

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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2015

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 000-50805

Hines Real Estate Investment Trust, Inc.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

20-0138854

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

2800 Post Oak Boulevard

Suite 5000

Houston, Texas

(Address of principal executive offices)

77056-6118

(Zip code)

(888) 220-6121

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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.

Large accelerated filer ☐

Accelerated Filer ☐

Non-accelerated filer ☒ (Do not check if smaller reporting company)

Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of August 7, 2015, 223.0 million shares of the registrant's common stock were outstanding.

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PART I - FINANCIAL INFORMATION**Item 1. Condensed Consolidated Financial Statements.**

HINES REAL ESTATE INVESTMENT TRUST, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2015	December 31, 2014
	(In thousands, except per share amounts)	
ASSETS:		
Investment property, net	\$ 1,831,135	\$ 1,634,658
Investments in unconsolidated entities	146,803	187,668
Cash and cash equivalents	61,854	56,821
Restricted cash	1,752	3,049
Distributions receivable	2,390	7,199
Tenant and other receivables, net	46,290	45,851
Intangible lease assets, net	163,128	145,688
Deferred leasing costs, net	152,055	126,772
Deferred financing costs, net	2,580	3,476
Other assets	3,664	17,810
TOTAL ASSETS	\$ 2,411,651	\$ 2,228,992
LIABILITIES:		
Accounts payable and accrued expenses	\$ 83,908	\$ 64,534
Due to affiliates	5,305	4,694
Intangible lease liabilities, net	32,445	28,762
Other liabilities	14,416	14,799
Interest rate swap contracts	26,866	34,393
Participation interest liability	116,398	108,911
Distributions payable	15,136	15,403
Notes payable	1,018,430	867,658
Total liabilities	1,312,904	1,139,154
Commitments and contingencies (Note 12)	—	—
EQUITY:		
Preferred shares, \$.001 par value; 500,000 preferred shares authorized, none issued or outstanding as of June 30, 2015 and December 31, 2014	—	—
Common shares, \$.001 par value; 1,500,000 common shares authorized, 223,724 and 225,207 common shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	224	225
Additional paid-in capital	1,037,151	1,072,754
Retained earnings (deficit)	62,322	17,649
Accumulated other comprehensive income (loss)	(950)	(790)
Total stockholders' equity	1,098,747	1,089,838
Noncontrolling interests	—	—
Total equity	1,098,747	1,089,838
TOTAL LIABILITIES AND EQUITY	\$ 2,411,651	\$ 2,228,992

See notes to the condensed consolidated financial statements.

HINES REAL ESTATE INVESTMENT TRUST, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three and Six Months Ended June 30, 2015 and 2014
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In thousands, except per share amounts)			
Revenues:				
Rental revenue	\$ 48,247	\$ 54,889	\$ 100,073	\$ 110,919
Other revenue	5,303	3,948	9,467	7,974
Total revenues	53,550	58,837	109,540	118,893
Expenses:				
Property operating expenses	15,429	17,107	30,261	34,241
Real property taxes	7,817	8,347	15,469	16,441
Property management fees	1,394	1,469	2,881	2,995
Depreciation and amortization	22,808	24,387	45,290	49,112
Acquisition related expenses	545	163	600	269
Asset management and acquisition fees	8,447	8,688	17,128	19,423
General and administrative	2,083	1,690	3,430	3,647
Total expenses	58,523	61,851	115,059	126,128
Operating income (loss)	(4,973)	(3,014)	(5,519)	(7,235)
Other income (expenses):				
Gain (loss) on derivative instruments, net	4,335	3,821	7,527	9,562
Gain (loss) on sale or dissolution of unconsolidated joint venture	—	2,070	—	13,381
Equity in earnings (losses) of unconsolidated entities, net	(199)	41,297	33,000	82,242
Gain (loss) on sale of real estate investments	8,304	8,485	29,383	9,499
Interest expense	(9,840)	(12,505)	(19,320)	(24,881)
Interest income	11	201	22	386
Income (loss) from continuing operations before benefit (provision) for income taxes	(2,362)	40,355	45,093	82,954
Benefit (provision) for income taxes	(26)	(76)	(112)	(165)
Income (loss) from continuing operations	(2,388)	40,279	44,981	82,789
Income (loss) from discontinued operations, net of taxes	(158)	(23)	(160)	(206)
Net income (loss)	(2,546)	40,256	44,821	82,583
Less: Net income attributable to noncontrolling interests	(75)	(75)	(148)	(148)
Net income (loss) attributable to common stockholders	\$ (2,621)	\$ 40,181	\$ 44,673	\$ 82,435
Basic and diluted income (loss) per common share	\$ (0.01)	\$ 0.18	\$ 0.20	\$ 0.36
Distributions declared per common share	\$ 0.07	\$ 0.07	\$ 0.13	\$ 0.13
Weighted average number of common shares outstanding	223,724	226,834	223,991	227,297
Net comprehensive income (loss):				
Net income (loss)	\$ (2,546)	\$ 40,256	\$ 44,821	\$ 82,583
Other comprehensive income (loss):				
Foreign currency translation adjustment	51	106	(160)	10
Net comprehensive income (loss)	(2,495)	40,362	44,661	82,593
Net comprehensive (income) loss attributable to noncontrolling interests	(75)	(75)	(148)	(148)
Net comprehensive income (loss) attributable to common stockholders	\$ (2,570)	\$ 40,287	\$ 44,513	\$ 82,445

See notes to the condensed consolidated financial statements.

HINES REAL ESTATE INVESTMENT TRUST, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the Six Months Ended June 30, 2015 and 2014
(UNAUDITED)
(In thousands)

Hines Real Estate Investment Trust, Inc.							
	Common Shares	Amount	Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests
BALANCE, January 1, 2015	225,207	\$ 225	\$ 1,072,754	\$ 17,649	\$ (790)	\$ 1,089,838	\$ —
Issuance of common shares	1,692	2	11,070	—	—	11,072	—
Redemption of common shares	(3,175)	(3)	(16,672)	—	—	(16,675)	—
Distributions declared	—	—	(29,992)	—	—	(29,992)	(148)
Other offering costs, net	—	—	(9)	—	—	(9)	—
Net income (loss)	—	—	—	44,673	—	44,673	148
Foreign currency translation adjustment	—	—	—	—	(160)	(160)	—
BALANCE, June 30, 2015	<u>223,724</u>	<u>\$ 224</u>	<u>\$ 1,037,151</u>	<u>\$ 62,322</u>	<u>\$ (950)</u>	<u>\$ 1,098,747</u>	<u>\$ —</u>
	Common Shares	Amount	Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests
BALANCE, January 1, 2014	229,174	\$ 229	\$ 1,150,909	\$ (29,951)	\$ (546)	\$ 1,120,641	\$ —
Issuance of common shares	1,785	2	11,421	—	—	11,423	—
Redemption of common shares	(4,125)	(4)	(20,721)	—	—	(20,725)	—
Distributions declared	—	—	(30,434)	—	—	(30,434)	(148)
Other offering costs, net	—	—	(11)	—	—	(11)	—
Net income (loss)	—	—	—	82,435	—	82,435	148
Foreign currency translation adjustment	—	—	—	—	10	10	—
BALANCE, June 30, 2014	<u>226,834</u>	<u>\$ 227</u>	<u>\$ 1,111,164</u>	<u>\$ 52,484</u>	<u>\$ (536)</u>	<u>\$ 1,163,339</u>	<u>\$ —</u>

See notes to the condensed consolidated financial statements.

HINES REAL ESTATE INVESTMENT TRUST, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2015 and 2014
(UNAUDITED)

	Six Months Ended June 30,	
	2015	2014
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 44,821	\$ 82,583
Adjustments to reconcile net income (loss) to cash from operating activities:		
Depreciation and amortization	53,469	56,840
(Gain) loss on sale of real estate investments and discontinued operations	(29,383)	(9,499)
(Gain) loss on sale or dissolution of unconsolidated joint venture	—	(13,381)
Equity in (earnings) losses of unconsolidated entities, net	(33,000)	(82,242)
Distributions received from unconsolidated entities	33,000	82,242
Other losses, net	75	—
(Gain) loss on derivative instruments, net	(7,527)	(9,562)
Net change in operating accounts	(20,658)	(8,110)
Net cash from operating activities	<u>40,797</u>	<u>98,871</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Distributions received from unconsolidated entities in excess of equity in earnings	45,675	3,287
Investments in acquired properties and lease intangibles	(270,306)	(474,912)
Capital expenditures at operating properties	(5,630)	(2,855)
Proceeds from sale of real estate investments and unconsolidated joint ventures	80,006	74,295
Change in restricted cash	1,297	(406)
Net cash from investing activities	<u>(148,958)</u>	<u>(400,591)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in security deposits	329	1,069
Redemption of common shares	(17,881)	(23,148)
Payments of offering costs	(16)	(20)
Distributions paid to stockholders and noncontrolling interests	(19,411)	(19,487)
Proceeds from notes payable	289,000	795,000
Payments on notes payable	(138,442)	(492,321)
Additions to deferred financing costs	(257)	(3,563)
Net cash from financing activities	<u>113,322</u>	<u>257,530</u>
Effect of exchange rate changes on cash	<u>(128)</u>	<u>16</u>
Net change in cash and cash equivalents	<u>5,033</u>	<u>(44,174)</u>
Cash and cash equivalents, beginning of period	<u>56,821</u>	<u>133,472</u>
Cash and cash equivalents, end of period	<u><u>\$ 61,854</u></u>	<u><u>\$ 89,298</u></u>

See notes to the condensed consolidated financial statements.

HINES REAL ESTATE INVESTMENT TRUST, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Six Months Ended June 30, 2015 and 2014
(UNAUDITED)

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"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted according to such rules and regulations. For further information, refer to the financial statements and footnotes for the year ended December 31, 2014 included in Hines Real Estate Investment Trust, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014. In the opinion of management, all adjustments and eliminations, consisting only of normal recurring adjustments, necessary to present fairly and in conformity with GAAP the financial position of Hines Real Estate Investment Trust, Inc. as of June 30, 2015 and the results of operations for the three and six months ended June 30, 2015 and 2014 and cash flows for the six months ended June 30, 2015 and 2014 have been included. The results of operations for such interim periods are not necessarily indicative of the results for the full year.

Hines Real Estate Investment Trust, Inc., a Maryland corporation ("Hines REIT" and, together with its consolidated subsidiaries, the "Company"), was formed on August 5, 2003 under the Maryland General Corporation Law for the purpose of engaging in the business of investing in and owning interests in real estate. Beginning with its taxable year ended December 31, 2004, the Company operated and intends to continue to operate in a manner to qualify as a real estate investment trust ("REIT") for federal income tax purposes. The Company is structured as an umbrella partnership REIT under which substantially all of the Company's current and future business is and will be conducted through its majority-owned subsidiary, Hines REIT Properties, L.P. (the "Operating Partnership"). Hines REIT is the sole general partner of the Operating Partnership. Subject to certain restrictions and limitations, the business of the Company is managed by Hines Advisors Limited Partnership (the "Advisor"), an affiliate of Hines Interests Limited Partnership ("Hines"), pursuant to the advisory agreement between the Company and the Advisor (the "Advisory Agreement").

Public Offering

Hines REIT has raised approximately \$2.7 billion through public offerings of its common stock, including shares of its common stock offered pursuant to its dividend reinvestment plan, since Hines REIT commenced its initial public offering in June 2004. The Company commenced a \$150.0 million offering of shares of its common stock under its dividend reinvestment plan on July 1, 2010, which closed on June 30, 2012, immediately prior to the commencement of the Company's current \$300.0 million offering of shares of its common stock under its dividend reinvestment plan on July 1, 2012. The Company refers to both offerings of shares under its dividend reinvestment plan collectively as the "DRP Offering." From inception of the DRP Offering through June 30, 2015, Hines REIT received gross offering proceeds of \$194.6 million from the sale of 24.9 million shares through the DRP Offering. Based on market conditions and other considerations, the Company does not currently expect to commence any future offerings other than those related to shares issued under its dividend reinvestment plan.

Hines REIT contributes all net proceeds from its public offerings to the Operating Partnership in exchange for partnership units in the Operating Partnership. As of June 30, 2015 and December 31, 2014, Hines REIT owned a 92.3% and 92.7% general partner interest, respectively, in the Operating Partnership. Hines 2005 VS I LP, an affiliate of Hines, owned a 0.5% limited partnership interest in the Operating Partnership as of both June 30, 2015 and December 31, 2014. In addition, another affiliate of Hines, HALP Associates Limited Partnership ("HALP"), owned a 7.2% and 6.8% profits interest (the "Participation Interest") in the Operating Partnership as of June 30, 2015 and December 31, 2014, respectively.

Investment Property

As of June 30, 2015, the Company owned direct and indirect investments in 32 properties. These properties consisted of 24 U.S. office properties and a portfolio of eight grocery-anchored shopping centers located in four states primarily in the southeastern United States. See below for additional information regarding the Grocery-Anchored Portfolio.

The Company makes investments directly through entities that are wholly-owned by the Operating Partnership, or indirectly through other entities, such as through its investment in Hines US Core Office Fund LP (the "Core Fund") in which it owned a 28.8% non-managing general partner interest as of both June 30, 2015 and December 31, 2014. The Company accounts for its investment in the Core Fund using the equity method of accounting.

In January 2014, the Company dissolved its joint venture with Weingarten Realty Investors (“Weingarten”), through which the Company and Weingarten held a portfolio of 12 grocery-anchored shopping centers (the “Grocery-Anchored Portfolio”). As a result of the dissolution of the joint venture, eight of the Grocery-Anchored Portfolio properties were distributed to the Company and the remaining four Grocery-Anchored Portfolio properties were distributed to Weingarten and an additional \$0.4 million in cash was paid to the Company by Weingarten (“Grocery-Anchored Portfolio Transaction”). As of January 1, 2014, the Company had consolidated the eight properties that it received as a result of the Grocery-Anchored Portfolio Transaction. As of December 31, 2013, the Company owned a 70% interest in the Grocery-Anchored Portfolio, which was previously accounted for as an equity method investment. See Note 4 — Recent Acquisitions of Real Estate for additional information regarding the Grocery-Anchored Portfolio Transaction.

2. Summary of Significant Accounting Policies

Described below are certain of the Company’s significant accounting policies. The disclosures regarding several of the policies have been condensed or omitted in accordance with interim reporting regulations specified by Form 10-Q. Please see the Company’s Annual Report on Form 10-K for the year ended December 31, 2014 for a complete listing of all of its significant accounting policies.

Basis of Presentation

The condensed consolidated financial statements of the Company included in this quarterly report include the accounts of Hines REIT, the Operating Partnership and the Operating Partnership’s wholly-owned subsidiaries as well as the related amounts of noncontrolling interests. All intercompany balances and transactions have been eliminated in consolidation.

The Company’s investments in partially-owned real estate joint ventures and partnerships are reviewed for impairment periodically. The Company will record an impairment charge if it determines that a decline in the value of an investment below its carrying value is other than temporary. The Company’s analysis will be dependent on a number of factors, including the performance of each investment, current market conditions, and its intent and ability to hold the investment to full recovery. Based on the Company’s analysis of the facts and circumstances at each reporting period, no impairment was recorded related to its investment in the Core Fund for the three and six months ended June 30, 2015 and 2014. However, if market conditions deteriorate in the future and result in lower valuations or reduced cash flows of the Company’s remaining investment in the Core Fund, impairment charges may be recorded in future periods.

International Operations

In addition to its properties in the United States, the Company has owned investments in Canada and Brazil, although the Company no longer owned any operating investments outside the United States as of June 30, 2015. Accumulated other comprehensive income (loss) as of June 30, 2015 is related to the remaining non-operating net assets of the disposed directly-owned properties in Brazil and Canada.

Impairment of Investment Property

Real estate assets are reviewed for impairment in 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 cash flows of each property on an undiscounted basis to the carrying amount of such property. If undiscounted cash flows are less than the carrying amount, such carrying amount would be adjusted, if necessary, to estimated fair values to reflect impairment in the value of the asset. See Note 13 — Fair Value Disclosures for additional information regarding the Company’s policy for determining fair values of its investment property. No impairment charges were recorded for the three and six months ended June 30, 2015 and 2014 on the Company’s directly-owned properties.

During the three and six months ended June 30, 2015, impairment losses of \$22.1 million were recorded related to one of the Company’s indirectly-owned properties located in Richmond, Virginia. See Note 5 — Investments in Unconsolidated Entities for additional information. No impairment charges were recorded for the three and six months ended June 30, 2014 on the Company’s indirectly-owned properties.

Tenant and Other Receivables

Receivable balances outstanding consist primarily of base rents, tenant reimbursements and receivables attributable to straight-line rent. An allowance for the uncollectible portion of tenant and other receivables is determined based upon an analysis of 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. Tenant and other receivables are shown at cost in the condensed consolidated balance sheets, net of allowance for doubtful accounts of \$4.1 million and \$4.5 million at June 30, 2015 and December 31, 2014, respectively.

Deferred Leasing Costs

Tenant inducement amortization was \$4.2 million and \$3.7 million for the three months ended June 30, 2015 and 2014, respectively, and was recorded as an offset to rental revenue. In addition, the Company recorded \$1.3 million and \$1.3 million as amortization expense related to other direct leasing costs for the three months ended June 30, 2015 and 2014, respectively.

Tenant inducement amortization was \$8.0 million and \$7.6 million for the six months ended June 30, 2015 and 2014, respectively, and was recorded as an offset to rental revenue. In addition, the Company recorded \$2.5 million and \$2.7 million as amortization expense related to other direct leasing costs for the six months ended June 30, 2015 and 2014, respectively.

Other Assets

Other assets included the following (in thousands):

	June 30, 2015	December 31, 2014
Deposit on investment property	\$ —	\$ 15,000 ⁽¹⁾
Prepaid insurance	1,682	724
Prepaid/deferred taxes	535	537
Other	1,447	1,549
Total	\$ 3,664	\$ 17,810

- (1) In December 2014, the Company funded a \$15.0 million deposit related to its acquisition of Civica Office Commons, which the Company acquired in February 2015.

