevertheless may qualify as a REIT for that year if we qualify for relief under certain provisions of the U.S. federal income tax laws. Those relief provisions are available if:

- our failure to meet those tests is due to reasonable cause and not to willful neglect; and
- following such failure for any taxable year, we file a schedule of the sources of our income in accordance with regulations prescribed by the Secretary of the U.S. Treasury.

We cannot predict, however, whether in all circumstances we would qualify for the relief provisions. In addition, as discussed above in "—Taxation of Our Company," even if the relief provisions apply, we would incur a 100% tax on the gross income attributable to the greater of the amount by which we fail the 75% gross income test or the 95% gross income test multiplied, in either case, by a fraction intended to reflect our profitability.

Asset Tests

To qualify as a REIT, we also must satisfy the following asset tests at the end of each quarter of each taxable year. First, at least 75% of the value of our total assets must consist of:

- cash or cash items, including certain receivables and, in certain circumstances, foreign currencies;
- government securities;
- interests in real property, including leaseholds and options to acquire real property and leaseholds as well as certain ancillary personal property leased in connection with real property;
- interests in mortgage loans secured by real property and by certain ancillary personal property;
- stock in other REITs; and
- investments in stock or debt instruments during the one-year period following our receipt of new capital that we raise through equity offerings or public offerings of debt with at least a five-year term.

Second, of our investments not included in the 75% asset class, the value of our interest in any one issuer's securities may not exceed 5% of the value of our total assets, or the 5% asset test.

Third, of our investments not included in the 75% asset class, we may not own more than 10% of the voting power of any one issuer's outstanding securities or 10% of the value of any one issuer's outstanding securities, or the 10% vote test or 10% value test, respectively.

Fourth, no more than 25% (20% after December 31, 2017) of the value of our total assets may consist of the securities of one or more TRSs.

Fifth, no more than 25% of the value of our total assets may consist of the securities of TRSs, other non-TRS taxable subsidiaries and other assets that are not qualifying assets for purposes of the 75% asset test.

For purposes of the 5% asset test, the 10% vote test and the 10% value test, the term "securities" does not include shares in another REIT, equity or debt securities of a qualified REIT subsidiary or TRS, mortgage loans that constitute real estate assets, or equity interests in a partnership. The term "securities," however, generally includes debt securities issued by a partnership or another REIT, except that for purposes of the 10% value test, the term "securities" does not include:

- "straight debt" securities, which are defined as a written unconditional promise to pay on demand or on a specified date a sum certain in money if (1) the debt is not convertible, directly or indirectly, into equity, and (2) the interest rate and interest payment dates are not contingent on profits, the borrower's discretion, or similar factors. "Straight debt" securities do not include any securities issued by a partnership or a corporation in which we or any controlled TRS (i.e., a TRS in which we own directly or indirectly more than 50% of the voting power or value of the stock) hold non-"straight debt" securities that have an aggregate value of more than 1% of the issuer's outstanding securities. However, "straight debt" securities include debt subject to the following contingencies:
    - a contingency relating to the time of payment of interest or principal, as long as either (1) there is no change to the effective yield of the debt obligation, other than a change to the annual yield that does not exceed the greater of 0.25% or 5% of the annual yield, or (2) neither the aggregate issue price nor the aggregate face amount of the issuer's debt obligations held by us exceeds $1 million and no more than 12 months of unaccrued interest on the debt obligations can be required to be prepaid; and
    - a contingency relating to the time or amount of payment upon a default or prepayment of a debt obligation, as long as the contingency is consistent with customary commercial practice.
- any loan to an individual or an estate;
- any "section 467 rental agreement," other than an agreement with a related party tenant;
- any obligation to pay "rents from real property";
- certain securities issued by governmental entities;
- any security issued by a REIT;
- any debt instrument issued by an entity treated as a partnership for U.S. federal income tax purposes in which we are a partner to the extent of our proportionate interest in the equity and debt securities of the partnership; and
- any debt instrument issued by an entity treated as a partnership for U.S. federal income tax purposes not described in the preceding bullet points if at least 75% of the partnership's gross income, excluding income from prohibited transactions, is qualifying income for purposes of the 75% gross income test described above in "—Gross Income Tests."

For purposes of the 10% value test, our proportionate share of the assets of a partnership is our proportionate interest in any securities issued by the partnership, without regard to the securities described in the last two bullet points above.

We may enter into sale and repurchase agreements under which we would nominally sell certain of our loan assets to a counterparty and simultaneously enter into an agreement to repurchase the sold assets. We believe that we would be treated for U.S. federal income tax purposes as the owner of the loan assets that are the subject of any such agreement notwithstanding that such agreements may transfer record ownership of the assets to the counterparty during the term of the agreement. It is possible, however, that the IRS could assert that we did not own the loan assets during the term of the sale and repurchase agreement, in which case we could fail to qualify as a REIT.

We may make or invest in mezzanine loans. Certain of our mezzanine loans may qualify for the safe harbor in IRS Revenue Procedure 2003-65, pursuant to which certain loans secured by a first priority security interest in ownership interests in a partnership or limited liability company will be treated as qualifying assets for purposes of the 75% real estate asset test and the 10% vote or value test, and interest derived therefrom will be treated as qualified mortgage interest for purposes of the 75% gross income test, above. We may make or invest in some mezzanine loans that do not qualify for that safe harbor and that do not qualify as "straight debt" securities or for one of the other exclusions from the definition of "securities" for purposes of the 10% value test. We intend to make such investments in such a manner as not to fail the asset and income tests described above.

We expect that any investments we may make in mortgage loans will generally be treated as real estate assets However, for purposes of the asset tests, if the outstanding principal balance of a mortgage loan exceeds the fair market value of the real property (together with certain ancillary personal property) securing the loan, a portion of such loan likely will not be a qualifying real estate asset. Under current law, it is not clear how to determine what portion of such a loan will be treated as a real estate asset. Under recently issued guidance, the IRS has stated that it will not challenge a REIT's treatment of a loan as being, in part, a real estate asset for purposes of the 75% asset test if the REIT treats the loan as being a qualifying real estate asset in an amount equal to the lesser of (1) the fair market value of the real property securing the loan on the date the REIT acquires the loan or (2) the fair market value of the loan.

No independent appraisals will be obtained to support our conclusions as to the value of our total assets or the value of any particular security or securities. Moreover, values of some assets may not be susceptible to a precise determination, and values are subject to change in the future. Furthermore, the proper classification of an instrument as debt or equity for U.S. federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT asset requirements. Accordingly, there can be no assurance that the IRS will not contend that our interests in our subsidiaries or in the securities of other issuers will not cause a violation of the REIT asset tests.

We will monitor the status of our assets for purposes of the various asset tests and will manage our portfolio in order to comply at all times with such tests. However, there is no assurance that we will not inadvertently fail to comply with such tests. If we fail to satisfy the asset tests at the end of a calendar quarter, we will not lose our REIT qualification if:

- we satisfied the asset tests at the end of the preceding calendar quarter; and
- the discrepancy between the value of our assets and the asset test requirements arose from changes in the market values of our assets and was not wholly or partly caused by the acquisition of one or more non-qualifying assets.

If we did not satisfy the condition described in the second item, above, we still could avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose.

In the event that we violate the 5% asset test, the 10% vote test or the 10% value test described above, we will not lose our REIT qualification if (i) the failure is de minimis (up to the lesser of 1% of our assets or $10 million) and (ii) we dispose of assets causing the failure or otherwise comply with the asset tests within six months after the last day of the quarter in which we identify such failure. In the event of a failure of any of the asset tests (other than de minimis failures described in the preceding sentence), as long as the failure was due to reasonable cause and not to willful neglect, we will not lose our REIT qualification if we (i) dispose of assets causing the failure or otherwise comply with the asset tests within six months after the last day of the quarter in which we identify the failure, (ii) we file a description of each asset causing the failure with the IRS and (iii) pay a tax equal to the greater of $50,000 or the highest corporate tax rate multiplied by the net income from the assets causing the failure during the period in which we failed to satisfy the asset tests. However, there is no assurance that the IRS would not challenge our ability to satisfy these relief provisions.

We believe that the assets that we hold and have held will satisfy the foregoing asset test requirements. However, we will not obtain independent appraisals to support our conclusions as to the value of our assets and securities. Moreover, the values of some assets may not be susceptible to a precise determination. As a result, there can be no assurance that the IRS will not contend that our ownership of securities and other assets violates one or more of the asset tests applicable to REITs.

Distribution Requirements

Each taxable year, we must distribute dividends, other than capital gain dividends and deemed distributions of retained capital gain, to our stockholders in an aggregate amount at least equal to:

- the sum of
    - 90% of our "REIT taxable income," computed without regard to the dividends paid deduction and our net capital gain or loss, and
    - 90% of our after-tax net income, if any, from foreclosure property, minus
- the excess of the sum of certain items of non-cash income over 5% of our "REIT taxable income."

We must pay such distributions in the taxable year to which they relate, or in the following taxable year if either (i) we declare the distribution before we timely file our U.S. federal income tax return for the year and pay the distribution on or before the first regular dividend payment date after such declaration or (ii) we declare the distribution in October, November or December of the taxable year, payable to stockholders of record on a specified day in any such month, and we actually pay the dividend before the end of January of the following year. The distributions under clause (i) are taxable to the stockholders in the year in which paid, and the distributions in clause (ii) are treated as paid on December 31st of the prior taxable year. In both instances, these distributions relate to our prior taxable year for purposes of the 90% distribution requirement.

Legislation enacted in December 2015 repealed, retroactive to January 1, 2015, tax rules that previously could have prevented a deduction for dividends paid to the extent that the dividends were considered to be "preferential dividends." The repeal of the preferential dividend rules applies only to REITs that are publicly offered. A REIT is publicly offered if it is required to file annual and periodic reports with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. We are, and expect to remain, a publicly offered REIT, in which case the preferential dividend rules will not affect our ability to obtain a tax deduction for dividends that we pay or to qualify as a REIT. Following the enactment of the legislation, we withdrew a request to the IRS for a private letter ruling that had previously been sought with respect to our multi-class stock structure and whether the resultant dividends would constitute preferential dividends.

We will pay U.S. federal income tax on taxable income, including net capital gain, that we do not distribute to stockholders. Furthermore, if we fail to distribute during a calendar year, or by the end of January following the calendar year in the case of distributions with declaration and record dates falling in the last three months of the calendar year, at least the sum of:

- 85% of our REIT ordinary income for such year,
- 95% of our REIT capital gain income for such year, and
- any undistributed taxable income from prior periods.

We will incur a 4% nondeductible excise tax on the excess of such required distribution over the amounts we actually distribute.

We may elect to retain and pay income tax on the net long-term capital gain we receive in a taxable year. If we so elect, we will be treated as having distributed any such retained amount for purposes of the 4% nondeductible excise tax described above. We intend to make timely distributions sufficient to satisfy the annual distribution requirements and to avoid corporate income tax and the 4% nondeductible excise tax.

It is possible that we may not have sufficient cash to meet the distribution requirements discussed above. This could result because of competing demands for funds, or because of timing differences between the actual receipt of income and actual payment of deductible expenses and the inclusion of that income and deduction of such expenses in arriving at our REIT taxable income. For example, we may not deduct recognized capital losses from our "REIT taxable income." Further, it is possible that, from time to time, we may be allocated a share of net capital gain attributable to the sale of depreciated property that exceeds our allocable share of cash attributable to that sale. As a result of the foregoing, we may have less cash than is necessary to distribute taxable income sufficient to avoid corporate income tax and the excise tax imposed on certain undistributed income or even to meet the 90% distribution requirement. In such a situation, we may need to borrow funds, raise funds through the issuance of additional shares of common stock or, if possible, pay taxable dividends of our common stock or debt securities.

In computing our REIT taxable income, we will use the accrual method of accounting. We are required to file an annual U.S. federal income tax return, which, like other corporate returns, is subject to examination by the IRS. Because the tax law requires us to make many judgments regarding the proper treatment of a transaction or an item of income or deduction, it is possible that the IRS will challenge positions we take in computing our REIT taxable income and our distributions.

Issues could arise, for example, with respect to the allocation of the purchase price of real properties between depreciable or amortizable assets and non-depreciable or non-amortizable assets such as land and the current deductibility of fees paid to the Advisor or its affiliates. Were the IRS to successfully challenge our characterization of a transaction or determination of our REIT taxable income, we could be found to have failed to satisfy a requirement for qualification as a REIT.

Under certain circumstances, we may be able to correct a failure to meet the distribution requirement for a year by paying "deficiency dividends" to our stockholders in a later year. We may include such deficiency dividends in our deduction for dividends paid for the earlier year. Although we may be able to avoid income tax on amounts distributed as deficiency dividends, we will be required to pay interest to the IRS based upon the amount of any deduction we take for deficiency dividends.

Sale-Leaseback Transactions

Some of our investments may be in the form of sale-leaseback transactions. We normally intend to treat these transactions as true leases for U.S. federal income tax purposes. However, depending on the terms of any specific transaction, the IRS might take the position that the transaction is not a true lease but is more properly treated in some other manner. If such recharacterization were successful, we would not be entitled to claim the depreciation deductions available to an owner of the property. In addition, the recharacterization of one or more of these transactions might cause us to fail to satisfy the Asset Tests or the Income Tests described above based upon the asset we would be treated as holding or the income we would be treated as having earned and such failure could result in our failing to qualify as a REIT. Alternatively, the amount or timing of income inclusion or the loss of depreciation deductions resulting from the recharacterization might cause us to fail to meet the distribution requirement described above for one or more taxable years absent the availability of the deficiency dividend procedure or might result in a larger portion of our dividends being treated as ordinary income to our stockholders.

Recordkeeping Requirements

We must maintain certain records in order to qualify as a REIT. In addition, to avoid a monetary penalty, we must request on an annual basis information from our stockholders designed to disclose the actual ownership of our outstanding stock. We intend to comply with these requirements.

Failure to Qualify as a REIT

If we fail to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, we could avoid disqualification if our failure is due to reasonable cause and not to willful neglect and we pay a penalty of $50,000 for each such failure. In addition, there are relief provisions for a failure of the gross income tests and asset tests, as described in "—Gross Income Tests" and "—Asset Tests."

If we fail to qualify as a REIT in any taxable year, and no relief provision applies, we would be subject to U.S. federal income tax and any applicable alternative minimum tax on our taxable income at regular corporate rates. In calculating our taxable income in a year in which we fail to qualify as a REIT, we would not be able to deduct amounts paid out to stockholders. In fact, we would not be required to distribute any amounts to stockholders in that year. In such event, to the extent of our current and accumulated earnings and profits, distributions to stockholders generally would be taxable as dividend income. Subject to certain limitations of the federal income tax laws, corporate stockholders may be eligible for the dividends received deduction and stockholders taxed at individual rates may be eligible for the reduced U.S. federal income tax rate on such dividends. Unless we qualified for relief under specific statutory provisions, we also would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT. We cannot predict whether in all circumstances we would qualify for such statutory relief.

Taxation of Taxable U.S. Stockholders

As used herein, the term “U.S. stockholder” means a holder of our common stock that for U.S. federal income tax purposes is:

- a citizen or resident of the United States;
- a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any of its states or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- any trust if (i) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in place to be treated as a U.S. person.

If a partnership, entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our common stock, you should consult your tax advisor regarding the consequences of the ownership and disposition of our common stock by the partnership.

Distributions

For any taxable year for which we qualify for taxation as a REIT, amounts distributed to, and gains realized by, taxable U.S. stockholders with respect to our common stock generally will be taxed as described below. For a summary of the U.S. federal income tax treatment of distributions reinvested in additional shares of common stock pursuant to our distribution reinvestment plan, see “Description of Capital Stock—Distribution Reinvestment Plan.” For a summary of the U.S. federal income tax treatment of shares of common stock redeemed by us under our share redemption program, see “Description of Capital Stock—Share Redemption Program.”

As long as we qualify as a REIT, a taxable U.S. stockholder must generally take into account as ordinary income distributions made out of our current or accumulated earnings and profits that we do not designate as capital gain dividends or retained long-term capital gain. A U.S. stockholder will not qualify for the dividends received deduction generally available to corporations. In addition, dividends paid to a U.S. stockholder generally will not qualify for the reduced tax rate for “qualified dividend income.” The maximum tax rate for qualified dividend income received by U.S. stockholders taxed at individual rates is currently 20% and the maximum marginal tax rate on ordinary income for stockholders taxed at individual rates is 39.6%.

Qualified dividend income generally includes dividends paid by domestic C corporations and certain qualified foreign corporations to U.S. shareholders taxed at individual rates. Because we are not generally subject to U.S. federal income tax on the portion of our REIT taxable income distributed to our stockholders (see “Taxation of Our Company” above), our dividends generally will not be eligible for the 20% maximum rate on qualified dividend income. As a result, our ordinary REIT dividends will be taxed at the higher tax rate applicable to ordinary income. However, the 20% maximum tax rate for qualified dividend income will apply to our ordinary REIT dividends

(i) attributable to dividends received by us from non-REIT corporations, such as a TRS, and (ii) to the extent attributable to income upon which we have paid corporate income tax (e.g., to the extent that we distribute less than 100% of our taxable income).

Dividends paid to, and certain other investment income recognized by certain individuals, estates or trusts is also subject to a 3.8% Medicare tax.

A U.S. stockholder generally will take into account as long-term capital gain any distributions that we designate as capital gain dividends without regard to the period for which the U.S. stockholder has held our common stock. See "—Capital Gains and Losses." A corporate U.S. stockholder, however, may be required to treat up to 20% of certain capital gain dividends as ordinary income.

We may elect to retain and pay income tax on the net long-term capital gain that we receive in a taxable year. In that case, to the extent that we designate such amount in a timely notice to such stockholder, a U.S. stockholder would be taxed on its proportionate share of our undistributed long-term capital gain. The U.S. stockholder would receive a credit for its proportionate share of the tax we paid. The U.S. stockholder would also increase the basis in its stock by the amount of its proportionate share of our undistributed long-term capital gain, minus its share of the tax we paid.

A U.S. stockholder will not incur tax on a distribution in excess of our current and accumulated earnings and profits if the distribution does not exceed the adjusted basis of the U.S. stockholder's common stock. Instead, the distribution will reduce the adjusted basis of such stock. A U.S. stockholder will recognize gain to the extent that a distribution exceeds both our current and accumulated earnings and profits and the U.S. stockholder's adjusted basis in his or her stock. Such gain will generally be long-term capital gain, but will be short-term capital gain if the shares of stock have been held for one year or less, assuming in either case that the shares of stock are a capital asset in the hands of the U.S. stockholder. In addition, if we declare a distribution in October, November, or December of any year that is payable to a U.S. stockholder of record on a specified date in any such month, such distribution shall be treated as both paid by us and received by the U.S. stockholder on December 31 of such year, provided that we actually pay the distribution during January of the following calendar year.

We will be treated as having sufficient earnings and profits to treat as a dividend any distribution by us up to the amount required to be distributed in order to avoid imposition of the 4% excise tax discussed above. Moreover, any "deficiency distribution" will be treated as an ordinary or capital gain distribution, as the case may be, regardless of our earnings and profits. As a result, stockholders may be required to treat as taxable some distributions that would otherwise result in a tax-free return of capital.

U.S. stockholders may not include in their individual income tax returns any of our net operating losses or capital losses. Instead, these losses are generally carried over by us for potential offset against our future income. Taxable distributions from us and gain from the disposition of our common stock will not be treated as passive activity income and, therefore, a U.S. stockholder generally will not be able to apply any "passive activity losses," such as losses from certain types of limited partnerships in which the U.S. stockholder is a limited partner, against such income. In addition, taxable distributions from us and gain from the disposition of our common stock generally will be treated as investment income for purposes of the limitations on the deductibility of investment-related interest expense. We will notify U.S. stockholders after the close of our taxable year as to the portions of the distributions attributable to that year that constitute ordinary income, return of capital and capital gain.

Taxation of U.S. Stockholders on the Disposition of Common Stock

A U.S. stockholder who is not a dealer in securities must generally treat any gain or loss realized upon a taxable disposition of our common stock as long-term capital gain or loss if the U.S. stockholder has held our common stock for more than one year and otherwise as short-term capital gain or loss. In general, a U.S. stockholder will realize gain or loss in an amount equal to the difference between the sum of the fair market value of any property and the amount of cash received in such disposition and the U.S. stockholder's adjusted tax basis. A stockholder's adjusted tax basis generally will equal the U.S. stockholder's acquisition cost, increased by the excess of net capital gains deemed distributed to the U.S. stockholder (discussed above) less tax deemed paid on such gains and reduced by any returns of capital. However, a U.S. stockholder must treat any loss upon a sale or exchange of common stock held by such stockholder for six months or less as a long-term capital loss to the extent of capital gain dividends and any other actual or deemed distributions from us that such U.S. stockholder treats as long-term capital gain. All or a portion of any loss that a U.S. stockholder realizes upon a taxable disposition of shares of our common stock may be disallowed if the U.S. stockholder purchases other shares of our common stock within 30 days before or after the disposition.

If an investor recognizes a loss upon a subsequent disposition of our stock or other securities in an amount that exceeds a prescribed threshold, it is possible that the provisions of Treasury regulations involving "reportable transactions" could apply, with a resulting requirement to separately disclose the loss-generating transaction to the IRS. These regulations, though directed towards "tax shelters," are broadly written and apply to transactions that would not typically be considered tax shelters. The Code imposes significant penalties for failure to comply with these requirements. You should consult your tax advisor concerning any possible disclosure obligation with respect to the receipt or disposition of our stock or securities or transactions that we might undertake directly or indirectly. Moreover, you should be aware that we and other participants in the transactions in which we are involved (including their advisors) might be subject to disclosure or other requirements pursuant to these regulations.

Taxation of U.S. Stockholders on a Redemption of Common Stock

A redemption of our common stock will be treated under Section 302 of the Code as a distribution that is taxable as dividend income (to the extent of our current or accumulated earnings and profits), unless the redemption satisfies certain tests set forth in Section 302(b) of the Code enabling the redemption to be treated as sale of our common stock (in which case the redemption will be treated in the same manner as a sale described above in "—Taxation of U.S. Stockholders on the Disposition of Common Stock"). The redemption will satisfy such tests if it (i) is "substantially disproportionate" with respect to the holder's interest in our stock, (ii) results in a "complete termination" of the holder's interest in all our classes of stock, or (iii) is "not essentially equivalent to a dividend" with respect to the holder, all within the meaning of Section 302(b) of the Code. In determining whether any of these tests have been met, stock considered to be owned by the holder by reason of certain constructive ownership rules set forth in the Code, as well as stock actually owned, generally must be taken into account. Because the determination as to whether any of the three alternative tests of Section 302(b) of the Code described above will be satisfied with respect to any particular holder of our common stock depends upon the facts and circumstances at the time that the determination must be made, prospective investors are urged to consult their tax advisors to determine such tax treatment. If a redemption of our common stock does not meet any of the three tests described above, the redemption proceeds will be treated as a dividend, as described above "—Taxation of Taxable U.S. Stockholders." Stockholders should consult with their tax advisors regarding the taxation of any particular redemption of our shares.

Capital Gains and Losses

A taxpayer generally must hold a capital asset for more than one year for gain or loss derived from its sale or exchange to be treated as long-term capital gain or loss. The maximum tax rate on long-term capital gain applicable to U.S. stockholders taxed at individual rates is currently 20% and 35% in the case of U.S. stockholders that are corporations. The maximum tax rate on long-term capital gain from the sale or exchange of "Section 1250 property," or depreciable real property, is 25%, which applies to the lesser of the total amount of the gain or the accumulated depreciation on the Section 1250 property. In addition, certain capital gains and other investment income recognized by certain shareholders may be subject to a 3.8% Medicare tax.

With respect to distributions that we designate as capital gain dividends and any retained capital gain that we are deemed to distribute, we generally may designate whether such a distribution is taxable to U.S. stockholders taxed at individual rates, currently at a 20% rate (or a 25% rate to the extent attributable to the recapture of certain depreciation deductions). Thus, the tax rate differential between capital gain and ordinary income for those taxpayers may be significant. In addition, the characterization of income as capital gain or ordinary income may affect the deductibility of capital losses. A non-corporate taxpayer may deduct capital losses not offset by capital gains against its ordinary income only up to a maximum annual amount of $3,000. A non-corporate taxpayer may carry forward unused capital losses indefinitely. A corporate taxpayer must pay tax on its net capital gain at ordinary corporate rates. A corporate taxpayer may deduct capital losses only to the extent of capital gains, with unused losses being carried back for up to three years and forward for up to five years.

Treatment of Tax-Exempt Stockholders

Tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from U.S. federal income taxation. However, they are subject to taxation on their unrelated business taxable income, or UBTI. Although many investments in real estate generate UBTI, the IRS has issued a ruling that dividend distributions from a REIT to an exempt employee pension trust do not constitute UBTI so long as the exempt employee pension trust does not otherwise use the shares of the REIT in an unrelated trade or business of the pension trust. Based on that ruling, amounts that we distribute to tax-exempt stockholders generally should not constitute UBTI. However, if a tax-exempt stockholder were to finance (or be deemed to finance) its acquisition of common stock with debt, a portion of the income that it receives from us would constitute UBTI pursuant to the "debt-financed property" rules. Moreover, social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans that are exempt from taxation under special provisions of the U.S. federal income tax laws are subject to different UBTI rules, which generally will require them to characterize distributions that they receive from us as UBTI. Finally, in certain circumstances, a qualified employee pension or profit sharing trust that owns more than 10% of our capital stock must treat a percentage of the dividends that it receives from us as UBTI. Such percentage is equal to the gross income we derive from an unrelated trade or business, determined as if we were a pension trust, divided by our total gross income for the year in which we pay the dividends. That rule applies to a pension trust holding more than 10% of our capital stock only if:

- the percentage of our dividends that the tax-exempt trust must treat as UBTI is at least 5%;
- we qualify as a REIT by reason of the modification of the rule requiring that no more than 50% of our capital stock be owned by five or fewer individuals that allows the beneficiaries of the pension trust to be treated as holding our capital stock in proportion to their actuarial interests in the pension trust (rather than treating the pension trust as a single individual); and
- either:
    - one pension trust owns more than 25% of the value of our capital stock; or
    - a group of pension trusts individually holding more than 10% of the value of our capital stock collectively owns more than 50% of the value of our capital stock.

Taxation of Non-U.S. Stockholders

The term "non-U.S. stockholder" means a holder of our common stock that is not a U.S. stockholder or a partnership (or entity treated as a partnership for U.S. federal income tax purposes). The rules governing U.S. federal income taxation of nonresident alien individuals, foreign corporations, foreign partnerships, and other foreign stockholders are complex. This section is only a summary of such rules. **We urge non-U.S. stockholders to consult their tax advisors to determine the impact of U.S. federal, state, and local income tax laws on the purchase, ownership and sale of our common stock, including any reporting requirements.**

Distributions

A non-U.S. stockholder that receives a distribution that is not attributable to gain from our sale or exchange of a "U.S. real property interest," or USRPI, as defined below, and that we do not designate as a capital gain dividend or will recognize ordinary income to the extent that we pay such distribution out of our current or accumulated earnings and profits. A withholding tax equal to 30% of the gross amount of the distribution ordinarily will apply to such distribution unless an applicable tax treaty reduces or eliminates the tax. However, if a distribution is treated as effectively connected with the non-U.S. stockholder's conduct of a U.S. trade or business, the non-U.S. stockholder generally will be subject to U.S. federal income tax on the distribution at graduated rates, in the same manner as U.S. stockholders are taxed with respect to such distribution, and a non-U.S. stockholder that is a corporation also may be subject to the 30% branch profits tax with respect to that distribution. We plan to withhold U.S. income tax at the rate of 30% on the gross amount of any such distribution paid to a non-U.S. stockholder unless :

- a lower treaty rate applies and the non-U.S. stockholder provides an IRS Form W-8BEN or W-8BEN-E evidencing eligibility for that reduced rate with us;

- the non-U.S. stockholder files an IRS Form W-8ECI with us claiming that the distribution is effectively connected income; or
- the distribution is treated as attributable to a sale of a USRPI under FIRPTA (discussed below).

A non-U.S. stockholder will not incur tax on a distribution in excess of our current and accumulated earnings and profits if the excess portion of such distribution does not exceed the adjusted basis of its common stock. Instead, the excess portion of such distribution will reduce the adjusted basis of such stock. A non-U.S. stockholder will be subject to tax on a distribution that exceeds both our current and accumulated earnings and profits and the adjusted basis of its common stock, if the non-U.S. stockholder otherwise would be subject to tax on gain from the sale or disposition of its common stock, as described below. However, we must withhold 15% of any distribution that exceeds our current and accumulated earnings and profits. Consequently, although we intend to withhold at a rate of 30% on the entire amount of any distribution, to the extent that we do not do so, we will generally withhold at a rate of 15% on any portion of a distribution not subject to withholding at a rate of 30%. Because we generally cannot determine at the time we make a distribution whether the distribution will exceed our current and accumulated earnings and profits, we normally will withhold tax on the entire amount of any distribution at the same rate as we would withhold on a dividend. However, a non-U.S. stockholder may claim a refund of amounts that we withhold if we later determine that a distribution in fact exceeded our current and accumulated earnings and profits.

For any year in which we qualify as a REIT, a non-U.S. stockholder may incur tax on distributions that are attributable to gain from our sale or exchange of a USRPI under the Foreign Investment in Real Property Act of 1980, or FIRPTA. A USRPI includes certain interests in real property and stock in corporations at least 50% of whose assets consist of interests in real property. Under FIRPTA, a non-U.S. stockholder is taxed on distributions attributable to gain from sales of USRPIs as if such gain were effectively connected with a U.S. business of the non-U.S. stockholder. A non-U.S. stockholder thus would be taxed on such a distribution at the normal capital gains rates applicable to U.S. stockholders, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of a nonresident alien individual. A non-U.S. corporate stockholder not entitled to treaty relief or exemption also may be subject to the 30% branch profits tax on such a distribution.

Capital gain distributions that are attributable to our sale of real property would be subject to tax under FIRPTA, as described in the preceding paragraph. In such case, we must withhold 35% of any distribution that we could designate as a capital gain dividend. A non-U.S. stockholder may receive a credit against its tax liability for the amount that we withhold. Moreover, if a non-U.S. stockholder disposes of our common stock during the 30-day period preceding a dividend payment, and such non-U.S. stockholder (or a person related to such non-U.S. stockholder) acquires or enters into a contract or option to acquire our common stock within 61 days of the first day of the 30-day period described above, and any portion of such dividend payment would, but for the disposition, be treated as a USRPI capital gain to such non-U.S. stockholder, then such non-U.S. stockholder will be treated as having USRPI capital gain in an amount that, but for the disposition, would have been treated as USRPI capital gain. The taxation of capital gain distributions received by certain non-U.S. stockholders may, under certain circumstances, differ materially from that described above in the event that shares of our common stock are ever regularly traded on an established securities market in the U.S.

The Protecting Americans from Tax Hikes Act of 2015 creates a new exemption from FIRPTA for foreign pension funds and subsidiary entities that meet certain requirements, as well as for certain publicly traded foreign entities that are “qualified collective investment vehicles” from countries having tax treaties with the United States and which meet a number of other requirements.

Dispositions

Non-U.S. stockholders could incur tax under FIRPTA with respect to gain realized upon a disposition of our common stock if we are a U.S. real property holding corporation during a specified testing period. If at least 50% of a REIT’s assets are USRPI, then the REIT will be a U.S. real property holding corporation. We anticipate that we will be a U.S. real property holding corporation based on our investment strategy. However, if we are a U.S. real property holding corporation, a non-U.S. stockholder generally would not incur tax under FIRPTA on gain from the sale of our common stock if we are a “domestically controlled qualified investment entity.” A domestically controlled qualified investment entity includes a REIT in which, at all times during a specified testing period, less than 50% in value of its shares are held directly or indirectly by non-U.S. stockholders. Although we believe that we are a domestically controlled qualified investment entity, we cannot assure you that this test will be met at all times. Additional FIRPTA provisions may, under certain circumstances, apply to certain non-U.S. stockholders in the event that shares of our common stock are ever regularly traded on an established securities market in the U.S., which may have a material impact on such non-U.S. stockholders.

As noted above under " —Distributions", certain foreign pension funds and publicly traded qualified collective investment vehicles are exempt from FIRPTA with respect to capital gain dividends that we pay, and these entities would likewise be exempt from FIRPTA upon a sale of our common stock.

If the gain on the sale of our common stock were taxed under FIRPTA, a non-U.S. stockholder would be taxed on that gain in the same manner as U.S. stockholders, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals. Furthermore, a non-U.S. stockholder generally will incur tax on gain not subject to FIRPTA if:

- the gain is effectively connected with the non-U.S. stockholder's U.S. trade or business, in which case the non-U.S. stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain; or
- the non-U.S. stockholder is a nonresident alien individual who was present in the U.S. for 183 days or more during the taxable year and has a "tax home" in the U.S., in which case the non-U.S. stockholder will incur a 30% tax on his or her capital gains.

FATCA

The Foreign Account Tax Compliance Act ("FATCA") provides that a 30% withholding tax will be imposed on certain payments (including dividends as well as gross proceeds from sales of stock giving rise to such dividends) made to a foreign entity if such entity fails to satisfy certain new disclosure and reporting rules. FATCA generally requires that (i) in the case of a foreign financial institution (defined broadly to include a bank, certain insurance companies, a hedge fund, a private equity fund, a mutual fund, a securitization vehicle or other investment vehicle), the entity identifies and provides information in respect of financial accounts with such entity held (directly or indirectly) by U.S. persons and U.S.-owned foreign entities and (ii) in the case of a non-financial foreign entity, the entity identifies and provides information in respect of substantial U.S. owners of such entity.

The IRS has released guidance generally providing that FATCA withholding on gross proceeds and on pass-through payments will not be imposed with respect to payments made prior to January 1, 2019. The United States Treasury has signed Intergovernmental Agreements with certain other countries to implement the exchange of information required under FATCA. Investors that invest in our shares through an account maintained at a non-U.S. financial institution are strongly encouraged to consult with their tax advisors regarding the potential application and impact of FATCA and any Intergovernmental Agreement between the United States and their home jurisdiction in connection with FATCA compliance.

Redemption of Common Stock

A redemption of our common stock by a non-U.S. stockholder whose income derived from the investment in shares of our common stock is not effectively connected with the non-U.S. Stockholder's conduct of a trade or business in the U.S. will be treated under Section 302 of the Code as a distribution that is taxable as dividend income (to the extent of our current or accumulated earnings and profits), unless the redemption satisfies certain tests set forth in Section 302(b) of the Code enabling the redemption to be treated as sale of our common stock (in which case the redemption will be treated in the same manner as a sale described above in "—Taxation of Non-U.S. Stockholders—Dispositions"). The redemption will satisfy such tests if it (i) is "substantially disproportionate" with respect to the holder's interest in our stock, (ii) results in a "complete termination" of the holder's interest in all our classes of stock, or (iii) is "not essentially equivalent to a dividend" with respect to the holder, all within the meaning of Section 302(b) of the Code. In determining whether any of these tests have been met, stock considered to be owned by the holder by reason of certain constructive ownership rules set forth in the Code, as well as stock actually owned, generally must be taken into account. Because the determination as to whether any of the three alternative tests of Section 302(b) of the

Code described above will be satisfied with respect to any particular holder of our common stock depends upon the facts and circumstances at the time that the determination must be made, prospective investors are advised to consult their own tax advisors to determine such tax treatment.

If a redemption of our common stock does not meet any of the three tests described above, the redemption proceeds will be treated as a distribution, as described above "—Taxation of Non-U.S. Stockholders—Distributions." Non-U.S. stockholders should consult with their tax advisors regarding the taxation of any particular redemption of our shares.

Conversion of Common Stock

The conversion of Class T Shares into Class A Shares, as described in the "Description of Capital Stock—Class T Shares" section of the prospectus, will not be a taxable event to the converting stockholder or to us. The tax attributes of the Class A Shares received upon such conversion will have the same tax attributes, including the tax basis and the holding period, as the Class T Shares converted.

Information Reporting Requirements and Backup Withholding

We will report to our stockholders and to the IRS the amount of distributions we pay during each calendar year, and the amount of tax we withhold, if any. Under the backup withholding rules, a stockholder may be subject to backup withholding at a rate, currently of 28%, with respect to distributions unless the stockholder:

- is a corporation or qualifies for certain other exempt categories and, when required, demonstrates this fact; or
- provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with the applicable requirements of the backup withholding rules.

A stockholder who does not provide us with its correct taxpayer identification number also may be subject to penalties imposed by the IRS. Any amount paid as backup withholding will be creditable against the stockholder's income tax liability. In addition, we may be required to withhold a portion of capital gain distributions to any stockholders who fail to certify their non-foreign status to us.

Backup withholding will generally not apply to payments of dividends made by us or our paying agents, in their capacities as such, to a non-U.S. stockholder provided that the non-U.S. stockholder furnishes to us or our paying agent the required certification as to its non-U.S. status, such as providing a valid IRS Form W-8BEN-E or W-8ECI, or certain other requirements are met. Notwithstanding the foregoing, backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that the holder is a U.S. person that is not an exempt recipient. Payments of the proceeds from a disposition or a redemption effected outside the U.S. by a non-U.S. stockholder made by or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) generally will apply to such a payment if the broker has certain connections with the U.S. unless the broker has documentary evidence in its records that the beneficial owner is a non-U.S. stockholder and specified conditions are met or an exemption is otherwise established. Payment of the proceeds from a disposition by a non-U.S. stockholder of common stock made by or through the U.S. office of a broker is generally subject to information reporting and backup withholding unless the non-U.S. stockholder certifies under penalties of perjury that it is not a U.S. person and satisfies certain other requirements, or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against the stockholder's U.S. federal income tax liability if certain required information is furnished to the IRS. Stockholders should consult their own tax advisors regarding application of backup withholding to them and the availability of, and procedure for obtaining an exemption from, backup withholding.

Statement of Share Ownership

We are required to demand annual written statements from the record holders of designated percentages of our common stock disclosing the actual owners of the shares of common stock. Any record stockholder who, upon our request, does not provide us with required information concerning actual ownership of the shares of common stock is required to include specified information relating to his shares of common stock in his U.S. federal income tax return. We also must maintain, within the Internal Revenue District in which we are required to file our U.S. federal income tax return, permanent records showing the information we have received about the actual ownership of our common stock and a list of those persons failing or refusing to comply with our demand.

Tax Aspects of Our Investments in Our Operating Partnership

The following discussion summarizes certain U.S. federal income tax considerations applicable to our direct or indirect investments in our Operating Partnership. The discussion does not cover state or local tax laws or any U.S. federal tax laws other than income tax laws.

Classification as a Partnership

We will be entitled to include in our income our distributive share of the Operating Partnership's income and to deduct our distributive share of the Operating Partnership's losses only if the Operating Partnership is classified for U.S. federal income tax purposes as a partnership rather than as a corporation or an association taxable as a corporation. An unincorporated entity with at least two owners or members will be classified as a partnership, rather than as a corporation, for U.S. federal income tax purposes if it:

- is treated as a partnership under the Treasury Regulations relating to entity classification (the "check-the-box regulations"); and
- is not a "publicly-traded partnership."

Under the check-the-box regulations, an unincorporated entity with at least two owners or members may elect to be classified either as an association taxable as a corporation or as a partnership. If such an entity fails to make an election, it generally will be treated as a partnership (or an entity that is disregarded for U.S. federal income tax purposes if the entity is treated as having only one owner or member for federal income tax purposes) for U.S. federal income tax purposes. Our Operating Partnership intends to be classified as a partnership for U.S. federal income tax purposes and will not elect to be treated as an association taxable as a corporation under the check-the-box regulations.

A publicly-traded partnership is a partnership whose interests are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. A publicly-traded partnership will not, however, be treated as a corporation for any taxable year if, for each taxable year in which it was classified as a publicly-traded partnership, 90% or more of the partnership's gross income for such year consists of certain passive-type income, including real property rents, gains from the sale or other disposition of real property, interest, and dividends, or (the "90% passive income exception"). Treasury Regulations (the "PTP regulations") provide limited safe harbors from the definition of a publicly-traded partnership. Pursuant to one of those safe harbors (the "private placement exclusion"), interests in a partnership will not be treated as readily tradable on a secondary market or the substantial equivalent thereof if (i) all interests in the partnership were issued in a transaction or transactions that were not required to be registered under the Securities Act of 1933, as amended, and (ii) the partnership does not have more than 100 partners at any time during the partnership's taxable year. In determining the number of partners in a partnership, a person owning an interest in a partnership, grantor trust, or S corporation that owns an interest in the partnership is treated as a partner in such partnership only if (i) substantially all of the value of the owner's interest in the entity is attributable to the entity's direct or indirect interest in the partnership and (ii) a principal purpose of the use of the entity is to permit the partnership to satisfy the 100-partner limitation. We and the Operating Partnership believe that the Operating Partnership should not be classified as a publicly traded partnership because (i) OP Units are not traded on an established securities market, and (ii) OP Units should not be considered readily tradable on a secondary market or the substantial equivalent thereof. In addition, we believe that the Operating Partnership presently qualifies for the Private Placement Exclusion. Even if the Operating Partnership were considered a publicly traded partnership under the PTP Regulations, the Operating Partnership should not be treated as a corporation for U.S. federal income tax purposes as long as 90% or more of its gross income consists of "qualifying income" under section 7704(d) of the Code. In general, qualifying income includes interest, dividends, real property rents (as defined by section 856 of the Code) and gain from the sale or disposition of real property.

We have not requested, and do not intend to request, a ruling from the IRS that our Operating Partnership will be classified as a partnership for U.S. federal income tax purposes. If for any reason our Operating Partnership were taxable as a corporation, rather than as a partnership, for U.S. federal income tax purposes, we likely would not be able to qualify as a REIT unless we qualified for certain relief provisions. See "—Gross Income Tests" and "—Asset Tests." In addition, any change in the Operating Partnership's status for tax purposes might be treated as a taxable event, in which case we might incur tax liability without any related cash distribution. See "—Distribution Requirements." Further, items of income and deduction of the Operating Partnership would not pass through to its partners, and its partners would be treated as stockholders for tax purposes. Consequently, the Operating Partnership would be required to pay income tax at corporate rates on its net income, and distributions to its partners would constitute dividends that would not be deductible in computing the Operating Partnership's taxable income.

Income Taxation of the Operating Partnership and its Partners

Partners, Not the Operating Partnership, Subject to Tax. A partnership is not a taxable entity for U.S. federal income tax purposes. Rather, we are required to take into account our allocable share of the Operating Partnership's income, gains, losses, deductions, and credits for any taxable year of the Operating Partnership ending within or with our taxable year, without regard to whether we have received or will receive any distribution from the Operating Partnership.

Operating Partnership Allocations. Although a partnership agreement generally will determine the allocation of income and losses among partners, such allocations will be disregarded for tax purposes if they do not comply with the provisions of the U.S. federal income tax laws governing partnership allocations. If an allocation is not recognized for U.S. federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership, which will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. The Operating Partnership's allocations of taxable income, gain, and loss are intended to comply with the requirements of the U.S. federal income tax laws governing partnership allocations.

Tax Allocations With Respect to the Operating Partnership's Properties. Income, gain, loss, and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated in a manner such that the contributing partner is charged with, or benefits from, respectively, the unrealized gain or unrealized loss associated with the property at the time of the contribution. When cash is contributed to a partnership in exchange for a partnership interest, such as our contribution of cash to our operating partnership for operating units, similar rules apply to ensure that the existing partners in the partnership are charged with, or benefit from, respectively, the unrealized gain or unrealized loss associated with the partnership's existing properties at the time of the cash contribution. In the case of a contribution of property, the amount of the unrealized gain or unrealized loss ("built-in gain" or "built-in loss") is generally equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution (a "book-tax difference"). In the case of a contribution of cash, a book-tax difference may be created because the fair market value of the properties of the partnership on the date of the cash contribution may be higher or lower than the partnership's adjusted tax basis in those properties. Any property purchased for cash initially will have an adjusted tax basis equal to its fair market value, resulting in no book-tax difference.

Tax Allocations With Respect to Contributed Properties. Pursuant to section 704(c) of the Code, income, gain, loss, and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated for U.S. federal income tax purposes in a manner such that the contributor is charged with, or benefits from, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of unrealized gain or unrealized loss is generally equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution. Under applicable Treasury Regulations, partnerships are required to use a "reasonable method" for allocating items subject to section 704(c) of the Code, and several reasonable allocation methods are described therein.

Under the Partnership Agreement, subject to exceptions applicable to the special limited partnership interests, depreciation or amortization deductions of the Operating Partnership generally will be allocated among the partners in accordance with their respective interests in the Operating Partnership, except to the extent that the Operating Partnership is required under section 704(c) to use a different method for allocating depreciation deductions attributable to its properties. In addition, gain or loss on the sale of a property that has been contributed to the Operating Partnership will be specially allocated to the contributing partner to the extent of any built-in gain or loss with respect to the property for U.S. federal income tax purposes. It is possible that we may (i) be allocated lower amounts of depreciation deductions for tax purposes with respect to contributed properties than would be allocated to us if each such property were to have a tax basis equal to its fair market value at the time of contribution, and (ii) be allocated taxable gain in the event of a sale of such contributed properties in excess of the economic profit allocated to us as a result of such sale. These allocations may cause us to recognize taxable income in excess of cash proceeds received by us, which might adversely affect our ability to comply with the REIT distribution requirements, although we do not anticipate that this event will occur. The foregoing principles also will affect the calculation of our earnings and profits for purposes of determining the portion of our distributions that are taxable as a dividend. The allocations described in this paragraph may result in a higher portion of our distributions being taxed as a dividend than would have occurred had we purchased such properties for cash.

Basis in Operating Partnership Interest. The adjusted tax basis of our partnership interest in the Operating Partnership generally will be equal to (i) the amount of cash and the basis of any other property contributed to the Operating Partnership by us, (ii) increased by (a) our allocable share of the Operating Partnership's income and (b) our allocable share of indebtedness of the Operating Partnership, and (iii) reduced, but not below zero, by (a) our allocable share of the Operating Partnership's loss and (b) the amount of cash distributed to us, including constructive cash distributions resulting from a reduction in our share of indebtedness of the Operating Partnership. If the allocation of our distributive share of the Operating Partnership's loss would reduce the adjusted tax basis of our partnership interest in the Operating Partnership below zero, the recognition of the loss will be deferred until such time as the recognition of the loss would not reduce our adjusted tax basis below zero. If a distribution from the Operating Partnership or a reduction in our share of the Operating Partnership's liabilities would reduce our adjusted tax basis below zero, that distribution, including a constructive distribution, will constitute taxable income to us. The gain realized by us upon the receipt of any such distribution or constructive distribution would normally be characterized as capital gain, and if our partnership interest in the Operating Partnership has been held for longer than the long-term capital gain holding period (currently one year), the distribution would constitute long-term capital gain.

Sale of the Operating Partnership's Property. Generally, any gain realized by the Operating Partnership on the sale of property held by the Operating Partnership for more than one year will be long-term capital gain, except for any portion of such gain that is treated as depreciation or cost recovery recapture. Under Section 704(c) of the Code, any gain or loss recognized by the Operating Partnership on the disposition of contributed properties will be allocated first to the partners of the Operating Partnership who contributed such properties to the extent of their built-in gain or loss on those properties for U.S. federal income tax purposes. The partners' built-in gain or loss on such contributed properties will equal the difference between the partners' proportionate share of the book value of those properties and the partners' tax basis allocable to those properties at the time of the contribution as reduced for any decrease in the "book-tax difference." See "—Income Taxation of the Operating Partnership and its Partners—Tax Allocations With Respect to the Operating Partnership's Properties." Any remaining gain or loss recognized by the Operating Partnership on the disposition of the contributed properties, and any gain or loss recognized by the Partnership on the disposition of the other properties, will be allocated among the partners in accordance with their respective percentage interests in the Operating Partnership.

Our share of any gain realized by the Operating Partnership on the sale of any property held by the Operating Partnership as inventory or other property held primarily for sale to customers in the ordinary course of the Operating Partnership's trade or business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. Such prohibited transaction income also may have an adverse effect upon our ability to satisfy the income tests for REIT status. See "—Gross Income Tests." We do not presently intend to acquire or hold or to allow the Operating

Partnership to acquire or hold any property that represents inventory or other property held primarily for sale to customers in the ordinary course of our or the Operating Partnership's trade or business.

Other Tax Considerations

Cost Basis Reporting

There are federal income tax information reporting rules that may apply to certain transactions in our shares. Where they apply, the "cost basis" calculated for the shares involved will be reported to the IRS and to you. For "cost basis" reporting purposes, you may identify by lot the shares that you transfer or that are redeemed, but if you do not timely notify us of your election, we will identify the shares that are transferred or redeemed on a "first in/first out" basis.

Information reporting (transfer statements) on other transactions may also be required under these rules. Transfer statements are issued between "brokers" and are not issued to the IRS or to you.

Stockholders should consult their tax advisors regarding the consequences of these rules.

Tax Shelter Reporting

If a stockholder recognizes a loss with respect to the shares of (i) $2 million or more in a single taxable year or $4 million or more in a combination of taxable years, for a holder that is an individual, S corporation, trust, or a partnership with at least one noncorporate partner, or (ii) $10 million or more in a single taxable year or $20 million or more in a combination of taxable years, for a holder that is either a corporation or a partnership with only corporate partners, the stockholder may be required to file a disclosure statement with the IRS on Form 8886. Direct stockholders of portfolio securities are in many cases exempt from this reporting requirement, but stockholders of a REIT currently are not excepted. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Stockholders should consult their tax advisors to determine the applicability of these regulations in light of their individual circumstances.

State and Local Taxes

We and/or you may be subject to taxation by various states and localities, including those in which we or a stockholder transacts business, owns property or resides. The state and local tax treatment may differ from the U.S. federal income tax treatment described above. Consequently, you should consult your tax advisors regarding the effect of state and local tax laws upon an investment in our common stock.

ERISA CONSIDERATIONS

ERISA Considerations for an Initial Investment

The following is a summary of material considerations arising under the Employee Retirement Income Security Act of 1974, as amended, or ERISA, and the prohibited transaction provisions of Section 4975 of the Code that may be relevant to prospective investors. This discussion does not purport to deal with all aspects of ERISA or the Code that may be relevant to particular investors in light of their particular circumstances.

A prospective investor that is an employee benefit plan subject to ERISA, a tax-qualified retirement plan, an IRA, or a governmental, church, or other benefit plan that is exempt from ERISA, each of which we refer to as a Plan, is advised to consult its own legal advisor regarding the specific considerations arising under applicable provisions of ERISA, the Code, and state law with respect to the purchase, ownership, or sale of the shares by such plan or IRA.

A fiduciary of a Plan subject to ERISA should consider the fiduciary standards under ERISA in the context of the Plan's particular circumstances before authorizing an investment of a portion of such Plan's assets in our common shares. In particular, the fiduciary should consider:

- whether the investment satisfies the diversification requirements of Section 404(a)(1)(c) of ERISA;
- whether the investment is in accordance with the documents and instruments governing the Plan as required by Section 404(a)(1)(D) of ERISA;
- whether the investment is for the exclusive purpose of providing benefits to participants in the Plan and their beneficiaries, or defraying reasonable administrative expenses of the Plan; and
- whether the investment is prudent under ERISA.

In addition to the general fiduciary standards of investment prudence and diversification, specific provisions of ERISA and the Code prohibit a wide range of transactions involving the assets of a Plan and transactions with persons who have specified relationships to the Plan. Such persons are referred to as "parties in interest" in ERISA and as "disqualified persons" in the Code. Thus, a fiduciary of a Plan considering an investment in our common shares should also consider whether acquiring or continuing to hold our common shares, either directly or indirectly, might constitute a prohibited transaction. An excise tax may be imposed on any party in interest or disqualified person who participates in a prohibited transaction. The tax exempt status of an IRA will be lost if the IRA enters into a prohibited transaction.

Each fiduciary of an investing Plan must independently determine whether such investment constitutes a prohibited transaction with respect to that Plan. The prohibited transaction rules of ERISA and the Code apply to transactions with a Plan and also to transactions with the "plan assets" of the Plan. Section 3(42) of ERISA generally provides that "plan assets" means plan assets as defined in regulations issued by the Department of Labor. Under these regulations, if a Plan acquires an equity interest that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, then for purposes of the fiduciary responsibility and prohibited transaction provisions under ERISA and the Code, the assets of the Plan would include both the equity interest and an undivided interest in each of the entity's underlying assets, unless an exemption applies.

These regulations define a publicly-offered security as a security that is "widely held," "freely transferable," and either part of a class of securities registered under Section 12(b) or 12(g) of the Exchange Act, or sold pursuant to an effective registration statement under the Securities Act, provided the securities are registered under the Exchange Act within 120 days after the end of the fiscal year of the issuer during which the offering occurred. The shares are being sold in an offering registered under the Securities Act, and will be registered within the relevant time provided under Section 12(g) of the Exchange Act.

The regulations also provide that a security is "widely held" only if it is part of a class of securities that is owned by 100 or more investors independent of the issuer and of one another. The regulations further provide that whether a security is "freely transferable" is a factual question to be determined on the basis of all relevant facts and circumstances. The regulations also provide that when a security is part of an offering in which the minimum investment is $10,000 or less, as is the case with this offering, the existence of certain restrictions on transferability intended to prohibit transfers which would result in a termination or reclassification of the entity for state or federal tax purposes will not ordinarily affect the determination that such securities are freely transferable.

Our shares are subject to certain restrictions on transferability intended to ensure that we continue to qualify for federal income tax treatment as a REIT. We believe that the restrictions imposed under our charter and bylaws on the transfer of common shares are limited to the restrictions on transfer generally permitted under these regulations, and are not likely to result in the failure of the common shares to be "freely transferable."

We believe that since we have 100 investors that are independent of us and of one another, our common shares will be "widely held" and we believe that our common shares are "freely transferable" as described above and, accordingly, that the common shares offered hereby should be deemed to be publicly-offered securities for the purposes of the Department of Labor regulations and that our assets should not be deemed to be "plan assets" of any Plan that invests in our common shares. Nonetheless, we cannot assure you that the Department of Labor and/or the U.S. Treasury Department could not reach a contrary conclusion.

On April 8, 2016, the Department of Labor issued a final regulation relating to the definition of a fiduciary under ERISA and Section 4975 of the Code. The final regulation broadens the definition of fiduciary and is accompanied by new and revised prohibited transaction exemptions relating to investments by IRAs and benefit plans. The final regulation and the related exemptions will become applicable for investment transactions on and after April 10, 2017, but generally should not apply to purchases of shares of our common stock before that date. The final regulation and the accompanying exemptions are complex, and plan fiduciaries and the beneficial owners of IRAs are urged to consult with their own advisors regarding this development.

Annual Valuations

A fiduciary of an employee benefit plan subject to ERISA is required to determine annually the fair market value of each asset of the plan as of the end of the plan's fiscal year and to file a report reflecting that value with the Department of Labor. When the fair market value of any particular asset is not available, the fiduciary is required to make a good faith determination of that asset's fair market value assuming an orderly liquidation at the time the determination is made. In addition, a trustee or custodian of an IRA must provide an IRA participant with a statement of the value of the IRA each year.

In discharging its obligation to value assets of a plan, a fiduciary subject to ERISA must act consistently with the relevant provisions of the plan and the general fiduciary standards of ERISA. It is not currently intended that the shares of our common stock will be listed on a national securities exchange, nor is it expected that a public market for the shares of common stock will develop. To date, neither the IRS nor the Department of Labor has promulgated regulations specifying how a plan fiduciary should determine the "fair market value" of the shares of our common stock, namely when the fair market value of the shares of common stock is not determined in the marketplace. Therefore, to assist fiduciaries in fulfilling their valuation and annual reporting responsibilities with respect to ownership of shares of common stock, we intend to provide reports of our annual determinations of the estimated current value of our shares to those fiduciaries (including IRA trustees and custodians) who identify themselves to us and request the reports.

Except as described below, we presently expect to use the most recent primary offering price for each class of shares as the estimated per share value for such class of shares for purposes of such reports to fiduciaries.

The National Association of Securities Dealers, or NASD, Rule 2340 sets forth the obligations of FINRA members to provide per share values in customer account statements. On April 13, 2016, our board of directors determined an estimated net asset value per share of our common stock of $9.03 as of February 29, 2016. In accordance with the rule, we intend to undertake a valuation process to provide an estimated NAV per share annually. In connection with any future determinations of an estimated NAV per share of our common stock, our board of directors may determine to modify the offering prices for each class of our common stock, including the prices at which the shares of each class are offered pursuant to our distribution reinvestment plan, but the offering price may be higher than the estimated per share NAV for such class. Further, in accordance with NASD Rule 2340, the customer account statements that we issue to our stockholders will reflect the estimated NAV per share. In addition, we expect to use the estimated NAV per share as the deemed estimated per share value for purposes of reports to fiduciaries of retirement plans, subject to the annual reporting requirements of ERISA. Because we have used a portion of the proceeds from this offering to pay selling commissions, dealer manager fees and issuer costs in connection with our organization and this offering , which reduce the amount of funds available for investment, unless our aggregate investments increase in value to compensate for these up-front fees and expenses, it is likely that the estimated NAV per share, which will be the "value" shown on stockholders' account statements, will be lower than the purchase price paid by our stockholders in this offering. Any estimated NAV per share that we disclose may not be an accurate reflection of the fair value of our assets and liabilities in accordance with GAAP, may not reflect the price at which we would be able to sell all or substantially all of our assets or the outstanding shares of our common stock in an arm's-length transaction, may not represent the value that stockholders could realize upon a sale of the company or upon the liquidation of our assets and settlement of our liabilities, and may not be indicative of the prices at which Class A Shares or Class T Shares would trade if they were listed on a national securities exchange. See "Description of Capital Stock —Valuation Policy" for a description of our policy with respect to valuations of our common stock.

We intend to revise these valuation procedures to conform with any relevant guidelines that the IRS or the Department of Labor may hereafter issue and may also revise these procedures to conform with guidance that FINRA may issue in the future. Meanwhile, we cannot assure you:

- that the value determined by us could or will actually be realized by us or by stockholders upon liquidation (in part because appraisals or estimated values do not necessarily indicate the price at which assets could be sold and because no attempt will be made to estimate the expenses of selling any of our assets);
- that stockholders could realize this value if they were to attempt to sell their shares of common stock; or
- that the value, or the method used to establish value, would comply with the ERISA or IRA requirements described above.

LEGAL PROCEEDINGS

We are not presently subject to any material pending legal proceedings other than ordinary routine litigation incidental to our business.

REPORTS TO STOCKHOLDERS

We will make available to you on our website at www.hinessecurities.com/reits/hines-global-reit-2 or, at our discretion, via email, our quarterly and annual reports and other reports and documents concerning your investment. To the extent required by law or regulation, or, in our discretion, we may also make certain of this information available to you via U.S. mail or other courier. You may always receive a paper copy upon request.

Our tax accountants will prepare our federal tax return (and any applicable state income tax returns). Generally we will provide appropriate tax information to our stockholders within 31 days following the end of each fiscal year. Our fiscal year will be the calendar year.

SUPPLEMENTAL SALES MATERIAL

In addition to this prospectus, we may use certain sales material in connection with the offering of the shares. However, such sales material will only be used when accompanied by or preceded by the delivery of this prospectus. In certain jurisdictions, some or all of such sales material may not be available. This material may include information relating to this offering, the past performance of the investment vehicles sponsored by Hines or its affiliates, property brochures and publications concerning real estate and investments.

The following is a brief description of the supplemental sales material prepared by us for use in permitted jurisdictions:

- The Hines Global REIT II Fact Card, Hines Global REIT II Brochure and presentations, which briefly summarize (i) information about risks and suitability that investors should consider before investing in us; (ii) objectives and strategies relating to our selection of investments; and (iii) information about Hines Global II and its sponsor, Hines;
- Certain presentations, other print brochures and handouts, which include (i) information about risks and suitability that investors should consider before investing in us; (ii) various topics related to real estate investments and using real estate investments as part of an overall investment strategy; (iii) information regarding certain of our assets; and (iv) information about the sponsor, Hines; and
- Certain information on our website, electronic media, presentations and third-party articles.

The offering of our common shares is made only by means of this prospectus. Although the information contained in such sales material will not conflict with any of the information contained in this prospectus, such material does not purport to be complete and should not be considered a part of this prospectus or the registration statement of which this prospectus is a part. Further, such additional material should not be considered as being incorporated by reference in this prospectus or the registration statement forming the basis of the offering of the shares of which this prospectus is a part.

LEGAL OPINIONS

The legality of the common shares being offered hereby has been passed upon for us by Venable LLP. The statements under the caption "Material U.S. Federal Income Tax Considerations" as they relate to federal income tax matters have been reviewed by Greenberg Traurig, LLP, and Greenberg Traurig, LLP has opined as to certain income tax matters relating to an investment in the common shares. Greenberg Traurig, LLP has represented Hines and other of our affiliates in other matters and may continue to do so in the future. Please see "Conflicts of Interest—Lack of Separate Representation."

EXPERTS

The consolidated financial statements, and the related financial statement schedule, of Hines Global REIT II, Inc. and subsidiaries ("the Company") incorporated in this Prospectus by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2015, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The statement of revenues and certain operating expenses of the property located at 2819 Loker Avenue East, Carlsbad, California for the year ended December 31, 2013, the statement of revenues and certain operating expenses of Bishop's Square, an office building located in Dublin, Ireland, for the year ended December 31, 2014, and the statement of revenues and certain operating expenses of the Domain Apartments, a multi-family community located near Las Vegas in Henderson, Nevada, for the year ended December 31, 2015, incorporated by reference from our Current Reports on Form 8-K/A filed on February 27, 2015, May 15, 2015, and April 11, 2016, respectively, have been audited by Saville Dodgen & Company PLLC, independent auditors, as stated in their report, which is incorporated herein by reference (which report on the statement of revenues and certain operating expenses expresses an unqualified opinion and includes a matter of emphasis paragraph referring to the purpose of the statement) and is so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

PRIVACY POLICY NOTICE

To help you understand how we protect your personal information, we have included our Privacy Policy as Appendix D to this prospectus. This appendix describes our current privacy policy and practices. Should you decide to establish or continue a stockholder relationship with us, we will advise you of our policy and practices at least once annually, as required by law.

INCORPORATION BY REFERENCE

The SEC's rules allow us to incorporate by reference certain information into this prospectus. The documents listed below are incorporated by reference into this prospectus, except for any document or portion thereof deemed to be "furnished" and not filed in accordance with SEC rules.

- Our Current Reports on Form 8-K, filed January 4, 2016, February 1, 2016, February 4, 2016, March 1, 2016 April 1, 2016 and April 15, 2016;

- Our Current Reports on Form 8-K/A filed February 27, 2015, May 15, 2015 and April 11, 2016; and

- Our Annual Report on Form 10-K for the year ended December 31, 2015, filed March 24, 2016.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Commission a registration statement under the Securities Act on Form S-11 regarding this offering. This prospectus, which is part of the registration statement, does not contain all the information set forth in the registration statement and the exhibits related thereto filed with the Commission, reference to which is hereby made.

We are subject to the informational reporting requirements of the Exchange Act, and we will file annual, quarterly and special reports, proxy statements and other information with the Commission. You may read and copy any document that we have filed with the Commission at the public reference facilities of the Commission at 100 F Street, N.E., Washington, DC 20549. Please call the Commission at 1-800-SEC-0330 for further information on the operation of the public reference facilities. These documents also may be accessed through the Commission's electronic data gathering analysis and retrieval system, or EDGAR, via electronic means, included on the Commission's Internet website, www.sec.gov.

You may also request a copy of these filings at no cost, by writing or telephoning us at:

Hines Global REIT II, Inc.
2800 Post Oak Boulevard, Suite 5000
Houston, Texas 77056-6118
Tel.: 1-888-220-6121
Attn: Investor Relations

Within 120 days after the end of each fiscal year we will provide to our stockholders of record an annual report. The annual report will contain audited financial statements and certain other financial and narrative information that we are required to provide to stockholders.

We maintain a website at www.hinessecurities.com/reits/hines-global-reit-2 where there is additional information about our business, but the contents of that site are not incorporated by reference in or otherwise a part of this prospectus.

GLOSSARY OF TERMS

Advisor: means Hines Global REIT II Advisors, LP, a Texas limited partnership.

Code: means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Core Fund: means Hines US Core Office Fund LP, a Delaware limited partnership.

Dealer Manager: means Hines Securities, Inc., a Delaware corporation.

ERISA: means the Employee Retirement Income Security Act of 1974, as amended.

Exchange Act: means the Securities Exchange Act of 1934, as amended.

FINRA: means the Financial Industry Regulatory Authority.

GAAP: means accounting principles generally accepted in the United States of America.

Hines: means Hines Interests Limited Partnership, a Delaware limited partnership.

Hines Global I: means Hines Global REIT, Inc., a Maryland corporation.

Hines Global II: means Hines Global REIT II, Inc., a Maryland corporation.

Hines Global REIT II Advisors LP: means our Advisor.

Hines Global REIT II Properties LP: means our Operating Partnership.

Hines REIT: means Hines Real Estate Investment Trust, Inc., a Maryland Corporation.

Hines Securities, Inc.: means our Dealer Manager.

HMS: means HMS Income Fund, Inc., a Maryland Corporation.

Investment Company Act: means the Investment Company Act of 1940, as amended.

IRA: means an individual retirement account established pursuant to Section 408 or Section 408A of the Code.

IRS: means Internal Revenue Service.

Liquidity Event: means generally a sale of assets, our sale or merger, a listing of the shares on a national securities exchange or similar transaction.

OP Units: means partner interests in the Operating Partnership.

Operating Partnership: means Hines Global REIT II Properties LP, a Delaware limited partnership.

Partnership Agreement: means the Agreement of Limited Partnership of Hines Global REIT II Properties LP.

Plan: means a pension, profit-sharing, retirement employee benefit plan, individual retirement account or Keogh Plan.

REIT: means an entity that qualifies as a real estate investment trust for U.S. federal income tax purposes.

Securities Act: means the Securities Act of 1933, as amended.

Special OP Units: means the separate class of OP Units of the Operating Partnership held by Hines Global REIT II Associates Limited Partnership with economic terms as more particularly described in "The Operating Partnership—Special OP Units."

Unimproved Real Property: means Property in which we have an equity interest that is not acquired for the purpose of producing rental or other operating income, that no development or construction in process and for which no development or construction is planned, in good faith to commence within one year.

UBTI: means unrelated business taxable income, as that term is defined in Sections 511 through 514 of the Code.

UPREIT: means an umbrella partnership real estate investment trust.

INDEX TO FINANCIAL STATEMENTS

*See the "Incorporation by Reference" section of the Prospectus.

HINES GLOBAL REIT II, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	March 31, 2016	December 31, 2015
ASSETS		
Investment property, net	$ 130,278,415	$ 72,426,072
Cash and cash equivalents	19,523,147	17,224,448
Restricted cash	1,752,171	1,565,083
Derivative instruments	3,577	6,344
Tenant and other receivables	1,477,636	3,890,367
Intangible lease assets, net	54,559,205	52,152,477
Deferred leasing costs, net	61,650	60,787
Deferred financing costs, net	12,833	17,342
Other assets	336,924	1,713,329
Total assets	$ 208,005,558	$ 149,056,249
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable and accrued expenses	$ 1,150,853	$ 920,657
Due to affiliates	1,705,693	3,186,210
Intangible lease liabilities, net	2,463,553	2,470,106
Other liabilities	908,666	1,866,926
Distributions payable	644,062	479,917
Note payable, net	96,250,714	59,693,212
Total liabilities	$ 103,123,541	$ 68,617,028
Commitments and contingencies (Note 10)	—	—
Equity:		
Stockholders' equity:		
Preferred shares, $0.001 par value per share; 500,000,000 preferred shares authorized, none issued or outstanding as of March 31, 2016 and December 31, 2015	—	—
Class A common stock, $0.001 par value per share; 600,000,000 authorized; 12,180,346 and 10,274,377 issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	12,180	10,275
Class T common stock, $0.001 par value per share; 900,000,000 authorized; 1,840,959 and 787,405 issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	1,841	787
Additional paid-in capital	117,562,095	91,576,720
Accumulated distributions in excess of earnings	(12,929,449)	(9,756,797)
Accumulated other comprehensive income (loss)	235,350	(1,391,764)
Total stockholders' equity	104,882,017	80,439,221
Noncontrolling interests	—	—
Total equity	104,882,017	80,439,221
Total liabilities and equity	$ 208,005,558	$ 149,056,249

See notes to the condensed consolidated financial statements.

HINES GLOBAL REIT II, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three Months Ended March 31, 2016 and 2015
(UNAUDITED)

	Three Months Ended March 31,	
	2016	**2015**
Revenues:		
Rental revenue	$ 3,327,089	$ 1,233,805
Other revenue	91,626	11,519
Total revenues	3,418,715	1,245,324
Expenses:		
Property operating expenses	562,291	265,450
Real property taxes	125,702	74,480
Property management fees	54,089	19,441
Depreciation and amortization	1,950,568	626,778
Acquisition related expenses	82,857	2,562,010
Advisory and other related party expenses	1,336,257	2,327,715
General and administrative expenses	507,752	409,454
Total expenses	4,619,516	6,285,328
Income (loss) before other income (expenses)	(1,200,801)	(5,040,004)
Other income (expenses):		
Gain (loss) on derivative instruments	(2,941)	(26,682)
Foreign currency gains (losses)	138,476	(234)
Interest expense	(357,179)	(301,537)
Interest income	10,578	1,890
Net income (loss)	(1,411,867)	(5,366,567)
Net (income) loss attributable to noncontrolling interests	(3,026)	(2,993)
Net income (loss) attributable to common stockholders	$ (1,414,893)	$ (5,369,560)
Class A Common Stock:		
Net income (loss) attributable to common stockholders	$ (1,249,287)	$ (5,369,560)
Basic and diluted income (loss) per share	$ (0.11)	$ (4.82)
Cash distributions declared per share	$ 0.14	$ 0.14
Weighted average number of common shares outstanding	11,283,050	1,113,535
Class T Common Stock:		
Net income (loss) attributable to common stockholders	$ (165,606)	$ —
Basic and diluted income (loss) per share	$ (0.13)	$ —
Cash distributions declared per share	$ 0.12	$ —
Weighted average number of common shares outstanding	1,256,700	—
Comprehensive income (loss):		
Net income (loss)	$ (1,411,867)	$ (5,366,567)
Other comprehensive income (loss):		
Foreign currency translation adjustment	1,627,114	(1,597,634)
Comprehensive income (loss)	$ 215,247	$ (6,964,201)
Comprehensive (income) loss attributable to noncontrolling interests	(3,026)	—
Comprehensive income (loss) attributable to common stockholders	$ 212,221	$ (6,964,201)

See notes to the condensed consolidated financial statements.

HINES GLOBAL REIT II, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the Three Months Ended March 31, 2016 and 2015
(UNAUDITED)

	Hines Global REIT II, Inc. Stockholders								
	Common Shares								
	Class A		Class T						
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Distributions in Excess of Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)	Noncontrolling Interests
Balance as of January 1, 2015	420,541	$ 421	—	$ —	$ 42,218	$ (1,182,941)	$ —	$ (1,140,302)	$ —
Issuance of common shares	2,081,261	2,081	—	—	20,715,158	—	—	20,717,239	—
Distributions declared	—	—	—	—	—	(149,826)	—	(149,826)	(2,993)
Selling commissions and dealer manager fees	—	—	—	—	(1,989,743)	—	—	(1,989,743)	—
Issuer costs	—	—	—	—	(1,330,204)	—	—	(1,330,204)	—
Net income (loss)	—	—	—	—	—	(5,369,560)	—	(5,369,560)	2,993
Foreign currency translation adjustment	—	—	—	—	—	—	(1,597,634)	(1,597,634)	—
Balance as of March 31, 2015	2,501,802	$ 2,502	—	$ —	$ 17,437,429	$ (6,702,327)	$ (1,597,634)	$ 9,139,970	$ —

	Hines Global REIT II, Inc. Stockholders								
	Common Shares								
	Class A		Class T						
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Distributions in Excess of Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)	Noncontrolling Interests
Balance as of January 1, 2016	10,274,377	$ 10,275	787,405	$ 787	$ 91,576,720	$ (9,756,797)	$ (1,391,764)	$ 80,439,221	$ —
Issuance of common shares	1,905,969	1,905	1,053,554	1,054	28,828,043	—	—	28,831,002	—
Distributions declared	—	—	—	—	—	(1,757,759)	—	(1,757,759)	(3,026)
Redemption of common shares	—	—	—	—	(92,868)	—	—	(92,868)	—
Selling commissions and dealer manager fees	—	—	—	—	(2,148,718)	—	—	(2,148,718)	—
Issuer costs	—	—	—	—	(601,082)	—	—	(601,082)	—
Net income (loss)	—	—	—	—	—	(1,414,893)	—	(1,414,893)	3,026
Foreign currency translation adjustment	—	—	—	—	—	—	1,627,114	1,627,114	—
Balance as of March 31, 2016	12,180,346	$ 12,180	1,840,959	$ 1,841	$117,562,095	$ (12,929,449)	$ 235,350	$ 104,882,017	$ —

See notes to the condensed consolidated financial statements.

HINES GLOBAL REIT II, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2016 and 2015
(UNAUDITED)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (1,411,867)	$ (5,366,567)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation and amortization	1,895,965	601,928
Foreign currency (gains) losses	(138,476)	234
(Gain) loss on derivative instruments	2,941	26,682
Changes in assets and liabilities:		
Change in other assets	(74,602)	(113,067)
Change in tenant and other receivables	69,978	(348,788)
Change in accounts payable and accrued expenses	119,326	1,059,283
Change in other liabilities	(1,155,918)	34,796
Change in due to affiliates	167,410	(516,787)
Net cash from operating activities	(525,243)	(4,622,286)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in acquired properties and lease intangibles	(56,518,873)	(102,689,457)
Change in restricted cash	(119,132)	(10,983)
Net cash from investing activities	(56,638,005)	(102,700,440)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	30,397,631	20,046,896
Payment of issuer costs	(1,926,962)	(889,930)
Payment of selling commissions and dealer manager fees	(2,473,417)	(1,937,239)
Distributions paid to stockholders and noncontrolling interests	(788,539)	(62,626)
Proceeds from notes payable	34,300,000	61,768,800
Proceeds from related party note payable	3,000,000	50,300,000
Payments on related party note payable	(3,000,000)	(20,152,032)
Change in security deposit liability	1,900	10,983
Deferred financing costs paid	(231,541)	(607,937)
Payments related to interest rate contracts	—	(47,876)
Net cash from financing activities	59,279,072	108,429,039
Effect of exchange rate changes on cash	182,875	(125,942)
Net change in cash and cash equivalents	2,298,699	980,371
Cash and cash equivalents, beginning of period	17,224,448	2,726,742
Cash and cash equivalents, end of period	$ 19,523,147	$ 3,707,113
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 264,005	$ 233,749
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Distributions declared and unpaid	$ 644,062	$ 89,602
Distributions reinvested	$ 808,101	$ 18,963
Shares tendered for redemption	$ 92,868	$ —
Offering proceeds due from transfer agent	$ 574,844	$ 705,032
Non-cash net liabilities acquired	$ 100,238	$ 470,144
Offering costs payable to the Advisor	$ 1,375,369	$ 965,503

See notes to the condensed consolidated financial statements.

1. ORGANIZATION

The accompanying interim unaudited condensed consolidated financial information has been prepared according to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). In the opinion of management, all adjustments and eliminations, consisting only of normal recurring adjustments, necessary to present fairly and in conformity with accounting principles generally accepted in the United States of America ("*GAAP*") *the financial position of Hines Global REIT II, Inc. as of March 31, 2016 and December 31, 2015, the results of operations for the three months ended March 31, 2016 and 2015 and cash flows for the three months ended March 31, 2016 and 2015 have been included. The results of operations for such interim periods are not necessarily indicative of the results for the full year.*

Hines Global REIT II, Inc. (the "Company"), was formed as a Maryland corporation on July 31, 2013 for the purpose of engaging in the business of investing in and owning commercial real estate properties and other real estate investments. The Company intends to conduct substantially all of its operations through Hines Global REIT II Properties, LP (the "Operating Partnership"). Beginning with its taxable year ended December 31, 2015, the Company intends to continue to operate in a manner to qualify as a real estate investment trust ("REIT") for federal income tax purposes. The business of the Company is managed by Hines Global REIT II Advisors LP (the "Advisor"), an affiliate of Hines Interests Limited Partnership ("Hines"), pursuant to the Advisory Agreement, dated as of August 15, 2014, between the Company, the Advisor and the Operating Partnership (defined below).

On August 20, 2014, the Company commenced an offering of up to $2.5 billion of its common stock (the "Offering") in any combination of Class A shares ("Class A Shares") and Class T shares ("Class T Shares") of the Company's common stock. The Company engaged Hines Securities, Inc., an affiliate of the Advisor, to serve as the dealer manager for the Offering and market its shares. As of May 6, 2016, the Company had received gross offering proceeds of $153.6 million from the sale of 15.6 million shares.

The Company intends to invest the net proceeds from the Offering in a diversified portfolio of quality commercial real estate properties and other real estate investments throughout the United States and internationally. As of March 31, 2016, the Company owned direct investments in three properties. These properties consist of 2819 Loker Avenue East, an industrial building located in Carlsbad, California, Bishop's Square, a Class A office building located in Dublin, Ireland, and the Domain Apartments, a multi-family community, located near Las Vegas in Henderson, Nevada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The condensed consolidated financial statements of the Company included herein include the accounts of Hines Global REIT II, Inc. and the Operating Partnership (over which the Company exercises financial and operating control). All intercompany balances and transactions have been eliminated in consolidation. As a result of the adoption of ASU 2015-02, the Company has determined that the Operating Partnership is considered a variable interest entity ("VIE"). However, the Company meets the disclosure exemption criteria, as the Company is the primary beneficiary of the VIE and the Company's partnership interest is considered a majority voting interest. Additionally, the Company has retroactively changed, for the three months ended March 31, 2015, its classification of distributions in its consolidated balance sheet and statement of equity by reflecting such distributions as charges against "accumulated distributions in excess of earnings to be consistent with the 2016 presentation." This presentation change had no impact on the balances in total equity in any of the periods presented.

Tenant and Other Receivables

As of March 31, 2016 and December 31, 2015, in addition to the straight-line rent receivable discussed below, tenant and other receivables also consisted of a receivable from the Company's transfer agent related to offering proceeds not yet received of $574,844 and $2.9 million, respectively.

Deferred Financing Costs

Deferred financing costs consist of direct costs incurred in obtaining debt financing. These costs are presented as a direct reduction from the related debt liability for permanent mortgages and presented as an asset for revolving credit arrangements. In total, deferred financing costs had a carrying value of $741,719 and $525,250 as of March 31, 2016 and December 31, 2015, respectively. These costs are amortized into interest expense on a straight-line basis, which approximates the effective interest method, over the terms of the obligations. For the three months ended March 31, 2016 and 2015, the Company had $35,369 and $10,118, respectively, of deferred financing costs amortized into interest expense in the accompanying condensed consolidated statement of operations.

Other Assets

Other assets included the following:

	March 31, 2016	December 31, 2015
Deposits on investment property	$ —	$ 1,500,000 (1)
Prepaid insurance	156,905	202,859
Prepaid property taxes	148,548	—
Other	31,471	10,470
Other assets	$ 336,924	$ 1,713,329

(1) As of December 31, 2015, this amount consisted of a deposit that had been paid related to the acquisition of the Domain Apartments, which was completed in January 2016.

Revenue Recognition

The Company recognizes rental revenue on a straight-line basis over the life of the lease including rent holidays, if any. Straight-line rent receivables were $823,188 and $627,875 as of March 31, 2016 and December 31, 2015, respectively. Straight-line rent receivables consist of the difference between the tenants' rents calculated on a straight-line basis from the date of acquisition or lease commencement over the remaining terms of the related leases and the tenants' actual rents due under the lease agreements and is included in tenant and other receivables in the accompanying condensed consolidated balance sheets. Revenues associated with operating expense recoveries are recognized in the period in which the expenses are incurred based upon the tenant lease provisions. Revenues relating to lease termination fees are recognized on a straight-line basis amortized from the time that a tenant's right to occupy the leased space is modified through the end of the revised lease term.

Issuer Costs

Subject to the limitations described below, the Company reimburses the Advisor and its affiliates for any issuer costs related to the Offering that it pays on the Company's behalf. Such costs consist of, among other costs, expenses of the Company's organization, actual legal, accounting, bona fide out-of-pocket itemized and detailed due diligence costs, printing, filing fees, transfer agent costs, postage, escrow fees, data processing fees, advertising and sales literature and other offering-related costs. Organizational issuer costs, such as expenses associated with the formation of the Company and its board of directors, are expensed as incurred, and offering-related issuer costs are recorded as an offset to additional paid-in capital. From inception to March 31, 2016, issuer costs incurred by the Advisor on the Company's behalf totaled $8.6 million, of which $45,914 related to organizational issuer costs.

The Advisory Agreement was amended, effective February 29, 2016, to reflect that the Company will not reimburse the Advisor for the cumulative issuer costs incurred in connection with the Company's organization and public offerings, in excess of 2.5% of gross offering proceeds from the Company's public offerings. On April 14, 2016, the Advisor reimbursed the Company for $4.0 million in issuer costs that the Company had previously reimbursed to the Advisor in excess of this new 2.5% cap. Despite the new 2.5% cap, the Company expects cumulative issuer costs to be less than 2.5% of gross offering proceeds at the conclusion of its public offerings. As the Company raises additional offering proceeds, the Company expects to reimburse the Advisor for the $4.0 million that the Advisor repaid to the Company in April 2016. As a result, the Company has recorded a liability equal to all unreimbursed issuer costs that have been incurred to date to reflect its expectation that all of these amounts will be reimbursed to the Advisor.

Redemption of Common Stock

The Company complies with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 480 "Distinguishing Liabilities from Equity" which requires, among other things, that financial instruments that represent a mandatory obligation of the Company to repurchase shares be classified as liabilities and reported at settlement value. When approved, the Company will reclassify such obligations from equity to an accrued liability based upon their respective settlement values. The Company has recorded a liability of $92,868 in accounts payable and accrued expenses in the accompanying condensed consolidated balance sheet as of March 31, 2016 related to shares tendered for redemption and approved by the board of directors, but which were not redeemed until the subsequent month. Such amounts have been included in redemption of common shares in the accompanying condensed consolidated statement of equity.

Recent Accounting Pronouncements

In September 2015, FASB issued new guidance that eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. Instead, an acquirer will recognize a measurement-period adjustment during the period in which it determines the amount of the adjustment. This new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015 and early adoption is permitted. The adoption of this guidance did not have a material impact on the Company's financial statements.

3. INVESTMENT PROPERTY

Investment property consisted of the following amounts as of March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Buildings and improvements [1]	$ 119,627,819	$ 66,683,711
Less: accumulated depreciation	(2,239,404)	(1,457,639)
Buildings and improvements, net	117,388,415	65,226,072
Land	12,890,000	7,200,000
Investment property, net	$ 130,278,415	$ 72,426,072

(1) Included in buildings and improvements is approximately $182,982 and $175,747 of construction-in-progress related to a planned expansion at Bishop's Square as of March 31, 2016 and December 31, 2015, respectively.

In January 2016, the Company acquired, through a wholly owned subsidiary, the Domain Apartments, a multi-family community located near Las Vegas in Henderson, Nevada. The net purchase price was $58.1 million, exclusive of transaction costs and working capital reserves. The Domain Apartments community was constructed in January 2014, and consists of 308 units that were 92% leased as of March 31, 2016. See Note 4 — Recent Acquisitions of Real Estate for additional information on the Domain Apartments.

As of March 31, 2016, the cost basis and accumulated amortization related to lease intangibles are as follows:

	Lease Intangibles		
	In-Place Leases	Out-of-Market Lease Assets	Out-of-Market Lease Liabilities
Cost	$ 58,165,534	$ 431,490	$ (2,930,905)
Less: accumulated amortization	(3,976,053)	(61,766)	467,352
Net	$ 54,189,481	$ 369,724	$ (2,463,553)

As of December 31, 2015, the cost basis and accumulated amortization related to lease intangibles were as follows:

	Lease Intangibles		
	In-Place Leases	Out-of-Market Lease Assets	Out-of-Market Lease Liabilities
Cost	$ 54,447,775	$ 414,428	$ (2,815,011)
Less: accumulated amortization	(2,664,151)	(45,575)	344,905
Net	$ 51,783,624	$ 368,853	$ (2,470,106)

Amortization expense of in-place leases was $1.2 million and $435,447 for the three months ended March 31, 2016 and 2015, respectively. Net amortization of out-of-market leases resulted in an increase to rental revenue of $91,236 and $33,318 for the three months ended March 31, 2016 and 2015, respectively.

Anticipated amortization of the Company's in-place leases and out-of-market leases, net for the period from April 1, 2016 through December 31, 2016 and for each of the years ending December 31, 2017 through December 31, 2020 are as follows:

	In-Place Lease	Out-of-Market Leases, Net
April 1, 2016 through December 31, 2016	$ 2,278,540	$ (248,750)
2017	2,802,466	(273,257)
2018	2,398,496	(172,754)
2019	2,039,533	(172,754)
2020	1,537,645	(172,754)

Leases

The Company has entered into non-cancelable lease agreements with tenants for space. As of March 31, 2016, the approximate fixed future minimum rentals for the period from April 1, 2016 through December 31, 2016, for each of the years ending December 31, 2017 through 2020 and thereafter are as follows:

	Fixed Future Minimum Rentals
April 1, 2016 through December 31, 2016	$ 6,043,601
2017	8,318,710
2018	8,027,857
2019	7,293,332
2020	6,146,838
Thereafter	37,516,380
Total	$ 73,346,718

Of the Company's total rental revenue for the three months ended March 31, 2016, approximately 36% was earned from the Commissioner of Public Works in Ireland, a state agency of Ireland, whose lease expires in 2028, 18% was earned from Acushnet, a tenant in the manufacturing industry, whose lease expires in 2019, and approximately 12% was earned from International Financial Data Services, an investor record-keeping and transfer agency provider, whose lease expires in 2024.

4. RECENT ACQUISITIONS OF REAL ESTATE

The amounts recognized for major assets acquired as of the acquisition date were determined by allocating the purchase price of each property acquired in 2016 and 2015 as follows:

Property Name	Acquisition Date	Building and Improvements [(1)]	Land [(1)]	In-place Lease Intangibles [(1)]	Out-of-Market Lease Intangibles, Net [(1)]	Total [(1)]
2016						
Domain Apartments	1/29/2016	$ 50,789,500	$ 5,690,000	$ 1,640,000	$ —	$ 58,119,500
2015						
Bishop's Square	3/3/2015	$ 53,643,075	$ — [(2)]	$ 51,994,603	$ (2,478,077)	$ 103,159,601

(1) For acquisition denominated in a foreign currency, amounts have been translated at an exchange rate based on the rate in effect on the acquisition date.

(2) The land at Bishop's Square is subject to a 999-year ground lease with the local municipality in Ireland. Since the Company does not have title to the land, approximately $33.4 million has been recorded to in-place lease intangibles and will be amortized over the remaining term of the ground lease.

The purchase price allocation for the acquisition of the Domain Apartments is preliminary and subject to change until the Company finalizes the allocation, which will be no later than twelve months from the acquisition date.

The weighted average amortization period for the intangible assets and liabilities acquired in connection with the 2016 and 2015 acquisitions, as of the date of the respective acquisition, was as follows (in years):

	In-Place Leases	Above-Market Lease Assets	Below-Market Lease Liabilities
2016 Acquisition:			
Domain Apartments	0.6	—	—
2015 Acquisition:			
Bishop's Square [(1)]	10.7	7.5	8.3

(1) Excludes the effect of the ground lease, which significantly increases the weighted average useful life for these intangibles.

The table below includes the amounts of revenue and net income (loss) of the acquisition completed during 2016 which are included in the Company's condensed consolidated statements of operations and comprehensive income (loss) for the three months ended March 31, 2016:

2016 Acquisitions		For the Three Months Ended March 31, 2016
Domain Apartments	Revenue	$ 774,406
	Net income (loss)	$ (674,290)

The following unaudited consolidated information is presented to give effect to the Company's 2016 acquisition as if the acquisition had occurred on January 1, 2015. The pro forma net income (loss) was adjusted to exclude acquisition-related fees and expenses of $1.4 million for the three months ended March 31, 2016. For the three months ended March 31, 2015, the pro forma net loss was adjusted to include acquisition fees and expenses of $1.6 million, relating to the 2016 acquisition, as if these fees and expenses had been incurred as of January 1, 2015.

The information below is not necessarily indicative of what the actual results of operations would have been had the Company completed this acquisition on January 1, 2015, nor does it purport to represent the Company's future operations:

	For the Three Months Ended March 31,	
	Pro Forma 2016	Pro Forma 2015
Revenues	$ 3,762,895	$ 2,363,910
Class A Common Stock:		
Net income (loss) attributable to stockholders	$ (169,977)	$ (7,519,263)
Class T Common Stock:		
Net income (loss) attributable to stockholders	$ (22,532)	$ —

The table below includes the amounts of revenue and net income (loss) of the acquisition completed during 2015 which are included in the Company's condensed consolidated statements of operations and comprehensive income (loss) for the three months ended March 31, 2015:

2015 Acquisitions		For the Three Months Ended March 31, 2015
Bishop's Square	Revenue	$ 649,593
	Net income (loss)	$ (2,826,037)

The following unaudited consolidated information is presented to give effect to the Company's 2015 acquisition as if the acquisition had occurred on January 1, 2014. The pro forma net income (loss) was adjusted to exclude acquisition-related fees and expenses of $4.9 million for the three months ended March 31, 2015. For the three months ended March 31, 2014, the pro forma net income (loss) was adjusted to include acquisition fees and expenses of $4.8 million, relating to the 2015 acquisition, as if these fees and expenses had been incurred as of January 1, 2014.

The information below is not necessarily indicative of what the actual results of operations would have been had the Company completed this acquisition on January 1, 2014, nor does it purport to represent the Company's future operations:

	For the Three Months Ended March 31,	
	Pro Forma 2015	Pro Forma 2014
Revenues	$ 2,611,709	$ 2,015,978
Net income (loss) attributable to Class A stockholders	$ (501,457)	$ (4,781,503)

5. DEBT FINANCING

As of March 31, 2016 and December 31, 2015, the Company had approximately $97.0 million and $60.2 million of debt outstanding with a weighted average interest rate of 1.56% and 1.30%, respectively. The following table describes the Company's debt outstanding at March 31, 2016 and December 31, 2015:

Description	Origination or Assumption Date	Maturity Date	Maximum Capacity in Functional Currency	Interest Rate Description	Interest Rate as of March 31, 2016	Principal Outstanding at March 31, 2016	Principal Outstanding at December 31, 2015
Secured Mortgage Debt							
Bishop's Square	3/3/2015	3/2/2022	€ 55,200,000	Euribor + 1.30% (1)	1.30%	$ 62,679,600	$ 60,201,120
Domain Apartments	1/29/2016	1/29/2020	$ 34,300,000	Libor + 1.60%	2.04%	34,300,000	—
Notes Payable						$ 96,979,600	$ 60,201,120
Affiliate Note Payable							
Credit Facility with Hines	12/15/2014	12/15/2016 (2)	$ 75,000,000	Variable	N/A	—	—
Total Note Payable to Affiliate						$ —	$ —
Total Principal Outstanding						$ 96,979,600	$ 60,201,120
Unamortized financing fees						(728,886)	(507,908)
Total						$ 96,250,714	$ 59,693,212

(1) The Company entered into an interest rate cap agreement as an economic hedge against the variability of future interest rates on this borrowing.

(2) Each advance under the credit facility with Hines (the "Hines Credit Facility") must be repaid within six months, subject to one six-month extension at the option of the Company and subject to the satisfaction of certain conditions. Notwithstanding that each advance under the Hines Credit Facility matures six months after it is made, the Company is required to repay each advance under the Hines Credit Facility with proceeds from its public offering as such proceeds are raised, unless the Company, through the Operating Partnership, enters into a revolving credit facility (the "OP Facility"), at which point the Company may use such proceeds from its public offering to repay the OP Facility, if any, prior to repaying any advances under its credit facility with Hines. The Hines Credit Facility also permits voluntary prepayment of principal and accrued interest.

Domain Apartments Facility

In connection with the acquisition of the Domain Apartments, the Company entered into a loan agreement with Wells Fargo Bank, National Association for a principal sum of $34.3 million. Interest accrued on the loan is due and payable on the first business day of each month commencing in February 2016. The loan has a floating interest rate of Libor + 1.60%. Repayment of principal is due upon the maturity of the loan on January 29, 2020. The Company has the option to extend the term for an additional one-year period, subject to the satisfaction of certain conditions. The loan may be prepaid at any time on or after July 29, 2017, subject to certain conditions, including but not limited to, providing 30 days' advance notice to Wells Fargo.

Hines Credit Facility

For the period from January 2016 through March 2016, the Company made draws of $3.0 million and payments of $3.0 million under the Hines Credit Facility. Additionally, from April 1, 2016 through May 10, 2016, the Company made no additional borrowings under the Hines Credit Facility, which resulted in the Company continuing to have no outstanding balance under the Hines Credit Facility as of May 10, 2016.

Financial Covenants

The Company's loan documents for the debt described in the table above contain customary events of default, with corresponding grace periods, including payment defaults, bankruptcy-related defaults, and customary covenants, including limitations on liens and indebtedness and maintenance of certain financial ratios. The Company is not aware of any instances of noncompliance with financial covenants as of March 31, 2016.

Principal Payments on Debt

The Company is required to make the following principal payments on its outstanding notes payable for the period from April 1, 2016 through December 31, 2016, for each of the years ending December 31, 2017 through December 31, 2020 and for the period thereafter.

	Payments Due by Year					
	April 1, 2016 through December 31, 2016	**2017**	**2018**	**2019**	**2020**	**Thereafter**
Principal payments	$ —	$ —	$ —	$ —	$ 34,300,000	$ 62,679,600

6. DISTRIBUTIONS

With the authorization of its board of directors, the Company declared distributions to its stockholders and Hines Global REIT II Associates Limited Partnership ("HALP II") for the period from October 1, 2014 through April 30, 2016. These distributions were calculated based on stockholders of record each day in an amount equal to $0.001575342 per Class A Share, per day. Also, with the authorization of the board of directors, the Company declared distributions with respect to Class T Shares for the period from August 24, 2015 through April 30, 2016. Distributions for the Company's Class T Shares were calculated based on stockholders of record each day in an amount equal to $0.001575342 per share, per day less the distribution and stockholder servicing fees that are payable with respect to such Class T Shares (as calculated on a daily basis).

Furthermore, with the authorization of its board of directors, the Company declared distributions to its stockholders and HALP II for the month of May 2016. With respect to Class A Shares, these distributions were or will be calculated based on stockholders of record each day in an amount equal to $0.001594766 per Class A Share, per day. With respect to Class T Shares these distribution were or will be calculated based on stockholders of record each day in an amount equal to $0.001594766 per Class T Share, per day less the distribution and stockholder servicing fees that are payable with respect to such Class T Shares (as calculated on a daily basis). These amounts per share, per day are an increase from the amounts per share, per day described above that were declared for the period from October 1, 2014 through April 30, 2016.

All distributions were or will be paid in cash or reinvested in shares of the Company's common stock for those participating in the Company's distribution reinvestment plan and have been or will be paid or issued, respectively, on the first business day following the completion of the month to which they relate. Distributions reinvested pursuant to the distribution reinvestment plan were or will be reinvested in shares of the same class as the shares on which the distributions are being made. Some or all of the cash distributions may be paid from sources other than cash flows from operations.

The following table outlines the Company's total distributions declared to stockholders and noncontrolling interests (HALP II) for the quarter ended March 31, 2016 and for each of the quarters ended during 2015, including the breakout between the distributions declared in cash and those reinvested pursuant to the Company's distribution reinvestment plan.

	Stockholders			Noncontrolling Interests
Distributions for the Three Months Ended	**Cash Distributions**	**Distributions Reinvested**	**Total Declared**	**Total Declared**
2016				
March 31, 2016	$ 871,004	$ 886,755	$ 1,757,759	$ 3,026
Total	$ 871,004	$ 886,755	$ 1,757,759	$ 3,026
2015				
December 31, 2015	$ 603,936	$ 655,664	$ 1,259,600	$ 3,059
September 30, 2015	457,698	489,796	947,494	3,060
June 30, 2015	279,432	287,799	567,231	3,027
March 31, 2015	91,135	58,691	149,826	2,993
Total	$ 1,432,201	$ 1,491,950	$ 2,924,151	$ 12,139

7. RELATED PARTY TRANSACTIONS

The table below outlines fees and expense reimbursements incurred that are payable by the Company to Hines and its affiliates for the periods indicated below:

	Incurred		Unpaid as of	
	Three Months Ended March 31,			
Type and Recipient	2016	2015	March 31, 2016	December 31, 2015
Selling Commissions- Dealer Manager	$ 1,334,253	$ 1,380,645	$ 57,216	$ 276,686
Dealer Manager Fee- Dealer Manager	814,464	609,098	(6,778)	98,451
Distribution & Stockholder Servicing Fee- Dealer Manager	28,568	—	28,568	7,246
Issuer Costs- the Advisor (1)	601,083	965,503	1,375,369	2,701,249
Acquisition Fee- the Advisor and affiliates of Hines	1,307,689	2,327,715	—	—
Asset Management Fee- the Advisor and affiliates of Hines (2)	—	—	—	(119,781)
Other- the Advisor (3)	169,838	329,426	118,326	180,488
Interest Expense- Hines (4)	2,020	225,015	—	—
Property Management Fee- Hines	11,930	11,600	—	—
Expense Reimbursement- Hines (with respect to management and operations of the Company's properties)	84,882	34,496	132,992	41,871
Total	$ 4,354,727	$ 5,883,498	$ 1,705,693	$ 3,186,210

(1) See Note 2 — Summary of Significant Accounting Policies – Issuer Costs for additional information on the amendment to the Company's Advisory Agreement regarding the reimbursement of issuer costs to the Advisor.

(2) The Advisor waived $363,873 and $129,524 in asset management fees payable to it during the three months ended March 31, 2016 and 2015, respectively.

(3) Includes amounts the Advisor paid on behalf of the Company such as general and administrative expenses and acquisition-related expenses. These amounts are generally reimbursed to the Advisor during the month following the period in which they are incurred.

(4) Includes amounts paid related to the Hines Credit Facility.

8. FAIR VALUE MEASUREMENTS

Fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access. Fair values determined by Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets and inputs other than quoted prices observable for the asset or liability, such as interest rates and yield curves observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In instances in which the inputs used to measure fair value may fall into different levels of the fair value hierarchy, the level in the fair value hierarchy within which the fair value measurement in its entirety has been determined is based on the lowest level input significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

As of March 31, 2016, the Company estimated that the fair value of its notes payable, excluding deferred financing costs, which had a book value of $96.3 million, was $96.6 million. Management has utilized available market information such as interest rate and spread assumptions of notes payable with similar terms and remaining maturities, to estimate the amounts required to be disclosed. Although the Company has determined that the majority of the inputs used to value its notes payable fall within Level 2 of the fair value hierarchy, the credit quality adjustments associated with its fair value of notes payable utilize Level 3 inputs. However, the Company has assessed the significance of the impact of the credit quality adjustments on the overall valuations of the fair market value of its notes payable and has determined they are not significant. Other financial instruments not measured at fair value on a recurring basis include cash and cash equivalents, restricted cash, tenant and other receivables, accounts payable and accrued expenses, other liabilities, due to affiliates and distributions payable. The carrying value of these items reasonably approximates their fair value based on their highly-liquid nature and/or short-term maturities. Due to the short-term nature of these instruments, Level 1 inputs are utilized to estimate the fair value of the cash and cash equivalents and restricted cash and Level 2 inputs are utilized to estimate the fair value of the remaining financial instruments.

9. REPORTABLE SEGMENTS

As described previously, the Company intends to invest the net proceeds from the Offering in a diversified portfolio of quality commercial real estate properties and other real estate investments throughout the United States and internationally. The Company's current business consists of owning, operating, acquiring, developing, investing in, and disposing of real estate assets. All of the Company's consolidated revenues and property operating expenses as of March 31, 2016 are from the Company's three consolidated real estate properties owned as of that date. As a result, the Company's operating segments have been classified into one of three reportable segments: domestic multi-family investments, domestic other investments, and international office investments.

The tables below provide additional information related to each of the Company's segments and a reconciliation to the Company's net loss, as applicable. "Corporate-Level Accounts" includes amounts incurred by the corporate-level entities which are not allocated to any of the reportable segments.

	Three Months Ended March 31,	
	2016	**2015**
Total Revenue		
Domestic multi-family investments	$ 774,406	$ —
Domestic other investments	607,667	595,731
International office investments	2,036,642	649,593
Total Revenue	$ 3,418,715	$ 1,245,324

For the three months ended March 31, 2016 and 2015, the Company's total revenue was attributable to the following countries:

	Three Months Ended March 31,	
	2016	**2015**
Total Revenue		
United States	40%	48%
Ireland	60%	52%

For the three months ended March 31, 2016 and 2015, the Company's property revenues in excess of expenses by segment were as follows:

	Three Months Ended March 31,	
	2016	2015
Property revenues in excess of expenses [(1)]		
Domestic multi-family investments	$ 528,794	$ —
Domestic other investments	448,356	400,117
International office investments	1,699,483	485,836
Property revenues in excess of expenses	$ 2,676,633	$ 885,953

(1) Revenues less property operating expenses, real property taxes and property management fees.

As of March 31, 2016 and December 31, 2015, the Company's total assets by segment were as follows:

	March 31, 2016	December 31, 2015
Total Assets		
Domestic multi-family investments	$ 57,967,932	$ —
Domestic other investments	24,048,545	24,294,382
International office investments	107,448,157	105,076,935
Corporate-level accounts	18,540,924	19,684,932
Total Assets	$ 208,005,558	$ 149,056,249

As of March 31, 2016 and December 31, 2015, the Company's total assets were attributable to the following countries:

	March 31, 2016	December 31, 2015
Total Assets		
United States	48%	30%
Ireland	52%	70%

For the three months ended March 31, 2016 and 2015 the Company's reconciliation of the Company's property revenues in excess of expenses to the Company's net loss is as follows:

	Three Months Ended March 31,	
	2016	2015
Reconciliation to net income (loss)		
Total property revenues in excess of expenses	$ 2,676,633	$ 885,953
Depreciation and amortization	(1,950,568)	(626,778)
Acquisition related expenses	(82,857)	(2,562,010)
Asset management and acquisition fees	(1,336,257)	(2,327,715)
General and administrative expenses	(507,752)	(409,454)
Gain (loss) on derivatives	(2,941)	(26,682)
Foreign currency gains (losses)	138,476	(234)
Interest expense	(357,179)	(301,537)
Interest income	10,578	1,890
Net income (loss)	$ (1,411,867)	$ (5,366,567)

10. COMMITMENTS AND CONTINGENCIES

The Company may be subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are generally covered by insurance. While the resolution of these matters cannot be predicted with certainty, management believes the final outcome of such matters will not have a material adverse effect on the Company's condensed consolidated financial statements.

11. SUBSEQUENT EVENTS

Distribution Reinvestment Plan

On April 13, 2016, the Company's board of directors approved and adopted a third amended and restated distribution reinvestment plan, which it refers to as its distribution reinvestment plan, which superseded and replaced the prior version of the Company's distribution reinvestment plan, effective as of April 25, 2016. The Company's distribution reinvestment plan was amended and restated to reflect the new offering prices of our Class A Shares and Class T Shares to be issued pursuant to the plan. Effective as of April 25, 2016, shares issued pursuant to the distribution reinvestment plan are issued at $9.61 per Class A Share and $9.08 per Class T Share, which is equal to approximately 95% of the offering price of the primary shares of each respective class.

