

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-2224

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Hines Real Estate Investment Trust, Inc.		20-0138854	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Shea Morgenroth	888-220-6121	HinesInvestorRelations@hines.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
2800 Post Oak Blvd., Suite 5000		Houston, TX 77056-6118	
8 Date of action	9 Classification and description		
See Below	Common Stock		
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
433264108, 433264207			

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► The Taxpayer made an initial cash liquidating distribution pursuant to a plan of liquidation. See Part II, Line 15 for the amount of these distributions per share.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ►

The company estimates that all of its liquidating distribution paid on December 23, 2016 is a cash liquidation distribution. Statement 1 shows the estimated reduction of tax basis on a per share basis. A cash liquidation distribution is a non-taxable distribution until such time that the total cash liquidation distributions received exceed the cost basis of the investment.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► Amounts received by a shareholder in liquidation is non-taxable until such time that the total cash liquidation distributions received exceed the cost basis of the investment on December 23, 2016.

If the cash liquidation distributions exceed the cost basis, the portion of the cash liquidation distributions that exceeds basis is considered a capital gain and taxed accordingly. Whether you report the gain as a long-term or short-term capital gain depends on how long you have held the stock. If the cash liquidation distributions do not exceed the cost basis, then the full amount of the cash liquidation distributions will be non-taxable. Even if the cash liquidation distributions do not exceed the cost basis, a loss cannot be recognized until the final liquidating distribution has been made and the account has been fully liquidated, which is not expected to occur until later in 2017. Shareholders should contact their tax advisors regarding the specific circumstances surrounding their shares subject to this organizational action.

Part II Organizational Action (continued)


17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ►

Internal Revenue Code §331(a) provides that the amount received by a shareholder in a distribution in complete liquidation shall be treated as in full payment in exchange for stock.

18 Can any resulting loss be recognized? ► No tax loss is recognized by shareholders as a result of receiving the initial cash liquidation distribution payment.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► 2016

These actions are effective on the date of distribution identified above.

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.				
	Signature ► 		Date ► <u>1/13/17</u>		
Paid Preparer Use Only	Print your name ► <u>J. Shea Morgenroth</u>		Title ► <u>Chief Accounting Officer and Treasurer</u>		
	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►			Firm's EIN ►	
	Firm's address ►			Phone no. ►	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

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Part II, Question 15. Describe the quantitative effect of the organization or action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis

The liquidating distribution reduced the basis of the security as follows:

Liquidation Distribution		
Record Date	Distribution Payable Date	Distributions per share
12/7/2016	12/23/2016	\$ 6.20