Revenue Recognition

Rental payments are generally paid by the tenants prior to the beginning of each month. As of June 30, 2015 and December 31, 2014, the Company recorded liabilities of \$6.9 million and \$7.2 million, respectively, related to prepaid rental payments which were included in other liabilities in the accompanying condensed consolidated balance sheets. The Company recognizes rental revenue on a straight-line basis over the life of the lease including rent holidays, if any. Straight-line rent receivable was \$41.4 million and \$40.5 million as of June 30, 2015 and December 31, 2014, respectively.

Redemption of Common Stock

The Company's share redemption program generally limits the funds available for redemption to the amount of proceeds received from the Company's dividend reinvestment plan in the prior quarter. The board of directors determined to waive this limitation of the share redemption program and fully honor all eligible requests received for the six months ended June 30, 2015, which amount was in excess of the \$11.0 million received from the issuance of shares pursuant to the dividend reinvestment plan in the prior quarters.

The Company has recorded liabilities of \$9.0 million and \$10.2 million in accounts payable and accrued expenses in the accompanying condensed consolidated balance sheets as of June 30, 2015 and December 31, 2014, respectively, related to shares that were tendered for redemption and approved by the board of directors but were not redeemed until the subsequent month. Such amounts have been included in redemption of common shares in the accompanying consolidated statements of equity based on a redemption price of \$5.45 per share for ordinary share redemption requests and \$6.40 per share for redemption requests in connection with the death or disability of a stockholder made in 2014, and \$6.50 per share for redemption requests in connection with the death or disability of a stockholder made during 2015. The estimated per share net

asset value of the Company's common stock as of September 30, 2014 is \$6.50 and was determined by the Company's board of directors in December 2014.

Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board ("FASB") issued amendments to the Accounting Standards Codification ("ASC" or the "Codification") to provide guidance on reporting discontinued operations. These amendments raise the threshold for a disposal to qualify as a discontinued operation and require new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. These amendments are effective for fiscal years, and interim periods within those years, beginning after December 31, 2014 and early adoption was permitted. The Company elected to adopt these amendments, effective January 1, 2014. As a result, the Company did not report any sales of real estate investment property in discontinued operations for the three months ended June 30, 2015 since the Company concluded that these sales do not represent a "strategic shift" in the Company's operations. See Note 3 — Real Estate Investments for additional information regarding the sales of Citymark and 4050/4055 Corporate Drive that did not qualify as discontinued operations as of June 30, 2015.

In April 2015, FASB issued amendments to change its prior guidance on the presentation of debt issuance costs in financial statements. Under the new guidance, an entity presents such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. These amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2015 and early adoption is permitted. Upon adoption, the Company will reclassify the deferred financing costs, net to notes payable on the balance sheet.

3. Real Estate Investments

Investment property consisted of the following (in thousands):

	June 30, 2015	December 31, 2014
Buildings and improvements	\$ 1,613,604	\$ 1,452,900
Less: accumulated depreciation	(223,894)	(206,460)
Buildings and improvements, net	1,389,710	1,246,440
Land	441,425	388,218
Investment property, net	<u>\$ 1,831,135</u>	<u>\$ 1,634,658</u>

In February 2015, the Company sold Citymark, an office building located in Dallas, Texas. The contract sales price for Citymark was \$38.9 million, exclusive of transaction costs and closing prorations. The Company originally acquired its interest in Citymark in August 2005 for \$27.8 million. The Company recognized a gain on sale of this asset of \$21.1 million, which was recorded in gain (loss) on sale of real estate investments on the condensed consolidated statements of operations and comprehensive income (loss) for the six months ended June 30, 2015.

In April 2015, the Company sold 4050/4055 Corporate Drive, an industrial property located in Dallas, Texas. The contract sales price for 4050/4055 Corporate Drive was \$44.3 million, exclusive of transaction costs and closing prorations. The Company acquired 4050/4055 Corporate Drive in May 2008 for \$42.8 million. The Company recognized a gain on sale of this asset of \$8.3 million, which was recorded in gain (loss) on sale of real estate investments on the condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2015.

Lease Intangibles

As of June 30, 2015, the cost basis and accumulated amortization related to lease intangibles were as follows (in thousands):

	Lease Intangibles		
	In-Place Leases	Out-of-Market Lease Assets	Out-of-Market Lease Liabilities
Cost	\$ 287,573	\$ 43,674	\$ 61,356
Less: accumulated amortization	(141,480)	(26,639)	(28,911)
Net	\$ 146,093	\$ 17,035	\$ 32,445

As of December 31, 2014, the cost basis and accumulated amortization related to lease intangibles were as follows (in thousands):

	Lease Intangibles		
	In-Place Leases	Out-of-Market Lease Assets	Out-of-Market Lease Liabilities
Cost	\$ 254,029	\$ 43,834	\$ 56,267
Less: accumulated amortization	(127,055)	(25,120)	(27,505)
Net	\$ 126,974	\$ 18,714	\$ 28,762

Amortization expense of in-place leases was \$11.2 million and \$13.1 million for the three months ended June 30, 2015 and 2014, respectively, and amortization of out-of-market leases, net, increased rental revenue by \$0.6 million and \$1.0 million, respectively. Amortization expense of in-place leases was \$22.6 million and \$26.6 million for the six months ended June 30, 2015 and 2014, respectively, and amortization of out-of-market leases, net, increased rental revenue by \$1.2 million and \$1.7 million, respectively.

Expected future amortization of in-place leases and out-of-market leases, net, including out-of-market ground leases for the period from July 1, 2015 through December 31, 2015 and for each of the years ended December 31, 2016 through 2019 is as follows (in thousands):

	In-Place Leases	Out-of-Market Leases, Net
July 1, 2015 through December 31, 2015	\$ 20,735	\$ (1,118)
2016	32,429	(1,014)
2017	23,458	35
2018	18,230	(514)
2019	11,015	(1,132)

Leases

In connection with its directly-owned properties, the Company has entered into non-cancelable lease agreements with tenants for space. As of June 30, 2015, the approximate fixed future minimum rentals for the period from July 1, 2015 through December 31, 2015, for each of the years ended December 31, 2016 through 2019 and thereafter are as follows (in thousands):

	Fixed Future Minimum Rentals
July 1, 2015 through December 31, 2015	\$ 84,390
2016	158,987
2017	142,524
2018	123,480
2019	105,552
Thereafter	638,868
Total	\$ 1,253,801

During the six months ended June 30, 2015 and 2014, the Company did not earn more than 10% of its revenue from any individual tenant.

4. Recent Acquisitions of Real Estate

For the six months ended June 30, 2015, the Company acquired the assets and assumed certain liabilities of two real estate operating properties located in Bellevue, Washington and San Jose, California for a total net purchase price of \$292.0 million.

The amounts recognized for major assets acquired as of the acquisition date were determined by allocating the purchase price of each property acquired in 2015 and 2014 as follows (in thousands):

Property Name	Acquisition Date	Building and Improvements	Land	In-place Lease Intangibles	Out-of-Market Lease Intangibles, Net	Discount related to assumed mortgage loan	Total Purchase Price
2015							
Civica Office Commons	02/11/2015	\$ 140,706	\$ 41,240	\$ 26,190	\$ (2,960)	\$ —	\$ 205,176
2851 Junction Avenue	05/14/2015	\$ 50,024	\$ 24,500	\$ 16,020	\$ (3,680)	\$ —	\$ 86,864
2014							
Grocery-Anchored Portfolio ⁽¹⁾	01/01/2014	\$ 102,506	\$ 63,900	\$ 24,980	\$ (12,670)	\$ (500)	\$ 178,216
Howard Hughes Center	01/15/2014	\$ 278,378	\$ 138,820	\$ 101,840	\$ (8,290)	\$ —	\$ 510,748

- (1) The Grocery-Anchored Portfolio Transaction, which was a step acquisition, was accounted for as a business combination resulting in the assets acquired and liabilities assumed being recorded at fair value as a result of the step acquisition. Prior to the acquisition, the joint venture with Weingarten was considered a variable interest entity and was accounted for under the equity method of accounting, since the Company did not have the ability to direct the significant activities that affect the economic performance of the joint venture. The Company received \$0.4 million in cash as a result of the step acquisition and determined that the fair value of the Company's previously held interest was \$167.2 million. The fair value of the Company's equity interest was estimated using market-based measurements, including cash flow and other valuation techniques. The fair value measurement is based on both significant inputs for similar assets and liabilities in comparable markets and significant inputs that are not observable in the markets in accordance with the Company's fair value measurements accounting policy. Key assumptions include: third-party broker valuation estimates; discount rates ranging from 6.5% to 9.0%; a terminal capitalization rate for similar properties; and factors that the Company believes market participants would consider in estimating fair value. In

addition, the Company recognized a \$13.2 million gain, which represented the difference between the book value and the fair value of the Company's previously held equity method investment in the joint venture with Weingarten and has been included in the line item, "Gain (loss) on sale or dissolution of unconsolidated joint venture" in the condensed consolidated statements of operations and comprehensive income (loss).

The weighted average amortization period for the intangible assets and liabilities acquired in connection with the 2015 and 2014 acquisitions, as of the date of the acquisition, was as follows (in years):

	In-Place Leases	Above-Market Lease Assets	Below-Market Lease Liabilities
2015 Acquisition:			
Civica Office Commons	3.9	4.0	3.9
2851 Junction Avenue	14.4	—	14.4
2014 Acquisitions:			
Grocery-Anchored Portfolio	15.4	7.1	39.3
Howard Hughes Center	4.4	4.7	6.1

The table below includes the amounts of revenue and net income (loss) of the acquisitions completed during the six months ended June 30, 2015, which are included in the Company's condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2015 (in thousands):

		For the Three Months Ended June 30, 2015	For the Six Months Ended June 30, 2015
2015 Acquisition			
Civica Office Commons	Revenue	\$ 3,749	\$ 5,880
	Net income (loss)	\$ (674)	\$ (758)
2851 Junction Avenue	Revenue	\$ 891	\$ 891
	Net income (loss)	\$ 333	\$ 333

The following unaudited consolidated information is presented to give effect to the 2015 acquisitions through June 30, 2015 as if the acquisitions occurred on January 1, 2014. This information excludes activity that is non-recurring and not representative of the Company's future activity, primarily acquisition fees and expenses of \$0.7 million and \$0.2 million for the three months ended June 30, 2015 and 2014, respectively, and \$1.2 million and \$1.3 million for the six months ended June 30, 2015 and 2014, respectively. The information below is not necessarily indicative of what the actual results of operations would have been had the Company completed these transactions on January 1, 2014, nor does it purport to represent the Company's future operations (amounts in thousands, except per share amounts):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	Pro Forma 2015	Pro Forma 2014	Pro Forma 2015	Pro Forma 2014
Revenue	\$ 54,348	\$ 64,348	\$ 113,731	\$ 129,855
Net income (loss) from continuing operations	\$ (1,552)	\$ 39,633	\$ 45,979	\$ 81,693
Basic and diluted income (loss) from continuing operations per common share	\$ (0.01)	\$ 0.17	\$ 0.21	\$ 0.36

The table below includes the amounts of revenue and net income (loss) of the acquisitions completed during the six months ended June 30, 2014, which are included in the Company's condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2014 (in thousands):

2014 Acquisitions		For the Three Months Ended June 30, 2014		For the Six Months Ended June 30, 2014	
Grocery-Anchored Portfolio	Revenue	\$	4,642	\$	9,046
	Net income (loss)	\$	945	\$	1,771
Howard Hughes Center	Revenue	\$	11,764	\$	22,645
	Net income (loss)	\$	(3,514)	\$	(6,729)

The following unaudited consolidated information is presented to give effect to the 2014 acquisitions through June 30, 2014 as if the acquisitions occurred on January 1, 2013. This information excludes activity that is non-recurring and not representative of the Company's future activity, primarily acquisition fees and expenses of \$0.2 million and \$1.3 million for the three and six months ended June 30, 2014, respectively, and the gain on the dissolution of the Company's joint venture as a result of the Grocery-Anchored Portfolio Transaction was \$1.9 million and \$13.2 million for the three and six months ended June 30, 2014, respectively, and the gain on the sale of the Company's investment in Distribution Park Rio was \$0.1 million and \$16.1 million for the three and six months ended June 30, 2013, respectively. The information below is not necessarily indicative of what the actual results of operations would have been had the Company completed these transactions on January 1, 2013, nor does it purport to represent the Company's future operations (amounts in thousands, except per share amounts):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	Pro Forma 2014	Pro Forma 2013	Pro Forma 2014	Pro Forma 2013
Revenue	\$ 58,837	\$ 59,186	\$ 120,939	\$ 118,307
Net income (loss) from continuing operations	\$ 38,372	\$ 72,291	\$ 69,788	\$ 59,354
Basic and diluted income (loss) from continuing operations per common share	\$ 0.17	\$ 0.31	\$ 0.31	\$ 0.25

5. Investments in Unconsolidated Entities

As of June 30, 2015 and December 31, 2014, the Company owned indirect investments in 8 and 10 properties, respectively, through its interest in the Core Fund.

The table below presents the activity of the Company's unconsolidated entities as of and for the periods presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Beginning balance	\$ 164,079	\$ 226,479	\$ 187,668	\$ 393,695
Distributions declared	(17,077)	(33,549)	(73,865)	(85,385)
Equity in earnings (losses)	(199)	41,297	33,000	82,242
Effect of sale or dissolution of unconsolidated joint venture	—	—	—	(156,325)
Ending balance	\$ 146,803	\$ 234,227	\$ 146,803	\$ 234,227

Condensed financial information for the Core Fund is summarized as follows (in thousands):

Condensed Consolidated Balance Sheets for the Core Fund

	June 30, 2015	December 31, 2014
ASSETS		
Cash	\$ 57,033	\$ 87,154
Investment property, net	1,214,872	1,743,681
Other assets	315,758	453,487
Total Assets	<u>\$ 1,587,663</u>	<u>\$ 2,284,322</u>
LIABILITIES AND EQUITY		
Debt	\$ 840,467	\$ 1,198,684
Other liabilities	98,555	176,821
Redeemable noncontrolling interests	166,797	192,172
Equity	481,844	716,645
Total Liabilities and Equity	<u>\$ 1,587,663</u>	<u>\$ 2,284,322</u>

The Core Fund sold two and three properties during the six months ended June 30, 2015 and 2014, respectively. The Core Fund elected to adopt the amendments to the Codification that provide guidance on reporting discontinued operations early, effective January 1, 2014, and as a result, did not report the sale of The KPMG Building, 720 Olive Way, Charlotte Plaza and its remaining ownership interest in the entity that owns One North Wacker in discontinued operations for the periods presented. In January 2014, the Core Fund sold 101 Second Street, which was deemed held for sale as of December 31, 2013 and was reclassified into assets and liabilities held for sale, which are included in other assets and other liabilities and income from discontinued operations for all periods presented. This reclassification is reflected in the table below.

Condensed Consolidated Statements of Operations for the Core Fund

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In thousands)			
Total revenues	\$ 39,228	\$ 60,438	\$ 85,731	\$ 123,414
Total expenses	65,543	62,347	115,636	127,802
Gain (loss) on sale of real estate investments	27,730	182,354	167,602	182,354
Income (loss) from continuing operations	1,415	180,445	137,697	177,966
Income (loss) from discontinued operations	—	(58)	—	174,098
Net income (loss)	1,415	180,387	137,697	352,064
Less (income) loss allocated to noncontrolling interests	(930)	(35,423)	(21,080)	(66,002)
Net income (loss) attributable to parent	<u>\$ 485</u>	<u>\$ 144,964</u>	<u>\$ 116,617</u>	<u>\$ 286,062</u>

The following discusses items of significance for the periods presented for the Company's equity method investments:

In January 2015, a subsidiary of the Core Fund sold its remaining 51% interest in the entity that owns One North Wacker for \$240.0 million. The Core Fund previously sold a 49% noncontrolling interest in One North Wacker in December 2011. One North Wacker was acquired in March 2008 for a contract purchase price of \$540.0 million. As a result of the sale of the 51% interest in One North Wacker, the Core Fund recognized a gain on sale of \$140.2 million. As a result of the sale, the Company recognized a gain of \$34.3 million, which is included in equity in earnings (losses) of unconsolidated entities, net, in the condensed consolidated statements of operations and comprehensive income (loss) for the six months ended June 30, 2015.

In April 2015, the Core Fund sold Charlotte Plaza for a contract sales price of \$160.0 million. Charlotte Plaza was acquired in June 2007 for a net purchase price of \$175.5 million. As a result of the sale of Charlotte Plaza, the Core Fund recognized a

gain on sale of \$27.4 million. As a result of the sale, the Company recognized a gain on sale of \$6.7 million, which is included in equity in earnings (losses) of unconsolidated entities, net, in the condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2015.

During the three and six months ended June 30, 2015, the Core Fund recorded an impairment loss of \$22.1 million on Riverfront Plaza in Richmond, Virginia due to deterioration of market conditions.

In January 2014, the Core Fund sold 101 Second Street for a contract sales price of \$297.5 million. 101 Second Street was acquired in September 2004 for a contract purchase price of \$157.0 million. As a result of the sale of 101 Second Street, the Core Fund recognized a gain on sale of \$174.4 million. As a result of the sale, the Company recognized a gain of \$41.6 million, which is included in equity in earnings (losses) of unconsolidated entities, net, in the condensed consolidated statements of operations and comprehensive income (loss) for the six months ended June 30, 2014.

In May 2014, the Core Fund sold The KPMG Building for a contract sales price of \$274.0 million. The KPMG Building was acquired in September 2004 for a contract purchase price of \$148.0 million. As a result of the sale of The KPMG Building, the Core Fund recognized a gain on sale of \$155.9 million. As a result of the sale, the Company recognized a gain of \$37.2 million, which is included in equity in earnings (losses) of unconsolidated entities, net, in the condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2014.

In June 2014, the Core Fund sold 720 Olive Way for a contract sales price of \$101.0 million. 720 Olive Way was acquired in January 2006 for a contract purchase price of \$83.7 million. As a result of the sale of 720 Olive Way, the Core Fund recognized a gain on sale of \$26.4 million. As a result of the sale, the Company recognized a gain on sale of \$5.0 million, which is included in equity in earnings (losses) of unconsolidated entities, net, in the condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2014.