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APPENDIX A

PRIOR PERFORMANCE TABLES

The following prior performance tables (“Tables”) provide information relating to the real estate investment programs sponsored by Hines and its affiliates (collectively, “Prior Programs”) which have investment objectives similar to ours. Generally, we consider those Prior Programs that invest in real estate properties through acquisition, and not through development, to have investment objectives similar to ours. Please see “Risk Factors—Risks Related to Our Business in General—We are different in some respects from other investment vehicles sponsored by Hines, and therefore the past performance of such investments may not be indicative of our future results and Hines has limited experience in acquiring and operating certain types of real estate investments that we may acquire.”

This information should be read together with the summary information included in the “Prior Performance” section of this prospectus, which includes a description of each of the Prior Programs included in the Tables below. These Tables provide information on the performance of public and private programs.

The inclusion of the Tables does not imply that we will make investments comparable to those reflected in the Tables or that investors in our shares will experience returns comparable to the returns experienced in the programs referred to in the Tables. In addition, you may not experience any return on your investment. Please see “Risk Factors—Risks Related to Investments in Real Estate—Due to the risks involved in the ownership of real estate investments and real estate acquisitions, a return on your investment in Hines Global II is not guaranteed and you may lose some or all of your investment.” If you purchase our shares, you will not acquire any ownership in any of the programs to which the Tables relate.

The following tables are included herein:

TABLE I	Experience in Raising and Investing Funds
TABLE II	Compensation to Sponsor
TABLE III	Operating Results of Prior Programs
TABLE V	Sales or Disposals of Properties

Table IV—Results of Completed Programs has been omitted since none of the Prior Programs had completed its operations and sold all of its properties during the five years ended December 31, 2015.

TABLE I

EXPERIENCE IN RAISING AND INVESTING FUNDS
(*Past/Prior Performance is Not Indicative of Future Results)*

Table I provides a summary of the experience of Hines as a sponsor in raising and investing funds in programs for which the offerings have closed within the three years ended December 31, 2015. Information is provided as to the timing and length of the offering and information pertaining to the time period over which the proceeds have been invested. All figures are cumulative as of December 31, 2015, except where otherwise noted. The program represented has investment objectives similar to ours. Amounts are in thousands, unless otherwise noted.

	Hines Global I	
Dollar amount offered	$ 7,500,000	(1)
Dollar amount raised	$ 2,893,304	(1)
Length of offering (in months)		
First offering	42 mo.	
Second offering	14 mo.	
Months to invest 90% of amount available for investment		
First offering	43 mo.	
Second offering	12 mo.	

(1) Hines Global REIT, Inc. (“Hines Global I”) is a publicly registered, non-traded REIT. Hines Global I launched its initial public offering on August 5, 2009 and terminated its initial public offering on February 1, 2013. Hines Global I launched its second public offering on February 4, 2013 and ceased offering shares related to its second public offering on April 11, 2014. Hines Global I commenced a $500.0 million offering of shares of its common stock under its distribution reinvestment plan on April 24, 2014. As of May 2014, Hines Global has invested 90% of the amount available for investment in its second public offering.

TABLE II

COMPENSATION TO SPONSOR
(Past/Prior Performance is Not Indicative of Future Results)

Table II summarizes the amount and type of compensation paid to Hines and its affiliates during the three years ended December 31, 2015 in connection with the Prior Program with similar objectives to ours that has an offering which has closed since January 1, 2013. The information set forth below includes amounts related to all offerings of the program, including those which are currently open. All amounts in thousands.

	Hines Global I	
Date offering commenced	Aug-09	
Dollar amount raised[1]	$ 2,893,304	
Amount paid to sponsor from proceeds of offering:		
Underwriting fees	$ 114,029	(2)
Acquisition fees:		
Real estate commissions	—	
Advisory fees	67,121	
Dollar amount of cash generated from operations before deducting payments to sponsor	$ 628,476	
Amount paid to sponsor from operations:		
Property management fees	$ 19,696	
Development, acquisition, and disposition fees	6,684	
Partnership and asset management fees	84,467	
Reimbursements	32,137	
Leasing commissions	6,541	
Dollar amount of cash generated from property sales and refinancing before deducting payments to sponsor:		
Cash	$ 136,073	
Notes	65,000	
Amount paid to sponsor from property Sales and refinancing:		
Real estate commissions	$ 2,543	(3)
Incentive fees or distributions	—	

(1) "Dollar amount raised" represents total amount of equity raised over the life of the program.
(2) These amounts were paid to Hines Securities, Inc. ("Hines Securities"), an affiliate of Hines and the dealer manager for Hines Global I's public offerings. A substantial portion of these fees were reallowed by Hines Securities to third party broker dealers that participated in the public offerings.
(3) Hines Global I incurred disposition fees of $309,000 in 2015 related to the sale of 17600 Gillette. The fees were subsequently paid in January 2016.

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS
(Past/Prior Performance is Not Indicative of Future Results)

Table III summarizes the operating results of Hines' Prior Programs that have had offerings close during the five years ended December 31, 2015. For these programs, this table shows: the income or loss of such programs (based on U.S. generally accepted accounting principals ("GAAP")); the cash they generated from operations, sales and refinancings; and information regarding cash distributions. Each of the programs represented has investment objectives similar to ours. All figures are as of December 31, of the year indicated, except as otherwise noted. Amounts are in thousands, unless otherwise noted.

	Public Programs				
	Hines REIT 2011	**Hines REIT 2012**	**Hines REIT 2013**	**Hines REIT 2014**	**Hines REIT 2015**
Selected Operating Results(1)					
Revenues	$ 297,994	$ 271,831	$ 207,345	$ 235,772	$ 218,712
Operating Expenses	(246,087)	(290,044)	(230,855)	(250,646)	(248,023)
Interest Expense	(85,634)	(78,021)	(54,321)	(47,352)	(37,684)
Operating Income (Loss)	$ (33,727)	$ (96,234)	$ (77,831)	$ (62,226)	$ (66,995)
Net (Loss) income attributable to common stockholders — GAAP basis	$ 38,900	$ (76,307)	$ 348,066	$ 47,600	$ 42,897
Summary Statement of Cash Flows(1)					
Cash Flows (used in) provided by operating activities	$ 8,613	$ 24,143	$ 21,407	$ 80,246	$ 59,115
Cash Flows (used in) provided by investing activities	$ 129,328	$ 15,035	$ 874,990	$ (198,128)	$ 41,732
Cash Flows (used in) provided by financing activities	$ (72,118)	$ (97,410)	$ (834,963)	$ 41,487	$ (87,505)
Amount and Source of Distributions					
Cash distributions paid to investors	$ 63,462	$ 68,122	$ 242,319	$ 38,753	$ 38,638
Distributions reinvested in shares of common stock	49,605	47,568	34,622	22,649	21,857
Total distributions paid to common stockholders	$ 113,067	$ 115,690	$ 276,941	$ 61,402	$ 60,495
Source of distributions:					
Cash flows provided by operating activities	8%	21%	8%	78%	93%
Proceeds from sales of properties	83%	58%	73%	—%	7%
Distributions from unconsolidated subsidiaries	9%	21%	19%	22%	—%
Other sources including cash on hand	—%	—%	—%	—%	—%
Total	100%	100%	100%	100%	100%
Source of Distributions (per $1,000 invested)					
From operations	$ 4	$ 12	$ 11	$ 25	$ 29
From sales of properties	$ 46	$ 33	$ 102	$ —	$ 2
Distributions from unconsolidated subsidiaries	$ 5	$ 12	$ 26	$ 7	$ —
Summary Balance Sheet					
Total Assets (before depreciation/amortization)	$ 3,349,941	$ 3,242,964	$ 2,549,800	$ 2,634,661	$ 2,563,658
Total Assets (after depreciation/amortization)	$ 2,906,726	$ 2,762,332	$ 2,179,451	$ 2,226,451	$ 2,183,731
Total Liabilities	$ 1,693,016	$ 1,708,511	$ 1,058,810	$ 1,136,613	$ 1,121,180
Share Valuation					
Estimated value per share at December 31st(2)	7.78[3]	7.61[3]	6.40[3]	6.50[3]	6.65[3]

(1) Amounts include discontinued operations.
(2) The value has been provided if it was disclosed to program investors.
(3) For a full description of the methodologies used to value Hines REIT's assets and liabilities in connection with the calculation of the estimated value per share for the years ended December 31, 2011, 2012, 2013, 2014 and 2015, see Part II, Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Market Information" in Hines REIT's Annual Report on Form 10-K for the years ended December 31, 2011, 2012, 2013, 2014 and 2015.

	Public Programs				
	Hines Global I 2011	Hines Global I 2012	Hines Global I 2013	Hines Global I 2014	Hines Global I 2015
Selected Operating Results(1)					
Revenues	$ 95,526	$ 187,240	$ 322,862	$ 456,264	$ 476,873
Operating Expenses	(111,923)	(184,015)	(350,861)	(420,100)	(400,226)
Interest Expense	(23,167)	(37,915)	(60,968)	(78,273)	(71,288)
Operating Income (Loss)	$ (39,564)	$ (34,690)	$ (88,967)	$ (42,109)	$ 5,359
Net (Loss) income attributable to common stockholders — GAAP basis	$ (57,017)	$ (34,479)	$ (88,936)	$ 5,078	$ (10,631)
Summary Statement of Cash Flows(1)					
Cash Flows (used in) provided by operating activities	$ 23,991	$ 38,850	$ 40,524	$ 142,372	$ 114,905
Cash Flows (used in) provided by investing activities	$ (649,135)	$ (666,173)	$ (1,738,014)	$ (587,842)	$ (472,530)
Cash Flows (used in) provided by financing activities	$ 546,013	$ 657,171	$ 1,718,256	$ 474,404	$ 356,889
Amount and Source of Distributions					
Cash Distributions paid to stockholders	$ 20,813	$ 34,323	$ 54,715	$ 78,357	$ 83,297
Distributions reinvested in shares of common stock	23,444	36,981	60,585	90,198	93,785
Total Distributions paid to common stockholders	$ 44,257	$ 71,304	$ 115,300	$ 168,555	$ 177,082
Source of Distributions:					
Cash Flows provided by operating activities	47%	50%	33%	81%	63%
Proceeds from issuance of common stock	53%	50%	67%	19%	37%
Total	100%	100%	100%	100%	100%
Source of Distributions (per $1,000 invested)					
From operations	$ 23	$ 24	$ 17	$ 50	$ 40
From issuance of common stock	$ 26	$ 24	$ 34	$ 12	$ 24
Summary Balance Sheet					
Total Assets (before depreciation/amortization)	$ 1,443,075	$ 2,217,554	$ 4,081,794	$ 4,520,503	$ 4,920,593
Total Assets (after depreciation/amortization)	$ 1,372,748	$ 2,070,233	$ 3,790,062	$ 4,115,173	$ 4,372,946
Total Liabilities	$ 703,344	$ 965,963	$ 2,175,855	$ 2,379,076	$ 2,826,222
Share Valuation					
Estimated value per share at December 31st(2)	N/A	8.78[2]	8.90[2]	9.44[2]	10.24[2]

(1) The value has been provided if it was disclosed to program investors.

(2) For a full description of the methodologies used to value Hines Global I's assets and liabilities in connection with the calculation of the estimated value per share for the years ended December 31, 2012, 2013, 2014 and 2015, see Part II, Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities —Market Information" in Hines Global I's Annual Report on Form 10-K for the years ended December 31, 2012, 2013, 2014 and 2015.

	Private Program				
	Hines US Core Office Fund LP	Hines US Core Office Fund LP	Hines US Core Office Fund LP	Hines US Core Office Fund LP	Hines US Core Office Fund LP
	2011	2012	2013	2014	2015
Selected Operating Results(1)					
Revenues	$ 455,766	$ 401,996	$ 321,213	$ 238,260	$ 157,677
Operating Expenses	(462,110)	(394,519)	(245,072)	(287,569)	(176,816)
Interest Expense	(131,948)	(110,634)	(75,601)	(57,454)	(40,671)
Operating Income (Loss)	$ (138,292)	$ (103,157)	$ 540	$ (106,763)	$ (59,810)
Net (Loss) income attributable to common stockholders — GAAP basis	$ (26,542)	$ 28,348	$ 298,900	$ 201,108	$ 162,259
Summary Statement of Cash Flows(1)					
Cash Flows (used in) provided by operating activities	$ (7,047)	$ 32,871	$ 2,646	$ 42,229	$ (2,634)
Cash Flows (used in) provided by investing activities	$ 234,783	$ 590,180	$ 1,270,409	$ 622,142	$ 839,397
Cash Flows (used in) provided by financing activities	$ (145,441)	$ (649,313)	$ (1,348,290)	$ (689,368)	$ (878,446)
Amount and Source of Distributions					
Amount of Distributions paid to investors(2)	$ 71,428	$ 271,536	$ 907,394	$ 462,792	$ 592,939
Source of distributions:					
Cash flows provided by operating activities	—%	12%	—%	34%	29%
Proceeds from sales of properties	100%	88%	100%	66%	71%
Total	100%	100%	100%	100%	100%
Source of Distributions (per $1,000 invested)					
From operations	$ —	$ 14	$ —	$ 68	$ 74
From sales of properties	$ 33	$ 103	$ 391	$ 132	$ 181
Summary Balance Sheet					
Total Assets (before depreciation/amortization)	$ 4,816,689	$ 4,076,212	$ 3,275,286	$ 2,717,691	$ 1,433,571
Total Assets (after depreciation/amortization)	$ 4,013,098	$ 3,456,422	$ 2,745,451	$ 2,284,322	$ 1,164,938
Total Liabilities	$ 2,525,674	$ 2,069,696	$ 1,587,775	$ 1,375,505	$ 709,640

(1) Amounts include discontinued operations.
(2) All distributions were paid in cash.

TABLE V

SALES OR DISPOSALS OF PROPERTIES
(Past/Prior Performance is N*ot Indicative of Future Results)*

Table V presents summary information on the results of sales or disposals of properties from Hines' Prior Programs during the three years ended December 31, 2015. The table includes information about the sales proceeds received, the cash invested in the properties and the cash flow from the operation of the properties. Each of the programs represented has investment objectives similar to ours. Amounts are in thousands.

			Selling Price, Net of Closing Costs and GAAP Adjustments					Cost of Property, Including Closing and Soft Costs			
Property	**Date Acquired**	**Date of Sale**	**Cash received, net of closing costs**	**Mortgage balance at time of sale**	**Purchase money mortgage taken back by program**	**Adjustments resulting from application of GAAP**	**Total**	**Original mortgage financing**	**Total acquisition cost, capital improvements and soft costs**	**Total**	**Excess (deficiency) of property operating cash receipts over cash expenditures**
Hines Global REIT, Inc.											
144 Montague	Apr-12	Nov-14	$ 30,206	$ 48,193	$ —	$ —	$ 78,399	$ 58,362	$ 32,948	$ 91,310	$ 15,693
Stonecutter Court	Mar-11	Dec-14	$ 91,730	$ 82,009	$ —	$ —	$ 173,739	$ 92,010	$ 53,582	$ 145,592	$ 16,491
17600 Gillette	Jun-10	Dec-15	$ 30,352	$ —	$ —	$ —	$ 30,352	$ —	$ 20,350	$ 20,350	$ 16,835
Hines Real Estate Investment Trust, Inc.											
Distribution Park Rio (1)	Jun-07	Jan-13	$ 86,227	$ —	$ —	$ —	$ 86,227	$ —	$ 57,390	$ 57,390	$ 28,968
One Wilshire	Aug-07	Jul-13	$ 226,360	$ 200,000	$ —	$ —	$ 426,360	$ 159,500	$ 131,190	$ 290,690	$ 90,285
Raytheon/Direct TV	Mar-08	Jul-13	$ 40,093	$ 49,780	$ —	$ —	$ 89,873	$ 54,150	$ 77,580	$ 131,730	$ 35,899
Williams Tower	May-08	Mar-13	$ 228,397	$ 165,000	$ —	$ —	$ 393,397	$ 165,000	$ 106,854	$ 271,854	$ 51,163
Weingarten Portfolio Properties (2)	Nov-08	Jan-14	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Minneapolis REIT Industrial Portfolio	Sep-07	May-14	$ 71,611	$ —	$ —	$ —	$ 71,611	$ 45,000	$ 43,000	$ 88,000	$ 20,951
Airport Corporate Center	Jan-06	Oct-14	$ 44,024	$ 77,766	$ —	$ —	$ 121,790	$ 90,649	$ 66,722	$ 157,371	$ 33,599
Seattle Design Center	Jun-07	Dec-14	$ 24,000	$ —	$ —	$ —	$ 24,000	$ 31,000	$ 26,068	$ 57,068	$ 2,549
Citymark	Aug-05	Feb-15	$ 37,233	$ —	$ —	$ —	$ 37,233	$ 15,303	$ 12,779	$ 28,082	$ 17,321
4050/4055 Corporate Drive	May-08	Apr-15	$ 42,773	$ —	$ —	$ —	$ 42,773	$ —	$ 42,916	$ 42,916	$ 18,285
2555 Grand	Feb-08	Jul-15	$ 151,462	$ —	$ —	$ —	$ 151,462	$ 86,000	$ 70,013	$ 156,013	$ 74,918
Hines US Core Office Fund LP											
Douglas Corporate Center I & II Complex	May-07	Jan-13	$ —	$ 36,000	$ —	$ —	$ 36,000	$ 36,000	$ 29,149	$ 65,149	$ 4,414 (3)
1200 Nineteenth Street	Aug-03	Jun-13	$ 250,155	$ 38,152	$ —	$ —	$ 288,307	$ 38,152	$ 29,177	$ 67,329	$ 26,399
425 Lexington	Aug-03	Jun-13	$ 410,463	$ 194,874	$ —	$ —	$ 605,337	$ 194,874	$ 157,530	$ 352,404	$ 199,214
499 Park Avenue	Aug-03	Jun-13	$ 286,803	$ 83,379	$ —	$ —	$ 370,182	$ 83,379	$ 67,863	$ 151,242	$ 95,559
101 Second Street	Sep-04	Feb-14	$ 210,395	$ 74,434	$ —	$ —	$ 284,829	$ 75,000	$ 77,213	$ 152,213	$ 54,466
55 Second Street	Sep-04	May-14	$ 178,307	$ 80,000	$ —	$ —	$ 258,307	$ 80,000	$ 72,787	$ 152,787	$ 62,704
720 Olive Way	Jan-06	Jun-14	$ 51,719	$ 42,400	$ —	$ —	$ 94,119	$ 42,400	$ 41,466	$ 83,866	$ 20,465
One North Wacker	Mar-08	Feb-15	$ 438,271 (4)	$ — (4)	$ —	$ —	$ 438,271	$ 213,967	$ 349,449	$ 563,416	$ 179,487
Charlotte Plaza	Jun-07	Apr-15	$ 68,276	$ 79,903	$ —	$ —	$ 148,179	$ 97,500	$ 78,071	$ 175,571	$ 35,949
333 West Wacker	Apr-06	Nov-15	$ 176,236	$ 124,000	$ —	$ —	$ 300,236	$ 124,000	$ 104,870	$ 228,870	$ 54,916
Riverfront Plaza	Nov-06	Dec-15	$ 68,297	$ 79,903	$ —	$ —	$ 148,200	$ 135,900	$ 142,469	$ 278,369	$ 94,115
Hines Pan-European Core Fund LP											
Kappa Building	Jul-07	Jul-13	$ 113,777	$ 36,296	$ 77,481	$ —	$ 227,554	$ 60,405	$ 70,611	$ 131,016	$ —

(1) Hines REIT owned a 50% investment in Distribution Park Rio and accounted for this real estate property as an equity method investment. Hines REIT initially invested $28.9 million in the property in June 2007 and received $43.3 million in net proceeds when the property was sold in January 2013.

(2) In November 2008, Hines REIT acquired a 70% interest in a joint venture with a subsidiary of Weingarten Realty Investors ("Weingarten"). Concurrently, the joint venture entered into an agreement to acquire a portfolio of grocery-anchored retail centers owned by Weingarten for $271.4 million (the "Grocery-Anchored Portfolio"). This portfolio included 12 retail properties anchored by grocery stores located in Texas, Georgia, Tennessee, Florida and North Carolina. The initial closing included eight properties for approximately $205.1 million. In addition to its 30% share of the joint venture equity, Weingarten provided $134.0 million of financing in the form of 6% preferred equity. $100.0 million of the preferred equity was redeemed when the joint venture closed on its $100.0 million mortgage financing from New York Life Insurance Company in December 2008 which was secured by the initial eight properties owned by the joint venture and was not separately identifiable by property. During the first quarter of 2009, the joint venture closed on the remaining four properties and assumed four additional loans totaling $34.6 million. The 70% interest in the joint venture with Weingarten was accounted for as an equity method investment. In January 2014, Hines REIT dissolved its joint venture with Weingarten. As a result of the dissolution of the joint venture, eight of the Grocery-Anchored Portfolio properties were distributed to Hines REIT along with $0.4 million in cash and four of the Grocery-Anchored Portfolio properties were distributed to Weingarten.

(3) Property surrendered to lender pursuant to foreclosure.

(4) 49% of this entity was sold in December 2011 and classified as an equity transaction. The remaining 51% was sold to the third party investor in January 2015, which included assumption of the outstanding debt balance of $275M at the time of the sale.

Hines Global REIT II

SUBSCRIPTION AGREEMENT FOR SHARES OF HINES GLOBAL REIT II

1 YOUR INITIAL INVESTMENT Make all checks* payable to: Hines Global REIT II

** Cash, cashier's checks/official bank checks, temporary checks, foreign checks, money orders, third party checks, or travelers checks are not accepted.*

Investment Amount $
(The minimum investment is $2,500)
☐ Initial Purchase
☐ Subsequent Purchase

Select if Applicable

☐ **A. Rights of Accumulation** Please link the tax identification numbers or account numbers listed for rights of accumulation privileges, so that this and future purchases will receive any discount for which they are eligible.

Tax ID/SSN(s) or Account Number(s)

☐ **B. Net Commission Purchases**
Please check this box if you are eligible for a Net Commission Purchase. See prospectus for details to determine if you qualify.
Designate purchase type: ☐ Fee Based Purchase (3936) ☐ Financial Advisor Purchase (55) ☐ RIA Purchase (56)

2 OWNERSHIP TYPE *(Select only one)*

Non-Custodial Account Type	***Third Party Custodial Account Type***
Brokerage Account Number ________________________	Custodian Account Number ________________________
☐ Individual or Joint Tenant with Rights of Survivorship	☐ IRA
☐ Transfer on Death *Optional designation. Not available for Louisiana residents. See Section 3D.*	☐ Roth IRA
☐ Tenants in Common	☐ SEP IRA
☐ Community Property	☐ Simple IRA
☐ Uniform Gift/Transfer to Minors	☐ Other ____________________________
State of__________________	Custodian Information *(To be completed by Custodian)*
☐ Pension Plan *Include Certification of Investment Powers Form*	Custodian Name________________________________
☐ Trust *Include Certification of Investment Powers Form*	Custodian Tax ID # ____________________________
☐ Corporation / Partnership / Other *Corporate Resolution or Partnership Agreement Required*	Custodian Phone # ____________________________

3 INVESTOR INFORMATION

A. Investor Name *(Investor/Trustee/Executor/Authorized Signatory Information)*
(Residential street address MUST be provided. See Section 4 if mailing address is different than residential street address.)

First Name	(MI)	Last Name	Gender
Social Security Number	Date of Birth (MM/DD/YYYY)		Daytime Phone Number
Residential Street Address	City	State	Zip Code

If Non-U.S. Citizen, Specify Country of Citizenship and Select One below ***(required)***
☐ Resident Alien ☐ Non-Resident Alien *(Attach a completed Form W8-BEN)* ____________ Country of Citizenship

B. Co-Investor Name *(Co-Investor/Co-Trustee/Co-Authorized Signatory Information, if applicable)*

First Name	(MI)	Last Name	Gender
Social Security Number	Date of Birth (MM/DD/YYYY)		Daytime Phone Number
Residential Street Address	City	State	Zip Code

If Non-U.S. Citizen, Specify Country of Citizenship and Select One below ***(required)***
☐ Resident Alien ☐ Non-Resident Alien *(Attach a completed Form W8-BEN)* ____________ Country of Citizenship

3 INVESTOR INFORMATION *(continued)*

C. Entity Name - Retirement Plan/Trust/Corporation/Partnership/Other

*(Trustee(s) and/or authorized signatory(s) information **MUST** be provided in Sections 3A and 3B)*

Entity Name | Tax ID Number | Date of Trust

Entity Type *(Select one. **Required**)*

☐ Retirement Plan ☐ Trust ☐ S-Corp ☐ C-Corp ☐ LLC ☐ Partnership

☐ Other ____

Exemptions

(See Form W-9 instructions at www.irs.gov)

Exempt payee code *(if any)* ___________

Exemption from FATCA reporting code *(if any)* ____________________

D. Transfer on Death Beneficiary Information *(Individual or Joint Account with rights of survivorship only.) (Not available for Louisiana residents.) (Beneficiary Date of Birth required. Whole percentages only; must equal 100%.)*

First Name	(MI)	Last Name	SSN:	Date of Birth (MM/DD/YYYY)	
					☐ Primary ☐ Secondary_____%
					☐ Primary ☐ Secondary_____%
					☐ Primary ☐ Secondary_____%
					☐ Primary ☐ Secondary_____%

4 MAILING ADDRESS *(If different than residential street address provided in Section 3A)*

Address | City | State | Zip Code

5 SELECT HOW YOU WANT TO RECEIVE YOUR DISTRIBUTIONS *(Select only one)*

Complete this section to enroll in the Distribution Reinvestment Plan or to elect to receive cash distributions.

I hereby subscribe for Shares of Hines Global REIT II and elect the distribution option indicated below:

A. ☐ **Distribution Reinvestment Plan** *(See Prospectus for details)*

For Custodial held accounts, if you elect cash distributions the funds must be sent to the Custodian.

B. ☐ **Cash/Check Mailed to the address set forth above** *(Available for Non-Custodial Investors only.)*

C. ☐ **Cash/Check Mailed to Third Party/Custodian**

Name/Entity Name/Financial Institution | Mailing Address

City | State | Zip Code | Account Number *(Required)*

D. ☐ **Cash/Direct Deposit** Attach a pre-printed voided check. *(Non-Custodian Investors Only)*

I authorize Hines Global REIT II or its agent to deposit my distribution into my checking or savings account. This authority will remain in force until I notify Hines Global REIT II in writing to cancel it. In the event that Hines Global REIT II deposits funds erroneously into my account, they are authorized to debit my account for an amount not to exceed the amount of the erroneous deposit.

Financial Institution Name | Mailing Address | City | State

Your Bank's ABA Routing Number | Your Bank Account Number

PLEASE ATTACH A PRE-PRINTED VOIDED CHECK

6 BROKER-DEALER/FINANCIAL ADVISOR INFORMATION *(Required Information. All fields must be completed)*

The Financial Advisor must sign below to complete the order. The Financial Advisor hereby warrants that he/she is duly licensed and may lawfully sell Shares in the state designated as the investor's legal residence.

Broker-Dealer	Financial Advisor Name	
Advisor Mailing Address		
City	State	Zip Code
Financial Advisor Number / Branch Number	Telephone Number	
E-mail Address	Fax Number	

Please note that unless previously agreed to in writing by Hines Global REIT II, all sales of securities must be made through a Broker-Dealer, including when an RIA has introduced the sale. In all cases, Section 6 must be completed.

The undersigned confirm(s) which confirmation is made on behalf of the Broker-Dealer with respect to sales of securities made through a Broker-Dealer, that they (i) have reasonable grounds to believe that the information and representations concerning the investor identified herein are true, correct and complete in all respects; (ii) have discussed such investor's prospective purchase of Shares with such investor; (iii) have advised such investor of all pertinent facts with regard to the lack of liquidity and marketability of the Shares; (iv) have delivered or made available a current Prospectus and related supplements, if any, to such investor; (v) have reasonable grounds to believe that the investor is purchasing these Shares for his or her own account; and (vi) have reasonable grounds to believe that the purchase of Shares is a suitable investment for such investor, that such investor meets the suitability standards applicable to such investor set forth in the Prospectus and related supplements, if any, and that such investor is in a financial position to enable such investor to realize the benefits of such an investment and to suffer any loss that may occur with respect thereto. The undersigned Financial Advisor further represents and certifies that, in connection with this subscription for Shares, he or she has complied with and has followed all applicable policies and procedures under his or her firm's existing Anti-Money Laundering Program and Customer Identification Program.

X *Financial Advisor Signature*   *Date*   X *Branch Manager Signature (If required by Broker-Dealer)*   *Date*

7 SUBSCRIBER SIGNATURES

Hines Global REIT II is required by law to obtain, verify and record certain personal information from you or persons on your behalf in order to establish the account. Required information includes name, date of birth, permanent residential address and social security/taxpayer identification number. We may also ask to see other identifying documents. If you do not provide the information, Hines Global REIT II may not be able to open your account. By signing the Subscription Agreement, you agree to provide this information and confirm that this information is true and correct. If we are unable to verify your identity, or that of another person(s) authorized to act on your behalf, or if we believe we have identified potentially criminal activity, we reserve the right to take action as we deem appropriate which may include closing your account.

Please separately initial each of the representations below. Except in the case of fiduciary accounts, you may not grant any person a power of attorney to make the representations on your behalf. In order to induce Hines Global REIT II to accept this subscription, I hereby represent and warrant to you as follows:

PLEASE NOTE: ALL ITEMS MUST BE READ AND INITIALED

(a) A copy of the Final Prospectus was delivered to me at least five business days before the date of this agreement. *Initials* *Initials*

(b) I/We have (i) a minimum net worth (not including home, home furnishings and personal automobiles) of at least $250,000, or (ii) a minimum net worth (as previously described) of at least $70,000 and a minimum annual gross income of at least $70,000. *Initials* *Initials*

(c) In addition to the general suitability requirements described above in 7(b), I/we meet the higher suitability requirements, if any, imposed by my state of primary residence as set forth in the Prospectus under "SUITABILITY STANDARDS." *Initials* *Initials*

(d) I acknowledge that there is no public market for the Shares and, thus, my investment in Shares is not liquid. *Initials* *Initials*

(e) I am purchasing the Shares for my own account. *Initials* *Initials*

(f) If I am an **Alabama** resident, I have a liquid net worth of at least 10 times my investment in Hines Global REIT II and its affiliated programs. *Initials* *Initials*

(g) If I am a **Kansas** resident, I understand that it is recommended by the Office of the Kansas Securities Commissioner that Kansas investors limit their total investment in this offering and in the securities of similar programs to not more than 10% of such investor's liquid net worth. For this purpose, "liquid net worth" is that portion of net worth (total assets minus total liabilities) which consists of cash, cash equivalents and readily marketable securities as determined in conformity with Generally Accepted Accounting Principles. *Initials* *Initials*

7 SUBSCRIBER SIGNATURES *(continued)*

(h) If I am a **Kentucky** resident, I shall not invest more than 10% of my liquid net worth (cash, cash equivalents and readily marketable securities) in the shares of Hines Global REIT II or the shares of Hines Global REIT II's affiliates' non-publicly traded real estate investment trusts.

Initials *Initials*

(i) If I am a **Massachusetts** resident, my investment in Hines Global REIT II and in other illiquid direct participation programs may not exceed 10% of my liquid net worth.

Initials *Initials*

(j) If I am a **Nebraska** resident, I must either (i) limit my investment in Hines Global REIT II and in securities of other non-traded REIT programs to 10% of my net worth (exclusive of home, home furnishings, and automobiles) or (ii) be an accredited investor within the meaning of the Federal securities laws (17 C.F.R. § 230.501), because an investment by an accredited investor is not subject to the limitation set forth in clause (i) of this section 7(j).

Initials *Initials*

(k) If I am a **New Jersey** resident, I have either (i) a minimum liquid net worth of at least $100,000 and a minimum annual gross income of not less than $85,000, or (ii) a minimum liquid net worth of $350,000. For these purposes, "liquid net worth" is defined as that portion of net worth (total assets exclusive of home, home furnishings, and automobiles, minus total liabilities) that consists of cash, cash equivalents and readily marketable securities. In addition, my investment in Hines Global REIT II, its affiliates, and other non-publicly traded direct investment programs (including real estate investment trusts, business development companies, oil and gas programs, equipment leasing programs and commodity pools, but excluding unregistered, federally and state exempt private offerings) may not exceed ten percent (10%) of my liquid net worth.

Initials *Initials*

(l) If I am an **Ohio** resident, I understand that it shall be unsuitable of my aggregate investment in shares of Hines Global REIT II, affiliates of Hines Global REIT II, and in other non-traded real estate investment programs to exceed ten percent (10%) of my liquid net worth. "Liquid net worth" shall be defined as that portion of net worth (total assets exclusive of home, home furnishings, and automobiles minus total liabilities) that is comprised of cash, cash equivalents, and readily marketable securities.

Initials *Initials*

I declare that the information supplied above is true and correct and may be relied upon by the Company. I acknowledge that the Broker-Dealer/Financial Advisor (Broker-Dealer/Financial Advisor of record) indicated in Section 6 of this Subscription Agreement and its designated clearing agent, if any, will have full access to my account information, including the number of shares I own, tax information (including the Form 1099) and redemption information. Investors may change the Broker-Dealer/Financial Advisor of record at any time by contacting Hines Investor Relations at the number indicated below.

TAXPAYER IDENTIFICATION/SOCIAL SECURITY NUMBER CONFIRMATION (required): The investor signing below, under penalties of perjury, certifies: (i) that the number shown on this subscription agreement is my correct taxpayer identification number (or I am waiting for a number to be issued to me); (ii) that I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; (iii) I am a U.S. person (including a resident alien); and (iv) The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct. NOTE: You must cross out (ii) above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return.

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

X *Signature of Investor* *Date* X *Signature of Co-Investor or Custodian (if applicable)* *Date*

(MUST BE SIGNED BY CUSTODIAN OR TRUSTEE IF PLAN IS ADMINISTERED BY A THIRD PARTY)

8 MISCELLANEOUS

If investors participating in the Distribution Reinvestment Plan or making subsequent purchases of Shares of Hines Global REIT II experience a material adverse change in their financial condition or can no longer make the representations or warranties set forth in Section 7 above, they are asked to promptly notify Hines Global REIT II and the Broker-Dealer in writing.

No sale of Shares may be completed until at least five business days after you receive the final Prospectus. You will receive a written confirmation of your purchase.

All items on the Subscription Agreement must be completed in order for your subscription to be processed. Subscribers are encouraged to read the Prospectus in its entirety for a complete explanation of an investment in the Shares of Hines Global REIT II.

Before You Mail

Have You Completed all required information?
The Social Security Number, Date of Birth and Residential Street Address must be provided for ALL signers.
A Dividend Option must be selected.

Are you using a Third Party Custodian?
Paperwork must be submitted through the Custodian. Contact your Custodian for mailing instructions and any additional paperwork that might be required.

Are you opening a Trust or Entity type account?
Enclose additional required documentation as indicated in Section 2.

Are you requesting ACH Direct Deposit?
A pre-printed voided check is required.

For assistance completing this form, contact Hines Investor Relations at 888.220.6121
Mail to: Hines Global REIT II ■ P.O. Box 219010 ■ Kansas City, MO 64121-9010
Overnight Mail: Hines Global REIT II ■ 430 W. 7th St. ■ Kansas City, MO 64105

NOT FOR USE IN AL, AR, KY, MD, MA, NC, NE, NJ, OR, SC, TN

Hines Global REIT II | HMS Income Fund
FOLLOW-ON OFFERING

MULTI-OFFERING SUBSCRIPTION AGREEMENT

1 YOUR INITIAL INVESTMENT

This subscription is in the amount(s) and for the shares of Hines Global REIT II, Inc. ("Hines Global REIT II") and/or HMS Income Fund, Inc. ("HMS Income Fund" and, collectively with Hines Global REIT II, the "Hines Funds") as indicated below. **Investors should not sign this Multi-Offering Subscription Agreement unless they have received the current final prospectuses, as amended and supplemented to date (each individually a "Prospectus" and, collectively, the "Prospectuses") for the offerings of BOTH Hines Funds.**

For Hines Global REIT II investors, make all checks* payable to: Hines Global REIT II, Inc.

For HMS Income Fund investors, make all checks* payable to: HMS Income Fund, Inc.

Hines Global REIT II Investment Amount (The minimum investment is $2,500)	☐ Initial Purchase ☐ Subsequent Purchase	HMS Income Fund Investment Amount (The minimum investment is $2,500)	☐ Initial Purchase ☐ Subsequent Purchase
$		$	

** Cash, cashier's checks/official bank checks, temporary checks, foreign checks, money orders, third party checks, or travelers checks are not accepted.*

Share Class Selection *(required)*

☐ **Share Class A**

☐ **A. Rights of Accumulation** *(Not available across funds)*
Please link the tax identification numbers or account numbers listed below for rights of accumulation privileges, so that this and future purchases will receive any discount for which they are eligible.

Tax ID/SSN(s) or Account Number(s)

☐ **B. Net Commission Purchases**
Please check this box if you are eligible for a Net Commission Purchase. See Prospectus for details to determine if you qualify.
Designate purchase type: ☐ Fee Based Purchase ☐ Financial Advisor Purchase ☐ RIA Purchase

☐ **Share Class T** *(Only available to Hines Global REIT II investors)*

2 OWNERSHIP TYPE

Select only one account type. *When investing in both Hines Global REIT II and HMS Income Fund, the account type selected will apply to both funds. If you wish to select different account types for each fund, two separate subscription agreements will be required.*

Non-Custodial Account Type	*Third Party Custodial Account Type*
Brokerage Account Number ____________	Custodian Account Number ____________
☐ Individual or Joint Tenant with Rights of Survivorship ☐ TRANSFER ON DEATH *Optional designation. Not available for Louisiana residents investing in either Hines Fund. Not available to Puerto Rico residents investing in HMS Income Fund. See Section 3D.*	☐ IRA ☐ Roth IRA ☐ SEP IRA ☐ Simple IRA ☐ Other ____________
☐ Tenants in Common ☐ Community Property ☐ Uniform Gift/Transfer to Minors *State of* ____________	Custodian Information *(To be completed by Custodian)*
☐ Pension Plan *Include Certification of Investment Powers Form* ☐ Trust *Include Certification of Investment Powers Form*	Custodian Name ____________ Custodian Tax ID # ____________
☐ Corporation / Partnership / Other *Corporate Resolution or Partnership Agreement Required*	Custodian Phone # ____________

❸ INVESTOR INFORMATION

A. Investor Name *(Investor/Trustee/Executor/Authorized Signatory Information)*
(Residential street address MUST be provided. See Section 4 if mailing address is different than residential street address.)

First Name	(MI)	Last Name	Gender

Social Security Number	Date of Birth (MM/DD/YYYY)	Daytime Phone Number

Residential Street Address	City	State	Zip Code

If Non-U.S. Citizen, Specify Country of Citizenship and Select One below ***(required)***
☐ Resident Alien ☐ Non-Resident Alien *(Attach a completed Form W8-BEN)*
____
Country of Citizenship

B. Co-Investor Name *(Co-Investor/Co-Trustee/Co-Authorized Signatory Information, if applicable)*

First Name	(MI)	Last Name	Gender

Social Security Number	Date of Birth (MM/DD/YYYY)	Daytime Phone Number

Residential Street Address	City	State	Zip Code

If Non-U.S. Citizen, Specify Country of Citizenship and Select One below ***(required)***
☐ Resident Alien ☐ Non-Resident Alien *(Attach a completed Form W8-BEN)*
____
Country of Citizenship

C. Entity Name - Retirement Plan/Trust/Corporation/Partnership/Other
(Trustee(s) and/or authorized signatory(s) information MUST be provided in Sections 3A and 3B)

Entity Name	Tax ID Number	Date of Trust

Entity Type *(Select one. **Required**)*
☐ Retirement Plan ☐ Trust ☐ S-Corp ☐ C-Corp ☐ LLC ☐ Partnership
☐ Other ______________________________

Exemptions
(See Form W-9 instructions at www.irs.gov)
Exempt payee code *(if any)* ___________
Exemption from FATCA reporting code *(if any)* ______________

D. Transfer on Death Beneficiary Information *(Individual or Joint Account with Rights of Survivorship only) Not available for Louisiana residents in either Hines Fund. Not available to Puerto Rico residents investing in HMS Income Fund. Beneficiary Date of Birth required. Whole percentages only; must equal 100%. If an investment is made in Hines Global REIT II and HMS Income Fund, the Transfer on Death Beneficiary designation will be applied to both Hines Funds, subject to the state restrictions noted above.*

First Name	(MI)	Last Name	SSN:	Date of Birth (MM/DD/YYYY)	☐ Primary ☐ Secondary_____%
First Name	(MI)	Last Name	SSN:	Date of Birth (MM/DD/YYYY)	☐ Primary ☐ Secondary_____%
First Name	(MI)	Last Name	SSN:	Date of Birth (MM/DD/YYYY)	☐ Primary ☐ Secondary_____%
First Name	(MI)	Last Name	SSN:	Date of Birth (MM/DD/YYYY)	☐ Primary ☐ Secondary_____%

❹ MAILING ADDRESS *(If different than residential street address provided in Section 3A)*

Address	City	State	Zip Code

5 BROKER-DEALER/FINANCIAL ADVISOR INFORMATION *(Required Information. All fields must be completed)*

The financial advisor must sign below to complete the order. The financial advisor hereby warrants that he/she is duly licensed and may lawfully offer and sell securities, including shares offered by this Multi-Offering Subscription Agreement, in the state designated as the investor's legal residence.

Broker-Dealer	Financial Advisor Name	
Advisor Mailing Address		
City	State	Zip Code
Financial Advisor Number / Branch Number	Telephone Number	
E-mail Address	Fax Number	

Please note that unless previously agreed to in writing by Hines Global REIT II and/or HMS Income Fund, as applicable, all sales of securities by the Hines Funds must be made through a broker-dealer, including when an RIA has introduced the sale. In all cases, this Section 5 must be completed.

The undersigned confirm(s), which confirmation is made on behalf of the broker-dealer with respect to sales of securities made through a broker-dealer, that with respect to the investment in shares of one or both of the Hines Funds being made by the investor pursuant to this Multi-Offering Subscription Agreement, they (i) have reasonable grounds to believe that the information and representations concerning the investor identified herein are true, correct and complete in all respects; (ii) have discussed such investor's prospective purchase of such shares with such investor; (iii) have advised such investor of all pertinent facts with regard to the lack of liquidity and marketability of such shares in the Hines Funds; (iv) have delivered or made available to the investor by lawful means the Prospectuses of Hines Global REIT II and HMS Income Fund; (v) have reasonable grounds to believe that the investor is purchasing such shares for his or her own account; and (vi) have reasonable grounds to believe that the purchase of such shares is a suitable investment for such investor, that such investor meets the suitability standards applicable to such investor set forth in the applicable Prospectus and that such investor is in a financial position to enable such investor to realize the benefits of such an investment and to suffer any loss that may occur with respect thereto.

The undersigned financial advisor further represents and certifies that, in connection with this subscription for shares, he or she has complied with and has followed all applicable policies and procedures under his or her firm's existing Anti-Money Laundering Program and Customer Identification Program.

X ____________________ ________ X ____________________ ________

Financial Advisor Signature (Required) *Date* *Branch Manager Signature (If required by Broker-Dealer)* *Date*

6 SELECT HOW YOU WANT TO RECEIVE YOUR DISTRIBUTIONS *(Select only one)*

Complete this section to either enroll in the Distribution Reinvestment Plan or to elect to receive cash distributions for Hines Global REIT II and/or HMS Income Fund. **For custodial held accounts, if you elect cash distributions, the funds must be sent to the custodian**

A. HINES GLOBAL REIT II, INC.

- ☐ **Distribution Reinvestment Plan** *(See Hines Global REIT II Prospectus for details)*
- ☐ **Cash/Check Mailed to the address set forth above** *(Non-Custodial Investors only)*
- ☐ **Cash/Check Mailed to Third Party/Custodian** *(Complete Third Party/Custodian information in Section 6C below)*
- ☐ **Cash/Direct Deposit** *(Non-Custodial Investors only)* **REQUIRED—ATTACH A PRE-PRINTED VOIDED CHECK**

Financial Institution Name	ABA Routing Number	Bank Account Number

I authorize Hines Global REIT II or its agent to deposit my distribution into my checking or savings account. This authority will remain in force until I notify Hines Global REIT II in writing to cancel it. In the event that Hines Global REIT II deposits funds erroneously into my account, they are authorized to debit my account for an amount not to exceed the amount of the erroneous deposit.

B. HMS INCOME FUND, INC.

- ☐ **Distribution Reinvestment Plan** *(See HMS Income Fund Prospectus for details)*
- ☐ **Cash/Check Mailed to the address set forth above** *(Non-Custodial Investors only)*
- ☐ **Cash/Check Mailed to Third Party/Custodian** *(Complete Third Party/Custodian information in Section 6C below)*
- ☐ **Cash/Direct Deposit** *(Non-Custodial Investors only)* **REQUIRED—ATTACH A PRE-PRINTED VOIDED CHECK**

Financial Institution Name	ABA Routing Number	Bank Account Number

I authorize HMS Income Fund, or its agent to deposit my distribution into my checking or savings account. This authority will remain in force until I notify HMS Income Fund, in writing to cancel it. In the event that HMS Income Fund deposits funds erroneously into my account, they are authorized to debit my account for an amount not to exceed the amount of the erroneous deposit.

C. Information to Mail Cash/Check to Third Party/Custodian ☐ Hines Global REIT II ☐ HMS Income Fund

Financial Institution Name	Mailing Address	City	State
Your Bank's ABA Routing Number	Your Bank Account Number		

7 SUBSCRIBER SIGNATURES

Hines Global REIT II and HMS Income Fund, as applicable, are required by law to obtain, verify and record certain personal information from you or persons on your behalf in order to establish your stockholder record with their transfer agent. Required information includes name, date of birth, permanent residential address and social security/taxpayer identification number. The Hines Funds may also ask to see other identifying documents. If you do not provide the information, Hines Global REIT II and/or HMS Income Fund may not be able to accept your subscription. By signing this Multi-Offering Subscription Agreement, you agree to provide this information and confirm that this information is true and correct. If the Hines Funds are unable to verify your identity, or that of another person(s) authorized to act on your behalf, or if the Hines Funds believe they have identified potentially criminal activity, the Hines Funds reserve the right to take action as they deem appropriate which may include closing your account. Please separately initial each of the representations below. Except in the case of fiduciary accounts, you may not grant any person a power of attorney to make the representations on your behalf. In order to induce Hines Global REIT II and/or HMS Income Fund, as applicable, to accept this subscription, I hereby represent and warrant as follows:

PLEASE NOTE: ALL ITEMS MUST BE READ AND APPLICABLE ITEMS INITIALED

A. FOR INVESTORS IN ALL FUNDS *(Must be completed by both Hines Global REIT II and HMS Income Fund Investors)*

(a) A copy of the Prospectus of Hines Global REIT II and a copy of the Prospectus of HMS Income Fund were delivered to me at least five business days before the date of this agreement. *(required)* — *Initials* *Initials*

(b) I acknowledge that there is no public market for the Shares and, thus, my investment in Shares is not liquid. *(required)* — *Initials* *Initials*

(c) I am purchasing the Shares for the account referenced in this Subscription Agreement. *(required)* — *Initials* *Initials*

B. FOR INVESTORS IN HINES GLOBAL REIT II

(a) I/We have (i) a minimum net worth (not including home, home furnishings and personal automobiles) of at least $250,000, or (ii) a minimum net worth (as previously described) of at least $70,000 and a minimum annual gross income of at least $70,000. *(required)* — *Initials* *Initials*

(b) In addition to the general suitability requirements described above in 7(B)(a), I/we meet the higher suitability requirements, if any, imposed by my state of primary residence as set forth in the Prospectus under “SUITABILITY STANDARDS.” *(required)* — *Initials* *Initials*

(c) If I am a **Kansas** resident, I understand that it is recommended by the Office of the Kansas Securities Commissioner that Kansas investors limit their total investment in this offering and in the securities of similar programs to not more than 10% of such investor’s liquid net worth. For this purpose, “liquid net worth” is that portion of net worth (total assets minus total liabilities) which consists of cash, cash equivalents and readily marketable securities as determined in conformity with Generally Accepted Accounting Principles. — *Initials* *Initials*

(d) If I am an **Ohio** resident, I understand that it shall be unsuitable of my aggregate investment in shares of Hines Global REIT II, affiliates of Hines Global REIT II, and in other non-traded real estate investment programs to exceed ten percent (10%) of my liquid net worth. “Liquid net worth” shall be defined as that portion of net worth (total assets exclusive of home, home furnishings, and automobiles minus total liabilities) that is comprised of cash, cash equivalents, and readily marketable securities. — *Initials* *Initials*

C. FOR INVESTORS IN HMS INCOME FUND

(a) I/We have (i) a minimum net worth (not including home, home furnishings and personal automobiles) of at least $250,000, or (ii) a minimum net worth (as previously described) of at least $70,000 and a minimum annual gross income of at least $70,000, or that I meet the higher suitability requirements imposed by my state of primary residence as set forth in the Prospectus under “SUITABILITY STANDARDS.” *(required)* — *Initials* *Initials*

(b) If I am a **Kansas** resident, I acknowledge that it is recommended by the Office of the Kansas Securities Commissioner that my aggregate investment in HMS Income Fund, Inc. Shares and similar investments should not exceed 10% of my “liquid net worth” which is that portion of the net worth (assets minus liabilities) that is comprised of cash, cash equivalents and readily marketable securities. — *Initials* *Initials*

I declare that the information supplied above is true and correct and may be relied upon by the Hines Funds. I acknowledge that the broker-dealer/financial advisor (“Broker-Dealer/Financial Advisor of record”) indicated in Section 5 of this Multi-Offering Subscription Agreement and its designated clearing agent, if any, will have full access to my account information, including the number of shares I own, tax information (including the Form 1099) and redemption information. Investors may change the Broker-Dealer/Financial Advisor of record at any time by contacting Hines Investor Relations at the number indicated below.

TAXPAYER IDENTIFICATION/SOCIAL SECURITY NUMBER CONFIRMATION (required): The investor signing below, under penalties of perjury, certifies: (i) that the number shown on this Multi-Offering Subscription Agreement is my correct taxpayer identification number (or I am waiting for a number to be issued to me); (ii) that I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (“IRS”) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; (iii) I am a U.S. person (including a resident alien); and (iv) the FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

NOTE: You must cross out (ii) above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return.

The IRS does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

X *Signature of Investor*	*Date*	X *Signature of Co-Investor or Custodian (if applicable)*	*Date*

(MUST BE SIGNED BY CUSTODIAN OR TRUSTEE IF PLAN IS ADMINISTERED BY A THIRD PARTY)

8 MISCELLANEOUS

Each of Hines Global REIT II and HMS Income Fund requests that each investor that elects to have his or her distributions reinvested in its Distribution Reinvestment Plan notify it and the Broker-Dealer Financial Advisor of record in writing at any time there is a material change in his or her financial condition, including failure to meet the minimum income and net worth standards as imposed by the state in which he or she resides.

NO SALE OF SHARES MAY BE COMPLETED UNTIL AT LEAST FIVE BUSINESS DAYS AFTER YOU RECEIVE THE FINAL PROSPECTUSES OF BOTH HINES GLOBAL REIT II AND HMS INCOME FUND. You will receive a written confirmation of your purchase.

All items on the Subscription Agreement must be completed in order for your subscription to be processed. Subscribers are encouraged to read the Prospectuses in their entirety for a complete explanation of an investment in the shares of Hines Global REIT II and HMS Income Fund.

Before You Mail

Have You Completed all required information?
The Social Security Number, Date of Birth and Residential Street Address must be provided for ALL signers.
A Dividend Option must be selected.

Are you using a Third Party Custodian?
Paperwork must be submitted through the Custodian. Contact your Custodian for mailing instructions and any additional paperwork that might be required.

Are you opening a Trust or Entity type account?
Enclose additional required documentation as indicated in Section 2.

Are you requesting ACH Direct Deposit?
A pre-printed voided check is required.

For assistance completing this form, contact Hines Investor Relations at 888.220.6121

Mail to: Hines Investor Relations ■ P.O. Box 219010 ■ Kansas City, MO 64121-9010

Overnight Mail: Hines Investor Relations ■ 430 W. 7th St. ■ Kansas City, MO 64105

CERTAIN STATES HAVE IMPOSED SPECIAL FINANCIAL SUITABILITY STANDARDS FOR SUBSCRIBERS WHO PURCHASE SHARES OF HINES GLOBAL REIT II OR HMS INCOME FUND.

Several states have established suitability requirements that are more stringent than the general standards for all investors described below. Shares will be sold to investors in these states only if they meet the special suitability standards set forth below. In each case, these special suitability standards exclude from the calculation of net worth the value of the investor's home, home furnishings and automobiles.

GENERAL STANDARDS FOR ALL INVESTORS

Investors must have either (a) a net worth of at least $250,000 or (b) an annual gross income of $70,000 and a minimum net worth of $70,000.

STATE-SPECIFIC STANDARDS FOR INVESTORS IN HINES GLOBAL REIT II

California — In addition to our suitability requirements, an investor must have a net worth of at least 10 times such investor's investment in Hines Global REIT II, Inc. An investment by a California investor that is an accredited investor within the meaning of the Federal securities laws (17 C.F.R. §230.501) is not subject to the foregoing limitation.

Iowa — An Iowa investor must have either (i) a minimum net worth of $100,000 (excluding the value of an investor's home, furnishings and automobiles) and an annual income of $85,000, or (ii) a minimum net worth of $350,000 (excluding the value of an investor's home, furnishings and automobiles). In addition, an Iowa investor's total investment in Hines Global REIT II, Inc., our affiliates and any other public, non-listed REIT may not exceed 10% of such investor's liquid net worth. For this purpose, "liquid net worth" is defined as that portion of an investor's net worth (total assets exclusive of home, furnishings and automobiles) that is comprised of cash, cash equivalents and readily marketable securities. An investment by an Iowa investor that is an accredited investor within the meaning of the Federal securities laws (17 C.F.R. §230.501) is not subject to the foregoing limitation.

Kansas — In addition to the general suitability standards, it is recommended that each investor limit such investor's total investment in Hines Global REIT II and in the securities of similar programs to not more than 10% of such investor's liquid net worth. For this purpose, "liquid net worth" is that portion of net worth (total assets minus total liabilities) which consists of cash, cash equivalents and readily marketable securities, as determined in conformity with Generally Accepted Accounting Principles.

Kentucky — In addition to our suitability requirements, no Kentucky resident shall invest more than 10% of his or her liquid net worth (cash, cash equivalents and readily marketable securities) in shares of Hines Global REIT II, Inc. or the shares of Hines Global REIT II, Inc.'s affiliates' non-publicly traded real estate investment trusts.

Maine — In addition to the general suitability standards, the Maine Office of Securities recommends that an investor's aggregate investment in the Hines Global REIT II offering and other similar offerings not exceed 10% of the investor's liquid net worth. For this purpose, "liquid net worth" is defined as that portion of net worth that consists of cash, cash equivalents and readily marketable securities.

Massachusetts — In addition to the general suitability standards, an investor's investment in Hines Global REIT II and in other illiquid direct participation programs may not exceed 10% of such investor's liquid net worth.

Missouri and Oregon — In addition to the general suitability standards, an investor must have a liquid net worth of at least 10 times such investor's investment in Hines Global REIT II's shares.

Nebraska — In addition to our suitability requirements, a Nebraska investor must limit his or her aggregate investment in Hines Global REIT II and in securities of other non-traded REIT programs to 10% of such investor's net worth (exclusive of home, home furnishings, and automobiles). An investment by a Nebraska investor that is an accredited investor within the meaning of the Federal securities laws (17 C.F.R. §230.501) is not subject to the foregoing limitations.

New Jersey — A New Jersey Investor must have either (i) a minimum liquid net worth of at least $100,000 and a minimum annual gross income of not less than $85,000, or (ii) a minimum liquid net worth of $350,000. For these purposes, "liquid net worth" is defined as that portion of net worth (total assets exclusive of home, home furnishings, and automobiles, minus total liabilities) that consists of cash, cash equivalents and readily marketable securities. In addition, an investor's investment in Hines Global REIT II, its affiliates, and other non-publicly traded direct investment programs (including real estate investment trusts, business development companies, oil and gas programs, equipment leasing programs and commodity pools, but excluding unregistered, federally and state exempt private offerings) may not exceed ten percent (10%) of his or her liquid net worth.

New Mexico — In addition to the general suitability standards, an investor's investment in Hines Global REIT II, its affiliates and in any other public, non-listed real estate programs may not exceed ten percent (10%) of his, her or its liquid net worth. "Liquid net worth" is defined as that portion of net worth (total assets exclusive of home, furnishings, and automobiles minus total liabilities) that is comprised of cash, cash equivalents, and readily marketable securities.

North Dakota and Pennsylvania — In addition to the general suitability standards, an investor must have a net worth of at least 10 times such investor's investment in Hines Global REIT II's shares.

Ohio — In addition, it shall be unsuitable for an Ohio investor's aggregate investment in Hines Global REIT II's shares, in shares of its affiliates, and in shares of other non-traded real estate investment programs to exceed ten percent (10%) of his, her, or its liquid net worth. "Liquid net worth" shall be defined as that portion of net worth (total assets exclusive of home, home furnishings, and automobiles minus total liabilities) that is comprised of cash, cash equivalents, and readily marketable securities.

Tennessee — In addition to our suitability requirements, an investor's investment in us and other public real estate programs sponsored by our affiliates may not exceed 10% of such investor's net worth (exclusive of home, home furnishings and automobiles). An investment by a Tennessee investor that is an accredited investor within the meaning of the Federal securities laws (17 C.F.R. §230.501) is not subject to the foregoing limitation.

STATE-SPECIFIC STANDARDS FOR INVESTORS IN HMS INCOME FUND

Arizona — The term of this offering shall be effective for a period of one year with the ability to renew for additional periods of one year.

California — In addition to the suitability standards above, an investor will limit his or her investment in HMS Income Fund, Inc. common stock to a maximum of 10% of his or her net worth. An investment by a California investor that is an accredited investor within the meaning of the Federal securities laws (17 C.F.R. §230.501) is not subject to the foregoing limitations.

Idaho — Investors who reside in the state of Idaho must have either (i) a liquid net worth of $85,000 and annual gross income of $85,000 or (ii) a liquid net worth of $300,000. Additionally, an Idaho investor's total investment shall not exceed 10% of his or her liquid net worth. The calculation of liquid net worth shall include only cash plus cash equivalents. Cash equivalents include assets which may be convertible to cash within one year.

STATE-SPECIFIC STANDARDS FOR INVESTORS IN HMS INCOME FUND *(continued)*

Iowa — Investors who reside in the state of Iowa must have either (i) a liquid net worth of $100,000 and annual gross income of $100,000 or (ii) a liquid net worth of $350,000. Additionally, an Iowa investor's total investment in HMS Income Fund, Inc. shall not exceed 10% of his or her liquid net worth. For this purpose, liquid net worth is determined exclusive of home, home furnishings and automobiles. An investment by an Iowa investor that is an accredited investor within the meaning of the Federal securities laws (17 C.F.R. §230.501) is not subject to the foregoing limitations.

Kansas — The Office of the Kansas Securities Commissioner recommends that you should limit your aggregate investment in HMS Income Fund, Inc. shares and other similar investments to not more than 10% of your liquid net worth. Liquid net worth is that portion of your total net worth (assets minus liabilities) that is comprised of cash, cash equivalents and readily marketable securities.

Kentucky —The Issuer is a business development company. As such, a Kentucky investor must have either (a) a minimum annual gross income of $70,000 and a minimum net worth of at least $70,000 or (b) a minimum liquid net worth of at least $250,000. In addition, no Kentucky investor shall invest, in aggregate, more than 10% of his or her liquid net worth in the Issuer or Issuer's affiliate's non-publicly traded business development companies. For this purpose, "liquid net worth" is defined as that portion of a person's net worth (total assets, exclusive of home, home furnishings and automobiles minus total liabilities) that is comprised of cash, cash equivalents and readily marketable securities.

Maine — The Maine Office of Securities recommends that an investor's aggregate investment in this offering and similar direct participation investments not exceed 10% of the investor's liquid net worth. For this purpose, "liquid net worth" is defined as that portion of net worth that consists of cash, cash equivalents and readily marketable securities.

Massachusetts — Investors who reside in the state of Massachusetts must have either (i) a minimum of $100,000 annual gross income and a liquid net worth of $100,000; or (ii) a liquid net worth of $250,000 irrespective of gross annual income. Additionally, a Massachusetts investor's total investment in HMS Income Fund, Inc. and in other illiquid direct participation programs shall not exceed 10% of his or her liquid net worth. For this purpose, liquid net worth is determined exclusive of home, home furnishings and automobiles.

Nebraska — Nebraska investors who do not meet the definition of "accredited investor" as defined in Rule 501(a) promulgated under the Securities Act of 1933, as amended, must have (i) either (a) an annual gross income of at least $100,000 and a net worth of at least $100,000, or (b) a net worth of at least $350,000; and (ii) must limit their aggregate investment in this offering and in the securities of other non-publicly traded business development companies (BDCs) to 10% of such investor's net worth. (Net worth in each case should be determined exclusive of home, home furnishings, and automobiles.)

New Jersey — Investors who reside in the state of New Jersey must have either (i) a minimum liquid net worth of $100,000 and a minimum annual gross income of $85,000, or (ii) a minimum liquid net worth of $350,000. Additionally, a New Jersey investor's total investment in us, our affiliates, and other non-publicly traded direct investment programs (including real estate investment trusts, business development companies, oil and gas programs, equipment leasing programs, and commodity pools, but excluding unregistered, federally and state exempt private offerings) may not exceed 10% of such investor's liquid net worth. For these purposes, "liquid net worth" is defined as that portion of net worth (total assets exclusive of home, home furnishings, and automobiles, minus total liabilities) that consists of cash, cash equivalents, and readily marketable securities.

New Mexico — In addition to the general suitability standards listed above, a New Mexico investor may not invest, and HMS Income Fund may not accept from an investor more than ten percent (10%) of that investors' liquid net worth in shares of HMS Income Fund, its affiliates, and in other non-traded business development companies. Liquid net worth is defined as that portion of net worth which consists of cash, cash equivalents, and readily marketable securities.

North Carolina — Investors who reside in the state of North Carolina must have either (i) a minimum liquid net worth of $85,000 and minimum annual gross income of $85,000 or (ii) a minimum liquid net worth of $300,000. An investment by a North Carolina investor that is an accredited investor within the meaning of the Federal securities laws (17 C.F.R. §230.501) is not subject to the foregoing limitations.

North Dakota — HMS Income Fund, Inc. shares will only be sold to residents of North Dakota representing that their investment will not exceed 10% of his or her net worth and that they meet one of the established suitability standards.

Ohio — It shall be unsuitable for an Ohio investor's aggregate investment in shares of the issuer, affiliates of the issuer, and in other non-traded business development companies to exceed ten percent (10%) of his or her liquid net worth. "Liquid net worth" shall be defined as that portion of net worth (total assets exclusive of home, home furnishings, and automobiles minus total liabilities) that is comprised of cash, cash equivalents, and readily marketable securities.

Oklahoma — Investors who reside in the state of Oklahoma who are not "accredited investors" within the meaning of the federal securities laws must have either (i) an annual gross income of at least $100,000 and a net worth of at least $100,000, or (ii) a liquid net worth of at least $250,000. Additionally, an Oklahoma investor's total investment shall not exceed 10% of his or her liquid net worth. For this purpose, liquid net worth is determined exclusive of home, home furnishings and automobiles.

Oregon — In addition to the suitability standards above, the state of Oregon requires that each Oregon investor will limit his or her investment in HMS Income Fund, Inc. common stock to a maximum of 10% of his or her net worth (not including home, home furnishings or automobiles).

Tennessee — We must sell a minimum of $15,000,000 worth of shares before accepting subscriptions from residents of Tennessee. In addition, investors who reside in the state of Tennessee must have either (i) a minimum annual gross income of $100,000 and a minimum net worth of $100,000 or (ii) a minimum net worth of $500,000 exclusive of home, home furnishings and automobiles. Additionally, Tennessee residents' investment must not exceed 10% of their liquid net worth. An investment by a Tennessee investor that is an accredited investor within the meaning of the Federal securities laws (17 C.F.R. §230.501) is not subject to the foregoing limitations.

Texas — Investors who reside in the state of Texas must have either (i) a minimum of $100,000 annual gross income and a liquid net worth of $100,000 or (ii) a liquid net worth of $250,000 irrespective of gross annual income. Additionally, a Texas investor's total investment in HMS Income Fund, Inc. shall not exceed 10% of his or her liquid net worth. For this purpose, liquid net worth is determined exclusive of home, home furnishings and automobiles.

Vermont — Investors who reside in the state of Vermont must have either (i) a minimum of $100,000 annual gross income and a liquid net worth of $100,000 or (ii) a liquid net worth of $250,000 irrespective of gross annual income. Additionally, a Vermont investor's total investment in HMS Income Fund, Inc. shall not exceed 10% of his or her liquid net worth. For this purpose, liquid net worth is determined exclusive of home, home furnishings and automobiles. An investment by a Vermont investor that is an accredited investor within the meaning of the Federal securities laws (17 C.F.R. §230.501) is not subject to the foregoing limitations.

EACH OF HMS INCOME FUND AND HINES GLOBAL REIT II INTENDS TO ASSERT THE FOREGOING REPRESENTATIONS AS A DEFENSE IN ANY SUBSEQUENT LITIGATION WHERE SUCH ASSERTION WOULD BE RELEVANT. EACH OF HMS INCOME FUND AND HINES GLOBAL REIT II HAS THE RIGHT TO ACCEPT OR REJECT THIS SUBSCRIPTION IN WHOLE OR IN PART, SO LONG AS SUCH PARTIAL ACCEPTANCE OR REJECTION DOES NOT RESULT IN AN INVESTMENT OF LESS THAN THE MINIMUM AMOUNT SPECIFIED IN THE APPLICABLE PROSPECTUS. AS USED ABOVE, THE SINGULAR INCLUDES THE PLURAL IN ALL RESPECTS IF SHARES ARE BEING ACQUIRED BY MORE THAN ONE PERSON. THIS MULTI-OFFERING SUBSCRIPTION AGREEMENT AND ALL RIGHTS HEREUNDER SHALL BE GOVERNED BY, AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICT OF LAWS.

By executing this Multi-Offering Subscription Agreement, the subscriber is not waiving any rights under federal or state law.

APPENDIX C

HINES GLOBAL REIT II, INC.
FOURTH AMENDED AND RESTATED
DISTRIBUTION REINVESTMENT PLAN
Effective as of August 5, 2016

Hines Global REIT II, Inc., a Maryland Corporation (the "Company"), has adopted the following Distribution Reinvestment Plan (the "DRP"). Capitalized terms shall have the same meaning as set forth in the Company's Charter (the "Articles") unless otherwise defined herein.

1. *Distribution Reinvestment*. As an agent for the stockholders ("Stockholders") of the Company who purchase shares of the Company's common stock (the "Shares") pursuant to an offering by the Company ("Offering"), and who elect to participate in the DRP (the "Participants"), the Company will apply all cash distributions, other than Designated Special Distributions (as defined below), ("Distributions"), including Distributions paid with respect to any full or fractional Shares acquired under the DRP, to the purchase of the Shares for such Participants directly, if permitted under state securities laws and, if not, through the Dealer Manager or Soliciting Dealers registered in the Participant's state of residence. The Shares purchased pursuant to the DRP shall be of the same Share class as the Shares with respect to which the Participant is receiving cash distributions to be reinvested through DRP. As used in the DRP, the term "Designated Special Distributions" shall mean those cash or other distributions designated as Designated Special Distributions by the Board of Directors.

2. *Procedure for Participation*. Any Stockholder who owns Shares and who has received a prospectus, as contained in the Company's Registration Statement filed with the Securities and Exchange Commission (the "Commission"), may elect to become a Participant by completing and executing a subscription agreement, an enrollment form or any other appropriate authorization form as may be available from the Company from time to time. Participation in the DRP will begin with the next Distribution payable after receipt of a Participant's subscription, enrollment or authorization. Shares will be purchased under the DRP on the date that Distributions are paid by the Company. We request that if, at any time prior to the listing of the Shares on a national securities exchange, a Participant does not meet the minimum income and net worth standards established for making an investment in the Company or can no longer make the other representations or warranties set forth in the subscription agreement or other applicable enrollment form, he or she will promptly so notify the Company in writing.

Participation in the DRP shall continue until such participation is terminated in writing by the Participant pursuant to Section 7 below. If the DRP transaction involves Shares which are registered with the Commission in a future registration or the Board of Directors elects to change the purchase price to be paid for Shares issued pursuant to the DRP, the Company shall make available to all Participants the prospectus as contained in the Company's Registration Statement filed with the Commission with respect to such future registration or provide public notification to all Participants of such change in the purchase price of Shares issued pursuant to the DRP. If, after a price change, a Participant does not desire to continue to participate in the DRP, he should exercise his right to terminate his participation pursuant to the provisions of Section 7 below.

3. *Purchase of Shares*. Participants will acquire DRP Shares from the Company at a price equal to $9.46 per Class A Share and $9.08 per Class T Share. Participants in the DRP may also purchase fractional Shares so that 100% of the Distributions will be used to acquire Shares. However, a Participant will not be able to acquire DRP Shares to the extent that any such purchase would cause such Participant to violate any provision in the Articles.

Shares to be distributed by the Company in connection with the DRP may (but are not required to) be supplied from: (a) the DRP Shares which are being registered with the Commission in connection with the Offering, (b) Shares to be registered with the Commission after the Offering for use in the DRP (a "Future Registration"), or (c) Shares of the Company's common stock purchased by the Company for the DRP in a secondary market (if available) or on a securities exchange (if listed) (collectively, the "Secondary Market"). Shares purchased on the Secondary Market as set forth in (c) above will be purchased at the then-prevailing market price, which price will be utilized for purposes of purchases of Shares in the DRP. Shares acquired by the Company on the Secondary Market will have a price per share equal to the then-prevailing market price, which shall equal the price on the securities exchange, or over-the-counter market on which such shares are listed at the date of purchase if such shares are then listed. If Shares are not so listed, the Board of Directors of the Company will determine the price at which Shares will be issued under the DRP.

If the Company acquires Shares in the Secondary Market for use in the DRP, the Company shall use reasonable efforts to acquire Shares for use in the DRP at the lowest price then reasonably available. However, the Company does not in any respect guarantee or warrant that the Shares so acquired and purchased by the Participant in the DRP will be at the lowest possible price. Further, irrespective of the Company's ability to acquire Shares in the Secondary Market or to complete a Future Registration for Shares to be used in the DRP, the Company is in no way obligated to do either, in its sole discretion.

4. *Share Certificates*. The ownership of the Shares purchased through the DRP will be in book-entry form only.

5. *Reports*. Within 90 days after the end of the Company's fiscal year, the Company shall provide or cause to be provided to each Stockholder an individualized report on his or her investment, including the purchase date(s), purchase price and number of Shares owned, as well as the dates of Distributions and amounts of Distributions paid during the prior fiscal year. In addition, the Company shall provide or cause to be provided to each Participant a confirmation at least once every calendar quarter showing the number of Shares owned by such Participant at the beginning of the covered period, the amount of the Distributions paid in the covered period and the number of Shares owned at the end of the covered period.

6. *Commissions*. The Company will not pay any selling commissions or Dealer Manager fees in connection with Shares sold pursuant to the DRP.

7. *Termination by Participant*. A Participant may terminate participation in the DRP at any time, upon 10 days' written notice, without penalty by delivering to the Company a written notice of such termination. Any such withdrawal will be effective only with respect to distributions paid more than 30 days after receipt of such written notice. Prior to listing of the Shares on a national securities exchange, any transfer of Shares by a Participant to a non-Participant will terminate participation in the DRP with respect to the transferred Shares. Upon the Company's receipt of a request for redemption from a Participant, the Company will terminate the Participant's participation in the DRP. Upon termination of DRP participation, future Distributions, if any, will be distributed to the Stockholder in cash.

8. *Taxation of Distributions*. The reinvestment of Distributions in the DRP does not relieve Participants of any taxes which may be payable as a result of those Distributions and their reinvestment in Shares pursuant to the terms of the DRP.

9. *Amendment or Termination of DRP by the Company*. The Board of Directors of the Company may by majority vote amend, suspend or terminate the DRP for any reason upon

10 days' notice to the Participants, which notice shall be provided by the Company to the Participants in a Current Report on Form 8-K publicly filed with the Commission; provided, however, the Board of Directors may not amend the DRP to eliminate the right of a Participant to terminate participation in the DRP at least annually.

10. *Liability of the Company*. The Company shall not be liable for any act done in good faith, or for any good faith omission to act, including, without limitation, any claims or liability: (a) arising out of failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing of such death; and (b) with respect to the time and the prices at which Shares are purchased or sold for Participant's account.

APPENDIX D

HINES GLOBAL REIT II, INC.
HINES SECURITIES, INC.
PRIVACY POLICY
OUR COMMITMENT TO PROTECTING YOUR PRIVACY

We consider customer privacy to be fundamental to our relationship with our stockholders. In the course of servicing your account, we collect personal information about you ("Nonpublic Personal Information"). We are committed to maintaining the confidentiality, integrity and security of our stockholders' personal information. It is our policy to respect the privacy of our current and former stockholders and to protect the personal information entrusted to us. This privacy policy (this "Privacy Policy") describes the standards we follow for handling your personal information and how we use the information we collect about you.

1. Information We May Collect.

We may collect Nonpublic Personal Information about you from the following sources:

- Information on applications, subscription agreements or other forms which may include your name, address, e-mail address, telephone number, tax identification number, date of birth, marital status, driver's license number, citizenship, assets, income, employment history, beneficiary information, personal bank account information, broker/dealer, financial advisor, IRA custodian, account joint owners and similar parties;
- Information about your transactions with us, our affiliates and others, such as the types of products you purchase, your account balances and transactional history; and
- Information obtained from others, such as from consumer credit reporting agencies which may include information about your creditworthiness, debts, financial circumstances and credit history, including any bankruptcies and foreclosures.

2. Why We Collect Nonpublic Personal Information.

We collect information from and about you:

- in order to identify you as a customer;
- in order to establish and maintain your customer accounts;
- in order to complete your customer transactions;
- in order to market investment products or services that may meet your particular financial and investing circumstances;
- in order to communicate and share information with your broker/dealer, financial advisor, IRA custodian, joint owners and other similar parties acting at your request and on your behalf; and
- in order to meet our obligations under the laws and regulations that govern us.

3. Use and Disclosure of Information.

We may disclose all of the Nonpublic Personal Information we collect about you as described above to the following types of third parties:

- Our Affiliated Companies. We may offer investment products and services through certain of our affiliated companies, and we may share all of the Nonpublic Personal Information we collect on you with such affiliates. We believe that by sharing information about you and your accounts among our companies, we are better able to serve your investment needs and to suggest services or educational materials that may be of interest to you. You may limit the information we share with our affiliate companies as described at the end of this notice below.

- Nonaffiliated Financial Service Providers and Joint Marketing Partners. From time to time, we use outside companies to perform services for us or functions on our behalf, including marketing of our own investment products and services or marketing products or services that we may offer jointly with other financial institutions. We may disclose all of the Nonpublic Personal Information we collect as described above to such companies. However, before we disclose Nonpublic Personal Information to any of our service providers or joint marketing partners, we require them to agree to keep your Nonpublic Personal Information confidential and secure and to use it only as authorized by us.
- Other Nonaffiliated Third Parties. We do not sell or share your Nonpublic Personal Information with nonaffiliated outside marketers, for example, retail department stores, grocery stores or discount merchandise chains, who may want to offer you their own products and services. However, we may also use and disclose all of the Nonpublic Personal Information we collect about you to the extent permitted by law. For example, to:
- correct technical problems and malfunctions in how we provide our products and services to you and to technically process your information;
- protect the security and integrity of our records, Web Site and customer service center;
- protect our rights and property and the rights and property of others;
- take precautions against liability;
- respond to claims that your information violates the rights and interests of third parties;
- take actions required by law or to respond to judicial process;
- assist with detection, investigation or reporting of actual or potential fraud, misrepresentation or criminal activity; and
- provide personal information to law enforcement agencies or for an investigation on a matter related to public safety to the extent permitted under other provisions of law.

4. Protecting Your Information.

Our employees are required to follow the procedures we have developed to protect the integrity of your information. These procedures include:

- Restricting physical and other access to your Nonpublic Personal Information to persons with a legitimate business need to know the information in order to service your account;
- Contractually obligating third parties doing business with us to keep your Nonpublic Personal Information confidential and secure and to use it only as authorized by us;
- Providing information to you only after we have used reasonable efforts to assure ourselves of your identity by asking for and receiving from you information only you should know; and
- Maintaining reasonably adequate physical, electronic and procedural safeguards to protect your information.

5. Former Customers.

We treat information concerning our former customers the same way we treat information about our current customers.

6. Keeping You Informed.

We will provide notice of our Privacy Policy annually, as long as you maintain an ongoing relationship with us. If we decide to change our Privacy Policy, we will post those changes on our Web Site so our users and customers are always aware of what information we collect, use and disclose. If at any point we decide to use or disclose your Nonpublic Personal Information in a manner different from that stated at the time it was collected, we will notify you in writing, which may or may not be by e-mail. If you object to the change to our Privacy Policy, then you must contact us using the information provided in the notice. We will otherwise use and disclose a user's or a customer's Nonpublic Personal Information in accordance with the Privacy Policy that was in effect when such information was collected.

7. Questions About Our Privacy Policy.

If you have any questions about our Privacy Policy, please contact us via telephone at 888.220.6121 or email at hgrprivacy@hines.com.

8. Your Right to Limit our Information Sharing with Affiliates.

This Privacy Policy applies to Hines Global REIT II, Inc. and Hines Securities, Inc. Federal law gives you the right to limit some but not all marketing from our affiliates. Federal law also requires us to give you this notice to tell you about your choice to limit marketing from our affiliates. You may tell us not to share information about your creditworthiness with our affiliated companies, except where such affiliate is performing services for us. We may still share with them other information about your experiences with us. You may limit our affiliates in the Hines group of companies, such as our securities affiliates from marketing their products or services to you based on your personal information that we collect and share with them. This information includes your account and investment history with us and your credit score.

If you want to limit our sharing of your information with our affiliates, you may contact us:

By telephone at: 888.220.6121

By mail: Mark your choices below, fill in and send to:

HINES GLOBAL REIT II, INC.
2800 Post Oak Blvd., Suite 5000
Houston, TX 77056

☐ Do not share information about my creditworthiness with your affiliates for their everyday business purposes.

☐ Do not allow your affiliates to use my personal information to market to me.

Name: ______________________________

Signature: ______________________________

Your choice to limit marketing offers from our affiliates will apply for at least 5 years from when you tell us your choice. Once that period expires, you will receive a renewal notice that will allow you to continue to limit marketing offers from our affiliates for at least another 5 years. If you have already made a choice to limit marketing offers from our affiliates, you do not need to act again until you receive a renewal notice. If you have not already made a choice, unless we hear from you, we can begin sharing your information 30 days from the date we sent you this notice. However, you can contact us at any time to limit our sharing as set forth above.

Residents of some states may have additional privacy rights. We adhere to all applicable state laws.

APPENDIX E

HINES HISTORY, EXPERIENCE AND TIMELINE

Hines, our sponsor, has over 55 years of experience. This timeline briefly summarizes this history. Our Advisor relies on Hines to locate, evaluate and assist in the acquisition of our real estate investments and to perform many of our day-to-day operations. Hines also manages all of our direct and indirect real estate investments.

We do not have an interest in any of the funds, properties or projects listed below. This summary is included to provide potential investors with additional historical information about our sponsor. See "Risk Factors—Risks Related to Our Business in General—We are different in some respects from other investment vehicles sponsored by Hines, and therefore the past performance of such investments may not be indicative of our future results and Hines has limited experience in acquiring and operating certain types of real estate investments that we may acquire." Hines' past performance may not be indicative of our future results. In addition, certain other programs sponsored by Hines have experienced declines in the appraisal value of their assets and net asset values of their funds.

Please see "Investment Objectives and Policies With Respect to Certain Activities" for a description of our investment objectives and policies, which differ from some of the current and historical projects sponsored by Hines. For example, Hines' previous programs and investments were conducted through privately held entities not subject to the up-front commissions, fees and expenses associated with this offering or all of the laws and regulations to which we are subject to; and a significant portion of the prior programs, financial results and history of Hines involve development projects. We do not currently expect to undertake significant development projects.

Since 1991, Hines has sponsored 51 investment vehicles with over $27 billion in equity for property acquisition and development in the U.S., Europe, Latin America and Asia Pacific, with 31 funds in the investment or operations/disposition phase as of December 31, 2015. A recent U.S. investment fund is earmarked solely for "green" office buildings, which underscores the firm's longstanding commitment to sustainability. Hines was an early adopter of the EPA's ENERGY STAR® program for commercial buildings, as well as the U.S. Green Building Council's LEED® rating program. Hines' investor partners and clients include major public and private pension funds, government investment authorities, insurance companies, financial institutions, endowments and individual investors.

Summary of Hines closed investment programs*	**U.S. or Non U.S.**	**Development (Dev) and Acquisition (Acq)**
Programs in the investment phase†:		
Hines Pan-European Core Fund	Non U.S.	Acq
Hines Corporate Properties II L.P.	U.S.	Dev, Acq
HT Brazil Fund III	Non U.S.	Acq, Dev
HB Estrela I (Brazil)	Non U.S.	Acq, Dev
Brazil Long Term Fund	Non U.S.	Acq, Dev
Skyline Investment Partners	U.S.	Acq, Dev
HV Trophy Mandate	Non U.S.	Acq
Skywalk Investment Partners	Non U.S.	Acq, Dev
Hines Poland Sustainable Income Fund	Non U.S.	Acq
Russia Long Term Hold Fund	Non U.S.	Acq

Hines India Residential Partnership	Non U.S.	Dev
Luminance Investment Partners, L.P.	U.S. and Non U.S.	Acq
HNC Maple Partnership I	Non U.S.	Acq, Dev
BVK Europe High Street Mandate	Non U.S.	Acq, Dev
Programs in the operations/dispositions phase:		
Hines Global REIT, Inc.	U.S. and Non U.S.	Acq, Dev
Hines US Core Office Fund LP	U.S.	Acq
Hines Real Estate Investment Trust, Inc.	U.S. and Non U.S.	Acq
Hines/GMIMCo Acquisitions	U.S.	Acq
Hines CalPERS Green Development Fund	U.S.	Dev
TFI Hines Brazil Income Real Estate Fund	Non U.S.	Acq
Hines India Fund	Non U.S.	Acq, Dev
HCM Holdings II, LP (Mexico)	Non U.S.	Acq, Dev
Hines International Real Estate Fund	Non U.S.	Dev, Acq
HCC Interests LP (China)	Non U.S.	Dev, Acq
Hines U.S. Office Value Added Fund II, L.P.	U.S.	Acq
Hines European Development Fund	Non U.S.	Dev
Emerging Markets Real Estate Fund II	Non U.S.	Dev, Acq
HCB Interests II, LP (Brazil)	Non U.S.	Acq, Dev
Hines Multifamily Investment Partners	U.S.	Acq, Dev
Hines Value Added Venture III	U.S.	Acq, Dev
Hines Russia & Poland Fund	Non U.S.	Acq, Dev
Programs that have gone full cycle:		
HCS Interest LP (Sunbelt Spain)	Non U.S.	Dev, Acq
Hines Suburban Office Venture	U.S.	Acq
Hines 1997 U.S. Office Development Fund	U.S.	Dev
Hines 1999 U.S. Office Development Fund	U.S.	Dev
Emerging Markets Real Estate Fund I	Non U.S.	Dev, Acq
Hines Corporate Properties	U.S.	Dev, Acq
HMS Office	U.S.	Acq
National Office Partners	U.S.	Acq, Dev
HCB Interests, LP (Brazil)	Non U.S.	Dev, Acq
Hines U.S. Office Value Added Fund I	U.S.	Acq
Hines European Value Added Fund	Non U.S.	Dev, Acq
Hines European Development Fund II, L.P.	Non U.S.	Dev
HCM Holdings LP (Mexico)	Non U.S.	Dev, Acq

* Certain of these programs have experienced adverse developments in the past.

† The list does not include private investment programs that are open to new investors.

Establishment Through Recognized Performance: The Late 50s, 60s & 70s

Originally a developer of warehouse and distribution buildings with some ancillary office space in the 1960s, Hines shifted its strategy during the 1970s from smaller industrial and office properties to large and distinctive office towers, anticipating corporate America's interest in signature office buildings.

1957	—	Gerald D. Hines Interests founded as a sole proprietorship.
1958	—	After six office/warehouse projects, Hines completes the firm's first Class A Office Project, 4219 Richmond Ave., Houston, Texas.
1967	—	Gerald D. Hines Interests celebrates its 10th anniversary with 97 office, warehouse, retail, parking and residential projects in its portfolio.
1971	—	Hines builds its first office tower in downtown Houston, the 50-story One Shell Plaza.
1973	—	Banking Division is formed to pursue development of bank headquarters in joint ventures outside Houston, starting national expansion of firm.
1975	—	Pennzoil Place is completed and named building of the year by the NY Times.
1976	—	Hines sells a major interest in Pennzoil Place to an international investor. Hines completes its first international development in Montreal.
1978	—	Construction of Three First National Plaza (Chicago) begins.
1979	—	The West Region office opens in San Francisco.

Equity Joint Ventures and Selective Recapitalization: The 80s

During the high interest rate environment of the 1980s, Hines structured development partnerships with providers of long term equity to capitalize larger and more complex development projects in central business districts.

1981	—	The East Region office opens in New York City.
1982	—	The Southeast Region office opens in Atlanta.
1983	—	Transco Tower, now called Williams Tower, and Republic Bank Center, now called Bank of America Center (both in Houston) are completed, as is United Bank Center, now Wells Fargo Center (Denver) is completed.
1984	—	580 California (San Francisco), Huntington Center (Columbus) and Southeast Financial Center, now Wachovia Financial Center (Miami) are completed.
1985	—	Ravinia Center (Atlanta) is completed.

1986	—	53rd At Third and 31 West 52nd Street are completed (both in New York). The Midwest Region office opens in Chicago.
1987	—	Hines celebrates its 30th anniversary with 373 projects completed and 921 employees throughout the U.S. The Norwest Center (Minneapolis) and Columbia Square (Washington, D.C.) buildings are completed.
1988 —1989	—	500 Bolyston (Boston) and Franklin Square (Washington, D.C.) are completed.

Global Expansion, Acquisitions and Investment Management: The 90s

In the early 1990s, Hines strategically decided to expand internationally, seeing an opportunity to provide quality space in overseas markets to multi-national firms. Domestically, as real estate markets softened in the early 90s, Hines saw an opportunity to buy buildings below replacement cost and purchased over 27 million square feet in existing properties during the decade.

In the late 90s, Hines formed a series of co-investment partnerships with major investors to execute a suburban office market development strategy.

1990	—	Jeffrey C. Hines appointed President of Hines Interests Limited Partnership; Gerald D. Hines becomes Chairman. 343 Sansome (San Francisco), 225 High Ridge Road (Stamford) and Figueroa at Wilshire (Los Angeles) are completed.
1991	—	The first international office opens in Berlin. 450 Lexington (New York) and One Detroit Center, now Comerica Tower (Detroit) are completed.
1992	—	Mexico City and Moscow offices open. The renovation and development of the historic Postal Square (Washington, D.C.) is completed.
1993	—	700 11th Street (Washington, D.C.) is acquired, the first building acquisition by Hines.
1994	—	Hines begins the year with 18 major developments in progress in the U.S. and three foreign countries. Greenspoint Plaza (Houston) is acquired. Del Bosque is completed in Mexico City and sold to Coca-Cola for its Latin America headquarters.
1995	—	Paris, London, Frankfurt and Prague offices are all opened. In partnership with Morgan Stanley, Hines acquires the Homart portfolio (15 U.S. office buildings).
1996	—	The Barcelona and Beijing offices open. Hines closes its first international fund, Emerging Markets Fund I.
1997	—	Hines celebrates its 40th anniversary with 2,700 employees worldwide. Warsaw office opens. Construction begins on Diagonal Mar in Barcelona, the largest European undertaking for Hines to date.

1998 — Hines completes its first international property acquisition, Reforma 350 in Mexico City. Hines Corporate Properties (Hines' first Build-to-Suit Fund) closes. Hines U.S. Development Fund I closes. CalPERS selects Hines as partner and investment manager for its $950 million portfolio of 18 properties. Sào Paulo office opens.

1999 — The Hines U.S. Office Development Fund II and Emerging Markets Real Estate Fund II close. Hines completes Mala Sarka (Prague), DZ Bank (Berlin), and Main Tower (Frankfurt). Hines acquires Figueroa at Wilshire (Los Angeles), 1100 Louisiana (Houston), and Bank of America Tower (Miami).

Continuing Development, Expanded Investment Vehicles: The 00s

2000 — Hines starts major office projects in the central business districts of Seattle, Chicago, New York and San Francisco. Hines acquires 750 Seventh Avenue (New York).

2001 — Hines develops, Gannett/USA Today headquarters in Virginia and projects for Morgan Stanley Dean Witter, Bear Stearns and Swiss Bank Corporation (now UBS Warburg) in New York. Hines is named ENERGY STAR® Partner of the year.

2002 — Hines initiates the Hines Suburban Office Venture to acquire suburban office properties. Hines completes 745 Seventh Avenue in New York City and the resort community of Aspen Highlands Village in Aspen, Colorado. Hines is named ENERGY STAR® Partner of the year.

2003 — Completed projects include Hilton Americas-Houston, Toyota Center and Calpine Center (all in Houston), 2002 Summit Boulevard (Atlanta), ABN AMRO (Chicago), Benrather Karree (Düsseldorf) and Panamérica Park (São Paulo). Hines expands its presence in Paris with three significant projects. Hines begins the urban planning project Garibaldi Repubblica (Milan), a master plan project which includes residential, office, retail and a hotel as well as a 26-acre public park. Additional residential projects include Tower I of Park Avenue (Beijing), River Valley Ranch (Colorado) and master-planned community Diagonal Mars Illa de Llac in Barcelona. The Hines European Development Fund is formed to focus on Class A office properties in Western Europe. The Hines U.S. Core Fund acquires its first buildings, three New York City office buildings and a building in Washington D.C. The Hines U.S. Office Value Added Fund offering is closed. Construction begins on One South Dearborn (Chicago), 2525 Ponce de Leon (Coral Gables), 1180 Peachtree (Atlanta) and Torre Almirante (Rio de Janeiro). Hines is named ENERGY STAR® Partner of the year.

2004 — Hines sponsors its first public program, Hines REIT, which commences its first public offering. Development continues on Cannon Place, 99 Queen Victoria and the new world headquarters for the Salvation Army (all in London), and International Plaza-Kempinski Hotel (São Paulo). Hines is honored with the Environmental Protection Agency's ENERGY STAR® Sustained Excellence Award.

2005 — Hines continues to seek out new development and investment opportunities in over 100 markets around the world. Hines and CalPERS create funds to invest in Mexico's real estate market and Brazil's office, industrial and residential markets. Properties in development include 300 North LaSalle and One South Dearborn in Chicago and 900 de Maisonneuve, (Montreal).

2006	—	Hines and CalPERS establish the nation's first real estate investment fund devoted solely to sustainable development. New Delhi office opens. Hines develops new region called Eurasia, which includes Poland, Russia and now India.
2007	—	Hines celebrates its 50th anniversary with more than 3,150 employees and almost 900 projects completed and under way around the globe. The Dubai office opens.
2008	—	Gerald D. Hines receives the first ever Visionary Leadership in Real Estate Development Award from Harvard Design School. Hines introduces Hines GREEN OFFICE (HinesGO), a voluntary, internal program created to measure and reward sustainability within all Hines offices worldwide. Hines employees lead the effort in setting the standard for a sustainable future by "walking the walk" in Hines' own offices. Hines REIT, which is sponsored by Hines, wins the NAREIT Gold Leader in the Light Award for demonstrating superior and sustained energy practices.
2009	—	Hines launches its second public program, Hines Global REIT, which commences its first public offering. Hines expands the Hines GREEN OFFICE program by offering it to its more than 3,500 tenants worldwide. Hines is honored with the Environmental Protection Agency's 2009 ENERGY STAR® Sustained Excellence Award in recognition of the firm's continued leadership in superior energy management. Hines REIT receives NAREIT Bronze Leader in the Light Award for its continuing demonstration of superior and sustained energy practices.
2010	—	Hines is honored with the Environmental Protection Agency's 2010 ENERGY STAR® Sustained Excellence Award in recognition of the firm's continued leadership in superior energy management. Hines Global REIT acquires Fifty South Sixth in Minneapolis; Southpark Commerce Center II in Austin, TX; Hock Plaza in Durham, NC; Brindleyplace in London; and 17600 Gillette in Irvine, CA. MainPlace in downtown Houston becomes BG Group Place with the signing of a major lease. CalPERS commits $190 million to Hines CalPERS Brazil Fund. City Council approves Waterfront Toronto's Bayside development project, which will transform the city's waterfront into an active and diverse mixed-use community connected by major parks and public spaces. Hines sells trophy tower in Chicago, 300 N. LaSalle and retains management of 60-story LEED Gold tower. Hines' Zielo Shopping Pozuelo chosen as "Best Small Shopping Centre in Spain" by Spanish Association of Shopping Centres. Hines begins construction on 43-story luxury residential tower in Warsaw, Poland called Twarda 2/4, as well as the Arboretum, a 12-story residential building in Lodz. Hines' GREEN OFFICE program grows to 19 million square feet in first year including more than 400 tenants occupying more than 19 million square feet. Hines' Pan-European Core Fund acquires 12-story Domkaskaden office building in Hamburg.

2011 — Hines receives Environmental Protection Agency's 2011 ENERGY STAR® Sustained Excellence Award. Hines receives top ranking as "Greenest Company" from Commercial Property Executive magazine. Hines is chosen by Private Equity Real Estate as Latin America Firm of the Year. Hines begins construction on 280 High Holborn in Midtown (UK). Hines Global REIT acquires: Stonecutter Court (London, UK); FM Logistics Park (Moscow, Russia); Gogolevsky 11 (Moscow, Russia) 250 Royall (Canton, MA); Campus at Marlborough (Marlborough, MA); Fisher Plaza (Seattle, WA); and 9320 Excelsior Boulevard (Hopkins, MN). Hines hires Alan Patton to lead new Multifamily Division to expand the firm's development activity throughout the U.S. working with Hines' domestic regions on for-rent residential. Hines opens office in Dublin to target real estate opportunities emerging from the restructuring of Irish banking and real estate sectors. Construction begins on Hines Archstone's CityCenterDC, a 10-acre mixed-use development in Washington, DC. Hines and New York State Common Retirement Fund form new venture to develop U.S. single-tenant properties. Hines announces the development of 7 Bryant Park, an iconic new trophy-class office tower on Avenue of the Americas overlooking Bryant Park. Hines sells Three First National Plaza in Chicago. Hines breaks ground on Eos at Interlocken, a Class A, 186,000-square-foot, LEED® Gold pre-certified office building in Broomfield, CO. Hines completes Cannon Place, a 400,000-square-foot office building incorporating the redevelopment of Cannon Street Station, in London. Hines' 101 California earns LEED Platinum certification and scores #1 out of 7,307 LEED for Existing Building projects worldwide. Hines' 30-story Garibaldi Tower in Porta Nuova officially becomes the tallest building in Italy, rising to 754 feet high with the addition of a 256-foot-tall spire. Hines starts construction on Centrum Biurowe Neptun Office Building in Gdansk, Poland.

2012 — Hines Global REIT acquires 9320 Excelsior Boulevard and Logistics Portfolio in Poland. Hines and DLF begin construction on One Horizon Center in Gurgaon. Hines receives Environmental Protection Agency's 2012 ENERGY STAR® Sustained Excellence Award. Hines announces the start of construction on Apartamenty Novum, firm's first project in Krakow, Poland. Hines is selected by Caixa, Brazil's largest savings and loan bank, as consultant to the Porto Maravilha REIT, an investment fund set up to finance Porto Maravilha, the old docklands of Rio de Janeiro. Hines Global REIT acquires first Australian asset, 144 Montague, which expands Hines' operations to five continents. Hines receives top ranking as "Greenest Company" from Commercial Property Executive magazine for the second year in a row. Hines breaks ground on landmark office tower for LPL Financial at La Jolla Commons. Ivanhoé Cambridge and Hines announce development of sculptural office tower, River Point, in Chicago. Hines Global REIT acquires second Australian asset, 100 Brookes Street in Fortitude Valley, just outside of Brisbane in Queensland. Hines sells Southern California Portfolio, which includes approximately 4.5 million square feet of office space in a total of 59 buildings across Southern California. Hines Global REIT acquires 550 Terry Francois in San Francisco's Mission Bay district. Hines Global REIT also acquires fifth industrial asset, Distribution Park Sosnowiec, in Poland and capitalizes on middle-class growth in Eastern Europe. North Carolina Department of Transportation engages Hines as Master Developer of Gateway Station. Research Triangle Foundation engages Hines to develop the next phase of Research Triangle Park. Major public piazza in Hines' Porta Nuova Garibaldi opens in Milan. Hines announces that LPL Financial at La Jolla Commons will produce more energy on site than it uses and will become the largest Net-Zero energy commercial office building in U.S.

2013 — Hines starts construction on Azure residences in St. Petersburg, and on River Point, a development including a 45-story office tower and a 1.5-acre public park in downtown Chicago's West Loop. Hines Global REIT acquires Mercedes-Benz Bank Building in Stuttgart, Germany. 499 Park Avenue, 425 Lexington and 1200 Nineteenth Street are sold for investment. Hines celebrates groundbreaking on signature office property, 7 Bryant Park. Hines acquires Archstone's interest in the CityCenterDC project. Hines receives Environmental Protection Agency's 2013 ENERGY STAR® Sustained Excellence Award. Hines REIT sells iconic Williams Tower to Invesco Real Estate. Hines Global REIT acquires One Westferry Circus in London, 465 Victoria in Sydney, Australia, and the 481,070-square-foot New City office complex in Warsaw, Poland. Boston Properties and Hines celebrated groundbreaking of Transbay Tower, the West Coast's tallest building.

2014 — Hines completes Phase I of CityCenterDC, a mixed-use development in Washington, DC. Hines begins construction on: 53W53, a 75-story tower next to MoMA in Manhattan; Jing An Tower, a 54-story, 1,444,546 square-foot mixed-use project in Shanghai, China; 609 Main at Texas, a 48-story, 1,050,000-square-foot office tower in downtown Houston; The Southmore, a 25-story for-rent multifamily development in Houston's Museum District; and Market Square Residential, a 32-story for-rent multifamily development in Houston. Hines Securities reaches a milestone raising $5 billion in capital. Hines REIT acquires the Howard Hughes Center in Los Angeles. Hines Global REIT II makes its first acquisition with 2819 Loker Avenue East in Carlsbad, California. Hines Global REIT acquires The Rim in San Antonio and 818 Bourke Street in Melbourne, Australia. Hines acquires Pier I Imports Building in Fort Worth, Kö-Quartier in Düsseldorf, Germany, and two properties in Stuttgart, Germany- Caleido Stuttgart and Kronprinzbau. Hines Poland Sustainable Income Fund (HPSIF) acquires Kronprinzbau. Hines wins the 2014 ENERGY STAR® Sustained Excellence Award. Hines opens office in Greece.

2015 — Hines forms the Retail Resources Group to expand the firm's retail depth and expertise, and to assist all company-wide retail development, acquisition and redevelopment efforts.

Hines receives the 2015 ENERGY STAR Partner of the Year - Sustained Excellence Award in recognition of continued leadership in sustainability. This is the eleventh time Hines has been recognized by the EPA and the eighth time Hines has received this award. The firm has more than 195 LEED certified, pre-certified or registered projects, representing over 100 million square feet. Hines owns/manages more than 180 ENERGY STAR-labeled buildings, representing over 80 million square feet.

Hines breaks ground on numerous projects, including Asturia, a mixed-use, master-planned community in Tampa, FL; The Sheraton Georgetown Texas Hotel and Conference Center, a 196,284-square-foot, 222-room hotel; 400/450 Concar, a 305,000-square-foot office complex in San Mateo, CA; 1144 Fifteenth, a 662,000-square-foot Class A office tower in Denver; Aqualina at Bayside, the first residential phase of Bayside Toronto; and the T3 (timber, transit and technology) development, an innovative 220,00-square-foot, seven-story office building in Minneapolis.

The HPSIF offering closes in June with total capitalization of €155 million. HPSIF will acquire properties that can be actively managed to improve energy efficiency and lower emissions. The portfolio currently includes three office buildings in Warsaw's Mokotów district: Ambassador, Nestlé House and Sky Office Center.

Gerald D. Hines celebrates his 90th birthday at his namesake school, the Gerald D. Hines College of Architecture and Design at the University of Houston, where he is honored by world-renowned architects from around the globe.

Up to $2,500,000,000 in

Common Shares

Hines Global REIT II, Inc.

Offered to the Public

PROSPECTUS

Hines Securities, Inc.

You should rely only on the information contained in this prospectus. No dealer, salesperson or other person is authorized to make any representations other than those contained in the prospectus and supplemental literature authorized by Hines Global REIT II, Inc. and referred to in this prospectus, and, if given or made, such information and representations must not be relied upon. This prospectus is not an offer to sell nor is it seeking an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of these securities. You should not assume that the delivery of this prospectus or that any sale made pursuant to this prospectus implies that the information contained in this prospectus will remain fully accurate and correct of any time subsequent to the date of this prospectus.

August 2, 2016

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

All capitalized terms used and not defined in Part II of this registration statement shall have the meanings assigned to them in the prospectus which forms a part of this registration statement.

Item 31. *Other Expenses of Issuance and Distribution*

The following is a statement of estimated expenses to be incurred by Hines Global REIT II, Inc. in connection with the issuance and distribution of the securities being registered pursuant to this registration statement. All amounts are estimated except the Securities Act registration fee and the FINRA filing fee.

	Amount
Securities Act registration fee	$341,000
FINRA filing fee	225,500
Blue sky qualification fees and expenses	350,000
Printing and mailing expenses	4,000,000
Legal fees and expenses	3,500,000
Accounting fees and expenses	1,000,000
Advertising and sales literature	2,500,000
Transfer agent fees	2,000,000
Bank and other administrative expenses	150,000
Due diligence expense reimbursements	2,342,724
Advisor personnel expenses	390,776
Total	$16,800,000

Item 32. *Sales to Special Parties*

We may sell Class A Shares to retirement plans of participating broker dealers, to participating broker dealers themselves (and their employees), to IRAs and qualified plans of their registered representatives or to any one of their registered representatives in their individual capacities (and to each of their spouses, parents and minor children) at a 7.0% discount, or $9.26 per share, reflecting that no selling commissions will be paid in connection with such transactions. The net proceeds we receive will not be affected by such sales of shares at a discount.

Our directors and officers, both current and retired, as well as affiliates of Hines and their directors, officers and employees, both current and retired (and their spouses, parents and minor children) and entities owned substantially by such individuals, may purchase Class A Shares in this offering $9.11 per share, reflecting the fact that no selling commissions or dealer manager fees will be paid in connection with any such sales. The net offering proceeds we receive will not be affected by such sales of shares at a discount.

In addition, Hines, the Dealer Manager or one of their affiliates may form one or more foreign-based entities for the purpose of raising capital from foreign investors to invest in our shares. Sales of our Class A Shares to any such foreign entity may be at a 7.0% discount, or $9.26 per share, reflecting the fact that no selling commissions will be paid in connection with any such transactions. The net offering proceeds we receive will not be affected by such sales of shares at a discount.