6. Debt Financing

As of June 30, 2015 and December 31, 2014, the Company had \$1.0 billion and \$868.0 million of debt outstanding, respectively, with a weighted average years to maturity of 1.6 years and 2.1 years, respectively, and a weighted average interest rate of 3.6% and 3.9%, respectively. The following table includes all of the Company's outstanding notes payable balances as of June 30, 2015 and December 31, 2014 (in thousands, except interest rates):

Description	Maturity Date	Interest Rate Description	Interest Rate	Principal Outstanding at June 30, 2015	Principal Outstanding at December 31, 2014
SECURED MORTGAGE DEBT					
Arapahoe Business Park I ⁽¹⁾	6/11/2015	Fixed	5.33%	\$ —	\$ 9,117
Arapahoe Business Park II	11/11/2015	Fixed	5.53%	9,475	9,568
1515 S. Street	9/1/2016	Fixed	4.25%	37,165	37,702
345 Inverness Drive	12/11/2016	Fixed	5.85%	14,348	14,470
JPMorgan Chase Tower	2/1/2016	Variable	2.69%	151,376	153,219
Thompson Bridge Commons	3/1/2018	Fixed	6.02%	5,094	5,225
HSB POOLED MORTGAGE FACILITY					
321 North Clark, 1900 and 2000 Alameda	8/1/2016	Fixed via swap	5.86%	169,697	169,697
3400 Data Drive, 2100 Powell	1/23/2017	Fixed via swap	5.25%	98,000	98,000
Daytona and Laguna Buildings	5/2/2017	Fixed via swap	5.36%	119,000	119,000
OTHER NOTES PAYABLE					
JPMorgan Chase Revolving Credit Facility - Revolving Loan ⁽²⁾	4/1/2017	Variable	1.79%	184,400	52,000
JPMorgan Chase Revolving Credit Facility - Term Loan ⁽²⁾	4/1/2018	Variable	1.69%	200,000	200,000
JPMorgan Chase - Bridge Credit Agreement ⁽³⁾	9/11/2015	Variable	1.79%	30,000	—
TOTAL PRINCIPAL OUTSTANDING				1,018,555	867,998
Unamortized Discount ⁽⁴⁾				(125)	(340)
NOTES PAYABLE				<u>\$ 1,018,430</u>	<u>\$ 867,658</u>

- (1) In April 2015, the Company paid in full the Arapahoe Business Park I secured mortgage loan.
- (2) See the discussion following the heading “JPMorgan Revolving Credit Facility” below for additional information regarding the Company's acquisition credit facility.
- (3) See the discussion following the heading “Bridge Credit Agreement” below for additional information regarding the Company's loan facility.
- (4) The Company assumed notes payable in connection with various acquisitions, which were recorded at their estimated fair value as of the date of acquisition. The difference between the fair value at acquisition and the principal outstanding is amortized over the term of the related note.

Bridge Credit Agreement

In February 2015, a subsidiary of the Operating Partnership entered into a Bridge Credit Agreement (the “Bridge Credit Agreement”) with JPMorgan Chase Bank, N.A. (“Chase”) to establish a \$30.0 million secured term loan facility (the “Facility”). In connection with the acquisition of Civica Office Commons in February 2015, the Company borrowed the full capacity under the Facility. The Facility had an original maturity date of May 12, 2015. In April 2015, the maturity date was extended to September 11, 2015. The interest rate as of the date of the initial funding of the loan was 1.78%. In connection with

the financing pursuant to the Bridge Credit Agreement, the Advisor agreed to waive the entire \$0.3 million debt financing fee that otherwise would be payable to the Advisor. Using the proceeds received from the sale of 2555 Grand, the Company made a payment of \$30.0 million to fully pay down this financing in July 2015.

JPMorgan Revolving Credit Facility

In January 2014, a subsidiary of the Operating Partnership entered into an acquisition credit agreement (the “JPMorgan Acquisition Credit Agreement”) with Chase to establish a \$425.0 million unsecured term loan facility (the “Acquisition Credit Facility”). In connection with the acquisition of the Howard Hughes Center in January 2014, the Company borrowed the full capacity under the Acquisition Credit Facility. The Acquisition Credit Facility had a maturity date of May 15, 2014 with two 30-day extension options. The Company made a payment of \$45.0 million related to this financing in February 2014. Additionally, in connection with this financing, the Advisor agreed to waive the entire \$4.3 million debt financing fee that otherwise would be payable to the Advisor pursuant to the Advisory Agreement.

In April 2014, a subsidiary of the Company entered into a credit agreement (the “Credit Agreement”) with Chase, as Administrative Agent for itself and various lenders named in the Credit Agreement. The Credit Agreement provides for borrowings up to \$225.0 million under a revolving credit facility (the “Revolving Loan Commitment”) and up to \$200.0 million under a term loan (the “Term Loan Commitment”), which the Company refers to collectively as the “Revolving Credit Facility”. Upon entry into the Credit Agreement in April 2014, the Company borrowed \$170.0 million under the Revolving Loan Commitment and \$200.0 million under the Term Loan Commitment to repay \$370.0 million in loans outstanding under the JPMorgan Acquisition Credit Agreement. The Company also made an additional payment of \$10.0 million in April 2014 on the JPMorgan Acquisition Credit Agreement so that the entire \$380.0 million in loans outstanding under the agreement as of March 31, 2014 was repaid. The Revolving Loan Commitment has a maturity date of April 1, 2017, subject to a one-year extension at the option of the Company. The Term Loan Commitment has a maturity date of April 1, 2018. The Revolving Loan Commitment had an all-in interest rate of 1.86% on the date of the borrowing and the Term Loan Commitment had an all-in interest rate of 1.76% on the date of the borrowing. In connection with this financing, the Company's Advisor agreed to waive the entire \$4.3 million debt financing fee otherwise payable to the Advisor pursuant to the Advisory Agreement.

During the six months ended June 30, 2015, the Company borrowed \$259.0 million and made payments of \$126.6 million under the Revolving Loan Commitment.

In July 2015, using the proceeds received from the sale of 2555 Grand, the Company made a payment of \$119.0 million under the Revolving Loan Commitment.

The following table summarizes required principal payments on the Company's outstanding notes payable for the period from July 1, 2015 through December 31, 2015, for each of the years ended December 31, 2016 through December 31, 2019 and for the period thereafter (in thousands):

	Principal Payments due by Period					
	July 1, 2015 through December 31, 2015	2016	2017	2018	2019	Thereafter
Notes payable	\$ 40,281	\$ 372,197	\$ 401,700	\$ 204,377	\$ —	\$ —

The Company is not aware of any instances of noncompliance with financial covenants as of June 30, 2015.

7. Derivative Instruments

The Company has several interest rate swap transactions with HSH Nordbank AG, New York Branch (“HSH Nordbank”). These swap transactions were entered into as economic hedges against the variability of future interest rates on the Company’s variable interest rate borrowings with HSH Nordbank. The Company has not designated any of its derivative instruments as hedging instruments for accounting purposes. The interest rate swaps have been recorded at their estimated fair value in the accompanying condensed consolidated balance sheets and changes in the fair value were recorded in gain (loss) on derivative instruments, net in the Company’s condensed consolidated statements of operations. See Note 13 — Fair Value Disclosures for additional information.

The tables below provide additional information regarding each of the Company’s outstanding interest rate swaps (all amounts are in thousands except for interest rates):

Effective Date	Expiration Date	Notional Amount	Interest Rate Received	Interest Rate Paid
August 1, 2006	August 1, 2016	\$ 169,697	LIBOR	5.4575%
January 12, 2007	January 12, 2017	\$ 98,000	LIBOR	4.8505%
May 1, 2007	May 1, 2017	\$ 119,000	LIBOR	4.9550%

The Company has not entered into any master netting arrangements with its third-party counterparties and does not offset on its consolidated condensed balance sheets the fair value amounts recorded for derivative instruments. The table below presents the fair value of the Company’s derivative instruments included in “Liabilities — Interest Rate Swap Contracts” on the Company’s condensed consolidated balance sheets, as of June 30, 2015 and December 31, 2014 (in thousands):

Derivatives not designated as hedging instruments for accounting purposes:	Liability Derivatives Fair Value	
	June 30, 2015	December 31, 2014
Interest rate swap contracts	\$ 26,866	\$ 34,393
Total derivatives	\$ 26,866	\$ 34,393

The table below presents the effects of the changes in fair value of the Company’s derivative instruments in the Company’s condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2015 and 2014 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Gain (loss) on interest rate swap, net	\$ 4,335	\$ 3,821	\$ 7,527	\$ 9,562
Total	\$ 4,335	\$ 3,821	\$ 7,527	\$ 9,562

8. Distributions

With the authorization of its board of directors, the Company declared distributions for the period from January 2014 through August 2015. These distributions were or will be calculated based on stockholders of record each day during this period in an amount equal to \$0.00073973 per share, per day and will be paid on the first day of the month following the fiscal quarter to which they relate in cash, or reinvested in stock for those participating in the Company's dividend reinvestment plan.

The table below outlines the Company's total distributions declared to stockholders and noncontrolling interests for each of the quarters during 2015 and 2014, including the breakout between the distributions paid in cash and those reinvested pursuant to the Company's dividend reinvestment plan (all amounts are in thousands).

Distributions for the Three Months Ended	Stockholders			Noncontrolling Interests
	Cash Distributions	Distributions Reinvested	Total Declared	Total Declared
2015 ⁽¹⁾				
June 30, 2015	\$ 9,645	\$ 5,416	\$ 15,061	\$ 74
March 31, 2015	9,507	5,424	14,931	74
Total	<u>\$ 19,152</u>	<u>\$ 10,840</u>	<u>\$ 29,992</u>	<u>\$ 148</u>
2014 ⁽¹⁾				
December 31, 2014	\$ 9,755	\$ 5,573	\$ 15,328	\$ 75
September 30, 2014	9,756	5,615	15,371	76
June 30, 2014	9,659	5,610	15,269	74
March 31, 2014	9,552	5,613	15,165	74
Total	<u>\$ 38,722</u>	<u>\$ 22,411</u>	<u>\$ 61,133</u>	<u>\$ 299</u>

- (1) Except as noted below, excluded from this table are distributions declared with respect to the Participation Interest (as discussed further in Note 9 — Related Party Transactions). The distributions declared with respect to the Participation Interest for the quarters ended June 30, 2015, March 31, 2015, December 31, 2014, September 30, 2014, June 30, 2014 and March 31, 2014 were \$1.2 million, \$1.1 million, \$1.1 million, \$1.0 million, \$1.0 million and \$1.0 million, respectively.

9. Related Party Transactions

The table below outlines fees incurred and expense reimbursements payable to Hines, the Advisor and Hines Securities, Inc. for the three and six months ended June 30, 2015 and 2014 and outstanding as of June 30, 2015 and December 31, 2014 (all amounts are in thousands).

Type and Recipient	Incurred				Unpaid as of	
	Three Months Ended		Six Months Ended		June 30,	December 31,
	June 30,	June 30,	June 30,	June 30,		
	2015	2014	2015	2014	2015	2014
Participation Interest in the Operating Partnership – HALP Associates Limited Partnership ⁽¹⁾	\$ 4,866	\$ 4,991	\$ 9,706	\$ 11,008	\$ 116,398	\$ 108,911
Due to Affiliates						
Acquisition Fee – the Advisor ⁽²⁾	170	—	580	1,012	—	—
Asset Management Fee – the Advisor	3,411	3,697	6,842	7,403	1,137	1,135
Debt Financing Fee – the Advisor ⁽³⁾	—	—	—	—	—	—
Other – the Advisor	957	1,186	1,744	1,993	488	656
Property Management Fee – Hines	1,268	1,326	2,568	2,727	93	34
Leasing Fee – Hines	149	845	2,306	869	2,829	2,252
Tenant Construction Management Fees – Hines	11	18	11	22	84	5
Expense Reimbursements – Hines (with respect to management and operation of the Company's properties)	2,977	3,647	5,979	7,651	674	612
Due to Affiliates					\$ 5,305	\$ 4,694

- (1) The Company recorded a liability related to the Participation Interest based on its estimated settlement value in the accompanying condensed consolidated balance sheets. This liability is remeasured at fair value based on the related redemption price in place as of the date of each balance sheet plus any unpaid distributions.
- (2) In connection with the acquisition of 2851 Junction Avenue in May 2015, the Company was obligated to pay approximately \$0.9 million of acquisition fees to the Advisor, half of which was payable in cash and half of which was payable as an increase to the Participation Interest. The Advisor and HALP, the holder of the Participation Interest, respectively, agreed to waive \$0.3 million of the cash acquisition fee and all of the \$0.4 million acquisition fee payable as an increase to the Participation Interest. In connection with the acquisition of Civica Office Commons in February 2015, the Company was obligated to pay approximately \$2.1 million of acquisition fees to the Advisor, half of which was payable in cash and half of which was payable as an increase to the Participation Interest. The Advisor and HALP, the holder of the Participation Interest, respectively, agreed to waive \$0.6 million of the cash acquisition fee and all of the \$1.0 million acquisition fee payable as an increase to the Participation Interest. In connection with the acquisition of the Howard Hughes Center in January 2014, the Company was obligated to pay approximately \$5.0 million of acquisition fees to the Advisor, half of which was payable in cash and half of which was payable as an increase to the Participation Interest. The Advisor and HALP, the holder of the Participation Interest, respectively, agreed to waive \$1.5 million of the cash acquisition fee and the entire \$2.5 million acquisition fee payable related to the Participation Interest.
- (3) In connection with the financing pursuant to the Bridge Credit Agreement in February 2015, the Advisor agreed to waive the entire \$0.3 million debt financing fee that otherwise would be payable to the Advisor. In connection with the financing pursuant to the JPMorgan Acquisition Credit Agreement in January 2014, the Advisor agreed to waive the entire \$4.3 million debt financing fee that otherwise would be payable to the Advisor. Additionally, in connection with the financing pursuant to the Credit Agreement in April 2014, the Advisor agreed to waive the entire \$4.3 million debt financing fee otherwise payable to the Advisor pursuant to the Advisory Agreement. See Note 6 — Debt Financing for additional information on these financings.

10. Changes in Assets and Liabilities

The effect of the changes in asset and liability accounts on cash flows from operating activities for the six months ended June 30, 2015 and 2014 is as follows (in thousands):

	Six Months Ended June 30,	
	2015	2014
Change in other assets	\$ (482)	\$ (1,219)
Change in tenant and other receivables	(1,374)	(5,639)
Change in deferred leasing costs	(41,812)	(21,667)
Change in accounts payable and accrued expenses	16,574	9,732
Change in participation interest liability	7,486	9,110
Change in other liabilities	(1,667)	143
Change in due to affiliates	617	1,430
Changes in assets and liabilities	<u>\$ (20,658)</u>	<u>\$ (8,110)</u>

11. Supplemental Cash Flow Disclosures

Supplemental cash flow disclosures for the six months ended June 30, 2015 and 2014 are as follows (in thousands):

	Six Months Ended June 30,	
	2015	2014
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 14,293	\$ 21,945
Cash paid for income taxes	\$ 327	\$ 264
Supplemental Schedule of Non-Cash Activities		
Distributions declared and unpaid	\$ 15,136	\$ 15,344
Distributions reinvested	\$ 10,997	\$ 11,424
Shares tendered for redemption	\$ 8,970	\$ 10,505
Assumption of mortgages upon dissolution of joint venture	\$ —	\$ 10,947
Noncash net assets (liabilities) acquired upon acquisition of property	\$ (6,734)	\$ 172,244

12. Commitments and Contingencies

In January 2015, Shook, Hardy & Bacon LLP signed a lease renewal for its space in 2555 Grand located in Kansas City, Missouri. In connection with this renewal, the Company committed to fund \$14.7 million of tenant improvements and leasing commissions related to its space, to be paid in future periods. As of June 30, 2015, \$11.9 million of this commitment remained unfunded and is recorded in accounts payable and accrued expenses in the accompanying condensed consolidated balance sheets. In July 2015, the Company sold 2555 Grand. See Note 15 — Subsequent Event for additional information regarding the sale of 2555 Grand.

In September 2014, Locke Lord LLP signed a lease renewal for its space in JPMorgan Chase Tower located in Dallas, Texas. In connection with this renewal, the Company committed to fund \$15.9 million of tenant improvements and leasing commissions related to its space, to be paid in future periods. As of June 30, 2015, \$11.5 million of this commitment remained unfunded and is recorded in accounts payable and accrued expenses in the accompanying condensed consolidated balance sheets.

The Company is 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.

13. Fair Value Disclosures

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Derivative Instruments

The Company records liabilities related to the fair values of its interest rate swap contracts. The valuation of these instruments is determined based on assumptions that management believes market participants would use in pricing, using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of the Company's interest rate contracts have been determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

Although the Company has determined the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparty, HSH Nordbank. In adjusting the fair values of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds and guarantees. However, as of June 30, 2015, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuations of its derivatives. As a result, the Company has determined its derivative valuations are classified in Level 2 of the fair value hierarchy.

The following fair value hierarchy table sets forth the Company's interest rate swaps which are measured at fair value on a recurring basis, which equals book value, by level within the fair value hierarchy as of June 30, 2015 and December 31, 2014 (in thousands). The Company's derivative financial instruments are recorded in interest rate swap contracts in the accompanying condensed consolidated balance sheets. The Company has not designated any of its derivative instruments as hedging instruments for accounting purposes.

Description	Fair Value	Basis of Fair Value Measurements		
		Quoted Prices In Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2015	\$ 26,866	\$ —	\$ 26,866	\$ —
December 31, 2014	\$ 34,393	\$ —	\$ 34,393	\$ —

Financial Instruments Fair Value Disclosures

Other Financial Instruments

As of June 30, 2015, management estimated that the fair value of notes payable, which had a carrying value of \$1.0 billion, was \$1.0 billion. As of December 31, 2014, management estimated that the fair value of notes payable, which had a carrying value of \$867.7 million, was \$889.2 million. The discount rates used approximate current lending rates for loans or groups of loans with similar maturities and credit quality, assumes the debt is outstanding through maturity and considers the debt's collateral (if applicable). Management has utilized market information as available or present value techniques to estimate the amounts required to be disclosed. The Company has determined the majority of the inputs used to value its notes payable fall within Level 2 of the fair value hierarchy, however the credit quality adjustments associated with its fair value of notes payable utilize Level 3 inputs. However, as of June 30, 2015, the Company has assessed the significance of the impact of the credit quality adjustments on the overall valuations of its fair market value of notes payable and has determined that they are not significant. As a result, the Company has determined these financial instruments utilize Level 2 inputs. Since such amounts are estimates that are based on limited available market information for similar transactions, there can be no assurance that the disclosed values could be realized.