Item 33. *Recent Sales of Unregistered Securities*

Hines Global REIT II, Inc. issued 1,111.111 Class A common shares to Hines Global REIT II Investor Limited Partnership, in exchange for an investment of $10,000 on September 6, 2013, in connection with the formation of Hines Global REIT II, Inc. This sale was exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended as a transaction not involving any public offering. There have been no other sales of unregistered securities within the past three years.

Item 34. ***Indemnification of Directors and Officers***

The Maryland General Corporation Law, which we refer to as the MGCL, permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from: (i) actual receipt of an improper benefit or profit in money, property or services or (ii) active and deliberate dishonesty established by a final judgment as being material to the cause of action.

The MGCL requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made or threatened to be made a party by reason of his service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that: (i) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty; (ii) the director or officer actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under the MGCL a Maryland corporation may not provide indemnification for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification, and then only for expenses. In addition, the MGCL permits a corporation to advance reasonable expenses to director or officer upon the corporation's receipt of: (i) a written affirmation by the director or officer of his good faith belief that he has met the standard of conduct necessary for indemnification; and (ii) a written undertaking by him or on his behalf to repay the amount paid or reimbursed if it shall ultimately be determined that the standard of conduct was not met.

Subject to the conditions set forth in this Item, our charter provides that no director or officer of Hines Global II will be liable to Hines Global II or its stockholders for money damages and that Hines Global II shall indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay, advance or reimburse the reasonable expenses of any director or officer of Hines Global II against any and all losses or liabilities reasonably incurred by any such person in connection with or by reason of any act or omission performed or omitted to be performed on our behalf in such capacities. Under our charter, we shall not indemnify a director, an advisor or an affiliate of the advisor, each of which we refer to as an Indemnified Party, for any liability or loss suffered by such Indemnified Party, nor shall we provide that such Indemnified Party be held harmless for any loss or liability suffered by us, unless all of the following conditions are met: (i) the Indemnified Party determined, in good faith, that the course of conduct which caused the loss or liability was in our best interests; (ii) the Indemnified Party was acting on behalf of or performing services for us; (iii) such liability or loss was not the result of negligence or misconduct by such Indemnified Party except in the event that the Indemnified Party is or was an independent director, such liability or loss was not the result of gross negligence or willful misconduct; and (iv) such indemnification or agreement to hold harmless is recoverable only out of our net assets and not from our stockholders.

Notwithstanding the foregoing, we shall not indemnify any Indemnified Party or any person acting as a broker dealer, for any loss, liability or expenses arising from or out of an alleged violation of federal or state securities laws unless one or more of the following conditions are met: (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee; (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee; or (iii) a court of competent jurisdiction approves a settlement of the claims against the particular indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the Securities and Exchange Commission and of the published position of any state securities regulatory authority in which our securities were offered or sold as to indemnification for violations of securities laws. Our charter provides that the advancement of our funds to an Indemnified Party for legal expenses and other costs incurred as a result of any legal action for which indemnification is being sought is permissible only if all of the following conditions are satisfied: (i) the legal action relates to acts or omissions with respect to the performance of duties or services by the Indemnified Party on behalf of us; (ii) the legal action is initiated by a third party who is not a stockholder of ours or the legal action is initiated by a stockholder acting in his or her capacity as such and a court of competent jurisdiction specifically approves such advancement; and (iii) the Indemnified Party provides us with written affirmation of his good faith belief that he met the standard of conduct necessary for indemnification and undertakes to repay the advanced funds to us, together with the applicable legal rate of interest thereon, in cases in which such Indemnified Party is found not to be entitled to indemnification.

Indemnification under the provisions of the MGCL is not deemed exclusive of any other rights, by indemnification or otherwise, to which an officer or director may be entitled under our charter or bylaws, or under resolutions of stockholders or directors, contract or otherwise. We have entered into separate indemnification agreements with each of our directors and officers. The indemnification agreements require, among other things, that we indemnify our directors and officers to the fullest extent permitted by law and our charter, and advance to the directors and officers all related expenses, subject to reimbursement if it is subsequently determined that indemnification is not permitted. We also must indemnify and advance all expenses incurred by directors and officers seeking to enforce their rights under the indemnification agreements and cover directors and officers under our directors' and officers' liability insurance. Although the form of indemnification agreement offers substantially the same scope of coverage afforded by provisions in the charter and bylaws, as a contract, it cannot be unilaterally modified by the board of directors or by the stockholders to eliminate the rights it provides. We have purchased and maintain insurance on behalf of all of our directors and executive officers against liability asserted against or incurred by them in their official capacities with us, whether or not we are required or have the power to indemnify them against the same liability. Our charter provides that neither the amendment, nor the repeal, nor the adoption of any other provision of the charter or bylaws will apply to or affect, in any respect, any party's right to indemnification for actions or failures to act which occurred prior to such amendment, repeal or adoption.

To the extent that the indemnification may apply to liabilities arising under the Securities Act, we have been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is contrary to public policy and, therefore, unenforceable pursuant to Section 14 of the Securities Act.

Item 35. ***Treatment of Proceeds from Stock Being Registered***

Not applicable.

Item 36. ***Financial Statements and Exhibits***

(a) Financial Statements:

Hines Global REIT II, Inc.—Consolidated Financial Statements as of December 31, 2015 and 2014, and for the Years Ended December 31, 2015 and 2014 and For the Period from July 31, 2013 (date of inception) through December 31, 2013	
Report of Independent Registered Public Accounting Firm	*
Consolidated Financial Statements:	
Consolidated Balance Sheets	*
Consolidated Statements of Operations and Comprehensive Income (Loss)	*
Consolidated Statements of Equity (Deficit)	*
Consolidated Statements of Cash Flows	*
Notes to the Consolidated Financial Statements	*

Hines Global REIT II, Inc.—Condensed Consolidated Financial Statements for the Three and Six Months Ended June 30, 2016 and 2015 (Unaudited)	
Condensed Consolidated Financial Statements:	
Condensed Consolidated Balance Sheets	*
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)	*
Condensed Consolidated Statements of Equity (Deficit)	*
Condensed Consolidated Statements of Cash Flows	*
Notes to the Condensed Consolidated Financial Statements	*

2819 Loker Avenue East — For the Nine Months Ended September 30, 2014 (Unaudited) and the Year Ended December 31, 2013	
Independent Auditor's Report	*
Statement of Revenues and Certain Operating Expenses	*
Notes to Statement of Revenues and Certain Operating Expenses	*
Bishop's Square — For the Year Ended December 31, 2014	
Independent Auditor's Report	*
Statement of Revenues and Certain Operating Expenses	*
Notes to Statement of Revenues and Certain Operating Expenses	*
Domain Apartments — For the Year Ended December 31, 2015	
Independent Auditor's Report	*
Statement of Revenues and Certain Operating Expenses	*
Notes to Statement of Revenues and Certain Operating Expenses	*
Cottonwood Corporate Center — For the Six Months Ended June 30, 2016 (Unaudited) and the Year Ended December 31, 2015	
Report of Independent Auditor	*
Statement of Revenues and Certain Operating Expenses	*
Notes to Statement of Revenues and Certain Operating Expenses	*
Hines Global REIT II, Inc.	
Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2016	*
Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Six Months Ended June 30, 2016 and the Year Ended December 31, 2015	*
Notes to Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Six Months Ended June 30, 2016 and the Year Ended December 31, 2015	*

*See the "Incorporation by Reference" section in Supplement No. 4 to the Prospectus included in this Registration Statement.

(b) Exhibits:

The documents listed on the Index to Exhibits are filed as exhibits to this registration statement.

Item 37. ***Undertakings***

The undersigned registrant hereby undertakes:

(a) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(b)(i) that, for the purpose of determining any liability under the Securities Act of 1933, each such post- effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(ii) that all post-effective amendments will comply with the applicable forms, rules and regulations of the Commission in effect at the time such post-effective amendments are filed; and

(iii) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(c) that, for the purpose of determining liability under the Securities Act of 1933 to any purchaser: (i) if the registrant is relying on Rule 430B:

(A) each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or

(ii) if the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(d) that, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(e) to send to each stockholder at least on annual basis a detailed statement of any transactions with the advisor or its affiliates, and of fees, commissions, compensation and other benefits paid, or accrued to the advisor or its affiliates for the fiscal year completed, showing the amount paid or accrued to each recipient and the services performed.

(f) to provide to the stockholders the financial statements required by Form 10-K for the first full fiscal year of operations of the company.

(g) to file a sticker supplement pursuant to Rule 424(c) under the Securities Act during the distribution period describing each significant property not identified in the prospectus at such time as there arises a reasonable probability that such property will be acquired and to consolidate all such stickers into a post-effective amendment filed at least once every three months with the information contained in such amendment provided simultaneously to the existing stockholders. Each sticker supplement should disclose all compensation and fees received by our Advisor and its affiliates in connection with any such acquisition. The post-effective amendment shall include or incorporate by reference audited financial statements meeting the requirements of Rule 3-14 of Regulation S-X that have been filed or should have been filed for significant properties acquired during the distribution period.

(h) insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(i) to file, after the end of the distribution period, a current report on Form 8-K containing the financial statements and any additional information required by Rule 3-14 of Regulation S-X, for each significant property acquired and to provide the information contained in such report to the stockholders at least once each quarter after the distribution period of the offering has ended.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Houston, state of Texas on October 5, 2016.

HINES GLOBAL REIT II, INC.

By: /s/ SHERRI W. SCHUGART

Sherri W. Schugart
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Jeffrey C. Hines* **Jeffrey C. Hines**	Chairman of the Board of Directors	October 5, 2016
/s/ Sherri W. Schugart **Sherri W. Schugart**	President and Chief Executive Officer (Principal Executive Officer)	October 5, 2016
/s/ Ryan T. Sims* **Ryan T. Sims**	Chief Financial Officer and Secretary (Principal Financial Officer)	October 5, 2016
/s/ J. Shea Morgenroth **J. Shea Morgenroth**	Chief Accounting Officer and Treasurer (Principal Accounting Officer)	October 5, 2016
/s/ Charles M. Baughn* **Charles M. Baughn**	Director	October 5, 2016
/s/ Humberto Cabañas* **Humberto Cabañas**	Director	October 5, 2016
/s/ Dougal A. Cameron* **Dougal A. Cameron**	Director	October 5, 2016
/s/ John O. Niemann, Jr.* **John O. Niemann, Jr.**	Director	October 5, 2016

*Signed on behalf of the named individuals by J. Shea Morgenroth under power of attorney.

INDEX TO EXHIBITS

Exhibit No.	Description
1.1	Third Amended and Restated Dealer Manager Agreement, dated July 25, 2016 and effective as of August 2, 2016, by and among Hines Global REIT II, Inc., Hines Securities, Inc. and Hines Global REIT II Advisors LP (filed as Exhibit 1.1 to the Registrant’s Current Report on Form 8-K on July 25, 2016 and incorporated by reference herein)
1.2	Form of Selected Dealer Agreement (filed as Exhibit 1.2 to Pre-effective Amendment No. 1 to Post-Effective Amendment No. 5 to the Registration Statement on August 7, 2015 and incorporated by reference herein)
3.1	Articles of Amendment and Restatement of Hines Global REIT II, Inc. (filed as Exhibit 3.1 to Pre- Effective Amendment No. 5 to the Registrant's Registration Statement on Form S-11, File No. 333-191106 (the “Registration Statement”) on August 15, 2014 and incorporated by reference herein)
3.2	Articles Supplementary of Hines Global REIT II, Inc. (filed as Exhibit 3.1 to Post-Effective Amendment No. 1 to the Registration Statement on December 12, 2014 and incorporated by reference herein)
3.3	Amended and Restated Bylaws of Hines Global REIT II, Inc. (filed as Exhibit 3.2 to Pre-Effective Amendment No. 5 to the Registration Statement on August 15, 2014 and incorporated by reference herein)
3.4	Articles Supplementary of Hines Global REIT II, Inc. (filed as Exhibit 3.1 to Post-Effective Amendment No. 6 to the Registration Statement on August 12, 2015 and incorporated by reference herein)
3.5	Amendment No. 1 to Amended and Restated Bylaws of Hines Global REIT II, Inc., dated September 23, 2015 (filed as Exhibit 3.5 to Post-Effective Amendment No. 7 to the Registration Statement on November 17, 2015 and incorporated by reference herein)
4.1	Forms of Subscription Agreement (filed as Appendix B-1 and Appendix B-2 to the Prospectus filed on August 12, 2015 and incorporated by reference herein)
4.2	Hines Global REIT II, Inc. Fifth Amended and Restated Distribution Reinvestment Plan, effective as of October 31, 2016 (filed as Exhibit 4.1 to the Registrant’s Current Report on Form 8-K on September 22, 2016 and incorporated by reference herein)
10.1	Advisory Agreement, dated as of August 15, 2014, among Hines Global REIT II Advisors LP, Hines Global REIT II Properties LP, and Hines Global REIT II, Inc. (filed as Exhibit 10.2 to Pre-Effective Amendment No. 5 to the Registration Statement on August 15, 2014 and incorporated by reference herein)
10.2	Amended and Restated Escrow Agreement, dated as of December 12, 2014, by and among Hines Securities Inc., Hines Global REIT II, Inc. and UMB Bank, N.A. (filed as Exhibit 10.3 to Post-Effective Amendment No. 1 to the Registration Statement on December 12, 2014 and incorporated by reference herein)
10.3	Form of Indemnification Agreement entered into between Hines Global REIT II, Inc. and each of the following persons as of August 15, 2014: Jeffrey C. Hines, Charles M. Baughn, Humberto Cabañas, Dougal A. Cameron, John O. Niemann, Jr., Sherri W. Schugart, Ryan T. Sims, David L. Steinbach, Kevin L. McMeans and J. Shea Morgenroth (filed as Exhibit 10.4 to the Registration Statement on September 11, 2013 and incorporated by reference herein)
10.4	Waiver to Hines Global REIT II Advisory Agreement (filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K on September 24, 2014 and incorporated by reference herein)
10.5	Purchase and Sale Agreement, dated as of November 12, 2014, by and between Hines Interests Limited Partnership and Canoga-Rincon Loker Industrial, LLC (filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K on November 20, 2014 and incorporated by reference herein)
10.6	Assignment of Contract of Purchase and Sale, dated as of November 14, 2014, by and between Hines Interests Limited Partnership and HGREIT II 2819 Loker LP (filed as Exhibit 10.2 to the Registrant’s Current Report on Form 8-K on November 20, 2014 and incorporated by reference herein)
10.7	Uncommitted Loan Agreement, dated as of December 15, 2014, by and between Hines Global REIT II, Inc., as borrower, and Hines Interests Limited Partnership, as lender (filed as Exhibit 10.3 to the Registrant’s Current Report on Form 8-K on December 19, 2014 and incorporated by reference herein)
10.8	Selected Dealer Agreement, dated as of December 31, 2014, by and between Hines Global REIT II, Inc., Hines Securities, Inc., Hines Global REIT II Advisors LP and Ameriprise Financial Services, Inc. (filed as Exhibit 10.9 to Post-Effective Amendment No. 3 to the Registration Statement on March 5, 2015 and incorporated by reference herein)
10.9	Particulars and Conditions of Sale of Bishop's Square, Bishop's Street/Kevin Street Lower, Dublin 2, dated as of January 30, 2015, by and between Bishop Ireland GREIT II Limited and Violet Yarrow Real Estate (Dublin) Limited (filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K on February 5, 2015 and incorporated by reference herein)

Exhibit No.	Description
10.10	Facility Agreement, dated as of March 3, 2015 by and between Deutsche Girozentrale as Agent, Original Hedge Counterparty, Arranger, Security Trustee and Lender and Hines GREIT II Ireland Fund PLC, acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund, as Borrower (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K on March 5, 2015 and incorporated by reference herein)
10.11	Amendment to Selected Dealer Agreement, dated February 27, 2015, by and among Hines Global REIT II, Inc., Hines Securities, Inc., Hines Global REIT II Advisors LP and Ameriprise Financial Services, Inc. (filed as Exhibit 10.12 to Post-Effective Amendment No. 3 to the Registration Statement on March 5, 2015 and incorporated by reference herein)
10.12	Amendment No. 1 to the Amended and Restated Agreement of Limited Partnership of Hines Global REIT II Properties LP, dated as of March 23, 2015 (filed as Exhibit 10.13 to Post-Effective Amendment No. 4 to the Registration Statement on April 17, 2015 and incorporated by reference herein)
10.13	Amendment to Advisory Agreement, dated as of December 4, 2014, among Hines Global REIT II Advisors LP, Hines Global REIT II Properties LP, and Hines Global REIT II, Inc. (filed as Exhibit 10.14 to Post-Effective Amendment No. 4 to the Registration Statement on April 17, 2015 and incorporated by reference herein)
10.14	Real Estate Purchase Agreement, dated as of July 8, 2015, by and between Hines Global REIT II 891 Coronado LLC and LV Eastern, LLC (filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K on July 14, 2015 and incorporated by reference herein)
10.15	Second Amended and Restated Agreement of Limited Partnership of Hines Global REIT II Properties LP, dated as of August 12, 2015 (filed as Exhibit 10.1 to Post-Effective Amendment No. 6 to the Registration Statement on August 12, 2015 and incorporated by reference herein)
10.16	Amendment No. 2 to Selected Dealer Agreement, dated as of September 3, 2015, by and between Hines Global REIT II, Inc., Hines Securities, Inc., Hines Global REIT II Advisors LP and Ameriprise Financial Services, Inc. (filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K on September 10, 2015 and incorporated by reference herein)
10.17	First Amendment to Real Estate Purchase Agreement, dated as of August 7, 2015, by and between Hines Global REIT II 891 Coronado LLC and LV Eastern, LLC (filed as Exhibit 10.2 to the Registrant’s Current Report on Form 8-K on December 10, 2015 and incorporated by reference herein)
10.18	Second Amendment to Real Estate Purchase Agreement, dated as of August 21, 2015, by and between Hines Global REIT II 891 Coronado LLC and LV Eastern, LLC (filed as Exhibit 10.3 to the Registrant’s Current Report on Form 8-K on December 10, 2015 and incorporated by reference herein)
10.19	Third Amendment to and Reinstatement of Real Estate Purchase Agreement, dated as of December 4, 2015, by and between Hines Global REIT II 891 Coronado LLC and LV Eastern, LLC (filed as Exhibit 10.4 to the Registrant’s Current Report on Form 8-K on December 10, 2015 and incorporated by reference herein)
10.20	Loan Agreement, dated as of January 29, 2016 by and between Wells Fargo Bank, National Association, as Lender and Hines Global REIT II 891 Coronado LLC, as Borrower (filed as Exhibit 10.5 to the Registrant’s Current Report on Form 8-K filed on February 4, 2016 and incorporated by reference herein)
10.21	Promissory Note, dated as of January 29, 2016 by and between Hines Global REIT II 891 Coronado LLC, as borrower, and Wells Fargo Bank, National Association, as lender (filed as Exhibit 10.6 to the Registrant’s Current Report on Form 8-K filed on February 4, 2016 and incorporated by reference herein)
10.22	Amendment No. 2 to Advisory Agreement, dated as of April 13, 2016, among Hines Global REIT II Advisors LP, Hines Global REIT II Properties LP, and Hines Global REIT II, Inc. (filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K on April 15, 2016 and incorporated by reference herein)
10.23	Amendment No. 3 to Selected Dealer Agreement, dated April 12, 2016, by and among Hines Global REIT II, Inc., Hines Securities, Inc., Hines Global REIT II Advisors LP and Ameriprise Financial Services, Inc. (filed as Exhibit 10.23 to Post-Effective Amendment No. 8 to the Registration Statement on April 15, 2016 and incorporated by reference herein)
10.24	Sale, Purchase and Escrow Agreement, dated as of May 13, 2016, by and between NOP Cottonwood Holdings, LLC, HGREIT II Cottonwood Center LLC, Commonwealth Land Title Insurance Company, Hines Global REIT II Properties LP and National Office Partners LLC (filed as Exhibit 10.1 to the registrant’s Current Report on Form 8-K on May 19, 2016 and incorporated by reference herein)
10.25	Agreement of Purchase and Sale, dated as of June 24, 2016, by and between RT GOODYEAR, LLC and HGREIT II Goodyear Crossing LLC (filed as Exhibit 10.6 to the registrant’s Quarterly Report on Form 10-Q on August 12, 2016 and incorporated by reference herein)
10.26*	Loan Agreement, dated as of July 5, 2016 by and between Principal Life Insurance Company, as Lender and HGREIT II Cottonwood Center LLC, as Borrower
10.27*	Term Loan Agreement, dated as of August 18, 2016 by and between SunTrust Bank, as Lender and HGREIT II Goodyear Crossing LLC, as Borrower

Exhibit No.	Description
10.28*	Agreement of Purchase and Sale, dated as of September 16, 2016, by and between CLP-SPF Rookwood Commons, LLC and CLP-SPF Rookwood Pavilion, LLC and HGREIT II Edmonson Road LLC and HGREIT II Madison Road LLC
10.29*	Form of Property Management and Leasing Agreement between Subsidiary of Hines Global REIT II and Hines Interests Limited Partnership (Domestic Office Properties)
10.30*	Form of Property Management and Leasing Agreement between Subsidiary of Hines Global REIT II and Hines Interests Limited Partnership (Domestic Multi-family and Industrial Properties)
21.1*	List of Subsidiaries of Hines Global REIT II, Inc.
23.1*	Consent of Deloitte & Touche LLP
23.2*	Consent of Saville Dodgen & Company PLLC
99.1	Consent of Cushman & Wakefield, Inc. (filed as Exhibit 99.1 to Post-Effective Amendment No. 8 to the Registration Statement on April 15, 2016 and incorporated by reference herein)
99.2	Consent of Jones Lang LaSalle (filed as Exhibit 99.1 to Post-Effective Amendment No. 8 to the Registration Statement on April 15, 2016 and incorporated by reference herein)

* Filed herewith.

Exhibit 10.26

LOAN AGREEMENT

Dated as of July 5, 2016

Between

HGREIT II COTTONWOOD CENTER LLC, a Delaware limited liability company,
as Borrower

and

PRINCIPAL LIFE INSURANCE COMPANY, an Iowa corporation,
as Lender

Premises: 2755, 2795, 2825 and 2855 East Cottonwood Parkway
Cottonwood Heights, Utah 84121

Loan Number: 757840

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Schedules

LOAN AGREEMENT

THIS LOAN AGREEMENT ("**Agreement**"), made as of the date set forth on the cover page hereof, is by and between PRINCIPAL LIFE INSURANCE COMPANY, an Iowa corporation (together with its successors and/or assigns "**Lender**"), and HGREIT II COTTONWOOD CENTER LLC, a Delaware limited liability company ("**Borrower**").

RECITALS

A. Borrower desires to obtain the Loan (as hereinafter defined) from Lender;

B. Lender is willing to make the Loan to Borrower, subject to and in accordance with the terms of this Agreement and the other Loan Documents (as hereinafter defined);

NOW, THEREFORE, in consideration of the making of the Loan by Lender, and the covenants, agreements, representations and warranties set forth in this Agreement, the parties hereby covenant, agree, represent and warrant as follows:

ARTICLE I. DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1 Definitions. For all purposes of this Agreement, except as otherwise expressly required or unless the context clearly indicates a contrary intent:

"**Affiliate(s)**" means any Person(s) directly or indirectly Controlling, Controlled by, or under common Control with Borrower.

"**Alteration**" shall mean any installation, improvement, repair or maintenance to the Improvements (and shall specifically not include any demolition or expansion of the Improvements).

"**Approved Accounting Method**" means generally accepted accounting principles, a tax basis of accounting or, if acceptable to Lender in its reasonable discretion, other sound methods of accounting, in each case consistently applied.

"**Award**" shall mean any compensation paid by any Governmental Authority in connection with a Condemnation in respect of all or any part of the Premises.

"**Business Day(s)**" shall mean any day other than a Saturday, Sunday or any other day on which federally insured depository institutions in New York, New York are authorized or obligated by law, governmental decree or executive order to be closed.

"**Casualty**" shall have the meaning set forth in Section 5.2 of this Agreement.

"**Casualty Retainage**" shall have the meaning set forth in Section 5.4(b)(v) of this Agreement.

"**Chief Executive Office of Borrower**" shall mean 2800 Post Oak Boulevard, Suite 4800, Houston, Texas 77056.

"**Closing Date**" means July 5, 2016.

"**Code**" means the Internal Revenue Code of 1986, as amended, and as it may be further amended from time to time, any successor statutes thereto, together with applicable United States Department of Treasury regulations issued pursuant thereto in temporary or final form.

"**Collateral**" means, collectively, the Premises, the Reserve Funds and all proceeds and products of the foregoing, all whether now owned or hereafter acquired by Borrower, and all other property of Borrower which is or hereafter may become subject to a lien in favor of Lender as security for the repayment of the Loan.

"**Component Notes**" shall have the meaning set forth in Section 11.21 of this Agreement.

"**Condemnation**" shall mean a permanent or temporary taking by any Governmental Authority as the result of or in lieu of or in anticipation of (as reasonably determined by Lender and/or as evidenced by affirmative written statements to such effect from the Governmental Authority) the exercise of the right of condemnation or eminent domain, of all or any part of the Premises, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting the Premises or any part thereof.

"**Condemnation Proceeds**" shall have the meaning set forth in Section 5.4(b) of this Agreement.

"**Contest Requirements**" means (i) such contest may be made without the payment of the amount contested or the amount contested has been paid pending resolution of such contest; (ii) such contest shall prevent, during the period of such contest, the sale or forfeiture of the Premises or any part thereof, or any interest therein, to satisfy such contested lien, claim, charge or unpaid tax; (iii) Borrower has given written Notice to Lender of its intended action with respect to such contest and provides Lender promptly with copies of all notices, pleadings and other communications sent or received with respect to such contest; (iv) Borrower shall have either: (A) obtained a bond over such lien, claim, charge or unpaid tax from a bonding company reasonably acceptable to Lender, obtained title insurance over, or deposited funds in escrow with a title company or other escrow agent which has the effect of removing such lien or preventing the collection of the lien, claim, charge or unpaid tax so contested, or (B) provided to Lender a cash deposit or letter of credit acceptable to Lender in the amount of the lien, claim, charge or unpaid tax; (v) Borrower shall pay all costs and expenses incidental to such contest; and (vi) in the event of a final, non-appealable ruling or adjudication adverse to Borrower, Borrower shall promptly pay such lien, claim, charge or unpaid tax, shall indemnify and hold Lender and the Premises harmless from any loss or damage arising from such contest and shall take whatever action necessary to prevent sale, forfeiture or any other loss or damage to the Premises or to the Lender.

"**Control**" (and terms correlative thereto) when used with respect to any specified Person (s) means the power to direct or cause the direction of the management, policies or activities of such Person(s), directly or indirectly, whether through the ownership of voting securities or other beneficial interests, by contract or otherwise.

"**Conveyance Date**" means the date Lender acquires title to the Premises after an Event of Default.

"**Default Rate**" means a rate equal to the lesser of (i) four percent (4%) per annum above the then applicable interest rate payable under the Note or (ii) the maximum rate allowed by applicable law.

"**Defaulting Guarantor**" is defined in Section 7.1 of this Agreement.

"**DSC Ratio**" shall mean, with respect to any applicable period of time, the ratio of the annual net operating income from the Lease(s) to the annual regularly scheduled Monthly Payments, as reasonably determined by Lender. Only net operating income from executed Lease (s) in effect on the Premises which (i) are deemed approved (in accordance with Section 8.3 of this Agreement) or acceptable to Lender, or do not require Lender's approval, (ii) have no uncured defaults, and (iii) have not had an event occur which has not otherwise been remedied or waived in a commercially reasonable manner, and which at the time of Lender's determination, with the passage of time or giving of notice or both, would become a default, shall be used in Lender's determination of the annual net operating income.

"**Easements**" is defined in Section 4.1.6 of this Agreement.

"**Embargoed Person**" means (i) any person, entity, country, government or governmental agency or entity thereof that is or becomes subject to trade restrictions , embargo, or economic sanction pursuant to applicable United States law, regulation or Executive Order, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder; and (ii) any person identified on the Specially Designated Nationals and Blocked Persons List or Consolidated Sanctions List maintained by OFAC (as hereinafter defined) and/or on any other similar list maintained by OFAC.

"**Entity(ies)**" means a (a) corporation, (b) limited partnership, limited liability partnership or general partnership, (c) limited liability company, or (d) trust.

"**Environmental Activity or Condition**" has the meaning set forth in the Environmental Indemnity.

"**Environmental Indemnity**" shall mean that certain Environmental Indemnity Agreement from Borrower and Guarantor to Lender in connection with the Loan dated of even date herewith, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**Escrow Interest Calculation**" means interest shall be credited on or before the tenth (10^{th}) of each calendar month on the average balance of the cash portion of the applicable escrow for the preceding calendar month or any portion of such preceding calendar month at a rate equal to the thirty-day average of the daily 30-day Commercial Paper Rate as published in The Wall Street Journal or similar financial publication, less 100 basis points; provided, however, that interest shall cease to be credited on any portion of the escrow at such time as it has been disbursed to Borrower or otherwise applied on behalf of Borrower in any manner expressly provided for in this Agreement or in the other Loan Documents. In no event shall the Escrow Interest Calculation be less than 0.00%.

"**Escrow Release**" shall have the meaning set forth in Schedule IV, if any, of this Agreement.

"**Event of Default**" shall have the meaning set forth in Section 7.1 of this Agreement.

"**Extraordinary Rental Payments**" shall mean (i) any prepaid monthly rental payments under the Lease(s) in excess of one regular monthly payment amount under the applicable Lease (s) (except for customary Security Deposits), (ii) lease termination payments for Lease(s) which equal or exceed the Threshold Amount, (iii) once the lease termination payments, calculated on a cumulative basis over a calendar year, have reached the Threshold Amount, any further lease termination payments for Lease(s) in the same calendar year (including the lease termination payment that caused the Threshold Amount to be reached), and (iv) purchase option exercise payments.

"**Force Majeure**" shall mean a delay due to acts of God, governmental restrictions, stays, judgments, orders, decrees, enemy actions (including acts of terrorism), civil commotion, fire, casualty, strikes, work stoppages, shortages of labor or materials or other causes beyond the reasonable control of Borrower, provided that adverse economic conditions, inflation, and other conditions of general applicability shall not be deemed a cause beyond the reasonable control of Borrower, and lack of funds in and of itself shall not be deemed a cause beyond the reasonable control of Borrower.

"**Governmental Authority**" means (i) any national, federal, state, regional or local government, or any other political subdivision of any of the foregoing, in each case with jurisdiction over Borrower and/or the Premises, or (ii) any Person(s) with jurisdiction over Borrower and/or the Premises exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"**Governmental Incentive Financing**" means any financing or similar incentive or development program entered into by Borrower voluntarily (or for which Borrower is permitted to decline to enter into), which results in a lien, encumbrance or special assessment on the Premises in favor of a governmental agency or authority, including, without limitation, a PACE Loan.

"**Guarantor**" means, individually and collectively, Hines Global Reit II, Inc., a Maryland corporation, and permitted successors and/or assigns.

"**Guaranty**" means that certain Guaranty, dated as of the date hereof, executed and delivered by Guarantor in connection with the Loan to and for the benefit of Lender, as same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Hazardous Substances**" shall have the meaning set forth in the Environmental Indemnity.

"**Immediate Family Member(s)**" shall have the meaning set forth in Section 4.2.3(b)(iv) of this Agreement.

"**Improvements**" shall have the meaning set forth in the Mortgage.

"**Indebtedness**" means the Loan Amount outstanding from time to time together with all accrued and unpaid interest thereon, interest accrued at the Default Rate (if any), Late Charges (if any), the Prepayment Premium (if any), and all other obligations and liabilities of Borrower due or to become due to Lender pursuant to the Loan Documents.

"**Insurance Proceeds**" shall have the meaning set forth in Section 5.4(b) of this Agreement.

"**Interest Owner(s)**" means any Person(s) owning an interest (directly or indirectly) in Borrower, but specifically excluding any shareholder(s) of Guarantor other than a single shareholder that owns fifty percent (50%) or more interest.

"**Interest Period**" shall mean, with respect to any Payment Date, the period commencing on (and including) the first calendar day of the preceding calendar month and terminating on (and including) the last calendar day of the preceding calendar month; provided, however, that no Interest Period shall end later than the Maturity Date (other than for purposes of calculating interest at the Default Rate), and the initial Interest Period shall begin on August 1, 2016 and shall end on August 31, 2016.

"**Land**" shall have the meaning set forth in the Mortgage.

"**Late Charge**" means the lesser of: three percent (3%) of the amount not paid as required under the Loan Documents or the maximum amount permitted by applicable law.

"**Lease(s)**" means all leases and all other tenancies, rental arrangements, license agreements, concession agreements, storage agreements, subleases, and guarantees of the performance or obligations of any tenants thereunder affecting the Premises, or any part thereof, now existing or which may be executed at any time in the future prior to the Maturity Date, and all amendments, extensions and renewals of said leases, subleases, and guarantees and any of them.

"**Lease Modification**" means all lease extensions, renewals, amendments or modifications of Lease(s).

"**Legal Requirements**" means all applicable requirements of law and ordinance, and all rules and regulations, now or hereafter enacted, by authorities having jurisdiction over the Premises and the use thereof, including but not limited to all covenants, conditions and restrictions of record pertaining to the Premises, the Improvements, and the use thereof.

"**Lessee Documents**" shall have the meaning set forth in Section 8.3(f) of this Agreement.

"**Loan**" shall mean the loan made by Lender to Borrower in the Loan Amount which is evidenced by the Note and secured by the Mortgage and the other Loan Documents.

"**Loan Amount**" means $78,000,000.00.

"**Loan Documents**" shall mean this Agreement, the Mortgage, the Guaranty (if any), the Note and any other instrument or agreement executed by Borrower which evidences or secures the Loan (other than the Environmental Indemnity), as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, but excluding any mortgage loan application, term sheet or loan commitment.

"**Management Agreement**" shall mean that certain Property Management and Leasing Agreement dated July 5, 2016 between Borrower and Manager and any replacement thereof entered into in accordance with this Agreement.

"**Manager**" shall mean Hines Interests Limited Partnership or any New Manager pursuant to Section 4.2.1 of this Agreement.

"**Material Adverse Effect**" means a material adverse effect upon (i) the business or the financial position or results of operation of Borrower or the Premises, (ii) the ability of Borrower or Guarantor (if any) to perform, or of Lender to enforce, any of the Loan Documents or Environmental Indemnity to which Borrower or Guarantor (if any) is a party, (iii) the value or use of the Premises, or (iv) the lien of the Mortgage or Borrower's title to the Premises.

"**Maturity Date**" means August 1, 2023 or such earlier date as a result of acceleration or otherwise.

"**Monthly Payment**" shall mean principal and interest in an amount equal to $328,010.40.

"**Mortgage**" shall mean that certain Deed of Trust, Assignment of Leases and Rents, Fixture Filing and Security Agreement from Borrower to Trustee for the benefit of Lender in connection with the Loan dated the date hereof, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Net Proceeds**" shall have the meaning set forth in Section 5.4(b) of this Agreement.

"**Net Proceeds Deficiency**" shall have the meaning set forth in Section 5.4(b)(vii) of this Agreement.

"**New Manager**" shall have the meaning set forth in Section 4.2.1 of this Agreement.

"**Note**" shall mean that certain Secured Promissory Note, dated the date hereof, in the Loan Amount, made by Borrower in favor of Lender in connection with the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time in accordance with the terms and conditions of the Loan Documents.

"**Notice**" means each notice, consent, request, report or other communication under this Agreement, the Environmental Indemnity or any other Loan Document which any party hereto may desire or be required to give to the other. A Notice shall be deemed to be an adequate and sufficient Notice if given in writing and service is made by either (i) registered or certified mail, postage prepaid, in which case Notice shall be deemed to have been received three (3) Business Days following deposit to United States mail; or (ii) a nationally recognized overnight air courier, next day delivery, prepaid, in which case such Notice shall be deemed to have been received one (1) Business Day following delivery to such nationally recognized overnight air courier. All Notices shall be addressed to Borrower at its Chief Executive Office, or to Lender at c/o Principal Real Estate Investors, LLC, 801 Grand Avenue, Des Moines, Iowa 50392-1450, Attn: Commercial Mortgage Servicing, with reference to the applicable loan number, or to such other place as either party may by written notice to the other hereafter designate as a place for service of Notice. Borrower shall not be permitted to designate more than two places for service of Notice concurrently.

"**OFAC**" means the Office of Foreign Assets Control, United States Department of the Treasury.

"**Open Period**" shall mean the period beginning on the Payment Date in the month which is four months prior to the Maturity Date and ending on the Maturity Date.

"**Operation Expenses**" means expenses for the operation, maintenance, taxes, assessments, utility charges and insurance attributable to the Premises including sufficient reserves for the same or replacements or renewals thereof provided that any payments to parties affiliated with Borrower shall be considered an Operation Expense only to the extent that the amount expended for such expense does not exceed the then current market rate for such expense; provided Lender has approved all payments due under the Management Agreement.

"**PACE Loan**" shall mean any Property-Assessed Clean Energy loan or any similar financing.

"**Payment Date**" means the first day of each calendar month during the term of the Loan.

"**Permitted Encumbrances**" means (i) all title exceptions set forth in the Title Insurance Policy, (ii) the lien and security interests created by the Loan Documents, (iii) the Lease(s), (iv) Easements, (v) liens, if any, for taxes or charges imposed by any Governmental Authority (other than liens securing any Governmental Incentive Financing), not yet due or delinquent or which are being disputed by Borrower in accordance with this Agreement, (vi) any liens or other charges (other than mechanics' or materialmans' liens) during the period they are being contested in accordance with the Contest Requirements, and (vii) any title matters or exceptions approved in writing by Lender subsequent to the Closing Date. In no event shall a mechanic's or materialman's lien (or any memorandum thereof) be deemed to be Permitted Encumbrances.

"**Permitted Transfer**" shall mean those Transfers permitted in Section 4.2.3 of this Agreement or as otherwise expressly permitted in writing by Lender.

"**Person(s)**" means any natural person, Entity(ies), joint venture, estate, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

"**Personal Property**" shall have the meaning set forth in the granting clause of the Mortgage.

"**Policies**" or "**Policy**" shall have the meaning set forth in Section 5.1(b)(i) of this Agreement.

"**Premises**" means the Land, the Improvements and the property, rights and interests described in the Mortgage.

"**Prepayment Premium**" shall mean the greater of (i) one percent (1%) of the outstanding principal amount of the Loan, or (ii) a premium calculated as provided in subparagraphs (1)-(3) below:

(1) Determine the "**Reinvestment Yield.**" The Reinvestment Yield will be equal to the yield on a United States Treasury Issue with similar remaining time to the Maturity Date as reasonably selected by Lender within two weeks prior to the date of prepayment plus fifty (50) basis points and converted to an equivalent monthly compounded nominal yield. In the event there is no market activity involving the United States Treasury Issue at the time of prepayment, Lender shall choose a comparable Treasury Bond, Note or Bill which Lender reasonably deems to be similar to the United States Treasury Issue's characteristics (i.e., rate, remaining time to maturity, yield).

(2) Calculate the "**<u>Present Value of the Loan</u>**." The Present Value of the Loan is the present value of the payments remaining to be made hereunder (all installment payments and any remaining payment due on the Maturity Date) discounted at the Reinvestment Yield for the number of months remaining from the date of prepayment to the Maturity Date. In the event of a partial prepayment as a result of the terms of this Agreement, the Present Value of the Loan shall be calculated in accordance with the preceding sentence multiplied by the fraction which results from dividing the principal amount to be prepaid by the principal balance of the Loan immediately prior to the prepayment.

(3) Subtract the principal amount to be prepaid from the Present Value of the Loan (or portion thereof as provided above) as of the date of prepayment. Any resulting positive differential shall be the premium.

"**<u>Qualified Institution</u>**" shall mean a bank, saving and loan association, investment bank, or commercial credit corporation that is domiciled in the United States, qualifies for federal insurance and is otherwise acceptable to Lender.

"**<u>Qualifying Manager</u>**" shall mean a successor property manager acceptable to Lender in Lender's reasonable discretion or a reputable management company having at least seven (7) years' experience in the management of commercial properties with similar uses and quality as the Premises and in the jurisdiction in which the Premises is located.

"**<u>REA</u>**" shall mean any reciprocal easement agreement or declaration of covenants, conditions or restrictions or such other similar agreement or declaration which at any time affects the Premises, as the same may be amended, restated, supplemented or otherwise modified from time to time, if and to the extent any such an agreement(s) or declaration(s) exists.

"**<u>Recourse Obligations</u>**" shall have the meaning set forth in <u>Article X</u> of this Agreement.

"**<u>Regular Interest Rate</u>**" shall mean a fixed rate per annum equal to 2.98%.

"**<u>Release</u>**" shall have the meaning set forth in <u>Section 11.24</u> of this Agreement.

"**<u>Release Parcel</u>**" shall have the meaning set forth in <u>Section 11.24</u> of this Agreement.

"**<u>Remaining Premises</u>**" shall have the meaning set forth in <u>Section 11.24</u> of this Agreement.

"**<u>Rents</u>**" means all rents or other income or payments, regardless of type or source of payment (including but not limited to common area maintenance charges, security deposits (to the extent not applied in accordance with the terms of the applicable Lease(s)), storage fees, lease termination payments, purchase option payments, refunds of any type, prepayment of rents, settlements of litigation or settlements of past due rents and any letter of credit and any proceeds derived from any letter of credit) which may now or hereafter be or become due or owing to Borrower under the Lease(s), or on account of the use and operation of the Premises.

"**Required Entity Status**" shall mean the type of entity status the Borrower is required to maintain throughout the term of the Loan, which for this Loan shall be a Single-Purpose Entity.

"**Reserve Funds**" shall mean the escrows and deposits described in Article VI of this Agreement.

"**Restoration**" shall have the meaning set forth in Section 5.2 of this Agreement.

"**Security Deposits**" means all security deposits held or to be held with respect to the Premises, pursuant to the applicable Lease(s).

"**Single-Purpose Entity**" means a corporation, limited partnership, limited liability company, or business trust which:

(1) is and will be organized solely for the purpose of acquiring, developing, owning, holding, selling, leasing, financing, managing and operating the Premises, entering into and performing its obligations under the Loan Documents, refinancing the Premises in connection with a permitted repayment of the Loan, and transacting lawful business that is incidental, necessary and appropriate to accomplish the foregoing;

(2) does not and will not engage in any business unrelated to the matters listed in paragraph (1) above;

(3) does not and will not own any assets other than (a) the Premises and (b) incidental Personal Property necessary for the ownership, management and operation of the Premises, and now holds and will hold the Premises and such assets in its own name;

(4) does and will do all things necessary to observe its organizational formalities and preserve its existence, and does not and will not engage in, seek or consent to nor will it allow any constituent party to engage in, seek or consent to, any dissolution, winding up, liquidation, consolidation or merger, and, except as otherwise expressly permitted by the Loan Documents, does not and will not engage in, seek or consent to any asset sale, transfer of partnership, membership, shareholder, beneficial interests, or any material amendment of its limited partnership agreement, articles of incorporation and bylaws, articles of organization, certificate of formation, operating agreement, trust agreement, trust certificate, or other organizational documents (as applicable) without first obtaining Lender's reasonable approval;

(5) has at all times been, is and intends to remain solvent and has paid and intends to pay its debts and liabilities from its own funds and assets as the same shall become due (and with respect to Borrower, to the extent there is sufficient cash flow from the operation of the Premises to do so), and does maintain and intends to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations; provided, however, that the foregoing shall not require its members, partners or shareholders to make additional capital contributions to such entity,

and provided further that the fact that the value of the Premises is ever less than the outstanding balance of the Loan shall not violate this Section;

(6) does and will maintain its accounts, books, financial statements and records, as well as its organizational documents and other corporate documents, as official records, separate from those of any other Person(s) (including not listing Borrower's assets as assets on the financial statement of any other Person(s); provided, however, that Borrower's assets may be included in a consolidated financial statement of its Affiliates provided that (a) appropriate notation shall be made on such consolidated financial statements to indicate the separateness of Borrower and such Affiliates and to indicate that Borrower's assets and credit are not available to satisfy the debts and other obligations of such Affiliates or any other Person and (b) such assets shall be listed on Borrower's own separate balance sheet). Borrower will file its own tax returns (to the extent Borrower is required to file any such tax returns) and will not file a consolidated federal income tax return with any other Person(s) unless Borrower is a disregarded Entity for federal income tax purposes;

(7) does not commingle and will not commingle its funds or assets with those of any other Person;

(8) does and will conduct its business in its own name;

(9) does and will pay the salaries of its employees from its own funds;

(10) does not have and will not incur any indebtedness other than (A) the Indebtedness, (B) commercially reasonable unsecured trade payables (not to exceed two percent (2%) of the principal amount of the Loan) in the ordinary course of business relating to the ownership, management and operation of the Premises which are not evidenced by a note, which are paid no later than the due date thereof and which amounts are normal and reasonable under the circumstances, and (C) such other liabilities that are expressly permitted pursuant to this Agreement;

(11) does not have and will not acquire, assume, guarantee or become obligated for the debts, obligations or securities of any other Person or hold itself out to be responsible for or have its credit available to satisfy the debts or obligations of any other Person, except for the Indebtedness;

(12) does and will at all times hold itself out to the public to be, and does identify and will identify itself as, a separate and distinct Entity under its own name and not as a division or part of any other Person(s) and has corrected and will correct any known misunderstanding regarding its status as a separate and distinct Entity;

(13) does not have and will not make loans or advances to any Person(s);

(14) does and will maintain an arms-length relationship with its Affiliates; and

(15) if Borrower is a single member limited liability company, it must have at least two (2) Special Members, one of which, upon the dissolution of such sole member or the withdrawal or the disassociation of the sole member from Borrower, shall immediately become the sole member of Borrower, and the other of which shall become the sole member of Borrower if the first such Special Member no longer is available to serve as such sole member.

"**Special Member**" means a Person(s) who is not a member of the limited liability company but has agreed to act as a Special Member under the terms of the operating agreement with only the rights and duties expressly set forth therein and only upon the occurrence of certain events that cause the member to cease to be a member of the limited liability company.

"**State**" means the state where the Premises is located.

"**Subordination of Management Fees Agreement**" shall mean any Assignment of Management Agreement and Subordination of Management Fees Agreement among Lender, Borrower and any Manager in connection with the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Tax and Insurance Escrow Fund**" shall have the meaning set forth in Section 6.1 of this Agreement.

"**Threshold Amount**" shall mean for Alterations: $2,000,000.00; for Casualty: $2,000,000.00; for Condemnation: $1,000,000.00; and for lease termination payments (as set forth in the definition for Extraordinary Rental Payments): $250,000.00; provided however, at any time that an Event of Default has occurred and is continuing under the Loan Documents, each Threshold Amount shall be $0.00.

"**Title Insurance Policy**" means a loan policy of title insurance for the Premises issued to Lender insuring the first priority lien in favor of Lender created by the Mortgage.

"**Transfer**" shall have the meaning set forth in Section 4.2.3(a) of this Agreement.

"**Trustee**" means Fidelity National Title Insurance Company, or such other Trustee as may be appointed by Lender as provided in the Mortgage.

"**UCC**" means Uniform Commercial Code as in effect in the State.

"**U.S. Publicly-Traded Entity**" means a Person (other than a natural person) whose securities are listed on a national securities exchange, or quoted on an automated quotation system, in the United States.

Section 1.2 Principles of Construction. All references to sections are to sections in this Agreement unless otherwise specified. All uses of the word "including" shall mean "including, without limitation" unless the context shall indicate otherwise. Unless otherwise specified, the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

ARTICLE II. GENERAL TERMS

Section 2.1 Loan Commitment; Disbursement to Borrower.

2.1.1 The Loan. Subject to and upon the terms and conditions set forth herein, Lender has made and Borrower has accepted the Loan on the Closing Date in the Loan Amount. Borrower has requested and has received a disbursement of the Loan on the Closing Date. Any portion of the Loan borrowed and repaid hereunder in respect of the Loan may not be reborrowed. The foregoing will not be deemed to limit or restrict the disbursement to Borrower of any escrows, holdbacks, accounts, reserves or Insurance Proceeds or Awards that are to be disbursed to Borrower under other provisions of this Agreement or the other Loan Documents. The Loan shall be evidenced by the Note, this Agreement and the other Loan Documents and shall be secured by the Mortgage and the other Loan Documents.

2.1.2 Use of Proceeds. Borrower shall use the proceeds of the Loan disbursed to it (a) to pay to Lender the amounts due under the Loan Documents, and (b) for Borrower's general business purposes (including acquisition of Borrower's interest in the Premises or repayment of a previous financing arrangement, if applicable). No part of the proceeds of the Note may be used for the purpose of buying or carrying "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System.

Section 2.2 Interest; Loan Payments; Late Payment Charge.

2.2.1 Interest; Payments Generally. Interest on the outstanding principal balance of the Loan pursuant to the Note shall accrue at the Regular Interest Rate and shall be calculated in accordance with Section 2.2.2. A payment of interest from the Closing Date to and including July 31, 2016, shall be paid on the Closing Date calculated by multiplying the actual number of days elapsed in the period for which interest is being calculated by a daily rate based on the Regular Interest Rate and a 360-day year. All amounts due under the Note shall be payable without setoff, counterclaim or any other deduction whatsoever.

2.2.2 Interest Calculation. Interest on the outstanding principal balance of the Loan shall be calculated by multiplying (a) thirty (30) days by (b) a daily rate by (c) the outstanding principal balance of the Loan based on a 360-day year composed of twelve 30-day months.

2.2.3 Making of Payments. Each Monthly Payment shall be paid in lawful money of the United States of America by automated clearing house transfer through such bank or financial institution as shall be approved in writing by Lender in Lender's reasonable discretion, shall be made to an account designated by Lender, or shall be made in such other manner as Lender may direct from time to time in the ordinary course of business. Any other monthly deposits or payments Borrower is required to make to Lender under the terms of the Loan Documents shall be made by the same payment method and on the same date as the Monthly Payment. Lender has the right, upon five (5) Business Days prior Notice to Borrower, to require a change in the method of payment. For purposes of making a Monthly Payment hereunder, but not for purposes of calculating interest accrual periods, if the day on which such Monthly Payment is due is not a Business Day, then amounts due on such date shall be due on the immediately succeeding Business Day. Notwithstanding the foregoing sentence, with regard to the payment due on the Maturity Date or any other payment in full of the Indebtedness, the payment shall be made by Borrower in funds immediately available to Lender by 3:00 p.m., New York City time on the date such payment is due to Lender by deposit to such account as Lender may designate by written Notice to Borrower.

2.2.4 Payments Before Maturity Date. Borrower shall pay to Lender on the Payment Date occurring on September 1, 2016 and on each Payment Date thereafter up to but not including the Maturity Date, an amount equal to the Monthly Payment, which payments shall be applied first to accrued and unpaid interest for the prior Interest Period and the balance, if any, to the outstanding principal balance of the Loan.

2.2.5 Payment on Maturity Date. Borrower shall pay to Lender on the Maturity Date the outstanding principal balance of the Loan, all accrued and unpaid interest (including accrued and unpaid interest to and including the Maturity Date) and all other amounts due hereunder and under the Note, the Mortgage and the other Loan Documents.

2.2.6 Payments after Default. Upon the occurrence and during the continuance of an Event of Default, interest on the outstanding principal balance of the Loan and, to the extent permitted by law, overdue interest and other amounts due in respect of the Loan, shall accrue at the Default Rate, calculated from the date on which the Event of Default occurred until the earlier of the date the Event of Default is waived or the date upon which the Indebtedness is paid in full. Any such amount shall be secured by the Mortgage and the other Loan Documents to the extent permitted by applicable law. This paragraph and paragraph 2.2.7 shall not be construed as an agreement or privilege to extend the date of the payment of the Indebtedness, nor as a waiver of any other right or remedy accruing to Lender by reason of the occurrence and continuance of any Event of Default; and Lender retains its rights under the Note to accelerate and to continue to demand payment of the Indebtedness upon the occurrence and during the continuance of any Event of Default.

2.2.7 Late Payment Charge. If any principal, interest or any other sums due under the Loan Documents is not paid by Borrower on or prior to the date on which it is due, excluding the payment of the Loan due at maturity, whether by acceleration or otherwise, Borrower shall pay to Lender within five (5) days after demand the Late Charge in order to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment. Any such amount shall be secured by the Mortgage and the other Loan Documents to the extent permitted by applicable law. Notwithstanding the foregoing, during the period that interest at the Default Rate is accruing upon amounts due under the Loan Documents, no Late Charges (other than Late Charges already assessed by Lender) shall be incurred by or assessed against Borrower.

2.2.8 Usury Savings. Notwithstanding anything herein or in any of the other Loan Documents or the Environmental Indemnity to the contrary, no provision contained herein or therein which purports to obligate Borrower to pay any amount of interest or any fees, costs or expenses which are in excess of the maximum permitted by applicable law, shall be effective to the extent it calls for the payment of any interest or other amount in excess of such maximum. All agreements between Borrower and Lender, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand for payment or acceleration of the maturity hereof or otherwise, shall the interest contracted for, charged or received by Lender exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever, interest would otherwise be payable to Lender in excess of the maximum lawful amount, the interest payable to Lender shall be reduced to the maximum amount permitted under applicable law; and if from any circumstance Lender shall ever receive anything of value deemed interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive interest shall, at the option of Lender, be refunded to Borrower or be applied to the reduction of the unpaid balance of the Loan Amount, without a Prepayment Premium and not to the payment of interest or, if such excessive interest exceeds the unpaid balance of the Loan Amount such excess shall be refunded to Borrower. This paragraph shall control all agreements between Borrower and Lender.

Section 2.3 Prepayments.

2.3.1 Prepayment During the Open Period. Borrower shall not have the right or privilege to prepay all or any portion of the unpaid principal balance of the Note until the Open Period, except as otherwise specifically set forth in this Agreement, including without limitation, Section 2.3.2. From and after the commencement of the Open Period, the principal balance of the Note may be prepaid, at par, in whole but not in part, upon: (a) not less than thirty (30) days prior written Notice to Lender specifying the date on which prepayment is to be made, provided Borrower may send subsequent notices changing the date of prepayment to a date no earlier than three (3) days after delivery of such notice and/or retracting such prepayment; (b) payment of all accrued and unpaid interest on the outstanding principal balance of the Note to and including the date on which prepayment is to be made; and (c) payment of all other Indebtedness then due under the Loan Documents. Lender shall not be obligated to accept any prepayment of the principal balance of the Note unless it is accompanied by all sums due in connection therewith.

2.3.2 Prepayment Prior To Open Period. In addition to the Loan prepayment rights expressly set forth in this Agreement, including, without limitation Section 2.3.1, Section 5.4(c), and Section 11.24, prior to the Open Period, Borrower may prepay the principal balance of the Note in full (or in part in connection with the release of a Release Parcel if permitted by the terms of this Agreement), in accordance with the requirements of clauses (a) – (c) of Section 2.3.1 hereof; provided further, that such prepayment is accompanied by payment of the Prepayment Premium.

2.3.3 Release on Payment in Full. Lender shall, at the expense of Borrower, upon payment in full of all principal and interest due on the Loan and all other amounts due and payable under the Loan Documents in accordance with the terms and provisions of the Note and this Agreement, release the lien of the Mortgage on the Premises and remit any remaining Reserve Funds to Borrower. No voluntary or involuntary prepayment of anything less than the full amount of the Loan and all other amounts due and payable under the Loan Documents in accordance with the terms and provisions of the Note and this Agreement shall give rise to any obligation on the part of Lender to release the lien of the Mortgage on the Premises, except as provided in Section 11.24.

ARTICLE III. REPRESENTATIONS AND WARRANTIES

Section 3.1 Borrower Representations. Borrower represents and warrants as of the Closing Date that:

3.1.1 Organization. Borrower is and, until the Indebtedness is paid in full, will continue to (a) be a duly organized and validly existing Entity in good standing under the laws of the state of its formation, (b) if applicable, be duly qualified to transact business in each jurisdiction in which the nature of its business, the Premises or any of the other Collateral makes such qualification necessary, (c) have the requisite Entity power and authority to carry on its business as now being conducted, (d) have the requisite Entity power to execute, deliver and perform its obligations under the Loan Documents and Environmental Indemnity, and (e) comply with the provisions of all of its organizational documents and the Legal Requirements of the state of its formation. Schedule II includes a Certified Organizational Chart that sets forth the ownership interest (and relationship) of each Interest Owner in Borrower with a direct or indirect ownership of twenty percent (20%) or more.

3.1.2 Required Entity Status. Borrower complies with the provisions and requirements of the Required Entity Status.

3.1.3 Authorization. The execution, delivery and performance of the Loan Documents and Environmental Indemnity and the borrowing evidenced by the Note (i) are within the applicable powers of the Borrower and any Person(s) executing on behalf of Borrower; (ii) have been authorized by all requisite action; and (iii) will not violate, conflict with, result in a breach of or constitute (with notice or lapse of time or both) a default under any governing instrument of Borrower or any Entity(ies) executing on behalf of Borrower, or any indenture, agreement or other instrument to which Borrower or any Person(s) executing on behalf of Borrower is a party or by which each such party or any of their respective assets or the Premises is or may be bound or affected.

3.1.4 Enforceability. To the best of Borrower's knowledge, the Loan Documents and Environmental Indemnity constitute the legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms, except as may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the rights of creditors generally, and (ii) general principles of equity (regardless of whether considered in a proceeding in equity or at law).

3.1.5 Financial Condition. (i) Borrower is solvent, and will not become insolvent as a result of incurring the Indebtedness, and no bankruptcy, reorganization, insolvency or similar proceeding under any state or federal law with respect to the Borrower, Guarantor or any owner of a direct interest in Borrower has been initiated, (ii) Borrower has not entered into this Loan transaction with the intent to hinder, delay or defraud any creditor, (iii) Borrower has received reasonably equivalent value for the making of the Loan, and (iv) Borrower has no known contingent liabilities which could reasonably be expected to have a Material Adverse Effect. All financial statements heretofore delivered to Lender by or on behalf of Borrower are true and correct in all material respects, have been prepared in accordance with the Approved Accounting Method consistently applied, fairly present the respective financial conditions of the subjects thereof as of the dates thereof and for the periods covered thereby, and no material adverse change has occurred in the financial conditions presented therein since the respective dates thereof.

3.1.6 Litigation. To the best of Borrower's knowledge, there are no pending actions, suits or proceedings at law or in equity by or before any Governmental Authority, arbitrator or other authority or, to the knowledge of Borrower, threatened in writing against Borrower or any Interest Owner(s) or the Premises that could reasonably be expected to have a Material Adverse Effect.

3.1.7 Not Foreign Person. Borrower is not a "foreign person" within the meaning of the Code.

3.1.8 ERISA. Until the Indebtedness is paid in full: (i) Borrower is not and will not be an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA or a "plan" as defined in and subject to Section 4975 of the Code, (ii) the assets of Borrower do not and will not constitute "plan assets" of one or more such plans for purposes of Title I of ERISA or Section 4975 of the Code, (iii) transactions by or with Borrower are not and will not be subject to state statutes applicable to Borrower regulating investments of and fiduciary obligations with respect to employee benefit plans or any governmental plans, (iv) Borrower has made and will continue to make all required contributions to all employee benefit plans, if any, established for or on behalf of Borrower or to which Borrower is required to contribute, (v) Borrower has and will continue to administer each such plan, if any, in accordance with its terms and the applicable provisions of ERISA and any other federal or state law, and (vi) Borrower has not and will not permit any liability under Sections 4201, 4243, 4062 or 4069 of Title IV of ERISA or taxes or penalties relating to any employee benefit plan or multi-employer plan to become delinquent or assessed, respectively, which would have a Material Adverse Effect.

3.1.9 OFAC. Until the Indebtedness is paid in full:

(A) Borrower has complied and will continue to comply with all requirements of law relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect;

(B) None of (i) the Borrower, (ii) any Person having a twenty percent (20%) or greater economic interest in the Borrower, or (iii) any Person otherwise controlling the Borrower, is or will become an Embargoed Person;

(C) Borrower will not use the proceeds of the Loan to finance or otherwise facilitate, directly or indirectly, any transaction or dealing with an Embargoed Person;

(D) Borrower's profits are not and will not be predominantly derived from dealings with Embargoed Persons, including but not limited to activities in countries subject to United States embargoes administered by OFAC; and

(E) Borrower has made and will make appropriate inquiries, including inquiries about Persons having an ownership interest in the Borrower, to ensure the foregoing representations and warranties remain true and correct at all times.

The foregoing representations shall not apply to the extent that any such Person's ownership interest in Borrower is held solely through a U.S. Publicly-Traded Entity and is less than twenty percent (20%).

3.1.10 Investment Company Act. Borrower is not and, until the Indebtedness is paid in full, Borrower will not be (i) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended, or (ii) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

3.1.11 Agreements. Borrower is not a party to any agreement or instrument or subject to any restriction which could reasonably be expected to have a Material Adverse Effect. Borrower is not in default (beyond any grace or notice and cure periods) in any respect in the performance, observance or fulfillment of any of the material obligations, covenants or conditions contained in any indenture, agreement or instrument to which it is a party or by which Borrower or the Premises is bound.

3.1.12 No Defaults. To the best of Borrower's knowledge, no default or Event of Default exists under or with respect to any Loan Document or the Environmental Indemnity.

3.1.13 Title. Borrower owns good, indefeasible, marketable and insurable fee simple title to the Premises, free and clear of all liens, other than the Permitted Encumbrances. Borrower has the right to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey good title to the Premises. There are not now, and there will not be any outstanding options or agreements to purchase or rights of first refusal to purchase affecting the Premises, except those tenant purchase rights, if any, as previously approved by Lender in writing.

3.1.14 Condemnation. Borrower has not received written or verbal notice that (i) a Condemnation has been commenced or is contemplated with respect to all or any portion of the Premises, or (ii) a relocation of roadways providing direct access to the Premises has been commenced or is contemplated.

3.1.15 Liens. All costs and expenses of any and all labor, materials, supplies and equipment used on or prior to the date hereof in the construction of the Improvements have been paid in full. Borrower (or a prior owner of the Premises) has paid in full for, and Borrower is the owner of, all furnishings, fixtures and equipment (other than tenants' property), if any, used in connection with the operation of the Premises, free and clear of any and all security interests, liens or encumbrances, except the Permitted Encumbrances, except for immaterial equipment leases.

3.1.16 Separate Assessment. The Premises is and, until the Indebtedness is paid in full, will be assessed for real estate tax purposes as one or more wholly independent tax lot or lots, separate from any adjoining land or improvements not constituting a part of such lot or lots, and no other land or improvements not constituting part of the Premises is or will be assessed and taxed together with the Premises or any portion thereof.

3.1.17 Enforceability of Lien. To the best of Borrower's knowledge, upon recordation in the appropriate real property records in the State and the payment of all applicable filing fees related thereto, the Mortgage securing the Loan establishes and creates a valid, effective, and enforceable first mortgage lien on and a security interest in, or claim to the Premises as security for the repayment of the Indebtedness, subject only to the Permitted Encumbrances. To the best of Borrower's knowledge, all Personal Property and fixtures covered by the Mortgage are (or will be) subject to a UCC financing statement to be filed and/or recorded, as appropriate, for such recordation or filing in all places necessary to perfect a valid first priority lien with respect to the rights and property that are the subject of the Mortgage to the extent governed by the UCC.

3.1.18 Flood. To the best of Borrower's knowledge, except as shown on the survey delivered to Lender in connection with the closing of the Loan, no portion of the Improvements is located in an area identified by the Secretary of Housing and Urban Development or the Federal Emergency Management Agency or any successor thereto as an area having special flood hazards, or, if now or hereafter located within any such area, Borrower has either elevated such Improvements to applicable minimum elevation or has obtained and will maintain applicable flood hazard insurance.

3.1.19 Permits, Licenses, Approvals. To the best of Borrower's knowledge, (i) Borrower has obtained and will maintain all necessary certificates, licenses, permits and other approvals, governmental and otherwise, necessary for the operation of the Premises and the conduct of its business, and (ii) the Land and the Improvements and the intended use thereof by Borrower comply with all applicable Legal Requirements.

3.1.20 Encroachments. Except as shown on the Survey, none of the Improvements lie or will lie outside of the boundaries of the Land or the applicable building restriction lines to the extent that such could reasonably be expected to have a Material Adverse Effect. Except as shown on the Survey, no improvements on adjoining properties now or will encroach upon the Land so as to adversely affect the value or marketability of the Premises except those which are insured against by the Title Insurance Policy or otherwise approved by Lender in writing.

3.1.21 Access/Utilities. All public roads and streets necessary for service of and access to the Premises for the current or contemplated use thereof have been completed and are physically and legally open for use by the public. All utility services necessary and sufficient for the full use, occupancy, operation and disposition of the Land and the Improvements for their intended purposes are available to the Premises, including water, storm sewer, sanitary sewer, gas, electric, cable and telephone facilities, through public rights-of-way or perpetual private easements.

3.1.22 Physical Condition. Except as disclosed in the physical condition report delivered to Lender in connection with the closing of the Loan, to the best of Borrower's knowledge, as of the Closing Date, (i) the Premises is free from (a) unrepaired damage caused by a Casualty, and (b) material structural defects and (ii) all building systems contained in the Premises are in good working order in all material respects, subject to ordinary wear and tear.

3.1.23 No Prior Assignment. As of the Closing Date, Lender is the assignee of all of Borrower's interest under the Lease(s), and as of the Closing Date, there are no other assignments of any of the lessor's interest in the Lease(s) or any of the Rents due or to become due and payable thereunder.

3.1.24 Security Deposits. Borrower is in possession of the Security Deposits, if any, all of which are held in compliance with all applicable Legal Requirements.

3.1.25 Lease(s). Except as otherwise disclosed to Lender in writing, (a) Borrower is the sole owner of the entire lessor's interest in the Lease(s); (b) the Lease(s) are the valid, binding and enforceable obligations of Borrower and the applicable tenant or lessee thereunder; (c) except for first and/or last month's rents and Security Deposits collected in accordance with prevailing renting practices, none of the Rents have been collected for more than one (1) month in advance; (d) the premises demised under the Lease(s) have been completed and the tenants under the Lease(s) have accepted the same and have taken possession of the same on a rent-paying basis except as previously disclosed in writing to Lender; (e) there exists no offset or defense to the payment of any portion of the Rents except as previously disclosed in writing to Lender; (f) no Lease contains an option to purchase, right of first refusal to purchase, right of first offer to purchase, expansion right, or any other similar provision except as previously disclosed in writing to Lender; (g) no Person(s) has any possessory interest in, or right to occupy the Premises, except under and pursuant to the Permitted Encumbrances; (h) all leasing broker fees and commissions payable by Borrower on or prior to the Closing Date with respect to the Lease(s) have been paid in full, in cash or other form of immediately available funds except as previously disclosed in writing to Lender; (i) Borrower has delivered to Lender copies of all Lease(s) of all or any portion of the Premises; (j) to the best of Borrower's knowledge, there are no illegal activities or activities relating to illegal controlled substances at the Premises; and (k) Borrower has not received any notice of termination or intent to vacate from any tenant except as previously disclosed in writing to Lender.

3.1.26 Special Assessments. There are no pending or, to the knowledge of Borrower, proposed special or other assessments for public improvements or otherwise affecting the Premises, nor, to the knowledge of Borrower, are there any contemplated improvements to the Premises that may result in such special or other assessments.

3.1.27 REA. The REA, if any, is in full force and effect and neither Borrower nor, to the best of Borrower's knowledge, any other party to the REA, is in default thereunder, and to the best of Borrower's knowledge after due inquiry, there are no conditions which, with the passage of time or the giving of notice, or both, would constitute a default thereunder. Except as set forth in the Title Insurance Policy, the REA has not been modified, amended or supplemented in any respect.

3.1.28 Margin Stock. Neither the Borrower nor any subsidiary of Borrower is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System.

Section 3.2 **Survival**. Borrower agrees that (i) all of the representations and warranties of Borrower set forth in Section 3.1 and elsewhere in this Agreement and in the other Loan Documents shall survive for so long as any Indebtedness remains owing to Lender under this Agreement or any of the other Loan Documents by Borrower; (ii) the representations and warranties set forth in the Environmental Indemnity shall survive as stated therein; and (iii) Borrower will not take any action, or fail to take any action, the effect of which would be to make any of the representations and warranties of Borrower set forth in Section 3.1 no longer true. The fact tht the value of the Premises is ever less than the outstanding balance of the Loan shall not constitute a breach of Section 3.1.5, nor shall any partner of member (direct or indirect) in Borrower be obligated to contribute capital to Borrower to prevent a breach of Section 3.1.5. All representations, warranties, covenants and agreements made by Borrower in this Agreement, in the other Loan Documents and the Environmental Indemnity shall be deemed to have been relied upon by Lender notwithstanding any investigation hereafter made by Lender or on its behalf. Borrower will promptly notify Lender in writing if any of the representations, warranties or covenants in this Agreement, in the other Loan Documents and the Environmental Indemnity are no longer true or have been breached or if Borrower has a reasonable basis to believe that they may no longer be true or have been breached. In addition, Borrower will, at the request of Lender, provide such information as may be reasonably requested by Lender to determine Borrower's compliance with the terms hereof.

ARTICLE IV. BORROWER COVENANTS

Section 4.1 **Affirmative Covenants**. From the Closing Date and until (i) the payment and performance in full of all obligations of Borrower under the Loan Documents or (ii) the earlier release of the lien of the Mortgage encumbering the Premises in accordance with the terms of this Agreement and the other Loan Documents, Borrower hereby covenants and agrees with Lender that:

4.1.1 Perform Loan Documents. Borrower shall observe, perform and satisfy all the terms, provisions, covenants and conditions of, and shall pay when due all costs, fees, charges and expenses to the extent required under the Loan Documents and the Environmental Indemnity, including but not limited to any continuing obligations set forth in Article III of this Agreement that are to be observed, performed and satisfied until the Indebtedness is paid in full.

4.1.2 Liens/Business Operations. Borrower shall pay before delinquency any indebtedness permitted to be incurred by Borrower pursuant to the Loan Documents and any other claims which could become a lien on the Premises (unless otherwise specifically permitted in this Agreement, the Environmental Indemnity or the other Loan Documents), and upon request of Lender exhibit satisfactory evidence of the discharge thereof. Borrower shall manage, operate and maintain the Premises and keep the Premises, including but not limited to, the Improvements, in good condition and repair (ordinary wear and tear excepted) and free from mechanics' liens or other liens or claims for liens, provided however, that notwithstanding anything in this Agreement or the other Loan Documents to the contrary, Borrower may in good faith, with reasonable diligence and upon written Notice to Lender within twenty (20) days after Borrower has knowledge of such lien or claim, contest the validity or amount of any such lien or claim and defer payment and discharge thereof during the pendency of such contest in the manner provided by law, provided that the Contest Requirements are satisfied.

4.1.3 Business; Compliance. Borrower shall comply, and use commercially reasonable efforts to cause each lessee or other user of the Premises to comply, with the Legal Requirements. Borrower shall not commit, permit or suffer to exist, any act or omission affording the federal government or any state or local government the right of forfeiture as against (a) the Premises or any part thereof or (b) any monies paid in performance of Borrower's obligations under the Loan Documents. Borrower shall, if other than a natural person, do all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges under the laws of the state of its formation and, if other than its state of formation, the State. Borrower shall notify Lender at least thirty (30) days prior to (i) any relocation of the Chief Executive Office of Borrower or any change in Borrower's state of formation, and/or (ii) if Borrower is a natural person, any relocation of Borrower's principal residence. In addition, Borrower shall give Lender prior written Notice of its intent to change its name and shall comply with the terms and conditions of Section 4.2.3. of this Agreement in connection therewith.

4.1.4 Taxes. Borrower shall pay or cause to be paid before any penalty attaches or interest accrues all general taxes, special taxes, assessments (including assessments for benefits from public works or improvements whenever begun or completed), utility charges, water charges, sewer service charges, common area maintenance charges, if any, vault or space charges and all other like charges against or affecting the Premises or against any Personal Property, or which might become a lien on the Premises (except those taxes and assessments that may be impounded and paid directly to the taxing authority in accordance with Section 6.1 of this Agreement), and shall, within ten (10) Business Days following Lender's written request, furnish to Lender a duplicate receipt or other verification of such payment. If any such tax, assessment or charge may legally be paid in installments, Borrower may, at its option, pay such tax, assessment or charge in installments. Notwithstanding the foregoing or anything to the contrary in this Agreement or the other Loan Documents, if Borrower desires to contest any tax, assessment or charge relating to the Premises, Borrower may do so in the manner provided by law; provided, however, that the Contest Requirements are satisfied.

4.1.5 Alterations. Unless otherwise specifically set forth herein and except for any Lender approval required in connection with any Property Reserves Escrow Fund, Borrower shall obtain Lender's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed) to (a) any Alterations to any Improvements on the Premises that could upon completion thereof, reasonably be expected to have a Material Adverse Effect, (b) any demolition, reduction or expansion of the gross leasable area of the Improvements, (c) any Alterations for which the cost will exceed the Threshold Amount, or (d) any other Alterations other than those listed in the following sentence. Notwithstanding the foregoing, Lender's consent shall not be required in connection with any Alterations which are (i) tenant improvement work performed pursuant to the terms of any Lease executed on or before the Closing Date, (ii) (a) tenant improvement work performed pursuant to the terms and provisions of a Lease entered into by Borrower in accordance with the terms of this Agreement, or (b) tenant improvement work which is commercially reasonable to facilitate re-letting of any portion of the Premises, either of which does not materially adversely affect (x) any structural component of any Improvements, (y) any mechanical, electrical, utility or heating, cooling or ventilation system contained in any Improvements, or (z) the exterior (including the roof) of any building constituting a part of any Improvements, (iii) performed in connection with the restoration of the Premises after the occurrence of a Casualty or Condemnation in accordance with the terms and provisions of this Agreement, or (iv) required under Legal Requirements. If the total unpaid amounts due and payable with respect to Alterations to the Improvements at the Premises (other than amounts to be paid or reimbursed by tenants under the Lease(s)) shall at any time exceed the Threshold Amount, Borrower shall promptly notify Lender and upon Lender's reasonable request shall deliver to Lender, as security for the payment of such amounts and as additional security for Borrower's obligations under the Loan Documents, any of the following: (i) a cash deposit, (ii) a letter of credit acceptable to Lender, (iii) a completion bond from a bonding company reasonably acceptable to Lender, or (iv) a completion and/or payment guaranty from Guarantor, in form and substance reasonably acceptable to Lender; provided no additional security shall be required to the extent of escrows already deposited with Lender for tenant improvements or related deposits. All Alterations shall be completed on a timely basis subject to Force Majeure, in a good workmanlike manner and in accordance with all Legal Requirements. So long as no Event of Default then exists under the Loan Documents, Lender shall release said additional security from time to time upon receipt of acceptable written evidence of payment of actual costs for the Alterations together with those items as Lender reasonably deems necessary in its discretion. Funds held as additional security for Alterations that exceed the Threshold Amount shall be subject to the applicable terms of Article VI of this Agreement.

4.1.6 REA/Easements. Borrower shall (i) promptly and faithfully observe, perform and comply with all the material terms, covenants and provisions of the REA on its part to be observed, performed and complied with, at the times set forth therein and to do all things necessary to preserve unimpaired its rights thereunder; (ii) not do, permit, suffer or refrain from doing anything under the REA, the result of which could reasonably be expected to have a Material Adverse Effect; (iii) not cancel, surrender, modify, amend or in any way alter or permit the alteration of any of the terms of the REA and not to release any party thereto other than Borrower from any obligation imposed upon it thereby, if such cancellation, surrender, modification, amendment, alteration or release could reasonably be expected to result in a Material Adverse Effect; and (iv) give Lender prompt written Notice of any material default of which Borrower has knowledge by any party to the REA and promptly deliver to Lender copies of each notice of such material default and, after the occurrence and during the continuance of an Event of Default, copies of all notices, communications, plans, specifications and other similar instruments received or delivered by Borrower in connection with the REA. Notwithstanding anything to the contrary contained in this Section 4.1.6, Borrower shall have the right to make non-material amendments to the REA without the consent of Lender if the same could not reasonably be expected to result in a Material Adverse Effect and Borrower shall have the right to otherwise amend the REA with the prior written consent of Lender, such consent not to be unreasonably withheld, conditioned or delayed. In addition, Borrower shall have the right to enter into easements or other similar agreements ("**Easements**") relating to the use or development of the Premises without Lender's prior written consent, if said Easements do not or could not reasonably be expected to (a) have a Material Adverse Effect, (b) adversely affect access to the Premises, or (c) require any lessee's prior consent that has not been obtained by Borrower. Recorded copies of all amendments to the REA and recorded copies of all Easements entered into by Borrower must be delivered to Lender promptly in accordance with the Notice provisions.

4.1.7 Financial Reporting. Borrower shall keep adequate books and records of account of the Premises and its own financial affairs, and shall cause Guarantor to keep books and records of account of its own financial affairs, sufficient to permit the preparation of financial statements therefrom in accordance with the Approved Accounting Method, consistently applied and shall furnish to Lender the following, which shall be prepared, dated and certified by Borrower as true, correct and complete in the form reasonably required by Lender, unless otherwise specified below:

(a) Within 90 days after the end of each fiscal year for Borrower, detailed financial reports covering the full and complete operation of the Premises, prepared in accordance with the Approved Accounting Method, including, without limitation, income and expense statements;

(b) Within 15 days after any written request by Lender, the reports described in paragraph (a) above, prepared on a quarterly basis, and said reports may be internally prepared by Borrower;

(c) Within 90 days after the end of each fiscal year for Borrower, a detailed rent roll of the leasing status of the Premises as of the end of such year identifying the lessee (and assignee, subtenants and licensees, if any) and location of demised premises; square footage leased; base and additional rental amounts including any increases; rental concessions, allowances, abatements and/or rental deferments (both upcoming and expired); pass-through amounts; purchase options; commencement and expiration dates; early termination dates; renewal options and annual renewal rents; total net rentable area of the Premises; the existence of any affiliation between Borrower and tenant; and a detailed listing of tenant defaults;

(d) Within 15 days following Lender's written request, (i) a detailed annual budget for the current fiscal year, for Lender's review, but not approval, to include, without limitation, a comparison showing corresponding information for Borrower's preceding fiscal year; (ii) a copy of Borrower's and Guarantor's (if any) most currently completed signed federal income tax return; (iii) detailed annual financial reports for Borrower and any Guarantor for the immediately preceding fiscal year; (iv) if applicable and required to be furnished by the lessee pursuant to the terms of its lease, a listing of sales volumes attained by lessees of the Premises under percentage leases for the immediately preceding year; and (v) an aged accounts receivable report; and

(e) Such other financial statements, and such other information and reports (including background and credit reports which may be obtained by Lender at Lender's cost) as may, from time to time, reasonably be required by Lender.

4.1.8 Required Entity Status. Borrower shall comply with the provisions and requirements of the Required Entity Status.

4.1.9 Title. Borrower at its sole cost (i) shall warrant and defend the title to the Premises against all claims and demands of all persons whomsoever, subject to the Permitted Encumbrances; (ii) will on demand execute any additional instrument which may be required to give Lender a valid first lien on all of the Premises; and (iii) will do all things necessary to preserve and keep the Premises free and clear of any liens (other than liens being contested in accordance with the Contest Requirements), subject only to the Permitted Encumbrances.

Section 4.2 Negative Covenants. From the Closing Date until payment and performance in full of all obligations of Borrower under the Loan Documents or the earlier release of the lien of the Mortgage encumbering the Premises in accordance with the terms of this Agreement and the other Loan Documents, Borrower covenants and agrees with Lender that it will not do, directly or indirectly, any of the following:

4.2.1 Property Management. Unless otherwise specified below, Borrower shall not, without the prior written consent of Lender (which consent shall not be unreasonably withheld, conditioned or delayed), (i) terminate any Management Agreement except in connection with the replacement of the Manager pursuant to the terms of this Section 4.2.1, modify or amend any of the provisions of any Management Agreement if such termination, modification or amendment could reasonably be expected to result in a Material Adverse Effect; (ii) pay management fees in excess of fees which are market fees in the surrounding geographic area for the applicable property type (provided that Lender has approved the fees payable under the Management Agreement); or (iii) enter into any new management agreement with respect to the Premises except in connection with the replacement of the Manager pursuant to the terms of this Section 4.2.1. If (a) an Event of Default has occurred and is continuing, (b) Manager shall become bankrupt or insolvent or (c) a default beyond any applicable notice and cure period by Manager occurs under the Management Agreement that gives Borrower the right to terminate the Management Agreement, then Lender, at its option, may require Borrower to engage a replacement management agent and terminate the Manager without fee or obligation to Lender. Borrower shall promptly provide Lender with written Notice of the occurrence of any such default or bankruptcy/insolvency of Manager of which Borrower has knowledge. So long as no Event of Default has occurred and is continuing, notwithstanding the foregoing or anything to the contrary in this Agreement, Borrower may, without Lender's prior written consent or approval, retain a Person(s) (the "**New Manager**") to act as Manager of the Premises or replace an existing Manager provided that (i) the New Manager is a Qualifying Manager who shall manage the Premises pursuant to a commercially reasonable and market comparable Management Agreement, and (ii) the New Manager executes and delivers to Lender an agreement substantially similar to the Subordination of Management Fees Agreement executed in connection with the initial Loan closing or if no such Subordination of Management Fees Agreement was executed in connection with the initial closing of the Loan, then in form and substance reasonably acceptable to Lender; upon satisfaction of these terms and conditions, the New Manager shall be considered to be "**Manager**" hereunder and all references in this Agreement and the other Loan Documents to "**Manager**" shall be deemed to refer to said New Manager, the term "**Management Agreement**" hereunder and all references in this Agreement and the other Loan Documents to "**Management Agreement**" shall be deemed to refer to the management agreement pursuant to which such New Manager manages the Premises and the term "**Subordination of Management Fees Agreement**" hereunder and all references in this Agreement and the other Loan Documents to "**Subordination of Management Fees Agreement**" shall be deemed to refer to the agreement executed and delivered by the New Manager to Lender.

4.2.2 Zoning/Use. Borrower shall not cause or permit any change in the general use of the Premises without Lender's prior written consent. Borrower shall not (i) initiate or consent to any zoning reclassification of any portion of the Premises, (ii) seek any variance under any existing zoning ordinance or use, or (iii) permit the use of any portion of the Premises in any manner that could reasonably be expected to result in the current use thereof becoming a non-conforming use under any applicable zoning ordinance or any other applicable land use law, rule or regulation, without the prior written consent of Lender; provided, however, the prior written consent of Lender shall not be unreasonably withheld, conditioned or delayed in connection with any application of Borrower seeking any zoning reclassification, any variance under any existing zoning ordinance or any special use or permit with regard to the Release Parcel in connection with the completion of the Release of the Release Parcel from the lien of the Mortgage, if permitted hereunder. Borrower shall not make or permit any use of the Premises that could be reasonably expected, with the passage of time, to result in the creation of any right of use, or any claim of adverse possession or easement on, to or against any part of the Premises in favor of any Person(s) or the public.

4.2.3 Transfers.

(a) Except for the Permitted Transfer(s) described in this Section 4.2.3 or except to the extent permitted elsewhere in the Loan Documents (including (i) Lease (s) permitted by the terms of this Agreement, (ii) transfers of Release Parcels if permitted by the terms of this Agreement, and (iii) Easements permitted by the terms of Section 4.1.6), Borrower or any Person(s) owning an interest in Borrower shall not permit, acquiesce to or allow any of the following to occur: (A) a sale, conveyance, option to sell, assignment, transfer, encumbrance (other than (i) the Permitted Encumbrances, or (ii) any lien affecting the Premises for which Borrower is contesting and has complied with the Contest Requirements provided the same does not result in a Transfer of title to or interest in the Premises), including any mortgage, hypothecation, lien or conveyance of security title, alienation, pledge, forfeiture or other disposition (whether directly or indirectly, voluntary or involuntary, or by operation of law) of all or any portion of the Premises or an interest in the Premises or direct or indirect ownership interests in the Borrower; (B) the reconstitution or conversion of Borrower and/or any Person(s) owning a direct interest in Borrower from one Entity type to another Entity type, including (i) any change in the state of formation or organization or incorporation of Borrower, (ii) any change in the name of Borrower, (iii) the conversion of any general partnership interest in Borrower to a limited partnership interest if Borrower is a partnership, or any change, removal, or resignation of any general partner of Borrower if Borrower is a partnership, (iv) the admission of an Interest Owner as, or conversion of an existing Interest Owner into, a holder of any "preferred equity" in Borrower (obligating the Borrower to make payments to such Interest Owner without regard to cash flow of the Premises), and (v) a partial or complete liquidation, dissolution or termination of Borrower and/or any general partner of Borrower; (C) the issuance or other creation of ownership interests in the Borrower and/or any Person(s) owning an interest in Borrower (excluding Hines Global REIT II, Inc. and shareholders of Hines Global REIT II, Inc.); (D) a merger, consolidation, reorganization or any other business combination with respect to Borrower and/or any Person(s) owning an interest in Borrower (excluding Hines Global REIT II, Inc. and shareholders of Hines Global REIT II, Inc,); (E) a conversion to or operation of all or any portion of the Premises as a cooperative or condominium form of ownership; (F) if the Borrower is a trust, or if a trust owns a direct ownership interest in Borrower, the revocation, termination or expiration of such trust or the addition, deletion or substitution of a trustee of such trust; or (G) the acknowledgement or consent by Borrower to an encumbrance on, or an assessment against, all or any portion of the Premises to any Governmental Incentive Financing. For the purposes of this provision, any of the events described above shall be defined as a "**Transfer**". If any such Transfer occurs without the prior written consent of Lender (other than Transfers where Lender's consent is not required as set forth below or as otherwise provided elsewhere in this Agreement), it shall be null and void and shall constitute an immediate Event of Default under the Loan Documents, subject to and in accordance with Section 7.1(a)(v) of this Agreement. Lender may in its commercially reasonable discretion consent to a Transfer (not otherwise expressly permitted by the terms hereof) and any such consent shall not constitute a consent as to any other Transfer.

(b) Each of the following Transfers shall be considered a "**Permitted Transfer(s)**":

(i) **Premises Transfer**: So long as no Event of Default exists under the Loan Documents, Lender shall not unreasonably withhold its consent to a Transfer of the Premises (each, a "**Premises Transfer**") provided Lender receives sixty (60) days advance written request from Borrower and provided the following conditions are complied with in each instance:

(1) Prior review and approval of the proposed purchaser or other transferee ("**Transferee**") and the subject Transfer by Lender, in Lender's commercially reasonable discretion. Review of the Transferee and the subject Transfer shall encompass various factors, including, but not limited to, the proposed Transferee's creditworthiness, financial strength, and real estate management and leasing expertise, Lender's lending exposure to the proposed Transferee (or any Person(s) owning an interest in said Transferee) as well as the proposed Transfer's effect on the Premises, the Borrower, and other security for the Loan;

(2) Payment to Lender of an assumption fee equal to (a) one half of one percent (0.50%) of the then outstanding principal balance of the Loan for the first assumption, and (b) one percent of the then outstanding principal balance of the Loan for each assumption thereafter; provided, however, that Lender will require $15,000.00 of such fee to be paid at the beginning of Lender's review process, and such sum shall be nonrefundable and earned upon receipt by Lender whether or not the transaction is ultimately completed or Lender ultimately approves the proposed Transfer;

(3) Receipt, at Borrower's expense, of an endorsement to the Title Insurance Policy bringing the effective date of the Title Insurance Policy forward to the date of the consummation of the Transfer and which is otherwise reasonably acceptable to Lender (or if an acceptable endorsement is not available, a new standard mortgage ALTA loan policy acceptable to Lender);

(4) Receipt by Lender of copies of all relevant information and documentation relating to or reasonably required by Lender in connection with the proposed Transfer including but not limited to (a) the organizational documents of the Transferee; (b) the deeds or other instruments of transfer for the Premises or interests in Borrower and documents relating to the assignment and assumption of Lease(s); (c) evidence of compliance with the insurance requirements contained in the Loan Documents; (d) compliance with such other closing requirements as are customarily imposed by Lender in connection with such Transfers; and (e) compliance with the representations and warranties herein regarding the Transferee's Required Entity Status;

(5) Execution, delivery, acknowledgment and recordation, as applicable, of such loan assumption agreements (assuming all of Borrower's obligations under the Loan Documents), loan modification agreements, and new, revised and/or replacement indemnification agreements, property reserve agreements/addendums, security instruments, financing statements, UCCs, new or revised letters of credit and/or guarantees each in form and substance reasonably satisfactory to Lender; provided that all such documents shall be substantially on the same terms and conditions as the existing Loan Documents;

(6) Payment of Lender's reasonable outside counsel fees and costs, if any, and any other fees and costs incurred by Borrower in connection with such Premises Transfer whether or not the Premises Transfer is consummated; and

(7) If applicable, receipt by Lender of a waiver from any tenant having a right or option to purchase the Premises or any portion thereof, waiving such right or option in form and substance acceptable to Lender.

Lender agrees to release any Guarantor(s) from any further obligations under the Guaranty and to release Borrower from any further obligations under the Loan Documents (excluding Borrower's and any Guarantor's obligations in the event of fraud or misrepresentation and under the Environmental Indemnity except as provided herein) in connection with a Premises Transfer from and after the date of the Premises Transfer provided: (a) the Transferee executes an assumption agreement reasonably acceptable to Lender assuming all of Borrower's obligations under (i) the Loan Documents (other than the Environmental Indemnity) arising from and after the Premises Transfer, and (ii) the Environmental Indemnity; (b) any Guarantor(s)'s obligations (other than the Environmental Indemnity) arising from and after the Premises Transfer and under the Environmental Indemnity are assumed by a Person(s) having ownership in

Transferee and acceptable to Lender in its reasonable discretion; (c) Borrower and any Guarantor(s) shall be released from their obligations under the Environmental Indemnity only if said obligations are assumed in writing by a Person(s) reasonably acceptable to Lender which obligations shall specifically include all past Environmental Activity or Condition regardless of causation; and (d) all obligations of Borrower under the Loan Documents have been satisfied in full up to and including the date of the Premises Transfer.

(ii) **Reconstitution of Borrower**: So long as no Event of Default exists under the Loan Documents, the reconstitution or conversion of Borrower from one Entity type to another Entity type shall be permitted without Lender's consent, provided the following conditions are complied with in each instance: (1) the ownership of Borrower will be substantially the same after the reconstitution or conversion as reasonably determined by Lender; (2) Borrower satisfies conditions (3)-(7) of the Premises Transfer requirements above; and (3) Lender receives a reasonable fee for handling such Transfer not to exceed $7,500.00.

(iii) **Borrower Name Change**: So long as no Event of Default exists under the Loan Documents, Borrower shall be permitted without Lender's consent to change its name provided the following conditions are complied with in each instance: (1) the Entity type has not changed (see Reconstitution of Borrower for change in Entity type requirements); (2) the ownership of Borrower will be exactly the same after the name change as determined by Lender; (3) Borrower satisfies conditions (4), (5) and (7) of the Premises Transfer requirements above; and (4) Lender receives a reasonable fee for handling such Transfer not to exceed $5,000.00.

(iv) **Hines Transfer**: Provided (A) Borrower is controlled by Guarantor or another Hines Affiliate, (B) Guarantor or another Hines Affiliate controls Hines Global REIT II Properties LP ("**HGR II OP**"), and (C) not less than 51% of the interests in Borrower is owned directly or indirectly by HGR II OP, Guarantor, or another Hines Affiliate, the following transfers are permitted without Lender's consent and without the payment of any fee, charge, or penalty: (a) transfers (including pledges) of direct or indirect interests in Borrower, HGR II OP and Guarantor, (b) the issuance of new shares or other direct or indirect interests in HGR II OP and/or Guarantor, (c) the merger, combination, consolidation or other reorganization of Guarantor and/or HGR II OP, and (d) the pledge of up to a 49% direct or indirect interest in Borrower; provided that for any such transfer of 20% or more of direct/indirect interest in Borrower, (1) Lender receives at least thirty (30) days prior written notice of such transfer ; (2) Lender receives an organizational chart for Borrower which includes ownership breakdowns for all entity levels and is certified by Borrower as true and correct; (3) at Lender's option, Lender receives an acceptable background and credit check, at Borrower's cost, for the transferee if upon consummation of the transfer said transferee's direct/indirect interest in Borrower equals or exceeds 20% and Lender has not already received and approved a background and credit check for said transferee; (4) at Lender's option, Lender receives an acceptable OFAC report at Borrower's cost; and (5) Lender receives a reasonable fee for handling each such transfer, not to exceed $2,500.00.

For purposes of subsection (iv) above, the following terms shall have the following meanings:

"**Hines Affiliate**" means any entity which is any of (i) a general or limited partnership, in which the only managing general partners are one or more of Gerald D. Hines, Jeffrey C. Hines, HILP; (ii) a limited liability company in which the only managing members are one or more of Gerald D. Hines, Jeffrey C. Hines, HILP; (iii) a corporation a majority of the voting stock of which is owned, directly or indirectly, by any combination of members of the Hines Family, one or more Hines Family Trusts; (iv) HILP; (v) any Hines Fund; or (vi) any other entity other than the entities described in clauses (i) through (iv) of this definition that is Controlled, directly or indirectly, by one or more of Gerald D. Hines, Jeffrey C. Hines, a Hines Family Trust, HILP, or members of the Hines Family.

"**HILP**" means Hines Interests Limited Partnership, a Delaware limited partnership.

"**Hines Family**" means any one or more of (i) Jeffrey C. Hines, his spouse and his children and grandchildren (including, without limitation, children and grandchildren by adoption); or (ii) Gerald D. Hines, his spouse and his children and grandchildren (including, without limitation, children and grandchildren by adoption).

"**Hines Family Trust**" means a trust, the vested beneficiaries of which include members of the Hines Family and in which the only trustees are one or more of Gerald D. Hines, Jeffrey C. Hines, members of the Hines Family, HILP, or one or more current or former employees of HILP.

"**Hines Fund**" means any fund or co-investment vehicle, platform or program (e.g., a series of related coordinated investments through project-specific legal entities) controlled by HILP or another Hines Affiliate, as fund, entity or program managing general partner, managing member or manager, including, without limitation, any real estate investment trust or similar entity.

Notwithstanding anything herein to the contrary, any such Transfer shall be conditioned upon Borrower's ability to, after giving effect to the Transfer in question, (I) remake the representations contained herein relating to OFAC and ERISA matters (and, upon Lender's request, Borrower shall deliver to Lender an Officer's Certificate containing such updated representations effective as of the date of the consummation of the applicable Transfer), and (II) continue to comply with the covenants contained herein relating to OFAC and ERISA matters.

ARTICLE V. INSURANCE; CASUALTY; CONDEMNATION

Section 5.1 Insurance.

(a) Borrower shall obtain and maintain, or cause to be maintained, insurance for Borrower and the Premises providing at least the following coverages:

(i) comprehensive all risk property insurance on a special form causes of loss basis (against losses caused by but not limited to, fire, smoke, lightning, windstorm (including named storm), hail, explosion, collapse, sinkhole, malicious mischief, vandalism, sprinkler leakage, and terrorism) covering the Improvements (specifically excluding any buildings pursuant to pad or ground leases which are owned and insured by the lessees thereof) and the Personal Property (as applicable) . The property insurance policy shall comply with the following:

(A) be in an amount not less than one hundred percent (100%) of the "Full Replacement Cost," which for purposes of this Agreement shall mean the agreed upon replacement value (exclusive of costs of excavations, foundations, underground utilities and footings) with a waiver of depreciation (excluding the land value) or such lesser amount specifically approved in writing by Lender;

(B) be written on a replacement cost basis with a waiver of depreciation;

(C) contain an agreed amount endorsement or waiver of all co-insurance provisions with respect to the Improvements and Personal Property;

(D) include a deductible not to exceed $100,000 with the exception of flood, earthquake and windstorm, which may have a deductible not to exceed $100,000 or 5% of the total insurable value; and

(E) contain an "Ordinance or Law Coverage" endorsement (to include (i) loss to the undamaged portion of the Improvements, (ii) demolition costs, and (iii) increased cost of construction endorsements) if any of the Improvements or the use of the Premises shall at any time constitute non-conforming structures or uses.

(ii) commercial general liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about the Premises with a combined single limit of not less than One Million Dollars ($1,000,000) per occurrence, and Two Million Dollars ($2,000,000) in the annual aggregate (the aggregate limit shall apply per location if multiple properties are insured under the policy). The commercial general liability policy shall not include a deductible/self-insured retention greater than $100,000. The commercial general liability policy shall provide coverage for the following hazards: (A) premises and operations; (B) products and completed operations; (C) independent contractors; and (D) contractual liability for all insured contracts, plus additional excess liability insurance in a minimum amount of $20,000,000 per occurrence on terms consistent with the requirements in the foregoing sentence;

(iii) rental loss or business interruption insurance, with a waiver of all coinsurance provisions, for the perils specified herein (I) for (A) one hundred percent (100%) of the Rents (including Operation Expenses) for a period of eighteen (18) months or (B) on an actual losses sustained basis for a minimum period of eighteen (18) months (specifically excluding Rents under Lease(s) where the lessee has no rental abatement or termination rights in connection with a Casualty during the term of the Loan for so long as said Lease(s) is in full force and effect); and (II) containing an extended period of indemnity endorsement which provides that after the physical loss to the Improvements has been repaired, the continued loss of income will be insured until such income either returns to the same level it was prior to the loss, or the expiration of six (6) months from the date that the Premises is repaired or replaced and operations are resumed, whichever first occurs and notwithstanding that the policy may expire prior to the end of such period;

(iv) at all times during which structural construction, repairs or alterations are being made with respect to the Improvements, and only if the Premises coverage form does not otherwise apply, (A) owner's contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy; and (B) the insurance provided for in subsection (i) above written in a so-called builder's risk completed value form;

(v) flood insurance, in an amount reasonably determined by Lender, if any portion of the Improvements is at any time located in a "special flood hazard area" as identified by the Federal Emergency Management Agency, or any successor agency thereto;

(vi) equipment breakdown/boiler and machinery insurance, if applicable, in amounts as shall be reasonably required by Lender on terms consistent with the commercial property insurance policy required under subsection (i) above;

(vii) if any Policy described in clauses (i)-(iv) above shall contain an exclusion from coverage under such Policy for loss or damage incurred as a result of an act of terrorism or similar acts of sabotage, Borrower shall maintain insurance against loss or damage incurred as a result of acts of terrorism or similar acts of sabotage provided such insurance (a) is commercially available and (b) can be obtained at a commercially reasonable cost as reasonably determined by Lender; and

(viii) upon sixty (60) days' written Notice, such other commercially reasonable insurance and in such reasonable amounts as Lender from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for property similar to the Premises located in or around the region in which the Premises is located.

(b) (i) All insurance provided for in Section 5.1(a) shall be obtained under valid and enforceable policies (collectively, the "**Policies**" or in the singular, the "**Policy**"), and shall be subject to the approval of Lender as to form and content, including amounts, deductibles, loss payees and insureds, such approval not to be unreasonably withheld, conditioned or delayed. The Policies shall name Borrower as a Named Insured. The Policies shall be issued by financially sound and responsible insurance companies authorized to do business in the State and must be rated A, class size VIII or better in the most current issue of Best's Insurance Reports or A3 from Moody's or A1 from Standard and Poor's.

(ii) The Policies for the insurance described in Sections 5.1(a)(i), (iii), (iv), (v), (vi), (vii) and (viii) (as applicable) shall have attached thereto standard mortgagee and loss payee/lender's loss payable clauses in favor of and permitting Lender to collect any and all proceeds payable thereunder and shall include a 30-day (except for nonpayment of premium, in which case, a 10-day) notice of cancellation clause in favor of Lender. The Policies for the insurance described in Sections 5.1(a)(ii), (vii) and (viii) (as applicable) shall name Lender as an additional insured and shall include a 30 day (except for nonpayment of premium, in which case, a 10 day) notice of cancellation clause in favor of Lender.

(iii) All certificates of insurance (or copies of Policies if requested by Lender) shall be delivered to Lender with evidence of renewal coverage delivered to Lender on or before the expiration date of any policy. The certificates of insurance must include all limits, sublimits and deductibles of the applicable Policy. If requested by Lender, Borrower shall certify to the certificates of insurance upon renewal or replacement of the Policies with a form similar to Schedule I attached herein.

(iv) Borrower shall not carry or permit to be carried separate insurance, concurrent in kind or form and contributing in the event of loss, with any insurance required in the Loan Documents.

(v) Borrower may carry the insurance coverages required herein under blanket insurance policies provided that: (A) any policy of blanket insurance hereunder shall comply in all respects with the provisions of this Section 5.1; (B) the protection afforded by Borrower under any policy of blanket insurance hereunder shall be no less than which would have been afforded under a separate policy or policies relating to the Premises; and (C) any blanket policy remains subject to review and the reasonable approval by Lender based on the schedule of locations and values, which shall be provided by Borrower upon Lender's request.

(vi) If at any time Lender is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Lender shall have the right, (provided that Borrower shall not have provided such evidence to Lender within five (5) Business Days of Borrower's receipt of written notice from Lender which may be in the form of email, facsimile or mail), upon reasonable prior notice to Borrower, to take such action as Lender reasonably deems necessary to protect its interest in the Premises, including, without limitation, the obtaining of such insurance coverage as Lender in its reasonable discretion deems appropriate. All costs incurred by Lender in connection with such action or in obtaining such insurance and keeping it in full force and effect which are not promptly paid by Borrower shall be added to the Indebtedness and shall bear interest at the Default Rate from the date of such advance until paid and shall be due and payable on demand.

Section 5.2 **Casualty**. If the Premises shall be damaged or destroyed, in whole or in part, by fire or other casualty (a "**Casualty**"), Borrower shall give prompt Notice of such damage to Lender and shall, taking into account the time necessary to adjust the loss, obtain permits and enter into restoration contracts, promptly commence and diligently prosecute the completion of the repair and restoration of the Premises as nearly as reasonably possible to the condition the Premises was in immediately prior to such Casualty with such alterations as may be reasonably approved by Lender (a "**Restoration**") and otherwise in accordance with Section 5.4. Subject to the Net Proceeds being made available by Lender, Borrower shall pay all costs of such Restoration whether or not such costs are covered by insurance. Borrower (or Lender, if an Event of Default then exists) shall settle and adjust any claim under the Policies required to be maintained by Borrower; provided, however, that any settlement or adjustment where the aggregate amount of Net Proceeds (including any deductible payable by Borrower) exceeds the Threshold Amount shall be subject to the written approval of Lender, not to be unreasonably withheld or delayed and all other settlements or adjustments shall require contemporaneous Notice to Lender. In all circumstances, the proceeds thereof shall be paid to Lender and Lender is authorized to collect and to give receipts therefor. Lender may, but shall not be obligated to make proof of loss if Borrower is not diligently pursuing the same.

Section 5.3 **<u>Condemnation</u>**. Borrower shall promptly give Lender Notice of the actual or threatened commencement of any proceeding for the Condemnation of the Premises and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Lender may participate with Borrower in any such proceedings to the extent that the Award therefrom is reasonably anticipated by Lender to exceed the Threshold Amount. Borrower shall from time to time deliver to Lender all instruments reasonably requested by it to permit such participation. Borrower shall, at its expense, diligently prosecute any such proceedings, and shall consult with Lender, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings. In all circumstances, the proceeds thereof shall be paid to Lender and Lender is authorized to collect and to give receipts therefor. Lender may, but shall not be obligated to make proof of loss if Borrower is not diligently pursuing the same. Notwithstanding any Condemnation, Borrower shall continue to pay the Indebtedness at the time and in the manner provided for its payment in the Note and in this Agreement and the Indebtedness shall not be reduced until any Award shall have been actually received and applied by Lender, after the deduction of reasonable out-of-pocket expenses of collection, to the reduction or discharge of the Indebtedness. If a portion of the Premises is taken by a condemning authority, Borrower shall promptly commence and diligently prosecute the Restoration of the Premises (to the extent that such Restoration is necessary) and otherwise comply with the provisions of <u>Section 5.4</u>. If the Premises is sold, through foreclosure or otherwise, prior to the receipt by Lender of the Award, Lender shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive the Award, or a portion thereof sufficient to pay the Indebtedness.