Other financial instruments not measured at fair value on a recurring basis include cash and cash equivalents, restricted cash, distributions receivable, 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 and Level 2 inputs are utilized to estimate the fair value of these financial instruments.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain long-lived assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments (i.e., impairments) in certain circumstances. The fair value methodologies used to measure long-lived assets are described in Note 2 — Summary of Significant Accounting Policies — Impairment of Investment Property. The inputs associated with the valuation of long-lived assets are generally included in Level 2 or Level 3 of the fair value hierarchy, as discussed below. There were no events during the six months ended June 30, 2015 and 2014 which indicated that fair value adjustments of the Company's long-lived assets were necessary.

14. Reportable Segments

The Company's investments in real estate are geographically diversified and management evaluates the operating performance of each at an individual property level. The Company has determined it has three reportable segments: (1) office properties, (2) an industrial property and (3) retail properties. The office properties segment consists of 16 office properties that the Company owns directly as well as 8 office properties that are owned indirectly through the Company's investment in the Core Fund. The retail segment consists of the 8 grocery-anchored shopping centers in the Grocery-Anchored Portfolio. The industrial property segment consists of one industrial property located in Dallas, Texas, which was sold in April 2015.

The Company's indirect investments are accounted for using the equity method of accounting. As such, the activities of these investments are reflected in investments in unconsolidated entities in the condensed consolidated balance sheets and equity in earnings (losses) of unconsolidated entities, net in the condensed consolidated statements of operations. As discussed previously, the Company completed the Grocery-Anchored Portfolio Transaction in January 2014, which is reflected in the tables below.

The tables below provide additional information related to each of the Company's segments (in thousands) and a reconciliation to the Company's net income or 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 June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Total revenue				
Office properties	\$ 49,158	\$ 53,406	\$ 99,699	\$ 108,284
Industrial property	20	789	936	1,563
Retail properties	4,372	4,642	8,905	9,046
Total revenue	<u>\$ 53,550</u>	<u>\$ 58,837</u>	<u>\$ 109,540</u>	<u>\$ 118,893</u>
Net property revenues in excess of expenses⁽¹⁾				
Office properties	\$ 25,954	\$ 28,235	\$ 54,147	\$ 57,783
Industrial property	(75)	449	487	921
Retail properties	3,031	3,230	6,295	6,512
Total segment net property revenues in excess of expenses	<u>\$ 28,910</u>	<u>\$ 31,914</u>	<u>\$ 60,929</u>	<u>\$ 65,216</u>
Equity in earnings (losses) of unconsolidated entities				
Equity in earnings (losses) of office properties	\$ (199)	\$ 41,297	\$ 33,000	\$ 82,242
Total equity in earnings (losses) of unconsolidated entities	<u>\$ (199)</u>	<u>\$ 41,297</u>	<u>\$ 33,000</u>	<u>\$ 82,242</u>

(1) Revenues less property operating expenses, real property taxes and property management fees.

Total assets	June 30, 2015	December 31, 2014
Office properties	\$ 2,038,153	\$ 1,760,560
Industrial property	450	36,475
Retail properties	187,100	190,296
Investment in unconsolidated entities		
Office properties	146,803	187,668
Corporate-level accounts ⁽¹⁾	39,145	53,993
Total assets	\$ 2,411,651	\$ 2,228,992

- (1) This amount primarily consists of cash and cash equivalents at the corporate level, including proceeds from the sale of the Company's directly and indirectly-owned investments and distributions receivable from the Company's investments in unconsolidated entities. Additionally, in 2014, this amount includes the \$15.0 million deposit recorded in other assets on the consolidated balance sheet related to the acquisition of Civica Office Commons in February 2015.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Reconciliation to net income (loss)				
Total segment net property revenues in excess of expenses	\$ 28,910	\$ 31,914	\$ 60,929	\$ 65,216
Depreciation and amortization	(22,808)	(24,387)	(45,290)	(49,112)
Acquisition related expenses	(545)	(163)	(600)	(269)
Asset management and acquisition fees	(8,447)	(8,688)	(17,128)	(19,423)
General and administrative	(2,083)	(1,690)	(3,430)	(3,647)
Gain (loss) on derivative instruments, net	4,335	3,821	7,527	9,562
Gain (loss) on sale or dissolution of unconsolidated joint venture	—	2,070	—	13,381
Equity in earnings (losses) of unconsolidated entities, net	(199)	41,297	33,000	82,242
Gain (loss) on sale of real estate investments	8,304	8,485	29,383	9,499
Interest expense	(9,840)	(12,505)	(19,320)	(24,881)
Interest income	11	201	22	386
Benefit (provision) for income taxes	(26)	(76)	(112)	(165)
Income (loss) from discontinued operations, net of taxes	(158)	(23)	(160)	(206)
Net income (loss)	<u>\$ (2,546)</u>	<u>\$ 40,256</u>	<u>\$ 44,821</u>	<u>\$ 82,583</u>

15. Subsequent Events

2555 Grand

In July 2015, the Company sold 2555 Grand for a contract sales price of \$153.5 million. 2555 Grand is an office building located in Kansas City, Missouri. The Company acquired 2555 Grand in February 2008 for \$155.8 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q. The following discussion should also be read in conjunction with our audited consolidated financial statements and the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2014 ("2014 Annual Report").

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include statements concerning future financial performance and distributions, future debt and financing levels, payments to Hines Advisors Limited Partnership (the "Advisor"), and its affiliates and other plans and objectives of management for future operations or economic performance, or assumptions or forecasts related thereto as well as all other statements that are not historical statements. These statements are only predictions. We caution that forward-looking statements are not guarantees. Actual events or our investments and results of operations could differ materially from those expressed or implied in 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 in this Quarterly Report on Form 10-Q 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, the availability of future financing 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 forward-looking statements could prove to be inaccurate. To the extent that our assumptions differ from actual results, our ability to meet such forward-looking statements, including our ability to generate positive cash flow from operations, pay distributions to our stockholders and maintain the value of the real estate properties in which we hold an interest, may be significantly hindered.

The following are some of the risks and uncertainties, which could cause actual results to differ materially from those presented in certain forward-looking statements:

- Whether we will have the opportunity to invest sales proceeds to acquire properties or other investments or whether such proceeds will be needed to redeem shares or for other purposes, and if proceeds are available for investment, our ability to make such investments in a timely manner and at appropriate amounts that provide acceptable returns;
- The potential need to fund tenant improvements, lease-up costs or other capital expenditures, as well as increases in property operating expenses and costs of compliance with environmental matters or discovery of previously undetected environmentally hazardous or other undetected adverse conditions at our properties;
- Risks associated with debt;
- Competition for tenants and real estate investment opportunities, including competition with affiliates of Hines Interests Limited Partnership ("Hines");
- Risks associated with adverse changes in general economic or local market conditions, including terrorist attacks and other acts of violence, which may affect the markets in which we and our tenants operate;
- Catastrophic events, such as hurricanes, earthquakes, tornadoes and terrorist attacks; and our ability to secure adequate insurance at reasonable and appropriate rates;
- 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;
- Changes in governmental, tax, real estate and zoning laws and regulations and the related costs of compliance and increases in our administrative operating expenses, including expenses associated with operating as a public company;

- Risks relating to our investment in Hines US Core Office Fund LP (the “Core Fund”), such as its reliance on Hines for its operations and investments, and our potential liability for Core Fund obligations;
- The lack of liquidity associated with our assets;
- Our reliance on our Advisor, Hines and affiliates of Hines for our day-to-day operations and our Advisor’s ability to attract and retain high-quality personnel who can provide service at a level acceptable to us;
- Risks associated with conflicts of interests that result from our relationship with our Advisor and Hines, as well as conflicts of interests certain of our officers and directors face relating to the positions they hold with other entities; and
- Our ability to continue to qualify as a real estate investment trust (“REIT”) for federal income tax purposes.

These risks are more fully discussed in, and all forward-looking statements should be read in light of, all of the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2014.

You are cautioned not to place undue reliance on any forward-looking statements included in this Form 10-Q. All forward-looking statements are made as of the date of this Form 10-Q and the risk that actual results will differ materially from the expectations expressed in this Form 10-Q may increase with the passage of time. In light of the significant uncertainties inherent in the forward-looking statements included in this Form 10-Q, 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 Form 10-Q will be achieved. All subsequent written and oral forward-looking statements attributable to us or 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 do not undertake to update any forward-looking statement.

Executive Summary

Hines Real Estate Investment Trust, Inc. (“Hines REIT” and, together with its consolidated subsidiaries, “we”, “us” or the “Company”) and its subsidiary, Hines REIT Properties, L.P. (the “Operating Partnership”) were formed in August 2003 for the purpose of investing in and owning interests in real estate. We have invested in real estate to satisfy our primary investment objectives, including preserving invested capital, paying regular cash distributions and achieving modest capital appreciation of our assets over the long term. We have made investments directly through entities wholly owned by the Operating Partnership or indirectly through other entities such as through our investment in the Core Fund. As of June 30, 2015, we had direct and indirect interests in 32 properties. These properties consist of 24 office properties located throughout the United States and a portfolio of eight grocery-anchored shopping centers located in four states primarily in the Southeastern United States (the “Grocery-Anchored Portfolio”). In total, we acquired interests in 66 properties since our inception and have sold our interests in 35 of those properties as of August 12, 2015.

The following table provides summary information regarding the properties in which we owned interests as of June 30, 2015. All assets which are 100% owned by us are referred to as “directly-owned properties.” All other properties are owned indirectly through investments in the Core Fund.

Property	City	Date Acquired	Leasable Square Feet	Percent Leased	Effective Ownership ⁽¹⁾
Directly-owned Properties					
Office Properties					
321 North Clark	Chicago, Illinois	04/2006	889,744	93%	100%
JPMorgan Chase Tower	Dallas, Texas	11/2007	1,254,218	85%	100%
345 Inverness Drive	Denver, Colorado	12/2008	175,287	95%	100%
Arapahoe Business Park	Denver, Colorado	12/2008	309,450	97%	100%
2100 Powell	Emeryville, California	12/2006	345,892	84%	100%
2555 Grand ⁽²⁾	Kansas City, Missouri	02/2008	595,607	100%	100%
3 Huntington Quadrangle	Melville, New York	07/2007	407,912	85%	100%
3400 Data Drive	Rancho Cordova, California	11/2006	149,703	100%	100%
Daytona Buildings	Redmond, Washington	12/2006	251,313	100%	100%
Laguna Buildings	Redmond, Washington	01/2007	460,661	97%	100%
1515 S Street	Sacramento, California	11/2005	399,636	99%	100%
1900 and 2000 Alameda	San Mateo, California	06/2005	254,145	98%	100%
5th and Bell	Seattle, Washington	06/2007	197,135	100%	100%
Howard Hughes Center	Los Angeles, California	01/2014	1,334,586	82%	100%
Civica Office Commons	Bellevue, Washington	02/2015	308,616	90%	100%
2851 Junction Avenue	San Jose, California	05/2015	155,613	100%	100%
Total for Office Properties			7,489,518	91%	
Grocery-Anchored Portfolio					
Cherokee Plaza	Atlanta, Georgia	11/2008	102,864	100%	100%
Thompson Bridge Commons	Gainesville, Georgia	03/2009	92,587	97%	100%
Champions Village	Houston, Texas	11/2008	392,870	77%	100%
Sandy Plains Exchange	Marietta, Georgia	02/2009	72,784	93%	100%
University Palms Shopping Center	Oviedo, Florida	11/2008	99,172	92%	100%
Shoppes at Parkland	Parkland, Florida	03/2009	145,720	98%	100%
Oak Park Village	San Antonio, Texas	11/2008	64,287	100%	100%
Heritage Station	Wake Forest, North Carolina	01/2009	68,641	96%	100%
Total for Grocery-Anchored Portfolio			1,038,925	89%	
Total for Directly-owned Properties			8,528,443	91%	

Property	City	Date Acquired	Leasable Square Feet	Percent Leased	Effective Ownership ⁽¹⁾
Indirectly-owned Properties					
Core Fund Properties					
One Atlantic Center	Atlanta, Georgia	07/2006	1,100,312	81%	24%
The Carillon Building	Charlotte, North Carolina	07/2007	475,395	89%	24%
333 West Wacker	Chicago, Illinois	04/2006	858,359	95%	20%
Renaissance Square	Phoenix, Arizona	12/2007	965,508	61%	24%
Riverfront Plaza	Richmond, Virginia	11/2006	951,897	80%	24%
Wells Fargo Center	Sacramento, California	05/2007	507,264	82%	20%
525 B Street	San Diego, California	08/2005	449,180	88%	24%
Warner Center	Woodland Hills, California	10/2006	808,274	89%	20%
Total for Core Fund Properties			6,116,189	82%	
Total for All Properties			14,644,632	87% ⁽³⁾	

- (1) This percentage shows the effective ownership of the Operating Partnership in the properties listed. On June 30, 2015, Hines REIT owned a 92.3% interest in the Operating Partnership as its sole general partner. Affiliates of Hines owned the remaining 7.7% interest in the Operating Partnership. In addition, we owned an approximate 28.8% non-managing general partner interest in the Core Fund as of June 30, 2015. The Core Fund does not own 100% of these properties; its ownership interest in its properties ranges from 67.8% to 84.9%.
- (2) In July 2015, we sold 2555 Grand for a contract sales price of \$153.5 million. 2555 Grand is an office building located in Kansas City, Missouri. We acquired 2555 Grand in February 2008 for \$155.8 million.
- (3) This amount represents the percentage leased assuming we own a 100% interest in each of these properties. The percentage leased based on our effective ownership interest in each property is 89%.

In order to provide capital for the investments described above, with the exception of the Howard Hughes Center, Civica Office Commons and 2851 Junction Avenue, we raised approximately \$2.7 billion through public offerings of our common stock since we commenced our initial public offering in June 2004. In consideration of market conditions and other factors, our board of directors determined to cease sales of our shares to new investors pursuant to our third public offering as of January 1, 2010. However, we have continued to sell shares under our dividend reinvestment plan. Based on market conditions and other considerations, we do not currently expect to commence any future offerings other than those related to shares issued under our dividend reinvestment plan.

Since the conclusion of our third public offering, we have concentrated our efforts on actively managing our assets and exploring a variety of strategic opportunities focused on enhancing the composition of our portfolio and its total return potential for our stockholders. In doing this, we have elected to make strategic dispositions, as discussed above, which have provided us with additional liquidity. With the proceeds we have received from these dispositions and that we may receive from potential future dispositions, we may choose to make additional strategic acquisitions focused on high-quality office assets located on the West Coast to best position the portfolio for an eventual liquidity event, such as the purchase of 2851 Junction Avenue, which we acquired in May 2015, Civica Office Commons, which we acquired in February 2015 and the Howard Hughes Center, which we acquired in January 2014. Alternatively, we may choose to reserve for future capital expenditure and leasing capital needs, reduce our leverage in the portfolio, make additional special distributions or use the proceeds for other purposes. With the acquisitions of 2851 Junction Avenue, Civica Office Commons, and the Howard Hughes Center our portfolio is now geographically located 59% in the West, 16% in the Midwest, 5% in the East and 20% in the South as of June 30, 2015.

In April 2015, we sold 4050/4055 Corporate Drive for a contract sales price of \$44.3 million. We acquired 4050/4055 Corporate Drive in May 2008 for \$42.8 million. We received net proceeds of \$42.8 million from this sale.

In April 2015, the Core Fund sold Charlotte Plaza for a contract sales price of \$160.0 million. The Core Fund acquired the property in June 2007 for a net purchase price of \$175.5 million. The Core Fund received net proceeds of \$72.5 million from this sale.

In February 2015, we sold Citymark for a contract sales price of \$38.9 million. We originally acquired our interest in Citymark in August 2005 for \$27.8 million. We received net proceeds of \$37.2 million from this sale.

In January 2015, a subsidiary of the Core Fund sold its remaining 51% interest in the entity that owns One North Wacker for \$240.0 million. The Core Fund previously sold a 49% noncontrolling interest in One North Wacker in December 2011. One North Wacker was acquired in March 2008 for a contract purchase price of \$540.0 million. We recognized a gain of \$34.3 million on the sale.

During the three and six months ended June 30, 2015, the Core Fund recorded an impairment loss of \$22.1 million on Riverfront Plaza in Richmond, Virginia due to deterioration of market conditions.

Our portfolio was 89% leased as of June 30, 2015 and December 31, 2014. Our management closely monitors the portfolio's lease expirations, which for the period from July 1, 2015 through December 31, 2015, and for each of the years ended December 31, 2016 through December 31, 2019, are expected to approximate 3.8%, 6.9%, 11.0%, 13.9% and 5.7%, respectively, of leasable square feet. We believe this level of expirations is manageable, and we will remain focused on filling tenant vacancies with high-quality tenants in each of the markets in which we operate. Although we continue to lease our properties to a diverse tenant base over a variety of industries, our portfolio is approximately 22% leased to over 95 companies in the legal industry, approximately 14% leased to over 85 companies in the financial and insurance industries and approximately 10% leased to over 121 companies in the grocery-anchored retail industry.

Further, with the authorization of our board of directors, we declared distributions for January 2014 through August 2015. These distributions were or will be calculated based on stockholders of record each day during this period in an amount equal to \$0.00073973 per share, per day and will be paid on the first day of the month following the fiscal quarter to which they relate in cash, or reinvested in stock for those participating in our dividend reinvestment plan.

Critical Accounting Policies

Each of our critical accounting policies involves the use of estimates that require management to make assumptions that are subjective in nature. Management relies on its experience, collects historical and current market data, and analyzes these assumptions in order to arrive at what it believes to be reasonable estimates. In addition, application of these accounting policies involves the exercise of judgment regarding assumptions as to future uncertainties. Actual results could materially differ from these estimates. A disclosure of our critical accounting policies is included in our Annual Report on Form 10-K for the year ended December 31, 2014 in "Management's Discussion and Analysis of Financial Condition and Results of Operations." There have been no significant changes to our policies during 2015.

Financial Condition, Liquidity and Capital Resources

General

Our principal cash requirements are for property-level operating expenses, capital improvements and leasing costs, strategic investments in real property, debt service, corporate-level general and administrative expenses, distributions and redemptions. We have four primary sources of capital for meeting our cash requirements:

- proceeds from our dividend reinvestment plan;
- debt financings, including secured or unsecured facilities;
- proceeds from the sale of our properties, including those owned by the Core Fund; and
- cash flow generated by our real estate investments and operations.

We are focused on maintaining a strong cash position and managing our capital needs. Historically, our liquidity needs were primarily met through cash flow generated by our properties and distributions from unconsolidated entities. However, due to our ability to execute on several strategic asset sales, an increasing portion of our liquidity needs were met and will continue to be met through the sale of our investment properties. If we continue to sell significant assets and do not reinvest the proceeds in additional investments, it will reduce the cash flow generated by our properties and may adversely impact our ability to pay regular distributions to our stockholders at the current distribution rate. Below is a list of properties acquired and sold by us and the Core Fund during the six months ended June 30, 2015:

Hines REIT Acquisitions and Asset Sales

- 2851 Junction Avenue - In May 2015, we acquired 2851 Junction Avenue, a Class A office building located in San Jose, California, for a net purchase price of \$86.9 million.
- 4050/4055 Corporate Drive - In April 2015, we sold 4050/4055 Corporate Drive, an industrial property located in Dallas, Texas, from which we received net proceeds of \$42.8 million.
- Civica Office Commons - In February 2015, we acquired Civica Office Commons, a portfolio of two Class A office buildings located in Bellevue, Washington, for a net purchase price of \$205.2 million.
- Citymark - In February 2015, we sold Citymark, an office building located in Dallas, Texas, from which we received net proceeds of \$37.2 million.

Core Fund Asset Sales

- Charlotte Plaza - In April 2015, the Core Fund sold Charlotte Plaza, an office building located in Charlotte, North Carolina. The Core Fund received net proceeds of \$72.5 million from this sale. At the date of disposition, we owned 24% effective interest in Charlotte Plaza.
- One North Wacker - In January 2015, a subsidiary of the Core Fund sold its remaining 51% interest in the entity that owns One North Wacker, an office building located in Chicago, Illinois. The Core Fund previously sold a 49% noncontrolling interest in One North Wacker in December 2011. We recognized a gain of \$34.3 million on the sale.

Cash Flows from Operating Activities

Net cash provided by operating activities was \$40.8 million for the six months ended June 30, 2015 compared to net cash provided by operating activities of \$98.9 million for the six months ended June 30, 2014. This decrease is primarily due to a decrease in equity in earnings from the Core Fund and an increase in capital expenditures related to leasing costs.

Cash Flows from Investing Activities

Net cash used in investing activities was \$149.0 million for the six months ended June 30, 2015 compared to net cash used in investing activities of \$400.6 million for the six months ended June 30, 2014. The factors that contributed to the change between the two periods are summarized below.

2015

- We had cash outflows related to our acquisitions of Civica Office Commons in February 2015 and 2851 Junction Avenue in May 2015 of \$270.3 million.
- We received proceeds of \$80.0 million from the sale of Citymark and 4050/4055 Corporate Drive in 2015.
- We received distributions from the Core Fund totaling \$78.7 million, of which \$45.7 million was included in cash flows from investing activities, as they exceeded our equity in earnings of the joint venture.
- We had cash outflows related to capital expenditures at operating properties of \$5.6 million.

2014

- We had cash outflows related to our acquisition of the Howard Hughes Center in January 2014 of \$474.9 million.
- We received proceeds of \$71.6 million from sale of the Minneapolis Office/Flex Portfolio in 2014.
- We received distributions from the Core Fund totaling \$85.3 million, of which \$3.0 million was included in cash flows from investing activities, as they exceeded our equity in earnings of the joint venture.
- We had cash outflows related to capital expenditures at operating properties of \$2.9 million.

Cash Flows from Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2015 decreased by \$144.2 million as compared to the same period in the prior year. This decrease is primarily due to net proceeds from debt being \$152.1 million lower in 2015.

Distributions

In order to meet the requirements for being treated as a REIT under the Internal Revenue Code of 1986, as amended, and to pay regular cash distributions to our stockholders, which is one of our investment objectives, we have declared and expect to continue to declare distributions to stockholders (as authorized by our board of directors) as of daily record dates and aggregate and pay such distributions quarterly. We intend to continue this distribution policy for so long as our board of directors decides this policy is in our best interests.

With the authorization of our board of directors, we declared distributions for the period from January 2014 through August 2015. These distributions were or will be calculated based on stockholders of record each day during this period in an amount equal to \$0.00073973 per share, per day and will be paid on the first day of the month following the fiscal quarter to which they relate in cash, or reinvested in stock for those participating in our dividend reinvestment plan.

The table below outlines our total distributions declared to stockholders and noncontrolling interests for each of the quarters during 2015 and 2014, including the breakout between the distributions paid in cash and those reinvested pursuant to our dividend reinvestment plan (all amounts are in thousands).

Distributions for the Three Months Ended	Stockholders			Noncontrolling Interests
	Cash Distributions	Distributions Reinvested	Total Declared	Total Declared
2015 ⁽¹⁾				
June 30, 2015	\$ 9,645	\$ 5,416	\$ 15,061	\$ 74
March 31, 2015	9,507	5,424	14,931	74
Total	<u>\$ 19,152</u>	<u>\$ 10,840</u>	<u>\$ 29,992</u>	<u>\$ 148</u>
2014 ⁽¹⁾				
December 31, 2014	\$ 9,755	\$ 5,573	\$ 15,328	\$ 75
September 30, 2014	9,756	5,615	15,371	76
June 30, 2014	9,659	5,610	15,269	74
March 31, 2014	9,552	5,613	15,165	74
Total	<u>\$ 38,722</u>	<u>\$ 22,411</u>	<u>\$ 61,133</u>	<u>\$ 299</u>

- (1) Except as noted below, excluded from this table are distributions declared with respect to the Participation Interest (as discussed further in Note 9 — Related Party Transactions). The distributions declared with respect to the Participation Interest for the quarters ended June 30, 2015, March 31, 2015, December 31, 2014, September 30, 2014, June 30, 2014 and March 31, 2014 were \$1.2 million, \$1.1 million, \$1.1 million, \$1.0 million, \$1.0 million and \$1.0 million, respectively.

For the six months ended June 30, 2015, we funded our cash distributions with cash flows from operating activities (87%) and proceeds from the sales of our real estate investments (13%). For the six months ended June 30, 2014, we funded our distributions with cash flows from operating activities (100%).

Redemptions

During the six months ended June 30, 2015 and 2014, we funded redemptions of \$17.9 million and \$23.1 million, respectively, pursuant to the terms of our share redemption program. On March 25, 2013, our board of directors amended and restated our share redemption program to reinstate the program, effective for share redemption requests received on or after April 1, 2013, subject to the conditions and limitations described in the amended and restated share redemption program. Generally, funds available for redemption are limited to the amount of proceeds received from our dividend reinvestment plan in the prior quarter. However, our board of directors has the discretion to redeem shares in excess of this amount if it determines there are sufficient available funds and it is appropriate to do so as long as the total amount redeemed does not exceed the amount required to redeem 10% of our shares outstanding as of the same date in the prior calendar year. Our board of directors determined to waive this limitation on the share redemption plan and fully honor all eligible requests received for the six months ended June 30, 2015, which were in excess of the \$11.0 million received from our dividend reinvestment plan in the prior quarters. We have fully honored all eligible requests received for all periods since our share redemption program reopened.

Debt Financings

We use debt financing from time to time for investments in real property, property improvements, tenant improvements, leasing commissions and other working capital needs. Most of our debt is in the form of secured mortgage loans, which we entered into at the time each real estate asset was acquired. Our portfolio was 43% leveraged as of June 30, 2015, with 53% of our debt in the form of fixed-rate mortgage loans (some of which are effectively fixed through the use of interest rate swaps). By comparison, our portfolio was 41% leveraged as of December 31, 2014, with 64% of our debt in the form of fixed-rate mortgage loans. This leverage percentage is calculated using the estimated aggregate value of our real estate investments (including our pro-rata share of real estate assets through our investments in other entities such as the Core Fund), cash and cash equivalents and restricted cash on hand as of that date. Additionally, as of June 30, 2015 and December 31, 2014, our debt financing had a weighted average interest rate of 3.6% and 3.9%, respectively (including the effect of interest rate swaps).

The following list summarizes our debt financings for the six months ended June 30, 2015 and 2014:

2015

- We received proceeds of \$30.0 million related to our Bridge Credit Agreement (the “Bridge Credit Agreement”) with JPMorgan Chase Bank, N.A. (“Chase”) to fund our acquisition of Civica Office Commons.
- We received proceeds of \$259.0 million under a revolving credit facility (the “Revolving Loan Commitment”) pursuant to a credit agreement with Chase and we made payments of \$126.6 million related to this agreement.
- We made payments of \$9.1 million to fully pay down the Arapahoe Business Park I secured mortgage loan in April 2015.
- We made payments of \$0.3 million for financing costs related to our loans.

2014

- We received proceeds of \$425.0 million related to our acquisition credit agreement with Chase (the “JPMorgan Acquisition Credit Agreement”) upon acquisition of the Howard Hughes Center and we made a payment of \$45.0 million related to this agreement.
- We received proceeds of \$170.0 million under the Revolving Loan Commitment and \$200.0 million under a term loan (the “Term Loan Commitment”) pursuant to a credit agreement with Chase to repay \$370.0 million in loans outstanding under the JPMorgan Acquisition Credit Agreement. We made a payment of \$64.0 million in May 2014 under the Revolving Loan Commitment.
- We also made an additional payment of \$10.0 million in April 2014 on the JPMorgan Acquisition Credit Agreement so that the entire \$380.0 million in loans outstanding under the agreement as of March 31, 2014 was repaid.
- We made payments of \$3.6 million for financing costs related to our loans.

Results of Operations**RESULTS OF OUR DIRECTLY-OWNED PROPERTIES**

We owned 22 same-store properties directly that were 91% leased as of June 30, 2015 as compared to 90% leased as of June 30, 2014. The table below includes revenues and expenses of our directly-owned properties for the three and six months ended June 30, 2015 and 2014. Disposed properties include the results of operations of properties that were sold, but whose results were not classified as discontinued operations (all amounts in thousands, except for percentages):

	Three Months Ended June 30,		Change	
	2015	2014	\$	%
Property revenues:				
Same-store properties	\$ 48,708	\$ 51,148	\$ (2,440)	(4.8)%
Recent acquisitions	4,640	—	4,640	— %
Disposed properties	202	7,689	(7,487)	(97.4)%
Total property revenues	\$ 53,550	\$ 58,837	\$ (5,287)	(9.0)%
Property expenses: ⁽¹⁾				
Same-store properties	\$ 23,112	\$ 21,734	\$ 1,378	6.3 %
Recent acquisitions	1,289	—	1,289	— %
Disposed properties	239	5,189	(4,950)	(95.4)%
Total property expenses	\$ 24,640	\$ 26,923	\$ (2,283)	(8.5)%
Property revenues in excess of expenses				
Same-store properties	\$ 25,596	\$ 29,414	\$ (3,818)	(13.0)%
Recent acquisitions	3,351	—	3,351	— %
Disposed properties	(37)	2,500	(2,537)	(101.5)%
Total property revenues in excess of expenses	\$ 28,910	\$ 31,914	\$ (3,004)	(9.4)%
Other				
Depreciation and amortization	\$ 22,808	\$ 24,387	\$ (1,579)	(6.5)%
Gain (loss) on sale or dissolution of unconsolidated joint venture	\$ —	\$ 2,070	\$ (2,070)	(100.0)%
Gain (loss) on sale of real estate investments	\$ 8,304	\$ 8,485	\$ (181)	(2.1)%
Interest expense	\$ 9,840	\$ 12,505	\$ (2,665)	(21.3)%

	Six Months Ended June 30,		Change	
	2015	2014	\$	%
Property revenues:				
Same-store properties	\$ 78,328	\$ 79,611	\$ (1,283)	(1.6)%
Recent acquisitions	29,648	22,645	7,003	30.9 %
Disposed properties	1,564	16,637	(15,073)	(90.6)%
Total property revenues	\$ 109,540	\$ 118,893	\$ (9,353)	(7.9)%
Property expenses: ⁽¹⁾				
Same-store properties	\$ 35,416	\$ 33,605	\$ 1,811	5.4 %
Recent acquisitions	12,122	9,292	2,830	30.5 %
Disposed properties	1,073	10,780	(9,707)	(90.0)%
Total property expenses	\$ 48,611	\$ 53,677	\$ (5,066)	(9.4)%
Property revenues in excess of expenses				
Same-store properties	\$ 42,912	\$ 46,006	\$ (3,094)	(6.7)%
Recent acquisitions	17,526	13,353	4,173	31.3 %
Disposed properties	491	5,857	(5,366)	(91.6)%
Total property revenues in excess of expenses	\$ 60,929	\$ 65,216	\$ (4,287)	(6.6)%
Other				
Depreciation and amortization	\$ 45,290	\$ 49,112	\$ (3,822)	(7.8)%
Gain (loss) on sale or dissolution of unconsolidated joint venture	\$ —	\$ 13,381	\$ (13,381)	(100.0)%
Gain (loss) on sale of real estate investments	\$ 29,383	\$ 9,499	\$ 19,884	209.3 %
Interest expense	\$ 19,320	\$ 24,881	\$ (5,561)	(22.4)%

(1) Property expenses include property operating expenses, real property taxes and property management fees.

The decrease in property revenues in excess of expenses for the same-store properties for the three and six months ended June 30, 2015 is primarily due to:

- a base rent reduction in a lease renewal of the major tenant at 2555 Grand that was executed in January 2015;
- an increase in tenant improvement amortization, which is recorded as a direct offset to rental revenue, at JPMorgan Chase Tower and 2555 Grand due to recent leasing described in Note 12 — Commitments and Contingencies; and
- an increase in rental revenue at 5th and Bell for new leases executed in 2014, which partially offset the decrease described above.

The decrease in property revenues in excess of expenses for the same-store properties for the six months ended June 30, 2015 is primarily due to a non-recurring termination payment received at JPMorgan Chase tower in March 2014.

The increase in property revenues in excess of expenses for the recent acquisitions for the three and six months ended June 30, 2015 is primarily due to our acquisitions of Civica Office Commons in February 2015 and 2851 Junction Avenue in May 2015.

The decrease in property revenues in excess of expenses for the disposed properties for the three and six months ended June 30, 2015 is primarily due to the dispositions that occurred in 2014.

Depreciation and amortization decreased during the three and six months ended June 30, 2015, as compared to the same periods in 2014, primarily due to the sale of Airport Corporate Center in October 2014, Seattle Design Center in December 2014, Citymark in February 2015 and 4050/4055 Corporate Drive in April 2015.

Gain on sale of real estate investments increased during the six months ended June 30, 2015, as compared to the same period in 2014 as a result of the sale of Citymark in February 2015 and 4050/4055 Corporate Drive in April 2015.

Interest expense decreased during the three and six months ended June 30, 2015, as compared to the same periods in 2014 as a result of lower interest rates obtained through the above-mentioned debt refinancings and retirement of loans.

In January 2014, we dissolved our joint venture with Weingarten. As a result of the Grocery-Anchored Portfolio Transaction, we recognized a gain on sale of \$13.2 million.

Additionally, we are continually evaluating each of our investments to determine the ideal time to sell assets in order to achieve attractive total returns and provide additional liquidity to the Company. As a result of future potential disposals, possible reinvestments and other factors, our results of operations for the period ended June 30, 2015 could differ from our results of operations in future periods.

RESULTS FOR OUR INDIRECTLY-OWNED PROPERTIES

Our Interest in the Core Fund

As of June 30, 2015, we owned a 28.8% non-managing general partner interest in the Core Fund, which held interests in 8 properties that were 82% leased. As of June 30, 2014, we owned a 28.8% non-managing general partner interest in the Core Fund, which held interests in 10 properties that were 84% leased.

Our equity in losses related to our investment in the Core Fund for the three months ended June 30, 2015 was \$0.2 million, compared to equity in earnings of \$41.3 million for the three months ended June 30, 2014. Our equity in earnings related to our investment in the Core Fund for the six months ended June 30, 2015 was \$33.0 million, compared to equity in earnings of \$82.2 million for the six months ended June 30, 2014. The change in our equity in earnings (losses) for the three and six months ended June 30, 2015 primarily resulted from the following:

- In January 2015, a subsidiary of the Core Fund sold its remaining 51% interest in the entity that owns One North Wacker for \$240.0 million. The Core Fund previously sold a 49% noncontrolling interest in One North Wacker in December 2011. One North Wacker was acquired in March 2008 for a contract purchase price of \$540.0 million. We recognized a gain of \$34.3 million on the sale.
- In April 2015, the Core Fund sold Charlotte Plaza, an office building located in Charlotte, North Carolina, which it acquired in June 2007 for a net purchase price of \$175.5 million. The contract sales price was \$160.0 million. As a result of the sale of Charlotte Plaza, the Core Fund recognized a gain on sale of \$27.4 million. As a result of the sale, we recognized a gain of \$6.7 million, which is included in equity in earnings (losses) of unconsolidated entities, net, in the condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2015.
- In January 2014, the Core Fund sold 101 Second Street for a contract sales price of \$297.5 million. 101 Second Street was acquired in September 2004 for a contract purchase price of \$157.0 million. As a result of the sale of 101 Second Street, the Core Fund recognized a gain on sale of \$174.4 million. As a result of the sale, we recognized a gain of \$41.6 million, which is included in equity in earnings (losses) of unconsolidated entities, net, in the condensed consolidated statements of operations and comprehensive income (loss) for the six months ended June 30, 2014.
- In May 2014, the Core Fund sold The KPMG Building for a contract sales price of \$274.0 million. The KPMG Building was acquired in September 2004 for a contract purchase price of \$148.0 million. As a result of the sale of The KPMG Building, the Core Fund recognized a gain on sale of \$155.9 million. As a result of the sale, we recognized a gain of \$37.2 million, which is included in equity in earnings (losses) of unconsolidated entities, net, in the condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2014.
- In June 2014, the Core Fund sold 720 Olive Way for a contract sales price of \$101.0 million. 720 Olive Way was acquired in January 2006 for a contract purchase price of \$83.7 million. As a result of the sale of 720 Olive Way, the Core Fund recognized a gain on sale of \$26.4 million. As a result of the sale, we recognized a gain on sale of \$5.0 million, which is included in equity in earnings (losses) of unconsolidated entities, net, in the condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2014.