Section 5.4 **<u>Restoration</u>**. The following provisions shall apply in connection with the Restoration of the Premises:

(a) If the Net Proceeds shall be equal to or less than the Threshold Amount, and the costs of completing the Restoration shall be equal to or less than the Threshold Amount, the Net Proceeds will be disbursed by Lender to Borrower for the Restoration (or in the case of a Condemnation where Restoration is not necessary, for Borrower's general business purposes) upon receipt, provided that no Event of Default then exists.

(b) If the Net Proceeds are greater than the Threshold Amount or the costs of completing the Restoration are greater than the Threshold Amount, Lender shall make the Net Proceeds available for the Restoration in accordance with the provisions of this <u>Section 5.4(b)</u>. The term "**<u>Net Proceeds</u>**" shall mean: (x) the amount of all insurance proceeds received by Lender pursuant to the Policies described in <u>Section 5.1</u> as a result of the Casualty, after deduction of its reasonable out-of-pocket costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same ("**<u>Insurance Proceeds</u>**"), or (y) the amount of the Award, after deduction of its reasonable out-of-pocket costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same ("**<u>Condemnation Proceeds</u>**"), whichever the case may be.

(i) The Net Proceeds shall be made available to Borrower for Restoration provided that each of the following conditions is met, in Lender's discretion:

(A) no Event of Default shall have occurred and be continuing;

(B) in the event the Net Proceeds are Condemnation Proceeds, the land constituting the Premises which is taken is located along the perimeter or periphery of the Premises, and no material portion of the Improvements is located on the condemned land or Lender has otherwise determined the Condemnation does not and could not reasonably be expected to have a Material Adverse Effect;

(C) Lease(s) in effect as of the date of the occurrence of such Casualty or Condemnation or Lease(s) obtained in substitution thereof (which otherwise satisfy the terms of this Agreement), whichever the case may be, shall remain in full force and effect during and after the completion of the Restoration, notwithstanding the occurrence of any such Casualty or Condemnation, whichever the case may be such that upon completion of the Restoration the DSC Ratio shall be at least equal to the lesser of: the DSC Ratio existing immediately prior to the Casualty or Condemnation or 1.0x;

(D) Borrower shall commence the Restoration as soon as reasonably practicable, subject to delays for Force Majeure, but in no event later than the period of time required by any applicable Lease(s), REA, or any applicable zoning law, ordinance, rule or regulation, and shall diligently pursue the same to satisfactory completion;

(E) Lender shall be reasonably satisfied that any operating deficits, including all scheduled Monthly Payments, which will be incurred with respect to the Premises as a result of the occurrence of any such Casualty or Condemnation, whichever the case may be, will be covered out of (1) the Net Proceeds, (2) the insurance coverage referred to in <u>Section 5.1(a)(iii)</u>, if applicable, or (3) other funds of Borrower;

(F) Lender shall be reasonably satisfied that the Restoration will be completed and the tenants will be in occupancy and open for business on or before the earliest to occur of (1) the Maturity Date, (2) the earliest date required for such completion/occupancy under the terms of any applicable Lease(s) or REA, (3) such time as may be required under applicable zoning law, ordinance, rule or regulation in order to repair and restore the Premises to substantially the condition it was in immediately prior to such Casualty or to as nearly as possible the condition it was in immediately prior to such Condemnation, as applicable or (4) the expiration of the insurance coverage referred to in Section 5.1(a)(iii) unless Borrower shall have provided to Lender additional security acceptable to Lender for rent loss interruption;

(G) the Premises and the use thereof after the Restoration will be in compliance in all material respects with and permitted under all applicable zoning laws, ordinances, rules and regulations, the Lease(s) and, if applicable, REA(s);

(H) the Restoration shall be done and completed by Borrower in a reasonably expeditious and diligent fashion and in compliance in all material respects with all applicable Legal Requirements;

(I) such Casualty or Condemnation, as applicable, does not result in the loss of (i) permanent access to the Premises or the related Improvements unless substitute access reasonably satisfactory to Lender is available to the Premises or (ii) parking on the Premises unless substitute parking reasonably satisfactory to Lender is available to the Premises or such loss of parking does not and could not reasonably be expected to have a Material Adverse Effect; and

(J) such other conditions to such disbursements, in Lender's reasonable discretion, as would be customarily required by a construction lender doing business in the area where the Premises is located and making loans secured by collateral similar to the Premises, including, without limitation, receipt of lien waivers for work performed.

(ii) Notwithstanding anything contained herein to the contrary, if the Net Proceeds exceed the Threshold Amount, all Net Proceeds shall be held by Lender and, until disbursed in accordance with the provisions of this Section 5.4(b), shall constitute additional security for the Indebtedness and other obligations under the Loan Documents. The Net Proceeds shall be disbursed by Lender to, or as directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence reasonably satisfactory to Lender that (A) all materials installed and work and labor performed then to date (except to the extent that such materials, work and/or labor are to be paid for out of the requested disbursement, in which case Borrower shall submit invoices for such costs and expenses) in connection with the Restoration have been paid for in full, (B) subject to the rights of contest set forth in this Agreement, there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Premises arising out of the Restoration unless the Contest Requirements have been satisfied, and (C) all terms and conditions of Section 5.4(b)(i) have been satisfied. Lender shall credit Borrower with interest on the Net Proceeds (and the Net Proceeds Deficiency, if cash and if applicable) pursuant to the Escrow Interest Calculation.

(iii) Lender must approve the plans and specifications required in connection with the Restoration before such Restoration is commenced if the estimated cost of Restoration exceeds 25% of the Indebtedness or involves any structural changes or modifications, which approval shall not be unreasonably withheld, conditioned or delayed.

(iv) Borrower must pay to Lender a non-refundable processing fee for disbursing the Net Proceeds equal to the greater of $5,000.00 or .25% of the amount of such Net Proceeds within sixty (60) days after Net Proceeds are received and before Lender disburses any Net Proceeds.

(v) In no event shall Lender be obligated to make disbursements of the Net Proceeds (except as provided in Section 5.4(a) above) in excess of actual costs incurred from time to time for work in place as part of the Restoration, as certified by Borrower, minus the Casualty Retainage. The term "**Casualty Retainage**" shall mean an amount equal to five percent (5%) (or such other amount reasonably determined by Lender) of the costs actually incurred for work in place as part of the Restoration, as certified by Borrower. The Casualty Retainage shall not be released until Borrower certifies to Lender that the Restoration has been substantially completed in accordance with the provisions of this Section 5.4(b) and that all approvals necessary for the re-occupancy and use of the Premises have been obtained from all appropriate Governmental Authorities and copies thereof delivered to Lender, and Lender receives evidence reasonably satisfactory to Lender that the costs of the Restoration have been paid in full or will be paid in full out of the Casualty Retainage and Lender receives an endorsement to the Title Insurance Policy insuring the continued priority of the lien of the Mortgage which endorsement shall be reasonably acceptable to Lender.

(vi) Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vii) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the reasonable opinion of Lender, be sufficient to pay in full the balance of the costs which are reasonably estimated to be incurred in connection with the completion of the Restoration, Borrower shall demonstrate to the reasonable satisfaction of Lender the availability of sufficient funds of Borrower to satisfy such deficiency or, if Borrower is not able to so demonstrate, at Lender's election upon written Notice to Borrower, Borrower shall deposit the deficiency in the form of cash, a letter of credit acceptable to Lender, or such other security acceptable to Lender (the "**Net Proceeds Deficiency**") with Lender not later than sixty (60) days after the date of said Notice and before any further disbursement of the Net Proceeds shall be made. Any Net Proceeds Deficiency deposited with Lender shall be held by Lender as additional security for the Loan and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this Section 5.4(b), the Net Proceeds Deficiency shall constitute additional security for the Indebtedness and other obligations of Borrower under the Loan Documents.

(viii) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender, after the Restoration has been substantially completed in accordance with the provisions of this Section 5.4(b), and the receipt by Lender of evidence reasonably satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full and all work performed in connection with the Restoration has been completed, shall be remitted by Lender to Borrower, provided no Event of Default shall have occurred and be continuing under the Loan Documents.

(c) To the extent any of the conditions for Restoration set forth in Section 5.4(b) above are not satisfied, Lender may elect to either (i) permit the Restoration to occur notwithstanding the fact that certain of such conditions for Restoration have not been satisfied (in which case Lender will make the Net Proceeds available as set forth above); or (ii) retain and apply the Net Proceeds toward the payment of the Indebtedness whether or not then due and payable, without Prepayment Premium or other prepayment penalty or premium so long as no Event of Default then exists, in such order, priority and proportions as Lender in its sole discretion shall deem proper. If Lender elects item (i) of this paragraph above, after completion of the Restoration, any excess Net Proceeds pursuant to Section 5.4(b)(viii) shall be returned to Borrower. If the Net Proceeds are equal to or greater than Twenty-five Million and 00/100 Dollars ($25,000,000.00) and Lender elects item (ii) above, Lender, in its sole and absolute discretion, may declare the entire Indebtedness to be immediately due and payable provided, however, that if no Event of Default then exists, no Prepayment Premium shall be due. Irrespective of whether any Event of Default then exists, if Lender elects option (ii) above and the Loan is in the Open Period, no Prepayment Premium or other prepayment penalty or premium shall be due and payable in connection with any partial or prepayment in full of the Indebtedness.

(d) Should a Casualty occur after foreclosure or sale proceedings have been instituted, the Insurance Proceeds, if not applied to Restoration, shall be used to pay (i) the Indebtedness then due and owing in the event of a non-judicial sale in such priority as Lender elects, or (ii) the amount due in accordance with any decree of foreclosure or deficiency judgment that may be entered in connection with such proceedings, and the balance, if any, shall be paid to the owner of the equity of redemption if it shall then be entitled to the same, or otherwise as any court having jurisdiction may direct.

ARTICLE VI. RESERVE FUNDS

Section 6.1 Tax and Insurance Escrow Fund. Following an Event of Default, Borrower shall deposit with Lender, on each Payment Date, an amount equal to one-twelfth (1/12) of the sums calculated by Lender (plus a reasonable "cushion") for payment of: (i) the estimated annual taxes and assessments assessed or levied against the Premises, and (ii) the estimated annual premiums for property insurance required by the Loan Documents, excluding commercial general liability insurance (collectively, the "**Tax and Insurance Escrow Fund**"). Lender shall use the Tax and Insurance Escrow Fund to pay the taxes, assessments and insurance premiums, as applicable when the same become due; or, upon Borrower's prior written request (which must be received by Lender at least thirty (30) days prior to the pertinent due date of the taxes, assessments or insurance premiums, as applicable), reimburse Borrower in connection with Borrower's payment of taxes, assessments and insurance premiums, as applicable, upon receipt of written evidence of payment of same which is acceptable to Lender. Borrower shall timely procure and deliver to Lender, in advance of the due date, such statements, invoices or bills for such foregoing charges. If the total payments made by Borrower under this Section 6.1 exceed the amount of payments actually made by Lender for taxes, assessments and insurance premiums, such excess shall be credited by Lender on subsequent Tax and Insurance Escrow Fund deposits to be made by Borrower. If, however, the Tax and Insurance Escrow Fund is insufficient to pay the taxes, assessments and insurance premiums when the same shall be due and payable, Borrower will pay to Lender any amount necessary to make up the deficiency, within three (3) Business Days after Lender has notified Borrower of such deficiency, but in all events prior to the date when payment of such taxes, assessments and insurance premiums shall be delinquent, subject to Borrower's right to contest any such taxes or assessments, provided the Contest Requirements are satisfied.

Section 6.2 Property Reserves Escrow Fund. To the extent applicable, Borrower shall deposit with Lender certain funds to be held by Lender as required by and in accordance with the provisions of Section 8.1(b) hereof and Schedule IV attached hereto.

Section 6.3 Miscellaneous.

(a) Borrower grants to Lender a first-priority perfected security interest in each of the Reserve Funds and any and all monies now or hereafter deposited in each Reserve Fund as additional security for payment of the Indebtedness. Until disbursed, expended or applied in accordance herewith, the Reserve Funds shall constitute additional security for the Indebtedness.

(b) In no event shall Lender be obligated to disburse funds from a Reserve Fund if an Event of Default shall exist. During the continuance of an Event of Default, Lender may, in addition to any and all other rights and remedies available to Lender, apply any sums then present in any or all of the Reserve Funds to the payment of any amounts or obligations then due under the Loan Documents or Environmental Indemnity in any order in its sole discretion (in the event Lender has accelerated the Loan, any such application of such sums to the payment of the Indebtedness shall require payment of a Prepayment Premium subject to and in accordance with the terms of this Agreement), apply such funds for the purposes for which they were held or hold such funds in a non-interest bearing account as additional security for the Loan; provided, however, that if there is an Event of Default resulting in a public sale of the Premises, or if Lender otherwise acquires the Premises after an Event of Default, Borrower shall be entitled to a credit of the tax portion of the Tax and Insurance Escrow Fund against any delinquent or accrued ad valorem taxes accrued or owing prior to the Conveyance Date with respect to the Premises.

(c) The Reserve Funds shall not constitute trust funds and may be commingled with other monies held by Lender. Nothing contained herein shall cause Lender to be deemed a trustee of any Letter of Credit, any renewal thereof or any proceeds therefrom.

(d) The Reserve Funds shall be held without any allowance for interest unless otherwise specifically set forth in Schedule IV attached hereto. If interest is allowed, all earnings of interest on a Reserve Fund shall be added to and become a part of such Reserve Fund and shall be disbursed in the same manner as other monies deposited in such Reserve Fund unless otherwise specified in Schedule IV.

(e) Upon satisfaction of the Mortgage, any amounts remaining in the Reserve Funds shall be promptly returned to Borrower.

(f) Lender shall not be liable for any loss sustained on the investment of any funds constituting the Reserve Funds provided that Lender has deposited the Reserve Funds with a Qualified Institution.

ARTICLE VII. DEFAULTS

Section 7.1 Events of Default.

(a) Each of the following events shall constitute an event of default hereunder (an "**Event of Default**"):

(i) failure to pay when due any principal, interest, Prepayment Premium or other Indebtedness, taxes or assessments or insurance premiums required pursuant to the Loan Documents or the Environmental Indemnity, and such failure shall have continued for five (5) days; provided, however that Lender shall give Borrower written Notice specifying such default with respect to the first such default in any calendar year and any subsequent occurrence of such default in any calendar year shall constitute an Event of Default without Notice by Lender to Borrower; or

Notwithstanding the above, in the event that Borrower fails to pay on the Maturity Date the outstanding principal balance of the Loan, all accrued and unpaid interest and all other amounts due hereunder and under the Loan Documents, then an Event of Default shall immediately occur without Notice by Lender to Borrower.

Further notwithstanding the above, in the event that a failure to pay taxes or assessments or insurance premiums in excess of five (5) days after the due date results in (i) a Material Adverse Effect, (ii) a failure to comply with Section 5.1 (a), or (iii) subject to Borrower's right to contest any such tax or assessment, provided the Contest Requirements are satisfied, the filing of a tax lien against the Premises, then an Event of Default shall occur without Notice by Lender to Borrower.

Further notwithstanding the above as it relates solely to taxes, assessments and insurance premiums, to the extent that a Tax and Insurance Escrow Fund has been established in accordance with Article VI of this Agreement and Borrower has fully complied with all terms and conditions of Article VI relating to same, then an Event of Default shall not occur for Lender's failure to apply any of said Tax and Insurance Escrow Fund amounts.

In no event shall Borrower's failure to pay when due any principal, interest, Prepayment Premium or other Indebtedness, taxes or assessments or insurance premiums required pursuant to the Loan Documents or the Environmental Indemnity be subject to Force Majeure.

(ii) Borrower, Interest Owner or Guarantor admits in writing its inability to pay its debts or voluntarily brings or acquiesces to any of the following: (A) any action for dissolution, act of dissolution or dissolution or the like of Borrower, Interest Owner(s) or any Guarantor under the Federal Bankruptcy Code as now or hereafter constituted; (B) the filing of a petition or answer proposing the adjudication of Borrower, Interest Owner(s) or any Guarantor as a bankrupt or its reorganization or arrangement, or any composition, readjustment, liquidation, dissolution or similar relief with respect to it pursuant to any present or future federal or state bankruptcy or similar law; (C) the appointment by order of a court of competent jurisdiction of a receiver, trustee or liquidator of the Premises or any part thereof or of Borrower, Interest Owner(s) or any Guarantor or of substantially all of the assets of Borrower, Interest Owner or any Guarantor; or (D) a transfer in fraud of creditors or an assignment for the benefit of creditors, subject to the rights granted Borrower to replace any such Guarantor pursuant to subparagraph (viii) below; or

(iii) one or more of the items set forth in the foregoing subparagraph (ii) above occur which were not either voluntarily brought or acquiesced in by Borrower, Interest Owner(s) or any Guarantor, and which are not discharged or dismissed within ninety (90) days after the action, filing or appointment, as the case may be; or

With respect to the matters in subparagraph (ii) above and this subparagraph (iii) for an Interest Owner(s) only, no Event of Default shall occur until a claim or right is asserted against Borrower or the Premises which delays or otherwise adversely affects Lender's rights, remedies, or interests granted under the Loan Documents (whether or not such assertion is successful).

(iv) with respect to the matters not described in any other subparagraphs of this section, failure to duly observe or perform or the breach of any covenant, condition or agreement of the Borrower or any Guarantor contained in the Loan Documents or in the Environmental Indemnity, and such failure shall have continued for thirty (30) days after Notice specifying such failure is given by Lender to Borrower, subject to the rights granted Borrower to replace any such Guarantor pursuant to subparagraph (viii) below; or

If any failure to observe or perform under this subparagraph (iv) shall be of such nature that it cannot be cured or remedied within thirty (30) days, Borrower and/or Guarantor shall be entitled to a reasonable concurrent period of time to cure or remedy such failure (not to exceed one hundred twenty (120) days following the giving of Notice), provided Borrower and/or Guarantor commences the cure or remedy thereof within the thirty (30) day period following the giving of Notice and thereafter proceeds with diligence, as determined by Lender, to complete such cure or remedy.

(v) the failure of Borrower to duly observe or perform or the breach of any of the covenants, conditions and agreements of the Borrower contained in Section 4.2.3 of this Agreement or in Section 3.1 of the Mortgage and to cure such failure within ten (10) days following Borrower's receipt of Notice of such failure; provided, however, that Borrower shall only be granted said ten (10) day cure period if (1) the failure to observe or perform is a curable event, (2) the Transfer does not have a Material Adverse Effect, and (3) the granting of said cure period will not have a Material Adverse Effect as reasonably determined by Lender; or

(vi) any representation (other than fraud or willful misrepresentation) when made by or on behalf of Borrower, Interest Owner(s) or any Guarantor regarding the Premises, the making or delivery of any of the Loan Documents or the Environmental Indemnity or in any written information provided by or on behalf of Borrower, Interest Owner(s) or any Guarantor in connection with the Loan shall prove to be untrue or inaccurate and in Lender's reasonable determination, such untruth or inaccuracy has a Material Adverse Effect; or

(vii) fraud or willful misrepresentation by or on behalf of Borrower, Interest Owner(s) or any Guarantor regarding the Premises, the making or delivery of any of the Loan Documents or the Environmental Indemnity or in any written information provided by or on behalf of Borrower, Interest Owner(s) or any Guarantor in connection with the Loan; or

(viii) subject to the provisions of this Agreement, the death or incapacitation of any Guarantor (or any Person(s) who is personally liable for any obligation under the Loan Documents or the Environmental Indemnity) or any other Event of Default occurs with respect to Guarantor under the foregoing clauses (ii), (iii), (iv) and (vii) (such Guarantor, a "**Defaulting Guarantor**") unless (a) the remaining Guarantor(s), if any, have a net worth or an aggregate net worth, as the case may be, equal to or greater than an amount equal to: the net worth of said remaining Guarantor(s) as of the Closing Date plus the net worth of the decedent or incapacitated Guarantor or Defaulting Guarantor, as applicable, as of the Closing Date and affirm in writing the continued joint and several liability under the Guaranty within ninety (90) days of the death or incapacitation of, or Event of Default attributable to, such Guarantor, (b) a substitute Guarantor(s) having an interest in Borrower and otherwise reasonably acceptable to Lender having a net worth or an aggregate net worth, as the case may be, equal to or greater than the net worth of the decedent or incapacitated Guarantor or Defaulting Guarantor, as applicable, as of the Closing Date shall become liable by an assumption agreement acceptable to Lender within ninety (90) days of the death or incapacitation of, or Event of Default attributable to, such Guarantor, (c) the remaining Guarantor(s) and a substitute Guarantor(s) having interest in Borrower and otherwise reasonably acceptable to Lender collectively have a net worth or an aggregate net worth, as the case may be, equal to or greater than an amount equal to: the net worth of said remaining Guarantor(s) as of the Closing Date plus the net worth of the decedent or incapacitated Guarantor, or Defaulting Guarantor, as applicable as of the Closing Date and affirm in writing the joint and several liability under the Guaranty within ninety (90) days of the death or incapacitation of, or Event of Default attributable to, such Guarantor (Lender must receive a background and credit check and an OFAC report, both acceptable to Lender and at Borrower's cost, for any substitute Guarantor(s)); or (d) Borrower provides additional collateral for the Loan to Lender's reasonable satisfaction; or

(ix) the failure of Borrower to comply with the provisions of the Required Entity Status and to cure such failure to comply within ten (10) days following Borrower's receipt of Notice from Lender of such failure; provided, however, that Borrower shall only be granted said ten (10) day cure period if the failure to maintain the Required Entity Status is a curable event and the granting of said cure period will not have a Material Adverse Effect as reasonably determined by Lender; or

(x) the failure of Borrower to duly observe, perform or satisfy the obligations of the Borrower contained in Section 3.1.9 of this Agreement or the failure of Guarantor, if any, to duly observe, perform or satisfy the obligations of Guarantor contained in paragraphs 5(e)-(h) of the Guaranty;

(b) Upon the occurrence of an Event of Default, in each and every such case, the whole of the principal balance of the Loan shall, at the option of the Lender and without further notice to Borrower, become immediately due and payable together with accrued interest thereon, a Prepayment Premium (unless the Loan term is in the Open Period) and all other Indebtedness, and whether or not Lender has exercised said option, interest shall accrue on the entire principal balance of the Loan and any accrued interest, Prepayment Premium or other Indebtedness then due, at the Default Rate until fully paid or if Lender has not exercised said option, for the duration of any Event of Default. Borrower agrees that if Lender accelerates the whole or any part of the principal balance of the Loan after the occurrence of an Event of Default but prior to the Open Period, Borrower waives any right to prepay the principal sum hereby secured in whole or in part without premium and agrees to pay, as yield maintenance protection and not as a penalty, the Prepayment Premium.

Section 7.2 **Remedies**. To the extent permitted by applicable law, upon the occurrence of an Event of Default which is continuing, Lender shall have the rights and remedies afforded under applicable law and hereunder, in the Mortgage, the Environmental Indemnity and the other Loan Documents, including acceleration.

Section 7.3 **Payment of Costs; Remedies Cumulative; Waivers**.

(a) Borrower agrees that all reasonable costs, charges and expenses, including but not limited to, reasonable attorneys' fees and costs, incurred or expended by Trustee or Lender arising out of or in connection with (i) any default, breach or failure by Borrower under the Loan Documents, (ii) servicing of the Loan (other than routine loan servicing performed in the ordinary course of business and for the performance of which Lender is not routinely reimbursed by other borrowers in the ordinary course of Lender's business), including administrative or service fees assessed by Lender pursuant to a Borrower consent request, or (iii) the exercise, enforcement, compromise, defense, litigation, or settlement of any of Lender's rights or remedies under the Loan Documents or relating to the Loan or the Indebtedness, including any action, proceeding or hearing, legal, equitable or quasi-legal, in any way affecting or pertaining to the Loan Documents, the Environmental Indemnity, or the Premises, shall be promptly paid by Borrower upon written Notice from Lender. All such sums not promptly paid by Borrower shall be added to the Indebtedness secured hereby and shall bear interest at the Default Rate from the date of such advance until paid and shall be due and payable on demand.

(b) Borrower hereby agrees that upon the occurrence of an Event of Default and the acceleration of the Indebtedness, to the full extent that such rights can be lawfully waived, Borrower hereby waives and agrees not to insist upon, plead, or in any manner take advantage of, any rights of redemption, valuation, appraisement, notice of acceleration, any stay of execution, extension, exemption, homestead, marshaling or moratorium law or any law providing for the valuation or appraisement of all or any part of the Premises prior to any sale or sales thereof under any provision of the Mortgage or before or after any decree, judgment or order of any court or confirmation thereof, or claim or exercise any right to redeem all or any part of the Premises so sold and hereby expressly waives to the full extent permitted by applicable law on behalf of itself and each and every Person acquiring any right, title or interest in or to all or any part of the Premises, all benefit and advantage of any such laws which would otherwise be available to Borrower or any such Person, and agrees that neither Borrower nor any such Person will invoke or utilize any such law to otherwise hinder, delay or impede the exercise of any remedy granted or delegated to Lender herein but will permit the exercise of such remedy as though any such laws had not been enacted. Borrower hereby further expressly waives to the full extent permitted by applicable law on behalf of itself and each and every Person acquiring any right, title or interest in or to all or any part of the Premises any and all rights of redemption from any sale or any order or decree of foreclosure obtained pursuant to provisions of the Mortgage.

(c) All rights and remedies granted to Trustee or Lender in the Loan Documents shall be in addition to and not in limitation of any rights and remedies to which it is entitled in equity, at law or by statute, and the invalidity of any right or remedy herein provided by reason of its conflict with applicable law or statute shall not affect any other valid right or remedy afforded to Trustee or Lender. No waiver of any default or Event of Default under any of the Loan Documents shall at any time thereafter be held to be a waiver of any rights of the Trustee or Lender hereunder, nor shall any waiver of a prior Event of Default or default operate to waive any subsequent Event of Default or default. All remedies provided for in the Loan Documents are cumulative and may, at the election of Lender, be exercised alternatively, successively or concurrently. No act of Trustee or Lender shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision or to proceed against one portion of the Premises to the exclusion of any other portion.

ARTICLE VIII. ASSIGNMENT OF LEASES AND RENTS

Section 8.1 License to Collect Rents.

(a) Pursuant to and in accordance with the terms of the Mortgage, Borrower has appointed Lender the true and lawful attorney of Borrower with full power of substitution and with power for it and in its name, place and stead, to demand, collect, and give receipts and releases for any and all assigned Rents effective upon an Event of Default. The terms of the Utah Uniform Assignment of Rents Act are incorporated herein by reference, with the parties acknowledging that the assignment contained therein is a present and absolute assignment and not a collateral assignment of Borrower's interest in the Rents (as defined herein and within the meaning of the Utah Uniform Assignment of Rents Act, Utah Code Annotated Section 57-26-101, et seq.) described therein. Prior to the occurrence of an Event of Default, Lender hereby grants to Borrower the revocable license to enforce all provisions contained in the Lease(s) and collect and use all Rents, as the same become due and payable, but in any event for not more than one calendar month in advance, provided, however, Borrower's use of such Rents shall be subject to the Recourse Obligations. Such license shall not be applicable to any Extraordinary Rental Payments, all of which shall be paid directly to Lender. Lender shall be entitled to hold Extraordinary Rental Payments it receives in an account as additional security for the Note and the funds shall be governed by the terms set forth below. Borrower shall render such accounts of collections as Lender may reasonably require. The license herein granted to Borrower shall be revoked immediately and automatically, without further action or documentation, upon the occurrence of an Event of Default; and upon written notice of an Event of Default at any time hereafter given by Lender to any lessee, all Rents thereafter payable and all agreements and covenants thereafter to be performed by any such lessee shall be paid and performed by such lessee directly to Lender in the same manner as if the above license had not been granted, without prosecution of any legal or equitable remedies under the Mortgage. Any lessee of the Premises or any part thereof is authorized and directed to pay to Borrower any Rent herein assigned currently for not more than one calendar month in advance, but shall make all Extraordinary Rental Payments to Lender and any payment so made, other than Extraordinary Rental Payments, prior to receipt by such lessee of the aforementioned notice shall constitute a full acquittance to lessee therefore. In the event Lender has revoked Borrower's license to collect Rents upon the occurrence of an Event of Default and Lender, in Lender's sole discretion, elects to waive said Event of Default, then provided no Event of Default subsequently occurs, any Rents (other than Extraordinary Rental Payments) collected by Lender which are in excess of those applied to pay in full any Monthly Payment(s) and any deposit(s) of Reserve Funds then due from Borrower under the terms of the Loan Documents and/or any requirements resulting as a condition to any waiver by Lender of the Event of Default shall be promptly paid to Borrower.

(b) The entire amount of an Extraordinary Rental Payment shall be delivered to Lender. At Lender's option, such Extraordinary Rental Payments shall be held by Lender without allowance for interest (hereinafter referred to as the "**Extraordinary Rental Escrow**") and disbursed or applied as hereinafter provided. So long as no Event of Default then exists under the Loan Documents and the Extraordinary Rental Escrow has not otherwise been applied pursuant to the Loan Documents in connection therewith, Lender shall disburse funds from time to time from the Extraordinary Rental Escrow as follows: (i) funds resulting from lease termination payments shall be disbursed for costs and expenses incurred by Borrower for tenant improvements and leasing commissions for Lease(s) approved by Lender, at a combined rate per square foot of net rentable area leased as reasonably determined by Lender; provided, however, such sums shall be disbursed solely for tenant improvements and leasing commissions for the re-leasing of any tenant spaces; (ii) funds resulting from any prepaid rental payments in excess of one regular monthly rental payment under the Lease (s) shall be disbursed to Borrower on the Payment Date in such amounts as become due monthly under the applicable Lease(s); and (iii) in Lender's sole discretion, funds resulting from purchase option exercise payments shall be held as additional security for the Loan or applied to the Indebtedness, together with the payment of a Prepayment Premium, as applicable. Such disbursements of funds from the Extraordinary Rental Escrow shall be conditioned upon Borrower furnishing to Lender a written request for each such disbursement together with those items as Lender deems reasonably necessary in its discretion. Funds in the Extraordinary Rental Escrow shall be subject to the applicable terms of Article VI of this Agreement.

Section 8.2 Enforcement; Lender Liability. Trustee and Lender shall be under no obligation to enforce any of the rights or claims assigned to it under the Mortgage or to perform or carry out any of the obligations of the lessor under any of the Lease(s) and does not assume any of the liabilities in connection with or arising out of the covenants and agreements of Borrower in the Lease(s); and Borrower covenants and agrees that it will faithfully perform all of the obligations which are the responsibility of Borrower under any and all of the Lease(s). All Security Deposits collected by Borrower shall be maintained in accordance with all applicable Legal Requirements and, if cash and required under applicable law to be maintained in a separate account, shall be deposited by Borrower in a Qualified Institution. Except to the extent that the same is caused solely as a result of Lender's gross negligence or willful misconduct, should Trustee or Lender incur any liability, loss or damage under the Lease(s) or under or by reason of the assignment of Lease(s), or in the defense of any claims and demands whatsoever which may be asserted against Trustee or Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in any of the Lease(s), the amount thereof, including costs, expenses and reasonable attorneys' fees and costs, shall be added to the Indebtedness.

Section 8.3 Lease(s) Approval.

(a) Other than as provided in Section 8.3(b) below, Borrower covenants not to alter, modify, amend or change the terms of any of the Lease(s) or give any consent or permission or exercise any option required or permitted by the terms thereof or waive any obligation required to be performed by any lessee or cancel, renew (except in accordance with the specific renewal terms of Lease(s) which have been approved in writing by Lender) or terminate any of the Lease(s) or accept a surrender thereof or enter into Lease(s) after the Closing Date without the prior written consent of Lender, not to be unreasonably withheld, conditioned or delayed, and Borrower will not make any further transfer or assignment thereof, or attempt to pledge, assign or encumber any of the Lease(s) or Rents or other amounts payable thereunder. Borrower further covenants to deliver to Lender, promptly upon receipt thereof, copies of any and all demands, claims and notices of default received by Borrower from any lessee under any of the Lease(s) assigned herein or of any default beyond any applicable notice or cure period thereunder by lessee. Borrower shall enforce the Lease(s) and all remedies available to Borrower against the lessees thereunder in case of default beyond any applicable notice or cure period under the Lease(s) by lessees.

(b) Notwithstanding the foregoing and subject to Lender's lease approval rights outlined in Schedule IV attached hereto, if any, Borrower shall be permitted, in the ordinary course of business, to (i) enter into, extend, renew, amend or modify (but not terminate) any Lease which covers less than twenty percent (20%) of the net rentable area of space at the Premises; and (ii) consent to assignment by lessee or other consents in accordance with and pursuant to the terms of any Lease which covers less than twenty percent (20%) of the net rentable area of space at the Premises; all without Lender's prior written consent, provided that all of the following conditions are satisfied:

(I) No Event of Default then exists under the Loan Documents;

(II) The Lease contains no purchase option, right of first refusal to purchase or right of first offer to purchase all or a portion of the Premises;

(III) A new Lease must contain terms which are commercially reasonable as determined by Borrower or Manager in its prudent business judgment;

(IV) Lease Modifications (A) are at a market rent; (B) are commercially reasonable as determined by Borrower or Manager in its prudent business judgment; and (C) do not involve the relocation of a tenant to space not located within the Premises;

(V) The new Lease or Lease Modification, does not or will not cause a default under any Lease(s), REA or any other document or instrument (recorded or otherwise) in any way burdening or affecting the Premises; and

(VI) The lessee's business does not and will not involve (i) the presence of Hazardous Substances on the Premises, including but not limited to businesses engaged in the processing of dry cleaning on-site, (ii) illegal activities, or (iii) the presence of or activities related to illegal controlled substances.

(c) Borrower shall furnish to Lender a true and complete copy of each Lease and Lease Modification, hereafter made by Borrower with respect to the Premises within thirty (30) days after delivery of each such Lease or Lease Modification by the parties thereto together with an original tenant estoppel certificate on Lender's form thereof. The delivery by Borrower of each Lease and Lease Modification that does not require Lender's consent under the terms of this Section 8.3 shall constitute a representation by Borrower that the conditions contained in this Section 8.3 have been complied with.

(d) With regard to those Lease(s) or Lease Modification(s) for which Lender's consent is required, (A) if: (i) Borrower provides Lender with a written request for consent to such Lease or Lease Modification and the request is accompanied by: (I) a copy of the Lease or Lease Modification; and (II) copies of the most recently completed balance sheets and income statements for such lessee on any Lease(s) that covers 20% or more of the total net rentable area, to the extent reasonably available; (ii) the request is delivered to Lender by overnight delivery and otherwise in accordance with the Notice provisions and states the following at the top of the first page in bold lettering **"LENDER'S RESPONSE IS REQUIRED WITHIN TEN (10) DAYS OF RECEIPT OF THIS NOTICE PURSUANT TO THE TERMS OF A LOAN AGREEMENT BETWEEN THE UNDERSIGNED AND LENDER"** (Lender and Borrower hereby agree that such ten (10) day period shall commence on the date of Lender's actual receipt of all information reasonably required by Lender in connection with Lender's review of said Lease or Lease Modification); then in the event Lender fails to either approve such request or disapprove such request (such disapproval stating the reasons for such disapproval) for more than ten (10) days after receipt thereof, the action that was the subject of said request shall be deemed approved. Lender may condition its consent to any Lease or Lease Modification on Lender's receipt of a fully executed Subordination, Non-Disturbance and Attornment Agreement, in form and substance satisfactory to Lender; and (B) if Borrower desires an Escrow Release for said Lease(s) or Lease Modification(s) in accordance with Schedule IV hereof, if applicable, said Escrow Release request must accompany the request for Lender's approval of the Lease(s) or Lease Modification(s).

(e) Notwithstanding the above, so long as no Event of Default exists under the Loan Documents, Borrower shall have the right to terminate Lease(s) under ten percent (10%) of the net rentable area of the Premises without Lender's prior written consent in the event that the lessee under the Lease is in material default of its Lease and provided the following conditions are met: (i) after giving effect of the Lease termination, the DSC Ratio is at least 1.00x; and (ii) after giving effect of the Lease termination, the Premises is at least seventy-five percent (75%) occupied with executed Lease(s) approved by Lender or otherwise complying with Section 8.3(b) of this Agreement and in effect on the Premises, with no uncured defaults.

(f) If requested by Borrower or any tenant of the Premises, Lender will provide lessees non-disturbance agreement(s) in form and substance reasonably acceptable to Lender. Borrower hereby acknowledges that in the course of obtaining subordination, non-disturbance and attornment agreements, non-disturbance agreements or documents of similar nature (hereinafter "**Lessee Documents**") either prior to or following the Closing Date from lessees in connection with the Lease(s) of the Premises, Lender may execute agreements which (i) may contain terms, conditions or restrictions on such lessees that are not consistent with the Loan Documents with regard to alterations, modifications, amendments or changes to such Lease(s), or (ii) may contain other provisions different from and in some cases in conflict with the terms of the Loan Documents. Borrower further acknowledges and agrees that Borrower's performance of its obligations under the Loan Documents are a material inducement to Lender's willingness to enter into such Lessee Documents and Borrower remains obligated to perform in accordance with all of the terms, conditions, restrictions and provisions of the Loan Documents notwithstanding the terms of any Lessee Documents.

Section 8.4 **Rights of Lender**. Following the occurrence of an Event of Default that is continuing, Lender may as attorney-in-fact or agent of Borrower or in its own name as Lender and under the powers granted herein extend, modify, or terminate (to the extent permitted by law or the terms of the specific Lease) any then existing Lease(s) or subleases and make new Lease (s), which extensions, modifications or new Lease(s) may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the Maturity Date and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such Lease(s), and the options or other such provisions to be contained therein, shall be binding upon Borrower and all Persons whose interests in the Premises are subject to the lien of the Mortgage and shall be binding also upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the Indebtedness secured by the Mortgage, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser.

ARTICLE IX. SPECIAL PROVISIONS

Section 9.1 **Fees and Taxes**. If by the laws of the United States of America or of any state or governmental subdivision having jurisdiction over Borrower or of the Premises or of the Loan evidenced by the Loan Documents or any amendments or modifications thereof, any tax or fee is due or becomes due or is imposed upon Lender in respect of the issuance of the Note or the making, recording and registration of the Mortgage or otherwise in connection with the Loan Documents, the Environmental Indemnity or the Loan, except for Lender's income or franchise tax, Borrower covenants and agrees to pay such tax or fee in the manner required by such law, and to hold harmless and indemnify Trustee, Lender, and their successors and assigns, against any liability incurred by reason of the imposition of any such tax or fee.

ARTICLE X. RECOURSE OBLIGATIONS

Section 10.1 **Non-Recourse**.

(A) Notwithstanding any provision to the contrary in this Agreement, the other Loan Documents or the Environmental Indemnity and except as otherwise provided for in this Section 10.1, (i) the liability of Borrower under the Loan Documents shall be limited to the interest of Borrower in the Premises and the Rents; and (ii) in the event of any exercise of remedies under the Loan Documents, no judgment for any deficiency upon the Indebtedness evidenced by the Loan Documents shall be sought or obtained by Lender against Borrower. Nothing herein shall in any manner limit or impair (a) the existence of the Indebtedness, or the lien of the Mortgage or enforcement of the Loan Documents and the Environmental Indemnity pursuant to the terms thereof, or (b) the obligations of any indemnitor or Guarantor, if any.

(B) Notwithstanding the foregoing limitation, Borrower shall be personally liable to Lender for any actual loss or damage to Lender arising from any of the following:

(a) (i) the failure to pay any of the taxes, assessments or similar charges specified in the Loan Documents, or (ii) the failure to maintain insurance in compliance with the provisions of the Loan Documents, or (iii) to the extent same have been disbursed to Borrower in accordance with the Loan Documents, Borrower's failure to apply Insurance Proceeds or Condemnation Proceeds in compliance with the provisions of the Loan Documents;

Notwithstanding the above, Borrower's personal liability for the specific amounts of any unpaid tax installments, assessments or similar charges or insurance premiums, only, shall be limited to the amount of Rents received by Borrower for the nine (9) months preceding an Event of Default of which Borrower has received written Notice and thereafter; but less any such Rents applied to (A) payment of principal, interest and other charges when due under the Loan Documents, or (B) payment of Operation Expenses provided that Borrower has furnished Lender with evidence reasonably satisfactory to Lender of the Operation Expenses (including market-based management and leasing fees) and payment thereof.

(b) breach of the representations, warranties and covenants in the Environmental Indemnity;

(c) physical waste of the Premises caused by the gross negligence or willful misconduct of Borrower, Guarantor or any of their respective Affiliates or Manager which materially damages or materially reduces the value of the Premises;

(d) any Rents which Borrower receives after receipt of written Notice of, and during the continuance of an Event of Default under the Loan Documents which are not applied to (A) payment of principal, interest and other charges when due under the Loan Documents or (B) payment of Operation Expenses (including market-based management and leasing fees);

(e) any Security Deposits or other refundable deposits or prepaid Rents (together with any interest required by law) not applied in accordance with the terms of the Lease(s) or not turned over to Lender upon conveyance of the Premises to Lender pursuant to foreclosure or power of sale or by a deed acceptable to Lender;

(f) misapplication or misappropriation by or on behalf of Borrower or Guarantor of tax reserve accounts, tenant improvement reserve accounts, Reserve Funds disbursements or other similar sums paid to or held by Borrower or any other Person(s) (other than Lender) in connection with the operation of the Premises;

(g) any fraud or willful misrepresentation by or on behalf of Borrower, Interest Owner or any Guarantor regarding the Premises, the making or delivery of any of the Loan Documents or in any materials or information provided by or on behalf of Borrower, Interest Owner or Guarantor, if any, in connection with the Loan;

(h) the loss of Lender's perfection or priority of its security interest in Personal Property covered under any UCC financing statement due to Borrower's failure to notify Lender as provided for in Section 4.1.3 of this Agreement;

(i) the filing of a mechanic's lien affecting the Premises other than a mechanic's lien affecting the Premises for which Borrower has complied with the Contest Requirements; and

(j) all legal costs and expenses (including reasonable attorneys' fees) reasonably incurred by Lender in connection with litigation or other legal proceeding involving the collection or enforcement of the Loan or preservation of Lender's rights under the Loan Documents, other than those customarily incurred by a lender in realizing upon its lien in an uncontested foreclosure sale after an undisputed default, but only to the extent (a) Lender is the prevailing party in such litigation, legal proceeding and enforcement and, (b) Borrower, Guarantor or any Affiliate of Borrower or Guarantor acts or attempts to prevent, impede or delay such litigation, legal proceeding, and enforcement action and such act or attempted act is held by a court having jurisdiction to be (1) frivolous, or (2) not raised or asserted in good faith.

Notwithstanding anything contained in the language above as it relates solely to taxes, assessments and insurance premiums, to the extent that a Tax and Insurance Escrow Fund has been established in accordance with Article VI of this Agreement and Borrower has fully complied with all terms and conditions of Article VI relating to same, then Borrower shall not be personally liable for Lender's failure to apply any of said Tax and Insurance Escrow Fund amounts.

(C) Notwithstanding anything to the contrary in the Loan Documents, the limitation on liability contained in Section 10.1(A) SHALL BECOME NULL AND VOID and shall be of no further force and effect and Borrower shall be fully and personally liable for the payment of principal, interest, Prepayment Premium and all other Indebtedness and the liabilities and obligations under the Loan Documents, and Lender shall have full recourse thereon against Borrower (together with the obligations set forth in Section 10.1(B), the "**Recourse Obligations**"), in the event:

(x) of a Transfer (other than a Permitted Transfer or otherwise expressly approved by Lender (including a Release)) which results in a Transfer (other than a condemnation or a lien being contested) of all or any portion of the Premises or a change of Control of Borrower;

(y) Borrower's procurement of subordinate financing or mezzanine financing except as expressly permitted by the terms of this Agreement;

(z) all or any portion of the Premises is operated as or converted to a cooperative or condominium form of ownership; or (aa) the Premises shall become an asset in a bankruptcy or insolvency proceeding or a petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the Bankruptcy laws of the United States or under any other applicable federal, state or other statute or law (collectively, a "**Proceeding**") except to the extent such is an involuntary Proceeding in which Borrower, Guarantor, and/or its Affiliates have not joined, colluded, or acquiesced nor solicited petitioners for the filing of such Proceeding.

Section 10.2 Release of Liability. Except for Borrower's obligations under the Environmental Indemnity as set forth therein and except for any loss or damage to Lender arising from any fraud or willful misrepresentation by or on behalf of Borrower, Interest Owner or any Guarantor regarding the Premises, the making or delivery of any of the Loan Documents or in any materials or information provided by or on behalf of Borrower, Interest Owner or any Guarantor in connection with the Loan, Borrower shall be completely relieved of all liability under the Loan Documents upon payment in full of the Indebtedness evidenced by the Loan Documents.

ARTICLE XI. MISCELLANEOUS

Section 11.1 Waiver. By accepting payment of any sum evidenced or secured by this Agreement, the Mortgage or the other Loan Documents after its due date, Lender does not waive its right either to require prompt payment when due of all other sums or installments so secured or to declare a default for failure to pay such other sums or installments.

Section 11.2 Estoppel. Within fifteen (15) days after any written request by either party to this Agreement, the requested party shall certify to its knowledge, by a written statement duly acknowledged, the amount of principal, interest and other Indebtedness then owing on the Note, the terms of payment, Maturity Date and the date to which interest has been paid. Borrower shall further certify whether any defaults, offsets or defenses exist against the Indebtedness secured hereby. Borrower shall also use commercially reasonable efforts to furnish to Lender, within thirty (30) days of its reasonable request therefore, tenant estoppel letters from such tenants of the Premises as Lender may reasonably require; which Lender shall not request more than two (2) times over the term of the Loan, unless an Event of Default then exists, and provided that the foregoing covenant shall be expressly subject to the limitations and conditions relating to estoppels that are set forth in the applicable Lease(s).

Section 11.3 Successors and/or Assigns. This Agreement and all provisions hereof shall inure to the benefit of the heirs, successors and assigns of Lender and shall bind the heirs and successors and assigns of Borrower.

Section 11.4 Inconsistencies. The terms of the Loan Documents and the Environmental Indemnity shall be construed and interpreted without any presumption, inference, or rule requiring construction or interpretation of any provision of the Loan Documents and the Environmental Indemnity against the interest of the party causing the Loan Documents and the

Environmental Indemnity or any portion of it to be drafted. Borrower is entering into the Loan Documents and the Environmental Indemnity freely and voluntarily without any duress, economic or otherwise.

Section 11.5 Governing Law/Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the laws of the State, without regard to its conflicts of law principles. Borrower irrevocably (a) agrees that any suit, action or other legal proceeding arising out of or relating to this Agreement, the Note, the Mortgage, the other Loan Documents and the Environmental Indemnity may be brought in a court of record in the State or in the Courts of the United States located in the State, (b) submits to the jurisdiction of each such court in any such suit, action or proceeding, and (c) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. Borrower irrevocably consents to the service of any and all process in any such suit, action or proceeding by service of copies of such process to Borrower at its address provided in the Mortgage. Nothing in this Section 11.5 will affect the right of Lender to serve legal process in any other manner permitted by law or affect the right of Lender to bring any suit, action or proceeding against Borrower or Borrower's assets in the courts of any other jurisdiction.

Section 11.6 Proceedings. Unless Lender shall otherwise direct in writing, Borrower shall appear in and defend all actions or proceedings purporting to affect the security hereunder, or any right or power of the Lender. The Lender shall have the right to appear in such actions or proceedings. Borrower shall save Lender harmless from all reasonable costs and expenses, including but not limited to, reasonable attorneys' fees and costs, costs of a title search, continuation of abstract and preparation of survey incurred by reason of any action, suit, proceeding, hearing, motion or application before any court or administrative body in and to which Lender may be or become a party by reason hereof. All money paid or expended by Lender in that regard, together with interest thereon from date of such payment at the applicable interest rate shall be additional Indebtedness secured hereby and shall be due and payable by Borrower upon written Notice from Lender.

Section 11.7 Joint and Several. If more than one party is obligated for any obligations hereunder, then such obligations and agreements of such parties, as applicable, shall be joint and several.

Section 11.8 Headings, etc. The headings and captions of various paragraphs of this Agreement are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Section 11.9 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original; and such counterparts when taken together shall constitute but one agreement.

Section 11.10 Integration. This Agreement, taken together with all of the other Loan Documents and all certificates and other documents delivered by Borrower to Lender, embody the entire agreement and supersede all prior agreements, written or oral, relating to the subject matter hereof. PURSUANT TO *UTAH CODE ANNOTATED* SECTION 25-5-4, BORROWER IS NOTIFIED THAT THIS AGREEMENT AND THE OTHER THE WRITTEN LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY ALLEGED PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Section 11.11 Schedules Incorporated. The Schedules annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

Section 11.12 No Joint Venture or Partnership. Borrower and Lender intend that the relationship created under this Agreement, the other Loan Documents and the Environmental Indemnity be solely that of borrower and lender. Nothing is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between Borrower and Lender nor to grant to Lender any interest in the Premises other than that of lender or secured party and borrower or debtor.

Section 11.13 Waiver of Counterclaim. Borrower hereby waives, to the extent permitted by applicable law, the right to assert any counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against Borrower by Lender under any of the Loan Documents or the Environmental Indemnity. Notwithstanding the foregoing, Borrower shall not be prohibited and shall have the right to assert any such claims against the Lender in a separate and independent action or proceeding.

Section 11.14 Capitalized Terms. Capitalized terms used herein and not otherwise defined shall have those meanings given to them in the other Loan Documents.

Section 11.15 No Liability of Lender. Borrower acknowledges and agrees that Lender's acceptance or approval of any action of Borrower or any other matter requiring Lender's approval, satisfaction, acceptance or consent pursuant to this Agreement, the other Loan Documents or the Environmental Indemnity, including any report certificate, financial statement, appraisal or insurance policy, will not be deemed a warranty or representation by Lender of the sufficiency, legality, effectiveness or other import or effect of such matter.

Section 11.16 No Third Parties Benefited. This Agreement is between and for the sole benefit of Borrower and Lender, and Lender's successors and assigns, and creates no rights whatsoever in favor of any other Person and no other Person will have any rights to rely hereon.

Section 11.17 Time is of the Essence. Time is of the essence of each of Borrower's obligations under this Agreement. The waiver by Lender of any default or Event of Default under this Agreement will not be deemed a waiver of any subsequent default or Event of Default.

Section 11.18 **Severability of Provisions**. If a court of competent jurisdiction finds any provision of this Agreement, the other Loan Documents or the Environmental Indemnity to be invalid, illegal or unenforceable as to any Person or circumstance in any state, such finding will not render that provision invalid, illegal or unenforceable as to any other Person or circumstance or in any other state. Where permitted by Legal Requirements, any provision found invalid, illegal or unenforceable will be deemed modified to the extent necessary to be within the limits of enforceability, legality or validity; however, if such provision cannot be deemed so modified, it will be deemed stricken and all other provisions of this Agreement in all other respects will remain valid, legal and enforceable.

Section 11.19 **Preferences**. Lender will have no obligation to marshal any assets for the benefit of Borrower or any other Person or in satisfaction of any or all of the Indebtedness. Lender will have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the Indebtedness. To the extent Borrower makes a payment to Lender or Lender receives any proceeds from the Collateral, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other Person under any bankruptcy, insolvency or other law, or for equitable cause, then, to the extent of such payment or proceeds released by Lender, the Indebtedness will be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lender.

Section 11.20 **Lender's Form W-9**. Upon Borrower's written request Lender agrees to provide Borrower with an executed Internal Revenue Service Form W-9.

Section 11.21 **Component Notes**. At any time, but without increasing the liabilities of Borrower under the Loan Documents, upon written request of Lender, Borrower shall issue one or more separate (or component) notes (the "**Component Notes**") with revised interest rates and/or amortization schedules (if applicable) to replace the Note, the aggregate weighted average coupon rate of which shall, as of the issuance of the Component Notes, equal the initial interest rate on the Loan (adjusted to account for amortization, if applicable). Each Component Note may have a different interest rate and/or different amortization, if applicable, but the aggregate of the interest and amortization for the Component Notes shall be the same as the Note. Borrower shall also be obligated to enter into such amendments to other Loan Documents as are necessary to reference the Component Notes. Notwithstanding the foregoing, Borrower shall only be required to issue such Component Notes as long as:

(i) at and at all times after the issuance of such Component Notes, the aggregate weighted average coupon rate of the revised interest rates of the Component Notes equals the aggregate weighted average coupon rate of the Loan as if the Note had never been replaced;

(ii) there shall be no negative economic effect upon Borrower's debt service payments or change in the aggregate amount or time of payment thereof; and

(iii) such replacement of the Note shall be at no cost and expense to Borrower (including that Lender shall reimburse Borrower for its reasonable attorneys' fees in reviewing the Component Notes).

Section 11.22 **Replacement Note**. Upon receipt by Borrower of written Notice from Lender of the loss, theft, destruction or mutilation of the Note and provided that Borrower receives from Lender a lost note affidavit and indemnity in form reasonably acceptable to Borrower and Lender, Borrower will execute and deliver to Lender, in lieu thereof, a replacement note in identical form to the Note and dated as of the date of the Note. Upon delivery to Lender of such replacement note, all references in this Agreement and any other Loan Documents to the Note shall be deemed to be references to such replacement note.

Section 11.23 **Confidentiality**. All news releases, publicity or advertising by Borrower or its Affiliates through any media intended to reach the general public which refers to Lender, the Loan Documents or the financing evidenced by the Loan Documents, shall be subject to the prior written approval of Lender. Lender shall have the right to issue any of the foregoing without Borrower's approval and Borrower authorizes Lender to issue press releases, advertisements and other promotional materials in connection with Lender's own promotional and marketing activities, and such materials, including photographs, may describe the Loan in general terms or in detail and Lender's participation in the Loan.

Section 11.24 **Partial Release**. At any time before the Indebtedness is paid in full, Borrower shall have the right to request a Release ("**Release**") of not more than two of the four buildings comprising the Premises, including related land and parking areas, from the lien secured by the Mortgage and all other Loan Documents (the "**Release Parcel**"); provided the following terms and conditions are satisfied:

(a) the Release is the result of a sale of the Building(s);

(b) Borrower delivers to Lender, no later than forty-five (45) days prior to the estimated date of the proposed Release, written Notice of Borrower's intent to consummate the Release; along with the identity of the proposed transferee (which must be an Entity other than Borrower);

(c) Borrower shall prepay a portion of the unpaid principal balance of the Note in an amount equal to one hundred twenty percent (120%) of an amount attributable to the portion of the Loan tied to the Release Parcel as reasonably determined by Lender based on the relative values of the buildings, and shall, in addition, pay to Lender as yield maintenance protection, the Prepayment Premium, if applicable;

(d) Borrower timely furnishes to Lender an updated as-built survey of the remaining portion of the Premises as security for the Loan and the Improvements thereon (the "**Remaining Premises**") that (i) is in form and substance reasonably acceptable to Lender, and (ii) is acceptable to the title insurance company. The Remaining Premises shall be reasonably acceptable to Lender and shall maintain its original access to public roads it had prior to such Release;

(e) Borrower timely furnishes to Lender an endorsement updating the Title Insurance Policy or, if an endorsement is not available, a new ALTA standard loan title policy in the full amount of the remaining principal balance of the Loan from an issuer and in form and substance reasonably acceptable to Lender insuring the continued first lien priority of the Mortgage on the Remaining Premises subject only to those exceptions previously approved by Lender;

(f) Borrower timely furnishes to Lender evidence that the Remaining Premises is one or more complete lots and continues to satisfy all of the applicable building ordinances, zoning laws, parking requirements, building restrictions, set back lines and all other applicable rules and regulations of all governmental bodies having jurisdiction over the Remaining Premises;

(g) Borrower timely furnishes to Lender evidence that the Release Parcel is separately assessed from the Remaining Premises or that the separate assessment procedures have been initiated (with evidence of same provided to Lender);

(h) If applicable, Borrower shall furnish evidence that SanDisk has consented to (i) the Release Parcel being released and (ii) the reciprocal easement agreement referred to in (i) below;

(i) The execution and recording of a reciprocal easement agreement reasonably acceptable to Lender that addresses how the Remaining Premises and the Release Parcel share parking and access, if necessary and not addressed by existing documents;

(j) The Lease(s) shall continue separate and independent from any leases on the Release Parcel, there will be no reduction in the rentals under the Lease(s) on the Remaining Premises, and lessees shall have no defenses to the leases or right of offset against the rentals payable thereunder by reason of any default or act of lessor under the leases relating to the Release Parcel. The debt yield utilizing the then outstanding balance of the Loan and the annual net operating income from Lease(s) on the Remaining Premises that have remaining terms of at least one (1) year shall be at least 12%;

(k) Borrower timely furnishes to Lender, at Borrower's expense, a new MAI appraisal of the Remaining Premises (prepared by an appraiser reasonably acceptable to Lender) which shows the loan to value ratio on the Remaining Premises is not more than 55% and is otherwise reasonably acceptable to Lender;

(l) Lease rollover for the Remaining Premises in any given calendar year of the remainder of the term of the Loan shall not be greater than twenty percent (20%) of the net rentable area, as determined by Lender;

(m) The proposed use of the Release Parcel will not violate the provisions of any REA pertaining to the Remaining Premises;

(n) No default then exists under the Loan Documents;

(o) Borrower shall pay to Lender a processing fee of $20,000 for the Release;

(p) Whether or not the Release actually occurs, Borrower shall pay all costs, fees and expenses associated with the Release, including without limitation, Lender's reasonable attorney's fees and costs; and

(q) Borrower shall execute an amendment to the Loan Documents evidencing the change in the description of the Premises and the amount of Monthly Payment as a result of the Release and any paydown.

(Signatures on next page)

IN WITNESS WHEREOF, Borrower and Lender have hereunto caused this Agreement to be executed on the date first above written.

LENDER:

PRINCIPAL LIFE INSURANCE COMPANY,
an Iowa corporation

By: PRINCIPAL REAL ESTATE INVESTORS, LLC, a Delaware limited liability company, its authorized signatory

By /s/ Robert R. Bailey__________
Name: Robert R. Bailey
Title: Senior Financing Consultant

By /s/ Julie M. Williams_________
Name: Julie M. Williams
Title: Assistant Managing Director
Commercial Finance Consulting

BORROWER:

HGREIT II COTTONWOOD CENTER LLC, a
Delaware limited liability company

By /s/ Janice E. Walker________________
Name: Janice E. Walker
Title: Authorized Agent

BB\dm\s:757840\loan documents - initial\la.doc
6/24/16

<u>SCHEDULE I</u>

Certified Evidence of Insurance

By Borrower's execution of this Agreement, Borrower hereby represents and certifies to Lender that the attached commercial property insurance certificate completely and accurately reflects the property insurance in force under the property insurance policy as of the Closing Date.

<u>See attached property insurance certificate</u>.

HINEINT

ACORD™ EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY) 2/29/2016

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME, CONTACT PERSON AND ADDRESS — PHONE (A/C, No, Ext): 713 961-3800 Willis of Texas, Inc. (Major) 920 Memorial City Way, Ste-500 Houston, TX 77024	COMPANY NAME AND ADDRESS — NAIC NO: 655 SEE ATTACHED ADDENDUM
FAX (A/C, No): 713-961-0226 — E-MAIL ADDRESS: crystal.flack@willis.com	IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH
CODE: — SUB CODE: AGENCY CUSTOMER ID #: 12884	POLICY TYPE
NAMED INSURED AND ADDRESS HGREIT II Cottonwood Center LLC c/o Hines Interest Limited Partnership 2800 Post Oak Blvd., Suite 3300 Houston, TX 77056	LOAN NUMBER: 757840 — POLICY NUMBER: SEE ATTACHED ADDENDUM EFFECTIVE DATE: 03/04/2016 — EXPIRATION DATE: 03/04/2017 — ☐ CONTINUED UNTIL TERMINATED IF CHECKED
ADDITIONAL NAMED INSURED(S)	THIS REPLACES PRIOR EVIDENCE DATED:

PROPERTY INFORMATION (Use REMARKS on Page 2, if more space is required) ☒ BUILDING OR ☒ BUSINESS PERSONAL PROPERTY

LOCATION/DESCRIPTION: Cottonwood Corporate Center
2755-2855 East Cottonwood / Salt Lake City UT 84121

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

COVERAGE INFORMATION — PERILS INSURED: ☐ BASIC ☐ BROAD ☒ SPECIAL

COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: $ 1,000,000,000 — DED: 25,000

	YES	NO	N/A	
☒ BUSINESS INCOME ☐ RENTAL VALUE	X			If YES, LIMIT: X Actual Loss Sustained
BLANKET COVERAGE	X			If YES, indicate value(s) reported on property identified above: $
TERRORISM COVERAGE	X			Attach Disclosure Notice / DEC
IS THERE A TERRORISM-SPECIFIC EXCLUSION?		X		
IS DOMESTIC TERRORISM EXCLUDED?		X		
LIMITED FUNGUS COVERAGE	X			If YES, LIMIT: $25,000,000 DED: $25,000
FUNGUS EXCLUSION (IF "YES", specify organization's form used)	X			FM Global Advantage
REPLACEMENT COST	X			
AGREED VALUE		X		If there is no Coinsurance, there is no Agreed Value
COINSURANCE		X		If Yes, %
EQUIPMENT BREAKDOWN (If Applicable)	X			If YES, LIMIT: 1,000,000,000 DED: 25,000
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg	X			
- Demolition Costs	X			If YES, LIMIT: SEEATTACHED DED: 25,000
- Incr. Cost of Construction	X			If YES, LIMIT: SEEATTACHED DED: 25,000
EARTH MOVEMENT (If Applicable)	X			If YES, LIMIT: SEEATTACHED DED:
FLOOD (If Applicable)	X			If YES, LIMIT: SEEATTACHED DED:
WIND/HAIL (If Subject to Different Provisions)	X			If YES, LIMIT: SEEATTACHED DED:
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS	X			

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

X MORTGAGEE ☐ CONTRACT OF SALE X LENDERS LOSS PAYABLE ☐	LENDER SERVICING AGENT NAME AND ADDRESS
NAME AND ADDRESS Principal Life Insurance Company, its successors and/or assigns c/o Principal Real Estate Investors, LLC Attn: Loan No. 757840 801 Grand Avenue Des Moines, IA 50392-1450	AUTHORIZED REPRESENTATIVE Brice Sammall

CGS

EVIDENCE OF COMMERCIAL PROPERTY INSURANCE REMARKS – including Special Conditions (Use only if more space is required)

REMARKS:

Evidenced Business Income Coverage is actual loss sustained, with no time limitation.

365 days Extended Period of Indemnity applies.

Policy includes Replacement Cost, No Co-insurance.

Terrorism Ded. $100,000.00

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY

Hines Interests Limited Partnership Certificate Addendum

Policy Period: **March 04, 2016 to March 04, 2017**

Insurers:

Perils Insured: All Risk of Direct Physical Loss or Damage to Property as more fully defined in the insurance policies.

Interest: All Real and Personal Property owned or used by the Insured and similar property of others for which they are legally liable or have assumed liability or agreed to insure as more fully defined in the Policy. Indemnity Period is Actual Loss Sustained

Limit of Liability: $1,000,000,000 Per Occurrence subject to defined Sub Limits.

Carrier	Policy #	Limits
Lexington Ins Co	02145100	Primary $250,000,000 part of $1,000,000,000
Ace American Ins Co	MAUD3783807A006	Primary $32,500,000 part of $50,000,000
Scor Reinsurance Company	FA0018408-2016-1	Primary $5,000,000 part of $50,000,000
Lloyds of London Syndicate 4444 (Canopius)	CUAD111/00	$7,500,000 part of $50,000,000 x $50,000,000
Markel Bermuda Limited	1343485-7810-PRMAN-2016	$5,000,000 part of $50,000,000 x $50,000,000
Ironshore	000169006	$5,000,000 part of $50,000,000 x $50,000,000
Chubb Custom Ins Co Starr Surplus Lines Ins Co General Security Indemnity Co of Arizona	44681096-05 SLSTPTY10717015 T0234451602552	$15,000,000 part of $50,000,000 x $50,000,000
Arch Specialty Ins Co	PRP0032142-07	$5,000,000 part of $50,000,000 x $50,000,000
FM Global	1011384	$675,000,000 part of $900,000,000 x 100,000,000
Shelter Re	SHR1193	$10,000,000 part of $50,000,000 x $100,000,000 (earthquake only)
Essex Insurance Company	MKLX14XP006220	$10,000,000 part of $50,000,000 x $100,000,000 (earthquake only)
Endurance American Specialty Ins Co	CPN10008692600	$10,000,000 part of $50,000,000 x $100,000,000 (earthquake only)
Ariel Re	P127171	$10,000,000 part of $50,000,000 x $100,000,000 (earthquake only)
QBE Specialty Insurance Company	ESE14183-00	$5,000,000 part of $50,000,000 x $100,000,000 (earthquake only)
Interstate Fire & Casualty	AMW-150673	$10,000,000 part of $100,000,000 x $100,000,000 (earthquake only)
Empire Indemnity Group QBE Specialty Insurance Company Lloyds of London General Security Indemnity	BPP0107647 ESE14176-00 B1180D160515816 TR0001486-01502-16	$45,000,000 part of $50,000,000 x $150,000,000 (earthquake only)
Lloyds of London	B080115940L16	Primary $250,000,000 (Stand Alone Terrorism)
Lloyds of London Lloyds of London	B080115941L16 B080116008L16	$250,000,000 x $250,000,000 (Stand Alone Terrorism) $250,000,000 x $500,000,000 (Stand Alone Terrorism)
Lloyds of London	B080116782L16	$250,000,000 x $750,000,000 (Stand Alone Terrorism)

Terrorism Limit: $1,000,000,000

Earthquake Limit: $200,000,000 Per Occurrence, Annual Aggregate
No earthquake coverage under referenced policies for locations in Sacramento; 2300 Main, Irvine; 2819 Loker, Carlsbad

Flood Limits: $100,000,000 Per Occurrence, Annual Aggregate

Hines Interests Limited Partnership Certificate Addendum

Other Coverage Limits:

$25,000,000 Limit for Contingent Time Element
$75,000,000 Extra Expense/Expediting Expense
$25,000,000 Miscellaneous Unnamed Locations
$100,000,000 Limit for Service Interruption PD/TE (24 hours Waiting Period Qualifier)
$1,000,000,000 Equipment Breakdown
  $5,000,000 Expediting Expense
  $5,000,000 Hazardous Substances
  $5,000,000 Spoilage
  $5,000,000 CFC Refrigerants
  $5,000,000 EDP (including media)
$50,000,000 Newly Acquired Property (90 days Reporting)
$25,000,000 Course of Construction
$15,000,000 Electronic Data Processing
$25,000,000 Valuable Papers
$25,000,000 Accounts Receivable
$15,000,000 Unintentional Errors & Omissions
$15,000,000 Fine Arts
$10,000,000 Transportation
$5,000,000 Landscaping (maximum $50,000 per item)
$1,000,000 Fire Department Service Charges
$10,000,000 Professional Fees
$10,000,000 Decontamination Costs
$50,000,000 Debris Removal
$100,000,000 Demolition and Increased Cost of Construction
$200,000,000 Named Storm- Florida Locations

Deductibles:

Policy Deductible	$25,000 Per Occurrence
Earth Movement	$100,000 Per Occurrence except
Earth Movement in California	5% per unit of insurance at each affected building involved in loss or damage, subject to a minimum of $250,000 any one occurrence for locations in the State of California
Earth Movement in Pacific Northwest	2% per unit of insurance at each affected building involved in loss or damage, subject to a minimum of $100,000 any one occurrence for locations in the Pacific Northwest
Flood Flood in High Hazard Zones as defined by policy	$100,000 Per Occurrence except $500,000 Per Occurrence
Named Storm Wind including resulting perils	5% per unit of insurance at each affected building involved in loss or damage, subject to a minimum of $250,000 any one occurrence for locations in the State of Florida
	2% per unit of insurance at each affected building involved in loss or damage, subject to a minimum of $100,000 any one occurrence for locations in Tier 1 counties ranging from Texas to Virginia including Harris County, Texas
Service Interruption	24 Hour Waiting Period

Authorized Signature: Brie Sumall

5. LOSS ADJUSTMENT/PAYABLE

Loss, if any, will be adjusted with and payable to Hines Interests Limited Partnership, or as may be directed by Hines Interests Limited Partnership.

Additional insured interests will also be included in loss payment as their interests may appear when named as additional named insured, lender, mortgagee and/or loss payee either on a Certificate of Insurance or other evidence of insurance on file with the Company or named below.

When named on a Certificate of Insurance or other evidence of insurance, such additional interests are automatically added to this Policy as their interests may appear as of the effective date shown on the Certificate of Insurance or other evidence of insurance. The Certificate of Insurance or other evidence of insurance will not amend, extend or alter the terms, conditions, provisions and limits of this Policy.

GENERAL PROVISIONS

1. CANCELLATION/NON-RENEWAL

This Policy may be:

A. cancelled at any time at the request of the Insured by surrendering this Policy to the Company or by giving written notice to the Company stating when such cancellation will take effect; or

B. cancelled by the Company by giving the Insured not less than:

1) 60 days' written notice of cancellation; or

2) 10 days' written notice of cancellation if the Insured fails to remit, when due, payment of premium for this Policy; or

C. non-renewed by the Company by giving the Insured not less than 60 days' written notice of non-renewal.

Return of any unearned premium will be calculated on the customary short rate basis if the Insured cancels and on a pro-rata basis if the Company cancels this Policy. Return of any unearned premium will be made by the Company as soon as practicable.

6. LENDERS LOSS PAYEE AND MORTGAGEE INTERESTS AND OBLIGATIONS

A. The Company will pay for loss to specified property insured under this Policy to each specified Lender Loss Payee (hereinafter referred to as Lender) as its interest may appear, and to each specified Mortgagee as its interest may appear, under all present or future mortgages upon such property, in order of precedence of the mortgages.

B. The interest of the Lender or Mortgagee (as the case may be) in property insured under this Policy will not be invalidated by:

1) any act or neglect of the debtor, mortgagor, or owner (as the case may be) of the property.

2) foreclosure, notice of sale, or similar proceedings with respect to the property.

3) change in the title or ownership of the property.

4) change to a more hazardous occupancy.

The Lender or Mortgagee will notify the Company of any known change in ownership, occupancy, or hazard and, within 10 days of written request by the Company, may pay the increased premium associated with such known change. If the Lender or Mortgagee fails to pay the increased premium, all coverage under this Policy will cease.

C. If this Policy is cancelled at the request of the Insured or its agent, the coverage for the interest of the Lender or Mortgagee will terminate 10 days after the Company sends to the Lender or Mortgagee written notice of cancellation, unless:

1) sooner terminated by authorization, consent, approval, acceptance, or ratification of the Insured's action by the Lender or Mortgagee, or its agent.

2) this Policy is replaced by the Insured, with a policy providing coverage for the interest of the Lender or Mortgagee, in which event coverage under this Policy with respect to such interest will terminate as of the effective date of the replacement policy, notwithstanding any other provision of this Policy.

D. The Company may cancel this Policy and/or the interest of the Lender or Mortgagee under this Policy, by giving the Lender or Mortgagee written notice 60 days prior to the effective date of cancellation, if cancellation is for any reason other than non-payment. If the debtor, mortgagor, or owner has failed to pay any premium due under this Policy, the Company may cancel this Policy for such non-payment, but will give the Lender or Mortgagee written notice 10 days prior to the effective date of cancellation. If the Lender or Mortgagee fails to pay the premium due by the specified cancellation date, all coverage under this Policy will cease.

E. The Company has the right to invoke this Policy's SUSPENSION clause. The suspension of insurance will apply to the interest of the Lender or Mortgagee in any machine, vessel, or part of any machine or vessel, subject to the suspension. The Company will provide the Lender or Mortgagee at the last known address a copy of the suspension notice.

F. If the Company pays the Lender or Mortgagee for any loss, and denies payment to the debtor, mortgagor or owner, the Company will, to the extent of the payment made to the Lender or Mortgagee be subrogated to the rights of the Lender or Mortgagee under all securities held as collateral to the debt or mortgage. No subrogation will impair the right of the Lender or Mortgagee to sue or recover the full amount of its claim. At its option, the Company may pay to the Lender or Mortgagee the whole principal due on the debt or mortgage plus any accrued interest. In this event, all rights and securities will be assigned and transferred from the Lender or Mortgagee to the Company, and the remaining debt or mortgage will be paid to the Company.

G. If the Insured fails to render proof of loss, the Lender or Mortgagee, upon notice of the Insured's failure to do so, will render proof of loss within 60 days of notice and will be subject to the provisions of this Policy relating to APPRAISAL, SETTLEMENT OF CLAIMS, and SUIT AGAINST THE COMPANY.

H. Other provisions relating to the interests and obligations of the Lender or Mortgagee may be added to this Policy by agreement in writing.

SCHEDULE II

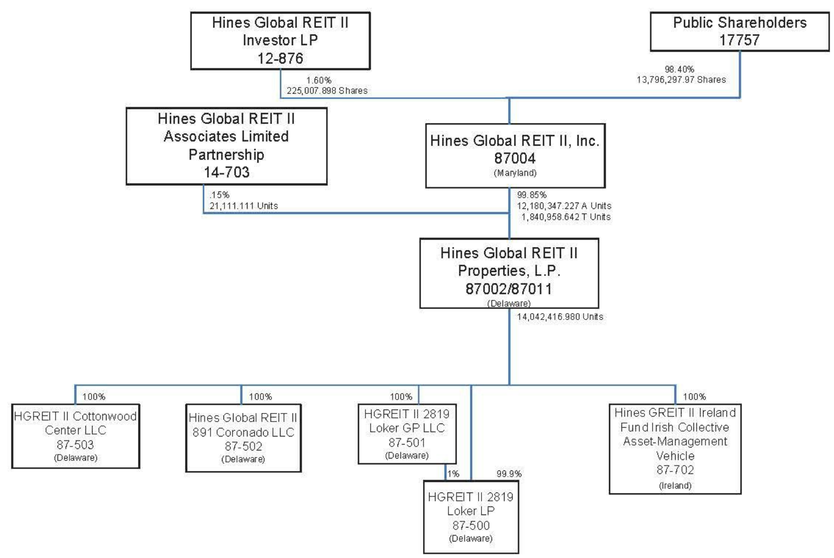
Certified Organizational Chart

By Borrower's execution of this Agreement, Borrower hereby represents and certifies to Lender that the attached organizational chart completely and accurately depicts the ownership of Borrower as of the Closing Date and that all Person(s) with a direct or indirect ownership of twenty percent (20%) or more as of the Closing Date are reflected on said chart.

See attached organizational chart.

Hines Global REIT II, Inc.

As of March 31, 2016 with Cottonwood acquisition



SCHEDULE III

INTENTIONALLY DELETED

SCHEDULE IV

Property Reserves Escrow Fund

1. Property Reserves. Borrower has agreed to deposit with Lender funds and letter of credit(s), if any (if more than one, collectively if the context so requires the "**Letter of Credit**") as detailed below ("**Property Reserves Escrow Fund**") to be held by Lender: (i) to reimburse Borrower for the costs of (a) certain future tenant improvements which are to be borne by Borrower in accordance with approved Lease(s) of space at the Premises ("**Tenant Improvements**") and certain future reasonable leasing commissions to be paid to third party brokers by Borrower pursuant to written agreements covering leasing activities at the Premises ("**Leasing Commissions**") and (b) rent abatement granted to Extra Space Management ("**Rent Abatement**") as set forth below. The funds as well as any Letter of Credit and any renewal or replacement thereof and any proceeds therefrom shall be held by Lender as additional security for the Loan and are hereafter referred to as the "**Property Reserves**". The term "**Escrow Release**" as used herein shall refer to a disbursement of funds and/or a reduction of a Letter of Credit, if any, as applicable, from the Property Reserves.

a. On the Closing Date, Borrower shall deposit with Lender the Rent Abatement in the amount of _________________________________ ($_________) which is the amount for the remaining rent abatement granted to Extra Space Management. Said amount is equal to the monthly base rent plus reimbursements commencing on September 1, 2016 times the number of months remaining until the month in which full rental payments commence under the Extra Space Management lease. Lender agrees the Rent Abatement amount may be reduced by Borrower paying all or a portion of such rental abatements to Extra Space Management after the Closing Date.

b. In the event Lender has not received evidence acceptable to Lender on or prior to September 30, 2020 (12 months prior to the SanDisk lease expiration date) that SanDisk has agreed (pursuant to a lease, or lease amendment) to renew its lease or enter into a new lease reasonably acceptable to Lender for not less than 76,600 square feet of space at the Premises, then commencing on October 1, 2020, Borrower shall deposit with Lender on each Payment Date an amount to be reasonably determined by Lender at that time equal to the projected net cash flow for the following twelve (12) months (to be no less than $25 and no more than $45 times the number of square feet not renewed by SanDisk, the "**Combined Rate**") to reimburse Borrower for the cost to complete any Tenant Improvements and Leasing Commissions for the space vacated by SanDisk and the SanDisk renewal space (if applicable) and any other space in the Improvements.

2. Borrower shall deliver to Lender not later than 30 days prior to the expiration date of any Letter of Credit and any renewal or replacement Letter of Credit, a renewal or replacement unconditional, irrevocable bank Letter of Credit identical in terms and amount and issued by a rated United States bank acceptable to Lender. If Borrower shall fail to deliver any

renewal or replacement Letter of Credit in accordance with the foregoing requirements, Lender may, in its discretion, draw upon any Letter of Credit then in its possession and hold such proceeds in accordance with the terms hereof.

Lender reserves the right to periodically review the financial condition of the issuing bank for any Letter of Credit and any renewal or replacement Letter of Credit and if Lender determines that the issuing bank no longer satisfies the criteria set forth above, Lender may require a replacement Letter of Credit in form and substance and from a rated United States bank acceptable to Lender.

3. Standard Disbursement Requirements. The following shall be defined as "**Standard Disbursement Requirements**":

(i) copies of unconditional lien waivers or conditional (if applicable), invoices, cancelled checks, etc. for work completed which is the subject of the Escrow Release request. If the Escrow Release request is for payment upon submission of invoice(s) and not on a reimbursement basis, Lender shall receive conditional lien waivers, provided, however, that prior to any subsequent Escrow Release, Lender shall receive unconditional lien waivers for all work that was the subject of the prior Escrow Release. The administration fee shall be reasonably increased if the Escrow Release is for payment upon submission of invoice(s) and not on a reimbursement basis;

(ii) a title search in form and substance reasonably acceptable to Lender and if such search discloses conditions unacceptable to Lender or Lender deems it reasonably necessary, then such endorsements or other assurances reasonably satisfactory to Lender from the title insurance company insuring the continued first lien priority of the Mortgage;

(iii) to the extent Lender deems reasonably necessary, any or all of the following at Lender's discretion: (A) all permits, bonds, licenses and approvals, whether necessary for commencement, performance, completion, occupancy, use or otherwise required by any applicable laws for the stage of work so completed; (B) a copy of the construction contract and any change orders and addenda thereto; (C) a statement from an architect, contractor or engineering consultant, in Lender's reasonable discretion, as to the extent and cost of the work so completed; and/or (D) other evidence as reasonably determined by Lender showing that Borrower has completed and performed the portion of the work which is the subject of the Escrow Release request; and

(iv) Lender having inspected, or having expressly waived in writing such inspection, and approved the completed portion of the work which is the subject of the Escrow Release request.

4. Tenant Improvements and Leasing Commissions.

a. Except as hereinafter provided and so long as no Event of Default has occurred and is continuing under the Loan Documents, Lender shall allow Escrow Release(s) in the amounts hereinafter specified in accordance with the following terms and conditions:

(i) Escrow Release(s) for Tenant Improvements and Leasing Commissions shall be for an amount equal to the Combined Rate; provided, however, that in the event that the lease term is less than five (5) years, the Combined Rate shall be prorated (example, a three year lease = 3/5 times the Combined Rate);

(ii) Borrower shall submit written Escrow Release(s) requests to Lender for Tenant Improvements and Leasing Commissions no more than once per calendar month and each such request shall be for an aggregate amount of not less than $50,000 (excluding the final disbursement); and

(iii) Escrow Release(s) shall be conditioned upon Borrower furnishing to Lender with its written request, at Lender's discretion, the Standard Disbursement Requirements and the following:

(A) fully executed lease(s) or fully executed amendments extending upcoming term expirations of previously approved existing Lease(s) (which existing Lease(s) must not be in default beyond any applicable notice and cure period at the time of the Escrow Release request), as the case may be, all in form and substance acceptable to Lender (not to be unreasonably withheld, conditioned or delayed) to creditworthy lessees (other than Borrower or any Person(s) affiliated with Borrower) and with minimum lease terms of three (3) years;

Notwithstanding anything herein to the contrary, in the event a new lease or amendment to an existing Lease requires Borrower's payment of tenant improvement and leasing commissions, Borrower shall advise Lender whether Borrower desires to make a request for an Escrow Release for Tenant Improvements and Leasing Commissions. Borrower is hereby advised that Lender's approval of any such new lease or amendment may take into consideration the economic feasibility of a release of such funds in relation to the value of the lease, creditworthiness of the lessee and/or acceptability of the lease terms and Lender's approval of such new lease or amendment to an existing Lease may be conditioned on Borrower's agreement to a partial Escrow Release or no Escrow Release for said new lease or Lease amendment. In the event that a partial Escrow Release or no Escrow Release applies to a particular tenant space, any funds allocated to Tenant Improvements and Leasing Commissions for said tenant space may be available for an Escrow Release for other tenant space (or future rollover of said tenant space) upon Borrower's written request and compliance with the terms and conditions of this Schedule IV.

(B) with respect to any Escrow Release request relating to final and completed Tenant Improvements for a lessee's space, lessee's estoppel certificate(s) for the improved space in form and substance reasonably acceptable to Lender indicating, among other things, the lessee's occupancy and unconditional acceptance of the improvements and the commencement of consecutive monthly rental payments, all rental concessions and deferments having expired;

(C) with respect to any Escrow Release request relating to final and completed Tenant Improvements for a lessee's space, a final, unconditional certificate of occupancy (or equivalent occupancy approval) for the improved space from the local authority responsible for issuing such certificate (unless not required to be issued by said local authority); and

(D) with respect to any Escrow Release request relating to payment of Leasing Commissions, Borrower having furnished to Lender an estoppel or letter, in form and substance reasonably acceptable to Lender, from the applicable broker or agent evidencing payment in full of the commission, or, in Lender's discretion, such other documentation acceptable to Lender.

5. <u>Rent Abatement</u>. So long as no Event of Default has occurred and is continuing under the Loan documents, Lender will disburse to Borrower (i) on a monthly basis an amount equal to the base rent plus reimbursements for the month prior to the applicable disbursement except that prior to the final disbursement Borrower shall have provided Lender with evidence reasonably satisfactory to Lender that Extra Space Management has commenced paying full rent under its lease, and (ii) on a monthly basis an amount equal to any amounts paid by Borrower to Extra Space Management in satisfaction of such rent abatement during any prior month. A lease amendment detailing any reduction in rental abatements for Extra Space Management will be provided by Borrower.

6. <u>Loan to Value Requirement</u>. Notwithstanding anything herein to the contrary, in no event shall Lender allow an Escrow Release if the outstanding Indebtedness on the Loan equals or exceeds ninety percent (90%) of the appraised value of the Premises as calculated by Lender at the time of the request for the Escrow Release (Lender shall include recently signed Lease(s) in connection with its determination of the appraised value including if a Tenant Improvement and Leasing Commission Escrow Release request, Lender shall consider the consummation of the proposed Lease or Lease amendment in connection with its determination of the appraised value and such valuation will be done on a discounted cash flow basis over a ten (10) year holding period).

7. Interest on Property Reserves. Provided no Event of Default has occurred and is continuing under any of the Loan Documents, Lender shall credit Borrower with interest earnings on the cash portion of the Property Reserves, (excluding however any cash proceeds resulting from Lender having drawn on any Letter of Credit or any renewal or replacement thereof) pursuant to the Escrow Interest Calculation. Any interest earnings shall be disbursed to Borrower with the final disbursement of the Property Reserves.

8. Administration/Inspection Fee. Lender shall be entitled to charge Borrower a reasonable processing fee for administering and reviewing each Escrow Release. Lender shall also be entitled to charge Borrower reasonable processing fees both for reviewing any renewal or replacement Letter of Credit which Borrower is required to provide as well as for drawing upon any Letter of Credit held pursuant to the terms hereof. Borrower shall be responsible for payment of all costs, fees and charges in connection with any reduction, renewal or replacement of the Letter of Credit which are assessed by the issuing bank. Additionally, Lender shall be entitled to charge Borrower for any reasonable costs incurred by Lender in inspecting the Premises.

9. Cost Overruns. In the event that the costs and expenses incurred by Borrower in completing any work which is the subject of this Schedule IV exceed the respective amounts allocated by Lender for such items of expense, Borrower shall be responsible for the payment (from sources other than the Property Reserves) of such excess costs and expenses.

10. Obligations of Lender. Nothing contained in this Schedule IV shall be construed to (a) make Lender responsible for performing or completing the work which is the subject of the Property Reserves Escrow Fund, (b) require Lender to expend sums to complete the work which is the subject of the Property Reserves Escrow Fund which are in excess of such amounts then allocated by Lender for such items, or (c) obligate Lender to demand from Borrower additional sums to complete the work which is the subject of the Property Reserves Escrow Fund.

Exhibit 10.27

TERM LOAN AGREEMENT

dated as of August 18, 2016

among

HGREIT II GOODYEAR CROSSING LLC
as Borrower

and

SUNTRUST BANK
as Lender

TABLE OF CONTENTS

Exhibits

TERM LOAN AGREEMENT

TERM LOAN AGREEMENT (this "**Agreement**") is made and entered into as of August 18, 2016, by and between **HGREIT II GOODYEAR CROSSING LLC**, a Delaware limited liability company (the "**Borrower**"), and **SUNTRUST BANK**, a Georgia banking corporation (the "**Lender**").

W I T N E S S E T H:

WHEREAS, Borrower has requested that Lender make a term loan in a principal amount equal to $29,000,000.00 to Borrower (the "**Loan**").

WHEREAS, subject to the terms and conditions of this Agreement, Lender is willing to make the Loan to Borrower.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, Borrower and Lender agree as follows:

ARTICLE I

DEFINITIONS; CONSTRUCTION

Section 1.1 **Definitions**. In addition to the other terms defined herein, the following terms used herein shall have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

"**Accounts**" shall have the meaning set forth in Section 5.18.

"**Affiliate**" shall mean, as to any Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person.

"**Amazon**" shall mean AMAZON.COM.AZDC LLC, a Delaware limited liability company, the tenant under the Amazon Lease.

"**Amazon Lease**" shall mean that certain Lease Agreement dated April 11, 2008 by and between AMAZON.COM.AZDC LLC, a Delaware limited liability company (as successor to Amazon.com.azdc, Inc.), as tenant, and Borrower (as successor to Duke Realty Limited Partnership), as landlord, as amended by that certain First Amendment to Lease Agreement dated April 13, 2009, as further amended by that certain Second Amendment to Lease Agreement dated November 24, 2009, as further amended by that certain Third Amendment to Lease Agreement dated as of June 20, 2013.

"**Amazon Lease Renewal Trigger**" shall mean the earliest of (i) September 30, 2018, unless the Approved Replacement Lease Start Date has occurred in connection with the renewal of the Amazon Lease, or (ii) the effective date on which the Amazon Lease terminates. Following the occurrence of an Amazon Lease Renewal Trigger, the Amazon Lease Renewal Trigger shall terminate upon a Cash Flow Sweep Cure with respect to such Amazon Lease Renewal Trigger.

"**Anti-Corruption Laws**" shall mean all laws, rules, and regulations of any jurisdiction applicable to the Loan Parties or any of their Subsidiaries from time to time concerning or relating to bribery or corruption.

"**Applicable Interest Rate**" shall have the meaning set forth in Section 2.4.

"**Applicable Law**" shall mean all laws, statutes, codes, ordinances, rules, rulings, orders, judgments, decrees, injunctions, arbitral decisions, regulations, authorizations, determinations, directives and any other requirements and/or provisions (including building codes and zoning regulations and ordinances) of all Governmental Authorities, whether now or hereafter in force, which may be or become applicable to Borrower (or Lender, as applicable), the relationship of lender and borrower, the Property, any of the Loan Documents, or any part of any of them (whether or not the same may be valid), and all requirements, obligations and conditions of all instruments of record applicable to the Property on the date hereof.

"**Applicable Margin**" shall mean 2.00% per annum.

"**Appraisal**" shall have the meaning set forth in Section 3.1(b).

"**Approved Lease**" shall mean (i) the Amazon Lease, and (ii) all Leases approved by Lender pursuant to Exhibit 5.11.

"**Approved Re-Leasing Plan**" shall mean the leasing plan, including Borrower's strategy, milestones, lease pricing matrix, benchmarks, programs and team for the leasing of the unleased portions of the Property, as approved by Lender, not to be unreasonably withheld, conditioned, or delayed.

"**Approved Replacement Lease**" shall mean one or more, or a combination of (i) the Amazon Lease, provided Amazon has given the First Extension Notice (as defined in the Amazon Lease) and has extended the Amazon Lease for the First Extension Term (as defined in the Amazon Lease), or (ii) in the event the Amazon Lease is terminated, or has expired by its terms, or is renewed for less than the entire premises covered by the Amazon Lease, one or more Leases of all of the improvements on the Property approved by Lender pursuant to Exhibit 5.11, which may be a renewal of the Amazon Lease for less than all of the premises covered by the Amazon Lease, provided such Tenant has provided Lender a subordination, non-disturbance and attornment agreement in connection with each such Lease, in a form reasonably acceptable to the Lender (or as required by the Amazon Lease).

"**Approved Replacement Lease Re-Tenanting Costs**" shall have the meaning set forth in Section 5.19.

"**Approved Replacement Lease Start Date**" shall mean, provided no Event of Default shall have occurred and is continuing, the date when (i) an Approved Replacement Tenant commences payment in full of rent in accordance with the terms of the applicable Approved Replacement Lease (which shall include up to one month per year of "free rent" or "rental abatement" period under the Approved Replacement Lease), (ii) a certificate executed on behalf of the Borrower by a Responsible Officer, certifying that all work required to be performed by Borrower under the applicable Approved Replacement Lease to the extent necessary to cause the applicable Approved Replacement Lease to commence has been completed in accordance with the applicable Approved Replacement Lease, has been paid for in full , and (iii) Lender shall have received an estoppel certificate or commencement date letter signed and acknowledged by the applicable Approved Replacement Tenant stating that (A) all work required to be performed by Borrower under the applicable Approved Replacement Lease to the extent necessary to cause the applicable Approved Replacement Lease to commence has been completed in accordance with the applicable Approved Replacement Lease, and has been accepted by such Tenant or (B) all work required to be performed by the applicable Approved Replacement Tenant to the extent necessary to cause the applicable Approved Replacement Lease to commence has been completed, has been paid for in full, and any reimbursement payable to the applicable Approved Replacement Tenant has been paid in full in accordance with the applicable Approved Replacement Lease.

"**Approved Replacement Tenant**" shall mean a Tenant under an Approved Replacement Lease, which may include Amazon.

"**Assignment of Contracts**" shall mean the Assignment of Contracts, Plans and Permits executed by Borrower in favor of Lender, as the same may be modified, amended, amended and restated or supplemented from time to time.

"**Assignment of Leases and Rents**" shall mean the Assignment of Leases and Rents executed by Borrower in favor of Lender, and pertaining to Leases of space at the Property, as the same may be modified, amended, amended and restated or supplemented from time to time.

“**Bank Product Obligations**” shall mean, collectively, all obligations and other liabilities of Borrower to Lender or any Affiliate of Lender in respect of any of the following services provided to Borrower by Lender or any Affiliate of Lender: (a) any treasury or other cash management services, including deposit accounts, automated clearing house (ACH) origination and other funds transfer, depository (including cash vault and check deposit), zero balance accounts and sweeps, return items processing, controlled disbursement accounts, positive pay, lockboxes and lockbox accounts, account reconciliation and information reporting, payables outsourcing, payroll processing, trade finance services, investment accounts and securities accounts, and (b) card services, including credit card (including purchasing card and commercial card), prepaid cards, including payroll, stored value and gift cards, merchant services processing, and debit card services.

“**Base Rate**” shall mean the highest of (i) the per annum rate which Lender publicly announces from time to time to be its prime lending rate, as in effect from time to time, or (ii) the Federal Funds Rate, as in effect from time to time, *plus* one-half of one percent (0.50%) per annum (any changes in such rates to be effective as of the date of any change in such rate). Lender’s prime lending rate is a reference rate and does not necessarily represent the lowest or best rate charged to customers. Lender may make commercial loans or other loans at rates of interest at, above or below Lender’s prime lending rate.

“**Beneficial Owner**” shall mean, with respect to any amount paid hereunder or under any other Loan Document, the Person that is the beneficial owner, for U.S. federal income tax purposes, of such payment.

“**Borrower**” shall have the meaning in the introductory paragraph hereof.

“Business Day” shall mean (i) any day other than a Saturday, Sunday or other day on which commercial banks in Atlanta, Georgia are authorized or required by Applicable Law to close and (ii) if such day relates to a determination of the LIBOR Index Rate, any day on which dealings in Dollars are carried on in the London interbank market.

“**Capital Lease Obligations**” of any Person shall mean all obligations of such Person to pay rent or other amounts under any lease (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“**Cash Flow Sweep Cure**” shall mean:

(a) if a DSCR Trigger shall have occurred, a Cash Flow Sweep Cure with respect to such DSCR Trigger shall occur (i) if the Debt Service Coverage Ratio set forth in a subsequent covenant certificate which is delivered as required under this Agreement confirms that the Debt Service Coverage Ratio is equal to or greater than 1.25 to 1.00, and/or (ii) if Borrower prepays a portion of the Loan sufficient to cause the Debt Service Coverage Ratio to be equal to or greater than 1.25 to 1.00.

(b) if an Event of Default shall have occurred, a Cash Flow Sweep Cure with respect to such Event of Default shall occur if no Event of Default is then continuing.

(c) if an Amazon Lease Renewal Trigger shall have occurred, a Cash Flow Sweep Cure with respect to such Amazon Lease Renewal Trigger shall occur on the earlier to occur of (i) the Approved Replacement Lease Start Date for Approved Replacement Leases sufficient to cause the Debt Service Coverage Ratio to be greater than 1.25 to 1.00, and (ii) the Approved Replacement Lease Start Date for Approved Replacement Leases covering the entire premises.

"Cash Flow Sweep Event" shall mean the occurrence and continuance of (i) an Event of Default, (ii) a DSCR Trigger, or (iii) an Amazon Lease Renewal Trigger.

"Cash Management Agreement" shall mean that certain Cash Management Agreement dated as of the Closing Date, by and among Borrower, Property Manager, Lender and SunTrust Bank, in its capacity as depository bank.

"**Change in Law**" shall mean (i) the adoption of any Applicable Law after the date of this Agreement, (ii) any change in any Applicable Law, or any change in the interpretation, implementation or application thereof, by any Governmental Authority after the date of this Agreement, or (iii) compliance by Lender (or by Lender's holding company, if applicable), or by Lender's parent corporation, if applicable, with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that for purposes of this Agreement, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"**Change of Control**" shall mean (a) the management and operations of the investment advisor to Hines Global REIT II (for so long as it is a real estate investment trust) are no longer controlled by a Hines Affiliate; (b) a Hines Affiliate no longer has the day to day Control of any successor to the Hines Global REIT II that is not a real estate investment trust; (c) Hines Global REIT II (or its successor) shall no longer Control (directly or indirectly) the Borrower and the Property; or (d) Hines Global REIT II (or its successor) shall no longer own (directly or indirectly) at least fifty percent (50%) of the Equity Interests in the Borrower.

"**Charges**" shall have the meaning set forth in Section 5.6.

"**Closing Date**" shall mean the date on which the conditions precedent set forth in Section 3.1 and Section 3.2 have been satisfied or waived in accordance with Section 9.2.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended and in effect from time to time.

"**Collateral**" shall mean the Property, all personalty located at the Property, and all other property of Borrower that purports to be the subject of a Lien to Lender to secure the whole or any part of the Obligations, and shall include, without limitation, all casualty insurance proceeds and condemnation awards with respect to the foregoing.

"**Collateral Assignment of Hedge**" shall mean a collateral assignment of a Hedging Transaction in form and substance mutually satisfactory to Borrower and Lender.

"Collections Account" shall have the meaning set forth in Section 5.18(a).

"Collections Account Agreement" shall mean that certain Deposit Account Control Agreement (CRE Cash Management) among Borrower, Lender and SunTrust Bank, in its capacity as depository bank, relating to the Collections Account as set forth in Section 5.18(a).

"**Commitment**" shall mean the obligation of Lender to make the Loan on the Closing Date.

"**Commodity Exchange Act**" shall mean the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended and in effect from time to time, and any successor statute.

"Compliance Certificate" shall mean a certificate executed on behalf of the Borrower by a Responsible Officer in the form of, and containing the certifications set forth in, the certificate attached hereto as Exhibit A.

"**Control**" shall mean the power, directly or indirectly, to direct or cause the direction of the management and policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. The terms "***Controlling***", "***Controlled by***", and "***under common Control with***" have meanings correlative thereto.

"Debt Service" shall mean, for any period of measurement hereunder, the sum of all principal and interest payments that would be due and payable over such period of calculation with respect to the Loan, assuming amortization of the outstanding principal balance of the Loan plus any amounts remaining that may be advanced under the Loan over a thirty (30) year period (regardless of whether such payment is required during such period under the Loan Documents) with a per annum interest rate equal to the greatest of (i) 200 basis points above the ask yield of the 10 Year United States Treasury note as of the close of business on the Business Day preceding the date of calculation, as announced on Bloomberg.com or another reliable source reasonably selected by Lender, (ii) Six and one-quarter percent (6.25%), or (iii) the actual interest rate on the Loan in effect at the date of such calculation.

"Debt Service Coverage Ratio" shall mean for such period of computation, the Net Operating Income for that period, divided by Debt Service for such period.

"**Debtor Relief Laws**" shall mean the United States Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

"**Default**" shall mean any condition or event that, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"**Default Interest**" shall have the meaning set forth in Section 2.4(b).

"**Default Rate**" shall mean the lesser of (a) the interest rate otherwise applicable to the Loan hereunder plus an additional 4% per annum, or (b) the highest rate of interest that lenders may contract for, charge or receive from borrowers under Applicable Law for the use, forbearance or detention of money.

"**Distribution**" shall have the meaning set forth in Section 7.8(a).

"**Dollar(s)**" and the sign "***$***" shall mean lawful money of the United States of America.

"**DSCR Trigger**" shall mean the Debt Service Coverage Ratio shall be less than 1.25 to 1.00 (the "**Minimum DSCR Requirement**"), as set forth in the covenant certificate delivered by Borrower pursuant to this Agreement, or if no covenant certificate is delivered to Lender as required under this Agreement, on the date on which such covenant certificate was otherwise required to be delivered to Lender under the terms of this Agreement; provided, however, a DSCR Trigger shall not occur if, within fifteen (15) days following Lender's receipt of the covenant certificate, Borrower shall pay down the outstanding principal balance of the Loan in accordance with Section 2.3 of this Agreement, in an amount such that the Minimum DSCR

Requirement would have been satisfied for the applicable period per the reasonable determination of Lender. Following the occurrence of a DSCR Trigger, the DSCR Trigger shall terminate upon a Cash Flow Sweep Cure with respect to such DSCR Trigger.

"**Environmental Indemnification Agreement**" shall mean that certain Environmental Indemnification Agreement dated as of the Closing Date, by Borrower and Guarantor in favor of Lender, as the same may be modified, amended, amended and restated or supplemented from time to time.

"**Environmental Laws**" shall mean all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority and all common laws, relating in any way to human health, the environment, health and safety, preservation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters.

"**Environmental Liability**" shall mean any liability, contingent or otherwise (including any liability for damages, costs of environmental investigation and remediation, costs of administrative oversight, fines, natural resource damages, penalties or indemnities), of Borrower directly or indirectly resulting from or based upon (i) any actual or alleged non-compliance with any Environmental Law, (ii) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (iii) any actual or alleged exposure to any Hazardous Materials, (iv) the Release or threatened Release of any Hazardous Materials or (v) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"**Equity Interests**" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute.

"**ERISA Affiliate**" shall mean any trade or business (whether or not incorporated), which, together with Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for the purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"**ERISA Event**" shall mean (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by Borrower or any ERISA Affiliate from the PBGC or a plan administrator appointed by the PBGC of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"**Event of Default**" shall mean any of the events specified in Section 8.1.

"**Excluded Swap Obligation**" shall mean, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act at the time the Guarantee of such Guarantor becomes effective with respect to such related Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal**.**

"**Excluded Taxes**" shall mean any of the following Taxes imposed on or with respect to Lender or required to be withheld or deducted from a payment to Lender, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of Lender being organized under the laws of, or having its principal office or its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof), or (ii) that are Other Connection Taxes, (b) any U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender pursuant to a law in effect on the date on which (i) such Lender becomes a Lender under this Agreement or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.11, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Lender's failure to comply with Section 2.11(e) (including any Taxes imposed as a result of the expiration, inaccuracy, or deficiency of any form or certification provided thereunder) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"**FATCA**" shall mean (a) Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, (b) any treaty, law, regulation or other official guidance enacted in the United States or in any other jurisdiction, or relating to an intergovernmental agreement between the United States and any other jurisdiction with the purpose (in either case) of facilitating the implementation of paragraph (a) above, or (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the IRS, the United States government or any governmental or taxation authority in the United States .

"**Federal Funds Rate**" shall mean, for any day, the rate per annum (rounded upwards, if necessary, to the next 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with member banks of the Federal Reserve System arranged by Federal funds brokers, as published by the Federal Reserve Bank of New York on the next succeeding Business Day or if such rate is not so published for any Business Day, the Federal Funds Rate for such day shall be the average rounded upwards, if necessary, to the next 1/100th of 1% of the quotations for such day on such transactions received by Lender from three Federal funds brokers of recognized standing selected by Lender.

"**Flood Insurance Laws**" shall mean, collectively, (i) the National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (ii) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statute thereto, (iii) the National Flood Insurance Reform Act of 1994 as now or hereafter in effect or any successor statute thereto, (iv) the Flood Insurance Reform Act of 2004 as now or hereafter in effect or any successor statute thereto, in each case, together with all statutory and regulatory provisions consolidating, amending, replacing, supplementing, implementing or interpreting any of the foregoing, as amended or modified from time to time.

"Force Majeure" shall mean events occasioned by strikes, lock-outs, war or civil disturbance, natural disaster or acts of God which cause a delay in Borrower's performance of an obligation; provided, however, that Borrower must give written notice to Lender within ten (10) days after the occurrence of an event which it believes to constitute an event of Force Majeure.

"**Foreign Lender**" shall mean (a) if Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which Borrower is resident for tax purposes.

"**GAAP**" shall mean generally accepted accounting principles in the United States applied on a consistent basis and subject to the terms of Section 1.2.

"**Governmental Authority**" shall mean the government of the United States of America, or any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"**Guarantee**" of or by any Person (the "**guarantor**") shall mean any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "**primary obligor**") in any manner, whether directly or indirectly and including any obligation, direct or indirect, of the guarantor (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued in support of such Indebtedness or obligation; provided, that the term "Guarantee" shall not include endorsements for collection or deposits in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which Guarantee is made or, if not so stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith. The term "Guarantee" used as a verb has a corresponding meaning.