CORPORATE LEVEL ACTIVITIES***Other Corporate-level Activities***

The tables below provide detail relating to our asset management fees and general and administrative expenses (all amounts in thousands, except percentages):

	Three Months Ended June 30,		Change	
	2015	2014	\$	%
Acquisition fee	\$ 170	\$ —	\$ 170	— %
Asset management fee	\$ 8,277	\$ 8,688	\$ (411)	(4.7)%
Asset management and acquisition fees	\$ 8,447	\$ 8,688	\$ (241)	(2.8)%
Acquisition-related expenses	\$ 545	\$ 163	\$ 382	234.4 %
General and administrative expenses	\$ 2,083	\$ 1,690	\$ 393	23.3 %

	Six Months Ended June 30,		Change	
	2015	2014	\$	%
Acquisition fee	\$ 580	\$ 1,012	\$ (432)	(42.7)%
Asset management fee	\$ 16,548	\$ 18,411	\$ (1,863)	(10.1)%
Asset management and acquisition fees	\$ 17,128	\$ 19,423	\$ (2,295)	(11.8)%
Acquisition related expenses	\$ 600	\$ 269	\$ 331	123.0 %
General and administrative expenses	\$ 3,430	\$ 3,647	\$ (217)	(6.0)%

We pay acquisition fees to our Advisor for services related to the due diligence, selection and acquisition of direct or indirect real estate investments. The acquisition fee is equal to 0.50% of (i) the purchase price of real estate investments acquired directly by us, including any debt attributable to such investments or (ii) when we make an investment indirectly through another entity, such investment's pro rata share of the gross asset value of real estate investments held by that entity. Acquisition fees decreased for the six months ended June 30, 2015, as compared to the same period in 2014, due to higher acquisition fees incurred on our acquisition of the Howard Hughes Center in January 2014 than on our acquisitions of Civica Office Commons in February 2015 and 2851 Junction Avenue in May 2015, in aggregate. In connection with the acquisition of Civica Office Commons, we were obligated to pay approximately \$2.1 million of acquisition fees to our Advisor, half of which was payable in cash and half of which was payable related to the Participation Interest. Our Advisor and HALP, the holder of the Participation Interest, respectively, agreed to waive \$0.6 million of the cash acquisition fee and all of the \$1.0 million acquisition fee payable as an increase to the Participation Interest. In connection with the acquisition of 2851 Junction Avenue, we were obligated to pay approximately \$0.9 million of acquisition fees to our Advisor, half of which was payable in cash and half of which was payable related to the Participation Interest. Our Advisor and HALP, the holder of the Participation Interest, respectively, agreed to waive \$0.3 million of the cash acquisition fee and all of the \$0.4 million acquisition fee payable as an increase to the Participation Interest.

We also pay monthly asset management fees to our Advisor based on an annual fee equal to 1.5% of the amount of net equity capital invested in real estate investments. Our asset management fees decreased for the three and six months ended June 30, 2015 partially due to our sales of real estate investments in 2014 and 2015.

General and administrative expenses include legal and accounting fees, insurance costs, costs and expenses associated with our board of directors and other administrative expenses. General and administrative expenses increased for the three months ended June 30, 2015 due to a change in the timing of certain professional services. General and administrative expenses decreased for the six months ended June 30, 2015 due to the elimination of a fee related to a letter of credit that is no longer required.

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 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 modified funds from operations (“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, gains or losses related to fair value adjustments for derivatives not qualifying for hedge accounting, and gains or losses related to early extinguishment of hedges or debt. Some of these adjustments are necessary to address changes in the accounting and reporting rules under GAAP for real estate subsequent to the establishment of NAREIT’s definition of FFO. 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.

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 expenses. Under GAAP, acquisition 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 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 expenses and other costs related to such property. In addition, if we acquire a property, 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 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.

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.

Management uses MFFO to evaluate the financial performance of our investment portfolio, including the impact of potential future investments. In addition, our board of directors uses MFFO to evaluate and establish our distribution policy and the sustainability thereof.

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:

- We use interest rate swap contracts as economic hedges against the variability of interest rates on variable rate loans. Although we expect to hold these instruments to maturity, if we were to settle these instruments currently, it would have an impact on our operating performance. Additionally, these derivative instruments are measured at fair value on a quarterly basis in accordance with GAAP. MFFO excludes gains (losses) related to changes in these estimated values of our derivative instruments because such adjustments may not be reflective of ongoing operations and may reflect unrealized impacts on our operating performance.
- MFFO excludes acquisition expenses. Although these amounts reduce net income, we are currently funding such costs with sales proceeds and acquisition-related indebtedness and do not consider these fees and expenses in the evaluation of our operating performance and determining MFFO.
- MFFO excludes impairment charges related to long-lived assets that have been written down to current market valuations. Although these losses are included in the calculation of net income (loss), we have excluded them from MFFO because we believe doing so more appropriately presents the operating performance of our real estate investments on a comparative basis.
- 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 Securities and Exchange Commission (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 table below summarizes FFO and MFFO attributable to common stockholders for the three and six months ended June 30, 2015 and 2014 and a reconciliation of such non-GAAP financial performance measures to our net income (loss) for the periods then ended (in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income (loss)	\$ (2,546)	\$ 40,256	\$ 44,821	\$ 82,583
Depreciation and amortization ⁽¹⁾	22,808	24,387	45,290	49,112
(Gain) loss on sale or dissolution of investment property and unconsolidated joint venture ⁽²⁾	(8,304)	(10,555)	(29,383)	(22,880)
Adjustments to equity in earnings (losses) from unconsolidated entities, net ⁽³⁾	2,854	(36,513)	(26,812)	(71,964)
Adjustments for noncontrolling interests ⁽⁴⁾	(61)	(238)	(451)	(591)
Funds from Operations attributable to common stockholders	14,751	17,337	33,465	36,260
(Gain) loss on derivative instruments ⁽⁵⁾	(4,335)	(3,821)	(7,527)	(9,562)
Other components of revenues and expenses ⁽⁶⁾	3,247	901	5,496	3,243
Acquisition fees and expenses ⁽⁷⁾	715	1	1,180	1,119
Adjustments to equity in earnings (losses) from unconsolidated entities, net ⁽³⁾	(592)	(545)	(1,105)	(1,022)
Adjustments for noncontrolling interests ⁽⁴⁾	74	234	148	413
Modified Funds from Operations attributable to common stockholders	<u>\$ 13,860</u>	<u>\$ 14,107</u>	<u>\$ 31,657</u>	<u>\$ 30,451</u>
Basic and diluted income (loss) per common share	\$ (0.01)	\$ 0.18	\$ 0.20	\$ 0.36
Funds From Operations attributable to common stockholders per common share	\$ 0.07	\$ 0.08	\$ 0.15	\$ 0.16
Modified Funds From Operations attributable to common stockholders per common share	\$ 0.06	\$ 0.06	\$ 0.14	\$ 0.13
Weighted average shares outstanding	223,724	226,834	223,991	227,297

- (1) Represents the depreciation and amortization of various 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) Represents the gain on disposition of certain real estate investments. Although this gain is included in the calculation of net income (loss), we have excluded it from FFO because we believe doing so more appropriately presents the operating performance of our real estate investments on a comparative basis. This adjustment includes amounts from the “Gain (loss) on sale or dissolution of unconsolidated joint venture” and “Gain (loss) on sale of real estate investments” included in the condensed consolidated statements of operations and comprehensive income (loss).
- (3) Includes adjustments to equity in earnings (losses) of unconsolidated entities, net, similar to those described in Notes 1, 2, 5 and 6 for our unconsolidated entities, which are necessary to convert our share of income (loss) from unconsolidated entities to FFO and MFFO.
- (4) Includes income attributable to noncontrolling interests and all adjustments to eliminate the noncontrolling interests’ share of the adjustments to convert our net income (loss) to FFO and MFFO.
- (5) Represents components of net income (loss) related to the estimated changes in the values of our interest rate swap derivatives. We have excluded these changes in value from our evaluation of our operating performance and MFFO because we expect to hold the underlying instruments to their maturity and accordingly the interim gains or losses will remain unrealized.

- (6) Includes the following components of revenues and expenses that we do not consider in evaluating our operating performance and determining MFFO (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Straight-line rent adjustment (a)	\$ (543)	\$ (1,923)	\$ (1,552)	\$ (2,913)
Amortization of lease incentives (b)	4,246	3,685	7,975	7,644
Amortization of out-of-market leases (b)	(586)	(972)	(1,196)	(1,709)
Other	130	111	269	221
	<u>\$ 3,247</u>	<u>\$ 901</u>	<u>\$ 5,496</u>	<u>\$ 3,243</u>

- (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 the operating performance of the Company and in determining MFFO because we believe that the rent that is billable during the current period is a more relevant measure of the Company's operating performance for such period.
- (b) Represents the amortization of lease incentives and out-of-market leases. As stated in Note 1 above, 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 amortization may be of limited relevance in evaluating current operating performance and, as such, these items are excluded from our determination of MFFO.
- (7) 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 sales proceeds and 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:

- Amortization of deferred financing costs was \$0.7 million and \$0.8 million for the three months ended June 30, 2015 and 2014, respectively, and was deducted in determining MFFO. Amortization of deferred financing costs was \$1.2 million and \$1.6 million for the six months ended June 30, 2015 and 2014, respectively, and was deducted in determining MFFO.
- During the six months ended June 30, 2015, we sold our directly-owned interest in Citymark and 4050/4055 Corporate Drive. See “—Financial Condition, Liquidity and Capital Resources — Cash Flows from Investing Activities” above for additional information.
- During the six months ended June 30, 2015, the Core Fund sold its remaining interest in One North Wacker and Charlotte Plaza. For additional information regarding the sale of these properties by the Core Fund see “Results of Operations — Results for our Indirectly-Owned Properties — Our Interest in the Core Fund.”
- A portion of our acquisition and asset management fees are paid in equity through the Participation Interest. For the three and six months ended June 30, 2015, we recorded asset management fee expense with respect to the Participation Interest and its related distributions of \$4.9 million and \$9.7 million, respectively. For the three and six months ended June 30, 2014, we recorded asset management fee expense with respect to the Participation Interest and its related distributions of \$5.0 million and \$11.0 million, respectively.

Related-Party Transactions and Agreements

We have entered into agreements with the Advisor and Hines or its affiliates, whereby we pay certain fees and reimbursements to these entities, including property management fees, leasing fees, construction management fees, debt financing fees, re-development construction management fees, reimbursement of organizational and offering expenses, and reimbursement of certain operating costs, as described elsewhere in this Quarterly Report on Form 10-Q and previously in our Annual Report on Form 10-K for the year ended December 31, 2014.

Off-Balance Sheet Arrangements

As of June 30, 2015 and December 31, 2014, 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.

Subsequent Events

2555 Grand

In July 2015, we sold 2555 Grand for a contract sales price of \$153.5 million. 2555 Grand is an office building located in Kansas City, Missouri. We acquired 2555 Grand in February 2008 for \$155.8 million.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates and equity prices. Interest rate risk is the primary risk in pursuing our business plan.

As of June 30, 2015, we had \$386.7 million of debt outstanding under our HSH Nordbank credit facility, which is a variable-rate pooled mortgage facility. However, as a result of the interest rate swap agreements entered into with HSH Nordbank, these borrowings effectively bear interest at fixed rates ranging from 5.25% to 5.86%. As of June 30, 2015, we had \$565.8 million in variable rate debt that was not hedged with an interest rate swap. If interest rates were to increase by 1%, we would incur an additional \$5.7 million in interest expense. See Note 6 — Debt Financing for more information concerning our outstanding debt.

Item 4. Controls and Procedures.

In accordance with Exchange Act Rules 13a-15 and 15d-15, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2015, to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

No change occurred in our internal controls over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarter ended June 30, 2015 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II – OTHER INFORMATION**Item 1. Legal Proceedings.**

From time to time in the ordinary course of business, the Company or its subsidiaries may become subject to legal proceedings, claims or disputes. As of August 12, 2015, neither the Company nor any of its subsidiaries was a party to any material pending legal proceedings.

Item 1A. Risk Factors.

We are subject to a number of risks and uncertainties, which are discussed in Part I, Item 1A, “Risk Factors” in our 2014 Annual Report. There are no material changes to the risk factors set forth under Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2014.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the three months ended June 30, 2015, we did not sell or issue any equity securities that were not registered under the Securities Act of 1933, as amended.

All eligible requests for redemption received by the Company for the three months ended March 31, 2015 were redeemed on April 1, 2015. The shares were redeemed using proceeds from our dividend reinvestment plan from the prior quarter and proceeds from the sale of assets. The following table lists shares we redeemed under our share redemption program during the period covered by this report.

Period	Total Number of Shares Redeemed	Average Price Paid per Share	Total Number of Shares Redeemed as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Redeemed Under the Plans or Programs ⁽²⁾
April 1, 2015 through June 30, 2015 ⁽¹⁾	1,370,528	\$ 5.62	1,370,528	834,451
Total	<u>1,370,528</u>		<u>1,370,528</u>	

(1) All shares were redeemed on April 1, 2015.

(2) This amount represents the number of shares available for redemption on July 1, 2015. Please see Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition, Liquidity and Capital Resources — Cash Flows from Financing Activities for additional information on the re-opening and amendment and restatement of our share redemption program effective in April 2013. The funds available for redemption are generally limited to the amount of proceeds received from our dividend reinvestment plan. However, our board of directors may approve requests for redemptions in excess of this amount, as long as the total amount redeemed does not exceed the amount required to redeem 10% of our shares outstanding as of the same date in the prior calendar year. In the event of a redemption request in connection with the death or disability of a stockholder, we may waive the annual limitation on the number of shares that will be redeemed.

Item 3. *Defaults Upon Senior Securities.*

Not applicable.

Item 4. *Mine Safety Disclosures.*

Not applicable.

Item 5. *Other Information.*

Not applicable.

Item 6. *Exhibits.*

The exhibits required by this item are set forth on the Exhibit Index attached hereto.

SIGNATURES

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

HINES REAL ESTATE INVESTMENT TRUST, INC.

August 12, 2015

By: /s/ SHERRI W. SCHUGART
Sherri W. Schugart
President and Chief Executive Officer

August 12, 2015

By: /s/ RYAN T. SIMS
Ryan T. Sims
Chief Financial Officer and Secretary

EXHIBIT INDEX

Exhibit No.	Description
3.1	Second Amended and Restated Articles of Incorporation of Hines Real Estate Investment Trust, Inc. (filed as Exhibit 3.1 to the registrant's Current Report on Form 8-K on July 13, 2007 and incorporated by reference herein).
3.2	Second Amended and Restated Bylaws of Hines Real Estate Investment Trust, Inc. (filed as Exhibit 3.1 to the registrant's Current Report on Form 8-K on August 3, 2006 and incorporated by reference herein).
4.1	Hines Real Estate Investment Trust, Inc. Dividend Reinvestment Plan (included as Appendix A to the prospectus contained in the registrant's Registration Statement on Form S-3 (file No. 333-182401) filed on June 28, 2012 and incorporated by reference herein).
10.1 *	Agreement of Sale and Purchase, dated as of June 10, 2015, by and between Hines REIT 2555 Grand LLC and Grand Boulevard Acquisition LLC.
31.1 *	Certification.
31.2 *	Certification.
32.1 *	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C., Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Pursuant to SEC Release 34-47551 this Exhibit is furnished to the SEC herewith and shall not be deemed to be "filed."
101 *	The following materials from Hines Real Estate Investment Trust, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, filed on August 12, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Condensed Consolidated Statements of Equity, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements.

* Filed herewith

AGREEMENT OF SALE AND PURCHASE

BETWEEN

HINES REIT 2555 GRAND LLC

as Seller

AND

GRAND BOULEVARD ACQUISITION LLC

as Purchaser

pertaining to

2555 Grand Boulevard,

Kansas City, Missouri

EXECUTED EFFECTIVE AS OF

June 10, 2015

AGREEMENT OF SALE AND PURCHASE

THIS AGREEMENT OF SALE AND PURCHASE (this “**Agreement**”) is entered into and effective for all purposes as of June 10, 2015 (the “**Effective Date**”), by and between Hines REIT 2555 Grand LLC, a Delaware limited liability company (“**Seller**”), and Grand Boulevard Acquisition LLC, a Maryland limited liability company (“**Purchaser**”).

In consideration of the mutual promises, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree as follows:

ARTICLE I _

DEFINITIONS

Section 1.1. Specific Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth in this Section 1.1:

“**Broker**” means CBRE.

“**Closing Date**” means the date on which the Closing occurs, which date will be July 31, 2015, subject to extension as provided in Section 7.2, or such earlier or later date to which Purchaser and Seller may hereafter agree in writing.

“**Contingency Date**” means 5:00 p.m. Central Time on June 17, 2015.

“**Earnest Money Deposit**” means \$10,000,000.00, plus all interest earned thereon.

“**Final Proration Date**” means the date that is nine (9) months following the Closing Date.

“**Liability Cap**” means \$1,535,000.00.

“**Liability Floor**” means \$100,000.00

“**Property Approval Period**” means the period commencing on the Effective Date and terminating at 5:00 p.m. Central time on the Contingency Date.

“**Purchase Price**” means \$153,500,000.00.

“**Survival Period**” means the period of time expiring on the date that is nine (9) months after the Closing Date.

“**Title Company**” means First American Title Insurance Company, 24 Greenway Plaza, Suite 850, Houston, TX 77046, Attention: Elvira Fuentes, telephone: (713) 346-1656 and email: efuentes@firstam.com.

“**Title Notice Date**” means 5:00 p.m. Central Time on the date that is seven (7) Business Days prior to the Contingency Date.

“Title Response Date” means 5:00 p.m. Central Time on the date that is three (3) Business Days after Seller’s receipt of Purchaser’s Title Notice.

Section 1.2. Other Definitions. For purposes of this Agreement, the following terms have the meanings set forth in this Section 1.2:

“Affiliate” means any person or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with Purchaser or Seller, as the case may be. For the purposes of this definition, “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have the meanings correlative to the foregoing.

“Agreement” has the meaning ascribed to such term in the opening paragraph.

“Assigned Documents” has the meaning ascribed to such term in Section 3.2.

“Assignment of Property Agreements” has the meaning ascribed to such term in Section 10.3 (b).

“Authorities” means the various governmental and quasi-governmental bodies or agencies having jurisdiction over Seller, the Real Property, the Improvements, or any portion thereof.

“Authorized Qualifications” has the meaning ascribed to such term in Section 10.8.

“Blocked Person” has the meaning ascribed to such term in Section 7.3.

“Breaktime Lease” means (i) the written lease (and any and all written renewals, amendments, modifications and supplements thereto) with the Breaktime Tenant, to the extent identified on **Exhibit G**, and (ii) any and all new written renewals, amendments, modifications and supplements to any of the foregoing entered into after the Effective Date and prior to the Closing Date, to the extent approved by Purchaser pursuant to Section 7.1(d) to the extent such approval is required under 7.11(d).

“Breaktime Tenant” means Ki Tae Yu and In Soon Yu.

“Business Day” means any day other than a Saturday, Sunday or a day on which national banking associations are authorized or required to close in Houston, Texas or Boston, Massachusetts.

“CERCLA” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), as amended by the Superfund Amendments Reauthorization Act of 1986 (42 U.S.C. § 9601 et seq.), as the same may be amended.

“Certificate as to Foreign Status” has the meaning ascribed to such term in Section 10.3(f).

“Certifying Party” has the meaning ascribed to such term in Section 4.5.

“Claims” has the meaning ascribed to such term in Section 5.6(a).

“Closing” means the consummation of the purchase and sale of the Property contemplated by this Agreement, as provided for in Article X.

“Closing Documents” means any document executed by Seller or Purchaser in connection with this Agreement, including all documents and agreements executed at Closing.

“Closing Statement” has the meaning ascribed to such term in Section 10.4(a).

“Closing Surviving Obligations” means the covenants, rights, liabilities and obligations set forth in Sections 3.2, 4.4, 4.7, 4.9, 5.2(d), 5.3, 5.5, 5.6, 7.3, 8.1, 8.2, 9.1, 9.2, 10.3, 10.4 (subject to the limitations therein), 10.6, 10.7, 11.1, 12.1, 13.1, 13.2, 13.3, 14.1, 15.1, and 16.1, and Article XVII.

“Closing Time” has the meaning ascribed to such term in Section 10.4(a).

“Code” has the meaning ascribed to such term in Section 4.9.

“Deed” has the meaning ascribed to such term in Section 10.3(a).

“Delinquent” has the meaning ascribed to such term in Section 10.4(b).

“Delinquent Rental Proration Period” has the meaning ascribed to such term in Section 10.4 (b).

“Deposit Time” means 12:00 p.m. (noon) Central Time on the Closing Date.

“Development Agreement” means the Contract, dated April 10, 1967, between Kansas City, Missouri, and Crown Center Redevelopment Corporation, as amended.

“Documents” has the meaning ascribed to such term in Section 5.2(a).

“Effective Date” has the meaning ascribed to such term in the opening paragraph of this Agreement.

“Eighth Amendment Commission” means the commission owing to Hines Interests Limited Partnership in connection with the Eighth Amendment to Office Lease for the Tenant Lease, which commission is payable in 2025.

“Environmental Laws” means all federal, state and local laws, rules, statutes, directives, binding written interpretations, binding written policies, court decisions, ordinances and regulations, now or hereafter in force and effect and as amended from time to time, issued by any Authorities in any way relating to or regulating human health, safety, industrial hygiene or environmental conditions, or the protection of the environment or pollution or contamination of the air (whether indoor or outdoor), soil gas, soil, surface water or groundwater, including but not limited to CERCLA, the Hazardous Substances Transportation Act (49 U.S.C. § 1802 et seq.), RCRA, the Solid Waste Disposal Act, the Clean Water Act, the Federal Insecticide, Fungicide, and Rodenticide Act, the Endangered Species Act, the Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300f et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42

U.S.C. § 11001 et seq.), the Radon and Indoor Air Quality Research Act (42 U.S.C. § 7401 note, et seq.), the National Environmental Policy Act (42 U.S.C. § 4321 et seq.), the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), and any and all other comparable state and local equivalents.

“Escrow Instructions” has the meaning ascribed to such term in Section 4.2.

“Excluded Personal Property” means the property listed on **Exhibit B**.

“Executive Order” has the meaning ascribed to such term in Section 7.3.

“Gap Notice” has the meaning ascribed to such term in Section 6.2(b).

“General Conveyance” has the meaning ascribed to such term in Section 10.3(c).

“Governmental Regulations” means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees now or hereafter enacted, promulgated, or amended, of the United States, the states, the counties, the cities or any other political subdivisions in which the Property is located and any other political subdivision, agency or instrumentality exercising jurisdiction or otherwise applicable to Seller, the Real Property or the Improvements or any portion thereof including, without limitation, those relating to the environment, zoning, construction, occupancy, or fire safety.

“Hazardous Substances” means any substance or material that is described as a toxic or hazardous substance, waste or material or a pollutant, effluent, emission, or contaminant, or words of similar import, in any of the Environmental Laws, and includes (a) petroleum (including crude oil or any fraction thereof, natural gas, natural gas liquids, radon gas, liquefied natural gas, or synthetic gas usable for fuel, or any mixture thereof), petroleum-based products and petroleum additives and derived substances, lead-based or lead-containing paint, mold, fungi or bacterial matter, polychlorinated biphenyls (PCBs), radioactive matter, medical waste, and chemicals which may cause cancer or reproductive toxicity, asbestos, asbestos-containing material, electromagnetic waves, urea formaldehyde foam insulation and transformers or other equipment that contains dielectric fluid containing PCBs, and (b) any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste, phosphates, or chlorine.

“Immaterial Events” has the meaning ascribed to such term in Section 10.8.

“Improvements” means all buildings, structures, fixtures, parking areas and improvements located on the Real Property, excluding any improvements owned by parties (other than Seller) to the Property Agreements. The Improvements include, without limitation, an office building containing approximately 595,607 rentable square feet.

“Independent Consideration” has the meaning ascribed to such term in Section 3.4.

“Intangible Personal Property” means, to the extent assignable or transferable without the necessity of consent or approval (and if consent or approval is required, to the extent such consent or approval has been obtained), all intangible property owned by Seller and arising from or used in connection with the ownership or operation of the Property, including, without limitation, assignable trade names, trademarks, logos, service marks, and other intellectual property (in each case, if any)

utilized by Seller solely in connection with the ownership, leasing or operation of the Real Property and Improvements (other than the names or variations thereof of Seller, its Affiliates, the property manager and Tenants).

“Leases” means the Tenant Lease and the Breaktime Lease.

“Leasing Costs” has the meaning ascribed to such term in Section 10.4(e).

“Licensee Parties” has the meaning ascribed to such term in Section 5.1(a).

“Licenses and Permits” means, collectively, all of Seller’s right, title, and interest, to the extent assignable without the necessity of consent or assignable only with consent and such consent has been obtained, in and to all licenses, permits, certificates of occupancy, approvals, dedications, subdivision maps and entitlements issued, approved or granted by the Authorities prior to Closing in connection with the Real Property and the Improvements, together with all renewals and modifications thereof.

“New Exception” has the meaning ascribed to such term in Section 6.2(b).

“New Tenant Costs” has the meaning ascribed to such term in Section 10.4(e).

“OFAC” has the meaning ascribed so such term in Section 7.3.

“Official Records” means the real property records of Jackson County, Missouri.

“Off-Site Garage” means the parking garage to which Seller has rights under the Property Agreements.

“Operating Expense Recoveries” has the meaning ascribed to such term in Section 10.4(c).

“Other Party” has the meaning ascribed to such term in Section 4.5.

“Permitted Exceptions” has the meaning ascribed to such term in Section 6.3.

“Permitted Outside Parties” has the meaning ascribed to such term in Section 5.2(b).

“Person” means any individual, entity or Authority.

“Personal Property” means all equipment, appliances, tools, supplies, machinery, furnishings and other tangible personal property attached to, appurtenant to, located in and used exclusively in connection with the ownership or operation of the Improvements, but specifically excluding (i) any items of personal property owned by Tenants of the Improvements, (ii) any items of personal property owned by third parties and leased to Seller, (iii) any items of personal property owned or leased by Seller’s property manager or any contractor of Seller, (iv) any equipment or fixtures owned by the parties (other than Seller) to the Property Agreements, (v) the Excluded Personal Property, (vi) the “Wall Drawing #1118” by Sol LeWitt located in the lobby of the Improvements, and (vii) all other Reserved Company Assets.

“Property” has the meaning ascribed to such term in Section 2.1.

“Property Agreements” has the meaning ascribed to such term in **Exhibit A**.

“Proration Items” has the meaning ascribed to such term in Section 10.4(a).

“PTR” has the meaning ascribed to such term in Section 6.1.

“Purchaser” has the meaning ascribed to such term in the opening paragraph of this Agreement.

“RCRA” means the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), as amended by the Hazardous and Solid Wastes Amendments of 1984, and as further amended.

“REA” has the meaning ascribed to such term in Section 7.4.

“REA Estoppel” has the meaning ascribed to such term in Section 7.4.

“Real Property” means those certain parcels of real property containing approximately two (2) acres and commonly known as 2555 Grand Boulevard, in Kansas City, Missouri, as more particularly described on **Exhibit A**, and together with all of Seller’s right, title and interest, if any, in and to the appurtenances pertaining thereto, including but not limited to Seller’s right, title and interest in and to the streets, alleys and right-of-ways which abut such real property, and any easement rights, air rights, subsurface rights, development rights and water rights appurtenant to such real property, including any Property Agreements.

“Rentals” has the meaning ascribed to such term in Section 10.4(b), and some may be **“Delinquent”** in accordance with the meaning ascribed to such term in Section 10.4(b).

“Reporting Person” has the meaning ascribed to such term in Section 4.9.

“Representation Update” has the meaning ascribed to such term in Section 10.3(m).

“Reserved Company Assets” means all cash, cash equivalents (including certificates of deposit), deposits by Seller held by third parties (e.g., utility companies), any right to a real estate tax refund relating to a period entirely prior to the Closing (subject to the prorations and obligations hereinafter set forth), bank accounts, any refund in connection with termination of Seller’s existing insurance policies, any proprietary or confidential materials (including any materials relating to the background or financial condition of a present or prior direct or indirect partner or member of Seller), the internal books and records of Seller relating, for example, to contributions and distributions prior to the Closing (but not those relating to the Property), the names “Hines,” “Hines Interests Limited Partnership”, and any derivations thereof, and any trademarks, trade names, brand marks, brand names, trade dress or logos relating thereto.

“Revocable License” means the Revocable License Agreement, dated as of February 29, 2008, regarding the Wall Drawing #1118 by Sol LeWitt.

“Seller” has the meaning ascribed to such term in the opening paragraph of this Agreement.

“Seller Released Parties” has the meaning ascribed to such term in Section 5.6(a).

“Seller’s Response” has the meaning ascribed to such term in Section 6.2(a).

“Service Contracts” means all service agreements, maintenance contracts, construction contracts, equipment leasing agreements, warranties, guarantees, bonds and other contracts for the provision of labor, services, materials or supplies relating solely to the Real Property, Improvements or Personal Property, as listed and described on **Exhibit C** attached hereto, and together with all renewals, supplements, amendments and modifications thereof, and any new such agreements entered into after the Effective Date, to the extent permitted by Section 7.1(e).

“Significant Portion” means damage by fire or other casualty (or loss of value or estimated loss of value) due to condemnation or eminent domain proceedings which are commenced or threatened in writing after the Effective Date but prior to Closing to the Real Property, the Improvements, the Off-Site Garage, or a portion of any of the foregoing (i) requiring repair costs (or resulting loss of value) in excess of an amount equal to three percent (3%) of the Purchase Price, as such repair costs are reasonably estimated in accordance with the terms of Section 9.1, (ii) which permanently and materially impairs, or would permanently and materially impair, the current use of, or access to, the Property, results, or would result, in a permanent taking of any portion of the parking area (including the Off-Site Garage) or any portion of the Improvements, or results, or would result, in a permanent taking of ten percent (10%) or more of the total area of the Property (exclusive of any access roads or streets), or (iii) which permits, or would permit, Tenant to terminate the Tenant Lease, or which results, or would result, in an abatement of rent or any other amounts due thereunder which is not otherwise covered in whole by insurance for Purchaser’s benefit.

“Survey” has the meaning ascribed to such term in Section 6.1.

“Tenant” means Shook, Hardy & Bacon L.L.P., a Missouri limited liability partnership.

“Tenant Estoppel Certificate” has the meaning ascribed to such term in Section 7.2.

“Tenant LOC” means the “Letters of Credit” as defined in, and required under, Article 22 of the Tenant Lease.

“Tenant Lease” means (i) the written lease (and any and all written renewals, amendments, modifications and supplements thereto) with the Tenant, to the extent identified on **Exhibit G**, and (ii) any and all new written renewals, amendments, modifications and supplements to any of the foregoing entered into after the Effective Date and prior to the Closing Date, to the extent approved by Purchaser pursuant to Section 7.1(d) to the extent such approval is required under Section 7.1(d).

“Tenant Notice Letters” has the meaning ascribed to such term in Section 10.7.

“Termination Notice” has the meaning ascribed to such term in Section 5.4.

“Termination Surviving Obligations” means the rights, liabilities and obligations set forth in Sections 4.5, 4.6, 4.7, 5.2, 5.3, 5.4, 5.5, 5.6, 7.3, 10.6, 11.1, 12.1, 14.1, 15.1, Article XIII and Article XVII.

“Title Notice” has the meaning ascribed to such term in Section 6.2(a).

“**Title Policy**” means an ALTA Extended Owner’s Title Insurance Policy, in the amount of the Purchase Price, issued by the Title Company, insuring that fee simple title to the Property is vested in the Purchaser, subject only to Permitted Exceptions, together with such endorsements as shall be required by the Purchaser and available in the state in which the Real Property is located and otherwise in a form and substance consistent with the PTR, to the extent the Title Company has agreed to issue such policy and endorsements prior to the expiration of the Property Approval Period.

“**To Seller’s Knowledge**” and similar terms means the present actual (as opposed to constructive or imputed) knowledge solely of Randy Gensen, Seller’s general property manager, Blake Williams, Seller’s asset manager for the Property and Dan Eifert, Seller’s regional asset manager for the Property, without any independent investigation or inquiry whatsoever. Such individuals are named in this Agreement solely for the purpose of establishing the scope of Seller’s knowledge. Such individuals shall not be deemed to be parties to this Agreement nor to have made any representations or warranties hereunder, and no recourse shall be had to such individuals for any of Seller’s representations and warranties hereunder (and Purchaser hereby waives any liability of or recourse against such individuals).

ARTICLE II _

AGREEMENT OF PURCHASE AND SALE

Section 2.1. Agreement. Seller hereby agrees to sell, convey and assign to Purchaser, and Purchaser hereby agrees to purchase and accept from Seller, on the Closing Date and subject to the terms and conditions of this Agreement, the following (collectively, the “**Property**”):

- (a) the Real Property;
- (b) the Improvements; and

(c) all of Seller’s right, title, and interest in and to (i) the Personal Property; (ii) the Tenant Leases; (iii) the Service Contracts in effect on the Closing Date; (iv) the Licenses and Permits; and (v) the Intangible Personal Property, in each case to the extent assignable without the necessity of consent or approval and, if consent or approval is required with respect to any item referenced in the foregoing clauses (iii), (iv) or (v), to the extent any necessary consent or approval has been obtained.

Section 2.2. Indivisible Economic Package. Purchaser has no right to purchase, and Seller has no obligation to sell, less than all of the Property. Purchaser has agreed to purchase, and Seller has agreed to sell, all of the Property, subject to and in accordance with the terms and conditions hereof.

ARTICLE III _

CONSIDERATION

Section 3.1. Purchase Price. Purchaser shall pay to Seller at Closing the Purchase Price for the Property in lawful currency of the United States of America, payable as provided in Section 3.3.

Section 3.2. Assumption of Obligations. As additional consideration for the purchase and sale of the Property, at Closing, Purchaser shall be deemed to have assumed and agreed to perform or pay, as applicable, (i) all of the covenants and obligations of Seller or Seller’s predecessor in title

pursuant to the Tenant Lease, Service Contracts, Property Agreements, Licenses and Permits, and Intangible Personal Property assigned to Purchaser (the “**Assigned Documents**”) and which are to be performed on or subsequent to the Closing Date, and (ii) the Leasing Costs for which Purchaser is responsible under Section 10.4(e). The foregoing assumption by Purchaser shall not release Seller from the claims of third parties arising out of events, contractual obligations, acts, or omissions of Seller that occurred in connection with the ownership or operation of the Property prior to the Closing.

Section 3.3. Method of Payment of Purchase Price. (a) Provided the Closing Statement has been agreed to by the parties on or before the Business Day preceding the Closing Date, then (b) no later than the Deposit Time, Purchaser will deposit in escrow with the Title Company the Purchase Price (subject to adjustments described in Section 10.4), less the Independent Consideration and the Earnest Money Deposit (to the extent the Earnest Money Deposit is applied to the Purchase Price), together with all other costs and amounts to be paid by Purchaser at Closing pursuant to the terms of this Agreement, by Federal Reserve wire transfer of immediately available funds to an account to be designated by the Title Company, and (b) no later than 2:00 p.m. Central Time on the Closing Date, (i) Purchaser will direct the Title Company to (A) pay to Seller by Federal Reserve wire transfer of immediately available federal funds to an account to be designated by Seller, the Purchase Price (subject to adjustments described in Section 10.4), less any costs or other amounts to be paid by Seller at Closing pursuant to the terms of this Agreement, and (B) pay to all appropriate payees the other costs and amounts to be paid by Purchaser at Closing pursuant to the terms of this Agreement, and (ii) Seller will direct the Title Company to pay to the appropriate payees out of the proceeds of Closing payable to Seller, any costs and expenses to be paid by Seller at Closing pursuant to the terms of this Agreement.