"**Guarantor**" shall mean any and all present or future endorsers, guarantors, and sureties of the Obligations or any portion thereof. The initial Guarantor shall mean Hines Global REIT II.

"**Guaranty**" shall mean that certain Guaranty dated as of the Closing Date, by Guarantor in favor of Lender, as the same may be modified, amended, amended and restated or supplemented from time to time.

"**Hazardous Materials**" shall mean all hazardous or toxic substances, materials, mixtures, wastes or other pollutants or contaminants, including without limitation explosive or radioactive substances, petroleum or petroleum distillates, asbestos or asbestos containing materials, lead-based substances, polychlorinated biphenyls, radon gas, mold, mycotoxins and other fungi, infectious or medical wastes and all other substances or wastes of any nature, regulated pursuant to or covered by any Environmental Law.

“**Hedging Obligations**” of any Person shall mean any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired under (i) any and all Hedging Transactions, (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Hedging Transactions and (iii) any and all renewals, extensions and modifications of any Hedging Transactions and any and all substitutions for any Hedging Transactions.

“**Hedging Transaction**” of any Person shall mean (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into by such Person that is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, spot transaction, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether or not any such transaction is governed by or subject to any Master Agreement (as defined below) and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any similar agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“**Hines Affiliate**” shall mean any Person which:

(A) is any of (i) a general or limited partnership in which the only general or managing partners are Gerald D. Hines, Jeffrey C. Hines, Hines Real Estate Holdings Limited Partnership (“HREH”) or any of the entities described in clauses (ii) through (vi) below; (ii) a limited liability company in which the only managing members or managers are one or more of Gerald D. Hines, Jeffrey C. Hines, HREH or any of the entities described in clause (i) above or clauses (iii) through (vi) below; (iii) a corporation the majority of the voting stock of which is owned, directly or indirectly, by members of the Hines Family, one or more Hines Family Trusts or any of the entities described in clauses (i) and (ii) above and clauses (iv) through (vi) below; (iv) HREH; (v) any fund or co-investment vehicle, platform or program (e.g., a series of related coordinated investments through project-specific legal entities) controlled by HREH or any of the entities described in clauses (i) through (iv) above or clauses (vi) below, as fund/entity/program managing general partner, managing member or manager, including a real estate investment trust; or (vi) any other entity (other than the entities described in clauses (i) through (v) of this definition) that is controlled, directly or indirectly, by Gerald D. Hines, Jeffrey C. Hines, HREH, a member of the Hines Family, a Hines Family Trust, or any of the entities described in clauses (i) through (v) above); and

(B) has non-exclusive rights to use the “Hines” name or brand and to access the “Hines” support network (including, without limitation, expertise relating to the performance of property management and development management services, as applicable) in discharging its obligations.

“**Hines Family**” shall mean any one or more of (i) Jeffrey C. Hines, his spouse and his children and grandchildren (including, without limitation, children and grandchildren by adoption); (ii) Gerald D. Hines, his spouse and his children and grandchildren (including, without limitation, children and grandchildren by adoption); or (iii) the estate of either of them or the issue (including, without limitation, children and grandchildren by adoption), brothers, sisters and spouses of issue of Gerald D. Hines or Jeffrey C. Hines.

"**Hines Family Trust**" shall mean a trust, the vested beneficiaries of which include members of the Hines Family and in which the only trustees are Gerald D. Hines, Jeffrey C. Hines, members of the Hines Family, HREH, another Hines Affiliate or one or more current or former employees of a Hines Affiliate.

"**Hines Global REIT**" shall mean Hines Global REIT, Inc., a Maryland corporation.

"**Hines Global REIT II**" shall mean Hines Global REIT II, INC., a Maryland corporation.

"**Hines REIT**" shall mean Hines Real Estate Investment Trust, Inc., a Maryland corporation, its successors and assigns, and any successor to all or a substantial part of the assets of Hines REIT.

"**Immaterial Condemnation**" shall have the meaning set forth in Exhibit 5.5.

"**Indebtedness**" of any Person shall mean, without duplication (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person in respect of the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of business; (iv) all obligations of such Person under any conditional sale or other title retention agreement(s) relating to property acquired by such Person, (v) all Capital Lease Obligations of such Person, (vi) all obligations, contingent or otherwise, of such Person in respect of letters of credit, acceptances or similar extensions of credit, (vii) all Guarantees of such Person of the type of Indebtedness described in clauses (i) through (vi) above, (viii) all Indebtedness of a third party secured by any Lien on property owned by such Person, whether or not such Indebtedness has been assumed by such Person, (ix) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any common stock of such Person, (x) Off-Balance Sheet Liabilities and (xi) all Hedging Obligations. The Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer, except to the extent that the terms of such Indebtedness provide that such Person is not liable therefor.

"**Indemnified Taxes**" shall mean (a) Taxes other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"**Indemnitee**" shall have the meaning set forth in Section 9.3(b).

"Interest Period" shall mean a period of one(1) month, provided that (i) the initial Interest Period may be less than one month, if the initial funding date of the Loan is a day other than the first Business Day of a calendar month and (ii) no Interest Period shall extend beyond the maturity date of the Note.

"Interest Rate Determination Date" shall mean (a) with respect to the first Interest Rate Determination Date, the date on which the Loan is initially funded, and (b) with respect to all subsequent Interest Rate Determination Dates, the first Business Day of each calendar month thereafter.

"**IRS**" shall mean the United States Internal Revenue Service.

"**Lease**" shall mean any lease, sublease or sub-sublease, letting, license, concession or other agreement (whether written or oral and whether now or hereafter in effect) pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of any space in the Property, and every modification, amendment or other agreement relating to such lease, sublease, sub-sublease, or other agreement entered into in connection with such lease, sublease, sub-sublease, or other agreement and every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the other party thereto.

"**Leasing Commissions**" shall mean leasing brokerage commissions paid, or payable, by Borrower in connection with an Approved Replacement Lease, which commissions either (i) have been approved by Lender in its reasonable discretion or (ii) do not exceed market rates.

"**Lender**" shall have the meaning assigned to such term in the opening paragraph of this Agreement; provided that, unless the context otherwise requires, each reference to the Lender shall be deemed to include any Person to which Lender assigns all or any portion of its rights under this Agreement.

"LIBOR Index Rate" shall mean, with respect to each Interest Period, (i) the rate *per annum* effective on any Interest Rate Determination Date equal to the London interbank offered rate for deposits in U.S. Dollars appearing on Reuters screen page LIBOR 01 (or on any successor or substitute page of such service or any successor to such service, or such other commercially available source providing such quotations as may be designated by Lender from time to time) at approximately 11:00 A.M. (London time) two (2) Business Days prior to the Interest Rate Determination Date, with a maturity comparable to such Interest Period (provided that if such rate is less than zero, such rate shall be deemed to be zero), divided by (ii) a percentage equal to 100% minus the then stated maximum rate of all reserve requirements (including any marginal, emergency, supplemental, special or other reserves and without benefit of credits for proration, exceptions or offsets that may be available from time to time) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D); *provided*, that if the rate referred to in clause (i) above is not available at any such time for any reason, then the rate referred to in clause (i) shall instead be the interest rate *per annum*, as determined by Lender, to be the arithmetic average of the rates *per annum* at which deposits in U. S. Dollars in an amount equal to the amount of the Loan are offered by major banks in the London interbank market to Lender at approximately 11:00 A.M. (London time), two (2) Business Days prior to the Interest Rate Determination Date (provided that if such rate is less than zero, such rate shall be deemed to be zero).

"**Lien**" shall mean any mortgage, pledge, security interest, lien (statutory or otherwise), charge, encumbrance, hypothecation, or other arrangement having the practical effect of the foregoing or any assignment, deposit arrangement, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having the same economic effect as any of the foregoing).

"**Loan**" shall have the meaning set forth in the first "Whereas" clause hereto.

"**Loan Charges**" shall have the meaning set forth in Section 9.13.

"**Loan Closing Statement**" shall mean that certain [**Closing Statement]** dated as of the Closing Date, executed by Borrower and First American Title Insurance Company.

"**Loan Documents**" shall mean, collectively, this Agreement, the Note, the Security Instrument, the Guaranty, the Environmental Indemnification Agreement, the Assignments of Leases and Rents, the Assignment of Contracts, the Subordination of Management Agreement, any Collateral Assignment of Hedge, the Collections Account Agreement, the Cash Management Agreement, the Loan Closing Statement, and any and all other instruments, agreements, documents and writings executed in connection with any of the foregoing.

"**Loan Parties**" shall mean Borrower and the Guarantor.

"Master Disbursement Sweep Account" shall have the meaning set forth in Section 5.18.

"**Material Adverse Effect**" shall mean, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singularly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, a material adverse change in, or a material adverse effect on, (i) the ability of the Borrower or the Guarantor to perform any of their respective obligations under the Loan Documents, (ii) the rights and remedies of Lender under any of the Loan Documents or (iii) the legality, validity or enforceability of any of the Loan Documents.

"**Maturity Date**" shall mean the earlier of (i) August 18, 2021 or (ii) the date on which the principal amount of the Loan has been declared or automatically has become due and payable (whether by acceleration or otherwise).

"**Maximum Rate**" shall have the meaning set forth in Section 9.14.

"**Mechanic's Liens**" shall have the meaning set forth in Section 5.12.

"**Multiemployer Plan**" shall have the meaning set forth in Section 4001(a)(3) of ERISA.

"Net Operating Income" shall mean for any period (i) annualized revenue from existing Tenants pursuant to Approved Leases that are in occupancy of their demised premises and paying rent at the time of calculation or are in a free rent period (excluding (a) non-recurring income, (b) revenue from Leases for which the Tenant is in default under such Lease and the applicable cure or grace period has expired, (c) revenue from Leases with Tenants who are not currently occupying their demised premises or have "gone dark", and (d) revenue from Leases with a Tenant that is in bankruptcy, unless the Borrower has delivered to Lender a copy of the order in such bankruptcy case whereby the Tenant has assumed the Lease, and the Tenant has paid Borrower all past due rental obligations under the Lease), together with parking revenues, less (ii) the greater of (a) operating expenses based on the most recent twelve (12) month period adjusted to reflect insurance premiums based on insurance coverage required by Lender and projected property taxes for the upcoming tax period or (b) annualized operating expenses of $1,250,000.00. For covenant purposes, calculation of operating expenses shall include (i) an assumed management fee equal to the greater of (a) two percent (2.0%) of Borrower's effective gross income, or (b) the actual management fee payable under the approved property management agreement, and (ii) structural reserves at $0.10 per net rentable square feet. For covenant purposes, the calculation of operating expenses shall exclude depreciation, amortization, income taxes, debt service per year, partnership expenses, Leasing Commissions, Tenant Improvements, and capital expenditures.

"**Note**" shall mean the promissory note or promissory notes made by Borrower in favor of Lender in the aggregate principal amount of the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time with the written consent of Lender.

"**Obligations**" shall mean (a) all amounts owing by Borrower to Lender pursuant to or in connection with this Agreement or any other Loan Document, including without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), all reimbursement obligations, fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of counsel to Lender incurred pursuant to this Agreement or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, (b) all Hedging Obligations owed by Borrower to Lender or any Affiliate of Lender, and (c) all Bank Product Obligations, together with all renewals, extensions, modifications or refinancings of any of the foregoing; provided, however, that with respect to any Guarantor, the Obligations shall not include any Excluded Swap Obligations.

"**OFAC**" shall mean the Office of Foreign Assets Control of the United States Department of the Treasury.

"**Off-Balance Sheet Liabilities**" of any Person shall mean (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability of such Person under any sale and leaseback transactions which do not create a liability on the balance sheet of such Person, (iii) any liability of such Person under any so-called "synthetic" lease transaction or (iv) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheet of such Person.

"**Operating Account**" shall have the meaning set forth in Section 5.18(a).

"**Other Connection Taxes**" shall mean, with respect to any Lender, Taxes imposed as a result of a present or former connection between such Lender and the jurisdiction imposing such Tax (other than connections arising from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"**Other Taxes**" shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

"**Patriot Act**" shall have the meaning set forth in Section 9.16.

"**Payment Date**" shall have the meaning set forth in Section 2.4(d).

"**Payment Office**" shall mean the office of Lender located at 303 Peachtree Street., Atlanta, Georgia 30308, or such other location as to which Lender shall have given written notice to Borrower.

"**PBGC**" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA, and any successor entity performing similar functions.

"**Permitted Encumbrances**" shall mean, with respect to the Property, collectively, (a) the Liens and security interests created by the Loan Documents, (b) all Liens, encumbrances and other matters disclosed as exceptions in Schedule B, or insured over by, the Title Insurance Policy, (c) Liens, if any, for Taxes imposed by any Governmental Authority not yet due or delinquent or being contested as permitted by and in accordance with the terms of the Loan Documents, (d) Approved Leases, (e) mechanics' and materialmen's liens and similar claims being contested in accordance with the terms of the Loan Documents, and (f) such other title and survey exceptions as Lender has approved or may approve in writing in Lender's sole discretion, which Permitted Encumbrances in the aggregate do not materially and adversely affect the value or use of the Property or Borrower's ability to repay the Loan.

"**Permitted Indebtedness**" shall have the meaning set forth in Section 7.2.

"**Permitted Transfer**" shall mean, absent an Event of Default:

(a) any Transfer, directly as a result of the death of a natural person, of stock, membership interests or other ownership interests previously held by the decedent in question to the Person or Persons lawfully entitled thereto;

(b) a Transfer by an individual of any direct or indirect interest in Borrower in connection with the estate planning of such individual transferor to (1) an immediate family members (*i.e.*, a sibling, parent, spouse, child (or step-child), grandchild or other lineal descendant of the related Person) of such interest holder, (2) a trust established for the benefit of such immediate family member, or (3) partnerships or limited liability companies of which the partners or members, respectively, are comprised entirely of the transferor and immediate family members of the transferor;

(c) Transfers of direct or indirect ownership interests in the Borrower to a Person that is wholly owned by the transferor;

(d) Transfers of direct or indirect ownership interests in the Borrower resulting solely from the sale, transfer or issuance of shares of common stock in a Person that is a publicly traded entity, provided such shares of common stock are listed on the New York Stock Exchange or another nationally recognized stock exchange; and

(e) (i) Transfers, in one or more series of transactions (including pledges), of indirect interests in Borrower, (ii) the issuance of new shares or other direct or indirect interests in Hines Global REIT Properties LP ("**HGR II OP**") and/or Hines Global REIT II, (iii) the merger, consolidation or other reorganization of HGR II OP and/or Hines Global REIT II, so long as HGR II OP and/or Hines Global REIT II is the surviving entity, and (iv) the Transfer of up to 49% of the direct interest in Borrower;

so long as after giving effect to any and all such Transfers, (i) there is not a Change of Control, and (ii) Borrower is able to remake (and shall be deemed to have remade) the representations and warranties set forth in Section 4.18 and Section 4.19 hereof. Borrower shall give Lender written notice promptly following the occurrence of any Transfer, including a Permitted Transfer, involving (a) a Transfer of a direct interest in Borrower, (b) a Transfer, indirectly, of a 20% or greater interest in Borrower, or (c) a Transfer, indirectly, which results in a Person holding, directly or indirectly, more than a 20% interest in Borrower that did not hold a 20% ownership interest in the Borrower immediately prior to such Transfer. In connection with any Transfer hereunder, Borrower and any transferee shall cooperate and comply (at Borrower's or such transferee's expense) with all necessary "know your customer" or other similar checks under all Applicable Laws applicable to Lender, and shall, upon Lender's written request, furnish to Lender such reasonably available information as Lender may request in order for Lender to conduct due diligence, satisfactory to Lender, regarding the foregoing.

In the event a Permitted Transfer would result in (i) Guarantor owning, directly or indirectly, less than ten percent (10%) of the membership interest in the Borrower, or (ii) Guarantor no longer Controlling, directly or indirectly, the Borrower and the Property, then as a condition to the Permitted Transfer, Borrower shall cause an Affiliate of the Borrower (the "**Supplemental Guarantor**") reasonably acceptable to Lender to execute and deliver to Lender a guaranty and an environmental indemnity agreement, in form and substance substantially identical to the Guaranty and Environmental Indemnification Agreement. Simultaneously with the delivery of said guaranty and environmental indemnity agreement, Borrower shall deliver, or cause to be delivered, to Lender one or more opinions of counsel in form reasonably satisfactory to Lender (such approval not to be unreasonably withheld, conditioned, or delayed) confirming due organization and authorization of the Supplemental Guarantor, due authorization and execution of said guaranty and environmental indemnity agreement, no violation of organizational documents, written agreements and applicable laws, and the enforceability of said guaranty and an environmental indemnity agreement (subject to customary qualifications, assumptions and exclusions).

"**Person**" shall mean any individual, partnership, firm, corporation, association, joint venture, limited liability company, trust or other entity, or any Governmental Authority.

"**Plan**" shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"**Principal**" shall have the meaning set forth in Section 5.17.

"**Proceeding**" shall mean any case, proceeding or other action under any existing or future Debtor Relief Laws.

"**Property**" shall mean those certain parcels of real property described in the Security Instrument, a portion of which is known by the street address of 16920 West Commerce Drive, Goodyear, Arizona, and all related facilities, amenities, fixtures, and personal property owned by Borrower, and any other buildings or improvements now or hereafter located or erected thereon.

"**Property Management Agreement**" shall mean the written agreement between Borrower and the Property Manager for the management of the Property, which Property Management Agreement shall be subject to Lender's prior written approval, which approval shall not be unreasonably withheld.

"**Property Manager**" shall mean Hines Interests Limited Partnership, a Delaware limited partnership.

"**Re-Tenanting Additional Deposit**" shall have the meaning set forth in Section 5.19.

"**Re-Tenanting Funds**" shall have the meaning set forth in Section 5.19.

"**Re-Tenanting Funds Account**" shall have the meaning set forth in Section 5.19.

"**Register**" shall have the meaning set forth in Section 9.6.

"**Regulation D**" shall mean Regulation D of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"**Related Parties**" shall mean, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"**Release**" shall mean any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

"**Responsible Officer**" shall mean any of the president, the chief executive officer, the chief operating officer, the chief financial officer, the treasurer or a vice president of Borrower or such other representative of Borrower as may be designated in writing by any one of the foregoing with the consent of Lender; and, with respect to financial covenants only, the chief financial officer or the treasurer of Borrower.

"**Sanctioned Country**" shall mean, at any time, a country or territory that is, or whose government is, the subject or target of any Sanctions.

"**Sanctioned Person**" shall mean, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC or the U.S. Department of State, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

"**Sanctions**" shall mean economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by OFAC or the U.S. Department of State.

"**Security Instrument**" shall mean that certain Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated of even date herewith, executed by Borrower for the benefit of Lender, covering and creating a first-priority Lien on the Property, as the same may be modified, amended, amended and restated or supplemented from time to time.

"**Stop Notice**" shall have the meaning set forth in Section 5.12.

"**Subordination of Management Agreement**" shall mean that certain Assignment and Subordination of Management Agreement, dated as of the Closing Date and executed by Borrower, Property Manager and Lender, as the same may be modified, amended, amended and restated, supplemented or replaced from time to time.

"**Subsidiary**" shall mean, with respect to any Person (the "***parent***"), any corporation, partnership, joint venture, limited liability company, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, partnership, joint venture, limited liability company, association or other entity (i) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power, or in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held, or (ii) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent. Unless otherwise indicated, all references to "Subsidiary" hereunder shall mean a Subsidiary of Borrower.

"**Swap Obligation**" shall mean, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

"**Tax Distribution**" means any distribution required to be made by Borrower to its equity holders for the payment of Taxes related to the allocation of income to such equity holders pursuant to the Limited Liability Company Agreement of Borrower or Applicable Law.

"**Taxes**" shall mean any and all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees, charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"**Tenant**" shall mean any Person occupying all or any portion of any space in the Property pursuant to a Lease.

"**Tenant Improvements**" shall mean all bona fide costs incurred for construction and related work to the Property required by an Approved Replacement Lease.

"**Termination Fee Deposit**" shall have the meaning set forth in Section 5.11.

"**Title Insurance Policy**" shall mean a mortgagee title insurance policy issued in the maximum principal amount of the Loan, in such form as is acceptable to Lender in its sole discretion, covering the fee estate in the Property, with such reinsurance and endorsements as Lender may require, containing no exceptions to title (printed or otherwise) which are unacceptable to Lender, and insuring that the Security Instrument is a first-priority Lien on the Property.

"**Transfer**" shall have the meaning set forth in Section 7.1.

"**U.S. Borrower**" shall mean a Borrower that is a U.S. Person.

"**U.S. Person**" shall mean any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.

"**U.S. Tax Compliance Certificate**" shall mean a certificate reasonably satisfactory to Borrower certifying that a Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of Borrower within the meaning of Section 871(h)(3) or Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code, and that no payments in connection with any Loan Document are effectively connected with a U.S. trade or business conducted by such Lender.

"**Unimproved Property**" shall mean that portion of the Property which is identified in the Security Instrument as Parcel No. 1: Lot 1B-2 of "A Minor Land Division of Lot 1B, Goodyear Crossing Industrial Park", according to the plat of record in the Office of the County Recorder of Maricopa County, Arizona, recorded in Book 1038 of Maps, Page 30.

"**Withdrawal Liability**" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

Section 1.2 Accounting Terms and Determination. Unless otherwise defined or specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP as in effect from time to time, applied on a basis consistent (except for such changes approved by the independent public accountants of the Person for whom the financial statements are prepared) with the most recent audited consolidated financial statement of the Person for whom the financial statements are delivered pursuant to Section 4.4; provided, that if Borrower notifies Lender that Borrower wishes to amend any financial covenant hereunder to eliminate the effect of any change in GAAP on the operation of such financial covenant (or if Lender notifies Borrower that it wishes to amend a financial covenant for such purpose), then the compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to Borrower and Lender.

Section 1.3 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the word “to” means “to but excluding”. Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as it was originally executed or as it may from time to time be amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person’s successors and permitted assigns, (iii) the words “hereof”, “herein” and “hereunder” and words of similar import shall be construed to refer to this Agreement as a whole and not to any particular provision hereof, (iv) all references to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles, Sections, Exhibits and Schedules to this Agreement and (v) all references to a specific time shall be construed to refer to the time in the city and state of Lender’s principal office, unless otherwise indicated.

ARTICLE II

AMOUNT AND TERMS OF THE COMMITMENT

Section 2.1 Commitment.

(a) Subject to the terms and conditions set forth herein, Lender agrees to make the Loan to Borrower on the Closing Date. The Loan shall bear interest at the rate provided in Section 2.4. The execution and delivery of this Agreement by Borrower and the satisfaction of all conditions precedent pursuant to Section 3.1 shall be deemed to constitute Borrower’s request to borrow the Loan on the Closing Date. Borrower shall receive only one borrowing hereunder in respect of the Loan and any amount borrowed and repaid hereunder in respect of the Loan may not be reborrowed.

(b) Lender shall maintain in accordance with its usual practice appropriate records evidencing the Indebtedness of Borrower to Lender resulting from the advance of the Loan by Lender, including the amounts of principal and interest payable thereon and paid to Lender from time to time under this Agreement. The entries made in such record shall be *prima facie* evidence of the existence and amounts of the obligations of Borrower therein recorded; provided that the failure or delay of Lender in maintaining or making entries into any such record or any error therein shall not in any manner affect the obligation of Borrower to repay the Loan (both principal and unpaid accrued interest) in accordance with the terms of this Agreement.

(c) Borrower's obligation to pay the principal of, and interest on, the Loan shall be evidenced by the Note. Lender has no intention of making advances under the Loan in excess of the aggregate face amount of the Note. Borrower acknowledges and agrees, however, that, if, for any reason, the outstanding principal balance of the Loan outstanding from time to time exceeds the face amount of the Note, the excess shall bear interest at the Default Rate, shall be payable, with accrued interest, ON DEMAND and shall be secured by all of the collateral described in the Security Instrument and all other Collateral for the Loan.

Section 2.2 Repayment of Loan.

(a) The Borrower shall pay interest on the Loan as set forth in Section 2.4.

(b) To the extent not previously paid, the aggregate unpaid principal balance of the Loan together with interest accrued and unpaid thereon, shall be due and payable in full on the Maturity Date.

Section 2.3 Prepayments.

(a) *Optional Prepayments.* Borrower shall have the right at any time and from time to time to prepay the Loan, in whole or in part, without premium or penalty, by giving irrevocable written notice (or telephonic notice promptly confirmed in writing) of its intention to prepay to Lender no later than three (3) Business Days prior to the date of such prepayment (which notice may be retracted). Each such notice shall specify the proposed date of such prepayment and the principal amount of the Loan or portion thereof to be prepaid. Such amount shall be due and payable on the date designated in such notice, together with accrued interest to such date on the amount so prepaid in accordance with Section 2.4(a); provided that if all or any portion of the Loan is prepaid on a date other than the last day of an Interest Period applicable thereto, Borrower shall also pay all amounts required pursuant to Section 2.13. Each prepayment of the Loan shall be applied to principal installments in inverse order of maturity.

(b) *Mandatory Prepayments.* On the earlier of (x) the date Lender elects to require prepayment of all or a portion of the Loan in accordance with Exhibit 5.5, Section 2 or 3 hereof and (y) the next occurring Payment Date following the date on which Borrower actually receives any insurance proceeds or condemnation awards, if and to the extent Lender is not obligated hereunder to make such proceeds or awards available to Borrower for the restoration of the Property, Borrower shall prepay the outstanding principal balance of the Loan in an amount equal to one hundred percent (100%) of such proceeds or awards. Such prepayment shall be applied, first, to interest on the outstanding principal balance of the Loan that would have accrued at the Applicable Interest Rate on the amount prepaid through the end of the Interest Period in which such prepayment occurs, notwithstanding that such Interest Period extends beyond the date of prepayment, and then to all other amounts then due to Lender under this Agreement or any of the other Loan Documents and then to the outstanding principal balance of the Loan.

Section 2.4 Interest on Loan.

(a) **Subject to** Section 2.7 and Section 2.8 below, Borrower shall pay interest on the Loan at the LIBOR Index Rate in effect for the applicable Interest Period plus the Applicable Margin in effect from time to time (the "**Applicable Interest Rate**").

(b) While an Event of Default exists or after acceleration, at the option of Lender, Borrower shall pay interest ("**Default Interest**") on the Loan at the Default Rate.

(c) In the event that any payment due under the terms hereunder is not received by Lender within ten (10) days of the date such payment is due (inclusive of the date when due), Borrower shall pay to Lender a late charge equal to five percent (5%) of such payment provided such late charge shall not apply to the amount of the loan due at maturity whether by acceleration or otherwise. Such fee shall be payable on the earlier of (i) the date of demand by Lender and (ii) the date that Borrower makes the late payment.

(d) Interest on the principal amount of the Loan shall accrue from and including the Closing Date to but excluding the date of any repayment thereof. Interest shall be payable in arrears on the fifth day of each calendar month (each a "**Payment Date**"), commencing on October 5, 2016, and on the Maturity Date. All Default Interest shall be payable on demand.

(e) Lender shall determine the interest rate applicable to the Loan hereunder and shall promptly notify Borrower of such rate in writing (or by telephone, promptly confirmed in writing). Any such determination shall be conclusive and binding for all purposes, absent manifest error.

Section 2.5 **Fees**. Borrower shall pay to Lender for its own account a loan fee equal to .65% of the Loan ($188,500.00), which fee shall be due and payable by the Borrower on the Closing Date. All fees shall be fully earned on the Closing Date and shall not be subject to refund or rebate under any circumstances.

Section 2.6 **Computation of Interest and Fees**. All computations of interest and fees hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable (to the extent computed on the basis of days elapsed). Each determination by Lender of an interest amount or fee hereunder shall be made in good faith and, except for manifest error, shall be final, conclusive and binding for all purposes.

Section 2.7 **Inability to Determine Interest Rates**. If at any time, Lender shall have determined (which determination shall be conclusive and binding upon Borrower) that (i) by reason of circumstances affecting the relevant interbank market, adequate means do not exist for ascertaining the LIBOR Index Rate, or (ii) the LIBOR Index Rate does not adequately and fairly reflect the cost to Lender of making, funding or maintaining the Loan, Lender shall give written notice (or telephonic notice, promptly confirmed in writing) to Borrower as soon as practicable thereafter. Until Lender notifies Borrower that the circumstances giving rise to such notice no longer exist, the Loan shall be converted to a Loan bearing interest at the Base Rate.

Section 2.8 **Illegality.** If any Change in Law shall make it unlawful or impossible for Lender to make, maintain or fund the Loan at the Applicable Interest Rate, Lender shall promptly give notice thereof to Borrower, whereupon until Lender notifies Borrower that the circumstances giving rise to such suspension no longer exist, the obligation of Lender to fund or maintain the Loan at the Applicable Interest Rate shall be suspended, and the Loan shall be converted to a Loan bearing interest at the Base Rate, either (i) on the last day of the then current Interest Period if Lender may lawfully continue to maintain the Loan at the

Applicable Interest Rate to such date, or (ii) immediately if Lender shall determine that it may not lawfully continue to maintain the Loan at the Applicable Interest Rate to such date.

Section 2.9 Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement that is not otherwise included in the determination of the LIBOR Index Rate hereunder against assets of, deposits with or for the account of, or credit extended by, Lender (except any such reserve requirement reflected in the LIBOR Index Rate); or

(ii) impose on Lender or the eurodollar interbank market any other condition (other than Taxes) affecting this Agreement or the Loan;

and the result of the foregoing is to increase the cost to Lender of making, converting into, continuing or maintaining the Loan or to reduce the amount received or receivable by Lender hereunder (whether of principal, interest or any other amount), then Borrower shall promptly pay, upon written notice from and demand by Lender, within five Business Days after the date of such notice and demand, additional amount or amounts sufficient to compensate Lender for such additional costs incurred or reduction suffered.

(b) If Lender shall have determined that on or after the date of this Agreement any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on Lender's capital (or on the capital of Lender's parent corporation) as a consequence of its obligations hereunder to a level below that which Lender or Lender's parent corporation could have achieved but for such Change in Law (taking into consideration Lender's policies or the policies of Lender's parent corporation with respect to capital adequacy), then, from time to time, within five (5) Business Days after receipt by Borrower of written demand by Lender, Borrower shall pay to Lender such additional amounts as will compensate Lender or Lender's parent corporation for any such reduction suffered.

(c) A certificate of Lender setting forth the amount or amounts necessary to compensate Lender or its parent corporation, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to Borrower and shall be conclusive, absent manifest error. Borrower shall pay Lender such amount or amounts within 10 days after receipt thereof.

(d) Failure or delay on the part of Lender to demand compensation pursuant to this Section shall not constitute a waiver of Lender's right to demand such compensation.

Section 2.10 Payments Generally.

Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees, or of amounts payable under Sections 2.9 , 2.11 or 2.13, or otherwise) prior to 12:00 noon, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to Lender at its Payment Office. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be made payable for the period of such extension. All payments hereunder shall be made in Dollars.

Section 2.11 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law requires the deduction or withholding of any Tax from any such payment by a Loan Party (or its withholding agent), then the Loan Party (or its withholding agent) shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by Borrower. Without duplication of any payment made pursuant to any other provision of this Agreement, Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of Lender timely reimburse it for the payment of, any Other Taxes.

(c) Indemnification by Borrower. Without duplication of any payment made pursuant to any other provision of this Agreement, Borrower shall indemnify Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by Lender or required to be withheld or deducted from a payment to Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by Lender shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Taxes by Borrower or any other Loan Party to a Governmental Authority pursuant to this Section 2.11, Borrower or other Loan Party shall deliver to Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Lender.

(e) Status of Lender.

(i) If Lender is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document, Lender shall deliver to Borrower, at the time or times reasonably requested by Borrower, such properly completed and executed documentation reasonably requested by Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, Lender, if reasonably requested by Borrower, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by Borrower as will enable Borrower to determine whether or not Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.11(e) (ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that Borrower is a U.S. Borrower,

(A) any Lender that is a U.S. Person shall deliver to Borrower on or prior to the date on which such Lender becomes the Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower on or prior to the date on which such Foreign Lender becomes the Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN OR W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN OR W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a U.S. Tax Compliance Certificate and (y) executed originals of IRS Form W-8BEN OR W-8BEN-E; or

(4) to the extent a Foreign Lender is not the Beneficial Owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN OR W-8BEN-E, a U.S. Tax Compliance Certificate, and/or other certification documents from each Beneficial Owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed originals of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit Borrower to determine the withholding or deduction required to be made; and

(D) if a payment made to Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to Borrower at the time or times prescribed by law and at such time or times reasonably requested by Borrower such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrower as may be necessary for Borrower to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower in writing of its legal inability to do so.

(f) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.11 (including by the payment of additional amounts pursuant to this Section 2.11), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.11 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (f) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (f), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (f) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(g) Survival. Each party's obligations under this Section 2.11 shall survive the termination of the Commitment and the repayment, satisfaction or discharge of all obligations under any Loan Document.

Section 2.12 Hedging Transactions. Borrower may enter into a Hedging Transaction in connection with the Loan. In the event that Lender or an Affiliate of Lender provides a Hedging Transaction to Borrower, (i) the incremental exposure to Lender or such Affiliate shall be secured by the Collateral on a pro rata and pari passu basis with the Loan and (ii) in connection with any prepayment of the Loan, Borrower shall terminate, at Borrower's cost, the required portion of the Hedging Obligations. In the event that Borrower enters into any Hedging Transaction, Borrower shall cause a Collateral Assignment of Hedge to be duly executed by the applicable parties thereto within ten (10) days of execution of a Hedging Transaction.

Nothing herein constitutes an offer or recommendation to enter into any "swap" or trading strategy involving a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act. Any such offer or recommendation, if any, will only occur after Lender has received appropriate documentation from Borrower regarding whether Borrower is qualified to enter into a swap under Applicable Law.

Section 2.13 **Funding Indemnity.** In the event of any (a) payment of any principal of any portion of the Loan other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default) or (b) the failure by Borrower to borrow or prepay any portion of the Loan on the date specified in any applicable notice (regardless of whether such notice is withdrawn or revoked) then, in any such event, Borrower shall compensate Lender, within five (5) Business Days after written demand from Lender, for any loss, cost or expense attributable to such event. Such loss, cost or expense shall be deemed to include an amount determined by Lender to be the excess, if any, of (A) the amount of interest that would have accrued on the principal amount of such portion of the Loan if such event had not occurred at the LIBOR Index Rate applicable to the Loan for the period from the date of such event to the last day of the then current Interest Period therefor (or in the case of a failure to borrow for the period that would have been the Interest Period for such portion of the Loan) over (B) the amount of interest that would accrue on the principal amount of such portion of the Loan for the same period if the LIBOR Index Rate were set on the date such portion of the Loan was prepaid or the date on which Borrower failed to borrow such portion of the Loan. A certificate as to any additional amount payable under this Section 2.13 submitted to Borrower by Lender shall be conclusive, absent manifest error.

Section 2.14 **Mitigation of Obligations**. If Lender requests compensation under Section 2.9, or if Borrower is required to pay any additional amount to Lender or any Governmental Authority for the account of Lender pursuant to Section 2.11, then Lender shall use reasonable efforts to designate a different lending office for funding or booking its portion of the Loan hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of Lender, such designation or assignment (i) would eliminate or reduce amounts payable under Section 2.9 or Section 2.11, as the case may be, in the future and (ii) would not subject Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to Lender. Borrower hereby agrees to pay all reasonable costs and expenses incurred by Lender in connection with such designation or assignment.

ARTICLE III

CONDITIONS PRECEDENT TO LOAN

Section 3.1 **Conditions To Effectiveness**. The obligation of Lender to make the Loan shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.2):

(a) Lender shall have received payment of all fees, expenses and other amounts due and payable on or prior to the Closing Date, including, without limitation, reimbursement or payment of all out-of-pocket expenses of Lender, the Sole Lead Arranger and their Affiliates (including reasonable fees, charges and disbursements of counsel to Lender) required to be reimbursed or paid by Borrower hereunder, under any other Loan Document, the Fee Letter and under any agreement with Lender or the Sole Lead Arranger.

(b) Lender (or its counsel) shall have received the following, each to be in form and substance satisfactory to Lender:

(i) a counterpart of each of the Loan Documents signed by or on behalf of the parties thereto;

(ii) a certificate of the manager or managing member or Secretary or Assistant Secretary, as applicable, of each Loan Party, and the members of Borrower to the extent requested by Lender, attaching and certifying copies of its bylaws, or partnership agreement or limited liability company agreement, and of the resolutions of its boards of directors or other equivalent governing body, or comparable organizational documents and authorizations, authorizing the execution, delivery and performance of the Loan Documents to which it is a party and certifying the name, title and true signature of each officer or manager of such Loan Party executing the Loan Documents to which it is a party;

(iii) certified copies of the articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents of each Loan Party, and the members of Borrower to the extent requested by Lender, together with certificates of good standing or existence, as may be available from the Secretary of State of the jurisdiction of organization of such Loan Party or the applicable member of Borrower and each other jurisdiction where such party is required to be qualified to do business as a foreign corporation;

(iv) a favorable written opinion of counsel to the Loan Parties, addressed to Lender, and covering such matters relating to the Loan Parties, the Loan Documents and the transactions contemplated therein as Lender shall reasonably request;

(v) a certificate, dated the Closing Date and signed by a Responsible Officer, certifying that after giving effect to the funding of the Loan, (x) no Default or Event of Default exists, and (y) since the date of the financial statements of Borrower described in Section 4.4, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect only at Closing;

(vi) a duly executed funds disbursement agreement;

(vii) the Title Insurance Policy;

(viii) current "as-built" survey of the Property, dated or updated to a date not earlier than thirty (30) days prior to the Closing Date, certified to Lender and the title insurer, prepared by a surveyor licensed in the State of Arizona acceptable to Lender and the issuer of the mortgagee title insurance policy, and conforming to Lender's current standard survey requirements;

(ix) appropriate information on the past and present environmental, health and safety conditions at the Property, including without limitation a Phase I environmental site assessment report for the Property that (x) complies with the most recent ASTM 1527 standard, and (y) is prepared by an environmental consultant acceptable to Lender, and any further environmental assessment, testing, analysis, or reporting deemed necessary or desirable by Lender and showing results satisfactory to Lender. Lender may, based on site conditions, require appropriate documentation from an appropriate Governmental Authority on the current status and future activities and actions concerning environmental conditions at the Property;

(x) a current engineering report or property condition report with respect to the Property, covering, among other matters, inspection of heating ventilation, air conditioning and any other base building systems, roof and structural details and showing no failure of compliance with building plans and specifications, Applicable Laws (including requirements of the Americans with Disabilities Act, as amended) and fire safety and health standards;

(xi) an appraisal of the Property performed by an M.A.I. appraiser acceptable to Lender (an "**Appraisal**") which indicates a minimum leased fee value "as is" of $58,000,000.00;

(xii) an update to existing zoning letter or zoning report, dated not more than (30) days prior to the Closing Date, certified to Lender;

(xiii) copies of property and liability insurance policies maintained by Borrower, conforming to the requirements of Exhibit 5.5 hereof and otherwise in form and detail acceptable to Lender, in each case naming Lender as loss payee or additional insured, as the case may be, together with a lender's loss payable endorsement in form and substance satisfactory to Lender;

(xiv) flood hazard certification with respect to the Property, and, if applicable, evidence of flood insurance coverage conforming to the requirements of Exhibit 5.5 hereof, along with an executed Certificate of Flood Insurance Compliance in the form attached hereto as Exhibit 3.1.

(xv) a current rent roll of the Property, certified by Borrower, which rent roll shall include the following information: (a) Tenant names; (b) unit/suite numbers; (c) area of each demised premises and total area of the Property (stated in net rentable square feet); (d) rental rate (including escalations) (stated in gross amount and in amount per net rentable square foot per year); (e) Lease term (commencement, expiration and renewal options); (f) real property tax or common area and maintenance expense pass-throughs; and (g) security deposit;

(xvi) copy of the most recent tax bill for the Property;

(xvii) copies of service contracts;

(xviii) a copy of the Amazon Lease;

(xix) an estoppel certificate and subordination, non-disturbance and attornment agreement from AMAZON.COM.AZDC LLC, a Delaware limited liability company;

(xx) copies of existing certificates of occupancy for the Property; and

(xxi) a copy of the Management Agreement for the Property, certified by Borrower as being true, correct and complete.

Section 3.2 **Delivery of Documents**. All of the Loan Documents, certificates, legal opinions and other documents and papers referred to in this Article shall be delivered to Lender and shall be in form and substance satisfactory in all respects to Lender.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Lender as follows:

Section 4.1 **Existence; Power**. Borrower (i) is duly organized, validly existing and in good standing as a limited liability company under the laws of the jurisdiction of its organization, (ii) has all requisite power and authority to carry on its business as now conducted, and (iii) is duly qualified to do business, and is in good standing, in each jurisdiction where such qualification is required.

Section 4.2 **Organizational Power; Authorization**. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party are within such Loan Party's organizational powers and have been duly authorized by all necessary organizational, and if required, shareholder or member action. This Agreement has been duly executed and delivered by Borrower, and constitutes, and each other Loan Document to which any Loan Party is a party, when executed and delivered by such Loan Party, will constitute, valid and binding obligations of Borrower or such Loan Party (as the case may be), enforceable against it in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 4.3 **Governmental Approvals; No Conflicts**. The execution, delivery and performance by Borrower of this Agreement, and by each Loan Party of the other Loan Documents to which it is a party (a) do not require any consent or approval of, registration or filing with, or any action by, any Governmental Authority, except those as have been obtained or made and are in full force and effect or where the failure to do so, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, (b) will not violate any Applicable Law or the charter, by-laws or other organizational documents of Borrower or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, material agreement or other material instrument binding on Borrower or any of its assets or give rise to a right thereunder to require any payment to be made by Borrower and (d) will not result in the creation or imposition of any Lien on any asset of Borrower, except Liens (if any) created under the Loan Documents.

Section 4.4 **Financial Statements**. All financial data, including the statements of cash flow and income and operating expense, that have been delivered to Lender in respect of Borrower, Guarantor and the Property: (i) were true, complete and correct in all material respects when delivered, and remain true and correct in all material respects as of the Closing Date, (ii) accurately represent the financial condition of Guarantor and the Property as of the date of such reports, and (iii) have been prepared in accordance with standard accounting methods acceptable to Lender in its reasonable discretion, consistently applied. Borrower has no contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower, except as referred to or reflected in said financial statements covering the relevant period. Guarantor has no contingent liabilities, liabilities for taxes or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower or Guarantor, except as referred to or reflected in said financial statements covering the relevant period.

Section 4.5 **Litigation**. No litigation, investigation or proceeding of or before any arbitrators or Governmental Authorities is pending against or, to the knowledge of Borrower, threatened against or affecting Borrower (i) as to which there is a reasonable possibility of an adverse determination that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect or (ii) which in any manner draws into question the validity or enforceability of this Agreement or any other Loan Document. Borrower is not contemplating either the filing of a petition by it under any Debtor Relief Law or the liquidation of all or a major portion of its assets or property, and Borrower has no knowledge of any Person contemplating the filing of any such petition against it.

Section 4.6 **Compliance with Laws and Agreements**. Borrower and the Property are in compliance with (a) all Applicable Laws, judgments, decrees and orders of any Governmental Authority, including without limitation all Environmental Laws, in all material respects, and (b) all indentures, agreements, Leases, or other instruments binding upon it or them, except, in the case of this clause (b), where non-compliance, either singly or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. All approvals under Applicable Laws have been obtained and are valid and in full force and effect. None of the Property is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards.

Section 4.7 **Investment Company Act, Etc.** Borrower is not (a) an "investment company", as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, or (b) otherwise subject to any other regulatory scheme limiting its ability to incur debt.

Section 4.8 **Taxes.** Borrower has timely filed or caused to be filed all Federal income tax returns and all other material tax returns that are required to be filed by it, and has paid all taxes shown to be due and payable by it on such returns or on any assessments made against it or its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority, except where the same are not yet due or are currently being contested in good faith by appropriate proceedings and for which Borrower has set aside on its books adequate reserves in accordance with GAAP. The charges, accruals and reserves on the books of Borrower in respect of such taxes are adequate, and no tax liabilities that could be materially in excess of the amount so provided are reasonably anticipated.

Section 4.9 **Defaults.** No Default or Event of Default has occurred and is continuing.

Section 4.10 **Margin Regulations**. None of the proceeds of the Loan will be used, directly or indirectly, for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of such terms under Regulation U or for any purpose that violates the provisions of Regulation T, Regulation U or Regulation X. Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying "margin stock".

Section 4.11 **ERISA**. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Plans.

Section 4.12 [Intentionally Deleted].

Section 4.13 **Labor Relations**. There are no strikes, lockouts or other material labor disputes or grievances against Borrower, or, to Borrower's knowledge, threatened against or affecting Borrower, and no significant unfair labor practice, charges or grievances are pending against Borrower, or to Borrower's knowledge, threatened against it before any Governmental Authority. All payments due from Borrower pursuant to the provisions of any collective bargaining agreement have been paid or accrued as a liability on the books of Borrower, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 4.14 **No Subsidiaries**. Borrower does not have any Subsidiaries.

Section 4.15 **Insolvency**. After giving effect to the execution and delivery of the Loan Documents and the making of the Loan under this Agreement, as of the Closing, Borrower will not be "insolvent", within the meaning of such term as defined in Section 101 of the United States Code, as amended from time to time, to be unable to pay its debts generally as such debts become due, or have unreasonably small capital to engage in any business or transaction, whether current or contemplated.

Section 4.16 **Single Purpose Entity**. Until the Obligations have been paid in full, Borrower hereby represents, warrants and covenants that Borrower is, shall be and shall continue to be a single purpose entity as described in Section 5.17 hereof. If Borrower consists of more than one Person, each such Person shall be a single purpose entity.

Section 4.17 **Other Agreements**. Borrower is not a party to any agreement or instrument or subject to any court order, injunction, permit or restriction which might reasonably be expected to have a Material Adverse Effect. Borrower is not in violation of any agreement, which violation would have a Material Adverse Effect.

Section 4.18 **OFAC**. The Loan Parties have implemented and maintain in effect policies and procedures designed to ensure compliance by the Loan Parties, their Subsidiaries and Affiliates, and their respective directors, officers, employees and agents, with Anti-Corruption Laws and applicable Sanctions. The Loan Parties, their Subsidiaries and, to the knowledge of the Borrower, their Affiliates, their respective directors, officers, employees, and agents, are in compliance with Anti-Corruption Laws and applicable

Sanctions. None of (a) the Loan Parties, or (b) to the knowledge of Borrower, any Affiliate of the Loan Parties, or any of their respective directors, officers or employees, or any agent of the Loan Parties or any Subsidiary or Affiliate that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Loan, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

Section 4.19 Patriot Act. Neither any Loan Party nor any of its Subsidiaries is an "enemy" or an "ally of the enemy" within the meaning of Section 2 of the Trading with the Enemy Act or any enabling legislation or executive order relating thereto. Neither any Loan Party nor any of its Subsidiaries is in violation of (a) the Trading with the Enemy Act, (b) any of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or (c) the Patriot Act. None of the Loan Parties (i) is a blocked person described in Section 1 of Executive Order 13224 of the President of the United States or (ii) to the best of Borrower's knowledge, engages in any dealings or transactions, or is otherwise associated, with any such blocked person.

Section 4.20 Brokerage. Borrower has not dealt with any brokers or "finders" in connection with the Loan and no brokerage or "finders" fees or commissions are payable by or to any Person in connection with the Loan, other than Jones Lang LaSalle, who will be paid in full by the Borrower on the Effective Date.

Section 4.21 Leases. Borrower represents and warrants to Lender with respect to Leases that: (1) the rent roll delivered to Lender is true, correct and complete, and, to Borrower's knowledge, the Leases are valid and in full force and effect; (2) the Leases (including any and all amendments thereto) are in writing, and there are no oral agreements with respect thereto; (3) the copies of the Leases delivered to Lender are true, correct and complete; (4) to Borrower's knowledge, neither the landlord nor any Tenant is in default under any of the Leases; (5) Borrower has no knowledge of any notice of termination or default with respect to any Lease; (6) Borrower has not assigned or pledged any of the Leases, the rents or any interests therein except to Lender; (7) no Tenant or other party has any right or option to purchase all or any portion of the Property except as provided in its Lease; (8) no Tenant has the right to terminate its Lease prior to expiration of the stated term of such Lease except as provided in its Lease; and (9) no Tenant has prepaid more than one (1) month's rent in advance.

Section 4.22 Property Specific Representations.

(a) *Title.* Borrower has good, marketable, insurable and indefeasible fee simple title to the Property, subject to no liens or other encumbrances except Permitted Encumbrances, and there are no defaults by Borrower under any of the Permitted Encumbrances, which violation might reasonably be expected to have a Material Adverse Effect.

(b) *Separate Tax Parcel; Special Assessments*. The Property is comprised of one (1) or more parcels, each of which constitutes a separate tax lot and none of which constitutes a portion of any other tax lot. There are no pending or, to Borrower's knowledge, proposed, special or other assessments for public improvements or otherwise affecting the Property, nor are there any contemplated improvements to the Property that may result in such special or other assessments.

(c) *Transfer and Mortgage Taxes*. All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid under Applicable Law in connection with the transfer of the Property to Borrower have been paid or are being paid simultaneously herewith. All mortgage, mortgage recording, stamp, intangible or other similar tax required to be paid under Applicable Law in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Loan Documents, including, without limitation, the Security Instrument, have been paid or are being paid simultaneously herewith.

(d) *Purchase Options.* There are no outstanding options to purchase, rights of first refusal to purchase or rights of first offer to purchase affecting any part of the Property except as provided in the Leases.

(e) *Zoning.* Except as may be set forth in any zoning report delivered to Lender in connection with the closing of the Loan, the Property complies with all applicable zoning ordinances, regulations and restrictive covenants affecting the Property, and no special use permits are required for the current or anticipated use of the Property that have not been obtained.

(f) *Easement Rights.* Borrower has been granted all easements appropriate for the use and operation of the Property.

(g) *Utilities; Access.* All utility and municipal services necessary for the use and occupancy of the Property are available and have sufficient capacity to operate the Property for their intended purposes, including water supply, storm and sanitary sewer facilities, electricity and telephone facilities. All impact, connection or other requisite fees for such services have been paid. The Property has direct physical access to and from at least one public road.

(h) *Other Liens.* Borrower represents and warrants that except as otherwise provided in the Loan Documents, Borrower has made no contract or arrangement of any kind the performance of which by the other party thereto would give rise to a Lien on the Property.

ARTICLE V

AFFIRMATIVE COVENANTS

Borrower covenants and agrees that so long as any Obligation remains unpaid or outstanding:

Section 5.1 **Notices of Material Events**. Borrower will furnish to Lender prompt written notice of the following:

(a) the occurrence of any Event of Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or, to the knowledge of Borrower, affecting Borrower which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any event or any other development by which Borrower (i) fails to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) becomes subject to any Environmental Liability, (iii) receives written notice of any claim with respect to any Environmental Liability, or (iv) becomes aware of any basis for any Environmental Liability and in each of the preceding clauses, which individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

(d) the occurrence of any ERISA Event that could reasonably be expected to result in liability of Borrower;

(e) receipt by Borrower of any written notice from Amazon alleging or asserting that Borrower is in default under the Amazon Lease; and

(f) Copies of correspondence by and between Borrower and Amazon regarding the exercise or non-exercise of the First Extension Option (as defined in the Amazon Lease), including, (i) a copy of Borrower's notice to Amazon of its determination of Fair Market Rent (as defined in the Amazon Lease), and Amazon's notice to Borrower of its objections, if any, to such determination, and (ii) the First Extension Notice (as defined in the Amazon Lease).

Each notice delivered under this Section shall be accompanied by a written statement of a Responsible Officer setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 5.2 **Existence; Conduct of Business**. Borrower will do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence and its respective rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business and will continue to engage in the same business as presently conducted.

Section 5.3 **Compliance with Laws, Etc.** Borrower will comply in all material respects with all laws, rules, regulations and requirements of any Governmental Authority applicable to its business and the Property. The Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

Section 5.4 **Payment of Obligations.** Borrower will pay and discharge at or before maturity, all of its obligations and liabilities (including without limitation all tax liabilities and claims that could result in a statutory Lien) before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) Borrower has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

Section 5.5 **Insurance, Casualty and Condemnation.**

(a) Borrower shall maintain insurance in accordance with the requirements of Exhibit 5.5 and shall comply with the terms and conditions of Exhibit 5.5 with respect to casualty and condemnation and the other matters addressed therein.

(b) Borrower will take all actions required under the Flood Insurance Laws and/or requested by Lender to assist in ensuring that Lender is in compliance with the Flood Insurance Laws applicable to the Collateral, including providing Lender with the address of all improvements and other structures on the Property, and, to the extent required, obtaining flood insurance for such improvements, property, structures and contents (or applicable portion thereof) prior to such assets becoming Collateral (if applicable at such time), and thereafter maintaining such flood insurance in full force and effect for so long as required by the Flood Insurance Laws.

Section 5.6 **Taxes; Charges**. Borrower shall pay before any fine, penalty, interest or cost may be added thereto, and shall not enter into any agreement to defer, any and all Taxes imposed on it or the Property that may become a Lien upon the Property or become payable during the term of the Loan ("**Charges**"), and will promptly furnish Lender with evidence of such payment. Borrower shall not suffer or permit the joint assessment of the Property with any other real property constituting a separate tax lot or with any other real or personal property. Provided, however, that Borrower may contest the validity of such Charges so long as (i) Borrower notifies Lender that it intends to contest such claim or demand, (ii) Borrower provides Lender with an indemnity, bond or other security (including any reserve account established by Borrower) reasonably satisfactory to Lender (including an endorsement to the Title Insurance Policy insuring against such Charge) or otherwise in accordance with Applicable Laws against such Charge, including interest and penalties, (iii) Borrower shall promptly upon final determination thereof pay the amount of any such Charge, together with all costs, interest and penalties which may be payable in connection therewith, (iv) such proceeding shall suspend the collection of such contested Charge from the Property, and (v) Borrower is diligently contesting the same by appropriate legal proceedings in good faith and at its own expense and concludes such contest prior to the tenth (10^{th}) day preceding the earlier to occur of (1) the Maturity Date, or (2) the date on which the Property is scheduled to be sold for non-payment.

Section 5.7 **Taxes on Security**. Without duplication of any payment made pursuant to any other provision of this Agreement, Borrower shall pay all taxes, charges, filing, registration and recording fees, excises and levies payable with respect to the Note or the Liens created or secured by the Loan Documents, other than income, franchise and doing business taxes imposed on Lender or any other Excluded Taxes. If there shall be enacted any law (1) deducting the Loan from the value of the Property for the purpose of taxation, (2) affecting any Lien on the Property, or (3) changing existing laws of taxation of mortgages, deeds of trust, security deeds, or debts secured by real property, or changing the manner of collecting any such taxes, Borrower shall promptly pay to Lender, on demand, all taxes, costs and charges for which Lender is or may be liable as a result thereof; however, if such payment would be prohibited by law or would render the Loan usurious, then instead of collecting such payment, Lender may declare all amounts owing under the Loan Documents to be due and payable on a date not less than one hundred twenty (120) days after the delivery of notice thereof to Borrower.

Section 5.8 **Books and Records**. Borrower will keep proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities to the extent necessary to prepare the financial statements of Borrower as required by this Agreement.

Section 5.9 **Visitation and Inspection.** Subject to the provisions of any Lease, Borrower will permit any representative of Lender to visit and inspect the Property, to examine its books and records and to make copies and take extracts therefrom, and to discuss its affairs, finances and accounts with any of its officers and with its independent certified public accountants, all at such reasonable times and as often as

Lender may reasonably request after reasonable prior notice to Borrower; provided, that if an Event of Default shall have occurred and is continuing, no prior notice shall be required.

Section 5.10 **<u>Maintenance of Property</u>**. Borrower will observe and comply in all material respects with all Applicable Laws applicable to the ownership, use and operation of the Property. Borrower shall maintain the Property in good condition as a warehouse/distribution center and promptly repair any damage or casualty thereto. Subject to the provisions of any Lease, Borrower shall permit Lender and its representatives and employees, upon reasonable prior notice to Borrower, to enter upon and inspect the Property and conduct such environmental and engineering studies as Lender may require; provided, that such inspections and studies do not materially interfere with the use and operation of the Property or the rights of Tenants. Except during the occurrence and continuance of an Event of Default, invasive testing shall require the reasonable approval of Borrower.

Section 5.11 **<u>Leasing Requirements</u>.**

(a) Borrower shall comply with the terms and conditions of <u>Exhibit 5.11</u> with respect to the matters described therein.

(b) Borrower shall deposit with Lender on the date of Borrower's receipt thereof any and all termination fees or other similar funds paid by a Tenant in connection with any Tenant's election to exercise an early termination option contained in its respective Lease or otherwise at the Property (the "**<u>Termination Fee Deposit</u>**"). Any Termination Fee Deposit shall be held in the Re-Tenanting Account, to be disbursed in accordance with this Agreement.

Section 5.12 **<u>Mechanic's Liens and Stop Notices</u>**. Borrower shall pay when due all claims and demands of mechanics, materialmen, laborers and others which, if unpaid, might result in a mechanic's or materialman's or similar Lien and/or notice of pendency of action (each, a "**<u>Mechanic's Lien</u>**") being filed or recorded against Property or the assertion of a stop notice or similar claim ("**<u>Stop Notice</u>**") against Loan proceeds, and shall defend, indemnify and hold Lender harmless from all Mechanic's Liens and Stop Notices. If any Mechanic's Liens are filed, recorded or otherwise asserted against any portion of the Property, or if any such Stop Notices are asserted against Loan proceeds, Borrower shall, within ten (10) days of written demand, discharge or cause to be discharged such Mechanic's Lien and/or Stop Notice, and shall promptly obtain the dismissal of any proceedings for the enforcement thereof. Notwithstanding anything to the contrary contained herein or in any other Loan Documents, Borrower may contest in good faith the validity of any Mechanic's Lien or Stop Notice so long as (1) Borrower notifies Lender that it intends to contest such Mechanic's Lien or Stop Notice, (2) Borrower provides Lender with either (i) an endorsement to the Title Insurance Policy (insuring against such Mechanic's Lien and/or Stop Notice), (ii) a release bond or (iii) other security, in each case in such form and amount as are reasonably satisfactory to Lender, including Lender's estimate of interest, penalties and attorneys' fees, (3) such proceeding shall suspend the collection of such contested claim from the Property, (4) Borrower is diligently contesting the same by appropriate legal proceedings in good faith, at its own expense, and on its own behalf and on behalf of Lender and concludes such contest prior to the tenth (10th) day preceding the earlier to occur of the Maturity Date or the date on which the Property is scheduled to be sold for non-payment, and (5) Borrower timely pays any award, judgment or settlement in favor of such Mechanic's Lien or Stop Notice claimant.

Section 5.13 **<u>Appraisal</u>**. Upon the written request of Lender, Borrower shall assist Lender with obtaining a new or updated Appraisal. Borrower shall only be obligated to pay the cost of such a new or updated Appraisal once in any twenty-four (24) month period, unless an Event of Default has occurred and is continuing, in which case Borrower shall pay the cost of any and all new and updated Appraisals obtained by Lender. Lender shall provide a copy of any new or updated Appraisal to Borrower only if Borrower covered the cost of such new or updated appraisal.

Section 5.14 [Intentionally Deleted].

Section 5.15 **<u>Estoppel Certificates</u>**. Borrower, within ten (10) days after request, shall furnish to Lender a written statement, duly acknowledged, setting forth the amount due on the Loan, the terms of payment of the Loan, the date to which interest has been paid, whether any offsets or defenses exist against the Loan and, if any are alleged to exist, the nature thereof in detail, and such other matters as Lender reasonably may request. Notwithstanding the foregoing, in no event shall Lender be permitted to ask Borrower for such written statement more than once per calendar year.

Section 5.16 **<u>Further Assurances</u>.** Borrower will, and will cause each other Loan Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, Security Instruments and other documents), which may be required under any Applicable Law, or which Lender may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created by the Loan Documents or the validity or priority of any such Lien, all at the expense of Borrower. Borrower also agrees to provide to Lender, from time to time upon request, evidence reasonably satisfactory to Lender as to the perfection and priority of the Liens created or intended to be created by the Loan Documents.

Section 5.17 **<u>Single Purpose Entity</u>**. Borrower covenants and agrees that its organizational documents shall provide that it has not since its date of formation, and shall not:

(a) engage in any business or activity other than the acquisition, development, ownership, disposition, operation, leasing, managing and maintenance of the Property, and entering into the Loan Documents, and activities incidental thereto;

(b) acquire or own any material assets other than (i) the Property, and (ii) such incidental personal property as may be necessary for the ownership or operation of the Property;

(c) merge into or consolidate with any Person or, to the fullest extent permitted by Applicable Law, dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure;

(d) own any Subsidiary or make any investment in, any Person without the prior written consent of Lender;

(e) commingle its assets with the assets of any of its members, general partners, Affiliates, principals or of any other Person, participate in a cash management system with any other Person or fail to use its own separate stationery, telephone number, invoices and checks;

(f) incur any Indebtedness or Guarantees, other than (1) the Obligations, and (2) Permitted Indebtedness;

(g) (i) fail to maintain its records (including financial statements), books of account and bank accounts separate and apart from those of the members, general partners, principals and Affiliates of Borrower, the Affiliates of a member, general partner or principal of Borrower, and any other Person, (ii) permit its assets or liabilities to be listed as assets or liabilities on the financial statement of any other Person or (iii) include the assets or liabilities of any other Person on its financial statements;

(h) enter into any contract or agreement with any member, general partner, principal or Affiliate of Borrower (other than a business management services agreement with an Affiliate of Borrower, provided that (i) such agreement is reasonably acceptable to Lender, (ii) the manager, or equivalent thereof, under such agreement holds itself out as an agent of Borrower and (iii) the agreement meets the standards set forth in this subsection (h) following this parenthetical), except upon terms and conditions that are commercially reasonable, fair and substantially similar to those that would be available on an arms-length basis with third parties other than any member, general partner, principal or Affiliate of Borrower;

(i) fail to correct any known misunderstandings regarding the separate identity of Borrower, or any member, general partner, principal or Affiliate thereof or any other Person;

(j) guarantee or become obligated for the debts of any other Person or hold itself out to be responsible for the debts of another Person;

(k) make any loans or advances to any third party, including any member, general partner, principal or Affiliate of Borrower, or any member, general partner, principal or Affiliate thereof, and shall not acquire obligations or securities of any member, general partner, principal or Affiliate of Borrower, or any member, general partner, or Affiliate thereof;

(l) fail to file its own tax returns or be included on the tax returns of any other Person except as required by Applicable Law or to the extent it is a “disregarded entity” for tax purposes;

(m) fail either to hold itself out to the public as a legal entity separate and distinct from any other Person and not as a division or part of any other entity or to conduct its business solely in its own name or a name franchised or licensed to it by an entity other than an Affiliate of Borrower, in order not (i) to mislead others as to the identity with which such other party is transacting business, or (ii) to suggest that Borrower, is responsible for the debts of any third party (including any member, general partner, principal or Affiliate of Borrower, or any member, general partner, principal or Affiliate thereof);

(n) provided that the Property generates sufficient operating income to cause the same, fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations, provided this provision shall not be violated if the value of the Property becomes less than the outstanding balance of the Loan;

(o) share any common logo with or hold itself out as or be considered as a department or division of (i) any general partner, principal, member or Affiliate of Borrower, (ii) any Affiliate of a general partner, principal or member of Borrower, or (iii) any other Person;

(p) fail to allocate fairly and reasonably any overhead expenses that are shared with an Affiliate, including paying for office space and services performed by any employee of an Affiliate;

(q) pledge its assets for the benefit of any other Person, and with respect to Borrower, other than with respect to the Loan;

(r) fail to maintain a sufficient number of employees, if any, in light of its contemplated business operations;

(s) fail to hold its assets in its own name;

(t) fail to consider the interests of its creditors in connection with all corporate, limited liability company, limited partnership or trust, as applicable, actions to the extent permitted by Applicable Law; and

(u) have any of its obligations guaranteed by an Affiliate, other than as provided in the Loan Documents.

Section 5.18 Cash Management.

(a) Borrower shall be required to maintain all accounts of Borrower associated with the Property with Lender. Without limitation of the foregoing, Borrower shall have established and shall maintain (i) its primary operating account for the Property with Lender, designated as account number 1000164293721 (the "Operating Account"), (ii) a restricted depository account with Lender into which Tenants will be directed by Borrower to pay rents by ACH payment or wire transfer, designated as account number 1000164293747 (the "Collections Account"), and (iii) a restricted collateral account with Lender, designated as account number 1000164293754 (the "Master Disbursement Sweep Account"; and together with the Collections Account, the Operating Account and all other accounts maintained by Borrower in connection with the Loan, the "Accounts"). The Accounts shall not be co-mingled with each other or any other accounts or investments of Borrower or its owners or Affiliates. Borrower shall also have entered into the Collections Account Agreement, and Borrower shall cause all income relating to the Property to be transferred to and deposited in the Collections Account subject to the Collections Account Agreement and the Cash Management Agreement. Borrower shall pay for all expenses of opening and maintaining the Accounts.

(b) Prior to a Cash Flow Sweep Event, funds will be transferred on a daily basis from the Collections Account to the Operating Account pursuant to the terms of the Cash Management Agreement. Borrower shall have control over the Operating Account and may use funds in the Operating Account for any purpose, including making distributions to Borrower and its owners, subject to the terms of the Loan Documents. Upon the occurrence of a Cash Flow Sweep Event, control over funds in the Collections Account shall shift to Lender and funds in the Collections Account shall be directed to the Master Disbursement Sweep Account and applied in accordance with the terms of the Cash Management Agreement. Upon the occurrence of a Cash Flow Sweep Cure and provided that no other Cash Flow Sweep Event or any Event of Default exists, Lender will return control of the Collections Account to Borrower and any funds remaining in the Master Disbursement Sweep Account shall be transferred to the Collections Account.

(c) Borrower hereby grants to Lender a first priority security interest in each of the Accounts and all deposits at any time contained therein and the proceeds thereof and will take all actions necessary to maintain in favor of Lender a perfected first priority security interest in the Accounts, including, without limitation, executing and filing UCC financing statements and continuations thereof. This Agreement is, among other things, intended by the parties to be a security agreement for purposes of the Uniform Commercial Code. Borrower and Lender further agree that it is the intent of the parties that this Agreement is an authenticated record evidencing Lender's "control" of the Accounts (within the meaning of Section 9-104 of the Uniform Commercial Code as in effect in the State of New York).

Section 5.19 Re-Tenanting Reserve.

(a) Amounts deposited pursuant to this Section 5.19 are referred to herein as the "Re-Tenanting Funds" and the sub-account of the Master Disbursement Sweep Account in which such amounts are held by Lender shall hereinafter be referred to as the "Re-Tenanting Funds Account". Upon the occurrence of an Amazon Lease Renewal Trigger, all amounts remaining in the Master Disbursement Sweep Account after the disbursements set forth in Section 6(a) of the Cash Management Agreement, shall be held in the Re-Tenanting Funds Account, for disbursement in accordance with the terms of this Section 5.19. Provided no Event of Default shall have occurred and is continuing, the Re-Tenanting Funds shall be made available to the Borrower to pay, or reimburse Borrower for payment of, Leasing Commissions and Tenant Improvements, subject to the satisfaction of the conditions set forth in this Section 5.19.

(b) If the balance of the Re-Tenanting Funds Account on the earlier of (i) the effective date on which the Amazon Lease terminates, or (ii) September 30, 2019, is less than $3,300,000.00, then within ten (10) days after the earlier to occur of such dates, Borrower shall deposit, or cause to be deposited, with Lender additional Re-Tenanting Funds in the amount equal to $3,300,000.00 minus the amount then held in the Re-Tenanting Funds Account (the "Re-Tenanting Additional Deposit") and minus any amounts previously paid for Leasing Commissions and Tenant Improvements reasonably approved by Lender for any Approved Replacement Leases. The Re-Tenanting Additional Deposit shall be held in the Re-Tenanting Funds Account.

(c) Upon execution of an Approved Replacement Lease, Borrower shall provide evidence reasonably satisfactory to Lender of the amount of the costs the Tenant Improvements and Leasing Commissions to be paid or reimbursed by Borrower with respect to the Approved Replacement Lease (including, executed leasing commission agreements and executed contracts for completion of the Tenant Improvements) (the "Approved Replacement Lease Re-Tenanting Costs"). If at any time the Approved Replacement Lease Re-Tenanting Costs for Approved Replacement Leases covering the entire premises exceed the balance of the Re-Tenanting Funds Account ("TI/LC Shortfall"), Borrower shall pay the Approved Replacement Lease Re-Tenanting Costs, up to the amount of the TI/LC Shortfall, prior to the disbursement of Re-Tenanting Funds. Lender shall have no obligation to disburse the Re-Tenanting Funds for amounts paid by Borrower for Approved Replacement Lease Re-Tenanting Costs to the extent of the TI/LC Shortfall. Borrower shall provide evidence reasonably satisfactory to Lender that Approved Replacement Lease Re-Tenanting Costs in the amount of the TI/LC Shortfall have been completed and have been paid for in full by the Borrower.

(d) Lender shall disburse to Borrower the Re-Tenanting Funds to pay, or reimburse Borrower for payment of, Leasing Commissions and Tenant Improvements in connection with an Approved Replacement Lease upon satisfaction by Borrower of each of the following conditions:

(i) Borrower shall submit a request for payment to Lender at least twenty (20) days prior to the date on which Borrower requests such payment be made and specifies the costs of Tenant Improvements (or portion thereof) and Leasing Commissions to be paid or reimbursed with respect to the applicable Approved Replacement Lease;

(ii) on the date such request is received by Lender and on the date such payment or reimbursement is to be made, no Event of Default shall remain outstanding;

(iii) Lender shall have received and, if applicable, approved, a budget for the cost of the Tenant Improvements and a schedule of Leasing Commission payable in connection with the Approved Replacement Lease, provided no approval is required if the Leasing Commission and Tenant Improvements are consistent with then market terms and the requested disbursement will be used to pay all or a portion of such costs and payments;

(iv) Lender shall have received a certificate executed on behalf of the Borrower by a Responsible Officer (A) stating that all Tenant Improvements (or the portion thereof completed to date) to be funded by the requested disbursement have been completed in a good and workmanlike manner and in accordance with all Applicable Laws, such certificate to be accompanied by a copy of any material license, permit or other approval required by any Governmental Authority in connection with such Tenant Improvements (if available, in the case of partially completed Tenant Improvements), (B) identifying (1) each Person that supplied materials or labor in connection with the Tenant Improvements to be funded by the requested disbursement pursuant to a written or oral agreement with Borrower and (2) each Person that provided brokerage services in connection with the Leasing Commissions to be funded by the requested disbursement, and (C) stating that each such Person has been paid in full to date or will be paid in full to date upon such disbursement, such certificate to be accompanied by lien waivers or other evidence of payment satisfactory to Lender in the case of Tenant Improvements and commission statements evidencing such payment in the case of Leasing Commissions;

(v) at Lender's option, a title search for the Property indicating that the Property is free from all liens, claims and other encumbrances not previously approved by Lender;

(vi) in the case of the final disbursement of Re-Tenanting Funds for Tenant Improvements in connection with an Approved Replacement Lease, Lender shall have received an estoppel certificate, commencement date letter or completion certificate signed and acknowledged by the applicable Replacement Tenant stating that (A) all work required to be performed by Borrower have been completed in accordance with the applicable Approved Replacement Lease and has been accepted by the applicable Replacement Tenant or (B) all work required to be performed by such Tenant has been completed and a reimbursement of the amount specified in such estoppel certificate, commencement date letter or completion certificate is due to the applicable Replacement Tenant pursuant to the applicable Approved Replacement Lease;

(vii) Lender shall have received such other evidence as Lender may reasonably request that (A) the Tenant Improvements (or portion thereof) to be funded by the requested disbursement have been completed and are paid for or will be paid for in full upon such disbursement to Borrower and (B) the Leasing Commissions (or portion thereof) to be funded by the requested disbursement have been paid for or will be paid for in full upon such disbursement to Borrower. Lender shall not be required to disburse Re-Tenanting Funds more frequently than once each calendar month.

(e) Provided no Cash Flow Sweep Event shall have occurred and is continuing, any Re-Tenanting Funds remaining after the Approved Replacement Lease Start Date for all Approved Replacement Leases covering the entire premises, shall be disbursed to the Operating Account. If a Cash Flow Sweep Event shall have occurred and is continuing, any Re-Tenanting Funds remaining after the Approved Replacement Lease Start Date for all Approved Replacement Leases covering the entire premises, shall be held in the Master Disbursement Sweep Account and disbursed in accordance with the Cash Management Agreement.

(f) All reasonable out-of-pocket costs and expenses incurred by Lender in connection with holding and disbursing the Re-Tenanting Funds shall be paid by Borrower.

Section 5.20 Approved Re-Leasing Plan. Within twenty four (24) months after the date of the termination of the Amazon Lease, Borrower will deliver to Lender an Approved Re-Leasing Plan, unless prior to such date Borrower shall have delivered to Lender either (a) Approved Replacement Leases sufficient to cause the Debt Service Coverage Ratio to be greater than 1.25 to 1.00, or (b) Approved Replacement Leases covering the entire premises.

ARTICLE VI

FINANCIAL COVENANTS AND REPORTING

Section 6.1 Financial Statements and Other Information. Borrower will deliver to Lender:

(a) as soon as available and in any event forty-five (45) days after the end of each fiscal quarter of Borrower, a balance sheet of Borrower, and an operating statement for the Property on a year-to-date basis, all certified by Borrower;

(b) commencing upon the earlier of (i) a Cash Flow Sweep Event, or (ii) fiscal year 2017, as soon as available and in any event within ninety (90) days after the end of each fiscal year of Borrower, a detailed operating budget for the next fiscal year forecasting revenue, operating costs and capital expenses for the Property, which operating budget shall not be subject to Lender’s approval, except that during a Cash Flow Sweep Event, the budget shall be subject to the reasonable approval of the Lender;

(c) within ninety (90) days after the end of each fiscal year of Hines Global REIT II, its audited consolidated balance sheet and related statements of operations, stockholders’ equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Deloitte LLP or other independent public accountants of recognized national standing (without a “going concern” or like qualification, commentary or exception arising out of the scope of the audit, or without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of Hines Global REIT II and its consolidated subsidiaries, including Borrower, on a consolidated basis in accordance with GAAP consistently applied; and

(d) such other reports, data, information and certificates as Lender may reasonably request with respect to Borrower and the Property.

Section 6.2 Debt Service Coverage Ratio. Commencing on December 31, 2016 and thereafter on each June 30th and December 31st during the term of the Loan, the Borrower shall, within forty-five (45) days thereafter, deliver to Lender a Compliance Certificate setting forth the Debt Service Coverage Ratio calculated as of June 30th and December 31st, as applicable. For purposes of determining Net Operating Income, the “annualized revenue” (i) for the calculation as of each June 30th, shall be the sum of gross revenue from the Property for the six month period ending June 30th, multiplied by two (2), and (i) for the calculation as of each December 31st, shall be the sum of gross revenue from the Property for the twelve month period ending December 31st. Notwithstanding the foregoing, Borrower shall not be required to deliver a Compliance Certificate pursuant to this Section 6.2 from and after the date the Re-Tenanting Additional Deposit is paid to Lender.

ARTICLE VII

NEGATIVE COVENANTS

Borrower covenants and agrees that so long as any Obligation remains unpaid or outstanding:

Section 7.1 Due on Sale and Encumbrance; Transfers of Interests. Without the prior written consent of Lender, which may be withheld in its sole discretion, the Loan shall become due and payable upon the occurrence of any Transfer (as defined below), except for Permitted Encumbrances and Permitted Transfers. Without limiting the foregoing, other than with respect to a Permitted Transfer, without the prior written consent of Lender:

(a) neither Borrower nor any other Person having a legal or beneficial ownership or economic interest in Borrower shall: (i) Transfer, directly or indirectly, any interest in the Property or any part thereof, any Collateral or any other asset of Borrower, or mortgage, pledge or assign any other asset of Borrower, except for Permitted Encumbrances or Distributions permitted under this Agreement; (ii) further encumber, alienate, grant a lien or grant any other interest in the Property or any part thereof, whether voluntarily or involuntarily, except for Permitted Encumbrances; (iii) enter into any easement or other agreement granting rights in, or restricting the use or development of, the Property, except for Permitted Encumbrances; or (iv) permit any partition of the Property;

(b) except for a Permitted Transfer, neither Borrower nor any other Person having a beneficial ownership or economic interest in Borrower shall Transfer, directly or indirectly, any ownership or economic interest in Borrower, or encumber, alienate, grant a lien or grant any other interest in any ownership or economic interest in Borrower, whether voluntarily or involuntarily; and

(c) except for a Permitted Transfer, no new general partner, limited partner, manager or member having the ability to control the affairs of Borrower shall be admitted to or created in Borrower (nor shall any existing general partner, controlling limited partner, manager, managing member or controlling member withdraw from Borrower), and no change in Borrower's organizational documents relating to control over Borrower and/or the Property shall be effected that would have the effect of changing the control, direct or indirect, of Borrower.

As used in this Section and in the definition of Permitted Transfer, the term "**Transfer**" shall include the sale, transfer, conveyance, mortgage, pledge or assignment of (i) the Property or any part thereof, or any direct legal or beneficial interest therein; or (ii) any ownership interest in Borrower, or any direct or indirect owner of Borrower, direct or indirect, legal or equitable. In connection with any Transfer that is permitted hereunder, Borrower and any transferee shall cooperate and comply (at Borrower's or such transferee's expense) with all necessary "know your customer" or other similar checks under all Applicable Laws applicable to Lender. The term "**Transfer**" shall not include leasing of space within the Property, so long as Borrower complies with the provisions of the Loan Documents relating to such leasing activity.

Section 7.2 **Limitation on Indebtedness**. Borrower (and each general partner in Borrower, if any) shall not, without the prior consent of Lender, incur any Indebtedness other than (a) the Loan, (b) customary trade debt, account payables, financing for equipment, supplies and personal property, leasing commissions and tenant improvement costs in the ordinary course of its business of owning and operating the Property, provided that such debt (i) is not evidenced by a note, (ii) is paid at least five (5) days prior to delinquency, and (iii) is payable to trade creditors and in amounts as are normal and reasonable under the circumstances, and (c) Hedging Obligations related to the Loan to the extent required or permitted hereunder ("**Permitted Indebtedness**").

Section 7.3 **Liens.** Borrower will not create, incur, assume or suffer to exist any Lien on any of its assets or property now owned or hereafter acquired, except:

(a) Liens securing the Obligations;

(b) Permitted Encumbrances;

(c) purchase money Liens upon or in any fixed or capital assets to secure the purchase price or the cost of construction or improvement of such fixed or capital assets or to secure Indebtedness incurred solely for the purpose of financing the acquisition, construction or improvement of such fixed or capital assets (including Liens securing any Capital Lease Obligations); provided that (i) any such Lien secures Indebtedness permitted by Section 7.2, (ii) any such Lien attaches to such asset concurrently or within 90 days after the acquisition or the completion of the construction or improvements thereof, (iii) any such Lien does not extend to any other asset, and (iv) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets; and

(d) extensions, renewals, or replacements of any Lien referred to in subsections (b) through (c) of this Section; provided that the principal amount of the Indebtedness secured thereby is not increased and that any such extension, renewal or replacement is limited to the assets originally encumbered thereby.

Section 7.4 **Control; Management**. Borrower shall not, without the prior written consent of Lender (which consent shall not be unreasonably withheld, conditioned or delayed): (i) execute the Property Management Agreement, (ii) upon execution of an approved Property Management Agreement, surrender, terminate or cancel the Property Management Agreement, or otherwise replace Property Manager, or enter into any other management agreement or leasing agreement with respect to the Property; (ii) reduce or consent to the reduction of the term of the Property Management Agreement; (iii) increase or consent to the increase of the amount of any charges under, or Borrower's obligations under, the Property Management Agreement; or (iv) otherwise modify, change, supplement, alter or amend, or waive or release any of its rights and remedies under, the Property Management Agreement in any material respect. The Property Manager (and any successor that may be approved by Lender) shall hold and maintain all necessary licenses, certifications and permits required by Applicable Law. Borrower shall fully perform all of its covenants, agreements and obligations under the Property Management Agreement and shall cause the Property Manager to enter into a Subordination of Management Agreement upon execution of the Property Management Agreement. Without Lender's prior approval, no management fee payable to a Property Manager which is an Affiliate of Borrower may exceed three percent (3%) of actual operating revenues, plus customary reimbursable expenses.

Section 7.5 **Transactions with Affiliates**. Without the prior written consent of Lender, which consent shall not be unreasonably withheld, Borrower shall not engage in any transaction affecting the Property with an Affiliate of Borrower, except (i) in the ordinary course of its business and on terms which are intrinsically fair, commercially reasonable and are no less favorable to it than would be obtained in a comparable arm's-length transaction with an unrelated third party and (ii) Tax Distributions.

Section 7.6 **Government Regulation**. Borrower will not (a) be or become subject at any time to any foreign asset control, anti-terrorism, money laundering or other similar law, regulation or list of any Governmental Authority of the United States (including, without limitation, the OFAC list) that prohibits or limits Lender from making any advance or extension of credit to Borrower or from otherwise conducting business with the Loan Parties, or (b) fail to provide documentary and other evidence of the identity of the Loan Parties as may be requested by Lender at any time to enable Lender to verify the identity of the Loan Parties or to comply with any Applicable Law, including, without limitation, Section 326 of the Patriot Act at 31 U.S.C. Section 5318. The Borrower will not, directly or indirectly, use the proceeds of the Loan or other extensions of credit hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loan or other extensions of credit hereunder, whether as underwriter, advisor, investor, or otherwise). No part of the proceeds of the Loan or other extensions of credit hereunder will be used, directly or indirectly, in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of applicable Anti-Corruption Laws.

Section 7.7 **Hedging Transactions**. Borrower will not enter into any Hedging Transactions, other than (a) Hedging Transactions required or allowed by Section 2.12 and (b) Hedging Transactions entered into in the ordinary course of business to hedge or mitigate risks to which Borrower is exposed in the conduct of its business or the management of its liabilities. Solely for the avoidance of doubt, Borrower acknowledges that a Hedging Transaction entered into for speculative purposes or of a speculative nature (which shall be deemed to include any Hedging Transaction under which Borrower is or may become obliged to make any payment (i) in connection with the purchase by any third party of any common stock or any Indebtedness or (ii) as a result of changes in the market value of any common stock or any Indebtedness) is not a Hedging Transaction entered into in the ordinary course of business to hedge or mitigate risks.

Section 7.8 **Limitations on Distributions.** Following the delivery by Lender to Borrower of notice of the existence of an Event of Default, and during the continuance of such Event of Default, Borrower shall not distribute any money or other property to any partner or other direct or indirect owner of Borrower, whether in the form of earnings, income or other proceeds from the Property, nor shall Borrower repay any principal or interest on any loan or other advance made to Borrower by any partner or other direct or indirect owner of Borrower, nor shall Borrower loan or advance any funds to any such partner or other direct or indirect owner of Borrower (any of the foregoing, a "**Distribution**").

Section 7.9 **Impairment of Security**. The Borrower shall take no willful or intentional action which shall materially impair in any manner the value of the Property or the validity, priority or enforceability of the Security Instrument.

Section 7.10 **Conditional Sales**. Borrower shall not incorporate in the Property any property acquired under a conditional sales contract, or lease, or as to which the vendor retains title or a security interest, without the prior written consent of Lender.

ARTICLE VIII

EVENTS OF DEFAULT

Section 8.1 **Events of Default**. The term "**Event of Default**", as used in this Agreement shall mean the occurrence or happening, from time to time, of any one or more of the following:

(a) *Payment at Maturity.* Borrower shall fail to pay all outstanding Obligations on the Maturity Date.

(b) *Other Payment Defaults*. Borrower shall fail to pay (i) any principal of the Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment or otherwise, or (ii) any interest on the Loan or any fee or any other amount payable under this Agreement or any other Loan Document (except amounts described under the preceding clause (b)(i) or subsection (a) of this Section), when and as the same shall become due and payable, and as to any such failure described in this clause (b)(ii), such failure shall continue unremedied for a period of three (3) Business Days.

(c) *Representations and Warranties.* Any representation or warranty made or deemed made by or on behalf of a Loan Party in or in connection with this Agreement or any other Loan Document (including the Schedules attached thereto), or in any amendments or modifications hereof or waivers hereunder, or in any certificate, report, financial statement or other document submitted to Lender by any Loan Party or any representative of any Loan Party pursuant to or in connection with this Agreement or any other Loan Document shall prove to be incorrect in any material respect when made or deemed made or submitted.

(d) *Certain Covenants.* Borrower shall fail to observe or perform any covenant or agreement contained in Section 5.1, Section 5.12, Section 5.17, Section 6.1, Section 6.2, Section 7.1, Section 7.2, Section 7.3, Section 7.4, Section 7.10, or a Guarantor shall fail to observe or perform any covenant or agreement contained in Section 5 of the Guaranty.

(e) *Compliance with Covenants.* Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement or in any of the other Loan Documents (other than those referred to in clauses (a), (b), (c) and (d) above), and the continuance of such failure for thirty (30) days (or such shorter period provided in any other Loan Document) after notice by Lender to Borrower; provided, however, that, subject to any shorter period for curing any failure by Borrower as specified in any of the other Loan Documents, Borrower shall have an additional period of time as is reasonably necessary to cure such failure if: (1) such failure does not involve the failure to make payments on a monetary obligation; (2) such failure cannot reasonably be cured within thirty (30) days; (3) Borrower is diligently undertaking to cure such default; and (4) Borrower has provided Lender with security reasonably satisfactory to Lender against any interruption of payment or impairment of Collateral as a result of such continuing failure; provided, however that such additional cure period shall not exceed ninety (90) days.

(f) *Insurance*. Borrower shall fail to maintain insurance as required under Section 5.5 of this Agreement.

(g) *Voluntary Proceeding*. A Loan Party shall (i) commence a voluntary case or other Proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a custodian, trustee, receiver, liquidator or other similar official of it or any substantial part of its property, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any Proceeding or petition described in clause (i) of this subsection, (iii) apply for or consent to the appointment of a custodian, trustee, receiver, liquidator or other similar official for such Loan Party or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such Proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take any action for the purpose of effecting any of the foregoing.

(h) *Involuntary Proceeding.* An involuntary Proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of a Loan Party or its debts, or any substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) the appointment of a custodian, trustee, receiver, liquidator or other similar official for a Loan Party or for a substantial part of its assets, and in any such case, such Proceeding or petition shall remain undismissed for a period of ninety (90) days or an order or decree approving or ordering any of the foregoing shall be entered.

(i) [Intentionally Deleted]

(j) *ERISA Event*. An ERISA Event shall have occurred that, in the opinion of Lender, when taken together with other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect.

(k) *Monetary Judgments.* Any judgment or order for the payment of money in excess of $500,000.00 in the aggregate shall be rendered against a Loan Party, and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be a period of thirty (30) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

(l) *Non-Monetary Judgments.* Any non-monetary judgment or order shall be rendered against a Loan Party that could reasonably be expected to have a Material Adverse Effect, and there shall be a period of thirty (30) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

(m) *Levy.* Any execution or attachment shall be levied against any of the Property, and such execution or attachment is not set aside, discharged or stayed within thirty (30) days after the same is levied.

(n) *Other Indebtedness.* Borrower (whether as primary obligor or as guarantor or other surety) shall fail to pay any principal of, or premium or interest on, any indebtedness that is outstanding, when and as the same shall become due and payable (whether at scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument evidencing or governing such indebtedness; or any other event shall occur or condition shall exist under any agreement or instrument relating to such indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or permit the acceleration of, the maturity of such indebtedness; or any such indebtedness shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or any offer to prepay, redeem, purchase or defease such indebtedness shall be required to be made, in each case prior to the stated maturity thereof; or a default shall occur under any other mortgage, deed to secure debt, deed of trust or security agreement conveying or encumbering the Property, including any Permitted Encumbrances.

(o) *Change of Control*. Any Change of Control shall occur unless expressly and in writing consented to by Lender.

(p) *Transfers*. The Transfer of all or any part or the Property, or any interest therein, or of any direct or indirect interest in Borrower, in any such case in violation of Section 7.1 of this Agreement.

(q) *Validity of Loan Documents*. Any of the Loan Documents ceases to be a legal, valid and binding agreement enforceable against any Loan Party in accordance with the terms of such Loan Document or is in any way terminated (except in accordance with its terms) or becomes or is declared ineffective or inoperative or is in any way challenged or contested by a Loan Party, or any Affiliate of a Loan Party, or ceases to give or provide the respective Liens, security interests, rights, titles, interests, remedies, powers or privileges intended to be created thereby.

(r) *Death or Incompetency of Guarantor*. The death or declaration of incompetency of any Guarantor that is a natural person unless within thirty (30) days after the death or declaration of incompetency of such Guarantor, a substitute guarantor acceptable to Lender shall have executed a supplemental Guaranty, Environmental Indemnification Agreement and other documentation in form and substance acceptable to Lender.

Section 8.2 Remedies. Upon the occurrence of an Event of Default (other than an event with respect to Borrower described in clause (g) or (h) of Section 8.1), and at any time thereafter during the continuance of such Event of Default, Lender at its election may (but shall not be obligated to) without notice, exercise any and all rights and remedies afforded by this Agreement, the other Loan Documents, Applicable Law, equity or otherwise, including (a) declaring the Obligations immediately due and payable; (b) reducing any claim to judgment; (c) obtaining appointment of a receiver (to which Borrower hereby consents) and/or judicial or nonjudicial foreclosure under the Security Instrument; (d) terminating Lender's Commitment; (e) in its own name or in the name of Borrower, entering into possession of the Property, leasing and operating the Property, performing all work and constructing improvements; and (f) setting-off and applying, to the extent thereof and to the maximum extent permitted by Applicable Law, any and all deposits, funds, or assets at any time held and any and all other indebtedness at any time owing by Lender to or for the credit or account of Borrower against the Obligations; provided that, if an Event of Default specified in either clause (g) or (h) of Section 8.1 shall occur, the principal of the Loan then outstanding, together with accrued interest thereon, and all fees, and all other Obligations shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower.

Borrower hereby appoints Lender as Borrower's attorney-in-fact, which power of attorney is irrevocable and coupled with an interest, with full power of substitution if Lender so elects, to do any of the following in Borrower's name upon the occurrence of an Event of Default: (i) endorse the name of Borrower on any checks or drafts representing proceeds of any insurance policies, or other checks or instruments payable to Borrower with respect to the Property; (ii) prosecute or defend any action or proceeding incident to the Property; (iii) pay, settle, or compromise all bills and claims regarding the Property;

(iv) perform the obligations and exercise the rights of Borrower under all Leases, guaranties and other agreements to which it is a party or by which the Property is bound, enter into Leases, guaranties and other agreements regarding the Property and pay all leasing, operating and capital expenses of the Property; and (v) take over and use all or any part of the labor, materials, supplies and equipment contracted for, owned by, or under the control of Borrower, whether or not previously incorporated into the improvements located on the Property. Lender shall not have any liability to Borrower for the sufficiency or adequacy of any such actions taken by Lender.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications to any party herein to be effective shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail as follows:

To Borrower:
HGREIT II Goodyear Crossing LLC
c/o Hines Advisors Limited Partnership
2800 Post Oak Boulevard, Suite 4800
Houston, Texas 77056
Attn: Kevin McMeans

with copy to:
HGREIT II Goodyear Crossing LLC
c/o Hines Advisors Limited Partnership
2800 Post Oak Boulevard, Suite 4800
Houston, Texas 77056
Attn: Jason P. Maxwell – General Counsel

with copy to:
Baker Botts L.L.P.
2001 Ross Avenue, Suite 600
Dallas, Texas 75201
Attn: Jonathan W. Dunlay

To Lender:
SunTrust Bank
CRE Atlanta Middle Office
Attn: Middle Office Hub Team Lead
Mail Code: GA-Atlanta-0081
1155 Peachtree Street, N.E., Suite 300
Atlanta, GA 30309

With a copy to (for information purposes only):
Sutherland Asbill & Brennan LLP
999 Peachtree Street, Suite 2300
Atlanta, GA 30309-3996

Attn: William Rothschild

Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto. All such notices and other communications shall be effective, when transmitted by overnight delivery, one (1) Business Day after the date on which the notice is deposited with a recognized overnight courier service; or if mailed, upon the third (3rd) Business Day after the date deposited into the mails or if hand-delivered, upon delivery; provided, that notices delivered to Lender shall not be effective until actually received by Lender at its address specified in this Section 9.1.

(b) Any agreement of Lender herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of Borrower. Lender shall be entitled to rely on the authority of any Person purporting to be a Person authorized by Borrower to give such notice and Lender shall not have any liability to Borrower or other Person on account of any action taken or not taken by Lender in reliance upon such telephonic or facsimile notice. The obligation of Borrower to repay the Loan and all other Obligations hereunder shall not be affected in any way or to any extent by any failure of Lender to receive written confirmation of any telephonic or facsimile notice or the receipt by Lender of a confirmation which is at variance with the terms understood by Lender to be contained in any such telephonic or facsimile notice.

Section 9.2 Partial Release.

(a) In the event Amazon has extended the Amazon Lease for a term of not less than ten (10) years and providing for Rents sufficient to cause the Debt Service Coverage Ratio to be greater than 1.25 to 1.00, or Lender has approved other Leases of the Property (including the Amazon Lease for less than all of the premises) for a term of not less than ten (10) years pursuant to Exhibit 5.11 which provide Rents sufficient to cause the Debt Service Coverage Ratio to be greater than 1.25 to 1.00, Lender will release (the "Partial Release") the Unimproved Property from the lien of the Security Instrument upon Borrower's request and satisfaction of all the following conditions:

(i) Borrower's request for the Partial Release shall be given to Lender in writing and no later than forty-five (45) days preceding the date such Partial Release is requested;

(ii) The Unimproved Property and the remaining portion of the Property encumbered by the Security Instrument after the release of the Unimproved Property (the "Remaining Property") must be split into separate tax parcels;

(iii) No Event of Default or event which, but for the passage of time, the giving of notice or both would constitute an Event of Default, shall have occurred and be continuing;

(iv) Neither the release of the Release Parcel from the lien of the Security Instrument nor the foreclosure of the Security Instrument on the Remaining Property would violate (or cause any of the Remaining Property to violate) any applicable zoning, subdivision or other applicable law;

(v) Borrower shall deliver an endorsement to the Title Insurance Policy at Borrower's expense insuring the priority of the Security Instrument as a first lien on the Remaining Property;

(vi) Borrower shall grant, as an appurtenance to the Remaining Property, any easement rights over the Release Parcel for the benefit of the Remaining Property that Lender may reasonably request and which is consistent with Lender's then current underwriting standards for the maintenance, operation and improvement of the Remaining Property;

(vii) Borrower shall have paid or reimbursed Lender for all expenses incurred by Lender in connection with the Partial Release (including without limitation, attorneys' fees, title insurance costs, appraisal fees, recording costs and trustee's fees);

(viii) Borrower shall submit partial release instruments, prepared at Borrower's expense, in form and substance satisfactory to Lender;

(ix) Borrower shall have provided evidence and documentation reasonably satisfactory to Lender that (A) that the Release Parcel will be assessed as a separate tax parcel with respect to all Taxes and assessments, (B) that the Remaining Property will comply with all federal, state, and local environmental, land use and zoning laws (including minimum lot size, minimum parking requirements, setback requirements, lot coverage ratios, frontage, subdivision, site plan approval and access to a public right of way), (C) that access to the Remaining Property following the Partial Release to any previously dedicated streets and utilities shall not be impaired, and (D) that all required notices have been given and consents obtained in connection with the proposed Partial Release, including the consent of the Guarantor and all Tenants under Leases; and

(x) Borrower shall have provided evidence and documentation reasonably satisfactory to Lender that the future development and use of the Release Parcel will not directly compete with the use of the Remaining Property and will not negatively impact the value of the Remaining Property.

Section 9.3 Waiver; Amendments.

(a) No failure or delay by Lender in exercising any right or power hereunder or under any other Loan Document, and no course of dealing between Borrower and Lender, shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power hereunder or thereunder. The rights and remedies of Lender hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies provided by Applicable Law. No waiver of any provision of this Agreement or of any other Loan Document or consent to any departure by Borrower therefrom shall in any event be effective unless the same shall be permitted by subsection (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of any advance under the Loan shall not be construed as a waiver of any Default or Event of Default, regardless of whether Lender may have had notice or knowledge of such Default or Event of Default at the time.

(b) No amendment or waiver of any provision of this Agreement or the other Loan Documents, nor consent to any departure by Borrower therefrom, shall in an event be effective unless the same shall be in writing and signed by Borrower and Lender and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 9.4 **Expenses; Indemnification.**

(a) Borrower shall pay (i) all reasonable, out-of-pocket costs and expenses of Lender and its Affiliates (including, without limitation, the reasonable fees, charges and disbursements of outside counsel and the allocated cost of inside counsel) in connection with the preparation and administration of the Loan Documents and any amendments, modifications or waivers thereof (whether or not the transactions contemplated in this Agreement or any other Loan Document shall be consummated), and (ii) all out-of-pocket costs and expenses (including, without limitation, the reasonable fees, charges and disbursements of outside counsel and the allocated cost of inside counsel) incurred by Lender in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section 9.4, or in connection with the Loan made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Loan.

(b) Borrower shall indemnify Lender and each Related Party of Lender (each such Person being called an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all costs, losses, liabilities, claims, damages and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, which may be incurred by or asserted against any Indemnitee arising out of, in connection with or as a result of (i) the execution or delivery of this Agreement, any other Loan Document, or any other agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of any of the transactions contemplated hereby, (ii) the Loan or any actual or proposed use of the proceeds therefrom, (iii) any non-compliance with any Environmental Laws, (iv) any actual or alleged presence or Release of Hazardous Materials on or from the Property or any liability related in any way to Borrower or the Property, or (v) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort, or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such costs, losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from (x) the gross negligence or willful misconduct of such Indemnitee or (y) a claim brought by Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document. No Indemnitee shall be liable for any damages arising from the use by others of any information or other materials obtained through Syndtrak, Intralinks or any other Internet or intranet website, except as a result of such Indemnitee's gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and non-appealable judgment. This Section 9.4(b) shall not apply with respect to Taxes other than any Taxes that represent costs, losses, liabilities, claims, damages and related expenses arising from any non-Tax claim.

(c) Without duplication of any payment made to any other provision of this Agreement, Borrower shall pay, and hold Lender harmless from and against, any and all present and future stamp, documentary, and other similar taxes with respect to this Agreement and any other Loan Documents, any Collateral described therein, or any payments due thereunder, and save Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission to pay such taxes. .

(d) To the extent permitted by Applicable Law, Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to actual or direct damages) arising out of, in connection with or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated therein, the Loan or the use of proceeds thereof.

(e) All amounts due under this Section 9.4 shall be payable promptly after written demand therefor.

Section 9.5 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that, except for Permitted Transfers, Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Lender (and any other attempted assignment or transfer by Borrower shall be null and void). Lender may at any time, without consent of, or notice to Borrower, pledge or assign to any Person, or grant participations in, all or any portion of its rights under this Agreement and, to the extent of any assignment shall be released from its obligations hereunder, provided that the Lender (or its designee) complies with the registration provisions of Section 9.6. Lender may forward to each purchaser, transferee, assignee or participant all documents and information which Lender now has or may hereafter acquire relating to Borrower, any loan to Borrower, any Guarantor or the Property, whether furnished by Borrower, any Guarantor or otherwise, as Lender determines necessary or desirable.

Section 9.6 Register. Lender (or a designated assignee) shall, acting solely for this purpose as an agent of the Borrower, maintain at one of its offices in the United States a copy of each assignment or participation granted in Section 9.5 and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loan owing to, each Lender pursuant to the terms hereof from time to time and the names and addresses of each participant and the principal amounts (and stated interest) of each participant's interest in the Loan or other obligations under the Loan Documents (the "**Register**"). The entries in the Register shall be conclusive absent manifest error, and Borrower and Lender shall treat each assignee whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement and Lender shall treat each participant whose name is recorded in the Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement. The Register shall be available for inspection by Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

Section 9.7 Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof except for Sections 5-1401 and 5-1402 of the New York General Obligations Law) of the State of New York.

(b) Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court for the Southern District of New York, and of the Supreme Court of the State of New York sitting in New York county, and of any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such District Court or New York state court or, to the extent permitted by Applicable Law, such appellate court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Law. Nothing in this Agreement or any other Loan Document shall affect any right that Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against Borrower or its properties in the courts of any jurisdiction.

(c) Borrower irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in paragraph (b) of this Section and brought in any court referred to in paragraph (b) of this Section. Each of the parties hereto irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 9.1. Nothing in this Agreement or in any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law.

Section 9.8 Waiver of Jury Trial. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 9.9 Right of Setoff. In addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, Lender shall have the right, at any time or from time to time upon the occurrence and during the continuance of an Event of Default, without prior notice to Borrower, any such notice being expressly waived by Borrower to the extent permitted by Applicable Law, to set off and apply against all deposits (general or special, time or demand, provisional or final) of Borrower at any time held or other obligations at any time owing by Lender to or for the credit or the account of Borrower against any and all Obligations held by Lender, irrespective of whether Lender shall have made demand hereunder and although such Obligations may be unmatured. Lender agrees promptly to notify Borrower after any such set-off and any application made by Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application.

Section 9.10 Counterparts; Integration. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile transmission or by electronic mail in pdf format), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This Agreement, the Fee Letter, the other Loan Documents, and any separate letter agreement(s) relating to any fees payable to Lender and its Affiliates constitute the entire agreement among the parties hereto and thereto regarding the subject matters hereof and thereof and supersede all prior agreements and understandings, oral or written, regarding such subject matters. Delivery of an executed counterpart to this Agreement or any other Loan Document by facsimile transmission or by electronic mail in pdf format shall be as effective as delivery of a manually executed counterpart hereof.

Section 9.11 **Survival**. All covenants, agreements, representations and warranties made by Borrower herein and in the certificates, reports, notices and other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the other Loan Documents and the making of the Loan, regardless of any investigation made by any such other party or on its behalf and notwithstanding that Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on the Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid. The provisions of Sections 2.9, 2.11, and 9.4 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loan, the termination of this Agreement or any provision hereof.

Section 9.12 **Severability**. Any provision of this Agreement or any other Loan Document held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof or thereof; and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9.13 **Confidentiality**. Lender agrees to take normal and reasonable precautions to maintain the confidentiality of any information relating to Borrower or its business, to the extent designated in writing as confidential and provided to it by Borrower, other than any such information that is available to Lender on a non-confidential basis prior to disclosure by Borrower, except that such information may be disclosed (i) to any Related Party of Lender including, without limitation, accountants, legal counsel and other advisors, (ii) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process, (iii) to the extent requested by any regulatory agency or authority purporting to have jurisdiction over it (including any self-regulatory authority such as the National Association of Insurance Commissioners), (iv) to the extent that such information becomes publicly available other than as a result of a breach of this Section, or which becomes available to Lender or any Related Party of Lender on a non-confidential basis from a source other than Borrower, (v) in connection with the exercise of any remedy hereunder or under any other Loan Documents or any suit, action or proceeding relating to this Agreement or any other Loan Documents or the enforcement of rights hereunder or thereunder, (vi) subject to execution by such Person of an agreement containing provisions substantially the same as those of this Section, to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, or (B) any actual or prospective party (or its Related Parties) to any swap or derivative or other transaction under which payments are to be made by reference to Borrower and its obligations, this Agreement or payments hereunder, (vii) to any rating agency, (viii) to the CUSIP Service Bureau or any similar organization, or (ix) with the consent of Borrower. Any Person required to maintain the confidentiality of any information as provided for in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such information as such Person would accord its own confidential information.

Section 9.14 **Use of Name and Information.** Borrower agrees that Lender shall be permitted to use information related to the Loan, including the syndication and arrangement thereof, in connection with marketing, press releases or other transactional announcements or updates provided to investor or trade publications, including, but not limited to, the placement of "tombstone" advertisements in publications of its choice at its own expense.

Section 9.15 **Interest Rate Limitation**. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to the Loan, together with all fees, charges and other amounts which may be treated as interest on the Loan under Applicable Law (collectively, the "**Loan Charges**"), shall exceed the maximum lawful rate of interest (the "**Maximum Rate**") which may be contracted for, charged, taken, received or reserved by Lender holding a portion of the Loan in accordance with Applicable Law, the rate of interest payable in respect of the Loan hereunder, together with all Loan Charges payable in respect thereof, shall be limited to the Maximum Rate.

Section 9.16 **Waiver of Effect of Corporate Seal**. Borrower represents and warrants that it is not required to affix its corporate seal to this Agreement or any other Loan Document pursuant to any requirement of Applicable Law or regulation, agrees that this Agreement is delivered by Borrower under seal and waives any shortening of the statute of limitations that may result from not affixing the corporate seal to this Agreement or such other Loan Documents.

Section 9.17 **Patriot Act**. Lender hereby notifies the Loan Parties that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Patriot Act**"), it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of such Loan Party and other information that will allow Lender to identify such Loan Party in accordance with the Patriot Act. Each Loan Party shall provide to the extent commercially reasonable, such information and take such other actions as are reasonably requested by Lender in order to assist Lender in maintaining compliance with the Patriot Act.

Section 9.18 **No Advisory or Fiduciary Responsibility**. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), Borrower and each other Loan Party acknowledges and agrees and acknowledges its Affiliates' understanding that (i) (A) the services regarding this Agreement provided by Lender are arm's-length commercial transactions between Borrower, each other Loan Party and their respective Affiliates, on the one hand, and Lender, on the other hand, (B) each of Borrower and the other Loan Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate, and (C) Borrower and each other Loan Party is capable of evaluating and understanding, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) Lender is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for Borrower, any other Loan Party or any of their respective Affiliates, or any other Person, and (B) Lender has no obligation to Borrower, any other Loan Party or any of their Affiliates with respect to the transaction contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) Lender and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of Borrower, the other Loan Parties and their respective Affiliates, and Lender has no obligation to disclose any of such interests to Borrower, any other Loan Party or any of their respective Affiliates. To the fullest extent permitted by Applicable Law, each of Borrower and the other Loan Parties hereby waives and releases any claims that it may have against Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 9.19 **Time is of the Essence**. Time is of the essence of each and every provision of this Agreement.

Section 9.20 **Third Parties; Benefit**. All conditions to the obligation of Lender to make advances hereunder are imposed solely and exclusively for the benefit of Lender and its assigns and no other persons shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make advances in the absence of strict compliance with any or all thereof and no other person shall, under any circumstances, be deemed to be the beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender at any time in the sole and absolute exercise of its discretion. The terms and provisions of this Agreement are for the benefit of the parties hereto and, except as herein specifically provided, no other person shall have any right or cause of action on account thereof.

(remainder of page left intentionally blank)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

HGREIT II GOODYEAR CROSSING LLC, a Delaware limited liability company

By: /s/ Janice E. Walker
Name: Janice E. Walker
Title: Authorized Agent

[SEAL]

SUNTRUST BANK

By: /s/ Rob West
Name: Rob West
Title: Senior Vice President

EXHIBIT A

[FORM OF]

BORROWER COMPLIANCE CERTIFICATE

[*Date*]

SunTrust Bank
CRE Atlanta Middle Office
Mail Code: GA-Atlanta-0081
1155 Peachtree Street, N.E., Suite 300
Atlanta, Georgia 30309
Attention: Rob West
E- mail address: Rob.A.West@SunTrust.com

For the Period Ending: ______________

Ladies and Gentlemen:

Reference is hereby made to the Term Loan Agreement dated as of ________, 2016 (as amended, restated, supplemented or otherwise modified from time to time, the " Loan Agreement"), by and between HGREIT II Goodyear Crossing LLC, a Delaware limited liability company ("Borrower") and SunTrust Bank, as lender ("Lender"). Capitalized terms used herein without definition shall have the meanings set forth in the Loan Agreement.

The undersigned hereby certifies as of the date hereof that he/she is the _______________ of Borrower, and that, as such, he/she is authorized to execute and deliver this Compliance Certificate (this "Certificate") to Lender on the behalf of the Borrower, and that:

1. The calculations set forth in Annex 1 are computations of the Debt Service Coverage Ratio for purposes of Section 6.2 of the Loan Agreement, and are true and accurate in all respects on and as of the date of this Certificate. Attached hereto are supporting details of the calculation of the Debt Service Coverage Ratio.

2. Based upon a review of the activities of Borrower and the calculations attached hereto during the period covered thereby, as of the date hereof, there [exists][does not exist] a Cash Flow Sweep Event pursuant to the terms of the Loan Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE FOLLOWS]

HGREIT II Goodyear Crossing LLC

By:
Name:
Title:

ANNEX 1

Calculations of Debt Service Coverage Ratio

[Attached]

EXHIBIT 3.1

Certificate of Flood Insurance Compliance

SunTrust Bank
CRE Atlanta Middle Office
Mail Code: GA-Atlanta-0081
1155 Peachtree Streee, N.E., Suite 300
Atlanta, Georgia 30309
Attention: Rob West

Re: $29,000,000.00 loan ("Loan") evidenced by Term Loan Agreement dated as of ________ (as amended, modified, supplemented, restated, or renewed, from time to time, the "Agreement"), by and between HGREIT II GOODYEAR CROSSING LLC, a Delaware limited liability company (the "Borrower") and SUNTRUST BANK, a Georgia banking corporation, (the "Lender")

Reference is made to the Agreement and the other documents evidencing and securing the Loan ("Loan Documents"). Capitalized terms used in this certificate (including schedules and other attachments hereto, this "Certificate") without definition have the meanings specified in the Loan Documents.

Pursuant to applicable provisions of the Agreement, the undersigned, being an authorized representative of Borrower authorized and empowered to issue this Certificate for and on behalf of Borrower hereby certifies to Lender as follows as of the date hereof:

1. Review of Flood Insurance Terms and Conditions. The undersigned has reviewed the terms of the Agreement, including, but not limited to, the representations and warranties of Borrower and Guarantor(s) set forth in the Agreement and the covenants of Borrower set forth in the Agreement, regarding flood insurance for real and personal property ("**Flood Insurance Terms and Conditions**"), and has made, or caused to be made under his or her supervision, a review in reasonable detail of the transactions and condition of Borrower and Guarantor(s) through the reporting periods.

2. Compliance with Terms of Agreement. Borrower is in compliance with all of the Flood Insurance Terms and Conditions.

3. Certifications regarding Personal Property. The real property pledged as collateral for the Loan ("Real Property") is legally described in the Loan Documents. The undersigned certifies as follows with respect to the personal property pledged as collateral for the Loan (as described in the Loan Documents), including without limitation all personal property, collateral and contents securing the Loan within the meaning of 12 CFR 208.25 (c) (collectively "Personal Property") [mark appropriate statement and attach backup materials]:

   (i) ____ Borrower does not own any Personal Property in connection with the Loan and the Real Property [acceptable to mark if there is none, or if any present is owned by third parties or leased by Borrower]

   (ii) ____ The aggregate value of Personal Property that Borrower currently owns, or will in the succeeding twelve (12) months from the date hereof own, in connection with the Loan and the Real Property, is equal to or more than $500,000.00 with respect to each building located on the Real Property, and Borrower maintains flood insurance on the Personal Property in connection with the

Loan and the Real Property in an amount not less than $500,000.00 per building, as evidenced by the attached information on insurance.

(iii) ____ The aggregate value of Personal Property that Borrower currently owns, or will in the succeeding twelve (12) months from the date hereof own, in connection with the Loan and the Real Property ***[with respect to the _____ building – Note: specify designated building if more than one building is located on the Real Property]***, is $ ________ ***[insert actual value amount]***, and Borrower maintains flood insurance on said Personal Property, as evidenced by the attached information on values and insurance, in a per building amount that is not less than the lowest of:

(a) $500,000.00;
(b) An amount that, when combined with the amount of flood insurance Borrower maintains on the Real Property, is equal to the outstanding principal balance of the Loan; or
(c) The full insurable value of the Personal Property

(iv) ____ The aggregate value of Personal Property that Borrower currently owns, or will in the succeeding twelve (12) months from the date hereof own, in connection with the Loan and the Real Property ***[with respect to the _____ building – Note: specify designated building if more than one building is located on the Real Property]*****, is $ ___________ *****[insert actual value amount]*****, and Borrower maintains flood insurance on said Personal Property, as evidenced by the attached information on values and insurance, in a per building amount that is equal to $________________.** ***[insert amount that exceeds $500,000.00]***

4. Schedules and Exhibits. Any schedules and exhibits attached hereto are incorporated herein by this reference.

Borrower covenants and agrees promptly to notify Lender and to deliver to Lender a replacement certificate if any of the information in any certification marked in Section 3 changes such that the certification becomes untrue.

IN WITNESS WHEREOF, this Certificate is executed by the undersigned this ____ day of __________.

Date:

[insert signature blocks]

[attach applicable schedules and exhibits]

EXHIBIT 5.5

INSURANCE REQUIREMENTS; CASUALTY AND CONDEMNATION

1. **Insurance**. Borrower shall maintain insurance as follows:

(a) *Required Coverages.*

(i) Comprehensive "special causes of loss" or "all risk" property insurance (or its equivalent) covering the Property, including improvements and personal property, against losses caused by but not limited to fire, flood, windstorm (including named windstorm), hail, explosion, collapse, earthquake, sinkhole, malicious mischief, vandalism, sprinkler leakage, terrorism and such other insurable hazards as, under good insurance practices, from time to time, are insured against for other real properties similar to the Property in nature, use, location, height and type of construction. Such insurance policy shall:

(1) Insure the Property, including improvements and personal property, in an amount equal to not less than one hundred percent (100%) of the "Full Replacement Cost," which for purposes of this Agreement shall mean actual replacement value (exclusive of costs of excavations, foundations, underground utilities and footings);

(2) Be written on a replacement cost basis and contain either an agreed amount endorsement with respect to the Property (including improvements and personal property) or a waiver of all co-insurance provisions;

(3) Contain "Ordinance or Law Coverage" including loss to the undamaged portion of the building, the expense of demolition (including the demolition of undamaged portions of the Property) and increased cost of construction due to the enforcement of Applicable Laws regulating reconstruction at the time of rebuilding following a loss;

(4) With the exception of flood, earthquake, and named windstorm as defined below, include a deductible not greater than $100,000;

(5) If any portion of the Property is currently or at any time in the future located in a "special flood hazard area" designated by the Federal Emergency Management Agency: (a) include flood hazard insurance in an amount equal to (I) the maximum amount of such insurance available under the Flood Insurance Laws and (II) such excess limits as Lender may require, with a deductible not greater than the maximum amount available under the Flood Insurance Laws; and (b) include flood hazard insurance with respect to all personal property and contents securing the Loan within the meaning of 12 CFR 208.25, to the extent required by the Flood Insurance Laws;

(6) If any portion of the Property is located in a Seismic Zone 4 or at the discretion of Lender, Seismic Zone 3, have an earthquake deductible that does not exceed 5% of the insured value;

(7) If any portion of the Property is located within a Tier One designated county, have a named windstorm deductible that does not exceed 3% of the insured value.

(ii) Loss of rents insurance or business income insurance, as applicable, on an actual loss sustained basis in an amount not less than the amount of rent receivable or business income (less expenses that do not continue during the period of restoration) earned in a twelve (12) month period and at the discretion of Lender additionally providing a 365-day extended period of indemnity. Lender shall be named as loss payee as respects to this coverage.

(iii) At all times during which structural construction, repairs or alterations are being made with respect to the Property, and only if the aforesaid coverages do not otherwise apply, (1) owner's contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the below mentioned commercial general liability and excess liability insurance policies; and (2) the insurance provided for in subsection (i) above written in a so-called builder's risk completed value form (I) on a non-reporting basis; (II) against "special causes of loss" or "all risk" coverage (III) including soft costs; (IV) with an agreed amount endorsement waiving co-insurance provisions; and (V) with permission to occupy the Property.

(iv) Comprehensive boiler and machinery insurance, if applicable, in amounts as shall be reasonably required by Lender on terms consistent with the commercial property insurance policy required under subsection (i) above.

(v) If perils of terrorism and acts of terrorism or other similar acts or events are hereafter excluded from Borrower's comprehensive "special causes of loss" or "all risk" property insurance or loss of rents insurance or business income insurance coverage required under subsections (i) and (ii) above, Borrower shall, if the same is available and the cost of which is commercially reasonable, obtain an endorsement to such policy, or a separate policy from an insurance provider which meets the requirements set forth in Section 1(b) below, or is otherwise satisfactory to Lender, insuring against all such excluded acts or events. The endorsement or policy shall be in amount, form, and substance reasonably satisfactory to Lender.

(vi) Commercial general liability insurance against claims for personal injury, bodily injury (including death) or property damage occurring upon, in or about the Property. Such policy shall be written on an occurrence form with a per occurrence limit of not less than $1,000,000 and a general aggregate limit of not less than $2,000,000. The general aggregate limit shall apply per location if multiple properties are insured under the program and the policy shall not include a deductible greater than $25,000. The policy shall provide coverage for the following hazards: (1) premises and operations; (2) products and completed operations; (3) independent contractors; and (4) contractual liability for all oral and written contracts.

(vii) Workers' compensation, subject to the statutory limits of the state, and employer's liability insurance in respect of any work or operations on or about the Property, or in connection with the Property or its operation (if applicable).

(viii) Commercial automobile liability insurance against claims for personal injury, bodily injury and property damage with a combined single limit of $1,000,000. Coverage shall apply for owned/leased vehicles (if applicable) and hired and non-owned autos.

(ix) Excess liability insurance in an amount not less than $5,000,000 per occurrence on terms consistent with the commercial general liability and commercial automobile liability insurance required under subsections (vi) and (viii) above.

(x) Environmental liability coverage with a per occurrence limit of not less than $1,000,000.00.

(xi) Upon sixty (60) days' written notice, such other reasonable insurance and in such reasonable amounts as Lender may from time to time reasonably request against such other insurable hazards which at the time are commonly insured against by institutional lenders for properties similar to the Property located in or around the same region as the Property if the cost of such coverage is commercially reasonable.

Borrower acknowledges that whether the cost of any insurance coverage requested or required under the foregoing subsections (v) and (xi) is "commercially reasonable" shall be reasonably determined by Lender from time to time and that such determination shall take into account the cost of such coverage(s) then typically required by institutional mortgage lenders with respect to properties similar to the Property located in the same geographical area as the Property. In no event shall Lender be liable for any loss, damage or injury resulting from the inadequacy or lack of any insurance coverage.

(b) *Form and Quality*. All insurance required hereunder shall be obtained under valid and enforceable policies (collectively, the "**Policies**" or in the singular, the "**Policy**"), and shall be subject to the approval of Lender as to insurance companies, amounts, deductibles, loss payees and insureds. The Policies shall be issued by financially sound and responsible insurance companies authorized to do business in the state or commonwealth where the Property is located and must have an A.M. Best policy holder rating of "A-" or better (or an equivalent rating approved in writing by Lender). To the extent such Policies are not available as of the date hereof, Borrower shall deliver to Lender an Acord 28 (property) and Acord 25 (liability) or similar certificates of insurance evidencing the coverages and amounts required hereunder. Not less than five (5) days prior to the expiration date of any insurance coverage in place with respect to the Property, Borrower shall deliver to Lender an Acord 28 (property) and Acord 25 (liability) or similar certificates of insurance, evidencing renewal of coverage as required herein. Prior to the expiration date of any insurance coverage in place with respect to the Property, Borrower shall deliver to Lender evidence satisfactory to Lender of payment of the premiums due in connection with the renewal of coverage (the "**Insurance Premiums**"), and, as soon as available thereafter, copies of all renewal Policies or other evidence of the coverages of such Policies otherwise satisfactory to Lender. The certificates of insurance must include all limits, sub-limits and deductibles and must list the Certificate Holder as provided by Lender. Lender shall not be deemed by reason of the custody of any insurance policies, certificates or binders or copies thereof to have knowledge of the contents thereof. Lender reserves the right to request certified copies of the insurance policies required in this Article.

(c) *Endorsement.* All insurance policies shall be endorsed in form and substance reasonably acceptable to Lender to name Lender as an additional insured, lender loss payee, or mortgagee hereunder, and its successors and/or assigns, as their interests may appear, with loss payable to Lender, without contribution, under a standard New York (or local equivalent) mortgagee clause. With respect to all insurance, no Person other than Lender shall be named as mortgagee or loss payee.

(d) *Other Requirements.* All Policies shall contain clauses or endorsements to the effect that:

(i) No act or negligence of Borrower, or anyone acting for Borrower, or of any Tenant or other occupant, or failure to comply with the provisions of any Policy, which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Lender is concerned;

(ii) The Policies shall not be canceled by the insurer without at least thirty (30) days' prior written notice to Lender, except only ten (10) days' prior written notice to Lender for non-payment of premium shall be required;

(iii) The insurance shall not be invalidated should Borrower/Named Insured waive, in writing, prior to loss, any or all rights of recovery against a party for loss occurring to the Property (waiver of subrogation).

(e) *Blanket Insurance*. Borrower may affect the insurance coverage herein required under its blanket insurance policies; provided that:

(i) Any such policy or policies of blanket insurance either shall specify therein, or Borrower shall furnish Lender with written statement from the insurer (or from Borrower's insurance broker) under such policy or policies specifying: (1) the maximum amount of the total insurance afforded by the blanket policy allocated to the Property, and (2) any sublimits in such blanket policy or policies applicable to the Property, which amounts shall not be less than the amounts required pursuant to this Exhibit 5.5;

(ii) Any policy of blanket insurance hereunder shall comply in all respects with the other provisions of this Exhibit 5.5; and

(iii) The protection afforded Borrower under any policy of blanket insurance hereunder shall be no less than that which would have been afforded under a separate policy or policies relating only to the Property.

(f) *Adjustments*. Borrower shall give immediate written notice of any loss in respect of the Property to Lender and to the insurance carrier commensurate with the requirements of the policies so as not to prejudice recovery of any loss. With respect to any loss exceeding $1,000,000.00, Borrower hereby irrevocably authorizes and empowers Lender, as attorney-in-fact for Borrower, coupled with an interest, to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Lender's expenses incurred in the collection of such proceeds. Nothing contained in this Section 1(f) however, shall require Lender to incur any expense or take any action hereunder. Any proceeds of insurance policies coming into the possession of Lender shall not be deemed trust funds, and Lender shall be entitled to apply such proceeds as herein provided.

(g) *Additional Information*. Borrower shall supply such information as Lender deems necessary to determine the adequacy of the insurance procured by Borrower on the Property. This information may include but is not limited to (i) a statement of values including replacement costs and estimated annual rents for all properties insured under the insurance policies, (ii) probable maximum loss (PML) studies, (iii) property condition reports and (iv) catastrophic modeling.

(h) *Lender's Right to Procure Insurance*. Notwithstanding anything to the contrary contained herein, if at any time Lender is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Lender shall have the right (but not the obligation), with written notice to Borrower, to take such action as Lender deems necessary to protect its interest in the Property, including, without limitation, obtaining such insurance coverage as Lender in its sole discretion deems appropriate. All premiums and expenses incurred by Lender in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender upon demand and, until paid, shall be secured by the Security Instrument and shall accrue Default Interest.

2. **Use and Application of Insurance Proceeds**. Lender shall apply insurance proceeds to costs of restoring the Property or the Loan as follows:

(a) if the loss is less than or equal to $1,000,000.00, Lender shall upon receipt thereof release the insurance proceeds to Borrower for restoration of the Property; *provided*, that: (i) no Default or Event of Default exists; and (ii) Borrower promptly commences and is diligently pursuing restoration of the Property;

(b) if the loss exceeds $1,000,000.00 but is not more than $10,000,000.00, or if Borrower is obligated to repair and restore the Property under the Amazon Lease, Lender shall apply the insurance proceeds to restoration; *provided*, that at all times during such restoration: (i) no Event of Default or Default exists; (ii) Lender reasonably determines that there are sufficient funds available to restore and repair the Property to a condition reasonably approved by Lender; (iii) Lender reasonably determines that the aggregate of the Net Operating Income of the Property during restoration and the business interruption insurance proceeds to be received during restoration will be sufficient to pay debt service on the Loan; (iv) Lender reasonably determines (based on Approved Leases which will remain in effect after restoration is complete and the like) that after restoration and the extended period of indemnity during which business interruption insurance proceeds continue to be received, the Debt Service Coverage Ratio will be at least equal to the lesser of Minimum DSCR Requirement or the Debt Service Coverage Ratio immediately prior to such casualty; (v) Lender reasonably determines that restoration and repair of the Property to a condition approved reasonably by Lender will be completed within eighteen (18) months after the date of loss or casualty and in any event ninety (90) days prior to the Maturity Date; and (vi) Borrower promptly commences and diligently pursues restoration of the Property;

(c) if the conditions set forth above are not satisfied, Lender may apply any insurance proceeds it may receive to the payment of the Loan or allow all or a portion of such proceeds to be used for the restoration of the Property, in Lender's sole discretion;

(d) with respect to a loss in excess of $1,000,000.00 for which Lender is required or elects, as applicable, to make insurance proceeds available to Borrower for restoration, insurance proceeds applied to restoration will be disbursed on receipt of satisfactory plans and specifications, contracts and subcontracts, schedules, budgets, lien waivers and architects' certificates, and otherwise in accordance with prudent commercial construction lending practices for construction loan advances; and

(e) the net proceeds of rent loss and/or business interruption insurance shall be paid to Lender upon the occurrence of an Event of Default; otherwise, to Borrower to be used in accordance with the provisions hereof.

3. **Condemnation Awards**. Borrower shall give prompt notice to Lender of the institution of any proceeding for the condemnation or other taking of the Property or any portion thereof. Lender may participate in any such proceeding and Borrower will deliver to Lender all instruments necessary or required by Lender to permit such participation. Without Lender's prior consent, not to be unreasonably withheld with respect to an Immaterial Condemnation (as defined below), Borrower (1) shall not agree to any compensation or award, and (2) shall not take any action or fail to take any action which would cause the compensation to be determined. All awards and compensation for the taking or purchase in lieu of condemnation of the Property or any part thereof are hereby assigned to and shall be paid to Lender. Borrower authorizes Lender to collect and receive such awards and compensation, to give proper receipts and acquittances therefor, and in Lender's sole discretion, to apply the same toward the payment of the Loan, notwithstanding that the Loan may not then be due and payable, or to the restoration of the Property; provided, however, that if (A) the

award is less than or equal to $1,000,000.00 and Borrower requests that such proceeds be used for non-structural site improvements (such as landscape, driveway, walkway and parking area repairs) required to be made as a result of such condemnation, (B) such condemnation does not adversely affect the Property or access thereto, as reasonably determined by Lender, or (C) Borrower is obligated to repair and restore the Property under the Amazon Lease (the foregoing set forth in clauses (A), (B), and/or (C), an "**Immaterial Condemnation**"), Lender will apply the award to such restoration in accordance with the disbursement procedures applicable to insurance proceeds as set forth therein, provided, that there exists no Default or Event of Default. Borrower, upon request by Lender, shall execute all instruments requested to confirm the assignment of the awards and compensation to Lender, free and clear of all liens, charges or encumbrances other than Permitted Encumbrances. It is expressly understood and agreed that any proceeds received by Lender pursuant to this Section 3 shall in no way be construed as being held in trust for the benefit of Borrower.

EXHIBIT 5.11

LEASING AND TENANT MATTERS

Borrower and Lender agree as follows:

1. **Leases**. Within ten (10) Business Days after Lender's request, Borrower shall furnish to Lender a copies of all Leases not previously delivered to Lender, certified by Borrower as being true, correct and complete.

2. **Covenants of Borrower Regarding Leases and Rents**. Borrower covenants that Borrower (a) will observe and perform all of the obligations imposed upon the landlord in the Leases; (b) will use its commercially reasonable efforts to enforce or secure, or cause to be enforced or secured, the performance of each and every obligation and undertaking of the respective Tenants under the Leases, except for obligations or undertaking waived in the ordinary course of Borrower's business, and will appear in and defend, at Borrower's sole cost and expense, any action or proceeding arising under, or in any manner connected with, the Leases; (c) will not collect any of the rents under the Leases more than thirty (30) days in advance of the time when the same become due under the terms of the Leases; (d) will not discount any future accruing rents other than in the ordinary course of business; (e) without the prior written consent of Lender, will not execute any assignment of the Leases or the rents thereunder; and (f) will execute and deliver, at the request of Lender, all such assignments of the Leases and rents thereunder in favor of Lender as Lender may from time to time reasonably require.

3. **Leasing Guidelines.**

(a) Borrower shall not enter into any Lease without the prior consent of Lender, which consent shall not be unreasonably withheld, conditioned or delayed.

(b) Borrower shall not, without the prior consent of Lender, which consent shall not be unreasonably withheld, conditioned or delayed, modify, amend, extend, waive or grant consents or approvals under any Lease or any guaranty thereof.

4. **Tenant Estoppels**. At Lender's request, but not more often than once in any one (1) year period, Borrower shall request and use commercially reasonable efforts to obtain and furnish to Lender, written estoppels in form and substance reasonably satisfactory to Lender, executed by Tenants under the Leases in the Property and confirming the term, rent and other provisions and matters reasonably requested by Lender from time to time relating to the Leases, including, without limitation, such estoppels as may be required by Lender as a condition precedent to its making the Loan.

5. **Subordination, Non-Disturbance and Attornment Agreements**. At Borrower's expense, each Tenant under a Lease, including an Approved Replacement Lease, shall enter into a Subordination, Non-Disturbance and Attornment Agreement on Lender's then standard form.

6. **Delivery of Leasing Information and Documents.** From time to time upon Lender's request, Borrower shall promptly deliver to Lender (a) a complete rent roll of the Property in such detail as Lender may require, together with such operating statements and leasing schedules and reports as Lender may require, and (b) such other leasing information as Lender may reasonably request.

CONTRACT OF SALE

THIS CONTRACT OF SALE (this "Agreement") is made and entered into as of the 16th day of September, 2016 (the "Effective Date"), by and between CLP-SPF Rookwood Commons, LLC, a Delaware limited liability company ("Commons Seller"), and CLP-SPF Rookwood Pavilion, LLC, a Delaware limited liability company ("Pavilion Seller", and together with Commons Seller, individually or collectively, as the context may require, "Seller") and HGREIT II EDMONSON ROAD LLC, a Delaware limited liability company ("Commons Purchaser") and HGREIT II MADISON ROAD LLC, a Delaware limited liability company ("Pavilion Purchaser", and together with Commons Purchaser, individually or collectively, as the context may require, "Purchaser").

W I T N E S S E T H:

A. Commons Seller shall sell to Purchaser, and Purchaser shall purchase from Commons Seller, at the price and upon the terms and conditions set forth in this Agreement, (a) that certain parcel of land commonly known as Rookwood Commons, and more particularly described on Exhibit A-1 attached hereto and made a part hereof (the "Commons Land"), (b) the buildings, improvements, and structures located upon the Commons Land (collectively, the "Commons Improvements"), (c) all right, title and interest of Common Seller in, to and under all other easements and rights appurtenant to the Commons Land (collectively, the "Commons Appurtenant Rights"), (d) all right, title and interest of Commons Seller in, to and under the Commons Leases (as hereinafter defined) and, to the extent assignable, the Commons Contracts (as hereinafter defined), (e) all right, title and interest of Commons Seller in and to the fixtures, equipment and other tangible personal property owned by Commons Seller and attached or appurtenant to the Commons Land and the Commons Improvements (collectively, the "Commons Personal Property") and (f) to the extent assignable, without consent or payment of any kind, all governmental permits, licenses and approvals, warranties and guarantees that Commons Seller has received in connection with any work or services performed with respect to, or equipment installed in, the Commons Improvements and all of Commons Seller's right, title and interest in and to the name "Rookwood Commons", any website and/or domain name exclusively used for the Commons Improvements, and any related trademarks and intellectual property (collectively, the "Commons Intangible Property"; the Commons Land, the Commons Appurtenant Rights, the Commons Improvements, the Commons Leases, the Commons Contracts, the Commons Personal Property and the Commons Intangible Property, collectively, the "Commons Property").

B. Pavilion Seller shall sell to Purchaser, and Purchaser shall purchase from Pavilion Seller, at the price and upon the terms and conditions set forth in this Agreement, (a) that certain parcel of land commonly known as Rookwood Pavilion, and more particularly described on Exhibit A-2 attached hereto and made a part hereof (the "Pavilion Land"; and together with the Commons Land, collectively, the "Land"), (b) the buildings, improvements, and structures located upon the Pavilion Land (collectively, the "Pavilion Improvements"; and together with the Commons Improvements, collectively, the "Improvements"), (c) all right, title and interest of Pavilion Seller in, to and under all other easements and rights appurtenant to the Pavilion Land (collectively, the "Pavilion Appurtenant Rights"; and together with the Commons Appurtenant Rights, collectively, the "Appurtenant Rights"), (d) all right, title and interest of Pavilion Seller in, to and under the

Pavilion Leases (as hereinafter defined) and, to the extent assignable, the Pavilion Contracts (as hereinafter defined), (e) all right, title and interest of Pavilion Seller in and to the fixtures, equipment and other tangible personal property owned by Pavilion Seller and attached or appurtenant to the Pavilion Land and the Pavilion Improvements (collectively, the "Pavilion Personal Property"; and together with the Commons Personal Property, collectively, the "Personal Property") and (f) to the extent assignable, without consent or payment of any kind, all governmental permits, licenses and approvals, warranties and guarantees that Pavilion Seller has received in connection with any work or services performed with respect to, or equipment installed in, the Pavilion Improvements and all of Pavilion Seller's right, title and interest in and to the name "Rookwood Pavilion", any website and/or domain name exclusively used for the Pavilion Improvements, and any related trademarks and intellectual property (collectively, the "Pavilion Intangible Property"; and together with the Commons Intangible Property, collectively, the "Intangible Property"; the Pavilion Land, the Pavilion Appurtenant Rights, the Pavilion Improvements, the Pavilion Leases, the Pavilion Contracts, the Pavilion Personal Property and the Pavilion Intangible Property, collectively, the "Pavilion Property"; the Pavilion Property and the Commons Property, collectively, the "Property").

C. Purchaser acknowledges that the Property is being sold on an "as is" "where is" and "with all faults" basis on the terms and conditions hereinafter set forth.

NOW, THEREFORE, for $10.00 in hand paid and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Purchase and Sale. Upon the terms and conditions hereinafter set forth, Seller shall sell to Purchaser, and Purchaser shall purchase from Seller, the Property.

2. Purchase Price. The purchase price to be paid for (x) the Commons Property shall be One Hundred Twelve Million Dollars ($112,000,000) and (y) the Pavilion Property shall be Seventy-Eight Million Dollars ($78,000,000); for a total sum for all the properties of One Hundred Ninety Million Dollars ($190,000,000) (the "Purchase Price").

3. Payment of Purchase Price. The Purchase Price shall be paid to Seller by Purchaser as follows:

3.1 Deposit. Purchaser shall (a) within three (3) Business Days (as hereinafter defined) after the date this Agreement is executed and delivered by Seller and Purchaser, deposit with First American Title Insurance Company, Attn: Elvira Fuentes ("Escrowee"), by wire transfer of immediately available federal funds to an account designated by Escrowee, the sum of Five Million Dollars ($5,000,000) (together with all interest thereon, but excluding the Independent Consideration (as hereinafter defined), the "Initial Deposit"; the Initial Deposit (less the Independent Consideration) and the Extension Deposit (as hereinafter defined), to the extent deposited with Escrowee in accordance with Section 5 hereof, collectively, the "Deposit"), which Initial Deposit shall be held by Escrowee pursuant to the escrow agreement (the "Escrow Agreement") attached hereto as Exhibit O and hereby made a part hereof. If Purchaser shall fail to deposit the Initial Deposit with Escrowee within three (3) Business Days after the date this Agreement shall be executed and delivered by Seller and Purchaser, at Seller's election, this Agreement shall be null, void ab initio and of no force or effect.

3.2 Independent Consideration. A portion of the amount deposited by Purchaser pursuant to Section 3.1, in the amount of One Hundred Dollars ($100) (the "Independent Consideration") shall be earned by Seller upon execution and delivery of this Agreement by Seller and Purchaser. Seller and Purchaser hereby mutually acknowledge and agree that the Independent Consideration represents adequate bargained for consideration for Seller's execution and delivery of this Agreement and Purchaser's right to have inspected the Property pursuant to the terms of this Agreement. The Independent Consideration is in addition to and independent of any other consideration or payment provided for in this Agreement and is nonrefundable in all events. Upon the Closing (as hereinafter defined) or earlier termination of this Agreement, the Independent Consideration shall be paid to Seller.

3.3 Closing Payment.

(a) The Purchase Price, as adjusted by the application of the Deposit and by the prorations and credits specified herein, and less an amount equal to One Million Nine Hundred Thousand Dollars **(**$1,900,000.00**)** (the "Liability Escrow") which shall be held in escrow by Escrowee in accordance with the terms of this Section 3.3 and an escrow agreement (the "Liability Escrow Agreement"), in form similar to the Escrow Agreement attached hereto as Exhibit O and executed by Buyer, Escrowee, Seller, shall be paid by Purchaser, by wire transfer of immediately available federal funds to an account or accounts designated in writing by Seller on the Closing Date (as hereinafter defined) (the amount being paid under this Section being herein called the "Closing Payment").

(b) After the Closing, if Purchaser should file a suit for Seller's breach of Section 7 of this Agreement in accordance with this Agreement, including, without limitation Sections 9.1 and 11.2 (and the limitations of the Liability Ceiling and Liability Floor), in the appropriate court of law in the State of Ohio, and Purchaser notifies Seller and Escrowee of such suit in writing, then Escrowee shall promptly deposit the Liability Escrow (together with any interest earned thereon) currently being held by Escrowee into the applicable court of law and interplead Purchaser and Seller.

(c) Provided Escrowee has not previously deposited the Liability Escrow into an applicable court of law in accordance with Section 3.3(c) above, on that date that is one hundred twenty (120) days after the Closing, Escrowee shall release and deliver to Seller one half (1/2) of the Liability Escrow (the ½ of the Liability Escrow, together with ½ of any interest earned thereon, is herein after referred to as the "First Half") to Seller, and from and after that 120th day Seller shall have no further liability or obligation to Purchaser with respect to the First Half. Immediately upon the Claim Expiration Date, provided Escrowee has not previously deposited the Liability Escrow into an applicable court of law in accordance with Section 3.3(c) above, the remainder of the Liability Escrow (together with the interest earned thereon) held by Escrowee, shall be released and delivered to Seller, and from and after Claim Expiration Date Seller shall have no further liability or obligation to Purchaser with respect to any portion of the Liability Escrow.

3.4 Assumption of Existing Mortgage Loan Contingency.

3.4.1 Prior to the execution of this Agreement, Purchaser has received copies of the documents and instruments listed on Exhibit V attached hereto executed or issued in connection with (i) that certain loan from Nationwide Life Insurance Company ("Existing Lender") to Commons Seller, made April 1, 2015, in the amount of $67,000,000, and (ii) that certain loan from Existing Lender to Pavilion Seller, made on July 1, 2013, in the amount of $29,000,000 (collectively, the "Existing Financing") and encumbering the Property (collectively, the "Existing Financing Documents"). Purchaser acknowledges receipt of the Existing Financing Documents.

3.4.2 Within ten (10) days after the Effective Date, Purchaser shall provide Seller with all information and documents necessary to apply, in good faith, to Existing Lender for approval of the assignment by Seller, and assumption by Purchaser, of Seller's interest in the Existing Financing (the "Existing Financing Assumption"). Purchaser agrees that it shall (i) diligently and continuously prosecute in all respects the request for approval of the Existing Financing Assumption (including, without limitation, promptly furnishing to Seller and/or Existing Lender all information and documents (financial and otherwise) which may be required or requested by Existing Lender and (ii) promptly provide Seller with copies of all material correspondence received or delivered in connection with the Existing Financing Assumption. Seller shall pay when due (i) all of Existing Lender's reasonable, out of pocket costs and expenses incurred in connection with the Existing Financing Assumption in an amount not to exceed $50,000.00, and (ii) an assumption fee in the amount of 0.5% of the then outstanding principal balance of the Existing Financing. Purchaser shall pay all other costs and expenses relating to the Existing Financing Assumption including, without limitation, (i) Purchaser's attorneys' fees, consultants' fees and title insurance fees in favor of Existing Lender and its servicer and other agents, and (ii) all of Existing Lender's reasonable, out of pocket costs and expenses incurred in connection with the Existing Financing Assumption in excess of $50,000.00. Seller shall, in good faith, cooperate with Purchaser in connection with the Existing Financing Assumption. Notwithstanding anything to the contrary contained herein, in connection with the Existing Financing Assumption, Purchaser shall not request from Existing Lender any change or revision to the Existing Financing Documents as a condition to the Existing Financing Assumption other than (i) to reflect the change in borrower thereunder, (ii) to reflect Purchaser's corporate structure, including, without limitation, transfers of direct and indirect ownership interests in Purchaser, subject to Hines Global REIT II, Inc. or its operating partnership remaining in control of and owning 51% of the direct or indirect interests of Purchaser, and changes that may be required due to Purchaser's REIT status, and (iii) clean up changes to correct errors in the Existing Financing Documents. Purchaser shall provide Purchaser's requested transfer language for the initial assumption request to be sent to Existing Lender, and Purchaser shall have the right to reasonably approve such initial assumption request prior to its submission to Existing Lender. Purchaser shall have the right to request other reasonable changes to the Existing Financing Documents related to Purchaser's structure and the waiver of tax and insurance escrows, provided however, (i) Purchaser agrees not to unreasonably delay the assumption process with such requests or negotiations, (ii) Purchaser shall provide Seller any such requested changes for inclusion in the initial assumption request to be sent to Existing Lender, and (iii) in no event shall Existing Lender's approval of any such requested change be a condition precedent to Closing.

3.4.3 If written approval of the Existing Financing Assumption shall not have been received by Seller and Purchaser from Existing Lender prior to 5:00 p.m. (Central Time) on the date which is one hundred twenty (120) days following the Effective Date, either Purchaser or Seller shall have the right and option to terminate this Agreement at any time thereafter, but in all events prior to the receipt of the approval of the Existing Financing Assumption from Existing Lender, and in the event of such termination, the Deposit shall be refunded to Purchaser, and Purchaser and Seller shall be relieved of all further liability and responsibility under this Agreement, except for any obligation expressly provided to survive such termination.

3.5 Notwithstanding anything to the contrary contained herein, Seller's obligations under this Agreement shall be contingent upon the Existing Lender's release of Seller and any guarantor or indemnitor of Seller's obligations from liability with respect to the Existing Financing and the return of all letters of credit held in connection with the Existing Financing. Purchaser agrees at Closing (as hereinafter defined), as part of the Existing Financing Assumption, (i) to replace all guaranties and indemnities given by Seller in connection with the Existing Financing with, if requested by Existing Lender, an entity acceptable to Existing Lender, (ii) to replace all letters of credit, security, escrows and deposits held in connection with the Existing Financing, and (iii) to deliver to Existing Lender all legal opinions required by the Existing Lender in connection with the Existing Financing Assumption.

4. <u>Title Matters; Due Diligence Review; Estoppel Certificates; Conditions Precedent</u>.

4.1 <u>Title Matters</u>.

4.1.1 <u>Title to the Property</u>.

(a) As a condition to the Closing, Riverbend Commercial Title Agency Limited Partnership, as agent for First American Title Insurance Company (the "Title Company") shall have committed to insure Purchaser as the fee owner of the Property in the amount of the Purchase Price by issuance of a single or two ALTA owner's title insurance policies in the standard form issued by the Title Company in the State of Ohio, exclusive of any endorsement thereto (the "Owner's Policy") subject only to the Permitted Exceptions (as hereinafter defined).

(b) Purchaser shall have ordered, at its sole cost and expense, on or before September 9, 2016, (i) a commitment for an owner's fee title insurance policy or policies with respect to the Property (the "Title Commitment") from the Title Company and (ii) a survey of the Property prepared by a surveyor registered in the State of Ohio, certified by said surveyor to Purchaser and Seller as having been prepared in accordance with the minimum detail requirements of the ALTA land survey requirements (the "Survey"), and shall cause the Title Commitment, together with true, legible and complete copies of all instruments giving rise to any defects or exceptions to title to the Property, and the Survey to be delivered to Seller's attorneys concurrently with the delivery thereof to Purchaser or Purchaser's attorneys. If any exceptions(s) to title to the Property should appear in the Title Commitment other than the Permitted Exceptions (such exception (s) being herein called, collectively, the "Unpermitted Exceptions"), subject to which Purchaser is unwilling to accept title, and Purchaser shall provide Seller with written notice (the "Title Objection Notice") thereof by the earlier of (x) ten (10) days after receipt of the Title Commitment by

Purchaser's attorneys, or (y) five (5) days prior to the expiration of the Due Diligence Period, Seller, in its sole and absolute discretion, may undertake to eliminate the same subject to the terms and conditions of this Section 4.1. Purchaser hereby waives any right Purchaser may have to advance, as objections to title or as grounds for Purchaser's refusal to close this transaction, any Unpermitted Exception of which Purchaser does not notify Seller within such five (5) day period unless (i) such Unpermitted Exception was first raised by the Title Company subsequent to the date of the Title Commitment, and (ii) Purchaser shall notify Seller of the same within five (5) days after the Title Company shall notify Purchaser of such Unpermitted Exception (failure to so notify Seller shall be deemed to be a waiver by Purchaser of its right to raise such Unpermitted Exception as an objection to title or as a ground for Purchaser's refusal to close the transaction contemplated by this Agreement). Notwithstanding anything to the contrary contained in this Agreement, Seller, in its sole discretion, shall have the right to adjourn the Closing for a period not to exceed ninety (90) days in order to endeavor to eliminate such Unpermitted Exceptions (such period of time being herein called the "Extension Period"), provided that Seller shall notify Purchaser, in writing, within five (5) days after receipt by Seller of the Title Objection Notice, whether or not it will endeavor to eliminate such Unpermitted Exceptions. Notwithstanding the foregoing or anything to the contrary set forth in this Agreement, Seller shall not under any circumstance be required or obligated to cause the cure or removal of any Unpermitted Exception including, without limitation, to bring any action or proceeding, to make any payments or otherwise to incur any expense in order to eliminate any Unpermitted Exception or to arrange for title insurance insuring against enforcement of such Unpermitted Exception against, or collection of the same out of, the Property, notwithstanding that Seller may have attempted to do so, or may have adjourned the Scheduled Closing Date for such purpose; provided, however, Seller shall satisfy any mortgage or deed of trust or other monetary lien placed on the Property by, through or under Seller.

(c) In the event that Seller is unable, or elects not, to eliminate all Unpermitted Exceptions in accordance with the provisions of this Section 4.1.1, or to arrange for title insurance, without special premium to Purchaser, insuring against enforcement of such Unpermitted Exceptions against, or collection of the same out of, the Property, and to convey title to the Property in accordance with the terms of this Agreement on or before the Closing Date (whether or not the Closing is adjourned as provided in Section 4.1.1(b)), Seller shall notify Purchaser that it elects not to remove the same, in which event Purchaser shall have the right, as its sole remedy for such election of Seller, by delivery of written notice to Seller within three (3) Business Days following receipt of notice from Seller of its election not to remove such Unpermitted Exceptions, to either (i) terminate this Agreement by written notice delivered to Seller (in which event Escrowee shall, provided that Purchaser is not otherwise in default of its obligations pursuant to this Agreement, return the Deposit to the extent deposited with Escrowee, to Purchaser and no party hereto shall have any further obligations in connection herewith except under those provisions that expressly survive the Closing or a termination of this Agreement), or (ii) accept title to the Property subject to such Unpermitted Exception(s) without a reduction in, abatement of, or credit against, the Purchase Price. The failure of Purchaser to deliver timely any written notice of election under this Section 4.1.1(c) shall be conclusively deemed to be an election under clause (ii) above.

(d) If, on the Closing Date, there are any liens or encumbrances that Seller is obligated to discharge under this Agreement, Seller shall have the right (but not the obligation) to either (i) arrange, at Seller's cost and expense, for affirmative title insurance or special endorsements insuring against enforcement of such liens or encumbrances against, or collection of the same out of, the Property, or (ii) use any portion of the Purchase Price to pay and discharge the same, either by way of payment or by alternative manner reasonably satisfactory to the Title Company, and the same shall not be deemed to be Unpermitted Exceptions.

4.1.2 Permitted Exceptions to Title. The Property shall be sold and conveyed subject to the following exceptions to title (the "Permitted Exceptions"):

(a) any matters shown on the Survey and not objected to by Purchaser as an Unpermitted Exception;

(b) the Existing Financing Documents and those matters specifically set forth on Exhibit B attached hereto, as it may be revised from time to time to include schedule B exceptions to coverage as set forth in the Purchaser's pro-forma policy or policies of title insurance issued by the Title Company in the State of Ohio, and the final form of this Exhibit shall be included as part of Exhibit B to the Deed;

(c) all laws, ordinances, rules and regulations of the United States, the State of Ohio, or any agency, department, commission, bureau or instrumentality of any of the foregoing having jurisdiction over the Property (each, a "Governmental Authority"), as the same may now exist or may be hereafter modified, supplemented or promulgated;

(d) all presently existing and future liens of real estate taxes or assessments and water rates, water meter charges, and sewer taxes, rents and charges, if any, provided that such items are not yet due and payable and are apportioned at Closing as provided in this Agreement;

(e) any Unpermitted Exception affecting title to the Real Property that Purchaser shall have agreed or be deemed to have agreed to waive as provided in Section 4.1.1(b) above;

(f) rights of the tenants under a Lease either identified in the Lease Exhibit (as hereinafter defined) or entered into after the Effective Date in accordance with the terms of this Agreement;

(g) all utility easements of record which do not interfere with the present use of the Property;

(h) any other matter or thing affecting title to the Real Property that would have been discovered in the course of Purchaser's Investigations but for any error, omission, or mistake made by Purchaser or Purchaser's employees, agents, or contractors in conducting or interpreting the results of such Investigations (e.g. an encumbrance on title to the Real Property not reflected on Purchaser's pro-forma title policy, a title matter not reflected on Purchaser's Survey, etc.), it being the intention of the parties that Purchaser, not Seller, shall be responsible for any and all errors or omissions in Purchaser's Investigations and evaluation of the Real Property; and

(i) the printed or standard exceptions which appear on Purchaser's pro forma policy of title insurance issued by the Title Company in the State of Ohio and which cannot be removed or modified by delivery of a standard owner's affidavit or any other standard commercial affidavit that may be reasonably required by the Title Company.

4.2 Due Diligence Reviews. Except for title and survey matters (which shall be governed by the provisions of Section 4.1 above), Purchaser shall have until 5:00 p.m. (Central time) on October 12, 2016, TIME BEING OF THE ESSENCE (the period of time commencing upon the date hereof and continuing through and including such time on such date being herein called the "Due Diligence Period") within which to perform and complete Purchaser's due diligence examinations, reviews and inspections of matters pertaining to the purchase of the Property, including all leases and service contracts, and physical, environmental entitlements, permitting and compliance matters and conditions respecting the Property (collectively, the "Investigations"), which Investigations shall at all times be subject to Purchaser's compliance with the provisions of this Section 4.2. During the Due Diligence Period, Seller shall provide Purchaser with reasonable access to the Property upon reasonable advance notice and shall also make available to Purchaser, at the offices of the property manager of the Property and via the on-line data room set up by Seller or its broker, access to all of the following (the "Seller Deliverables"): leases, lease abstracts, service contracts, other contracts and agreements, environmental reports, as-built building and parking drawings, declarations, cross-easements, master covenants, and building and occupancy permits, with respect to the Property in Seller's possession or the possession of Seller's property manager and such other documents related to the Property as Purchaser shall reasonably request; provided, however, in no event shall Seller be obligated to make available, nor shall the Seller Deliverables include, (1) any document or correspondence which would be subject to the attorney- client privilege; (2) any document or item which Seller is contractually or otherwise bound to keep confidential; (3) any documents pertaining to the marketing of the Property for sale to prospective purchasers; (4) any internal memoranda, reports or assessments relating to the Property; (5) appraisals of the Property whether prepared internally by Seller or Seller's affiliates or externally; or (6) any documents which Seller considers confidential or proprietary. Any entry upon the Property and all Investigations shall be made or performed during Seller's normal business hours and at the sole risk and expense of Purchaser, and shall not interfere with the activities on or about the Property of Seller, its tenants and their employees and invitees. Purchaser shall:

(a) promptly repair any damage to the Property resulting from any such Investigations and replace, refill and regrade any holes made in, or excavations of, any portion of the Property used for such Investigations so that the Property shall be in substantially the same condition that it existed in prior to such Investigations;

(b) fully comply with all laws applicable to the Investigations and all other activities undertaken in connection therewith;

(c) permit Seller to have a representative present during all Investigations undertaken hereunder (Purchaser having no obligation to postpone or reschedule any Investigations to accommodate any Seller representative so long as such Investigations have been scheduled with Seller at least forty-eight (48) business hours in advance);

(d) take all actions and implement all protections necessary to ensure that the Investigations and the equipment, materials, and substances generated, used or brought onto the Property in connection with the Investigations, pose no threat to the safety or health of persons or the environment, and cause no damage to the Property or other property of Seller or other persons;

(e) furnish to Seller without representation or warranty upon request by Seller, at no cost or expense to Seller, copies of all surveys, soil test results, engineering, asbestos, environmental and other studies and reports (other than internal analysis and proprietary information of the Purchaser) relating to the Investigations which Purchaser shall obtain with respect to the Property after Purchaser's receipt of same;

(f) maintain or cause to be maintained, at Purchaser's expense, a policy of commercial general liability insurance, with a broad form contractual liability endorsement and with a combined single limit of not less than $1,000,000.00 per occurrence for bodily injury and property damage, automobile liability coverage including owned and hired vehicles with a combined single limit of $1,000,000.00 per occurrence for bodily injury and property damage, and an excess umbrella liability policy for bodily injury and property damage in the amount of $5,000,000.00, insuring Purchaser, Seller, J.P. Morgan Investment Management Inc., Casto Lifestyle Properties L.P. and JPMorgan Chase Bank, N.A., as additional insureds, against any injuries or damages to persons or property that may result from or are related to (i) Purchaser's and/or Purchaser's Representatives' (as hereinafter defined) entry upon the Property, (ii) any Investigations or other activities conducted thereon, and/or (iii) any and all other activities undertaken by Purchaser and/ or Purchaser's Representatives, all of which insurance shall be on an "occurrence form" and otherwise in such forms acceptable to Seller and with an insurance company reasonably acceptable to Seller, and deliver a copy of an insurance certificate evidencing such insurance coverage to Seller prior to the first entry on the Property;

(g) not permit the Investigations or any other activities undertaken by Purchaser or Purchaser's Representatives to result in any liens, judgments or other encumbrances being filed or recorded against the Property, and Purchaser shall, at its sole cost and expense, promptly discharge of record any such liens or encumbrances that are so filed or recorded (including, without limitation, liens for services, labor or materials furnished); and

(h) indemnify Seller and any agent, advisor, representative, affiliate, employee, director, partner, member, beneficiary, investor, servant, shareholder, trustee or other person or entity acting on Seller's behalf or otherwise related to or affiliated with Seller (collectively, "Seller Related Parties") and hold harmless Seller and Seller Related Parties from and against any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements), suffered or incurred by Seller or any Seller Related Party and arising out of or in connection with (i) Purchaser's and/or Purchaser's Representatives' entry upon the Property, (ii) any Investigations or other activities conducted thereon by Purchaser or Purchaser's Representatives, (iii) any liens or encumbrances filed or recorded against the Property as a consequence of the Investigations and/or (iv) any and all other activities undertaken by Purchaser or Purchaser's Representatives with respect to the Property. The foregoing indemnity shall not include any claims, demands, causes of action, losses, damages, liabilities, costs or expenses (including, without limitation, attorneys' fees and disbursements) that result solely from the mere discovery, by Purchaser or Purchaser's Representatives, of pre-existing conditions on the Property during Investigations conducted pursuant to, and in accordance with, the terms of this Agreement.

Without limiting the foregoing, in no event shall Purchaser or Purchaser's Representatives, without the prior written consent of Seller which shall not be unreasonably withheld: (x) make any intrusive physical testing (environmental, structural or otherwise) at the Property (such as soil borings, water samplings or the like) (which shall not include a standard Phase I environmental site assessment which is expressly permitted), and/or (y) contact any Governmental Authority having jurisdiction over the Property other than standard inquiries with respect to the existing zoning, permitting or entitlements of the Property; provided, however, Seller may withhold its approval in its sole discretion with respect to clause (x) above if such intrusive physical testing is not recommended in Purchaser's environmental site assessment report.

The foregoing obligations shall survive the Closing or a termination of this Agreement.

4.2.1 Property Information and Confidentiality. All Information (as hereinafter defined) provided to Purchaser shall be subject to the following terms and conditions:

(a) Any information provided or to be provided with respect to the Property is solely for Purchaser's convenience and was or will be obtained from a variety of sources. Neither Seller nor any Seller Related Party has made any independent investigation or verification of such information and, except as expressly set forth herein, makes no (and expressly disclaims all) representations and warranties as to the truth, accuracy or completeness of the Information, or any other studies, documents, reports or other information provided to Purchaser hereunder and expressly disclaims any implied representations as to any matter disclosed or omitted. Neither Seller nor any Seller Related Party shall be liable for any mistakes, omissions, misrepresentations or any failure to investigate the Property nor shall Seller or any Seller Related Party be bound in any manner by any verbal or written statements, representations, appraisals, environmental assessment reports, or other information pertaining to the Property or the operation thereof, except as expressly set forth in this Agreement.

(b) Purchaser agrees that neither Purchaser nor Purchaser's Representatives shall, at any time or in any manner, either directly or indirectly, divulge, disclose or communicate to any person, entity or association the Information, or any other knowledge or information acquired by Purchaser or Purchaser's Representatives from Seller, any Seller Related Party or by Purchaser's own inspections and investigations, other than matters that were in the public domain at the time of receipt by Purchaser or Purchaser's Representatives. Without Seller's prior written consent, Purchaser shall not disclose and Purchaser shall direct Purchaser's Representatives not to disclose to any person, entity or association any of the terms, conditions or other facts with respect to this Agreement, including, without limitation, the status hereof, and shall not market or offer the Property for sale. Notwithstanding the foregoing, Purchaser may disclose such of the Information and its other reports, studies, documents and other matters generated by it and the terms of this Agreement (i) as required by law or court order (provided prior written notice of such disclosure shall be provided to Seller) and (ii) as Purchaser deems necessary or desirable to Purchaser's Representatives in connection with Purchaser's Investigation and the transaction contemplated hereby, provided that those to whom such Information is disclosed are informed of the confidential nature thereof and Purchaser shall be responsible for any breach of the terms and conditions hereof by any of Purchaser's Representatives. Notwithstanding the foregoing to the contrary, Seller recognizes that Hines Global REIT II, Inc., which indirectly owns equity interests in Purchaser, is a public non-traded company, and Seller acknowledges and agrees that Purchaser or Hines Global REIT II, Inc. may disclose after Closing in press releases, but prior to Closing in U.S. Securities and Exchange Commission ("**SEC**") and other filings with governmental authorities, financial statements and/or other communications such information regarding the transactions contemplated hereby and any such information relating to the Property as may be necessary under federal or state securities law, rules or regulations (including SEC rules and regulations), "generally accepted accounting principles" or other accounting rules or procedures.

(c) Purchaser shall indemnify and hold harmless Seller and all Seller Related Parties from and against any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) suffered or incurred by Seller or any Seller Related Party and arising out of or in connection with a breach by Purchaser or Purchaser's Representatives of the provisions of this Section 4.2.1.

(d) In the event this Agreement is terminated, upon written request from Seller, Purchaser and Purchaser's Representatives shall promptly deliver to Seller all originals and copies of the Information in the possession of Purchaser and Purchaser's Representatives, provided that no analyses prepared internally by Purchaser (as opposed to third party consultants) or electronic back-up copies of Information shall be required to be delivered to Seller pursuant to this paragraph.

(e) As used in this Agreement, the term "Information" shall mean any of the following: (i) all Seller Deliverables and any other information and documents in any way relating to the Property, the operation thereof or the sale thereof, made available for review by, Purchaser or its directors, officers, employees, affiliates, partners, members, brokers, agents or other representatives, including, without limitation, attorneys, accountants, contractors, consultants, engineers and financial advisors (collectively, "Purchaser's Representatives"), by Seller or any Seller Related Party or their agents or representatives, including, without limitation, their contractors, engineers, attorneys, accountants, consultants, brokers or advisors, and (ii) all analyses, compilations, data, studies, reports or other information or documents prepared or obtained by Purchaser or Purchaser's Representatives containing or based on, in whole or in part, the information or documents described in the preceding clause (i), the Investigations, or otherwise reflecting their review or investigation of the Property.

(f) In addition to any other remedies available to Seller, Seller shall have the right to seek equitable relief, including, without limitation, injunctive relief or specific performance, against Purchaser or Purchaser's Representatives in order to enforce the provisions of this Section 4.2.1.

(g) Notwithstanding any terms or conditions in this Agreement to the contrary, but subject to restrictions reasonably necessary to comply with federal or state securities laws, any person or entity ("Person") may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated herein and all materials of any kind (including opinions or other tax analyses) that are provided relating to such tax treatment and tax structure. For the avoidance of doubt, this authorization is not intended to permit disclosure of the names of, or other identifying information regarding, the participants in the transactions contemplated herein, or of any information or the portion of any materials not relevant to the tax treatment or tax structure of such transactions.

(h) The provisions of this Section 4.2.1 shall survive the Closing or a termination of this Agreement, provided that (i) Section 4.2.1(b) hereof shall not survive Closing except with respect to any Information related to Seller as an entity rather than the Property and (ii) Section 4.2.1 (c) shall not survive Closing with respect to a breach of 4.2.1(b), any Information related to the Property (and not the Seller as an entity) and first occurring after Closing.

4.2.2 Notice to Proceed. If, on or before the expiration of the Due Diligence Period, based upon the Investigations and/or the Information, Purchaser shall determine that it intends to acquire the Property, then Purchaser shall promptly notify Seller of such determination in writing on or before 5:00 p.m. (Central time) no later than the date that the Due Diligence Period shall expire (such notice being herein called the "Notice to Proceed"). If Purchaser fails to deliver a Notice to Proceed prior to the expiration of the Due Diligence Period, the Initial Deposit shall be promptly returned to Purchaser, and this Agreement and the obligations of the parties hereunder shall terminate (and no party hereto shall have any further obligations in connection herewith except under those provisions that expressly survive the Closing or a termination of this Agreement).

4.2.3 Identified Contracts. Upon the written request of Purchaser delivered prior to expiration of the Due Diligence Period (the "**Termination List Notice**"), Seller shall, on the Closing Date, deliver notices of termination to vendors under maintenance, service and supply contracts, and equipment leases with respect to the Property specified by Purchaser in the Termination List Notice (collectively, the "**Identified Contracts**"), terminating such Identified Contracts effective upon the earliest date that, pursuant to the terms of such Identified Contracts, such Identified Contracts may be terminated without the payment by Seller of any fee, premium, penalty or other form of early termination compensation (which date, if not so terminable, shall be the expiration date of the Identified Contract). Purchaser understands and agrees that, at Closing, Purchaser shall assume the obligations of Seller under maintenance, service and supply contracts, and equipment leases with respect to the Property (x) that were not timely identified in the Termination List Notice, (y) for which notices of termination are delivered on the Closing Date but which are not effectively terminated until after the Closing Date, or (z) that were entered into after the expiration of the Due Diligence Period in accordance with the terms of this Agreement.

4.3 Tenant Estoppel Certificates. Receipt of estoppel certificates (each, a "Tenant Estoppel Certificate", and collectively, the "Tenant Estoppel Certificates") from (a) the tenants identified on Exhibit C attached hereto and made a part hereof (collectively, the "Required Tenants"), and (b) a sufficient number of other tenants such that estoppel certificates shall have been received pursuant to clauses (a) and (b) hereof with respect to not less than seventy percent (70%) of the total net rentable square footage of the Property covered by the Leases in effect as of the date hereof, shall, subject to the terms of Section 7.2.3(b), be a condition precedent to Purchaser's obligation to purchase the Property hereunder. Seller shall use commercially reasonable efforts (and, as used in this Agreement, commercially reasonable efforts shall not be deemed to include any obligation to institute legal proceedings, deliver notices of default or to expend any monies) to obtain such Tenant Estoppel Certificates, which certificates shall be substantially in the form attached hereto and made a part hereof as Exhibit D, as modified to conform to the requirements of the applicable lease or operative agreement, if any such requirements exist, and to make the statements contained therein factually correct. Notwithstanding the foregoing, Seller may, in compliance with its obligations hereunder, deliver a Tenant Estoppel Certificate in any form which does not materially vary from the representations made in the form of Tenant Estoppel Certificate in Exhibit D (as modified to make the statement contained therein factually correct). Notwithstanding anything contained in this Agreement to the contrary, in the event Seller is unable to obtain a Tenant Estoppel Certificate from any particular tenant under any Lease, Seller shall have the right (but not the obligation) to deliver to Purchaser on the Closing Date a certificate (a "Seller's Estoppel Certificate") in the form attached hereto and made a part hereof as Exhibit E, executed by Seller, and in such event, Seller shall be deemed to have delivered a Tenant Estoppel Certificate with respect to such tenant for purposes of satisfying the condition under this Section 4.3. In no event shall Seller have the right to deliver a Seller's Estoppel Certificate for more than ten percent (10%) of the total net rentable square footage of the Property or for any Required Tenant. In addition, Seller shall be released from any liability with respect to such Seller's Estoppel Certificate upon the sooner to occur of (i) six (6) months following the Closing Date and (ii) the date of delivery to Purchaser of a Tenant Estoppel Certificate executed by the tenant for which Seller has delivered such Seller's Estoppel Certificate. If prior to the Scheduled Closing Date, Tenant Estoppel Certificates sufficient to satisfy the condition precedent to Purchaser's obligation to purchase the Property described in this Section 4.3 are not received, Seller may postpone the Closing for a maximum of thirty (30) days beyond the Scheduled Closing Date to allow Seller additional time in order to obtain Tenant Estoppel Certificates sufficient to satisfy such condition precedent.

4.4 Conditions Precedent to Obligations of Purchaser; SNDAs. The obligation of Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the performance and observance, in all material respects, by Seller of all covenants, warranties and agreements of this Agreement to be performed or observed by Seller prior to or on the Closing Date and the fulfillment on or before the Closing Date of all other conditions precedent to Closing benefiting Purchaser specifically enumerated in this Agreement, any or all of which may be waived by Purchaser in its sole discretion. Seller shall use commercially reasonable efforts to cooperate with Purchaser and any lender of Purchaser in obtaining subordination, non-disturbance and attornment agreements from the Tenants if Purchaser's lender shall request, provided that obtaining any such subordination, non-disturbance and attornment agreements shall not be a condition to Closing, and Seller's failure to obtain any such agreement shall not be a default hereunder.

4.5 Conditions Precedent to Obligations of Seller. The obligation of Seller to consummate the transactions contemplated by this Agreement shall be subject to the performance and observance, in all material respects, by Purchaser of all covenants and agreements of this

Agreement to be performed or observed by Purchaser prior to or on the Closing Date (provided that Purchaser shall have delivered the full amount of the Closing Payment) and the fulfillment on or before the Closing Date of all other conditions precedent to Closing benefiting Seller specifically set forth in this Agreement, any or all of which may be waived by Seller in its sole discretion.

5. Closing. The closing (the "Closing") of the sale and purchase contemplated herein shall occur at 10:00 a.m. on or before the date which is the later to occur of (i) thirty (30) days following the expiration of the Due Diligence Period or (ii) five (5) Business Days after Existing Lender's approval of the Existing Financing Assumption (the "Scheduled Closing Date"), **TIME BEING OF THE ESSENCE** with respect to Purchaser's obligation to close on such date, at the offices of Escrowee through an escrow and pursuant to escrow instructions consistent with the terms of this Agreement and otherwise mutually satisfactory to Seller and Purchaser (the date on which the Closing shall occur being herein referred to as the "Closing Date"). Purchaser shall have the one time option to extend the Scheduled Closing Date for a period of up to thirty (30) days exercisable upon (1) written notice from Purchaser to Seller received by Seller at least two (2) Business Days before the Scheduled Closing Date (the "Extension Notice") and (2) depositing, by wire transfer of immediately available federal funds, the sum of Five Million Five Dollars ($5,000,000.00) (the "Extension Deposit") with the Escrowee at least two (2) Business Days before the Scheduled Closing Date. The Extension Notice shall designate a Business Day no later than the date which is thirty (30) days after the then Scheduled Closing Date as the new Scheduled Closing Date hereunder. The Extension Deposit shall (x) be held by Escrowee in accordance with the terms of the Escrow Agreement, (y) be applied to the Purchase Price at Closing in accordance with Section 3, and (z) shall, except as otherwise expressly set forth in this Agreement, be non-refundable to Purchaser. For avoidance of doubt and notwithstanding anything to the contrary contained in this Agreement, if Purchaser fails to timely deliver the Extension Notice to Seller and/or deposit the Extension Deposit with Escrowee as aforesaid, the Scheduled Closing Date shall not be extended except as otherwise expressly set forth in this Agreement. The Closing shall constitute approval by each party of all matters to which such party has a right of approval and a waiver of all conditions precedent.

5.1 Seller Deliveries. At the Closing, each Seller shall deliver or cause to be delivered to Purchaser or to the Escrowee, as the case may be the following items executed and acknowledged by such Seller, as appropriate:

(a) a deed (the "Deed") in the form attached hereto and made a part hereof as Exhibit F.

(b) an assignment and assumption of leases and brokerage agreements related to such leases (the "Assignment and Assumption of Leases"), in the form attached hereto and made a part hereof as Exhibit G.

(c) a bill of sale (the "Bill of Sale"), in the form attached hereto and made a part hereof as Exhibit H.

(d) a certification of non-foreign status in the form attached hereto and made a part hereof as Exhibit I, and any required state certificate that is sufficient to exempt Seller from any state withholding requirement with respect to the transactions contemplated hereby.

(e) an assignment and assumption of Contracts (the "Assignment and Assumption of Contracts"), in the form attached hereto and made a part hereof as Exhibit J.

(f) all existing surveys, blueprints, drawings, plans and specifications for or with respect to the Property or any part thereof, to the extent the same are in Seller's possession.

(g) all keys to the Improvements, to the extent the same are in Seller's possession.

(h) all Leases in effect on the Closing Date.

(i) all Contracts that shall remain in effect after the Closing, to the extent the same are in Seller's possession or the possession of Seller's property manager (all items in clauses (f) through (i) may be either delivered at Closing or left at the management office at the Property, to the extent not previously delivered to Purchaser).

(j) all applicable transfer and documentary stamp tax forms, if any, as prepared by Purchaser with Seller's reasonable cooperation.

(k) such further instruments as may be required by the Title Company to record the Deed, including without limitation a standard owner's affidavit in the form attached hereto as Exhibit T.

(l) notices to each of the tenants under the Leases (each, a "Tenant Notice", and collectively, the "Tenant Notices") in the form attached hereto and made a part hereof as Exhibit K, advising such tenants of the sale of the Property to Purchaser and directing them to make all payments to Purchaser or its designee, which Tenant Notices Purchaser shall, at Purchaser's sole cost and expense, either mail by certified mail return receipt requested or hand-deliver to each applicable tenant.

(m) evidence reasonably satisfactory to the Title Company respecting the due organization of Seller and the due authorization and execution by Seller of this Agreement and the documents required to be delivered hereunder.

(n) an assignment and assumption of existing financing documents (the "Assignment and Assumption of Existing Financing Documents"), in a form approved by the Existing Lender, if applicable.

5.2 Purchaser Deliveries. At the Closing, Purchaser shall deliver or cause to be delivered to Seller or to the Escrowee, as the case may be, the following items executed and acknowledged by Purchaser, as appropriate:

(a) payment of the Closing Payment to be made in accordance with Section 3 above.

(b) the Assignment and Assumption of Leases.

(c) the Assignment and Assumption of Contracts and Assignment.

(d) payment of amounts due to Casto Southeast Realty Services LLC ("Casto") in accordance with the letter agreement by and between Purchaser and Casto.

(e) all applicable transfer tax and documentary stamp tax forms, if any.

(f) such further instruments as may be necessary to record the Deed.

(g) evidence reasonably satisfactory to Seller and the Title Company respecting the due organization of Purchaser and the due authorization and execution by Purchaser of this Agreement and the documents required to be delivered hereunder.

(h) The Assignment and Assumption of Existing Financing Documents.

5.3 Closing Costs. Seller shall pay (a) the brokerage commission in accordance with Section 11.1.2, (b) and any escrow fees charged by the Title Company, and (c) all state, county and local transfer taxes, documentary stamp taxes or similar conveyance taxes or fees, payable in connection with the transaction contemplated herein; provided, however, Purchaser shall pay any and all documentary stamp tax and intangible tax in connection with Purchaser's financing, mortgage or note. Purchaser shall pay (a) the title insurance premium for the Owner's Policy, (b) the cost of any title endorsements and affirmative insurance required by Purchaser, (c) the costs of the Survey (or an update thereto), (d) all recording charges payable in connection with the recording of the Deed, (e) all fees, costs or expenses in connection with Purchaser's due diligence reviews hereunder and (f) any escrow fees charged by the Escrowee in connection with holding the Deposit. Any other closing costs shall be allocated in accordance with local custom. Except as expressly provided in the indemnities set forth in this Agreement, Seller and Purchaser shall pay their respective legal, consulting and other professional fees and expenses incurred in connection with this Agreement and the transaction contemplated hereby and their respective shares of prorations as hereinafter provided. The provisions of this Section 5.3 shall survive the Closing or a termination of this Agreement.

5.4 Prorations.

5.4.1 The following shall be prorated between Seller and Purchaser as of 12:01 a.m. on the Closing Date (on the basis of the actual number of days elapsed over the applicable period):

(a) All ad valorem real estate taxes, assessments, and any payments in lieu thereof pursuant to Ohio Revised Code Chapter 5709 and not reimbursable by tenants under the Leases for the calendar year of the Closing which have not been paid but are due and payable with respect to calendar year 2016 shall be apportioned and prorated on a per diem basis between the parties as of the Closing Date, regardless of the collection date therefor. In no event shall Seller be charged with or be responsible for any increase in the taxes on the Property resulting from the sale of the Property or from any improvements made or leases entered into on or after the Closing Date. If any assessments on the Property are payable in installments, then the installment for the current period shall be prorated (with Purchaser assuming the obligation to pay any installments due after the Closing Date).

(b) Subject to this Section 5.4.1(b), all fixed rent and regularly scheduled items of additional rent under the Leases, and other tenant charges if, as and when received. Seller shall deliver or provide a credit in an amount equal to all prepaid rentals for periods after the Closing Date and all refundable cash security deposits (to the extent the foregoing were made by tenants under the Leases and are not applied or forfeited prior to the Closing Date) to Purchaser on the Closing Date. Seller shall deliver to Purchaser at Closing any tenant security deposits which are held in the form of letters of credit, along with any required transfer forms and fees, if any. Rents which are delinquent as of the Closing Date shall not be prorated on the Closing Date. Purchaser shall include such delinquencies in its normal billing and shall diligently pursue the collection thereof in good faith after the Closing Date (but Purchaser shall not be required to litigate or declare a default in any Lease). To the extent Purchaser receives rents on or after the Closing Date, such payments shall be applied first toward the rents for the month in which the Closing occurs, second to the rents that shall then be due and payable to Purchaser, and third to any delinquent rents owed to Seller, with Seller's share thereof being held by Purchaser in trust for Seller and promptly delivered to Seller by Purchaser. Purchaser may not waive any delinquent rents nor modify a Lease so as to reduce or otherwise affect amounts owed thereunder for any period in which Seller is entitled to receive a share of charges or amounts without first obtaining Seller's written consent, which consent may be given or withheld in Seller's sole and absolute discretion. Seller hereby reserves the right to pursue any remedy against any tenant owing delinquent rents and any other amounts to Seller (but shall not be entitled to terminate or threaten to terminate any lease or any tenant's right to possession), which right shall include the right to continue legal actions or proceedings against any tenant which have already been commenced, but not the right to commence new legal actions or proceedings. Delivery of the Assignment and Assumption of Leases shall not constitute a waiver by Seller of such right, and such right shall survive the Closing. Purchaser shall reasonably cooperate with Seller in any collection efforts hereunder (but shall not be required to litigate or declare a default under any Lease). With respect to delinquent rents and any other amounts or other rights of any kind respecting tenants who are no longer tenants of the Property as of the Closing Date, Seller shall retain all rights relating thereto.

(c) If any tenant of the Property is obligated to pay percentage rent based upon the calendar year or lease year in which the Closing Date occurs (the "Percentage Rent Year"), Purchaser shall, within thirty (30) days after receipt of such payment with respect to the Percentage Rent Year, remit to Seller that portion which is equal to the number of days which elapsed between the commencement date of the Percentage Rent Year for each such tenant, and the Closing Date, and the total number of days in such Percentage Rent Year. If Seller has received payments of percentage rent based on any Percentage Rent Year in which the date of Closing occurs, in excess of Seller's share as calculated as set forth above in this Section 5.4.1(c), it shall pay such excess to Purchaser at Closing.

(d) All operating expenses customarily apportioned between sellers and purchasers of real estate properties similar to the Property and located in the same geographic area as the Property. Specifically, Seller will prepare a reconciliation as of the Closing Date of the amounts of all billings and charges for operating expenses and real estate taxes and assessments in excess of the applicable expense stop, if any, specified in each Lease (collectively, "Operating Expense Recoveries") for calendar year 2016. If less amounts have been collected from Tenants for Operating Expense Recoveries for calendar year 2016 than would have been owed by Tenants under the Leases if the reconciliations under such Leases were completed as of the Closing Date based on the operating expenses and real estate taxes and assessments incurred by the Seller for calendar year 2016 up to the Closing Date (as prorated pursuant to this Section 5.4.1), Purchaser will pay such difference to Seller at Closing as an addition to the Purchase Price. If more amounts have been collected from Tenants for Operating Expense Recoveries for calendar year 2016 than would have been owed by Tenants under the Leases if the reconciliations under such Leases were completed as of the Closing Date based on the operating expenses and taxes incurred by the Seller for calendar year 2016 up to the Closing Date (as prorated pursuant to this Section 5.4.1), Seller will pay to Purchaser at Closing as a credit against the Purchase Price such excess collected amount. Purchaser and Seller agree that such proration of Operating Expense Recoveries at Closing for calendar year 2016 will fully relieve Seller from any responsibility to Tenants or Purchaser for such matters subject to Seller's and Purchaser's right and obligation to finalize prorations within one hundred eighty (180) days after the last day of the calendar year in which the Closing occurs solely to make adjustments necessary to the extent estimates used in the calculation of such reconciliation at Closing differ from actual bills received after Closing for those items covered by such reconciliation at Closing or to correct any errors. In this regard, Purchaser will be solely responsible, from and after Closing, for (i) collecting from Tenants the amount of any outstanding Operating Expense Recoveries for calendar year 2016 for periods before and after Closing, and (ii) where appropriate, reimbursing Tenants for amounts attributable to Operating Expense Recoveries for calendar year 2016, as may be necessary based on annual reconciliations for Operating Expense Recoveries for such calendar year.

(e) Charges and payments under Contracts or permitted renewals or replacements thereof assigned to Purchaser pursuant to the Assignment and Assumption of Contracts.

(f) Any prepaid items, including, without limitation, fees for licenses which are transferred to Purchaser at the Closing and annual permit and inspection fees.

(g) Utilities, including, without limitation, telephone, steam, electricity and gas, on the basis of the most recently issued bills therefor, subject to adjustment after the Closing when the next bills are available, or if current meter readings are available, on the basis of such readings.

(h) Deposits with telephone and other utility companies, and any other persons or entities who supply goods or services in connection with the Property if the same are assigned to Purchaser at the Closing, which shall be credited in their entirety to Seller.

(i) Personal property taxes, if any, on the basis of the fiscal year for which assessed.

(j) Permitted administrative charges, if any, on those tenants' security deposits transferred by Seller pursuant to the Assignment and Assumption of Leases.

(k) Taxes payable by Seller relating to operations of the Property, including, without limitation, business and occupancy taxes and sales taxes, if any.

(l) Such other items as are customarily apportioned between sellers and purchasers of real properties of a type similar to the Property and located in the same geographic area as the Property subject to Section 7.2.3(a) hereof, including, without limitation, any amounts paid by tenants of the Property and held by Seller as actual or estimated real estate taxes pursuant to such tenant's leases.

(m) If Purchaser shall be assuming the Existing Financing, interest payable on the Existing Financing.

5.4.2

(a) If any of the items described in Section 5.4.1 hereof cannot be apportioned at the Closing because of the unavailability of information as to the amounts which are to be apportioned or otherwise, or are incorrectly apportioned at Closing or subsequent thereto, such items shall be apportioned or reapportioned, as the case may be, as soon as practicable after the Closing Date or the date such error is discovered, as applicable; provided that (i) with the exception of any item required to be apportioned pursuant to Section 5.4.1(a), (b) or (g), neither party shall have the right to request apportionment or reapportionment of any such item at any time following the one hundred eightieth (180th) day after the Closing Date and (ii) with respect to the items required to be apportioned pursuant to Section 5.4.1(a), (b) or (g), neither party shall have the right to request apportionment or reapportionment of any such item at any time following the one (1) year anniversary of the Closing Date. If the Closing shall occur before a real estate or personal property tax rate or assessment is fixed for the tax year in which the Closing occurs, the apportionment of taxes at the Closing shall be upon the basis of the tax rate or assessment for the preceding fiscal year applied to the latest assessed valuation. Promptly after the new tax rate or assessment is fixed, the apportionment of taxes or assessments shall be recomputed and any discrepancy resulting from such recomputation and any errors or omissions in computing apportionments at Closing shall be promptly corrected and the proper party reimbursed, which obligations shall survive the Closing.

(b) If Purchaser shall be assuming the Existing Financing, Purchaser shall be given a credit at the Closing for the then current principal balance of the Existing Financing and Seller shall be given a credit for the amount of all security, escrows and deposits held in connection with the Existing Financing (to the extent not replaced by Purchaser or released by Existing Lender).

5.4.3 Items to be prorated at the Closing shall include a credit to Seller for costs and expenses incurred by Seller in connection with any new Leases or modifications to any existing Leases entered into after the date hereof in accordance with the terms and conditions set forth in Section 7.2.3(a) of this Agreement except for any such costs and expenses designated as Seller Leasing Costs in the following sentence. Except as set forth on Exhibit Q (the "Purchaser

Assumed Pre-Existing Brokerage and TI Costs"), Seller shall be responsible for all brokerage and leasing commissions and tenant improvement costs for the initial term of all Leases entered into prior to the date of this Agreement and for any extension, renewal or expansion of any such Lease exercised prior to the date of this Agreement (collectively, "Seller Leasing Costs"). At Closing, Purchaser shall receive a credit against the Purchase Price for any portion of the Purchaser Assumed Pre-Existing Brokerage and TI Costs still outstanding and payable by Purchaser post-closing.

Purchaser shall be responsible for and expressly assumes the obligation to pay all Purchaser Assumed Pre-Existing Brokerage and TI Costs and all brokerage and leasing commissions, tenant improvement costs and other costs and expenses including attorney's fees for any new leases entered into either prior to or from and after the date of this Agreement and any extension, renewal or expansion of any existing Lease exercised or entered into either prior to or from and after the date of this Agreement including, without limitation amounts owed under the Brokerage Agreements, provided in all such instances, the term of such Lease, extension, or expansion or the regularly scheduled payment of rent commences from and after the date of this Agreement (collectively, "Purchaser Leasing Costs"). If at the Closing Seller has paid any Purchaser Leasing Costs, the prorations at the Closing shall include an appropriate credit to Seller. If at the Closing there remain unpaid Seller Leasing Costs, Purchaser shall expressly assume the responsibility to pay such unpaid Seller Leasing Costs, and the prorations at the Closing shall include an appropriate credit to Purchaser.

5.4.4 The provisions of this Section 5.4 shall survive the Closing.

6. <u>Condemnation or Destruction of Property</u>. In the event that, after the date hereof but prior to the Closing Date, either any portion of the Property is taken pursuant to eminent domain proceedings or condemnation or any of the improvements on the Property are damaged or destroyed by fire or other casualty, Seller shall have no obligation to restore, repair or replace any portion of the Property or any such damage or destruction. Seller shall, at the Closing, assign to Purchaser all of Seller's interest in all awards or other proceeds for such taking by eminent domain or condemnation or the proceeds of any insurance collected by Seller for such damage or destruction (unless Seller shall have repaired such damage or destruction prior to the Closing and except to the extent any such awards, proceeds or insurance are attributable to lost rents or items applicable to any period prior to the Closing), less the amount of all reasonable costs incurred by Seller in connection with the repair of such damage or destruction or collection costs of Seller respecting any awards or other proceeds for such taking by eminent domain or condemnation or any uncollected insurance proceeds which Seller may be entitled to receive from such damage or destruction, as applicable. In connection with any assignment of awards, proceeds or insurance hereunder, Seller shall credit Purchaser with an amount equal to the applicable deductible amount under Seller's insurance (but not more than the amount by which the cost, as of the Closing Date, to repair the damage is greater than the amount of insurance proceeds assigned to Purchaser); provided, however, if either (i) the amount of the damage (as determined by an independent third party contractor or engineer selected by Seller and reasonably approved by Purchaser) or the amount of condemnation award shall exceed an amount equal to ten percent (10%) of $190,000,000, or (ii) the extent of the damage or condemnation gives any of the Required Tenants the right to terminate their respective Leases (unless all such affected Required Tenants have waived such termination rights), or (iii) any

condemnation has a material and adverse effect on access to the Property as reasonably determined by Seller, Purchaser shall have the right to terminate this Agreement by notice to Seller given within ten (10) days after notification to Purchaser of the estimated amount of damages or the determination of the amount of any condemnation award. In any instance where this Agreement is terminated pursuant to this Section 6, the Initial Deposit and the Extension Deposit, to the extent deposited with Escrowee, shall, provided that Purchaser is not otherwise in default of its obligations pursuant to this Agreement, be promptly returned to Purchaser, and this Agreement and the obligations of the parties hereunder shall terminate (and no party hereto shall have any further obligations in connection herewith except under those provisions that expressly survive the Closing or a termination of this Agreement). The parties hereby waive the provisions of any statute which provides for a different outcome or treatment in the event of a casualty or a condemnation or eminent domain proceeding.

7. Representations, Warranties and Covenants.

7.1 Representations, Warranties and Covenants of Seller.

7.1.1 Representations and Warranties of Seller. Subject to the provisions of this Section 7.1.1, Seller hereby represents to Purchaser that, as of the date of this Agreement:

(a) Leases. There are no leases, licenses or other occupancy agreements to which Seller is a party or is bound affecting any portion of the Property which will be in force on the Closing Date other than the Leases. As used herein, "Leases" shall be deemed to mean, collectively, (i) the leases described on Exhibit M attached hereto and made a part hereof (the "Lease Exhibit") and (ii) the leases entered into after the date of this Agreement in accordance with this Agreement. As of the date of this Agreement (x) the Leases are in full force and effect and have not been amended except as set forth in the Lease Exhibit, and (y) the Lease Exhibit is true and correct in all material respects. To the best of Seller's knowledge, the copies of the Leases that have been provided to, or made available to, Purchaser are true, correct and complete, in all material respects. Seller has received no written notice from the Tenants under the Leases of any currently uncured default by Seller under the Leases, and, there exists no monetary default or, to the best of Seller's knowledge, material non-monetary default on the part of the Tenants under the Leases, except a set forth on Exhibit M.

(b) Litigation. There is no pending or, to Seller's knowledge, threatened litigation or condemnation action against the Property or against Seller with respect to the Property as of the date of this Agreement.

(c) No Insolvency. Seller is not a debtor in any state or federal insolvency, bankruptcy, receivership proceeding.

(d) Non-Foreign Person. Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code, as amended (the "Code").

(e) Contracts. Seller has not entered into any service or equipment leasing contracts relating to the Property which will be in force after the Closing, except for the

Contracts. As used in this Agreement, the "Contracts" shall be deemed to mean, collectively, (i) the contracts described on Exhibit N attached hereto and made a part hereof, (ii) contracts which are cancelable on thirty (30) days' notice or less without premium or penalty, and (iii) contracts entered into by Seller after the date of this Agreement which Seller is permitted to enter into in accordance with this Agreement.

(f) Lease Brokerage Agreements; Leasing Commission Agreements; Leasing Costs. As of the date hereof, Seller has not entered into any lease brokerage agreements or lease commission agreements other than as described on Exhibit P attached hereto and made a part hereof or in the Leases that shall be binding upon Purchaser following Closing. Except (i) the Purchaser Assumed Pre-Existing Brokerage and TI Costs, (ii) costs related to new Leases or modifications to existing Leases entered into after the date hereof in accordance with the terms and conditions set forth in Section 7.2.3(a), and (iii) the Seller Leasing Costs set forth on Exhibit R, there are no unpaid Leasing Costs currently due and payable with respect to any Leases and none shall be due and payable by Purchaser after Closing with respect to any Leases that are in effect as of the Closing Date.

(g) Due Authority. This Agreement and all agreements, instruments and documents herein provided to be executed or to be caused to be executed by Seller are, or on the Closing Date will be, duly authorized, executed and delivered by and are binding upon Seller. Each Seller is a limited liability company, duly organized and validly existing and in good standing under the laws of the State of Delaware, and is duly authorized and qualified to do all things required of it under this Agreement.

(h) Tenant Deposits. Exhibit S sets forth all Tenant security deposits (including those in the form of letters of credit) currently being held by or on behalf of Seller with respect to the Leases.

(i) ERISA. The assets of Seller are not subject to Title I of the Employee Retirement Income Security Act or Section 4975 of the Code.

(j) Loan Assumption Thresholds. As of the Effective Date, Seller believes (x) clause (i) of the Loan Assumption Thresholds described in the Existing Financing Documents would be satisfied provided Existing Lender attributes the Purchase Price to the value of the Property, and (y) clause (ii) of the Loan Assumption Thresholds described in the Existing Financing Documents would be satisfied if the debt service coverage ratio described therein were calculated as of the Effective Date as described therein. The representation shall not be re-made at Closing and shall not survive Closing.

(k) OFAC. None of (A) Seller or, (B) any Person directly owning ten percent (10%) or more of Seller, or (C) to the best of Seller's knowledge, any Person indirectly owning an interest Seller, or, (D) to the best of Seller's knowledge, if Seller is a privately-held entity, any Person having a beneficial interest in Seller, or, (E) to the best of Seller's knowledge, any Person for whom Seller is acting as agent or nominee in connection with the transaction contemplated by this Agreement, is a country, territory, individual or entity named on any OFAC List or a Person prohibited under the OFAC Programs. "OFAC" means the U.S. Treasury Department's Office of

Foreign Assets Control. "OFAC List" means any list maintained, from time to time, by OFAC, which lists countries, territories, Persons and other entities, the engagement of transactions with whom is prohibited by OFAC and/or by Executive Order 13224 (Sept. 24, 2001) "Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism", which lists can be found on the OFAC website at <http://www.ustreas.gov/ofac>. "OFAC Programs" means the programs administered by OFAC, which prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on any OFAC List.

Notwithstanding and without limiting the foregoing, (i) if any of the representations or warranties of Seller that survive Closing contained in this Agreement or in any document or instrument delivered in connection herewith are materially false or inaccurate, or Seller is in material breach or default of any of its obligations under this Agreement that survive Closing, and Purchaser nonetheless closes the transaction hereunder and purchases the Property, then Seller shall have no liability or obligation respecting such false or inaccurate representations or warranties or other breach or default (and any cause of action resulting therefrom shall terminate upon the Closing) in the event that on or prior to Closing, Purchaser shall have had knowledge of the false or inaccurate representations or warranties or other breach or default, and (ii) to the extent the copies of the Leases, the Contracts or any other Information furnished or made available to or otherwise obtained by Purchaser prior to the expiration of the Due Diligence Period contain provisions or information that are inconsistent with the foregoing representations and warranties, and Purchaser nonetheless closes the transaction hereunder and purchases the Property, then Seller shall have no liability or obligation respecting such inconsistent representations or warranties (and Purchaser shall have no cause of action or right to terminate this Agreement with respect thereto), and such representations and warranties shall be deemed modified to the extent necessary to eliminate such inconsistency and to conform such representations and warranties to such Leases, Contracts and other Information.

References to the "knowledge", "best knowledge" and/or "actual knowledge" of Seller or words of similar import shall refer only to the current actual (as opposed to implied or constructive) knowledge of Jeffrey Pisano and Jason Freeman and shall not be construed, by imputation or otherwise, to refer to the knowledge of Seller or any parent, subsidiary or affiliate of Seller or to any other officer, agent, manager, representative or employee of Seller or to impose upon Jeffrey Pisano or Jason Freeman any duty to investigate the matter to which such actual knowledge, or the absence thereof, pertains. Notwithstanding anything to the contrary contained in this Agreement, neither Jeffrey Pisano nor Jason Freeman shall have any personal liability hereunder.

The representations and warranties contained in this Section 7.1.1 shall survive the Closing for a period of six (6) months. In furtherance thereof, Purchaser acknowledges and agrees that it shall have no right to make any claim against Seller on account of any breach of any representation or warranty contained in this Section 7.1.1 unless an action on account thereof shall be filed in a court of competent jurisdiction within sixty (sixty) days following the six (6) month survival period referenced above (the "Claim Expiration Date"). To the fullest extent permitted by law, the foregoing shall constitute an express waiver of any applicable statute of limitations on account of Seller's breach of its representations and warranties contained in this Section 7.1.1.

7.1.2 GENERAL DISCLAIMER. EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT OR IN ANY DOCUMENT DELIVERED BY SELLER TO PURCHASER AT THE CLOSING, THE SALE OF THE PROPERTY HEREUNDER IS AND WILL BE MADE ON AN "AS IS" ,"WHERE IS," AND "WITH ALL FAULTS" BASIS, WITHOUT REPRESENTATIONS AND WARRANTIES OF ANY KIND OR NATURE, EXPRESS, IMPLIED OR OTHERWISE, INCLUDING ANY REPRESENTATION OR WARRANTY CONCERNING TITLE TO THE PROPERTY, THE PHYSICAL CONDITION OF THE PROPERTY (INCLUDING THE CONDITION OF THE SOIL OR THE IMPROVEMENTS), THE ENVIRONMENTAL CONDITION OF THE PROPERTY (INCLUDING THE PRESENCE OR ABSENCE OF HAZARDOUS SUBSTANCES ON OR AFFECTING THE PROPERTY), THE COMPLIANCE OF THE PROPERTY WITH APPLICABLE LAWS AND REGULATIONS (INCLUDING ZONING AND BUILDING CODES OR THE STATUS OF DEVELOPMENT OR USE RIGHTS RESPECTING THE PROPERTY), THE FINANCIAL CONDITION OF THE PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY RESPECTING ANY INCOME, EXPENSES, CHARGES, LIENS OR ENCUMBRANCES, RIGHTS OR CLAIMS ON, AFFECTING OR PERTAINING TO THE PROPERTY OR ANY PART THEREOF. PURCHASER ACKNOWLEDGES THAT, DURING THE DUE DILIGENCE PERIOD, PURCHASER WILL EXAMINE, REVIEW AND INSPECT ALL MATTERS WHICH IN PURCHASER'S JUDGMENT BEAR UPON THE PROPERTY AND ITS VALUE AND SUITABILITY FOR PURCHASER'S PURPOSES. PURCHASER IS A SOPHISTICATED PURCHASER WHO IS FAMILIAR WITH THE OWNERSHIP AND OPERATION OF REAL ESTATE PROJECTS SIMILAR TO THE PROPERTY AND THAT PURCHASER HAS OR WILL HAVE ADEQUATE OPPORTUNITY TO COMPLETE ALL PHYSICAL AND FINANCIAL EXAMINATIONS (INCLUDING ALL OF THE EXAMINATIONS, REVIEWS AND INVESTIGATIONS REFERRED TO IN SECTION 4) RELATING TO THE ACQUISITION OF THE PROPERTY HEREUNDER IT DEEMS NECESSARY, AND WILL ACQUIRE THE SAME SOLELY ON THE BASIS OF AND IN RELIANCE UPON SUCH EXAMINATIONS AND THE TITLE INSURANCE PROTECTION AFFORDED BY THE OWNER'S POLICY AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER (OTHER THAN AS EXPRESSLY PROVIDED HEREIN). EXCEPT AS TO MATTERS SPECIFICALLY SET FORTH IN THIS AGREEMENT OR IN ANY DOCUMENT DELIVERED BY SELLER TO PURCHASER AT THE CLOSING: (A) PURCHASER WILL ACQUIRE THE PROPERTY SOLELY ON THE BASIS OF ITS OWN PHYSICAL AND FINANCIAL EXAMINATIONS, REVIEWS AND INSPECTIONS AND THE TITLE INSURANCE PROTECTION AFFORDED BY THE OWNER'S POLICY, AND (B) WITHOUT LIMITING THE FOREGOING, PURCHASER WAIVES ANY RIGHT IT OTHERWISE MAY HAVE AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, THE RIGHT TO SEEK DAMAGES FROM SELLER IN CONNECTION WITH THE ENVIRONMENTAL CONDITION OF THE PROPERTY, INCLUDING ANY RIGHT OF CONTRIBUTION UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY ACT. THE PROVISIONS OF THIS SECTION 7.1.2 SHALL SURVIVE THE CLOSING.

7.2 Interim Covenants of Seller. Until the Closing Date or the sooner termination of this Agreement in accordance with the terms and conditions of this Agreement:

7.2.1 Seller shall maintain the Property in substantially the same manner as prior hereto pursuant to Seller's normal course of business (such maintenance obligations not including capital expenditures or expenditures not incurred in such normal course of business), subject to reasonable wear and tear and further subject to destruction by casualty or other events beyond the control of Seller.

7.2.2 Subject to the terms set forth in this Section 7.2.2, Seller may cancel, modify, extend, renew or permit the expiration of contracts or enter into any new service contract with Purchaser's consent, which consent shall not be unreasonably withheld; provided, however, Purchaser's consent shall not be required if such contract is cancelable upon not more than thirty (30) days' notice. After the expiration of the Due Diligence Period, Seller shall not modify, extend, renew or cancel (except as a result of a default by the other party thereunder) or enter into any additional service contracts or other similar agreements without the prior consent of Purchaser, which consent may be withheld in Purchaser's sole discretion; provided, however, Purchaser's consent shall not be required if such contract is cancelable upon not more than thirty (30) days' notice. Purchaser's failure to disapprove any request for consent by Seller under this Section 7.2.2 within five (5) Business Days following Seller's request therefor shall be deemed to constitute Purchaser's consent thereto.

7.2.3

(a) Seller shall have the right to continue to offer the Property for lease in the same manner as prior hereto pursuant to its normal course of business and shall keep Purchaser informed as to the status of leasing prior to the Closing Date. Prior to the expiration of the Due Diligence Period, Seller shall be entitled to enter into any new leases, or modifications of existing Leases only with Purchaser's prior written consent, which consent shall not be unreasonably withheld. After the expiration of the Due Diligence Period, Seller shall not during the term of this Agreement enter into any new leases or, unless required by the term of existing Leases, modifications of existing Leases without the prior written consent of Purchaser, which consent may be granted or withheld in Purchaser's sole discretion. Notwithstanding the foregoing or anything to the contrary set forth in this Agreement, (x) Purchaser's failure to disapprove any request for consent by Seller under this Section 7.2.3 within five (5) Business Days following Seller's request therefor shall be deemed to constitute Purchaser's consent thereto, and (y) Purchaser shall bear all costs and expenses related to any new leases or modifications of existing Leases or service contracts entered into after the date hereof in accordance with the provisions of this Section 7.2.3 (including tenant improvement costs and leasing commissions and other costs and expenses including attorney's fees, but excluding free rent allocable to any period prior to the Closing Date) and, without limiting the foregoing, the prorations at the Closing shall include an appropriate credit to Seller consistent with the foregoing.

(b) Notwithstanding anything to the contrary contained in this Agreement: (i) Seller makes no representations and assumes no responsibility with respect to the continued occupancy of the Property or any part thereof by any tenant, (ii) the removal of a tenant whether by summary proceedings or otherwise prior to the Closing Date shall not give rise to any claim on the part of Purchaser and (iii) Purchaser agrees that it shall not be grounds for Purchaser's refusal to close this transaction that any tenant is a holdover tenant or in default under its Lease on the Closing Date and Purchaser shall accept title subject to such holding over or default without an abatement in or credit against the Purchase Price.

7.2.4 Seller will keep in force and effect with respect to the Property the insurance policies currently carried by Seller or policies providing similar coverage through the Closing Date.

7.2.5 From and after the Effective Date until the earlier of the Closing or termination of this Agreement, Seller shall not enter into any new reciprocal easement agreement or declaration which would be, or modify any existing reciprocal easement agreement or declaration in a manner which would be, in each case, binding on Purchaser and/or the Land following the Closing without Purchaser's prior written consent, which consent shall not be unreasonably withheld; provided, however, Seller shall have the right to execute and record any utility easements benefiting the Property or serving the tenants or occupants of the Property.

7.3 <u>Representations, Warranties and Covenants of Purchaser</u>. Purchaser hereby represents and warrants to Seller that:

7.3.1 This Agreement and all agreements, instruments and documents herein provided to be executed or caused to be executed by Purchaser are, or on the Closing Date will be, duly authorized, executed and delivered by and are binding upon Purchaser. Purchaser is a limited partnership, duly organized and validly existing and in good standing under the laws of the State of Delaware and is duly authorized and qualified to do all things required of it under this Agreement. The representations and warranties of Purchaser shall survive the Closing.

7.3.2 The amounts payable by Purchaser to Seller hereunder are not and were not, directly or indirectly, derived from activities in contravention of federal, state or international laws and regulations (including, without limitation, anti-money laundering laws and regulations). None of (A) Purchaser, (B) any Person, directly or indirectly, owning ten percent (10%) or more of Purchaser, (C) if Purchaser is a privately-held entity, any Person having a beneficial interest in Purchaser, or (D) any Person for whom Purchaser is acting as agent or nominee in connection with the transaction contemplated by this Agreement, is a country, territory, individual or entity named on any OFAC List or a Person prohibited under the OFAC Programs.

7.3.3 As of the Effective Date, Purchaser satisfies the requirements described in clauses (i)-(iii) of the Qualified Real Estate Investor definition in the Existing Financing Documents and Purchaser believes it satisfies the requirement described in clause (iv) of such definition. This representation shall not be re-made at Closing and shall not survive the Closing.

8. <u>Indemnification and Release</u>.

8.1 Intentionally Deleted.

8.2 RELEASE. EFFECTIVE AS OF THE CLOSING, BUT SUBJECT TO SECTION 11.14 HEREOF, PURCHASER SHALL BE DEEMED TO HAVE RELEASED SELLER AND ALL SELLER RELATED PARTIES FROM ALL CLAIMS WHICH PURCHASER OR ANY AGENT, REPRESENTATIVE, AFFILIATE, EMPLOYEE, DIRECTOR, OFFICER, PARTNER, MEMBER, SERVANT, SHAREHOLDER OR OTHER PERSON OR ENTITY ACTING ON PURCHASER'S BEHALF OR OTHERWISE RELATED TO OR AFFILIATED WITH PURCHASER (EACH, A "PURCHASER RELATED PARTY") HAS OR MAY HAVE ARISING FROM OR RELATED TO ANY MATTER OR THING RELATED TO OR IN CONNECTION WITH THE PROPERTY INCLUDING THE DOCUMENTS AND INFORMATION REFERRED TO HEREIN, THE LEASES AND THE TENANTS THEREUNDER, ANY CONSTRUCTION DEFECTS, ERRORS OR OMISSIONS IN THE DESIGN OR CONSTRUCTION OF ALL OR ANY PORTION OF THE PROPERTY AND ANY ENVIRONMENTAL CONDITIONS, AND PURCHASER SHALL NOT LOOK TO SELLER OR ANY SELLER RELATED PARTIES IN CONNECTION WITH THE FOREGOING FOR ANY REDRESS OR RELIEF. THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH OF ITS EXPRESSED TERMS AND PROVISIONS, INCLUDING THOSE RELATING TO UNKNOWN AND UNSUSPECTED CLAIMS, DAMAGES AND CAUSES OF ACTION.

8.3 Survival. The provisions of this Section 8 shall survive the Closing or earlier termination of this Agreement.

9. Remedies For Default and Disposition of the Initial Deposit and the Extension Deposit.

9.1 SELLER DEFAULTS. IF THE TRANSACTION HEREIN PROVIDED SHALL NOT BE CLOSED BY REASON OF SELLER'S DEFAULT UNDER THIS AGREEMENT, THEN PURCHASER SHALL HAVE, AS ITS EXCLUSIVE REMEDIES (ALL OTHER RIGHTS AND/OR REMEDIES, WHETHER AVAILABLE AT LAW OR IN EQUITY, BEING IRREVOCABLY WAIVED) THE RIGHT TO EITHER (A) TERMINATE THIS AGREEMENT (IN WHICH EVENT THE INITIAL DEPOSIT AND THE EXTENSION DEPOSIT, TO THE EXTENT DEPOSITED WITH ESCROWEE, SHALL BE RETURNED TO PURCHASER, AND, IN THE EVENT SUCH DEFAULT WAS NOT RELATED TO SELLER'S FAILURE TO OBTAIN TENANT ESTOPPEL CERTIFICATES IN ACCORDANCE WITH SECTION 4.3 HEREOF, THEN PURCHASER SHALL ALSO HAVE THE RIGHT TO RECOVER FROM SELLER AN AMOUNT EQUAL TO PURCHASER'S REASONABLE OUT-OF-POCKET COSTS (AS EVIDENCED BY PAID INVOICES) IN CONDUCTING DUE DILIGENCE WITH RESPECT TO THE PROPERTY, IN NEGOTIATING AND ENTERING INTO THIS AGREEMENT AND IN PREPARING FOR THE CLOSING UP TO AN AMOUNT NOT TO EXCEED TWO HUNDRED FIFTY THOUSAND DOLLARS ($250,000), AND NEITHER PARTY HERETO SHALL HAVE ANY FURTHER OBLIGATION OR LIABILITY TO THE OTHER EXCEPT WITH RESPECT TO THOSE PROVISIONS OF THIS AGREEMENT WHICH EXPRESSLY SURVIVE THE TERMINATION OF THIS AGREEMENT), PURCHASER HEREBY WAIVING ANY RIGHT OR CLAIM TO ANY OTHER DAMAGES FOR SELLER'S BREACH, OR (B) IF SELLER SHALL FAIL TO TRANSFER THE PROPERTY PURSUANT TO AND IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT, SPECIFICALLY

ENFORCE SELLER'S OBLIGATION TO TRANSFER THE PROPERTY (IT BEING ACKNOWLEDGED THAT THE REMEDY OF SPECIFIC PERFORMANCE SHALL NOT BE APPLICABLE TO ANY OTHER COVENANT OR AGREEMENT OF SELLER CONTAINED HEREIN); PROVIDED THAT ANY ACTION BY PURCHASER FOR SPECIFIC PERFORMANCE MUST BE FILED, IF AT ALL, WITHIN THIRTY (30) DAYS OF SELLER'S DEFAULT, AND THE FAILURE TO FILE WITHIN SUCH PERIOD SHALL CONSTITUTE A WAIVER BY PURCHASER OF SUCH RIGHT AND REMEDY. IF PURCHASER SHALL NOT HAVE FILED AN ACTION FOR SPECIFIC PERFORMANCE WITHIN THE AFOREMENTIONED TIME PERIOD OR SO NOTIFIED SELLER OF ITS ELECTION TO TERMINATE THIS AGREEMENT, PURCHASER'S SOLE REMEDY SHALL BE TO TERMINATE THIS AGREEMENT IN ACCORDANCE WITH CLAUSE (A) ABOVE; PROVIDED, HOWEVER, IF THE REMEDY OF SPECIFIC PERFORMANCE IS NOT AVAILABLE TO PURCHASER DUE TO SELLER CONVEYING AN INTEREST IN THE PROPERTY TO A THIRD PARTY IN VIOLATION OF THIS AGREEMENT, THEN PURCHASER SHALL HAVE THE RIGHT TO RECOVER FROM SELLER AN AMOUNT EQUAL TO PURCHASER'S ACTUAL, BUT NOT CONSEQUENTIAL OR PUNITIVE DAMAGES, WHICH AMOUNT, IN THE AGGREGATE, SHALL NOT EXCEED FIVE MILLION DOLLARS ($5,000,000).

9.2 PURCHASER DEFAULTS. IN THE EVENT THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT SHALL NOT CLOSE ON ACCOUNT OF PURCHASER'S DEFAULT, THEN THIS AGREEMENT SHALL TERMINATE AND THE RETENTION OF THE DEPOSIT SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT, SUBJECT TO THE PROVISIONS OF THIS AGREEMENT THAT EXPRESSLY SURVIVE THE TERMINATION OF THIS AGREEMENT; PROVIDED, HOWEVER, NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED TO LIMIT SELLER'S RIGHTS OR DAMAGES UNDER ANY INDEMNITIES GIVEN BY PURCHASER TO SELLER UNDER THIS AGREEMENT. IN CONNECTION WITH THE FOREGOING, THE PARTIES RECOGNIZE THAT SELLER WILL INCUR EXPENSE IN CONNECTION WITH THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT AND THAT THE PROPERTY WILL BE REMOVED FROM THE MARKET; FURTHER, THAT IT IS EXTREMELY DIFFICULT AND IMPRACTICABLE TO ASCERTAIN THE EXTENT OF DETRIMENT TO SELLER CAUSED BY THE BREACH BY PURCHASER UNDER THIS AGREEMENT AND THE FAILURE OF THE CONSUMMATION OF THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT OR THE AMOUNT OF COMPENSATION SELLER SHOULD RECEIVE AS A RESULT OF PURCHASER'S BREACH OR DEFAULT.

9.3 Disposition of Deposit. In the event the transaction contemplated by this Agreement shall close, the Deposit shall be applied as a partial payment of the Purchase Price.

10. INTENTIONALLY OMITTED

11. Miscellaneous.

11.1 Brokers.

11.1.1 Except as provided in Section 11.1.2 below, Seller represents and warrants to Purchaser, and Purchaser represents and warrants to Seller, that no broker or finder has been engaged by it, respectively, in connection with the sale contemplated under this Agreement. In the event of a claim for broker's or finder's fee or commissions in connection with the sale contemplated by this Agreement, then Seller shall indemnify, defend and hold harmless Purchaser from the same if it shall be based upon any statement or agreement alleged to have been made by Seller, and Purchaser shall indemnify, defend and hold harmless Seller from the same if it shall be based upon any statement or agreement alleged to have been made by Purchaser.

11.1.2 If and only if the sale contemplated hereunder closes, Seller has agreed to pay a brokerage commission to Eastdil Secured, L.L.C. ("Broker") pursuant to a separate written agreement between Seller and Broker. Section 11.1.1 hereof is not intended to apply to leasing commissions incurred in accordance with this Agreement.

11.2 Limitation of Liability.

11.2.1 Notwithstanding anything to the contrary contained in this Agreement or any documents executed in connection therewith, if the Closing of the transaction contemplated hereunder shall have occurred, (i) the aggregate liability of Seller arising pursuant to or in connection with the representations, warranties, indemnifications, covenants or other obligations (whether express or implied) of Seller under this Agreement (other than Sections 5.4 and 11.1.2 of the Agreement) or any document or certificate executed or delivered in connection therewith shall not exceed One Million Nine Hundred Thousand Dollars ($1,900,000) (the "Liability Ceiling") and (ii) in no event shall Seller have any liability to Purchaser unless and until the aggregate liability of Seller arising pursuant to or in connection with the representations, warranties, indemnifications, covenants or other obligations (whether express or implied) of Seller under this Agreement or any document or certificate executed or delivered in connection therewith shall exceed One Hundred Thousand Dollars ($100,000) (the "Liability Floor"). If Seller's aggregate liability to Purchaser shall exceed the Liability Floor, Seller shall be liable for the entire amount thereof up to but not exceeding the Liability Ceiling.

11.2.2 No shareholder or agent of Seller, nor any Seller Related Parties, shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or pursuant to the provisions of this Agreement, or any amendment or amendments to any of the foregoing made at any time or times, heretofore or hereafter, and Purchaser and its successors and assigns and, without limitation, all other persons and entities, shall look solely to Seller's assets for the payment of any claim or for any performance, and Purchaser, on behalf of itself and its successors and assigns, hereby waives any and all such personal liability.

11.3 Exhibits; Entire Agreement; Modification. All exhibits attached and referred to in this Agreement are hereby incorporated herein as if fully set forth in (and shall be deemed to be a part of) this Agreement. This Agreement contains the entire agreement between the parties respecting the matters herein set forth and supersedes any and all prior agreements between the parties hereto respecting such matters. This Agreement may not be modified or amended except by written agreement signed by both parties.

11.4 Business Days. Whenever any action must be taken (including the giving of notice or the delivery of documents) under this Agreement during a certain period of time (or by a particular date) that ends (or occurs) on a non-Business Day, then such period (or date) shall be extended until the next succeeding Business Day. As used herein, the term "Business Day" shall be deemed to mean any day, other than a Saturday or Sunday, on which commercial banks in the State of New York or in the State of Ohio are not required or authorized to be closed for business.

11.5 Interpretation. Section headings shall not be used in construing this Agreement. Each party acknowledges that such party and its counsel, after negotiation and consultation, have reviewed and revised this Agreement. As such, the terms of this Agreement shall be fairly construed and the usual rule of construction, to wit, that ambiguities in this Agreement should be resolved against the drafting party, shall not be employed in the interpretation of this Agreement or any amendments, modifications or exhibits hereto or thereto. Whenever the words "including", "include" or "includes" are used in this Agreement, they shall be interpreted in a non-exclusive manner. Except as otherwise indicated, all Exhibit and Section references in this Agreement shall be deemed to refer to the Exhibits and Sections in this Agreement.

11.6 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Ohio.

11.7 Successors and Assigns. Purchaser may not assign or transfer its rights or obligations under this Agreement (other than to an affiliated entity wholly owned or controlled by Purchaser) without the prior written consent of Seller, which consent may be given or withheld in the sole and absolute discretion of Seller; provided that, in the event of such an assignment or transfer, the transferee shall assume in writing all of the transferor's obligations hereunder (but Purchaser or any subsequent transferor shall not be released from obligations hereunder). Notwithstanding and without limiting the foregoing, no consent given by Seller to any transfer or assignment of Purchaser's rights or obligations hereunder shall be deemed to constitute a consent to any other transfer or assignment of Purchaser's rights or obligations hereunder and no transfer or assignment in violation of the provisions hereof shall be valid or enforceable. Subject to the foregoing, this Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the successors and assigns of the parties.

11.8 Notices. All notices, requests or other communications which may be or are required to be given, served or sent by either party hereto to the other shall be (a) delivered in person or by e-mail in a PDF attachment (with a confirmation copy delivered in person or by overnight delivery contemporaneously therewith), (b) by overnight delivery with any reputable overnight courier service, or (c) by deposit in any post office or mail depository regularly maintained by the United States Postal Office and sent by registered or certified mail, postage paid, return receipt requested, and shall be effective upon receipt (whether refused or accepted) and, in each case, addressed as follows:

To Seller:	CLP-SPF Rookwood Commons, LLC CLP-SPF Rookwood Pavilion, LLC c/o J.P. Morgan Investment Management Inc. 270 Park Avenue New York, New York 10017 Attention: Jeffrey Pisano Telephone: (212) 648-0461 Email: jeffrey.x.pisano@jpmorgan.com
With a Copy To:	CLP-SPF Rookwood Commons, LLC CLP-SPF Rookwood Pavilion, LLC c/o J.P. Morgan Investment Management Inc. P.O. Box 5005 New York, NY 10163-5005
With a Copy To:	Casto Lifestyle Properties L.P. c/o Casto 191 W. Nationwide Blvd., Suite 200 Columbus, Ohio 43215 Attention: Anthony A. Martin Telephone (614 226-4359
With a Copy To:	Stroock & Stroock & Lavan LLP 180 Maiden Lane New York, New York 10038-4982 Attention: Steven Moskowitz, Esq. Telephone: (212) 648-5899 Email: smoskowitz@stroock.com
To Purchaser:	c/o Hines Advisors Limited Partnership 2800 Post Oak Boulevard, Suite 4800 Houston, Texas 77056 Attention: Kevin McMeans Telephone: (713) 621-8000 Email: kevin.mcmeans@hines.com
With a Copy To:	Hines Advisors Limited Partnership 2800 Post Oak Boulevard, Suite 4800 Houston, Texas 77056 Attention: Jason Maxwell, Esq. - General Counsel Telephone: (713) 966-7638 Email: jason.maxwell@hines.com
With a Copy To:	Baker Botts L.L.P. One Shell Plaza 910 Louisiana Street Houston, Texas 77002 Attention: Connie Simmons Taylor, Esq. Telephone: (713) 229-1234 Email: connie.simmons.taylor@bakerbotts.com

11.9 Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement upon any other person other than the parties hereto and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third parties any right of subrogation or action over or against any party to this Agreement. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

11.10 Legal Costs. The parties hereto agree that they shall pay directly any and all legal costs which they have incurred on their own behalf in the preparation of this Agreement, all deeds and other agreements pertaining to this transaction, and that such legal costs shall not be part of the closing costs. In the event a party hereto files any action or suit against another party hereto by reason of any breach of any of the covenants, agreements or provisions contained in this Agreement, then in that event the prevailing party will be entitled to have and recover of and from the other party all reasonable and actual attorneys' fees and costs resulting therefrom.

11.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document. Delivery of this Agreement by facsimile or electronic mail by any party hereto shall represent a valid and binding execution and delivery of this Agreement by such party.

11.12 Effectiveness. In no event shall any draft of this Agreement create any obligation or liability, it being understood that this Agreement shall be effective and binding only when a counterpart hereof has been executed and delivered by each party hereto. Seller shall have the right to discontinue negotiations and withdraw any draft of this Agreement at any time prior to the full execution and delivery of this Agreement by each party hereto. Purchaser assumes the risk of all costs and expenses incurred by Purchaser in any negotiations or due diligence investigations undertaken by Purchaser with respect to the Property.

11.13 No Implied Waivers. No failure or delay of either party in the exercise of any right or remedy given to such party hereunder or the waiver by any party of any condition hereunder for its benefit (unless the time specified in this Agreement for exercise of such right or remedy has expired) shall constitute a waiver of any other or further right or remedy nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or any other right or remedy. No waiver by either party of any breach hereunder or failure or refusal by the other party to comply with its obligations shall be deemed a waiver of any other or subsequent breach, failure or refusal to so comply.

11.14 Discharge of Seller's Obligations. Except as otherwise expressly provided in this Agreement, Purchaser's acceptance of the Deed shall be deemed a discharge of all of the obligations of Seller hereunder and all of Seller's representations, warranties, covenants and agreements in this Agreement shall merge in the documents and agreements executed at the Closing and shall not survive the Closing, except and to the extent that, pursuant to the express provisions of this Agreement, any of such representations, warranties, covenants or agreements are to survive the Closing.

11.15 No Recordation. Neither this Agreement nor any memorandum thereof shall be recorded and any attempted recordation hereof shall be void and shall constitute a default hereunder.

11.16 Unenforceability. If all or any portion of any provision of this Agreement shall be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision hereof, and such provision shall be limited and construed as if such invalid, illegal or unenforceable provision or portion thereof were not contained herein unless doing so would materially and adversely affect a party or the benefits that such party is entitled to receive under this Agreement.

11.17 Waiver of Trial by Jury. SELLER AND PURCHASER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY EITHER AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.

11.18 Disclosure. Notwithstanding any terms or conditions in this Agreement to the contrary, but subject to restrictions reasonably necessary to comply with federal or state securities laws, any person may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided relating to such tax treatment and tax structure. For the avoidance of doubt, this authorization is not intended to permit disclosure of the names of, or other identifying information regarding, the participants in the transaction, or of any information or the portion of any materials not relevant to the tax treatment or tax structure of the transaction.

11.19 Designation of Reporting Person. In order to assure compliance with the requirements of Section 6045 of the Code and any related reporting requirements of the Code, the parties hereto agree as follows:

(a) The Escrowee (for purposes of this Section, the "Reporting Person"), by its execution hereof, hereby assumes all responsibilities for information reporting required under Section 6045(e) of the Code.

(b) Seller and Purchaser each hereby agree:

(i) to provide to the Reporting Person all information and certifications regarding such party, as reasonably requested by the Reporting Person or otherwise required to be provided by a party to the transaction described herein under Section 6045 of the Code; and

(ii) to provide to the Reporting Person such party's taxpayer identification number and a statement (on Internal Revenue Service Form W-9 or an acceptable substitute form, or on any other form the applicable current or future Code sections and regulations might require and/or any form requested by the Reporting Person), signed under penalties of perjury, stating that the taxpayer identification number supplied by such party to the Reporting Person is correct.

(c) Each party hereto agrees to retain this Agreement for not less than four years from the end of the calendar year in which Closing occurred, and to produce it to the Internal Revenue Service upon a valid request therefor.

(d) The addresses for Seller and Purchaser are as set forth in Section 11.8 hereof, and the real estate subject to the transfer provided for in this Agreement is described in Exhibit A.

11.20 Tax Reduction Proceedings. If Seller has heretofore filed, or shall hereafter file, applications for the reduction of the assessed valuation of the Property and/or instituted certiorari proceedings to review such assessed valuations for any tax year, Purchaser acknowledges and agrees that Seller shall have sole control of such proceedings, including the right to withdraw, compromise and/or settle the same or cause the same to be brought on for trial and to take, conduct, withdraw and/or settle appeals, and Purchaser hereby consents to such actions as Seller may take therein. Any refund or the savings or refund for any year or years prior to the tax year in which the Closing herein occurs shall belong solely to Seller. Any tax savings or refund for the tax year in which the Closing occurs shall be prorated between Seller and Purchaser after deduction of attorneys' fees and other expenses related to the proceeding and all sums payable to tenants under the Leases. Purchaser and Seller agree that all sums payable to tenants under the Leases on account of such tax savings or refund shall be promptly paid to such tenants following receipt of such tax savings or refund. Purchaser shall execute all consents, receipts, instruments and documents which may reasonably be requested in order to facilitate settling such proceeding and collecting the amount of any refund or tax savings. Purchaser shall assume the retainer of the attorney, if any, representing Seller in any tax proceeding pending for the tax year in which the Closing occurs and the subsequent tax year, if applicable.

11.21 Press Releases. Any press release or other public disclosure regarding this Agreement or the transaction contemplated hereby shall not be made without Seller's prior written consent except in accordance with Section 4.2.1(b).

11.22 Cooperation with Purchaser's Auditors and SEC Filing Requirements. For a period of one (1) year commencing at the Closing (the "Cooperation Period"), Seller shall provide to Purchaser (at Purchaser's expense) copies of, or shall provide Purchaser access to, such factual information as may be reasonably requested by Purchaser, and in the possession or control of Seller, or its property manager or accountants, to enable Purchaser's auditor (Deloitte & Touche LLP or any successor auditor selected by Purchaser) to conduct an audit of the income statements of the Property for the year to date of the year in which the Closing occurs plus up to one (1) additional prior calendar year. Purchaser shall be responsible for all out-of-pocket costs associated with this audit. During the Cooperation Period, Seller shall cooperate (at no cost to Seller) with Purchaser's auditor in the conduct of such audit. This provision shall survive Closing for one (1) year. Any materials, income statements or other information provided by Seller in accordance with this paragraph are provided to Purchaser without warranty, representation, or guaranty of any kind whatsoever, including, without limitation, as to the accuracy, truthfulness or completeness thereof.

11.23 Exclusivity. Seller covenants and agrees that Seller will not solicit offers and will not accept backup offers for the Property or otherwise sell or transfer the Property or commit to sell or transfer the Property to any person other than Purchaser during the term of this Agreement; provided, however, Purchaser acknowledges that Seller has conducted a bid process and Seller shall have the right to provide information in response to inquiries concerning the purchase or sale of the Property. The terms of this paragraph shall not survive the termination of this Agreement.

11.24 Joint and Several. Commons Seller and Pavilion Seller shall be jointly and severally liable for the obligations of Seller under this Agreement. Commons Purchaser and Pavilion Purchaser shall be jointly and severally liable for the obligations of Seller under this Agreement.

11.25 Survival. Except as expressly provided otherwise herein, the provisions of this Section 11 shall survive the Closing or earlier termination of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

SELLER:

CLP-SPF ROOKWOOD COMMONS, LLC,
a Delaware limited liability company

By: Rookwood Holding Company LLC, a Delaware limited liability company, its sole member

By: Casto Lifestyle Properties, L.P., an Ohio limited partnership, its managing member

By: CLP Management LLC, an Ohio limited liability company, its general partner

By: /s/ Don M. Casto, III____________
Name: Don M. Casto, III
Title: Manager

By: Rookwood Acquisition Company LLC, a Delaware limited liability company, its member

By: Commingled Pension Trust Fund (Strategic Property) of JPMorgan Chase Bank, N.A., a trust governed by the laws of the State of New York, its sole member

By: JPMorgan Chase Bank, N.A., not individually, but solely in its capacity as trustee

By: /s/ Jeffrey Pisano_________
Name: Jeffrey Pisano
Title: Executive Director

CLP-SPF ROOKWOOD PAVILION, LLC,
a Delaware limited liability company

By: Rookwood Holding Company LLC, a Delaware limited liability company, its sole member

By: Casto Lifestyle Properties, L.P., an Ohio limited partnership, its managing member

By: CLP Management LLC, an Ohio limited liability company, its general partner

By: /s/ Don M. Casto, III
Name: Don M. Casto, III
Title: Manager

By: Rookwood Acquisition Company LLC, a Delaware limited liability company, its member

By: Commingled Pension Trust Fund (Strategic Property) of JPMorgan Chase Bank, N.A., a trust governed by the laws of the State of New York, its sole member

By: JPMorgan Chase Bank, N.A., not individually, but solely in its capacity as trustee

By: /s/ Jeffrey Pisano
Name: Jeffrey Pisano
Title: Executive Director

PURCHASER:

HGREIT II EDMONSON ROAD LLC, a Delaware limited liability company

By: /s/ David Steinbach_____________
Name:
Title:

HGREIT II MADISON ROAD LLC, a Delaware limited liability company

By: /s/ David Steinbach_____________
Name:
Title:

WITH RESPECT TO SECTION 11.19 ONLY:

FIRST AMERICAN TITLE INSURANCE COMPANY

By: /s/ Elvira Fuentes_____________
Name: Elvira Fuentes
Title: VP/Escrow Manager

EXHIBIT A-1

(COMMONS LAND)

PARCEL I:

SITUATED IN SECTION 33, TOWN 4, FRACTIONAL RANGE 2 OF THE MIAMI PURCHASE, COLUMBIA TOWNSHIP, CITY OF NORWOOD, HAMILTON COUNTY, OHIO AND BEING PART OF A 27.3979 ACRE PARCEL SHOWN IN P.B. 347, PAGE 46 OF THE HAMILTON COUNTY RECORDER'S OFFICE AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGIN AT THE NORTHEAST CORNER OF SAID SECTION 33; THENCE WITH THE CENTERLINE OF EDWARDS ROAD, THE SAME BEING IN THE EAST CORPORATION LINE OF THE CITY OF NORWOOD, SOUTH 01° 38' 22" WEST, 1,615 FEET (HIGHWAY) TO THE INTERSECTION OF THE ORIGINAL CENTERLINE OF EDWARDS ROAD (ORIGINAL 60' R/W) WITH THE EASTWARD PROJECTION OF THE NORTH LINE OF ARBOR PLACE (50' R/W VACATED P.B. 363, PG. 95); THENCE WITH THE NORTH LINE OF VACATED ARBOR PLACE AND EASTWARD PROJECTION THEREOF, NORTH 88° 21' 38" WEST, 282.27 FEET TO A SET MAG-NAIL; THENCE CONTINUING WITH THE NORTH LINE OF VACATED ARBOR PLACE, NORTH 70° 16' 38" WEST, 281.24 FEET TO A SET 5/8" IRON PIN AND THE TRUE POINT OF BEGINNING;

THENCE FROM THE TRUE POINT OF BEGINNING AND CONTINUING WITH THE NORTH LINE OF SAID VACATED RIGHT-OF-WAY, NORTH 70° 16' 38" WEST, 375.81 FEET TO A FOUND 1" IRON PIN AT THE WEST TERMINUS OF VACATED ARBOR PLACE;

THENCE WITH THE WEST LINE OF VACATED ARBOR PLACE, SOUTH 19° 43' 22" WEST, 50.00 FEET TO A SET MAG NAIL AT THE SOUTHWEST CORNER OF VACATED ARBOR PLACE;

THENCE WITH THE SOUTH LINE OF VACATED ARBOR PLACE, SOUTH 70° 16' 38" EAST, 227.39 FEET TO A SET MAG-NAIL;

THENCE WITH THE NORTHWEST LINE OF ROOKWOOD PAVILION LIMITED PARTNERSHIP (O.R. 6113, PG. 1171), SOUTH 46° 49' 37" WEST, 338.47 FEET;

THENCE CONTINUING WITH THE WEST LINE OF ROOKWOOD PAVILION LIMITED PARTNERSHIP, SOUTH 01° 33' 22" WEST, 907.29 FEET TO A FOUND STONE MONUMENT WITH CROSS NOTCH IN THE NORTH LINE OF THE NORFOLK AND WESTERN RAILROAD;

THENCE WITH THE NORTH LINE OF SAID RAILROAD, NORTH 88° 43' 06" WEST, 510.38 FEET TO A SET 5/8" IRON PIN;

THENCE SOUTH 01° 39' 00" WEST, 0.24 FEET;

THENCE CONTINUING WITH THE NORTH LINE OF THE ABOVE MENTIONED RAILROAD, NORTH 88° 38' 00" WEST, 161.00 FEET TO A SET 5/8" IRON PIN;
THENCE NORTH 37° 56' 00" WEST, 92.00 FEET TO A SET 5/8" IRON PIN;

THENCE NORTH 75° 05' 00" WEST, 64.06 FEET TO A SET 5/8" IRON PIN;

THENCE SOUTH 84° 53' 00" WEST, 88.50 FEET TO A FOUND 5/8" IRON PIN (BENT);

THENCE SOUTH 63° 10' 00" WEST, 38.84 FEET TO A SET 5/8" IRON PIN;

THENCE LEAVING SAID RAILROAD AND WITH THE EAST LINE OF GROVE PARK SECOND SUBDIVISION (P.B. 37, PG. 66), NORTH 10° 46' 00" EAST, PASSING A FOUND 5/8" IRON PIN AT 328.84 FEET, A TOTAL DISTANCE OF 418.52 FEET TO A SET 5/8" IRON PIN;

THENCE NORTH 18° 58' 00" EAST, 315.76 FEET TO A SET 5/8" IRON PIN;

THENCE SOUTH 88° 38' 00" EAST, 0.34 FEET;

THENCE NORTH 18° 58' 00" EAST, 76.08 FEET TO A FOUND 5/8" IRON PIN (LS#7066);

THENCE NORTH 03° 17' 00" EAST, 127.56 FEET TO A FOUND 5/8" IRON PIN (WOOLPERT);

THENCE WITH THE SOUTH LINE OF PROPERTY CONVEYED TO THE STATE OF OHIO (D.B. 3357, PG 604), SOUTH 88° 38' 00" EAST, 43.02 FEET TO A FOUND PK NAIL;

THENCE WITH THE EAST LINE OF THE STATE OF OHIO PROPERTY, NORTH 03° 17' 00" EAST, 174.92 FEET TO A SET MAG-NAIL IN THE SOUTH LIMITED ACCESS RIGHT-OF-WAY OF I-71;

THENCE WITH SAID LIMITED ACCESS RIGHT-OF-WAY, NORTH 62° 13' 07" EAST, 73.35 FEET TO A SET 5/8" IRON PIN;

THENCE NORTH 57° 53' 58" EAST, 202.26 FEET TO A SET 5/8" IRON PIN;

THENCE NORTH 48° 57' 11" EAST, 98.43 FEET TO A SET 5/8" IRON PIN;

THENCE NORTH 22° 57' 12" WEST, 30.00 FEET TO A SET 5/8" IRON PIN;

THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 1,517.89 FEET, AN ARC LENGTH OF 174.05 FEET, A CHORD BEARING NORTH 70° 19' 54" EAST, AND A CHORD DISTANCE OF 173.96 FEET TO A SET 5/8" IRON PIN;

THENCE SOUTH 78° 52' 17" EAST, 140.71 FEET TO A SET 5/8" IRON PIN;

THENCE NORTH 71° 24' 51" EAST, 130.10 FEET TO A SET 5/8" IRON PIN;

THENCE NORTH 35° 18' 26" EAST, 69.27 FEET TO A SET 5/8" IRON PIN;

THENCE LEAVING SAID LIMITED ACCESS RIGHT-OF-WAY, SOUTH 79° 43' 12" EAST, 27.82 FEET TO A SET 5/8" IRON PIN IN THE SOUTH RIGHT-OF-WAY OF EDMONDSON ROAD;

THENCE WITH THE SOUTH RIGHT-OF-WAY OF EDMONDSON ROAD, SOUTH 64° 38' 38" EAST, 200.47 FEET TO A SET 5/8" IRON PIN;

THENCE WITH THE SOUTH RIGHT-OF-WAY OF EDMONDSON ROAD, (AS DEDICATED IN PLAT BOOK 373, PG 51), SOUTH 53° 28' 47" EAST, 56.10 FEET' TO A SET' 5/8" IRON PIN;

THENCE SOUTH 65° 47' 11" EAST, 44.05 FEET TO A SET 5/8" IRON PIN;

THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 41.00 FEET, AN ARC LENGTH OF 45.75 FEET, A CHORD BEARING SOUTH 31° 27' 06" EAST, AND A CHORD DISTANCE OF 43.41 FEET TO A SET 5/8" IRON PIN;

THENCE SOUTH 67° 59' 53" EAST, 65.11 FEET TO A SET 5/8" IRON PIN IN THE WEST LINE OF ROOKWOOD TOWERS, LLC (O.R. 8058, PG. 2095);

THENCE WITH THE WEST LINE OF ROOKWOOD TOWERS, LLC, SOUTH 19° 43' 22" WEST, 196.98 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL II:

SITUATED IN SECTION 33, TOWN 4, FRACTIONAL RANGE 2, OF THE MIAMI PURCHASE, COLUMBIA TOWNSHIP, CITY OF NORWOOD, HAMILTON COUNTY, OHIO AND BEING PART OF VACATED ARBOR PLACE AS SHOWN IN P.B. 363, PAGE 95 AND RECORDED IN OFFICIAL RECORD 8712, PAGE 3441 OF THE HAMILTON COUNTY RECORDER'S OFFICE AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGIN AT THE NORTHEAST CORNER OF SAID SECTION 33; THENCE WITH THE CENTERLINE OF EDWARDS ROAD, THE SAME BEING IN THE EAST CORPORATION LINE OF THE CITY OF NORWOOD, SOUTH 01° 38' 22" WEST, APPROXIMATELY 1,615 FEET TO THE INTERSECTION OF THE ORIGINAL CENTERLINE OF EDWARDS ROAD (ORIGINAL 60' R/W) WITH THE EASTWARD PROJECTION OF THE NORTH RIGHT-OF-WAY OF VACATED ARBOR PLACE (50' R/W); THENCE WITH THE NORTH RIGHT-OF-WAY LINE OF VACATED ARBOR PLACE AND THE SOUTH LINE OF ROOKWOOD TOWER, LLC (O.R. 8085, PG 2095), NORTH 88° 21' 38" WEST, 282.27 FEET TO A SET MAG-NAIL; THENCE NORTH 70° 16' 38" WEST, 281.24 FEET TO A SET MAG-NAIL AND THE TRUE POINT OF BEGINNING:

THENCE FROM THE TRUE POINT OF BEGINNING AND THROUGH VACATED ARBOR PLACE, SOUTH 19° 43' 22" WEST, 50.00 FEET TO A SET MAG-NAIL IN THE SOUTH LINE OF VACATED ARBOR PLACE;

THENCE WITH THE SOUTH LINE OF VACATED ARBOR PLACE AND THE NORTH LINE OF ROOKWOOD PAVILION LIMITED PARTNERSHIP (O.R. 6113, PG. 1171) AND ALSO ROOKWOOD COMMONS, LLC (O.R. 8065, PAGE 2445), NORTH 70° 16' 38" WEST, 375.81 FEET TO A SET MAG-NAIL AT THE SOUTHWEST CORNER OF VACATED ARBOR PLACE;

THENCE WITH THE WESTERN TERMINUS OF VACATED ARBOR PLACE, NORTH 19° 43' 22" EAST, 50.00 FEET;

THENCE WITH THE NORTH LINE OF VACATED ARBOR PLACE AND THE SOUTH LINE OF SAID ROOKWOOD COMMONS, LLC, SOUTH 70° 16' 38" EAST, 375.81 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL III:

SITUATED IN SECTION 33, TOWN 4, FRACTIONAL RANGE 2 OF THE MIAMI PURCHASE, COLUMBIA TOWNSHIP, CITY OF NORWOOD, HAMILTON COUNTY, OHIO, AND BEING PART OF EDMONDSON ROAD AS SHOWN ON P.B. 23, PAGE 20 OF THE HAMILTON COUNTY RECORDER'S OFFICE AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGIN AT THE NORTHEAST CORNER OF SAID SECTION 33; THENCE WITH THE CENTERLINE OF EDWARDS ROAD, THE SAME BEING IN THE EAST CORPORATION LINE OF THE CITY OF NORWOOD, SOUTH 01° 38' 22" WEST, APPROXIMATELY 1,615 FEET TO THE INTERSECTION OF THE ORIGINAL CENTERLINE OF EDWARDS ROAD (ORIGINAL 60' R/W) WITH THE EASTWARD PROJECTION OF THE NORTH LINE OF ARBOR PLACE (VACATED BY ORD. #56-2001); THENCE WITH THE NORTH LINE OF VACATED ARBOR PLACE AND EASTWARD PROJECTION THEREOF, NORTH 88° 21' 38" WEST, 282.27 FEET; THENCE CONTINUING WITH THE NORTH LINE OF VACATED ARBOR PLACE, NORTH 70° 16' 38" WEST, 281.24 FEET; THENCE LEAVING SAID NORTH LINE AND WITH THE EAST LINE OF ROOKWOOD COMMONS, LLC (O.R. 8065, PAGE 2445), NORTH 19° 43' 22" EAST, 196.98 FEET; THENCE WITH THE EXISTING SOUTH RIGHT-OF-WAY OF EDMONDSON ROAD, NORTH 67° 59' 53" WEST, 65.11 FEET; THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 41.00 FEET, AN ARC LENGTH OF 45.75 FEET, A CHORD BEARING NORTH 31° 27' 06" WEST, AND A CHORD LENGTH OF 43.41 FEET; THENCE NORTH 65° 47' 11" WEST, 44.05 FEET; THENCE NORTH 53° 28' 47" WEST, 56.10 FEET TO A SET 5/8" IRON PIN IN THE EXISTING SOUTH RIGHT-OF-WAY OF EDMONDSON ROAD AND THE TRUE POINT OF BEGINNING;

THENCE FROM THE TRUE POINT OF BEGINNING AND WITH THE EXISTING SOUTH RIGHT-OF-WAY OF EDMONDSON ROAD, NORTH 64° 38' 38" WEST, 200.47 FEET TO A SET 5/8" IRON PIN;

THENCE WITH THE NORTH LINE OF LOT 1 OF LEBLOND'S SUBDIVISION (P.B. 23, PAGE 20), NORTH 79° 43' 12" WEST, 27.82 FEET TO A SET 5/8" IRON PIN IN THE EAST LIMITED ACCESS RIGHT-OF-WAY OF I-71;

THENCE WITH SAID LIMITED ACCESS RIGHT-OF-WAY, NORTH 37° 33' 47" EAST, 7.37 FEET;

THENCE NORTH 42° 10' 05" EAST, 34.62 FEET;

THENCE LEAVING SAID LIMITED ACCESS RIGHT-OF-WAY AND THROUGH EDMONDSON ROAD, SOUTH 60° 38' 08" EAST, 89.65 FEET;

THENCE SOUTH 52° 38' 51" EAST, 129.15 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL IV:

NON-EXCLUSIVE EASEMENT FOR UTILITY-TAP-IN AND ROOF DRAIN COLLECTOR PURPOSES AS SET FORTH IN OFFICIAL RECORD 8469, PAGE 166, RECORDER'S OFFICE, HAMILTON COUNTY, OHIO, BUT SUBJECT TO ITS TERMS AND CONDITIONS AND THE RIGHTS OF OTHERS TO USE SAME.

PARCEL V:

NON-EXCLUSIVE EASEMENTS AS FILED IN OFFICIAL RECORD 9109, PAGE 3806, RECORDER'S OFFICE, HAMILTON COUNTY, OHIO, BUT SUBJECT TO ITS TERMS AND CONDITIONS AND THE RIGHTS OF OTHERS TO USE SAME.

PARCEL VI:

NON-EXCLUSIVE EASEMENT FOR PARKING PURPOSES AS SET FORTH IN OFFICIAL RECORD 9956, PAGE 1999, RECORDER'S OFFICE, HAMILTON COUNTY, OHIO, BUT SUBJECT TO ITS TERMS AND CONDITIONS AND THE RIGHTS OF OTHERS TO USE SAME.

PARCEL VII:

NON-EXCLUSIVE EASEMENTS AS SET FORTH IN MEMORANDUM OF GROUND LEASE TERMINATION AND RE-AFFIRMATION OF EASEMENT AGREEMENT FILED IN OFFICIAL RECORD 9397, PAGE 6169, AND AS AMENDED BY AMENDED AND RESTATED MEMORANDUM OF GROUND LEASE TERMINATION AND RE-AFFIRMATION OF EASEMENT AGREEMENT, DATED N/A, AND FILED IN OFFICIAL RECORD 1265, PAGE 1445, RECORDER'S OFFICE, HAMILTON COUNTY, OHIO, BUT

SUBJECT TO ITS TERMS AND CONDITIONS AND THE RIGHTS OF OTHERS TO USE SAME.

PARCEL VIII:

NON-EXCLUSIVE EASEMENT FOR SIGN PURPOSES AS CREATED IN EASEMENT AGREEMENT BY AND BETWEEN ROOKWOOD PAVILION LIMITED PARTNERSHIP AND BBH GROUP, DATED MARCH 27, 1997, FILED FOR RECORD MAY 20, 1997 AND RECORDED IN OFFICIAL RECORD 7352, PAGE 852, RECORDER'S OFFICE, HAMILTON COUNTY, OHIO, BUT SUBJECT TO ITS TERMS AND CONDITIONS AND THE RIGHTS OF OTHERS TO USE SAME.

PARCEL IX:

NON-EXCLUSIVE EASEMENT FOR WATERLINE IDENTIFIED AS EASEMENT NO. 2 GRANTED IN VACATION AND WATER EASEMENT AGREEMENT BY AND BETWEEN THE CITY OF NORWOOD, ROOKWOOD TOWERS, LLC, ROOKWOOD COMMONS, LLC AND ROOKWOOD PAVILION LIMITED PARTNERSHIP, DATED OCTOBER 19, 2000, FILED FOR RECORD JANUARY 18, 2001 AND RECORDED IN OFFICIAL RECORD 8469, PAGE 149, RECORDER'S OFFICE, HAMILTON COUNTY, OHIO, BUT SUBJECT TO ITS TERMS AND CONDITIONS AND THE RIGHTS OF OTHERS TO USE SAME.

PARCEL X:

NON-EXCLUSIVE EASEMENT FOR ACCESS OVER VACATED AND REALIGNED ARBOR PLACE AS SET FORTH IN VACATING ORDINANCE N0.56-2001 FILED OCTOBER 10, 2001 IN OFFICIAL RECORD 9712, PAGE 3441, RECORDER'S OFFICE, HAMILTON COUNTY, OHIO, BUT SUBJECT TO ITS TERMS AND CONDITIONS AND THE RIGHTS OF OTHERS TO USE SAME.

EXHIBIT A-2

(PAVILION LAND)

ALL THAT CERTAIN LOT, PIECE OR PARCEL OF LAND, WITH THE BUILDINGS AND IMPROVEMENTS THEREON ERECTED, SITUATE, LYING AND BEING IN THE CITY OF CINCINNATI, COUNTY OF HAMILTON, STATE OF OHIO.

PARCEL I:

SITUATED IN SECTION 33, TOWN 4, FRACTIONAL RANGE 2, OF THE MIAMI PURCHASE, COLUMBIA TOWNSHIP, CITY OF NORWOOD, HAMILTON COUNTY, OHIO AND BEING PART OF A 21.5596 ACRE TRACT SHOWN ON PLAT BOOK 230, PAGE 95 OF THE HAMILTON COUNTY RECORDER'S OFFICE AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGIN AT THE CENTERLINE INTERSECTION OF EDMONDSON ROAD AND EDWARDS ROAD; THENCE WITH THE CENTERLINE OF EDWARDS ROAD, SOUTH 02 DEG. 26' 35" WEST, 32.08 FEET TO A FOUND MONUMENT BOX; THENCE SOUTH 01 DEG. 38' 36" WEST, 152.29 FEET TO THE INTERSECTION OF THE CENTERLINE OF EDWARDS ROAD WITH THE EASTWARD PROJECTION OF THE SOUTH RIGHT-OF-WAY LINE OF VACATED ARBOR PLACE (ORDINANCE NO. 56-2001); THENCE WITH THE SOUTH RIGHT-OF-WAY OF VACATED ARBOR PLACE AND EASTWARD PROJECTION THEREOF, NORTH 88 DEG. 21' 38" WEST, 65.00 FEET TO A SET 5/8-INCH IRON PIN AND THE TRUE POINT OF BEGINNING;

THENCE FROM THE TRUE POINT OF BEGINNING AND ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 20.00 FEET, AN ARC LENGTH OF 31.42 FEET, A CHORD BEARING SOUTH 43 DEG. 21' 31" EAST, AND A CHORD LENGTH OF 28.29 FEET TO A SET 5/8-INCH IRON PIN;

THENCE WITH THE WEST RIGHT-OF-WAY LINE OF EDWARDS ROAD, SOUTH 01 DEG. 38' 36" WEST, 430.71 FEET;

THENCE SOUTH 00 DEG. 05' 45" WEST, 133.02 FEET TO A SET 5/8-INCH IRON PIN;

THENCE LEAVING SAID RIGHT-OF-WAY LINE AND WITH THE NORTHWEST LINE OF MADISON AND EDWARDS LIMITED PARTNERSHIP (O.R. 5259, PAGE 414), SOUTH 50 DEG. 56' 43" WEST, 287.41 FEET TO THE NORTHWEST CORNER THEREOF;

THENCE WITH THE SOUTHWEST LINE OF SAID MADISON AND EDWARDS LIMITED PARTNERSHIP, SOUTH 40 DEG. 18' 22" EAST, 153.00 FEET TO A FOUND 1/2-INCH IRON PIN (ZANDE) IN THE NORTHWEST RIGHT-OF-WAY LINE OF MADISON ROAD;

THENCE WITH THE NORTHWEST RIGHT-OF WAY LINE OF MADISON ROAD, SOUTH 49 DEG. 54' 22" WEST, 110 FEET TO A SET 5/8-INCH IRON PIN;

THENCE LEAVING SAID RIGHT-OF-WAY LINE AND WITH THE NORTHEAST LINE OF MADISON AND EDWARDS LIMITED PARTNERSHIP (O.R. 6096, PAGE 328), NORTH 40 DE G. 18' 22" WEST, 34.23 FEET TO A SET 5/8-INCH IRON PIN;

THENCE NORTH 71 DEG. 14' 21" WEST, 71.72 FEET TO A SET MAG-NAIL;

THENCE WITH THE NORTHWEST LINE OF SAID MADISON AND EDWARDS LIMITED PARTNERSHIP, SOUTH 49 DEG. 54' 22" WEST, 72.04 FEET TO A SET MAG-NAIL;

THENCE NORTH 88 DEG. 40' 38" WEST, 36.00 FEET TO A SET MAG-NAIL;

THENCE SOUTH 01 DEG. 19' 22" WEST, 43.60 FEET TO A SET 5/8-INCH IRON PIN AT THE SOUTHWEST CORNER OF SAID MADISON AND EDWARDS LIMITED PARTNERSHIP;

THENCE WITH THE NORTH LINE OF THE NORFOLK AND WESTERN RAILROAD, NORTH 88 DEG. 40' 38" WEST, 525.14 FEET TO A FOUND STONE MONUMENT AT THE SOUTHWEST CORNER OF THE 21.5596 ACRE TRACT;

THENCE WITH THE EAST LINE OF ROOKWOOD COMMONS, LLC (O.R. 8065, PAGE 2445), NORTH 01 DEG. 33' 22" EAST, 907.29 FEET (SET WITNESS NOTCH, SOUTH 65 DEG. 58' 59" EAST, 5.00 FEET);

THENCE WITH THE SOUTHEAST LINE OF ROOKWOOD COMMONS, LLC (O.R. 8164, PAGE 2365), NORTH 46 DEG. 49' 37" EAST, 338.47 FEET TO A SET MAG-NAIL;

THENCE WITH THE SOUTH LINE OF SAID ROOKWOOD COMMONS, LLC, THE SAME BEING THE SOUTH RIGHT-OF-WAY LINE OF VACATED ARBOR PLACE, SOUTH 70 DEG. 16' 38" EAST, 437.95 FEET TO A SET NOTCH;

THENCE SOUTH 88 DEG. 21' 38" EAST, 221.90 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL II:

NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS AS SET FORTH IN AN EASEMENT AGREEMENT DATED MARCH 12, 1993, FILED FOR RECORD JUNE 16, 1993, OF RECORD IN OFFICIAL RECORD 6191, PAGE 1656, RECORDER'S OFFICE, HAMILTON COUNTY, OHIO, BUT SUBJECT TO ITS TERMS AND CONDITIONS AND THE RIGHTS OF OTHERS TO USE SAME.

PARCEL III:

NON-EXCLUSIVE EASEMENTS FOR INGRESS AND EGRESS AND PARKING AS SET FORTH IN THE MEMORANDUM OF GROUND LEASE TERMINATION AND RE-AFFIRMATION OF EASEMENT AGREEMENT, DATED SEPTEMBER 9, 2003, FILED FOR

RECORD SEPTEMBER 9, 2003, OF RECORD IN OFFICIAL RECORD 9397, PAGE 6169, AND AS AMENDED BY AMENDED AND RESTATED MEMORANDUM OF GROUND LEASE TERMINATION AND RE-AFFIRMATION OF EASEMENT AGREEMENT, DATED N/A, AND FILED IN OFFICIAL RECORD 1265, PAGE 1445, RECORDER'S OFFICE, HAMILTON COUNTY, OHIO, BUT SUBJECT TO ITS TERMS AND CONDITIONS AND THE RIGHTS OF OTHERS TO USE SAME.

PARCEL IV:

NON-EXCLUSIVE EASEMENT FOR WATERLINE IDENTIFIED AS EASEMENT NO. 2 GRANTED IN VACATION AND WATER EASEMENT AGREEMENT BY AND BETWEEN THE CITY OF NORWOOD, ROOKWOOD TOWERS, LLC, ROOKWOOD COMMONS, LLC AND ROOKWOOD PAVILION LIMITED PARTNERSHIP, DATED OCTOBER 19, 2000, FILED FOR RECORD JANUARY 18, 2001 AND RECORDED IN OFFICIAL RECORD 8469, PAGE 149, RECORDER'S OFFICE, HAMILTON COUNTY, OHIO, BUT SUBJECT TO ITS TERMS AND CONDITIONS AND THE RIGHTS OF OTHERS TO USE SAME.

PARCEL V:

NON-EXCLUSIVE EASEMENT FOR SANITARY SEWER IDENTIFIED AS EASEMENT NO. 1 GRANTED IN SANITARY SEWER EASEMENT AGREEMENT BY AND BETWEEN THE CITY OF NORWOOD, ROOKWOOD TOWERS, LLC, ROOKWOOD COMMONS, LLC AND ROOKWOOD PAVILION LIMITED PARTNERSHIP, DATED OCTOBER 19, 2000, FILED FOR RECORD JANUARY 18, 2001 AND RECORDED IN OFFICIAL RECORD 8469, PAGE 183, RECORDER'S OFFICE, HAMILTON COUNTY, OHIO, BUT SUBJECT TO ITS TERMS AND CONDITIONS AND THE RIGHTS OF OTHERS TO USE SAME.

PARCEL VI:

NON-EXCLUSIVE EASEMENT FOR FIRE LINE PURPOSES AS GRANTED IN EASEMENT AGREEMENT BY AND BETWEEN ROOKWOOD COMMONS LLC AND ROOKWOOD PAVILION LIMITED PARTNERSHIP, FILED FOR RECORD DECEMBER 13, 2002 AND RECORDED IN OFFICIAL RECORD 9109, PAGE 3806, RECORDER'S OFFICE, HAMILTON COUNTY, OHIO, BUT SUBJECT TO ITS TERMS AND CONDITIONS AND THE RIGHTS OF OTHERS TO USE SAME.

PARCEL VII:

NON-EXCLUSIVE EASEMENT FOR ACCESS OVER VACATED AND REALIGNED ARBOR PLACE AS SET FORTH IN VACATING ORDINANCE NO. 56-2001 FILED OCTOBER 10, 2001 IN OFFICIAL RECORD 8712, PAGE 3441, RECORDER'S OFFICE, HAMILTON COUNTY, OHIO, BUT SUBJECT TO ITS TERMS AND CONDITIONS AND THE RIGHTS OF OTHERS TO USE SAME.

<u>EXHIBIT B</u>

(Permitted Exceptions)

1. Taxes and assessments, if any, for year 2016 and subsequent years which are a lien, but are not yet due and payable.

2. Tax additions or abatements, if any, which may hereafter be made by legally constituted authorities.

3. Rights of others, if any, in, over and to those portions of the Land which lie within the public right-of-way of Edwards Road, Edmonson Road and Madison Road.

4. Rights or claims of tenants in possession pursuant to unrecorded lease agreements.

[additional items as set forth in pro-forma title insurance policies to be determined]

EXHIBIT C

(Required Tenants)

Tenant	Suite	Property	Size
Stein Mart	70	Pavilion	36,000 s.f.
Nordstrom Rack	40	Pavilion	35,000 s.f.
HomeGoods	85	Pavilion	35,000 s.f.
Bed Bath & Beyond	230	Commons	33,375 s.f.
T.J.Maxx	80	Pavilion	30,000 s.f.
Whole Foods Market	165	Commons	27,000 s.f.
Joseph-Beth Booksellers	160	Pavilion	24,480 s.f.
DSW Designer Shoe Warehouse	185	Commons	23,026 s.f.
REI	40	Commons	21,753 s.f.
Old Navy	170	Commons	16,515 s.f.
Gap	80	Commons	14,846 s.f.
Nike Factory Store	35	Pavilion	12,851 s.f.

EXHIBIT D

TENANT'S ESTOPPEL CERTIFICATE

The undersigned ("Tenant") hereby certifies to ___________________________________ ("Landlord") and to any prospective purchaser and such prospective purchaser's lender as follows, with the understanding that Landlord, and such prospective purchaser and prospective purchaser's lender, are relying on such certification in connection with the proposed sale of ____ (the "Building").

(1) Tenant is the tenant under that certain lease (as amended from time to time, the "Lease") dated ________________, between Landlord, as landlord, and Tenant, as tenant, covering ________ square feet of net rentable area in the Building.

(2) The lease has not been amended except as follows: _______________________.

(3) The Lease is in full force and effect and to the best of Tenant's knowledge and belief, neither Landlord nor the Tenant is in default in any respect under the Lease. Except for the Lease, there are no agreements or other arrangements between Tenant and Landlord in respect of the Leased Premises or the Building except as follows ____________.

(4) The Lease commenced on _______________ and will expire on ______________ unless sooner terminated as provided in the Lease.

(5) [Tenant is in possession of the premises leased to it (the "Leased Premises") and to the best of Tenant's knowledge and belief, Landlord has complied fully and completely with all of its covenants, warranties and other undertakings and obligations under the Lease as of this date (including, without limitation, construction of all tenant or Building improvements), and that Tenant is fully obligated to pay, and is paying, the rent and other charges due thereunder, and is fully obligated to perform, and is performing, all of the other obligations of Tenant under the Lease without right of counterclaim, offset, defense or otherwise.] [To be modified to reflect status of each applicable tenancy].

(6) The amount of the annual base rental under the Lease is $__________. Tenant is presently making monthly payments (which may include estimates) of $___________ for common area maintenance charges, taxes, insurance and any other additional rent obligations (including percentage rent) under the Lease, using the terms defined in the Lease for such items. Tenant has not made any prepayment of rent under the Lease more than one month in advance. All rentals, whether base or additional, and all other sums payable by Tenant under the Lease or any amendment thereto, have been paid through ________________. A security deposit in the amount of $___________ was paid upon commencement of the Lease.

(7) Tenant's current use of the Leased Premises (which is expressly permitted by the terms of the Lease) is for ____.

(8) As of the date hereof, Tenant has no outstanding offsets or credits against, or deductions from, or "free rent" period entitlements with respect to its future rent obligations, except as set forth below:

____

(9) Tenant has no option or right of first refusal to purchase any of the Leased Premises.

(10) Tenant is solvent and free from bankruptcy and other reorganization proceedings and assignments for the benefit of creditors.

(11) Tenant has not sublet or assigned any portion of the Leased Premises except as follows _____________.

(12) This letter shall inure to the benefit of Landlord, its successors and assigns, any purchaser of the Building and their lender (and its successors and assigns), and shall be binding upon Tenant and Tenant's heirs, legal representatives, successors and assigns. This letter shall not be deemed to alter or modify any of the terms and conditions of the Lease.

EXECUTED this ___ day of _____________, 20__.

____
Name:
Address:

EXHIBIT E

SELLER'S ESTOPPEL CERTIFICATE

This Seller's Estoppel Certificate is executed and delivered as of the ___ day of ___________, 20__ pursuant to, and is subject to the terms and provisions of that certain Contract of Sale (the "Contract") dated ________ between [______________________________] ("Seller") and [________________________________] ("Purchaser"). All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Contact.

In connection with the sale of the Property to Purchaser, __________________ ("Tenant") has failed to sign and return a Tenant Estoppel Certificate pertaining to the lease (the "Lease") dated as of _________________________, by and between Seller, as landlord, and Tenant, as tenant, which Lease encumbers a portion of the Property. Seller, therefore, represents and warrants to Purchaser the following with respect to the Lease:

1. To Seller's actual knowledge, attached hereto and made a part hereof as Exhibit A is a true and correct copy of the Lease and all amendments and modifications thereto. To Seller's actual knowledge, the documents described on Exhibit A attached hereto and made a part hereof represent the entire agreement between the parties as to the Property.

2. To Seller's actual knowledge, the Lease commenced on ___________________.

3. The current monthly amount of base rent due under the Lease is $_____________, and the current monthly payments for common area maintenance charges, taxes, insurance and any other additional rent obligations (including percentage rent) under the Lease, using the terms defined in the Lease for such items is $___________, which may include estimates. All rent has been paid in full through the month of ______, 20___.

4. To Seller's actual knowledge, all tenant improvements and other such construction work required to be performed by Landlord pursuant to the Lease has been completed [.] [, except as follows __________].

5. To Seller's actual knowledge, Tenant has no outstanding offsets or credits against, or deductions from, or "free rent" period entitlements with respect to its future rent obligations, except as set forth below:

References made hereunder to "Seller's actual knowledge" shall refer only to the current actual (as opposed to constructive) knowledge of Jeffrey Pisano and Jason Freeman, and shall not be construed, by imputation or otherwise, to refer to the knowledge of Seller or any parent, subsidiary or affiliate of Seller or to any other officer, agent, manager, representative or employee of Seller or to impose upon Jeffrey Pisano or Jason Freeman any duty to investigate the matter to which such actual knowledge, or the absence thereof, pertains.

The undersigned acknowledges that this Seller's Estoppel Certificate is being delivered to Purchaser, and that said Purchaser will be relying upon the statements contained herein in purchasing the Property from Seller. Notwithstanding the foregoing, this Seller's Estoppel Certificate shall be of no force or effect and Seller shall be relieved from any liability hereunder upon the sooner to occur of (a) ninety (90) days following the Closing Date and (b) the date of delivery to Purchaser of a Tenant Estoppel Certificate executed by Tenant.

IN WITNESS WHEREOF, Seller has caused this Seller's Estoppel Certificate to be duly executed as of the __ day of _____________, 20__.

SELLER:
[___________________________________]
a [_________________________]

By:
Name:
Title:

EXHIBIT F

(Deed)

LIMITED WARRANTY DEED

____________________, a Delaware limited liability (the "Grantor"), in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby **GRANTS, BARGAINS, SELLS** and **CONVEYS**, with limited warranty covenants, to ________________________, a ________________________, whose tax mailing address is ____, its successors and assigns forever (the "Grantee"), all of its right, title and interest in and to the real property situated in the State of Ohio, County of Hamilton, and City of Norwood, as more particularly described on **Exhibit A** attached hereto and made a part hereof (the "Premises") and also known as ________________, Norwood, Ohio 45209:

Prior Instrument Reference: Instrument No.________________, Hamilton County, Ohio

Tax Parcel No.: ____________________________

Subject, however, to the matters set forth on **Exhibit B** attached hereto and made a part hereof.

TO HAVE AND TO HOLD, the Premises, together with all privileges and appurtenances thereunto belonging to the Grantee, its successors and assigns forever.

IN WITNESS WHEREOF, this instrument has been executed on the ____ day of _____________, 2016.

GRANTOR:

_____________________________________,
a Delaware limited liability company

By: Rookwood Holding Company LLC,
a Delaware limited liability company, its sole member

By:____

Name:
Title:

A C K N O W L E D G M E N T

STATE OF OHIO)
) SS
COUNTY OF FRANKLIN)

On this ___ day of _______________, 2016, before me a Notary Public, in and for said county, personally came ________________________________, who acknowledged that s/he is the ______________ of Rookwood Holding Company LLC, the sole member of _______________________________ a Delaware limited liability company, which executed this instrument as Grantor, and that s/he executed this instrument on behalf of and in the name of such company.

____
Notary Public

This instrument prepared by:
C.H. Waterman
CASTO
250 Civic Center Drive, Suite 500
Columbus, Ohio 43215

EXHIBIT A

(Land)

EXHIBIT B

(Permitted Exceptions)

1. All items from Exhibit B to the Contract of Sale ("Agreement"), as the same may be amended or modified pursuant to the terms of the Agreement

2. The following lettered items from Section 4.1.2 of the Agreement: (c), (d), (f), (g), (i)

3. Items described in Section 4.1.2(e) of the Agreement, if any, determined pursuant to the terms of the Agreement

EXHIBIT G

ASSIGNMENT AND ASSUMPTION OF LEASES

THIS ASSIGNMENT AND ASSUMPTION OF LEASES (this "Assignment") is executed as of the ____ day of __________, 20__ by and between **[________________________]**, a **[________________________]**, having an address c/o J.P. Morgan Investment Management Inc., 270 Park Avenue, New York, New York 10017 ("Assignor") and **[___________________]**, a **[__________________________]**, having an address c/o **[________________________________]** ("Assignee").

WHEREAS, Assignee is this day purchasing from Assignor and Assignor is conveying to Assignee the Property (as such term is described in that certain Contract of Sale dated as of ___________________________ between Assignor and Assignee).

WHEREAS, the Property is encumbered by those certain tenants (the "Tenants") occupying space under the leases listed and described on Exhibit A annexed hereto and made a part hereof (collectively, the "Tenant Leases").

WHEREAS, Assignor desires to transfer and assign to Assignee, and Assignee desires to assume as provided herein, all of Assignor's right, title and interest in and to the Tenant Leases.

NOW, THEREFORE, in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Assignor hereby transfers and assigns to Assignee all right, title and interest of Assignor in and to the Tenant Leases.

2. Assignee hereby affirmatively and unconditionally assumes all of Assignor's obligations and liabilities under the Tenant Leases arising from and after the date hereof.

3. This Assignment is made without warranty, representation, or guaranty by, or recourse against Assignor of any kind whatsoever.

4. This Assignment may be executed in any number of counterparts, each of which may be executed by any one or more of the parties hereto, but all of which shall constitute one and the same instrument, and shall be binding and effective when all parties hereto have executed and delivered at least one counterpart.

5. The terms and provisions of this Assignment shall be binding upon and inure to the benefit of the respective parties hereto, and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed as of the day and year first written above.

ASSIGNOR:

[______________________________________]

By:
Name:
Title:

ASSIGNEE:

[______________________________________]

By: ________________________________
Name:
Title:

EXHIBIT A

(List of Leases)

EXHIBIT H

BILL OF SALE AND GENERAL ASSIGNMENT

THIS BILL OF SALE AND GENERAL ASSIGNMENT (this "Assignment") is executed as of the ____ day of _____________, 20__ by **[______________________________]**, a **[_________________________]**, having an address c/o J.P. Morgan Investment Management Inc., 270 Park Avenue, New York, New York 10017 ("Assignor") in favor of **[______________________________]**, a **[______________________]**, having an address c/o **[______________________________]** ("Assignee").

WHEREAS, Assignee is this day purchasing from Assignor and Assignor is conveying to Assignee the Property (as such term is described in that certain Contract of Sale dated as of ____________________ between Assignor and Assignee (the "Agreement"))..

WHEREAS, Assignor desires to assign, transfer, setover and deliver to Assignee all of Assignor's rights, if any, in and to the Personal Property and the Intangible Property (as such terms are defined in the Agreement) (collectively, the "Assigned Properties") to the extent assignable.

NOW, THEREFORE, in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Assignor hereby assigns, transfers, sets over and delivers to Assignee, its successors and assigns, all of Assignor's right, title and interest, if any, in and to the Assigned Properties.

This Assignment is made without warranty, representation, or guaranty by, or recourse against Assignor of any kind whatsoever.

This Assignment may be executed in any number of counterparts, each of which may be executed by any one or more of the parties hereto, but all of which shall constitute one and the same instrument, and shall be binding and effective when all parties hereto have executed and delivered at least one counterpart.

The terms and provisions of this Assignment shall be binding upon and inure to the benefit of the respective parties hereto, and their respective successors and assigns.

IN WITNESS WHEREOF, Assignor has caused this Assignment to be duly executed as of the day and year first written above.

ASSIGNOR:

[____________________________________]

By: ______________________________
Name:
Title:

EXHIBIT I

CERTIFICATION OF NON-FOREIGN STATUS

STATE OF GEORGIA

COUNTY OF FULTON

Section 1445 of the Internal Revenue Code provides that a transferee (purchaser) of a U.S. real property interest must withhold tax if the transferor (seller) is a foreign person or entity. To inform the transferee that withholding of tax is not required upon the sale of certain property located in Hamilton County, Ohio by __________________, a Delaware limited liability company ("Seller"), the undersigned hereby certifies as follows:

1. Seller is not a "foreign corporation," "foreign partnership," "foreign trust," or "foreign estate," as such terms are defined in the United States Internal Revenue Code of 1986, as amended (the "Code") and Regulations promulgated thereunder, and is not otherwise a "foreign person," as defined in Section 1445 of the Code;

2. Seller is not a disregarded entity as defined in § 1.1445-2(b)(2)(iii) of the Code.

3. Seller's U.S. taxpayer identification number is ______________; and

4. Seller's address is: _____________________________________.

The undersigned understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete.

Sworn to and subscribed before me
this _____ day of _______, 2016

____
Notary Public

My commission expires:

____

______________________________, a Delaware
limited liability company

By: ____________________________

By:___________________________________
Name:_______________________________
Title:________________________________

[Notary Seal]

EXHIBIT J

ASSIGNMENT AND ASSUMPTION OF CONTRACTS

THIS ASSIGNMENT AND ASSUMPTION OF CONTRACTS (this "Assignment") is executed as of the ____ day of ______, 20__, by and between **[___________________________]**, a **[_____________________]**, having an address c/o J.P. Morgan Investment Management Inc., 270 Park Avenue, New York, New York 10017 ("Assignor") and **[________________________]**, a **[_____________________]**, having an address **[__________________________]** ("Assignee").

WHEREAS, Assignee is this day purchasing from Assignor and Assignor is conveying to Assignee the Property (as such term is described in that certain Contract of Sale dated as of **[___________]**, 20__ between Assignor and Assignee).

WHEREAS, in connection with its ownership and management of the Property, Assignor has entered into those certain maintenance, service and supply contracts and equipment leases, in effect on the date hereof, listed and described on Exhibit A annexed hereto and made a part hereof (collectively, the "Contracts").

WHEREAS, Assignor desires to transfer and assign to Assignee, and Assignee desires to assume as herein provided, all of Assignor's right, title and interest in and to the Contracts.

NOW, THEREFORE, in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Assignor hereby transfers and assigns to Assignee all right, title and interest of Assignor in and to the Contracts.

2. This Assignment shall constitute a direction and full authority to any person or entity that is a party to any of the Contracts to perform its obligation under the Contracts for the benefit of Assignee without further proof to any such party of the assignment to Assignee of the Contracts.

3. Assignee hereby affirmatively and unconditionally assumes all of the obligations and liabilities of Assignor under the Contracts arising from and after the date hereof.

4. This Assignment is made without warranty, representation, or guaranty by, or recourse against Assignor of any kind whatsoever.

5. This Assignment may be executed in any number of counterparts, each of which may be executed by any one or more of the parties hereto, but all of which shall constitute one and the same instrument, and shall be binding and effective when all parties hereto have executed and delivered at least one counterpart.

6. The terms and provisions of this Assignment shall be binding upon and inure to the benefit of the respective parties hereto, and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed as of the day and year first written above.

ASSIGNOR:

[________________________________]

By:
Name:
Title:

ASSIGNEE:

[________________________________]

By:
Name:
Title:

EXHIBIT A

(Contracts)

EXHIBIT K

(Form of Tenant Notice)

____

____

____

____ _, 20__

By Certified Mail -
Return Receipt Requested

____
____
____
____

Re: Lease (the "Lease") dated ___________ between ____________________________________ ("Landlord") and ________________________ encumbering certain real property known as _________________________, __________, __________ (the "Property")

Ladies and Gentlemen:

Please be advised that (1) Landlord has conveyed all of its right, title and interest in and to the Property, including its interest as landlord under the Lease, to _______________________________ ("Purchaser"), and (2) Purchaser has assumed Landlord's obligations under the Lease.

Accordingly, effective as of the date hereof, you are hereby notified and directed to deliver all future rent and additional rent payments due under the Lease, and any notices, inquiries or requests relating thereto, to Purchaser at:

____
____

In addition, all security deposits held by Landlord, if any, together with any interest earned thereon, have been transferred to Purchaser.

Very truly yours,

____
a **[__________________]**

By:
Name:
Title:

EXHIBIT L

(Intentionally Omitted)

EXHIBIT M

(Lease Exhibit)

ROOKWOOD COMMONS

TENANT NAME	DATE OF LEASE
J. Alexanders (#22)	February 15, 1999, as amended and/or assigned
P.F. Chang's (#5900)	February 19, 1999, as amended and/or assigned
Buca Di Beppo	February 15, 1999, as amended and/or assigned
Origins	May 5, 1999, as amended and/or assigned
White House/Black Market (#3087)	March 5, 2002, as amended and/or assigned
Gap (#2195)	February 16, 1999, as amended and/or assigned
Eddie Bauer (#R-834)	July 1, 1999, as amended and/or assigned
Talbots (#33R)	February 12, 1999, as amended and/or assigned
Ann Taylor (#0565)	August 23, 1999, as amended and/or assigned
Sur La Table	October 25, 1999, as amended and/or assigned
Chico's (#242)	March 17, 1999, as amended and/or assigned
Pier 1 Imports (#411)	October 7, 1999, as amended and/or assigned
Whole Foods Market (#10287)	January 5, 1999, as amended and/or assigned
Old Navy (#6077)	February 16, 1999, as amended and/or assigned
DSW Shoes	September 12, 2001, as amended and/or assigned
Salon LA	October 20, 1999, as amended and/or assigned
Bed, Bath & Beyond (#301)	February 15, 1999, as amended and/or assigned
Yankee Candle (#119)	September 16, 1999, as amended and/or assigned
Jos A. Bank Clothiers (#359)	March 9, 2001, as amended and/or assigned
T-Mobile (#OHNO000239)	November 18, 2003, as amended and/or assigned
Pump Salon	October 1, 1999, as amended and/or assigned
Motherhood Maternity (#1771)	May 30, 2000, as amended and/or assigned
Lenscrafters	August 3, 2001, as amended and/or assigned
Lane Bryant (#6371)	December 17, 2003, as amended and/or assigned
Gamestop (#1669)	March 21, 2000, as amended and/or assigned
New York & Co. (#329)	January 4, 2005, as amended and/or assigned
Victoria's Secret (#1363)	June 31, 2021, as amended and/or assigned
Hallmark (#495)	November 10, 1999, as amended and/or assigned
Love Culture (#23)	August 28, 2009, as amended and/or assigned
5 Guys Burgers and Fries	December 8, 2009, as amended and/or assigned
Claire's Boutique (#6860)	March 3, 2000, as amended and/or assigned
Yagoot	March 27, 2008, as amended and/or assigned
Banana Republic (#2192)	February 16, 1999, as amended and/or assigned
Mattress Firm (#2018)	July 1, 2010, as amended and/or assigned
Charming Charlie	June 30, 2010, as amended and/or assigned
Evereve	June 23, 2010, as amended and/or assigned
Qdoba Mexican Grill (#2702)	January 12, 2011, as amended and/or assigned
Justice (#1062)	August 3, 2011, as amended and/or assigned

REI – Recreation Equipment (#147)	November 17, 2011, as amended and/or assigned
Yoga Alive	November 8, 2012, as amended and/or assigned
Francesca's Collection	April 11, 2013, as amended and/or assigned
ULTA Salon (#744)	June 19, 2013, as amended and/or assigned
Rally House	March 6, 2014, as amended and/or assigned
J. Crew	August 15, 2014, as amended and/or assigned
Carhartt (#16)	August 26, 2014, as amended and/or assigned

TENANT LISTING

ROOKWOOD PAVILION

TENANT NAME	DATE OF LEASE
Pub at Rookwood Mews	December 7, 2001, as amended and/or assigned
Buffalo Wild Wings (#10)	September 14, 1996, as amended and/or assigned
Don Pablo's (#38)	December 3, 1993, as amended and/or assigned
First Watch (#22)	November 30, 1993, as amended and/or assigned
General Nutrition Center (#KK1374)	May 11, 1994, as amended and/or assigned
Joseph-Beth	April 19, 1993, as amended and/or assigned
Longhorn Steak House (#41)	June 9, 1993, as amended and/or assigned
Mitchell's Salon and Day Spa	August 16, 1994, as amended and/or assigned
Shoe Carnival (#50)	April 7, 1993, as amended and/or assigned
Starbucks (#2203-OH)	April 10, 1995, as amended and/or assigned
Stein Mart (#62)	November 14, 1991, as amended and/or assigned
Third Federal Savings & Loan	September 4, 1998, as amended and/or assigned
TJ Maxx (#56)	August 31, 1992, as amended and/or assigned
Fifth Third Bank ATM	December 1, 1993, as amended and/or assigned
Supercuts (#9139)	November 16, 1993, as amended and/or assigned
Donatos Pizza (#73)	July 20, 1994, as amended and/or assigned
William Effler Jewelers	March 16, 1994, as amended and/or assigned
Boston Market (#0285)	September 24, 1993, as amended and/or assigned
Homegoods (#116)	July 15, 1994, as amended and/or assigned
The UPS Store	January 31, 1993, as amended and/or assigned
Potbelly Sandwich Works (#160)	February 23, 2007, as amended and/or assigned
Carter's Retail (#430)	September 24, 2009, as amended and/or assigned
Huntington National Bank	October 30, 2002, as amended and/or assigned
Rusty Bucket	August 20, 2007, as amended and/or assigned
AT&T Mobility (#SBOHR4531)	September 11, 2007, as amended and/or assigned
Fawn Candy	September 27, 1994, as amended and/or assigned
Nordstrom	December 16, 2008, as amended and/or assigned
Wine Guy Wine Shop and Bistro	May 26, 2010, as amended and/or assigned
European Wax Center	November 20, 2012, as amended and/or assigned
Nike Factory Store	December 3, 2012, as amended and/or assigned

EXHIBIT N

(Contracts)

Rookwood Commons

Vendor
All Occasion Lighting/Christmas Lighting Co./Showcase Turf & Tree
Atlantic Sign Co.
Bzak Landscaping, Inc.
Universal Protection (formerly Cal Crim, Inc.)
ABCO Fire Protection (formerly Eckert Fire Protection Systems, Inc.)
F & T General Construction (formerly First Quality Contracting For U)
Edge Properties, LLC dba Spectrum Utilities Solution
Sure Thing Pest Control
SWS Environmental Service
Tyco Integrated Security LLC

Rookwood Pavilion

Vendor
Atlantic Sign Co.
Bzak Landscaping, Inc.
Universal Protection (formerly Cal Crim, Inc.)
ABCO Fire Protection (formerly Eckert Fire Protection Systems, Inc.)
F & T General Construction (formerly First Quality Contracting For U)
Edge Properties, LLC dba Spectrum Utilities Solution
Sure Thing Pest Control
SWS Environmental Service
Tyco Integrated Security LLC

EXHIBIT O

(Escrow Agreement)

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement"), dated as of the ___ day of _________, 2016, is among ____________, having an address at _____________ ("Escrowee"), _____________, having an address at c/o J.P. Morgan Investment Management Inc., 270 Park Avenue, New York, New York 10017 ("Seller"), and __________________, having an address at ____________________ ("Purchaser").

W I T N E S S E T H

WHEREAS, Seller and Purchaser entered into that certain Contract of Sale dated as of _________________, for the purchase and sale of the property known as ________________ (the "Property"), as more particularly described therein (hereinafter referred to as the "Contract");

WHEREAS, the Contract provides for the terms and conditions applicable to the sale and purchase of the Property and the performance obligations and rights of Seller and Purchaser; and

WHEREAS, Seller and Purchaser agree, pursuant to the Contract, that Escrowee shall hold, in escrow the Deposit (capitalized terms not otherwise defined herein are defined pursuant to Paragraph 6 hereof) in accordance with the terms and conditions of the Contract and this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. Appointment of Agent.

1.1 Purchaser and Seller hereby appoint Escrowee to act as their escrow agent on the terms and conditions hereinafter set forth, and Escrowee accepts such appointment.

1.2 Escrowee agrees to hold the Deposit on behalf of the parties to the Contract, and to apply, disburse and deliver the Deposit as provided in the Contract and this Agreement. In the event of any conflict between the terms and conditions of the Contract and the terms or conditions of this Agreement, as to the obligations of Escrowee, the terms and conditions of this Agreement shall govern and control.

2. Disposition of the Deposit.

2.1 Escrowee shall hold the Deposit in an interest bearing savings account which rate of interest need not be maximized. Escrowee shall not commingle the Deposit with any other funds.

2.2 Escrowee shall pay the Deposit to Seller or otherwise in accordance with the terms of the Contract. If prior to the Closing, either party makes a demand upon Escrowee for delivery of the Deposit, Escrowee shall give notice to the other party of such demand. If a notice of objection to the proposed payment is not received from the other party within seven (7) Business Days after the giving of notice by Escrowee, Escrowee is hereby authorized to deliver the Deposit to the party who made the demand. If Escrowee receives a notice of objection within said period, then Escrowee shall continue to hold the Deposit and thereafter pay it to the party entitled when Escrowee receives (a) notice from the objecting party withdrawing the objection, or (b) a notice signed by both parties directing disposition of the Deposit, or (c) a judgment or order of a court of competent jurisdiction. Notwithstanding the foregoing, Escrowee is hereby authorized to, and hereby agrees to, return the Deposit to Purchaser if Purchaser does not delivery the Notice to Proceed to Seller and Escrowee prior to the expiration of the Due Diligence Period.

2.3 Nothing in this Section 2 shall have any effect whatsoever upon Escrowee's rights, duties, and obligations under Section 3.

3. Concerning Escrowee.

3.1 Escrowee shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness of any notice, demand, certificate, signature, instrument or other document which is given to Escrowee without verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument or other document;

3.2 Escrowee shall not be bound in any way by any other contract or understanding between the Seller and Purchaser, whether or not Escrowee has knowledge thereof or consents thereto unless such consent is given in writing;

3.3 Escrowee's sole duties and responsibilities shall be to hold and disburse the Deposit in accordance with this Agreement and the Contract; provided, however, that Escrowee shall have no responsibility for the clearing or collection of the check representing the Deposit;

3.4 Upon the disbursement of the Deposit in accordance with this Agreement, Escrowee shall be relieved and released from any liability under this Agreement;

3.5 Escrowee may resign at any time upon at least ten (10) Business Days prior written notice to the Seller and Purchaser hereto. If, prior to the effective date of such resignation, the Seller and Purchaser hereto shall have approved, in writing, a successor escrow agent, then upon the resignation of Escrowee, Escrowee shall deliver the Deposit to such successor escrow agent. From and after such resignation and the delivery of the Deposit to such successor escrow agent, Escrowee shall be fully relieved of all of its duties, responsibilities and obligations under this Agreement, all of which duties, responsibilities and obligations shall be performed by the appointed successor escrow agent. If for any reason Seller and Purchaser shall not approve a successor escrow agent within such period, Escrowee may bring any appropriate action or proceeding for leave to deposit the Deposit with a court of competent jurisdiction, pending the approval of a successor escrow agent, and upon such deposit Escrowee shall be fully relieved of all of its duties, responsibilities and obligations under this Agreement;

3.6 Seller and Purchaser hereby agree to, jointly and severally, indemnify, defend and hold harmless Escrowee from and against any liabilities, damages, losses, costs or expenses incurred by, or claims or charges made against, Escrowee (including reasonable attorneys' fees and disbursements) by reason of Escrowee performing its obligations pursuant to, and in accordance with, the terms of this Agreement, but in no event shall Escrowee be indemnified for its negligence, willful misconduct or breach of the terms of this Agreement;

3.7 In the event that a dispute shall arise in connection with this Agreement or the Contract, or as to the rights of Seller and Purchaser in and to, or the disposition of, the Deposit, Escrowee shall have the right to (w) hold and retain all or any part of the Deposit until such dispute is settled or finally determined by litigation, arbitration or otherwise, or (x) deposit the Deposit in an appropriate court of law, following which Escrowee shall thereby and thereafter be relieved and released from any liability or obligation under this Agreement, or (y) institute an action in interpleader or other similar action permitted by stakeholders in the State of Ohio, or (z) interplead Seller or Purchaser in any action or proceeding which may be brought to determine the rights of Seller and Purchaser to all or any part of the Deposit; and

3.8 Escrowee shall not have any liability or obligation for loss of all or any portion of the Deposit by reason of the insolvency or failure of the institution of depository with whom the escrow account is maintained.

4. Termination.

This Agreement shall automatically terminate upon the delivery or disbursement by Escrowee of the Deposit in accordance with the terms of the Contract and terms of this Agreement, as applicable.

5. Notices.

All notices, requests or other communications which may be or are required to be given, served or sent by any party hereto to any other party hereto shall be deemed to have been properly given, if in writing and shall be deemed delivered (a) upon delivery, if delivered in person or by e-mail in a PDF attachment (with a confirmation copy delivered in person or by overnight delivery), (b) one (1) Business Day after having been deposited for overnight delivery with any reputable overnight courier service, or (c) three (3) Business Days after having been deposited in any post office or mail depository regularly maintained by the United States Postal Office and sent by registered or certified mail, postage paid, return receipt requested, and in each case, addressed as follows:

To Seller:

CLP-SPF Rookwood Commons, LLC
CLP-SPF Rookwood Pavilion, LLC
c/o J.P. Morgan Investment Management Inc.
270 Park Avenue
New York, New York 10017
Attention: Jeffrey Pisano
Telephone: (212) 648-0461
Email: jeffrey.x.pisano@jpmorgan.com

With a Copy To:	CLP-SPF Rookwood Commons, LLC CLP-SPF Rookwood Pavilion, LLC c/o J.P. Morgan Investment Management Inc. P.O. Box 5005 New York, NY 10163-5005
With a Copy To:	Casto Lifestyle Properties L.P. c/o Casto 191 W. Nationwide Blvd., Suite 200 Columbus, Ohio 43215 Attention: Anthony A. Martin Telephone (614 226-4359
With a Copy To:	Stroock & Stroock & Lavan LLP 180 Maiden Lane New York, New York 10038-4982 Attention: Steven Moskowitz, Esq. Telephone: (212) 648-5899 Email: smoskowitz@stroock.com
To Purchaser:	c/o Hines Advisors Limited Partnership 2800 Post Oak Boulevard, Suite 4800 Houston, Texas 77056 Attention: Kevin McMeans Telephone: (713)621-8000 Email: kevin.mcmeans@hines.com
With a Copy To:	Hines Advisors Limited Partnership 2800 Post Oak Boulevard, Suite 4800 Houston, Texas 77056 Attention: Jason Maxwell, Esq. - General Counsel Telephone: (713) 966-7638 Email: jason.maxwell@hines.com
With a Copy To:	Baker Botts L.L.P. One Shell Plaza 910 Louisiana Street Houston, Texas 77002 Attention: Connie Simmons Taylor, Esq. Telephone: (713) 229-1234 Email: connie.simmons.taylor@bakerbotts.com

6. Capitalized Terms.

Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Contract.

7. Governing Law/Waiver of Trial by Jury.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OHIO APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES OF SUCH STATE. THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

8. Successors.

This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the parties hereto; provided, however, that except as expressly provided herein as to the Escrowee, this Agreement may not be assigned by any party without the prior written consent of the other parties.

9. Entire Agreement.

This Agreement, together with the Contract, contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter.

10. Amendments.

Except as expressly provided in this Agreement, no amendment, modification, termination, cancellation, rescission or supersession to this Agreement shall be effective unless it shall be in writing and signed by each of the parties hereto.

11. Counterparts and/or Facsimile Signatures.

This Agreement may be executed in any number of counterparts, including counterparts transmitted by facsimile, any one of which shall constitute an original of this Agreement. When counterparts or facsimile copies have been executed by all parties, they shall have the same effect as if the signatures to each counterpart or copy were upon the same documents and copies of such documents shall be deemed valid as originals. The parties agree that all such signatures may be transferred to a single document upon the request of any party. This Agreement shall not be binding unless and until it shall be fully executed and delivered by all parties hereto. In the event that this Agreement is executed and delivered by way of facsimile transmission, each party delivering a facsimile counterpart shall promptly deliver an ink-signed original counterpart of the Agreement to the other party by overnight courier service; provided however, that the failure of a party to deliver an ink-signed original counterpart shall not in any way effect the validity, enforceability or binding effect of a counterpart executed and delivered by facsimile transmission.

12. Severability.

If any provision of the Agreement or the application of any such provision to any person or circumstance shall be held invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed and delivered this Escrow Agreement as of the date and year first above written.

____________________, a __________
____

By:__________________________________
Name:
Title:

____________________, a __________
____

By:__________________________________
Name:
Title:

____________________, a __________
____

By:__________________________________
Name:
Title:

EXHIBIT P

(Leasing Commissions)

EXHIBIT Q

Purchaser Assumed Pre-Existing Brokerage and TI Costs

None.

EXHIBIT R

(Seller Leasing Costs)

	Tenant	Amount
Commons	Chico's	8,500.00
	Lane Bryant	2,488.50
	Yagoot	4,476.00
	Jos A Banks	7,899.74
	Ann Taylor	2,293.50
	Gamestop	3,258.62
Pavilion	First Watch	66,500.00
	Effler Jewelers	960.00

EXHIBIT S

(Tenant Deposits)

Rookwood Commons
Security Deposits
For month end 8/31/16

Tenant	Deposit Amount
Five Guys Burgers	5,833.00
	5,833.00

Rookwood Commons
Construction Deposits
For month end 8/31/16

Tenant	Deposit Amount
Mattress Firm	5,000.00
Sur la Table	5,000.00
	10,000.00

Rookwood Pavilion
Security Deposits
For month end 8/31/16

Tenant	Deposit Amount
The UPS Store	2,400.00
Effler Jewelers	2,400.00
BW-3	5,683.50
	10,483.50

Rookwood Pavilion
Construction Deposits
For month end 8/31/16

Tenant	Deposit Amount
Schumacher Dugan	2,500.00
	2,500.00

EXHIBIT T

(Owner's Affidavit)
OWNER'S AFFIDAVIT

STATE OF ___________
COUNTY OF __________

Personally appeared before me, the undersigned officer, ____________ ("Deponent"), who being duly sworn according to law, deposes and says on oath as of the date of this Owner's Affidavit and to the best of his knowledge, without independent investigation, as follows:

1. That ________________, a Delaware limited liability company (hereinafter "Owner") is the owner of that certain real property located in Hamilton County, Ohio and being more particularly described in Exhibit "A" attached hereto and made a part hereof by this reference (the "Property").

2. That Deponent is the duly elected __________of ________________, a Delaware limited liability company, the ___________ of Owner.

3. That there are no unpaid or unsatisfied security deeds, mortgages, claims of lien, special assessments, taxes, or other matters which could constitute a lien or encumbrance against the Property, which will not be paid off in connection with the sale of the Property, except the matters set forth in Exhibit "B" attached hereto and made a part hereof by this reference.

4. That there are no pending suits, proceedings, liens, mortgages, judgments, bankruptcies, taxes or other encumbrances of record against Owner affecting title to the Property, except as disclosed on Exhibit "B", there are no private unrecorded restrictions, agreements, easements or leases affecting the Property and arising by or through Owner, except as may be forth on Exhibit "B", and there are no parties having possessory rights in the Property, except as may be set forth on Exhibit "B".

5. That no improvements or repairs have been made at the instance of Owner to the Property during the one hundred and twenty (120) days immediately preceding the date hereof or, in the event that improvements or repairs have been made at the instance of Owner, that there are no outstanding bills incurred for labor and materials used in making such improvements or repairs on the property, or for services of architects, surveyors, or engineers incurred in connection therewith.

6. That the Owner is not acting, directly or indirectly, in any capacity whatsoever for any foreign country or national thereof, and the Owner is a limited liability company duly organized and in good standing under the laws of the State of Delaware and the person executing this Owner's Affidavit on behalf of the Owner is duly authorized and has been fully empowered to execute and deliver this Owner's Affidavit; and the Owner has full capacity to convey the Property and all necessary action for the making of such conveyance has been taken and done by the Owner.

This Owner's Affidavit is made to induce ____, in reliance upon this Owner's Affidavit, to purchase the Property from Owner and further to induce _____________________ to issue a standard ALTA owner's title insurance policy.

[signature on following page]

_________________________________(SEAL)

STATE OF _________)
) SS
COUNTY OF _______)

This instrument was acknowledged before me on __________________, 2016, by _________________________, as _______________________ of __________________________. He is personally known to me and did take an oath.

____
Print Name:__________________________

[NOTARIAL SEAL] Notary Public

My Commission Expires:_______________

<u>EXHIBIT A to Owner' Affidavit</u>

[LEGAL DESCRIPTION]

<u>EXHIBIT B to Owner's Affidavit</u>

[PERMITTED EXCEPTIONS]

<u>EXHIBIT U</u>

Intentionally Omitted

<u>EXHIBIT V</u>

(Existing Financing Documents)

<u>Rookwood Commons</u>:

1. Note dated as of April 1, 2015, in the original principal amount $67,000,000, by Commons Seller in favor of Existing Lender.

2. Open-End Mortgage and Security Agreement dated as of April 1, 2015, by Commons Seller in favor of Existing Lender.

3. Assignment of Leases, Rents and Profits dated as of April 1, 2015, by Commons Seller in favor of Existing Lender.

4. Indemnity Agreement dated as of April 1, 2015, by Commons Seller in favor of Existing Lender.

5. Letter Agreement dated as of April 1, 2015, by Existing Lender and agreed and accepted to by Commons Seller.

<u>Rookwood Pavilion</u>:

1. Note dated as of July 1, 2013, in the original principal amount $29,000,000, by Pavilion Seller in favor of Existing Lender.

2. Open-End Mortgage and Security Agreement dated as of July 1, 2013, by Pavilion Seller in favor of Existing Lender.

3. Assignment of Leases, Rents and Profits dated as of July 1, 2013, by Pavilion Seller in favor of Existing Lender.

4. Indemnity Agreement dated as of July 1, 2013, by Pavilion Seller in favor of Existing Lender.

5. Letter Agreement dated as of July 1, 2013, by Existing Lender and agreed and accepted to by Pavilion Seller.

Exhibit 10.29

PROPERTY MANAGEMENT AND LEASING AGREEMENT

between

____

(Owner)

and

HINES INTERESTS LIMITED PARTNERSHIP

for

____

(Property)

Dated: [______________________]

TABLE OF CONTENTS

PROPERTY MANAGEMENT AND LEASING AGREEMENT

THIS PROPERTY MANAGEMENT AND LEASING AGREEMENT ("Agreement") is entered into effective as of the _____ day of ____________, 201____, by and between ____, a Delaware limited partnership ("Owner"), and Hines Interests Limited Partnership, a Delaware limited partnership ("Manager").

W I T N E S S E T H

WHEREAS, Owner is the owner of the land described in Schedule A attached hereto together with the office building and other improvements located thereon (the "Premises"); and

WHEREAS, Owner wishes to obtain the benefits of Manager's expertise in the field of real estate management and leasing by relinquishing to Manager control in the operation, direction, management, leasing and supervision of the Premises, subject to the terms and provisions of this Agreement, and Manager, for a fee and pursuant to the terms and provisions of this Agreement, agrees to assume said control and discretion in the operation, direction, management and supervision of the Premises on behalf of Owner.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and of other good and valuable consideration, the parties hereto agree as follows:

ARTICLE 1

APPOINTMENT

Appointment of Manager. Owner hereby contracts with Manager to manage, lease (or supervise the leasing by a third party), operate, direct and supervise the Premises on behalf of Owner and to provide services as required under this Agreement.

ARTICLE 2

TERM

Term. Subject to and upon the terms and conditions set forth in this Agreement (including without limitation Article 12), the term of this Agreement (the "Term") shall commence on the date hereof and shall continue until the earlier of termination pursuant to Article 12 or the last day of the first (1st) full calendar year after the date of this Agreement. Thereafter, the Term shall continue from year to year unless written notice is given by either party of its desire not to continue this Agreement at least ninety (90) days prior to any anniversary of the commencement of this Agreement. Notwithstanding the foregoing, upon the taking of possession of the Premises by a mortgagee through foreclosure or deed-in-lieu of foreclosure, this Agreement may be terminated by such mortgagee upon ninety (90) days prior written notice thereof.

ARTICLE 3

RELATIONSHIP

Relationship. Manager shall at all times be the independent contractor of Owner and not the employee or agent of Owner. Manager shall have no right or power to contract with third parties for, on behalf of, or in the name of Owner or otherwise to bind Owner. Except as expressly provided herein to the contrary, Owner agrees to be responsible for and shall reimburse Manager for all costs, expenses and disbursements reasonably and properly incurred by Manager in accordance with the provisions of this Agreement in providing management, leasing (if applicable) and operational services hereunder, such as, but not limited to, contracts for cleaning services, contracts for landscaping or maintenance services and orders for supplies and equipment, and Owner agrees to indemnify and hold Manager harmless from and against the same.

ARTICLE 4

ASSIGNABILITY

Assignability by Manager. Manager shall not transfer or assign this Agreement or any part thereof or any of its rights or obligations hereunder without the prior written consent of Owner, provided that Owner's consent shall not be required for an assignment to a Hines Affiliate (defined below). The foregoing shall not prevent Manager from either (i) pledging to any person or entity Manager's right to receive fees under this Agreement, or (ii) entering into contracts with third parties to assist Manager in providing the services required by this Agreement, provided that, as between Owner and Manager, Manager remains ultimately responsible for the provision of such services and Owner shall have no liability under such contracts unless expressly agreed to in writing by Owner. The consent of Owner to one or more assignments of this Agreement shall not be construed as, or result in, consent by Owner to any further or future assignment or assignments. Any assignment or attempted assignment not made strictly in accordance with the foregoing shall be void.

As used herein, "Hines Affiliate" shall mean any partnership, limited liability company, corporation, trust or other entity as to which fifty percent (50%) or more of the beneficial interests are held, directly or indirectly, by and effective day to day Control (as defined below) resides in the Hines Family (as defined below) and/or any current or former employees of Hines Interests Limited Partnership or its successors. For the purposes of this Agreement, "Control" or "Controlled" shall mean with respect to any person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise.

As used herein, "Hines Family" shall mean Jeffrey C. Hines and/or Gerald D. Hines, their parents, brothers and sisters, their respective spouses and children (natural and adopted), grandchildren or great grandchildren of any of the foregoing and/or trusts for any of the foregoing.

Assignment by Owner. If Owner conveys the Premises or any part thereof to an Affiliate (defined below) of Owner, then Owner shall assign this Agreement to such Affiliate. If Owner conveys the Premises to someone who is not an Affiliate of Owner, then the provisions of Section 12.1 shall apply. "Affiliate" means, with reference to any entity or person, any person or entity that directly or indirectly Controls, is Controlled by or is under common Control with that person or entity.

ARTICLE 5

SERVICES OF MANAGER

Management of the Premises. To the extent reasonably practical in accordance with Operating Budgets and Capital Budgets approved hereunder and so long as Owner makes funds available therefor, Manager shall manage, operate and maintain the Premises in a manner normally associated with the management and operation of a high quality office building. Manager shall at all times deal with third parties (whether or not affiliated with Manager) at arms' length and in Owner's interest at all times. Manager shall act in a fiduciary capacity with respect to handling of Owner’s funds.

Manager’s Employees. Manager shall have in its employ at all times a sufficient number of capable employees to enable it to manage, lease (or supervise the leasing of), operate and maintain the Premises as required under Section 5.1 hereof. All matters pertaining to the employment, supervision, compensation, promotion and discharge of such employees are the responsibility of Manager. Manager is in all respects the employer of such employees, but Owner may require that any particular employee or employees whom Owner deems objectionable (in its reasonable discretion) be removed from duty with respect to the Premises. Manager shall fully comply with all applicable laws and regulations having to do with worker's compensation, social security, unemployment insurance, hours of labor, wages, working conditions, and other employer-employee related subjects. All employees engaged by Manager shall be the employees of Manager and not of Owner.

Budgets and Leasing Guidelines; Annual Performance. Manager shall prepare and submit to Owner a (i) proposed operating budget (the "Operating Budget"), (ii) capital budget (the "Capital Budget"), and (iii) marketing program and leasing guidelines (the "Marketing Program") for the Premises for the management, leasing and operation of the Premises for the forthcoming calendar year (or in the case of the first calendar year in which the Term commences, the remainder of such year if it is not a full calendar year) in a format approved by Owner. Manager shall also complete and deliver to Owner a written review of its performance for the then current calendar year at the same time (the “Performance Review”) it delivers the budgets and programs as contemplated in this Section 5.3. The scope and substance of the Performance Review will be agreed to by the Manager and the Owner prior to the delivery of the first review. The first such budgets, program and guidelines shall be submitted to Owner within forty-five (45) days after the date of this Agreement and in the future subsequent proposed budgets, program and guidelines shall be delivered to Owner no later than October 15 of each calendar year. By October 15 of each calendar year, Manager will submit to Owner (i) a summary of the actual (through September 30) and projected (for the full year) results of management and operation of the Premises for such calendar year and (ii) a Performance Review for the then-current calendar year.

The leasing guidelines shall include the following:

(a) the minimum rental rate to be charged for office space, and, if applicable, storage, antenna, telecom, retail and parking space and the minimum and maximum term which may be provided in each category of space to be leased in the Premises;

(b) the maximum leasing concessions or inducements (on a per square foot basis) which may be provided with respect to the Premises;

(c) a list of currently vacant space in the Premises;

(d) a list of space which will become available for lease in the Premises during the applicable calendar year; and

(e) if a third party will perform leasing services for all or a portion of the Premises, whether pursuant to a contract with Manager or as a result of a leasing agreement directly with Owner as contemplated by Section 5.5, a summary of any material terms of such relationship and the supervision thereof by Manager.

Owner will consider the proposed budgets, program and guidelines and then will consult with Manager within forty-five (45) days after they are submitted in order to agree on an "Approved Operating Budget", an "Approved Capital Budget", and "Approved Marketing Programs". Owner and Manager will use good faith efforts to agree on the foregoing within such forty-five (45) day period. Additionally, if Owner identifies any operating or performance deficiencies that are within reasonable control of Manager after reviewing the Performance Review, Owner shall give Manager written notice of such deficiencies prior to the end of this forty-five (45) day period. Manager shall then have the later of thirty (30) days, or such time as is reasonably necessary, to cure the deficiencies identified in such notice. If such deficiencies are not corrected with this time period, Owner shall give Manager a second notice of its desire to terminate this Agreement pursuant to Section 12.2. If Manager does not cure such deficiencies within thirty (30) days after this second notice, and provide Owner written notice (and when applicable, evidence) that such deficiencies have been cured, this Agreement may be terminated by Owner pursuant to Section 12.2.

No less frequently than quarterly, Manager shall during each calendar year review the Approved Operating Budget, Approved Capital Budget, and Approved Marketing Program, and compare the same to year-to-date activity to determine whether revisions are needed. Any such needed revisions will be submitted to Owner for its approval.

Manager agrees to use diligence and to employ all reasonable efforts to ensure that the actual costs (net of amounts, if any, recovered from third parties) of maintaining, leasing and operating the Premises shall not exceed the approved budgets pertaining thereto.

<u>Collection of Rents</u>. Manager shall use diligent efforts to collect all rents (including, without limitation, billings resulting from tenant participation in operating expenses, taxes and common area maintenance charges) and other charges which may become due at any time from any tenant or from others for services provided in connection with or for the use of the Premises or any portion thereof. All monies so collected shall be deposited in the Receipts Account (defined in Section 9.1). Manager cannot and may not terminate any lease, lock out a tenant, institute a suit for rent or for use and occupancy, or institute proceedings for recovery of possession of any premises, without the prior written approval of Owner. In connection with such suits or proceedings only legal counsel designated by Owner shall be retained. The estimated costs of legal services to be incurred in bringing such approved suit or proceeding shall be submitted to Owner for its approval. Manager shall not write off any rental income of more than twenty percent (20%) of the gross monthly rent (up to a maximum of $10,000) for any single tenant without the prior approval of

Owner; provided, however, that in all events Manager shall have authority to write off monthly income of $1,000 or less with respect to any single tenant.

Leasing Duties of Manager. If Manager agrees to serve as the primary leasing agent for the Premises such that Manager serves as the agent involved in locating and securing tenants for the Premises, Manager shall be the "Primary Leasing Agent" and shall be entitled to the leasing fees set forth in Section 21.1(b). If Manager is not the Primary Leasing Agent, Owner may contract with third parties to perform such services and Manager shall not be entitled to the leasing fees referenced above. In all events, Manager shall act as leasing manager for the Premises and be ultimately responsible for the leasing activities of the Premises, including supervising any third party retained by Owner to ensure that such party is acting in accordance with the Approved Marketing Program. If Manager is the Primary Leasing Agent, Manager may also contract with other persons to perform leasing services for the Premises, provided that Owner will not be obligated to pay any leasing fees or commissions to such third parties unless it agrees to do so in writing, but Owner shall remain obligated to pay Manager leasing fees in accordance with Section 21.1(b). Manager may act without further approvals as long as Manager acts in accordance with the Approved Marketing Program. It is understood that Owner is the only signatory authority for the execution of all lease and related leasing documents and Manager shall not represent to the contrary to prospective tenants and other parties.

Decorations and Repairs. Manager shall institute and supervise all ordinary and extraordinary repairs, decorations and alterations, including the administration of a preventative maintenance program for all mechanical, electrical and plumbing systems and equipment and the design and installation of any supplemental H.V.A.C. electrical, mechanical or plumbing devices, including metering devices, which are installed on behalf of any tenant(s) of the Premises, provided that such (unless the same relate to emergencies) are included in an Approved Operating Budget or in an authorization by Owner pursuant to an Approved Capital Budget.

Operational Activities. Manager shall institute and supervise all operational activities of the Premises, including but not limited to:

A. Supervision of the cleaning contractor;

B. Supervision of the security contractor on behalf of Owner;

C. Supervision of any landscaping contractor;

D. Supervision of the window washing contractor;

E. Responsibility for and supervision of the central plant and other H.V.A.C. equipment;

F. Responsibility for and supervision of a preventative maintenance program;

G. Responsibility for and supervision of any necessary repairs to the Premises;

H. Supervision of the maintenance of the elevators serving the Premises;

I. Responsibility for making arrangements for and administering account for utilities; and

J. Any other activity reasonably required for the normal operation of a high quality office building.

As used herein, "supervise" and "supervision" shall also include responsibility for the particular task to the extent the Owner so directs and provides the funds therefor.

Taxes. Manager shall obtain and verify bills for real estate and personal property taxes, improvement assessments and other like charges which are or may become liens against any portion of the Premises and recommend payment or appeal as its reasonable judgment may decide.

Manager shall not make any payments on account of any ground lease, mortgage, deed of trust or other security instrument, if any, affecting any Premises unless such payments are included in the Approved Operating Budget or otherwise approved by Owner.

Compliance with Agreements. Manager shall operate the Premises in compliance with any ground lease, space lease, mortgage, deed of trust or other security instruments affecting the Premises and of which Manager has knowledge, but Manager shall not be required to make any payment or incur any liability on account thereof.

Payrolls. Manager shall prepare or cause to be prepared all payrolls and maintain comprehensive payroll records.

Banking Matters. Manager shall handle all banking matters related to its contractual responsibility.

Inspections of Premises. Manager shall conduct, from time to time as Manager deems necessary or as Owner requests, inspections of the Premises and provide Owner with a written report on its findings to the extent requested by Owner.

Maintenance of Records. Manager shall, on behalf of Owner, maintain complete and identifiable records and files on all matters pertaining to the Premises, including, without limitation, all revenues and expenditures, service contracts and leases, all of which records and files shall be the property of Owner.

Staffing for Emergencies. Manager shall have competent personnel available at all times for emergencies.

Tenant Relations Program. Manager shall administer a tenant relations program that maintains a high visibility of management presence and service to tenants and is consistent with programs offered by high quality office properties and management thereof.

Communications with Owner. Manager shall be available for communications with Owner and will keep Owner advised of items affecting the Premises.

Section 5.17 Books and Records.

(a) Manager, in the conduct of its responsibilities to Owner, shall maintain adequate and separate books and records for the Premises in accordance with generally accepted accounting principles ("GAAP"), which shall be supported by sufficient documentation to ascertain that said entries are properly and accurately recorded, which books and records shall be the property of Owner. However, any computer software or other systems of Manager which are used to generate or keep such books and records shall remain the property of Manager. Such books and records shall include all information necessary to calculate and to audit amounts contained therein and shall otherwise comply with the requirements of the documents referred to in Section 5.9 hereof. Such books and records, as well as those records referred to in Section 5.13 hereof, shall be maintained by Manager at the Premises or at such other location as may be mutually agreed upon in writing, and at Manager's discretion in detail or summary form at the headquarters of Manager located in Houston, Texas. Manager shall utilize procedures to attempt to ensure such control over accounting and financial transactions as is reasonably required to protect Owner's assets from theft, error or fraudulent activity.

(b) Manager shall maintain records of, and furnish customary (or as requested) reports summarizing, all transactions occurring from the first day of the prior calendar quarter to the last day of the prior calendar quarter. These reports are to be received by Owner no later than thirty (30) calendar days after the end of the above described accounting period (or sooner if necessary for Owner or any partner of Owner’s (direct or indirect) parent to comply with governmental requirements of which Manager is given reasonable advance notice) and must report financial details which Owner may request. Reports on vacancies and other matters pertaining to the management, leasing, operation, and maintenance of the Premises will be provided on a monthly basis in a format reasonably approved by Owner. The reports shall include a comparison of quarterly, year-to-date actual, and projected year-end income and expense with the Approved Operating Budget for the Premises, and other financial reports reasonably requested by Owner, all in a format approved by Owner. In addition, Manager shall remit to Owner all unexpended funds (except for a reserve approved by Owner for contingencies and operating working capital or such lesser amount as may be available after all proper disbursements from the Receipts Account) in the Receipts Account as of the end of the reporting quarter.

(c) All financial statements and reports required by Owner will be prepared on an accrual basis in accordance with GAAP, except for special financial reports which by their nature require a deviation from GAAP.

(d) Manager shall prepare such additional reports at such times and in such forms as may be reasonably requested from Owner from time to time. All reports of Manager to Owner shall be furnished in electronic form if Owner so requests.

(e) Manager shall maintain necessary liaison with Owner's accountant and shall provide such accountant with such reports and other information as Owner shall request.

<u>Compliance with Laws</u>

Expenses incurred in remedying violations may be paid from the Disbursement Account (as defined in Section 9.1) provided such expenses do not exceed $5,000 in any one instance. When more than such amount is required or if the violation is one for which the Premises title holder might be subject to penalty, Manager shall notify Owner by the end of the next business day to assure that prompt arrangements may be made to remedy the violation.

Expenditures for Emergencies. Notwithstanding anything contained herein to the contrary, in case of emergency, Manager may make expenditures for repairs and other items which exceed approved budgets or prior approvals from Owner without prior written approval if in the reasonable judgment of Manager it is necessary to preserve the safety of the Premises or the safety of the tenants or other occupants of the Premises, or to avoid the suspension of any necessary service to the Premises. Owner must be informed of any such expenditures before the end of the next business day.

Establishment of Website. Any and all reports required of Manager under this Agreement shall be made available at a website to be established by Manager accessible through the Internet within one year after Owner so requests.

Sarbanes-Oxley Compliance. If requested by Owner, all reporting, record keeping, internal controls and like matters by Manager shall comply with the Sarbanes-Oxley Act.

Section 5.22 REIT Tax Compliance. Manager acknowledges that the Premises is owned by a real estate investment trust for tax purposes. Solely with respect to contracts which Manager is permitted to executed under Section 6.4 hereof and of purchase orders pursuant to Section 6.5 hereof, Manager shall not without prior written consent of Owner enter into service contracts on behalf of Owner that causes [the REIT Parent Entity] to realize any impermissible tenant service income as defined in Internal Revenue Code Section 856(d)(7) with respect to the Premises. Any contracts approved by and/or or executed by Owner shall be deemed to be conclusive evidence of Owner's satisfaction with such contract as its relates to such Section 856(d)(7).

Submission of Annual Reports. All annual reports to be furnished by Manager shall be furnished within thirty (30) days after the end of the applicable calendar year.

ARTICLE 6

MANAGEMENT AUTHORITY

Limitation on Manager's Authority. Manager's authority is expressly limited to the provisions provided herein or as may be amended in writing from time to time by Owner and mutually agreed to and accepted by Manager in writing.

Expenditure of Monies by Manager. The Approved Operating Budget shall constitute an authorization for Manager to expend money to operate, lease and manage the Premises and Manager may do so without further approval as long as Manager does not exceed the year-to-date budgeted amount for any line item (after any allocation of any contingency that may be contained in the budget and that can be applied to such line item). Whenever the year-to-date budgeted amount for any line item is (or appears likely to be) exceeded, a year-to-date budget variance and a revised operating budget for such line item shall be presented to Owner for its consideration. Except as expressly permitted in this Agreement, Manager may not act outside of the Approved Operating Budget until the budget revision is approved in writing by Owner, which approval Owner will endeavor to give in a timely manner. Once approved, Manager's authority with the revised or any additionally revised budgets is the same as that authorized for the original budget.

Capital Expenditures. The Approved Capital Budget shall constitute authorization for Manager to make those capital expenditures set forth therein, the individual cost of which does not exceed Fifty Thousand Dollars ($50,000). Any individual capital expenditure in excess of Fifty Thousand Dollars ($50,000) must be specifically authorized by Owner even if contained in the

Approved Capital Budget. With respect to the purchase and installation of capital items, Manager shall recommend that Owner purchase such items when Manager believes such purchase to be necessary or desirable. Owner may arrange to purchase and install the same itself or may authorize Manager to do so subject to prescribed supervision and specification requirements and conditions. Unless Owner specifically waives such requirements, either by memorandum or as an amendment to the contract, all new or replacement capital items exceeding Fifty Thousand Dollars ($50,000) shall be awarded on the basis of competitive bidding, solicited in the following manner:

(a) A minimum of three written bids will be obtained for each purchase in excess of $50,000.

(b) Each bid will be solicited in a form prescribed by Owner so that uniformity will exist in the bid quotes.

(c) Manager shall provide Owner with all bid responses accompanied by Manager's recommendations as to the most acceptable bid. If Manager advises acceptance of other than the lowest bidder, Manager shall adequately support, in writing, its recommendations.

Owner shall be free to accept or reject any and all bids. Owner will communicate to Manager in writing its acceptance or rejection of bids. Owner may pay for capital expenses from its own resources or may authorize payment by Manager out of the Disbursement Account.

Contracts with Affiliates of Manager. Manager shall not enter into any contract with an Affiliate of Manager for cleaning, maintaining, repairing or servicing the Premises or any of the constituent parts of the Premises without the prior written consent of Owner if the contract would require Owner to make any payments to an Affiliate of Manager. As a condition to obtaining such consent, Manager shall supply Owner with a copy of the proposed contract and shall state to Owner the affiliation between Manager (or other person or persons in control of Manager) and the party proposed to supply such goods or services, or both. Prior to entering into any such contract, whether or not with an affiliated or related party, Manager shall submit a proposal to Owner and Owner may veto the same if Owner reasonably deems it to be unnecessary, wasteful or inappropriate. Further, any such contract must be on market terms and Owner may require Manager to demonstrate the same through third party bids or other means. In addition to Owner's veto right referenced above, if required by the governance documents of the general partner of Owner, any such contract must be approved by the independent members of the board of directors of [Hines REIT entity], Owner’s indirect parent. Any such contract will include prudent cancellation rights.

Execution of Leases and Contracts. All leases and related lease documents, all service contracts and all purchases, and all legal documentation related thereto, are to be in the name of Owner in the form prescribed by Owner and shall be executed by Owner, with the exception of contracts permitted under Section 6.4 hereof and of purchase orders related to the purchase of items within approved budgets, which may be executed by Manager. Additionally, Manager shall execute on behalf of Owner such service agreements as Owner may authorize from time to time. All contracts with an Affiliate of Manager must be executed by Owner. Further, all service agreements must be:

(a) Executed in the ordinary course of business;

(b) For a term not greater than one year and be terminable upon no less than 30 days notice;

(c) With a party who is not a “Prohibited Contractor”; and

(d) In accordance with the Approved Operating Budget.

Structural Changes. Owner expressly withholds from Manager any power or authority to make any structural change to the Premises or to make any other major alterations or additions in or to the Premises or equipment therein without the prior written direction of Owner.

ARTICLE 7

INSURANCE

Owner's Insurance. Throughout the Term, Owner shall obtain and maintain the insurance described below (to the extent the same is available at commercially reasonable rates):

(a) All-risks property insurance (including comprehensive boiler & machinery coverage) on a full replacement cost basis covering the Premises.

(b) Commercial general liability insurance on an occurrence basis with Owner and Manager as insureds with limits of not less than $5,000,000 each occurrence combined single limit on bodily injury, death or property damage. Owner's insurance shall be primary and non-contributory to any insurance otherwise carried by Manager.

Manager's Insurance. Manager shall obtain and maintain:

(a) Comprehensive crime/fidelity coverage in the amount of $1,000,000 and shall name Owner as loss payee.

(b) All-risks property insurance on a full replacement cost basis covering Manager's personal property on the Premises.

(c) Worker's Compensation insurance as required by statute.

(d) Employer's Liability insurance in the amount of $1,000,000 each accident.

(e) Automobile Liability insurance in the amount of $1,000,000 each occurrence.

Contractor's and Subcontractor's Insurance. Manager shall require that all contractors and subcontractors brought onto the Premises have insurance coverage at the contractor's or subcontractor’s expense, in the following minimum amounts, with Owner and Manager as additional insureds on the commercial general liability insurance:

(a)	Worker's Compensation:	Statutory Amount
(b)	Employer's Liability:	$500,000 minimum
(c)	Commercial General Liability:	$1,000,000 combined single limit for bodily injury and property damage
(d)	Comprehensive Automobile Liability Insurance	$1,000,000 each occurrence combined single limit for bodily injury and property damage

Any exceptions to the requirements in this Section 7.3 must be approved in writing by Manager's risk management department.

Insurance Requirements. The insurance required of all parties to this Agreement shall be written with insurers authorized to do business in the State in which the Premises are located and shall be rated at least A:IX by A.M. Best’s Rating Service.

Waiver of Claims and Subrogation. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, OWNER AND MANAGER HEREBY WAIVE ANY AND ALL RIGHTS OF RECOVERY, CLAIM, ACTION OR CAUSE OF ACTION AGAINST THE OTHER, ITS AGENTS, EMPLOYEES, OFFICERS, DIRECTORS, PARTNERS, MEMBERS, SERVANTS OR SHAREHOLDERS FOR ANY LOSS OR DAMAGE TO THE OTHER’S PROPERTY BY REASON OF FIRE, THE ELEMENTS, OR ANY OTHER CAUSE

WHICH IS COVERED OR COULD BE COVERED BY STANDARD "ALL-RISKS" PROPERTY INSURANCE (INCLUDING COMPREHENSIVE BOILER AND MACHINERY COVERAGE), REGARDLESS OF CAUSE OR ORIGIN, INCLUDING NEGLIGENCE OF THE OTHER PARTY HERETO, ITS AGENTS, EMPLOYEES, OFFICERS, DIRECTORS, PARTNERS, MEMBERS, SERVANTS OR SHAREHOLDERS. EACH PARTY'S PROPERTY INSURANCE POLICIES SHALL CONTAIN PROVISIONS WHERE THE INSURER WAIVES THEIR RIGHT OF SUBROGATION AGAINST SUCH OTHER PARTY.

ARTICLE 8

OWNER'S RIGHT TO AUDIT

Audit Rights of Owner. Owner reserves the right for Owner's employees or others appointed by Owner to conduct examinations, during normal business hours without notification, of the books and records maintained for Owner by Manager no matter where the books and records are located. Owner also reserves the right to perform any and all additional audit tests relating to Manager's activities, either at the Premises or at any office of Manager, provided such audit tests are related to those activities performed by Manager for Owner.

Correction of Internal Controls. Should Owner's employees or appointees discover either weaknesses in internal control or errors in record keeping, Manager shall correct such discrepancies either upon discovery or within a reasonable period of time thereafter. Manager shall inform Owner in writing of the action taken to correct such audit discrepancies. Any and all such audits conducted either by Owner's employees or appointees will be at the sole expense of Owner, unless such audit (i) indicates fraud or gross neglect by Manager in its record keeping, or (ii) discloses an error on the part of Manager which affects Owner adversely and is equal to or greater than two percent (2%) of the greater of gross expenses or gross receipts of the Premises for the period audited, and in the case of (i) or (ii) above, Manager shall bear the reasonable cost of the applicable audit.

ARTICLE 9

BANK ACCOUNTS

Deposits of Rents and Other Sums. Manager shall deposit all rents and other funds collected from the operation of the Premises, including any and all advance funds, in a bank designated by Owner, in a special account (the "Receipts Account") for the Premises in the name of Owner (so that at all times the funds deposited therein shall be the sole and exclusive property of Owner). The bank shall be informed in writing of the designated representatives of Manager that Owner has approved as having access to such accounts. Manager, with Owner's approval, shall establish a second account (the "Disbursement Account"). Manager shall pay the operating expenses of the Premises and any other payments relative to the Premises as required by the terms of this Agreement (including Manager's fees under Article 21 hereof) out of the Disbursement Account. Money shall be transferred from the Receipts Account to the Disbursement Account as deemed necessary by Manager, and approved by Owner. Owner shall have the right from time to time to change the number and types of bank accounts used by Manager and the method of transferring funds between those accounts. Notwithstanding the foregoing, Manager shall comply with the terms of any applicable cash management, blocked account or similar agreements entered into by Owner and Manager in connection with any loan obtained by Owner and secured by the Premises, and in the event of any conflict between any such agreements and this Section 9.1, the terms and provisions of such agreements shall control.

Security Deposit Records. Manager shall, on behalf of Owner, maintain detailed records of all security deposits and letters of credit and such records will be open for inspection by

Owner's employees or appointees. Manager shall maintain such security deposits and letters of credit as required by applicable law and the terms of the leases, as approved by Owner.

Owner to Have Access to Funds. Through the use of signature cards, authorized representatives of Owner shall be permitted access to any and all funds in the bank account described in Section 9.1. However, Owner and Owner's representative may not draw against said bank accounts without written communication to Manager. Manager's authority, and the authority of any designated representative of Manager, to draw against such accounts may be terminated at any time by Owner upon written notice to Manager.

Ownership of Bank Records. All bank records pertaining to Owner's accounts shall be the property of Owner.

ARTICLE 10

PAYMENT OF EXPENSES

Payment by Manager of Expenses. The following operating costs (except as excluded by Section 10.2), to the extent identified in approved budgets, are to be paid directly from the Disbursement Account described in Section 9.1:

(a) all salaries, bonuses (excluding incentive compensation), applicable overtime pay, employment taxes, insurance, worker's compensation and other benefits (collectively, the "Compensation Costs") with respect to on-site employees of Manager or an affiliate, the aggregate amounts of which will be included in the Approved Operating Budget;

(b) To the extent recoverable from tenants, the Compensation Costs and related overhead of non-accounting and non-bookkeeping personnel (for example, property managers and engineers) who may be located off-site at an office other than the Manager's home or regional offices (for cost saving, administration or other reasons) but who directly support the operations of the Premises;

(c) To the extent recoverable from tenants, the Compensation Costs and related overhead of accounting and bookkeeping personnel who may be located off-site, including those located at Manager's central headquarters offices (for cost saving, administration or other reasons) but who directly support the operation of the Premises (as differentiated from regional and central accounting, which shall be governed by Section 10.1(w) of this Agreement);

(d) telecommunications, including network or internet connectivity and maintenance, computer hardware, software and maintenance; applicable software licenses and training, and office supplies, postage, copier, facsimile machine, parking expenses, courier services, insurance certificate tracking services, accounting and payroll software and other similar items which are directly attributable to the management of the Property;

(e) Costs of insurance permitted or required to be maintained by Manager pursuant to the provisions of this Agreement;

(f) Costs to correct any violation of federal, state and municipal laws, ordinances, regulations and orders relative to the leasing, use, repair and maintenance of the Premises, or relative to the rules, regulations or orders of the local board of fire underwriters or other similar body, provided that such cost is not a result of the negligence or willful misconduct of Manager or its agents or employees;

(g) Actual costs of making all repairs, decorations and alterations to the Premises;

(h) Costs incurred in connection with all service contracts entered into by Manager and/or Owner in accordance with authorizations in this Agreement or approved by Owner;

(i) Costs of collection of delinquent rentals;

(j) Costs of printed forms and supplies required for use at the Premises;

(k) Costs of capital expenditures;

(l) Costs of printed checks and third-party bank fees for each bank account required by Owner;

(m) Costs of adding machines, personal computers and computer software, and other equipment of such type used for managing the Premises;

(n) Subject to Section 10.2(c), leasing commissions payable to third parties;

(o) Costs of Owner approved advertising, business expenses, professional dues, professional development, employee relocation expenses and travel;

(p) To the extent the same can be recovered from tenants under their leases, the cost of Manager's implementation of any new accounting or reporting systems (and upgrades to maintain such systems), including web based systems or systems that utilize servers and other equipment that may be located off-site of the Premises, as well as the cost of any new general ledger adopted by Manager;

(q) Legal fees of attorneys, provided such attorneys have been approved by Owner in writing in advance of retention;

(r) Costs of outside audits as required by leases and other outside audits as may be requested by Owner in writing;

(s) Property taxes, special assessments and costs of utilities;

(t) Costs of a management office [and engineering shop], including necessary furnishings and equipment, as provided for in Section 10.3 hereof;

(u) All other costs and expenses for which Owner is obligated to pay or reimburse Manager as provided for in this Agreement;

(v) Subject to Section 10.2(c), any out-of-pocket costs Manager incurs in performing the leasing services described in Section 5.5, including the costs of printing leasing brochures and travel and entertainment costs;

(w) To the extent the same relate to or support the performance of Manager's duties under this Agreement, the cost of personnel and overhead expenses related to such personnel who are located in Manager's headquarters and regional offices. For the avoidance of doubt, the costs associated with the personnel described in Sections 10.1(b) and (c) hereof shall not be subject to the limitations of this Section 10.1(x). Examples of such support include risk management, regional and central accounting, cash and systems management, human resources and payroll, technology and internal audit. The amount to be included under this Section 10.1(w) shall (1) be included only to the extent the same is recovered from tenants under their leases and (2) not exceed in any calendar year $.365 per rentable square foot within the Premises; however, such amount shall be increased on January 1 of each year by the increase in the Consumer Price Index from the preceding January 1 beginning in 2015, such adjusted amount to be rounded to the nearest $.005. "Consumer Price Index" or "CPI" means the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (U.S. city average; base 1982-84 = 100), published by the Bureau of Labor statistics of the United States Department of Labor. If at any time during the Term the CPI is discontinued or published less frequently, Manager and Owner shall mutually and reasonably agree to substitute an official index published by the Bureau of Labor Statistics, or a successor governmental agency, which index is most nearly equivalent to the CPI or to a substitute procedure which reasonably reflects and monitors consumer prices; and

(x) Any and all other costs necessary to the management, leasing (if applicable), operation and maintenance of the Premises or reasonably incurred by Manager in performing its duties hereunder which are covered within approved budgetary guidelines, which may exceed approved budgetary guidelines but which result from emergencies or which are otherwise approved by Owner.

Expenses to be Borne by Manager. The following expenses or costs incurred by or on behalf of Manager shall be at the sole cost and expense of Manager and shall be paid by Manager out of the sums payable to Manager under Article 21:

(a) Costs of gross salary and wages, payroll taxes, insurance, worker's compensation, and other benefits of Manager's personnel not provided for in Section 10.1.

(b) All costs incurred as a result of Manager's fraud, breach of this Agreement, negligence or willful misconduct.

(c) All costs and liabilities relating to contracts between Manager and third parties for the performance of Manager’s obligations under this Agreement, including agreements relating to leasing the Premises if Manager is the Primary Leasing Agent.

Office for Manager. Owner shall also furnish to Manager, at Owner's expense, space located in the Premises of a sufficient size (mutually agreed upon) to allow Manager to perform the services required hereunder, including a management and leasing office and engineering office, together with standard leasehold improvements and appropriate furnishings and typical office and mechanical equipment.

ARTICLE 11

INSUFFICIENT INCOME

Insufficient Income. If at any time the gross income (or cash in the Receipts Account and the Disbursement Account) from the Premises shall not be sufficient to pay the bills and charges which may be incurred with respect to the Premises, or if such gross income is insufficient to pay the combined sum of both bills and charges, Manager shall not be obligated to pay said expenses and charges from its own account.

Manager shall notify Owner immediately upon first projection or awareness of a cash shortage or pending cash shortage and Owner and Manager shall jointly determine payment priority. After Manager has paid, to the extent of available gross income, all bills and charges based upon the ordered priorities set jointly by Owner and Manager, Manager shall submit to Owner a statement of all remaining unpaid bills. Owner shall thereafter and without undue delay provide sufficient monies to pay any unpaid expenses properly payable by Owner.

After Manager has paid, to the extent of available gross income, all bills and charges based upon the ordered priorities set forth in this Section 11.1, Manager shall submit to Owner a statement of all remaining unpaid bills and Owner and Manager shall jointly determine payment priority. If gross income from the Premises shall not be sufficient to fully fund Manager's reimbursable personnel costs and other fees due Manager hereunder, Owner shall promptly advance sufficient funds to the Disbursement Account to permit reimbursement/payment of Manager.

ARTICLE 12

TERMINATION

Termination by Owner or Manager. Either Owner or Manager may terminate this Agreement upon thirty (30) days advance notice to the other in the event (A) Owner sells the Premises to a third party which is unaffiliated with Owner in a bona fide transaction, (B) the Premises is substantially destroyed or condemned and in the case of destruction cannot be restored within one year after the casualty, or (C) an Affiliate of Manager is no longer the advisor to the [Hines REIT entity].

Termination by Owner. The Owner may terminate this Agreement if the Owner has identified and communicated to the Manager any operating or performance deficiencies and such deficiencies are not cured by the Manager in accordance with the provisions set forth in Section 5.3.

Breach by Manager. If Manager commits a material breach of any obligations of Manager under this Agreement, and if such breach shall continue for thirty (30) days after written notice from Owner (plus, with respect to breaches which Manager commences diligent efforts to cure within such period, but which cannot reasonably be cured within thirty (30) days, such additional period not to exceed ninety (90) additional days as is reasonably necessary to cure such breach), then Owner, in addition to the other remedies it may have at law or in equity, shall have the right to terminate this Agreement.

Breach by Owner. If Owner (A) fails to timely pay any sum owed to Manager which remains unpaid for more than ten (10) days after notice from Manager or (B) commits a material violation or breach of any other obligation of Owner under this Agreement which remains uncured for more than thirty (30) days after notice from Manager (plus, in the case of breaches which cannot reasonably be cured within thirty (30) days, such additional time as is reasonably required to cure such breach not to exceed ninety (90) days), then Manager may, in addition to its other remedies at law or in equity, terminate this Agreement by written notice to Owner.

Final Accounting. Upon termination of this Agreement for any reason, Manager shall deliver to Owner the following with respect to the Premises:

(a) A final accounting, reflecting the balance of income and expenses, as of the date of termination, to be delivered within thirty (30) days after such termination.

(b) Any balance or monies of Owner or tenant security deposits, or both, including, without limitation, all funds in any bank accounts under Article 9 hereof, held by or thereafter received by Manager to be delivered immediately upon such termination or withdrawal.

(c) All records, contracts, leases, receipts for deposits, unpaid bills, other papers or documents, supplies, files, keys, and equipment, which pertain to the Premises to be delivered immediately to Owner at the Premises upon such termination.

(d) All service contracts in the name of Manager pertaining to the Premises shall be assigned to, and assumed by Owner.

Survival of Certain Rights and Obligations. Upon the expiration or earlier termination of this Agreement, neither party shall have any further rights or obligations under this Agreement, except that Articles 10, 12, 16, 17, and 21 shall survive the termination of this Agreement.

ARTICLE 13

DEVELOPMENT AND CONSTRUCTION MANAGEMENT SERVICES

Construction Management Services. Manager shall act as construction manager with respect to the construction of any leasehold improvements within the Premises if requested by either Owner or the applicable tenant. With respect thereto Manager shall:

(a) Evaluate and report the existing conditions of the base building;

(b) Prepare preliminary budgets and schedules;

(c) Review and assist in the coordination of design drawings;

(d) Conduct pre-bid meetings;

(e) Evaluate bids and make recommendations of the award of contracts;

(f) Conduct construction progress meetings and evaluate ongoing schedules and the quality of workmanship and adherence of work to contract documents, specifications and drawings;

(g) Evaluate and verify accuracy of monthly construction draw requests;

(h) Assist architect in reviewing shop drawings;

(i) Direct architect/engineers to create punchlist; and

(j) Coordinate with building management the use of the service elevator, the need for temporary utilities and loading docks.

Development Management Services. Manager shall act as development manager for any redevelopment (including capital improvements) of the Premises. As such, Manager shall be responsible for coordinating and facilitating the planning and performance of all construction related activities, including recommending the retention of architects, engineers and other consultants, assisting in cost estimating, advising Owner as to the selection of contractors to perform the work, and coordinating on behalf of Owner the work of such consultants and contractors.

ARTICLE 14

SALE OF THE PREMISES

Sale of Premises. If Owner executes a listing agreement with a broker (other than Manager) for the sale of any portion of the Premises, Manager shall cooperate with such broker to the end that the respective activities of Manager and broker may be carried on without friction and without interference with tenants and occupants. Manager will permit the broker to exhibit the Premises during reasonable business hours to the extent not prohibited by any tenant lease and provided the broker has secured Manager's permission in advance. Manager shall be reimbursed by Owner for all reasonable costs incurred by Manager in coordinating any activities regarding any sale of all or any portion of the Premises.

ARTICLE 15

LEGAL PROCEEDINGS

Legal Proceedings. Should any claims, demands, suits or other legal proceedings be made or instituted by any person against Owner or title holder of the Premises which arise out of any of the matters relating to this Agreement, Manager shall promptly give Owner all pertinent information and reasonable assistance in the defense or other disposition thereof, at the sole expense of Owner.

ARTICLE 16

MANAGER'S LIABILITY

Liability of Manager. Manager shall not be liable to Owner or to any other person for any act or omission of any officer, agent or employee of Manager, unless the same results from (i) the breach of this Agreement by Manager, or (ii) the negligence or misconduct of the Manager or its officers, employees, or agents while performing services under this Agreement.

Indemnity of Manager. OWNER AGREES TO INDEMNIFY, DEFEND AND HOLD HARMLESS MANAGER AND ITS OFFICERS, AGENTS AND EMPLOYEES (INDIVIDUALLY AND COLLECTIVELY, THE "MANAGER INDEMNITEES") FROM AND AGAINST ANY AND ALL CAUSES OF ACTION, CLAIMS, LOSSES, COSTS, EXPENSES,

LIABILITIES, DAMAGES OR INJURIES (INCLUDING LEGAL FEES AND DISBURSEMENTS) THAT MANAGER INDEMNITEES MAY DIRECTLY OR INDIRECTLY SUSTAIN, SUFFER OR INCUR ARISING FROM OR IN CONNECTION WITH THIS AGREEMENT OR THE PREMISES, UNLESS THE SAME RESULTS FROM (A) NEGLIGENCE OR MISCONDUCT OF THE MANAGER INDEMNITEES ACTING WITHIN THE SCOPE OF THEIR OFFICE, EMPLOYMENT OR AGENCY, OR (B) THE BREACH OF THIS AGREEMENT BY MANAGER. OWNER SHALL ASSUME ON BEHALF OF THE MANAGER INDEMNITEES THE DEFENSE OF ANY ACTION AT LAW OR IN EQUITY WHICH MAY BE BROUGHT AGAINST THE MANAGER INDEMNITEES BASED UPON A CLAIM FOR WHICH INDEMNIFICATION IS APPLICABLE HEREUNDER.

Limitation on Making Certain Claims. Notwithstanding any other provisions of this Agreement, in no event shall Owner make any claim against Manager, or its Affiliates or subsidiaries, on account of any good faith interpretation by Manager of the provisions of this Agreement (even if such interpretation is later determined to be a breach of this Agreement) or any alleged errors in judgment made in good faith and in accordance with this Agreement in connection with the operation of the Premises hereunder by Manager or the performance of any advisory or technical services provided by or arranged by the Manager. The provisions of this Section 16.3 shall not be deemed to release Manager from liability for its negligence.

Expenditures Made in Good Faith. Owner shall not object to any expenditures made by Manager in good faith in the course of its management of the Premises or in settlement of any claim arising out of the operation of the Premises unless such expenditure is specifically prohibited by this Agreement. The provisions of this Section 16.4 shall not be deemed to release Manager from liability for its negligence.

Limitation on Liability of Manager. Notwithstanding any provision in this Agreement to the contrary and except to the extent prohibited in the charter (i.e. articles of incorporation or similar document) of the [REIT parent entity], the liability of Manager for any losses, liabilities, obligations, claims, judgments, costs, expenses or damages (including reasonable legal fees and expenses) incurred by Owner, directly or indirectly, as a result of, arising out of or relating to this Agreement, a breach by Manager hereunder, the Premises, and/or the performance of services hereunder shall be limited, in the aggregate, to a sum equal to the Management Fee, Leasing Fees and other fees which have theretofore actually been paid to Manager pursuant to this Agreement.

ARTICLE 17

REPRESENTATION AND WARRANTIES

No Reliance by Owner. Owner hereby represents that in entering into this Agreement Owner has not relied on any projection of earnings, statements as to the possibility of future success or other similar matter which may be prepared by Manager and understands that no guaranty is made or implied by Manager as to the future financial success of the Premises.

Representations and Warranties. Each party to this Agreement represents and warrants the following:

(a) It is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation with all requisite power and authority to enter into this Agreement and to conduct its respective business.

(b) This Agreement constitutes the legal, valid and binding obligation of the party and is enforceable in accordance with its terms.

(c) No consents or approvals are required from any governmental authority or other person or entity for the party to enter into and perform this Agreement. All corporate or partnership action on the part of the party necessary for the authorization, execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, have been duly taken.

(d) The execution and delivery of this Agreement by the party, and the consummation of the transactions contemplated hereby, does not conflict with or contravene the provisions of its organizational documents or any agreement or instrument by which it or its properties are bound or any law, rule, regulation, order or decree to which it or its properties are subject.

(e) Neither it nor any of its affiliates, nor any of their respective 10% partners, members, shareholders or other equity owners, and none of their respective employees, officers, directors, representatives or agents is, nor will they become a person or entity (i) described in Section 1 of Executive Order 13224 (issued September 24, 2001) (the "Executive Order"), (ii) listed in the "Alphabetical Listing of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorist Organizations, and Specially Designated Narcotics Traffickers" published by the United States Office of Foreign Assets Control ("OFAC"), 31 C.F.R. Chapter V, Appendix A, as in effect from time to time, or (iii) with whom U.S. persons or entities are restricted from doing business under regulations of OFAC or under any statute, executive order (including the Executive Order), or other governmental action and is not and will not assign this Agreement to, contract with or otherwise engage in any dealings or transactions or be otherwise associated with such persons or entities.

(f) The party has obtained or shall obtain all permits and licenses to the extent required by applicable law to perform its obligations hereunder, except with respect to permits and licenses, the lack of which do not and would not, individually or in the aggregate, have a material adverse effect on such party's ability to perform its obligations under this Agreement.

ARTICLE 18

CONSENTS

Granting of Consents. Except as otherwise expressly provided herein to the contrary, whenever in this Agreement the consent or approval of Manager or Owner is required, such consent or approval shall not be unreasonably withheld or unduly delayed. Such consent shall also be in writing only and shall be duly executed by an authorized officer or agent for the party granting such consent or approval.

ARTICLE 19

SUBSIDIARIES AND AFFILIATES

Contracts with Manager’s Affiliates. Any contract or lease with respect to the Premises between Manager and any Affiliate of Manager shall be subject to the prior written approval of Owner, and at Owner's sole discretion such approval may be withheld.

ARTICLE 20

NOTICES

Notices. Any notice provided for in or permitted under this Agreement shall be made in writing, and may be given or served by (i) delivering the same in person or by facsimile transmission to the party to be notified, or (ii) depositing the same in the United States mail, postage prepaid, registered or certified with return receipt requested, and addressed to the party to be notified at the address herein specified, or (iii) by depositing same with a reputable overnight courier service. Any notice shall be effective only if and when received by the party to be notified (or the date such receipt is refused by the addressee) unless the day it is received is not a business day, and then it shall be deemed received on the next business day. For the purpose of notice, the address of the party shall be, until changed as hereinafter provided for, as follows:

If to the Owner: ____________________________________

2800 Post Oak Boulevard
Suite 4800
Houston, Texas 77056-6118
Attention: Kevin McMeans
Fax No.: (713) 966-2075

With a copy to: Hines Advisors Limited Partnership
2800 Post Oak Boulevard
Suite 4800
Houston, Texas 77056-6118
Attention: Jason P. Maxwell, Esq. – Legal Dept.
Fax No.: (713) 966-2075

With a copy to: Greenberg Traurig LLP
200 Park Avenue
New York, New York 10166
Attention: Judith D. Fryer, Esq.
Fax No: (212) 805-9330

If to the Manager: Hines Interests Limited Partnership
2800 Post Oak Boulevard
Suite 4800
Houston, Texas 77056-6118
Attention: Charlie Baughn
Fax No.: (713) 966-2636

With a copy to: Hines Interests Limited Partnership
2800 Post Oak Boulevard
Suite 4800
Houston, Texas 77056-6118
Attention: Corporate Counsel
Fax No.: (713) 966-7813

or to such other address as the Owner may specify in a written notice to the Manager or the Manager may specify in a written notice to the Owner in accordance with this Section 20.1.

Each party shall have the right from time to time and at any time to change its respective address and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other party. Each party shall have the right from time to time to specify additional parties to whom copies of notices must be given by delivering to the other party fifteen (15) days' written notice thereof setting forth the address of such additional party or parties; provided, however, that no party shall have the right to designate more than three (3) such additional parties. Notice required to be delivered hereunder to either party shall not be deemed to be effective until the additional parties, if any, designated by such party have been given notice in a manner deemed effective pursuant to the terms of this Section 20.1.

ARTICLE 21

COMPENSATION

Fees Payable to Manager. In addition to the sums Owner is obligated to pay Manager as described in this Agreement, each calendar year Manager shall receive remuneration for its services in managing and leasing the Premises as follows:

(a) A management fee (the "Management Fee") equal to:

(1) For single-tenant properties, the lesser of (A) two and one-half percent (2.5%) of the Gross Revenues for the Premises or (B) the amount of the Management Fee that can be passed through to the tenant of the Premises under its lease, subject to a minimum fee of at least one percent (1.0%) of Gross Revenues for the Premises.

(2) For multi-tenant properties, the lesser of (A) two and one-half percent (2.5%) of the Gross Revenues for the Premises, or (B) the amount of the Management Fee that can be passed through to tenants of the Premises under their respective leases.

(3) "Gross Revenues" includes but is not limited to revenues arising from rentals (which includes all tenant recoveries for operating expenses, special or extra services and the like, including, without limitation, real estate taxes and assessments) for such year payable by tenants who lease space in the Premises, parking revenues,

revenues from the leasing or licensing of antenna space and all other revenues of whatever nature. The Management Fee shall be payable monthly based on interim results and projections with annual reconciliations.

(b) If Manager serves as the Primary Leasing Agent as set forth in Section 5.5, Manager will receive the following sums (the "Leasing Fees"):

(1) For any lease or amendment thereto pursuant to which space is leased by a tenant which is executed or negotiated during the Term, a fee equal to one and one-half percent (1.5%) of the gross rentals which are payable pursuant to or on account of the applicable document during the term of the lease.

(2) For any lease extension, renewal, expansion or other similar right whereby a tenant extends its lease or leases additional space which is exercised during the Term, a fee equal to one and one-half percent (1.5%) of the gross rentals which are payable pursuant to or on account of the applicable document for the term of such renewal, extension or expansion.

(3) If Manager is the Primary Leasing Agent, then for purposes of subsections (1) and (2) above, the following shall apply:

(i) Owner shall pay the Leasing Fees to Manager regardless of whether an outside broker was used in connection with any such lease, amendment, renewal, extension or expansion. Owner shall be responsible for any fees paid to outside brokers or other third parties with whom Owner contracts directly, and such fees shall not count against, or be considered part of, the Leasing Fees;

(ii) Owner's obligation to pay the Leasing Fees shall survive the expiration or earlier termination of this Agreement, it being agreed that Manager shall be entitled to such Leasing Fee after such expiration or termination to the extent provided in this Section 21.1). "Executed or negotiated during the Term" and "exercised during the Term" also includes leases and other instruments executed and options and other rights exercisable within either (x) thirty (30) days after the Term if the Agreement is terminated pursuant to section 12.1 hereof, or (y) ninety (90) days after the Term if this Agreement is terminated for any other reason, if the tenant under said lease or other instruments had substantial negotiations with Manager during the Term (and for purposes hereof, "substantial negotiations" shall mean that a written proposal and related correspondence have been exchanged by Manager and the prospective tenant or its agent). Manager shall provide Owner within ten (10) days following the end of the Term a list of all prospective tenants with whom Manager has had substantive negotiations as described above;

(iii) gross rentals for triple net leases will include an estimate of operating expenses to be paid by tenants in the first (1st) lease year and such expenses shall not be increased in determining gross rentals in later years for purposes of determining the Leasing Fees; and

(iv) rent increases based on changes in the Consumer Price Index shall not be taken into account in calculating gross rentals for purposes of determining the Leasing Fees except to the extent such lease includes a floor on the rent increases based on the Consumer Price Index, in which event for purposes of calculating gross rentals, rent shall be deemed increased based on such floor.

(c) The Leasing Fees shall be payable as follows: (x) fifty percent (50%) upon the date the applicable document is executed or right is exercised, as applicable, and (y) the balance:

(i) in the case of a lease of new space or an amendment providing for expansion into new space, on the earlier of (A) the date such tenant takes occupancy of the space subject to such lease or amendment, (B) the date such tenant commences the payment of rent with respect to such space under such lease or amendment, or (C) termination of this Agreement by Owner for any reason. (The Leasing Fees payable in the case of (C) above shall be discounted to present value, from the date set forth in either (A) or (B) as applicable, to the date of termination or sale, as applicable, at the rate of eight and three-quarters percent (8.75%) per annum.); or

(ii) in the case of a renewal, on the earlier of (A) the first (1st) day of the applicable renewal term, or (B) termination of this Agreement by Owner for any reason. (The Leasing Fees payable in the case of (B) above shall be discounted to present value as of the date of termination at the rate of eight and three-quarters percent (8.75%) per annum.)

(d) If the applicable lease, renewal, extension, expansion or amendment (a "Lease Document") provides the tenant an early termination right, the following shall apply:

(i) if the Lease Document requires the tenant to repay the unamortized amount of all Landlord's Out-of-Pocket Costs (defined below), then the Leasing Fees payable at the times set forth in paragraphs (c)(i) and (c)(ii) above shall include Leasing Fees attributable to the entire term of the Lease Document (including periods after the applicable termination date). "Landlord's Out-of-Pocket Costs" means all leasing commissions, tenant improvement allowances, and any other out-of-pocket costs or reimbursements paid by the landlord under the applicable lease;

(ii) if the Lease Document does not require the tenant to repay any of Landlord's Out-of-Pocket Costs, then the portion of the Leasing Fees attributable to periods after the applicable termination date shall be payable upon the date that the right to exercise such termination option has expired, terminated or been waived by the tenant (such that the tenant continues to pay rent on the applicable space following the termination date), so long as Owner is then the owner of all or a part of the Premises. If Owner sells or transfers the entire Premises to an unaffiliated third party prior to the applicable termination date, Manager waives any future right to receive the portion of the Leasing Fees attributable to periods after the applicable termination; and

(iii) if the Lease Document requires the tenant to repay a portion of the unamortized amount of Landlord's Out-of-Pocket Costs, then the Leasing Fees payable at the times set forth in paragraphs (c)(ii) and (c)(ii) above shall be comprised of: (x) the Leasing Fee attributable to the term of the Lease Document from the commencement of the term through the applicable termination date, and (y) an amount equal to the product obtained by multiplying the (A) the Leasing Fee attributable to the term of the Lease Document following the applicable termination date, and (B) the Recovery Rate (defined below). Any portion of the Leasing Fees attributable to periods after the applicable termination date, not paid subject to the Recovery Rate, shall be payable upon the date that the right to exercise such termination option has expired, terminated or been waived by the tenant (such that the tenant continues to pay rent on the applicable space following the termination date), so long as Owner is then the owner of all or a part of the Premises. If Owner sells or transfers the entire Premises to an unaffiliated third party prior to the applicable termination date, Manager waives any future right to receive such remaining portion of the Leasing Fees.

"Recovery Rate" means the percentage equal to the portion of the total unamortized amount of Landlord's Out-of-Pocket Costs required to be paid by the tenant in connection with the tenant's exercise of its termination right.

(e) For the construction management services described in Section 13.1, Manager shall be entitled to retain or be paid any construction management fee paid by any tenant directly to Manager or to the Owner as landlord under such tenant's lease, and any such fee that is paid to the Owner shall be received by the Owner on behalf of and as agent for Manager and shall be paid over by the Owner to Manager. To the extent contained in the budget described below, Manager also shall be reimbursed for all third party costs reasonably incurred by Manager in performing construction management duties (e.g., consultants, legal, delivery and graphics) to the extent the same are approved and payable by the applicable tenant. Owner and Manager shall agree on the scope of such direct costs as well as a budget relating thereto before Manager begins performing such services. If the tenant does not agree in its lease to pay a construction management fee, then the following shall apply:

(i) if Manager provides such construction management services utilizing on-site employees, Owner shall not be obligated to pay a construction management fee to Manager; or

(ii) if Manager utilizes off-site employees to provide such construction management services, Owner shall be obligated to pay Manager the direct costs Manager incurs in providing such services, including the salary, benefits and burdens of any such employees to the extent of the time they spend performing such services, to the extent contained in a budget approved by Owner as described above.

(f) For the development management services described in Section 13.2, Manager shall be paid a fee equal to two and one-half percent (2.5%) of the total project costs relating to the project. To the extent contained in the budget described below, Manager also will be entitled to recover from Owner all direct costs incurred by Manager in performing such services, including but not limited to the salary, benefits and burdens of all employees directly involved in such project, the cost of any project office and overhead relating thereto (e.g., rent, telephones, computers) and all out-of-pocket costs incurred by Manager (for example, travel). Owner and Manager shall agree on the scope of such direct costs as well as a budget relating thereto before Manager begins performing such services.

(g) Upon submission of the financial statements as required by Article 5, Manager shall submit to Owner Manager's calculation of all fees, which fees shall be paid by Owner to Manager.

Failure of Owner to Timely Pay. Any sums owed by Owner to Manager which are not paid when due shall bear interest at the lesser of (i) the prime rate plus five (5) percentage points, or (ii) the maximum nonusurious rate of interest permitted by applicable law.

ARTICLE 22

MISCELLANEOUS

Pronouns. The pronouns used in this Agreement referring to Manager or Owner shall be understood and construed to apply whether Manager or Owner be an individual, co-partnership, corporation or an individual or individuals doing business under a firm or trade name, and the masculine and neuter pronouns shall each include the other and may be used interchangeably with the same meaning.

Amendments. Except as otherwise herein provided, any and all amendments, additions or deletions of this Agreement shall be null and void unless approved by the parties in writing.

Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

Waiver. The waiver of any of the terms and conditions of this Agreement on any occasion or occasions shall not be deemed as waiver of such terms and conditions on any future occasion. No waiver shall be implied by any isolated or repeated action or non-action. To be effective, any waiver must be in writing executed by the party to be bound thereby.

Successors and Assigns. Subject to Article 4 and Section 12.1(a), this Agreement shall be binding upon and inure to the benefit of Owner, its successors and/or assigns, and shall be binding upon and inure to the benefit of Manager, and its successors.

Governing Law. This Agreement shall be construed, interpreted and applied in accordance with and shall be governed by, the laws applicable to the state where the Premises are located.

Ownership of Premises. Owner represents that it is the fee owner of the Premises and of the improvements and appurtenances and equipment installed therein, except such equipment as may be leased or acquired by Owner on a hire-purchase basis or as may be owned, leased or installed by tenants or other third parties.

Other Activities of Manager. Nothing contained in this Agreement shall be construed so as to prohibit Manager from owning, operating, managing or investing in any real estate development. Additionally, Manager may engage in or possess an interest in other ventures of any nature and description independently or with others and Owner shall have no rights with respect thereto by virtue of this Agreement.

NondiscriminationSection 22.10 . Manager agrees not to discriminate against any employee or applicant for employment because of said individual's race, religion, sex, national origin, physical or mental handicap or status as a disabled veteran, in regard to any position for which the employee or applicant is otherwise qualified.

Special Parties. Notwithstanding any provision hereof to the contrary, in no circumstances shall a shareholder, limited partner, director, officer, employee or agent ("Special Party") of a party hereto or of a Special Party of a party hereto be personally liable for any of the obligations of such party hereto under this Agreement except to the extent, if any, provided in any separate agreement now or hereafter executed and delivered by such Special Party.

Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original of this Agreement but all of which, taken together, shall constitute one and the same agreement.

Survival of Agreement. The rights and obligations of Manager and Owner shall survive a termination of this Agreement.

Special Services. Notwithstanding anything in this Agreement to the contrary, except as required by a tenant lease which has been approved by Owner, Manager shall not furnish or render services to the tenants of the Premises other than those services customarily furnished to tenants of similar properties unless (a) Manager makes separate, adequate charges to tenants for such services, (b) such charges are received and retained by Manager, (c) Manager bears the cost of providing such services and (d) Manager first obtains Owner's written consent. For purposes of this Section 22.13, it is agreed that maintenance, trash collection, janitorial services and cleaning services, the furnishing of water, heat, light, air conditioning, public entrances and exits, guard or security services and the provision of parking facilities on an unreserved basis and without separate charge are examples of services customarily furnished to the tenants of similar properties.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

OWNER:

____,
a Delaware limited partnership

By: ______________________________________,
a Delaware limited liability company
its general partner

By: ________________________________
Name: __________________________
Title: Manager

MANAGER:

HINES INTERESTS LIMITED PARTNERSHIP,
a Delaware limited partnership

By: Hines Holdings, Inc.,
a Texas corporation,
its general partner

By: ________________________________
Name:
Title:

SCHEDULE “A”

[Premises]

PROPERTY MANAGEMENT AND LEASING AGREEMENT

between

____

(Owner)

and

HINES INTERESTS LIMITED PARTNERSHIP

for

____

(Property)

Dated: [__________________________]

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PROPERTY MANAGEMENT AND LEASING AGREEMENT

THIS PROPERTY MANAGEMENT AND LEASING AGREEMENT ("Agreement") is entered into effective as of the _____ day of ____________, 201____, by and between ____, a Delaware limited partnership ("Owner"), and Hines Interests Limited Partnership, a Delaware limited partnership ("Manager").

W I T N E S S E T H

WHEREAS, Owner is the owner of the land described in Schedule A attached hereto together with the office building and other improvements located thereon (the "Premises"); and

WHEREAS, Owner wishes to obtain the benefits of Manager's expertise in the field of real estate management and leasing by relinquishing to Manager control in the operation, direction, management, leasing and supervision of the Premises, subject to the terms and provisions of this Agreement, and Manager, for a fee and pursuant to the terms and provisions of this Agreement, agrees to assume said control and discretion in the operation, direction, management and supervision of the Premises on behalf of Owner.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and of other good and valuable consideration, the parties hereto agree as follows:

ARTICLE 1

APPOINTMENT

Appointment of Manager. Owner hereby contracts with Manager to manage, lease (or supervise the leasing by a third party), operate, direct and supervise the Premises on behalf of Owner and to provide services as required under this Agreement.

ARTICLE 2

TERM

Term. Subject to and upon the terms and conditions set forth in this Agreement (including without limitation Article 12), the term of this Agreement (the "Term") shall commence on the date hereof and shall continue until the earlier of termination pursuant to Article 12 or the last day of the first (1^{st}) full calendar year after the date of this Agreement. Thereafter, the Term shall continue from year to year unless written notice is given by either party of its desire not to continue this Agreement at least ninety (90) days prior to any anniversary of the commencement of this Agreement. Notwithstanding the foregoing, upon the taking of possession of the Premises by a mortgagee through foreclosure or deed-in-lieu of foreclosure, this Agreement may be terminated by such mortgagee upon ninety (90) days prior written notice thereof.

ARTICLE 3

RELATIONSHIP

Relationship. Manager shall at all times be the independent contractor of Owner and not the employee or agent of Owner. Manager shall have no right or power to contract with third parties for, on behalf of, or in the name of Owner or otherwise to bind Owner. Except as expressly provided herein to the contrary, Owner agrees to be responsible for and shall reimburse Manager for all costs, expenses and disbursements reasonably and properly incurred by Manager in accordance with the provisions of this Agreement in providing management, leasing (if applicable) and operational services hereunder, such as, but not limited to, contracts for cleaning services, contracts for landscaping or maintenance services and orders for supplies and equipment, and Owner agrees to indemnify and hold Manager harmless from and against the same.

ARTICLE 4

ASSIGNABILITY

Assignability by Manager. Manager shall not transfer or assign this Agreement or any part thereof or any of its rights or obligations hereunder without the prior written consent of Owner, provided that Owner's consent shall not be required for an assignment to a Hines Affiliate (defined below). The foregoing shall not prevent Manager from either (i) pledging to any person or entity Manager's right to receive fees under this Agreement, or (ii) entering into contracts with third parties to assist Manager in providing the services required by this Agreement, provided that, as between Owner and Manager, Manager remains ultimately responsible for the provision of such services and Owner shall have no liability under such contracts unless expressly agreed to in writing by Owner. The consent of Owner to one or more assignments of this Agreement shall not be construed as, or result in, consent by Owner to any further or future assignment or assignments. Any assignment or attempted assignment not made strictly in accordance with the foregoing shall be void.

As used herein, "Hines Affiliate" shall mean any partnership, limited liability company, corporation, trust or other entity as to which fifty percent (50%) or more of the beneficial interests are held, directly or indirectly, by and effective day to day Control (as defined below) resides in the Hines Family (as defined below) and/or any current or former employees of Hines Interests Limited Partnership or its successors. For the purposes of this Agreement, "Control" or "Controlled" shall mean with respect to any person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise.

As used herein, "Hines Family" shall mean Jeffrey C. Hines and/or Gerald D. Hines, their parents, brothers and sisters, their respective spouses and children (natural and adopted), grandchildren or great grandchildren of any of the foregoing and/or trusts for any of the foregoing.

Assignment by Owner. If Owner conveys the Premises or any part thereof to an Affiliate (defined below) of Owner, then Owner shall assign this Agreement to such Affiliate. If Owner conveys the Premises to someone who is not an Affiliate of Owner, then the provisions of Section 12.1 shall apply. "Affiliate" means, with reference to any entity or person, any person or entity that directly or indirectly Controls, is Controlled by or is under common Control with that person or entity.

ARTICLE 5

SERVICES OF MANAGER

Management of the Premises. To the extent reasonably practical in accordance with Operating Budgets and Capital Budgets approved hereunder and so long as Owner makes funds available therefor, Manager shall manage, operate and maintain the Premises in a manner normally associated with the management and operation of a high quality office building. Manager shall at all times deal with third parties (whether or not affiliated with Manager) at arms' length and in Owner's interest at all times. Manager shall act in a fiduciary capacity with respect to handling of Owner's funds.

Manager's Employees. Manager shall have in its employ at all times a sufficient number of capable employees to enable it to manage, lease (or supervise the leasing of), operate and maintain the Premises as required under Section 5.1 hereof. All matters pertaining to the employment, supervision, compensation, promotion and discharge of such employees are the responsibility of Manager. Manager is in all respects the employer of such employees, but Owner may require that any particular employee or employees whom Owner deems objectionable (in its reasonable discretion) be removed from duty with respect to the Premises. Manager shall fully comply with all applicable laws and regulations having to do with worker's compensation, social security, unemployment insurance, hours of labor, wages, working conditions, and other employer-employee related subjects. All employees engaged by Manager shall be the employees of Manager and not of Owner.

Budgets and Leasing Guidelines; Annual Performance. Manager shall prepare and submit to Owner a (i) proposed operating budget (the "Operating Budget"), (ii) capital budget (the "Capital Budget"), and (iii) marketing program and leasing guidelines (the "Marketing Program") for the Premises for the management, leasing and operation of the Premises for the forthcoming calendar year (or in the case of the first calendar year in which the Term commences, the remainder of such year if it is not a full calendar year) in a format approved by Owner. Manager shall also complete and deliver to Owner a written review of its performance for the then current calendar year at the same time (the "Performance Review") it delivers the budgets and programs as contemplated in this Section 5.3. The scope and substance of the Performance Review will be agreed to by the Manager and the Owner prior to the delivery of the first review. The first such budgets, program and guidelines shall be submitted to Owner within forty-five (45) days after the date of this Agreement and in the future subsequent proposed budgets, program and guidelines shall be delivered to Owner no later than October 15 of each calendar year. By October 15 of each calendar year, Manager will submit to Owner (i) a summary of the actual (through September 30) and projected (for the full year) results of management and operation of the Premises for such calendar year and (ii) a Performance Review for the then-current calendar year.

The leasing guidelines shall include the following:

(a) the minimum rental rate to be charged for office space, and, if applicable, storage, antenna, telecom, retail and parking space and the minimum and maximum term which may be provided in each category of space to be leased in the Premises;

(b) the maximum leasing concessions or inducements (on a per square foot basis) which may be provided with respect to the Premises;

(c) a list of currently vacant space in the Premises;

(d) a list of space which will become available for lease in the Premises during the applicable calendar year; and

(e) if a third party will perform leasing services for all or a portion of the Premises, whether pursuant to a contract with Manager or as a result of a leasing agreement directly with Owner as contemplated by Section 5.5, a summary of any material terms of such relationship and the supervision thereof by Manager.

Owner will consider the proposed budgets, program and guidelines and then will consult with Manager within forty-five (45) days after they are submitted in order to agree on an "Approved Operating Budget", an "Approved Capital Budget", and "Approved Marketing Programs". Owner and Manager will use good faith efforts to agree on the foregoing within such forty-five (45) day period. Additionally, if Owner identifies any operating or performance deficiencies that are within reasonable control of Manager after reviewing the Performance Review, Owner shall give Manager written notice of such deficiencies prior to the end of this forty-five (45) day period. Manager shall then have the later of thirty (30) days, or such time as is reasonably necessary, to cure the deficiencies identified in such notice. If such deficiencies are not corrected with this time period, Owner shall give Manager a second notice of its desire to terminate this Agreement pursuant to Section 12.2. If Manager does not cure such deficiencies within thirty (30) days after this second notice, and provide Owner written notice (and when applicable, evidence) that such deficiencies have been cured, this Agreement may be terminated by Owner pursuant to Section 12.2.

No less frequently than quarterly, Manager shall during each calendar year review the Approved Operating Budget, Approved Capital Budget, and Approved Marketing Program, and compare the same to year-to-date activity to determine whether revisions are needed. Any such needed revisions will be submitted to Owner for its approval.

Manager agrees to use diligence and to employ all reasonable efforts to ensure that the actual costs (net of amounts, if any, recovered from third parties) of maintaining, leasing and operating the Premises shall not exceed the approved budgets pertaining thereto.

<u>Collection of Rents</u>. Manager shall use diligent efforts to collect all rents (including, without limitation, billings resulting from tenant participation in operating expenses, taxes and common area maintenance charges) and other charges which may become due at any time from any tenant or from others for services provided in connection with or for the use of the Premises or any portion thereof. All monies so collected shall be deposited in the Receipts Account (defined in Section 9.1). Manager cannot and may not terminate any lease, lock out a tenant, institute a suit for rent or for use and occupancy, or institute proceedings for recovery of possession of any premises, without the prior written approval of Owner. In connection with such suits or proceedings only legal counsel designated by Owner shall be retained. The estimated costs of legal services to be incurred in bringing such approved suit or proceeding shall be submitted to Owner for its approval. Manager shall not write off any rental income of more than twenty percent (20%) of the gross monthly rent (up to a maximum of $10,000) for any single tenant without the prior approval of

Owner; provided, however, that in all events Manager shall have authority to write off monthly income of $1,000 or less with respect to any single tenant.

Leasing Duties of Manager. If Manager agrees to serve as the primary leasing agent for the Premises such that Manager serves as the agent involved in locating and securing tenants for the Premises, Manager shall be the "Primary Leasing Agent" and shall be entitled to the leasing fees set forth in Section 21.1(b). If Manager is not the Primary Leasing Agent, Owner may contract with third parties to perform such services and Manager shall not be entitled to the leasing fees referenced above. In all events, Manager shall act as leasing manager for the Premises and be ultimately responsible for the leasing activities of the Premises, including supervising any third party retained by Owner to ensure that such party is acting in accordance with the Approved Marketing Program. If Manager is the Primary Leasing Agent, Manager may also contract with other persons to perform leasing services for the Premises, provided that Owner will not be obligated to pay any leasing fees or commissions to such third parties unless it agrees to do so in writing, but Owner shall remain obligated to pay Manager leasing fees in accordance with Section 21.1(b). Manager may act without further approvals as long as Manager acts in accordance with the Approved Marketing Program. It is understood that Owner is the only signatory authority for the execution of all lease and related leasing documents and Manager shall not represent to the contrary to prospective tenants and other parties.

Decorations and Repairs. Manager shall institute and supervise all ordinary and extraordinary repairs, decorations and alterations, including the administration of a preventative maintenance program for all mechanical, electrical and plumbing systems and equipment and the design and installation of any supplemental H.V.A.C. electrical, mechanical or plumbing devices, including metering devices, which are installed on behalf of any tenant(s) of the Premises, provided that such (unless the same relate to emergencies) are included in an Approved Operating Budget or in an authorization by Owner pursuant to an Approved Capital Budget.

Operational Activities. Manager shall institute and supervise all operational activities of the Premises, including but not limited to:

A. Supervision of the cleaning contractor;

B. Supervision of the security contractor on behalf of Owner;

C. Supervision of any landscaping contractor;

D. Supervision of the window washing contractor;

E. Responsibility for and supervision of the central plant and other H.V.A.C. equipment;

F. Responsibility for and supervision of a preventative maintenance program;

G. Responsibility for and supervision of any necessary repairs to the Premises;

H. Supervision of the maintenance of the elevators serving the Premises;

I. Responsibility for making arrangements for and administering account for utilities; and

J. Any other activity reasonably required for the normal operation of a high quality office building.

As used herein, "supervise" and "supervision" shall also include responsibility for the particular task to the extent the Owner so directs and provides the funds therefor.

Taxes. Manager shall obtain and verify bills for real estate and personal property taxes, improvement assessments and other like charges which are or may become liens against any portion of the Premises and recommend payment or appeal as its reasonable judgment may decide.

Manager shall not make any payments on account of any ground lease, mortgage, deed of trust or other security instrument, if any, affecting any Premises unless such payments are included in the Approved Operating Budget or otherwise approved by Owner.

Compliance with Agreements. Manager shall operate the Premises in compliance with any ground lease, space lease, mortgage, deed of trust or other security instruments affecting the Premises and of which Manager has knowledge, but Manager shall not be required to make any payment or incur any liability on account thereof.

Payrolls. Manager shall prepare or cause to be prepared all payrolls and maintain comprehensive payroll records.

Banking Matters. Manager shall handle all banking matters related to its contractual responsibility.

Inspections of Premises. Manager shall conduct, from time to time as Manager deems necessary or as Owner requests, inspections of the Premises and provide Owner with a written report on its findings to the extent requested by Owner.

Maintenance of Records. Manager shall, on behalf of Owner, maintain complete and identifiable records and files on all matters pertaining to the Premises, including, without limitation, all revenues and expenditures, service contracts and leases, all of which records and files shall be the property of Owner.

Staffing for Emergencies. Manager shall have competent personnel available at all times for emergencies.

Tenant Relations Program. Manager shall administer a tenant relations program that maintains a high visibility of management presence and service to tenants and is consistent with programs offered by high quality office properties and management thereof.

Communications with Owner. Manager shall be available for communications with Owner and will keep Owner advised of items affecting the Premises.

Section 5.17 Books and Records.

(a) Manager, in the conduct of its responsibilities to Owner, shall maintain adequate and separate books and records for the Premises in accordance with generally accepted accounting principles ("GAAP"), which shall be supported by sufficient documentation to ascertain that said entries are properly and accurately recorded, which books and records shall be the property of Owner. However, any computer software or other systems of Manager which are used to generate or keep such books and records shall remain the property of Manager. Such books and records shall include all information necessary to calculate and to audit amounts contained therein and shall otherwise comply with the requirements of the documents referred to in Section 5.9 hereof. Such books and records, as well as those records referred to in Section 5.13 hereof, shall be maintained by Manager at the Premises or at such other location as may be mutually agreed upon in writing, and at Manager's discretion in detail or summary form at the headquarters of Manager located in Houston, Texas. Manager shall utilize procedures to attempt to ensure such control over accounting and financial transactions as is reasonably required to protect Owner's assets from theft, error or fraudulent activity.

(b) Manager shall maintain records of, and furnish customary (or as requested) reports summarizing, all transactions occurring from the first day of the prior calendar quarter to the last day of the prior calendar quarter. These reports are to be received by Owner no later than thirty (30) calendar days after the end of the above described accounting period (or sooner if necessary for Owner or any partner of Owner's (direct or indirect) parent to comply with governmental requirements of which Manager is given reasonable advance notice) and must report financial details which Owner may request. Reports on vacancies and other matters pertaining to the management, leasing, operation, and maintenance of the Premises will be provided on a monthly basis in a format reasonably approved by Owner. The reports shall include a comparison of quarterly, year-to-date actual, and projected year-end income and expense with the Approved Operating Budget for the Premises, and other financial reports reasonably requested by Owner, all in a format approved by Owner. In addition, Manager shall remit to Owner all unexpended funds (except for a reserve approved by Owner for contingencies and operating working capital or such lesser amount as may be available after all proper disbursements from the Receipts Account) in the Receipts Account as of the end of the reporting quarter.

(c) All financial statements and reports required by Owner will be prepared on an accrual basis in accordance with GAAP, except for special financial reports which by their nature require a deviation from GAAP.

(d) Manager shall prepare such additional reports at such times and in such forms as may be reasonably requested from Owner from time to time. All reports of Manager to Owner shall be furnished in electronic form if Owner so requests.

(e) Manager shall maintain necessary liaison with Owner's accountant and shall provide such accountant with such reports and other information as Owner shall request.

<u>Compliance with Laws</u>

Expenses incurred in remedying violations may be paid from the Disbursement Account (as defined in Section 9.1) provided such expenses do not exceed $5,000 in any one instance. When more than such amount is required or if the violation is one for which the Premises title holder might be subject to penalty, Manager shall notify Owner by the end of the next business day to assure that prompt arrangements may be made to remedy the violation.

Expenditures for Emergencies. Notwithstanding anything contained herein to the contrary, in case of emergency, Manager may make expenditures for repairs and other items which exceed approved budgets or prior approvals from Owner without prior written approval if in the reasonable judgment of Manager it is necessary to preserve the safety of the Premises or the safety of the tenants or other occupants of the Premises, or to avoid the suspension of any necessary service to the Premises. Owner must be informed of any such expenditures before the end of the next business day.

Establishment of Website. Any and all reports required of Manager under this Agreement shall be made available at a website to be established by Manager accessible through the Internet within one year after Owner so requests.

Sarbanes-Oxley Compliance. If requested by Owner, all reporting, record keeping, internal controls and like matters by Manager shall comply with the Sarbanes-Oxley Act.

Section 5.22 REIT Tax Compliance. Manager acknowledges that the Premises is owned by a real estate investment trust for tax purposes. Solely with respect to contracts which Manager is permitted to executed under Section 6.4 hereof and of purchase orders pursuant to Section 6.5 hereof, Manager shall not without prior written consent of Owner enter into service contracts on behalf of Owner that causes [the REIT Parent Entity] to realize any impermissible tenant service income as defined in Internal Revenue Code Section 856(d)(7) with respect to the Premises. Any contracts approved by and/or or executed by Owner shall be deemed to be conclusive evidence of Owner's satisfaction with such contract as its relates to such Section 856(d)(7).

Submission of Annual Reports. All annual reports to be furnished by Manager shall be furnished within thirty (30) days after the end of the applicable calendar year.

ARTICLE 6

MANAGEMENT AUTHORITY

Limitation on Manager's Authority. Manager's authority is expressly limited to the provisions provided herein or as may be amended in writing from time to time by Owner and mutually agreed to and accepted by Manager in writing.

Expenditure of Monies by Manager. The Approved Operating Budget shall constitute an authorization for Manager to expend money to operate, lease and manage the Premises and Manager may do so without further approval as long as Manager does not exceed the year-to-date budgeted amount for any line item (after any allocation of any contingency that may be contained in the budget and that can be applied to such line item). Whenever the year-to-date budgeted amount for any line item is (or appears likely to be) exceeded, a year-to-date budget variance and a revised operating budget for such line item shall be presented to Owner for its consideration. Except as expressly permitted in this Agreement, Manager may not act outside of the Approved Operating Budget until the budget revision is approved in writing by Owner, which approval Owner will endeavor to give in a timely manner. Once approved, Manager's authority with the revised or any additionally revised budgets is the same as that authorized for the original budget.

Capital Expenditures. The Approved Capital Budget shall constitute authorization for Manager to make those capital expenditures set forth therein, the individual cost of which does not exceed Fifty Thousand Dollars ($50,000). Any individual capital expenditure in excess of Fifty Thousand Dollars ($50,000) must be specifically authorized by Owner even if contained in the

Approved Capital Budget. With respect to the purchase and installation of capital items, Manager shall recommend that Owner purchase such items when Manager believes such purchase to be necessary or desirable. Owner may arrange to purchase and install the same itself or may authorize Manager to do so subject to prescribed supervision and specification requirements and conditions. Unless Owner specifically waives such requirements, either by memorandum or as an amendment to the contract, all new or replacement capital items exceeding Fifty Thousand Dollars ($50,000) shall be awarded on the basis of competitive bidding, solicited in the following manner:

(a) A minimum of three written bids will be obtained for each purchase in excess of $50,000.

(b) Each bid will be solicited in a form prescribed by Owner so that uniformity will exist in the bid quotes.

(c) Manager shall provide Owner with all bid responses accompanied by Manager's recommendations as to the most acceptable bid. If Manager advises acceptance of other than the lowest bidder, Manager shall adequately support, in writing, its recommendations.

Owner shall be free to accept or reject any and all bids. Owner will communicate to Manager in writing its acceptance or rejection of bids. Owner may pay for capital expenses from its own resources or may authorize payment by Manager out of the Disbursement Account.

Contracts with Affiliates of Manager. Manager shall not enter into any contract with an Affiliate of Manager for cleaning, maintaining, repairing or servicing the Premises or any of the constituent parts of the Premises without the prior written consent of Owner if the contract would require Owner to make any payments to an Affiliate of Manager. As a condition to obtaining such consent, Manager shall supply Owner with a copy of the proposed contract and shall state to Owner the affiliation between Manager (or other person or persons in control of Manager) and the party proposed to supply such goods or services, or both. Prior to entering into any such contract, whether or not with an affiliated or related party, Manager shall submit a proposal to Owner and Owner may veto the same if Owner reasonably deems it to be unnecessary, wasteful or inappropriate. Further, any such contract must be on market terms and Owner may require Manager to demonstrate the same through third party bids or other means. In addition to Owner's veto right referenced above, if required by the governance documents of the general partner of Owner, any such contract must be approved by the independent members of the board of directors of [Hines REIT entity], Owner's indirect parent. Any such contract will include prudent cancellation rights.

Execution of Leases and Contracts. All leases and related lease documents, all service contracts and all purchases, and all legal documentation related thereto, are to be in the name of Owner in the form prescribed by Owner and shall be executed by Owner, with the exception of contracts permitted under Section 6.4 hereof and of purchase orders related to the purchase of items within approved budgets, which may be executed by Manager. Additionally, Manager shall execute on behalf of Owner such service agreements as Owner may authorize from time to time. All contracts with an Affiliate of Manager must be executed by Owner. Further, all service agreements must be:

(a) Executed in the ordinary course of business;

(b) For a term not greater than one year and be terminable upon no less than 30 days notice;

(c) With a party who is not a "Prohibited Contractor"; and

(d) In accordance with the Approved Operating Budget.

Structural Changes. Owner expressly withholds from Manager any power or authority to make any structural change to the Premises or to make any other major alterations or additions in or to the Premises or equipment therein without the prior written direction of Owner.

ARTICLE 7

INSURANCE

Owner's Insurance. Throughout the Term, Owner shall obtain and maintain the insurance described below (to the extent the same is available at commercially reasonable rates):

(a) All-risks property insurance (including comprehensive boiler & machinery coverage) on a full replacement cost basis covering the Premises.

(b) Commercial general liability insurance on an occurrence basis with Owner and Manager as insureds with limits of not less than $5,000,000 each occurrence combined single limit on bodily injury, death or property damage. Owner’s insurance shall be primary and non-contributory to any insurance otherwise carried by Manager.

Manager's Insurance. Manager shall obtain and maintain:

(a) Comprehensive crime/fidelity coverage in the amount of $1,000,000 and shall name Owner as loss payee.

(b) All-risks property insurance on a full replacement cost basis covering Manager’s personal property on the Premises.

(c) Worker’s Compensation insurance as required by statute.

(d) Employer’s Liability insurance in the amount of $1,000,000 each accident.

(e) Automobile Liability insurance in the amount of $1,000,000 each occurrence.

Contractor's and Subcontractor's Insurance. Manager shall require that all contractors and subcontractors brought onto the Premises have insurance coverage at the contractor's or subcontractor's expense, in the following minimum amounts, with Owner and Manager as additional insureds on the commercial general liability insurance:

(a)	Worker's Compensation:	Statutory Amount
(b)	Employer's Liability:	$500,000 minimum
(c)	Commercial General Liability:	$1,000,000 combined single limit for bodily injury and property damage
(d)	Comprehensive Automobile	$1,000,000 each occurrence
	Liability Insurance	combined single limit for bodily injury and property damage

Any exceptions to the requirements in this Section 7.3 must be approved in writing by Manager's risk management department.

Insurance Requirements. The insurance required of all parties to this Agreement shall be written with insurers authorized to do business in the State in which the Premises are located and shall be rated at least A:IX by A.M. Best's Rating Service.

Waiver of Claims and Subrogation. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, OWNER AND MANAGER HEREBY WAIVE ANY AND ALL RIGHTS OF RECOVERY, CLAIM, ACTION OR CAUSE OF ACTION AGAINST THE OTHER, ITS AGENTS, EMPLOYEES, OFFICERS, DIRECTORS, PARTNERS, MEMBERS, SERVANTS OR SHAREHOLDERS FOR ANY LOSS OR DAMAGE TO THE OTHER'S PROPERTY BY REASON OF FIRE, THE ELEMENTS, OR ANY OTHER CAUSE

WHICH IS COVERED OR COULD BE COVERED BY STANDARD "ALL-RISKS" PROPERTY INSURANCE (INCLUDING COMPREHENSIVE BOILER AND MACHINERY COVERAGE), REGARDLESS OF CAUSE OR ORIGIN, INCLUDING NEGLIGENCE OF THE OTHER PARTY HERETO, ITS AGENTS, EMPLOYEES, OFFICERS, DIRECTORS, PARTNERS, MEMBERS, SERVANTS OR SHAREHOLDERS. EACH PARTY'S PROPERTY INSURANCE POLICIES SHALL CONTAIN PROVISIONS WHERE THE INSURER WAIVES THEIR RIGHT OF SUBROGATION AGAINST SUCH OTHER PARTY.

ARTICLE 8

OWNER'S RIGHT TO AUDIT

Audit Rights of Owner. Owner reserves the right for Owner's employees or others appointed by Owner to conduct examinations, during normal business hours without notification, of the books and records maintained for Owner by Manager no matter where the books and records are located. Owner also reserves the right to perform any and all additional audit tests relating to Manager's activities, either at the Premises or at any office of Manager, provided such audit tests are related to those activities performed by Manager for Owner.

Correction of Internal Controls. Should Owner's employees or appointees discover either weaknesses in internal control or errors in record keeping, Manager shall correct such discrepancies either upon discovery or within a reasonable period of time thereafter. Manager shall inform Owner in writing of the action taken to correct such audit discrepancies. Any and all such audits conducted either by Owner's employees or appointees will be at the sole expense of Owner, unless such audit (i) indicates fraud or gross neglect by Manager in its record keeping, or (ii) discloses an error on the part of Manager which affects Owner adversely and is equal to or greater than two percent (2%) of the greater of gross expenses or gross receipts of the Premises for the period audited, and in the case of (i) or (ii) above, Manager shall bear the reasonable cost of the applicable audit.

ARTICLE 9

BANK ACCOUNTS

Deposits of Rents and Other Sums. Manager shall deposit all rents and other funds collected from the operation of the Premises, including any and all advance funds, in a bank designated by Owner, in a special account (the "Receipts Account") for the Premises in the name of Owner (so that at all times the funds deposited therein shall be the sole and exclusive property of Owner). The bank shall be informed in writing of the designated representatives of Manager that Owner has approved as having access to such accounts. Manager, with Owner's approval, shall establish a second account (the "Disbursement Account"). Manager shall pay the operating expenses of the Premises and any other payments relative to the Premises as required by the terms of this Agreement (including Manager's fees under Article 21 hereof) out of the Disbursement Account. Money shall be transferred from the Receipts Account to the Disbursement Account as deemed necessary by Manager, and approved by Owner. Owner shall have the right from time to time to change the number and types of bank accounts used by Manager and the method of transferring funds between those accounts. Notwithstanding the foregoing, Manager shall comply with the terms of any applicable cash management, blocked account or similar agreements entered into by Owner and Manager in connection with any loan obtained by Owner and secured by the Premises, and in the event of any conflict between any such agreements and this Section 9.1, the terms and provisions of such agreements shall control.

Security Deposit Records. Manager shall, on behalf of Owner, maintain detailed records of all security deposits and letters of credit and such records will be open for inspection by

Owner's employees or appointees. Manager shall maintain such security deposits and letters of credit as required by applicable law and the terms of the leases, as approved by Owner.

Owner to Have Access to Funds. Through the use of signature cards, authorized representatives of Owner shall be permitted access to any and all funds in the bank account described in Section 9.1. However, Owner and Owner's representative may not draw against said bank accounts without written communication to Manager. Manager's authority, and the authority of any designated representative of Manager, to draw against such accounts may be terminated at any time by Owner upon written notice to Manager.

Ownership of Bank Records. All bank records pertaining to Owner's accounts shall be the property of Owner.

ARTICLE 10

PAYMENT OF EXPENSES

Payment by Manager of Expenses. The following operating costs (except as excluded by Section 10.2), to the extent identified in approved budgets, are to be paid directly from the Disbursement Account described in Section 9.1:

(a) all salaries, bonuses (excluding incentive compensation), applicable overtime pay, employment taxes, insurance, worker’s compensation and other benefits (collectively, the "Compensation Costs") with respect to on-site employees of Manager or an affiliate, the aggregate amounts of which will be included in the Approved Operating Budget;

(b) the Compensation Costs and related overhead of non-accounting and non-bookkeeping personnel (for example, property managers and engineers) who may be located off-site at an office other than the Manager's home or regional offices (for cost saving, administration or other reasons) but who directly support the operations of the Premises;

(c) the Compensation Costs and related overhead of accounting and bookkeeping personnel who may be located off-site, including those located at Manager's central headquarters offices (for cost saving, administration or other reasons) but who directly support the operation of the Premises;

(d) telecommunications, including network or internet connectivity and maintenance, computer hardware, software and maintenance; applicable software licenses and training, and office supplies, postage, copier, facsimile machine, parking expenses, courier services, insurance certificate tracking services, accounting and payroll software and other similar items which are directly attributable to the management of the Property;

(e) Costs of insurance permitted or required to be maintained by Manager pursuant to the provisions of this Agreement;

(f) Costs to correct any violation of federal, state and municipal laws, ordinances, regulations and orders relative to the leasing, use, repair and maintenance of the Premises, or relative to the rules, regulations or orders of the local board of fire underwriters or other similar body, provided that such cost is not a result of the negligence or willful misconduct of Manager or its agents or employees;

(g) Actual costs of making all repairs, decorations and alterations to the Premises;

(h) Costs incurred in connection with all service contracts entered into by Manager and/or Owner in accordance with authorizations in this Agreement or approved by Owner;

(i) Costs of collection of delinquent rentals;

(j) Costs of printed forms and supplies required for use at the Premises;

(k) Costs of capital expenditures;

(l) Costs of printed checks and third-party bank fees for each bank account required by Owner;

(m) Costs of adding machines, personal computers and computer software, and other equipment of such type used for managing the Premises;

(n) Subject to Section 10.2(c), leasing commissions payable to third parties;

(o) Costs of Owner approved advertising, business expenses, professional dues, professional development, employee relocation expenses and travel;

(p) To the extent the same can be recovered from tenants under their leases, the cost of Manager's implementation of any new accounting or reporting systems (and upgrades to maintain such systems), including web based systems or systems that utilize servers and other equipment that may be located off-site of the Premises, as well as the cost of any new general ledger adopted by Manager;

(q) Legal fees of attorneys, provided such attorneys have been approved by Owner in writing in advance of retention;

(r) Costs of outside audits as required by leases and other outside audits as may be requested by Owner in writing;

(s) Property taxes, special assessments and costs of utilities;

(t) Costs of a management office [and engineering shop], including necessary furnishings and equipment, as provided for in Section 10.3 hereof;

(u) All other costs and expenses for which Owner is obligated to pay or reimburse Manager as provided for in this Agreement;

(v) Subject to Section 10.2(c), any out-of-pocket costs Manager incurs in performing the leasing services described in Section 5.5, including the costs of printing leasing brochures and travel and entertainment costs; and

(w) Any and all other costs necessary to the management, leasing (if applicable), operation and maintenance of the Premises or reasonably incurred by Manager in performing its duties hereunder which are covered within approved budgetary guidelines, which may exceed approved budgetary guidelines but which result from emergencies or which are otherwise approved by Owner.

Expenses to be Borne by Manager. The following expenses or costs incurred by or on behalf of Manager shall be at the sole cost and expense of Manager and shall be paid by Manager out of the sums payable to Manager under Article 21:

(a) Costs of gross salary and wages, payroll taxes, insurance, worker's compensation, and other benefits of Manager's personnel not provided for in Section 10.1.

(b) All costs incurred as a result of Manager's fraud, breach of this Agreement, negligence or willful misconduct.

(c) All costs and liabilities relating to contracts between Manager and third parties for the performance of Manager's obligations under this Agreement, including agreements relating to leasing the Premises if Manager is the Primary Leasing Agent.

Office for Manager. Owner shall also furnish to Manager, at Owner's expense, space located in the Premises of a sufficient size (mutually agreed upon) to allow Manager to perform the services required hereunder, including a management and leasing office and engineering office, together with standard leasehold improvements and appropriate furnishings and typical office and mechanical equipment.

ARTICLE 11

INSUFFICIENT INCOME

Insufficient Income. If at any time the gross income (or cash in the Receipts Account and the Disbursement Account) from the Premises shall not be sufficient to pay the bills and charges which may be incurred with respect to the Premises, or if such gross income is insufficient to pay the combined sum of both bills and charges, Manager shall not be obligated to pay said expenses and charges from its own account.

Manager shall notify Owner immediately upon first projection or awareness of a cash shortage or pending cash shortage and Owner and Manager shall jointly determine payment priority. After Manager has paid, to the extent of available gross income, all bills and charges based upon the ordered priorities set jointly by Owner and Manager, Manager shall submit to Owner a statement of all remaining unpaid bills. Owner shall thereafter and without undue delay provide sufficient monies to pay any unpaid expenses properly payable by Owner.

After Manager has paid, to the extent of available gross income, all bills and charges based upon the ordered priorities set forth in this Section 11.1, Manager shall submit to Owner a statement of all remaining unpaid bills and Owner and Manager shall jointly determine payment priority. If gross income from the Premises shall not be sufficient to fully fund Manager's reimbursable personnel costs and other fees due Manager hereunder, Owner shall promptly advance sufficient funds to the Disbursement Account to permit reimbursement/payment of Manager.

ARTICLE 12

TERMINATION

Termination by Owner or Manager. Either Owner or Manager may terminate this Agreement upon thirty (30) days advance notice to the other in the event (A) Owner sells the

Premises to a third party which is unaffiliated with Owner in a bona fide transaction, (B) the Premises is substantially destroyed or condemned and in the case of destruction cannot be restored within one year after the casualty, or (C) an Affiliate of Manager is no longer the advisor to the [Hines REIT entity].

Termination by Owner. The Owner may terminate this Agreement if the Owner has identified and communicated to the Manager any operating or performance deficiencies and such deficiencies are not cured by the Manager in accordance with the provisions set forth in Section 5.3.

Breach by Manager. If Manager commits a material breach of any obligations of Manager under this Agreement, and if such breach shall continue for thirty (30) days after written notice from Owner (plus, with respect to breaches which Manager commences diligent efforts to cure within such period, but which cannot reasonably be cured within thirty (30) days, such additional period not to exceed ninety (90) additional days as is reasonably necessary to cure such breach), then Owner, in addition to the other remedies it may have at law or in equity, shall have the right to terminate this Agreement.

Breach by Owner. If Owner (A) fails to timely pay any sum owed to Manager which remains unpaid for more than ten (10) days after notice from Manager or (B) commits a material violation or breach of any other obligation of Owner under this Agreement which remains uncured for more than thirty (30) days after notice from Manager (plus, in the case of breaches which cannot reasonably be cured within thirty (30) days, such additional time as is reasonably required to cure such breach not to exceed ninety (90) days), then Manager may, in addition to its other remedies at law or in equity, terminate this Agreement by written notice to Owner.

Final Accounting. Upon termination of this Agreement for any reason, Manager shall deliver to Owner the following with respect to the Premises:

(a) A final accounting, reflecting the balance of income and expenses, as of the date of termination, to be delivered within thirty (30) days after such termination.

(b) Any balance or monies of Owner or tenant security deposits, or both, including, without limitation, all funds in any bank accounts under Article 9 hereof, held by or thereafter received by Manager to be delivered immediately upon such termination or withdrawal.

(c) All records, contracts, leases, receipts for deposits, unpaid bills, other papers or documents, supplies, files, keys, and equipment, which pertain to the Premises to be delivered immediately to Owner at the Premises upon such termination.

(d) All service contracts in the name of Manager pertaining to the Premises shall be assigned to, and assumed by Owner.

Survival of Certain Rights and Obligations. Upon the expiration or earlier termination of this Agreement, neither party shall have any further rights or obligations under this Agreement, except that Articles 10, 12, 16, 17, and 21 shall survive the termination of this Agreement.

ARTICLE 13

DEVELOPMENT AND CONSTRUCTION MANAGEMENT SERVICES

Construction Management Services. Manager shall act as construction manager with respect to the construction of any leasehold improvements within the Premises if requested by either Owner or the applicable tenant. With respect thereto Manager shall:

(a) Evaluate and report the existing conditions of the base building;

(b) Prepare preliminary budgets and schedules;

(c) Review and assist in the coordination of design drawings;

(d) Conduct pre-bid meetings;

(e) Evaluate bids and make recommendations of the award of contracts;

(f) Conduct construction progress meetings and evaluate ongoing schedules and the quality of workmanship and adherence of work to contract documents, specifications and drawings;

(g) Evaluate and verify accuracy of monthly construction draw requests;

(h) Assist architect in reviewing shop drawings;

(i) Direct architect/engineers to create punchlist; and

(j) Coordinate with building management the use of the service elevator, the need for temporary utilities and loading docks.

Development Management Services. Manager shall act as development manager for any redevelopment (including capital improvements) of the Premises. As such, Manager shall be responsible for coordinating and facilitating the planning and performance of all construction related activities, including recommending the retention of architects, engineers and other consultants, assisting in cost estimating, advising Owner as to the selection of contractors to perform the work, and coordinating on behalf of Owner the work of such consultants and contractors.

ARTICLE 14

SALE OF THE PREMISES

Sale of Premises. If Owner executes a listing agreement with a broker (other than Manager) for the sale of any portion of the Premises, Manager shall cooperate with such broker to the end that the respective activities of Manager and broker may be carried on without friction and without interference with tenants and occupants. Manager will permit the broker to exhibit the

Premises during reasonable business hours to the extent not prohibited by any tenant lease and provided the broker has secured Manager's permission in advance. Manager shall be reimbursed by Owner for all reasonable costs incurred by Manager in coordinating any activities regarding any sale of all or any portion of the Premises.

ARTICLE 15

LEGAL PROCEEDINGS

Legal Proceedings. Should any claims, demands, suits or other legal proceedings be made or instituted by any person against Owner or title holder of the Premises which arise out of any of the matters relating to this Agreement, Manager shall promptly give Owner all pertinent information and reasonable assistance in the defense or other disposition thereof, at the sole expense of Owner.

ARTICLE 16

MANAGER'S LIABILITY

Liability of Manager. Manager shall not be liable to Owner or to any other person for any act or omission of any officer, agent or employee of Manager, unless the same results from (i) the breach of this Agreement by Manager, or (ii) the negligence or misconduct of the Manager or its officers, employees, or agents while performing services under this Agreement.

Indemnity of Manager. OWNER AGREES TO INDEMNIFY, DEFEND AND HOLD HARMLESS MANAGER AND ITS OFFICERS, AGENTS AND EMPLOYEES (INDIVIDUALLY AND COLLECTIVELY, THE "MANAGER INDEMNITEES") FROM AND AGAINST ANY AND ALL CAUSES OF ACTION, CLAIMS, LOSSES, COSTS, EXPENSES, LIABILITIES, DAMAGES OR INJURIES (INCLUDING LEGAL FEES AND DISBURSEMENTS) THAT MANAGER INDEMNITEES MAY DIRECTLY OR INDIRECTLY

SUSTAIN, SUFFER OR INCUR ARISING FROM OR IN CONNECTION WITH THIS AGREEMENT OR THE PREMISES, UNLESS THE SAME RESULTS FROM (A) NEGLIGENCE OR MISCONDUCT OF THE MANAGER INDEMNITEES ACTING WITHIN THE SCOPE OF THEIR OFFICE, EMPLOYMENT OR AGENCY, OR (B) THE BREACH OF THIS AGREEMENT BY MANAGER. OWNER SHALL ASSUME ON BEHALF OF THE MANAGER INDEMNITEES THE DEFENSE OF ANY ACTION AT LAW OR IN EQUITY WHICH MAY BE BROUGHT AGAINST THE MANAGER INDEMNITEES BASED UPON A CLAIM FOR WHICH INDEMNIFICATION IS APPLICABLE HEREUNDER.

Limitation on Making Certain Claims. Notwithstanding any other provisions of this Agreement, in no event shall Owner make any claim against Manager, or its Affiliates or subsidiaries, on account of any good faith interpretation by Manager of the provisions of this Agreement (even if such interpretation is later determined to be a breach of this Agreement) or any alleged errors in judgment made in good faith and in accordance with this Agreement in connection with the operation of the Premises hereunder by Manager or the performance of any advisory or technical services provided by or arranged by the Manager. The provisions of this Section 16.3 shall not be deemed to release Manager from liability for its negligence.

Expenditures Made in Good Faith. Owner shall not object to any expenditures made by Manager in good faith in the course of its management of the Premises or in settlement of any claim arising out of the operation of the Premises unless such expenditure is specifically prohibited by this Agreement. The provisions of this Section 16.4 shall not be deemed to release Manager from liability for its negligence.

Limitation on Liability of Manager. Notwithstanding any provision in this Agreement to the contrary and except to the extent prohibited in the charter (i.e. articles of incorporation or similar document) of the [REIT parent entity], the liability of Manager for any losses, liabilities, obligations, claims, judgments, costs, expenses or damages (including reasonable legal fees and expenses) incurred by Owner, directly or indirectly, as a result of, arising out of or relating to this Agreement, a breach by Manager hereunder, the Premises, and/or the performance of services hereunder shall be limited, in the aggregate, to a sum equal to the Management Fee, Leasing Fees and other fees which have theretofore actually been paid to Manager pursuant to this Agreement.

ARTICLE 17

REPRESENTATION AND WARRANTIES

No Reliance by Owner. Owner hereby represents that in entering into this Agreement Owner has not relied on any projection of earnings, statements as to the possibility of future success or other similar matter which may be prepared by Manager and understands that no guaranty is made or implied by Manager as to the future financial success of the Premises.

Representations and Warranties. Each party to this Agreement represents and warrants the following:

(a) It is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation with all requisite power and authority to enter into this Agreement and to conduct its respective business.

(b) This Agreement constitutes the legal, valid and binding obligation of the party and is enforceable in accordance with its terms.

(c) No consents or approvals are required from any governmental authority or other person or entity for the party to enter into and perform this Agreement. All corporate or partnership action on the part of the party necessary for the authorization, execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, have been duly taken.

(d) The execution and delivery of this Agreement by the party, and the consummation of the transactions contemplated hereby, does not conflict with or contravene the provisions of its organizational documents or any agreement or instrument by which it or its properties are bound or any law, rule, regulation, order or decree to which it or its properties are subject.

(e) Neither it nor any of its affiliates, nor any of their respective 10% partners, members, shareholders or other equity owners, and none of their respective employees, officers, directors, representatives or agents is, nor will they become a person or entity (i) described in Section 1 of Executive Order 13224 (issued September 24, 2001) (the "Executive Order"), (ii) listed in the "Alphabetical Listing of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorist Organizations, and Specially Designated Narcotics Traffickers" published by the United States Office of Foreign Assets Control ("OFAC"), 31 C.F.R. Chapter V, Appendix A, as in effect from time to time, or (iii) with whom U.S. persons or entities are restricted from doing business under regulations of OFAC or under any statute, executive order (including the Executive Order), or other governmental action and is not and will not assign this Agreement to, contract with or otherwise engage in any dealings or transactions or be otherwise associated with such persons or entities.

(f) The party has obtained or shall obtain all permits and licenses to the extent required by applicable law to perform its obligations hereunder, except with respect to permits and licenses, the lack of which do not and would not, individually or in the aggregate, have a material adverse effect on such party's ability to perform its obligations under this Agreement.

ARTICLE 18

CONSENTS

Granting of Consents. Except as otherwise expressly provided herein to the contrary, whenever in this Agreement the consent or approval of Manager or Owner is required, such consent or approval shall not be unreasonably withheld or unduly delayed. Such consent shall also be in writing only and shall be duly executed by an authorized officer or agent for the party granting such consent or approval.

ARTICLE 19

SUBSIDIARIES AND AFFILIATES

Contracts with Manager's Affiliates. Any contract or lease with respect to the Premises between Manager and any Affiliate of Manager shall be subject to the prior written approval of Owner, and at Owner's sole discretion such approval may be withheld.

ARTICLE 20

NOTICES

Notices. Any notice provided for in or permitted under this Agreement shall be made in writing, and may be given or served by (i) delivering the same in person or by facsimile transmission to the party to be notified, or (ii) depositing the same in the United States mail, postage prepaid, registered or certified with return receipt requested, and addressed to the party to be notified at the address herein specified, or (iii) by depositing same with a reputable overnight courier service. Any notice shall be effective only if and when received by the party to be notified (or the date such receipt is refused by the addressee) unless the day it is received is not a business day, and then it shall be deemed received on the next business day. For the purpose of notice, the address of the party shall be, until changed as hereinafter provided for, as follows:

If to the Owner:	______________________ 2800 Post Oak Boulevard Suite 4800 Houston, Texas 77056-6118 Attention: Kevin McMeans Fax No.: (713) 966-2075
With a copy to:	Hines Global REIT II Advisors LP 2800 Post Oak Boulevard Suite 4800 Houston, Texas 77056-6118 Attention: Jason P. Maxwell, Esq. – Legal Dept. Fax No.: (713) 966-2075
With a copy to:	Greenberg Traurig LLP 200 Park Avenue New York, New York 10166 Attention: Judith D. Fryer, Esq. Fax No: (212) 805-9330
If to the Manager:	Hines Interests Limited Partnership 2800 Post Oak Boulevard Suite 4800 Houston, Texas 77056-6118 Attention: Charlie Baughn Fax No.: (713) 966-2636
With a copy to:	Hines Interests Limited Partnership 2800 Post Oak Boulevard Suite 4800 Houston, Texas 77056-6118 Attention: Corporate Counsel Fax No.: (713) 966-7813

or to such other address as the Owner may specify in a written notice to the Manager or the Manager may specify in a written notice to the Owner in accordance with this Section 20.1.

Each party shall have the right from time to time and at any time to change its respective address and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other party. Each party shall have the right from time to time to specify additional parties to whom copies of notices must be given by delivering to the other party fifteen (15) days' written notice thereof setting forth the address of such additional party or parties; provided, however, that no party shall have the right to designate more than three (3) such additional parties. Notice required to be delivered hereunder to either party shall not be deemed to be effective until the additional parties, if any, designated by such party have been given notice in a manner deemed effective pursuant to the terms of this Section 20.1.

ARTICLE 21

COMPENSATION

Fees Payable to Manager. In addition to the sums Owner is obligated to pay Manager as described in this Agreement, each calendar year Manager shall receive remuneration for its services in managing and leasing the Premises as follows:

(a) A management fee (the "Management Fee") equal to:

(1) For single-tenant properties, the lesser of (A) two and one-half percent (2.5%) of the Gross Revenues for the Premises or (B) the amount of the Management Fee that can be passed through to the tenant of the Premises under its lease, subject to a minimum fee of at least one percent (1.0%) of Gross Revenues for the Premises.

(2) For multi-tenant properties, the lesser of (A) two and one-half percent (2.5%) of the Gross Revenues for the Premises, or (B) the amount of the Management Fee that can be passed through to tenants of the Premises under their respective leases.

(3) "Gross Revenues" includes but is not limited to revenues arising from rentals (which includes all tenant recoveries for operating expenses, special or extra services and the like, including, without limitation, real estate taxes and assessments) for such year payable by tenants who lease space in the Premises, parking revenues, revenues from the leasing or licensing of antenna space and all other revenues of whatever nature. The Management Fee shall be payable monthly based on interim results and projections with annual reconciliations.

(b) If Manager serves as the Primary Leasing Agent as set forth in Section 5.5, Manager will receive the following sums (the "Leasing Fees"):

(1) For any lease or amendment thereto pursuant to which space is leased by a tenant which is executed or negotiated during the Term, a fee equal to one and one-half percent (1.5%) of the gross rentals which are payable pursuant to or on account of the applicable document during the term of the lease.

(2) For any lease extension, renewal, expansion or other similar right whereby a tenant extends its lease or leases additional space which is exercised during the Term, a fee equal to one and one-half percent (1.5%) of the gross rentals which are payable pursuant to or on account of the applicable document for the term of such renewal, extension or expansion.

(3) If Manager is the Primary Leasing Agent, then for purposes of subsections (1) and (2) above, the following shall apply:

(i) Owner shall pay the Leasing Fees to Manager regardless of whether an outside broker was used in connection with any such lease, amendment, renewal, extension or expansion. Owner shall be responsible for any fees paid to outside brokers or other third parties with whom Owner contracts directly, and such fees shall not count against, or be considered part of, the Leasing Fees;

(ii) Owner's obligation to pay the Leasing Fees shall survive the expiration or earlier termination of this Agreement, it being agreed that Manager shall be entitled to such Leasing Fee after such expiration or termination to the extent provided in this Section 21.1). "Executed or negotiated during the Term" and "exercised during the Term" also includes leases and other instruments executed and options and other rights exercisable within either (x) thirty (30) days after the Term if the Agreement is terminated pursuant to section 12.1 hereof, or (y) ninety (90) days after the Term if this Agreement is terminated for any other reason, if the tenant under said lease or other instruments had substantial negotiations with Manager during the Term (and for purposes hereof, "substantial negotiations" shall mean that a written proposal and related correspondence have been exchanged by Manager and the prospective tenant or its agent). Manager shall provide Owner within ten (10) days following the end of the Term a list of all prospective tenants with whom Manager has had substantive negotiations as described above;

(iii) gross rentals for triple net leases will include an estimate of operating expenses to be paid by tenants in the first (1st) lease year and such expenses shall not be increased in determining gross rentals in later years for purposes of determining the Leasing Fees; and

(iv) rent increases based on changes in the Consumer Price Index shall not be taken into account in calculating gross rentals for purposes of determining the Leasing Fees except to the extent such lease includes a floor on the rent increases based on the Consumer Price Index, in which event for purposes of calculating gross rentals, rent shall be deemed increased based on such floor.

(c) The Leasing Fees shall be payable as follows: (x) fifty percent (50%) upon the date the applicable document is executed or right is exercised, as applicable, and (y) the balance:

(i) in the case of a lease of new space or an amendment providing for expansion into new space, on the earlier of (A) the date such tenant takes occupancy of the space subject to such lease or amendment, (B) the date such tenant commences the payment of rent with respect to such space under such lease or amendment, or (C) termination of this Agreement by Owner for any reason. (The Leasing Fees payable in the case of (C) above shall be discounted to present value, from the date set forth in either (A) or (B) as applicable, to the date of termination or sale, as applicable, at the rate of eight and three-quarters percent (8.75%) per annum.); or

(ii) in the case of a renewal, on the earlier of (A) the first (1st) day of the applicable renewal term, or (B) termination of this Agreement by Owner for any reason. (The Leasing Fees payable in the case of (B) above shall be discounted to present value as of the date of termination at the rate of eight and three-quarters percent (8.75%) per annum.)

(d) If the applicable lease, renewal, extension, expansion or amendment (a "Lease Document") provides the tenant an early termination right, the following shall apply:

(i) if the Lease Document requires the tenant to repay the unamortized amount of all Landlord's Out-of-Pocket Costs (defined below), then the Leasing Fees payable at the times set forth in paragraphs (c)(i) and (c)(ii) above shall include Leasing Fees attributable to the entire term of the Lease Document (including periods after the applicable termination date). "Landlord's Out-of-Pocket Costs" means all leasing commissions, tenant improvement allowances, and any other out-of-pocket costs or reimbursements paid by the landlord under the applicable lease;

(ii) if the Lease Document does not require the tenant to repay any of Landlord's Out-of-Pocket Costs, then the portion of the Leasing Fees attributable to periods after the applicable termination date shall be payable upon the date that the right to exercise such termination option has expired, terminated or been waived by the tenant (such that the tenant continues to pay rent on the applicable space following the termination date), so long as Owner is then the owner of all or a part of the Premises. If Owner sells or transfers the entire Premises to an unaffiliated third party prior to the applicable termination date, Manager waives any future right to receive the portion of the Leasing Fees attributable to periods after the applicable termination; and

(iii) if the Lease Document requires the tenant to repay a portion of the unamortized amount of Landlord's Out-of-Pocket Costs, then the

Leasing Fees payable at the times set forth in paragraphs (c)(ii) and (c)(ii) above shall be comprised of: (x) the Leasing Fee attributable to the term of the Lease Document from the commencement of the term through the applicable termination date, and (y) an amount equal to the product obtained by multiplying the (A) the Leasing Fee attributable to the term of the Lease Document following the applicable termination date, and (B) the Recovery Rate (defined below). Any portion of the Leasing Fees attributable to periods after the applicable termination date, not paid subject to the Recovery Rate, shall be payable upon the date that the right to exercise such termination option has expired, terminated or been waived by the tenant (such that the tenant continues to pay rent on the applicable space following the termination date), so long as Owner is then the owner of all or a part of the Premises. If Owner sells or transfers the entire Premises to an unaffiliated third party prior to the applicable termination date, Manager waives any future right to receive such remaining portion of the Leasing Fees.

"Recovery Rate" means the percentage equal to the portion of the total unamortized amount of Landlord's Out-of-Pocket Costs required to be paid by the tenant in connection with the tenant's exercise of its termination right.

(e) For the construction management services described in Section 13.1, Manager shall be entitled to retain or be paid any construction management fee paid by any tenant directly to Manager or to the Owner as landlord under such tenant's lease, and any such fee that is paid to the Owner shall be received by the Owner on behalf of and as agent for Manager and shall be paid over by the Owner to Manager. To the extent contained in the budget described below, Manager also shall be reimbursed for all third party costs reasonably incurred by Manager in performing construction management duties (e.g., consultants, legal, delivery and graphics) to the extent the same are approved and payable by the applicable tenant. Owner and Manager shall agree on the scope of such direct costs as well as a budget relating thereto before Manager begins performing such services. If the tenant does not agree in its lease to pay a construction management fee, then the following shall apply:

(i) if Manager provides such construction management services utilizing on-site employees, Owner shall not be obligated to pay a construction management fee to Manager; or

(ii) if Manager utilizes off-site employees to provide such construction management services, Owner shall be obligated to pay Manager the direct costs Manager incurs in providing such services, including the salary, benefits and burdens of any such employees to the extent of the time they spend performing such services, to the extent contained in a budget approved by Owner as described above.

(f) For the development management services described in Section 13.2, Manager shall be paid a fee equal to two and one-half percent (2.5%) of the total project costs relating to the project. To the extent contained in the budget described below, Manager also will be entitled to recover from Owner all direct costs incurred by Manager in performing such services, including but not limited to the salary, benefits and burdens of all employees directly involved in such project, the cost of any project office and overhead relating thereto (e.g., rent, telephones, computers) and all out-of-pocket costs incurred by Manager (for example, travel). Owner and Manager shall agree on the scope of such direct costs as well as a budget relating thereto before Manager begins performing such services.

(g) Upon submission of the financial statements as required by Article 5, Manager shall submit to Owner Manager's calculation of all fees, which fees shall be paid by Owner to Manager.

Failure of Owner to Timely Pay. Any sums owed by Owner to Manager which are not paid when due shall bear interest at the lesser of (i) the prime rate plus five (5) percentage points, or (ii) the maximum nonusurious rate of interest permitted by applicable law.

ARTICLE 22

MISCELLANEOUS

Pronouns. The pronouns used in this Agreement referring to Manager or Owner shall be understood and construed to apply whether Manager or Owner be an individual, co-partnership, corporation or an individual or individuals doing business under a firm or trade name, and the masculine and neuter pronouns shall each include the other and may be used interchangeably with the same meaning.

Amendments. Except as otherwise herein provided, any and all amendments, additions or deletions of this Agreement shall be null and void unless approved by the parties in writing.

Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

Waiver. The waiver of any of the terms and conditions of this Agreement on any occasion or occasions shall not be deemed as waiver of such terms and conditions on any future occasion. No waiver shall be implied by any isolated or repeated action or non-action. To be effective, any waiver must be in writing executed by the party to be bound thereby.

Successors and Assigns. Subject to Article 4 and Section 12.1(a), this Agreement shall be binding upon and inure to the benefit of Owner, its successors and/or assigns, and shall be binding upon and inure to the benefit of Manager, and its successors.

Governing Law. This Agreement shall be construed, interpreted and applied in accordance with and shall be governed by, the laws applicable to the state where the Premises are located.

Ownership of Premises. Owner represents that it is the fee owner of the Premises and of the improvements and appurtenances and equipment installed therein, except such equipment as may be leased or acquired by Owner on a hire-purchase basis or as may be owned, leased or installed by tenants or other third parties.

Other Activities of Manager. Nothing contained in this Agreement shall be construed so as to prohibit Manager from owning, operating, managing or investing in any real estate development. Additionally, Manager may engage in or possess an interest in other ventures of any nature and description independently or with others and Owner shall have no rights with respect thereto by virtue of this Agreement.

NondiscriminationSection 22.10 . Manager agrees not to discriminate against any employee or applicant for employment because of said individual's race, religion, sex, national origin, physical or mental handicap or status as a disabled veteran, in regard to any position for which the employee or applicant is otherwise qualified.

Special Parties. Notwithstanding any provision hereof to the contrary, in no circumstances shall a shareholder, limited partner, director, officer, employee or agent ("Special

Party") of a party hereto or of a Special Party of a party hereto be personally liable for any of the obligations of such party hereto under this Agreement except to the extent, if any, provided in any separate agreement now or hereafter executed and delivered by such Special Party.

Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original of this Agreement but all of which, taken together, shall constitute one and the same agreement.

Survival of Agreement. The rights and obligations of Manager and Owner shall survive a termination of this Agreement.

Special Services. Notwithstanding anything in this Agreement to the contrary, except as required by a tenant lease which has been approved by Owner, Manager shall not furnish or render services to the tenants of the Premises other than those services customarily furnished to tenants of similar properties unless (a) Manager makes separate, adequate charges to tenants for such services, (b) such charges are received and retained by Manager, (c) Manager bears the cost of providing such services and (d) Manager first obtains Owner's written consent. For purposes of this Section 22.13, it is agreed that maintenance, trash collection, janitorial services and cleaning services, the furnishing of water, heat, light, air conditioning, public entrances and exits, guard or security services and the provision of parking facilities on an unreserved basis and without separate charge are examples of services customarily furnished to the tenants of similar properties.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

<u>OWNER</u>:

____,
a Delaware limited partnership

By: _______________________________________,
a Delaware limited liability company
its general partner

By: _________________________________
Name: __________________________
Title: Manager

<u>MANAGER</u>:

HINES INTERESTS LIMITED PARTNERSHIP,
a Delaware limited partnership

By: Hines Holdings, Inc.,
a Texas corporation,
its general partner

By: _________________________________
Name:
Title:

SCHEDULE “A”

[Premises]

Exhibit 21.1

LIST OF SUBSIDIARIES

Name	Jurisdiction of Organization
Hines Global REIT II Properties LP	Delaware
HGREIT II 2819 Loker GP LLC	Delaware
HGREIT II 2819 Loker LP	Delaware
Hines GREIT II Ireland Fund Irish Collective Asset-Management Vehicle	Dublin
Bishop Ireland GREIT II Limited	Dublin
Hines Global REIT II 891 Coronado LLC	Delaware
HGREIT II Cottonwood Center LLC	Delaware
HGREIT II Goodyear Crossing LLC	Delaware
HGREIT II Edmondson Road LLC	Delaware
HGREIT II Madison Road LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Post-Effective Amendment No. 10 to Registration Statement No. 333-191106 on Form S-11 of our report dated March 24, 2016, relating to the consolidated financial statements and financial statement schedule of Hines Global REIT II, Inc. and subsidiaries, appearing in the Annual Report on Form 10-K of Hines Global REIT II, Inc. for the year ended December 31, 2015, and to the reference to us under the heading “Experts” in the Prospectus, which is part of such Registration Statement.

/s/ Deloitte & Touche LLP

Houston, Texas
October 5, 2016

Exhibit 23.2

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Post-Effective Amendment No. 10 to Registration Statement No. 333-191106 on Form S-11 of our report dated:

- February 27, 2015, related to the statement of revenues and certain operating expenses of 2819 Loker Avenue East, an industrial building located in Carlsbad, California, for the year ended December 31, 2013, appearing in the Current Report on Form 8-K/A filed with the SEC on February 27, 2015

- May 15, 2015, related to the statement of revenues and certain operating expenses of Bishop's Square, a Class A office building located in Dublin, Ireland, for the year ended December 31, 2014, appearing in the Current Report on Form 8-K/A filed with the SEC on May 15, 2015

- April 11, 2016, related to the statement of revenues and certain operating expenses of the Domain Apartments, a multi-family community located in Las Vegas, Nevada, for the year ended December 31, 2015, appearing in the Current Report on Form 8-K/A filed with the SEC on April 11, 2016

- September 20, 2016, related to the statement of revenues and certain operating expenses of Cottonwood Corporate Center, a four-building, Class-A office project located in Cottonwood Heights, Utah, a submarket of Salt Lake City, Utah, for the year ended December 31, 2015, appearing in the Current Report on Form 8-K/A filed with the SEC on September 20, 2016

(which reports on the statements of revenues and certain operating expenses express unqualified opinions and include explanatory paragraphs referring to the purpose of the statement), and to the reference to us under the heading “Experts” in the Prospectus, which is part of such Registration Statement.

/s/ Saville Dodgen & Company, PLLC

Dallas, Texas
October 5, 2016