Section 3.4. Independent Consideration. Purchaser shall pay to Seller One Hundred Dollars (\$100.00) (the “**Independent Consideration**”) within three (3) Business Days after the Effective Date. The Independent Consideration is independent of any other consideration or deposits provided for in this Agreement and shall be fully earned by Seller upon the Effective Date and is not refundable to Purchaser under any circumstances. If the Closing is consummated in accordance with this Agreement, the Independent Consideration shall be credited toward the Purchase Price.

ARTICLE IV

EARNEST MONEY DEPOSIT AND ESCROW INSTRUCTIONS

Section 4.1. Earnest Money Deposit. On or before June 15, 2015, Purchaser shall deposit the Earnest Money Deposit with the Title Company, in immediately available federal funds. If this Agreement has terminated pursuant to Section 5.4 prior to the expiration of the Property Approval Period, the Title Company shall return the Earnest Money Deposit to Purchaser, this Agreement shall automatically terminate and, except for Termination Surviving Obligations, the parties shall have no further rights or obligations to one another under this Agreement. If Closing occurs, the Earnest Money Deposit shall be applied to the payment of the Purchase Price at Closing. In all other instances, the Title Company shall hold and disburse the Earnest Money Deposit in accordance with this Agreement.

Section 4.2. Escrow Instructions. Article IV constitutes the escrow instructions of Seller and Purchaser to the Title Company with regard to the Earnest Money Deposit and the Closing (the

“**Escrow Instructions**”). By its execution of the joinder attached hereto, the Title Company agrees to be bound by the provisions of this Article IV.

Section 4.3. Deposits into Escrow. On or before the Deposit Time, (a) Purchaser will cause the difference between the Purchase Price and the Earnest Money Deposit and Independent Consideration (subject to the prorations provided for in Section 10.4 and with the addition of all Closing costs to be paid by Purchaser) to be transferred to the Title Company’s escrow account, in accordance with the timing and other requirements of Section 3.3, (b) Purchaser will deliver in escrow to the Title Company the documents described in Section 10.2, and (c) Seller will deliver in escrow to the Title Company the documents described in Section 10.3.

Section 4.4. Close of Escrow. When Purchaser and Seller have delivered the items required by Section 4.3, the Title Company will:

(a) If applicable and when required, file with the Internal Revenue Service (with copies to Purchaser and Seller) the reporting statement required under Section 6045(e) of the Internal Revenue Code and Section 4.9;

(b) Insert the applicable Closing Date as the date of any document delivered to the Title Company undated, and assemble counterparts into single instruments;

(c) Disburse to Seller, by wire transfer to Seller of immediately available federal funds, in accordance with wiring instructions to be obtained by the Title Company from Seller, all sums to be received by Seller from Purchaser at the Closing, consisting of the Purchase Price, as adjusted in accordance with the provisions of this Agreement;

(d) Deliver the Deed and Assignment of Property Agreements to Purchaser by agreeing to cause the same to be recorded in the Official Records;

(e) Issue to Purchaser the Title Policy required by Section 6.3;

(f) Deliver to Seller, in addition to Seller’s Closing proceeds, all documents deposited with the Title Company for delivery to Seller at the Closing; and

(g) Deliver to Purchaser (i) all documents deposited with the Title Company for delivery to Purchaser at the Closing and (ii) any funds deposited by Purchaser in excess of the amount required to be paid by Purchaser pursuant to this Agreement.

Section 4.5. Termination Notices. If at any time the Title Company receives a certificate of either Seller or Purchaser (the “**Certifying Party**”) stating that: (a) the Certifying Party is entitled to receive the Earnest Money Deposit pursuant to this Agreement, and (b) a copy of the certificate was delivered to the other party (the “**Other Party**”) prior to or contemporaneously with the giving of such certificate to the Title Company, then, the Title Company shall notify the Other Party in writing of the Title Company’s receipt of such certificate. Unless the Title Company has then previously received, or receives within five (5) Business Days after such written notification to the Other Party of the Title Company’s receipt of the Certifying Party’s certificate, contrary instructions from the Other Party, the Title Company, within three (3) Business Days after the expiration of the foregoing five (5) Business

Day period, will deliver the Earnest Money Deposit to the Certifying Party. If the Title Company receives contrary instructions from the Other Party within five (5) Business Days following such written notification to the Other Party of the Title Company's receipt of said certificate, the Title Company will not so deliver the Earnest Money Deposit, but will continue to hold the same pursuant hereto, subject to Section 4.6.

Section 4.6. Conflicting Demands of Title Company. In the event conflicting demands are made or notices served upon Title Company with respect to this Agreement, or if there is uncertainty as to the meaning or applicability of this Agreement, the Title Company will be entitled to file a suit in interpleader and to obtain an order from the court requiring Purchaser and Seller to interplead and litigate their several claims and rights among themselves. Upon the filing of the action in interpleader and the deposit of the Earnest Money Deposit into the registry of the court, the Title Company will be fully released and discharged from any further obligations imposed upon it by this Agreement after such deposit. Notwithstanding anything in Section 4.5 or Section 4.6 to the contrary, the Title Company shall comply with the unilateral instructions of Purchaser to return the Earnest Money Deposit to Purchaser if Purchaser has terminated this Agreement prior to expiration of the Property Approval Period.

Section 4.7. Maintenance of Confidentiality by Title Company. Except as may otherwise be required by law or by this Agreement, the Title Company will maintain in strict confidence and not disclose to anyone the existence of this Agreement, the identity of the parties hereto, the amount of the Purchase Price, the provisions of this Agreement or any other information concerning the transactions contemplated hereby, without the prior written consent of Purchaser and Seller in each instance.

Section 4.8. Investment of Earnest Money Deposit. Title Company will invest and reinvest the Earnest Money Deposit, at the instruction and sole election of Purchaser, only in (a) bonds, notes, Treasury bills or other securities constituting direct obligations of, or guaranteed by the full faith and credit of, the United States of America, and in no event maturing beyond the Closing Date, or (b) an interest-bearing money market account or account at a commercial bank mutually acceptable to Seller, Purchaser and Title Company. The investment of the Earnest Money Deposit will be at the sole risk of Purchaser and no loss on any investment will relieve Purchaser of its obligations to pay to Seller as liquidated damages the original amount of the Earnest Money Deposit as provided in Article XIII, or of its obligation to pay the Purchase Price. All interest earned on the Earnest Money Deposit will be the property of Purchaser and will be reported to the Internal Revenue Service as income until such time as Seller is entitled to the Earnest Money Deposit pursuant to this Agreement. Purchaser will provide the Title Company with a taxpayer identification number and will pay all income taxes due by reason of interest accrued on the Earnest Money Deposit.

Section 4.9. Designation of Reporting Person. In order to assure compliance with the requirements of Section 6045 of the Internal Revenue Code of 1986, as amended (“**Code**”), and any related reporting requirements of the Code, the Title Company (the “**Reporting Person**”) hereby assumes all responsibilities for information reporting required under Section 6045(e) of the Code. Seller and Purchaser each shall provide to the Reporting Person (a) 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 (b) 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. Each party shall retain this Agreement for not less than four (4) years from the end of the calendar year in which Closing occurred, and produce it to the Internal Revenue Service upon a valid request therefor.

ARTICLE V _

INSPECTION OF PROPERTY

Section 5.1. Entry and Inspection.

(a) Through the earlier of the Closing or the termination of this Agreement, subject to the terms of the Tenant Lease and Property Agreements, Purchaser and its authorized agents, representatives, employees, consultants, partners, members and contractors (the "**Licensee Parties**") may inspect and investigate the Property and the Off-Site Garage (including, without limitation, inspections of all roofs, electrical, mechanical and structural elements, HVAC systems and other building systems located on or within the Improvements and Off-Site Garage) and may conduct such non-invasive tests (including, without limitation, any soil, water and air sampling analysis or other environmental investigations), evaluations and assessments of the Property as Purchaser deems necessary, appropriate or prudent in connection with Purchaser's acquisition of the Property. Subject to this Section 5.1, Section 5.2 and Section 5.3, Seller will permit the Licensee Parties the right to enter upon the Real Property and Improvements at all reasonable times, during normal business hours, to perform inspections of the Property, inspect the books and records of Seller with respect to the Property (and to make copies thereof) and interview the Tenant and the Breaktime Tenant; provided Purchaser shall not have the right to communicate with Tenant and the Breaktime Tenant unless interviews and communications are coordinated through Seller and Seller shall have the right to participate in any such interviews and communications. Purchaser will provide to Seller written notice (which notice may be e-mail or telephone to Dan Eifert, at dan.eifert@hines.com, and (513) 721-4300) of the intention of Purchaser or the other Licensee Parties to enter the Real Property or Improvements at least twenty-four (24) hours prior to such intended entry and specify the intended purpose therefor and the inspections and examinations contemplated to be made. At Seller's option, Seller may be present for any such entry, inspection and communication with Tenant. Any soil borings or other invasive tests to the Property which Purchaser proposes to perform shall require the prior written approval of Seller, which approval may be granted or withheld in Seller's sole and absolute discretion; provided, however, that prior to giving such approval, Seller shall be provided with a written sampling plan in reasonable detail in order to allow Seller a reasonable opportunity to evaluate such proposal. Notwithstanding the foregoing, Purchaser may, without Seller's consent, conduct a Phase I environmental audit of the Property which includes radon and air sampling without further consent or approval from Seller. If Purchaser or its Licensee Parties undertake any borings or other disturbances of the soil, the soil shall be re-compacted to substantially the same condition as existed immediately before any such borings or other disturbances were undertaken. If Purchaser or its Licensee Parties take any sample from the Property in connection with any testing, Purchaser shall upon the request of Seller, provide to Seller a portion of such sample being tested to allow Seller, if it so chooses, to perform its own testing (at Seller's cost). If the Property or the Off-Site Garage is damaged as a result of Purchaser's inspections

or the actions of any Licensee Parties, Purchaser shall restore the Property or the Off-Site Garage to substantially the same condition as existed immediately prior to such inspections, but in no event later than thirty (30) days after the damage occurs.

(b) Subject to Section 5.3, the Licensee Parties shall have the right to communicate directly with the Authorities for any good faith reasonable purpose in connection with the transaction contemplated by this Agreement, so long such communications can be conducted without disclosing that a sale of the Property is contemplated; provided, however, Purchaser shall, except with respect to routine requests for information (including, without limitation, in connection with the preparation of a so-called Phase I environmental assessment or a so-called “zoning report” with respect to the Property), provide Seller at least twenty-four (24) hours prior written notice of Purchaser’s intention to communicate with any Authorities and Seller shall have the right to participate in any such communications.

Section 5.2. Document Review.

(a) Seller has made available, or during the Property Approval Period will make available, either by delivery of materials to Purchaser’s representatives or electronic access to the Seller’s data room, the following, to the extent in Seller’s or its property manager’s possession or control, to Purchaser and its Licensee Parties for review, inspection, examination, analysis and verification: (i) all existing environmental reports and studies of the Property issued on behalf of Seller; (ii) assessments (special or otherwise), ad valorem and personal property tax bills, covering the three (3) years preceding the Effective Date; (iii) Seller’s most currently available rent roll; (iv) operating statements and rent rolls for calendar years 2013, 2014, and year-to-date 2015; (v) copies of Property Agreements, Tenant Lease, Breaktime Lease, Service Contracts, and Licenses and Permits; and (vi) engineering, mechanical and other drawings, blueprints and specifications and similar documentation relating to the Property (collectively, the “**Documents**”). In addition, Seller shall promptly make available to Purchaser, either by delivery of materials to Purchaser’s representatives or electronic access to the Seller’s data room, any other materials relating to the Property that may be reasonably requested by Purchaser and that are within the possession or control of Seller or Seller’s property manager. Documents shall not include (1) any document which would be subject to the attorney-client privilege; (2) any document which Seller is obligated to keep confidential; (3) any documents pertaining to the marketing of the Property for sale to prospective purchasers (other than the offering memorandum provided to Purchaser); (4) any internal memoranda, reports or assessments of Seller or Seller’s Affiliates to the extent relating to Seller’s valuation of the Property; (5) any appraisals of the Property, whether prepared internally by Seller or Seller’s Affiliates or externally; (6) any documents which are confidential or proprietary (such as Seller’s or Seller’s property manager’s operation manuals, software programs or other electronic media or services that are subject to licenses or other agreements that are personal to Seller or Seller’s property manager); or (7) any materials projecting the future performance of the Property.

(b) Purchaser acknowledges that any and all of the Documents (including information related to leasing arrangements with existing and prospective Tenants) may be proprietary and confidential in nature and shall be made available to Purchaser solely to assist Purchaser in determining the feasibility of purchasing the Property. Purchaser shall not disclose the contents of the Documents, or any of the provisions, terms or conditions contained therein, to any party outside of

Purchaser's organization other than its attorneys, partners, accountants, consultants, advisors, Affiliates, lenders or investors, including potential lenders or potential investors (collectively, the "**Permitted Outside Parties**") or as otherwise permitted pursuant to Section 12.1. In permitting Purchaser and the Permitted Outside Parties to review the Documents or information to assist Purchaser, Seller has not waived any privilege or claim of confidentiality with respect thereto, and no third party benefits or relationships of any kind, either express or implied, have been offered, intended or created by Seller and any such claims are expressly rejected by Seller and waived by Purchaser and the Permitted Outside Parties, for whom, by its execution of this Agreement, Purchaser is acting as an agent with regard to such waiver.

(c) Upon Seller's written request, Purchaser shall promptly destroy all copies Purchaser has made (and computer files of same) of any Documents containing confidential information before or after the execution of this Agreement, not later than ten (10) Business Days following the time this Agreement is terminated for any reason, and provide Seller with a certified notice of the completion of such destruction.

(d) Purchaser acknowledges that some of the Documents may have been prepared by third parties and may have been prepared prior to Seller's ownership of the Property. Purchaser hereby acknowledges that, except as expressly provided in this Agreement, Seller has not made and does not make any representation or warranty regarding the truth, accuracy or completeness of the Documents or the sources thereof (whether prepared by Seller, Seller's Affiliates or any other person or entity). Seller has not undertaken any independent investigation as to the truth, accuracy or completeness of the Documents and is providing the Documents solely as an accommodation to Purchaser, except as otherwise expressly provided in this Agreement.

Section 5.3. Entry and Inspection Obligations.

(h) In entering upon and inspecting or examining the Property and communicating with Tenant, and in addition to the other limitations contained in this Agreement, Purchaser and the other Licensee Parties will (i) use commercially reasonable efforts to not disturb the Tenant or interfere with its use of the Property; (ii) not unreasonably interfere with the operation and maintenance of the Property; (iii) not damage any part of the Property or any personal property owned or held by Tenant or any other person or entity; (iv) not injure or otherwise cause bodily harm to Seller, the Tenant, or the Breaktime Tenant, or to any of their respective agents, guests, invitees, contractors and employees, or to any other person or entity; (v) not permit any liens to attach to the Property; and (vi) not unreasonably interfere with the operation and maintenance of the Off-Site Garage. Purchaser will: (i) maintain comprehensive general liability (occurrence) insurance in an amount not less than \$2,000,000.00 and on terms (including coverage for an "insured contract" with respect to the indemnity in Section 5.3(b)) satisfactory to Seller covering any accident arising in connection with the presence or activities of Purchaser or the other Licensee Parties on the Property, and (ii) deliver to Seller a certificate of insurance verifying such coverage and Seller and its property manager (Hines Interests Limited Partnership) being named as an additional insured on such coverage prior to entry upon the Property and promptly pay when due the costs of all inspections, entries, samplings and tests and examinations done with regard to the Property.

(i) Purchaser hereby indemnifies, defends and holds Seller and its members, partners, agents, officers, directors, employees, successors, assigns and Affiliates harmless from and against any and all liens, claims, causes of action, damages, liabilities, demands, suits, and obligations, together with all losses, penalties, costs and expenses relating to any of the foregoing (including but not limited to court costs and reasonable attorneys' fees but excluding special, punitive, and/or consequential damages), arising out of any inspections, investigations, examinations, entries, samplings or tests conducted by Purchaser or any Licensee Party, whether prior to or after the date hereof, with respect to the Property or any violation of the provisions of this Section 5.3; provided that the foregoing indemnity shall not apply to any claims, damages or other costs arising by virtue of (i) the negligent or willful misconduct of Seller or its agents and employees, or (ii) the mere discovery of any pre-existing condition at the Property by or in connection with any inspections, investigations, examinations, entries, samplings or tests conducted by Purchaser or any Licensee Party, except to the extent such parties exacerbate any such pre-existing conditions.

Section 5.4. Property Approval Period. Purchaser, in Purchaser's sole and absolute discretion, may determine whether or not the Property is acceptable to Purchaser during the Property Approval Period. If Purchaser determines that the Property is not acceptable, or if Purchaser otherwise elects not to proceed with the purchase of the Property for any other reason or no reason, Purchaser shall have the right to terminate this Agreement by the delivery of written notice ("**Termination Notice**") to Seller at any time prior to the expiration of the Property Approval Period, TIME BEING OF THE ESSENCE. If Purchaser timely delivers a Termination Notice prior to the expiration of the Property Approval Period, TIME BEING OF THE ESSENCE, then within three (3) Business Days following receipt of such Termination Notice, the Title Company shall return the Earnest Money Deposit to Purchaser in accordance with Purchaser's written instructions, Purchaser shall pay any reasonable and customary cancellation fees or charges of Title Company and except for Termination Surviving Obligations, the parties shall have no further rights or obligations to one another under this Agreement. In the event Purchaser fails to deliver a Termination Notice prior to the expiration of the Property Approval Period, TIME BEING OF THE ESSENCE, Purchaser shall be deemed to have waived its right to terminate this Agreement pursuant to this Section 5.4 and the parties hereto shall proceed with the transaction contemplated by this Agreement.

Section 5.5. Sale "As Is". PURCHASER HAS CONDUCTED (OR WILL CONDUCT PRIOR TO THE EXPIRATION OF THE PROPERTY APPROVAL PERIOD) ITS OWN INDEPENDENT EXAMINATION OF THE PROPERTY. OTHER THAN ANY SPECIFIC MATTERS REPRESENTED BY SELLER IN THIS AGREEMENT OR ANY CLOSING DOCUMENT (AS MAY BE LIMITED BY SECTION 16.1 OF THIS AGREEMENT), PURCHASER HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY OF SELLER OR ANY OF SELLER'S AFFILIATES, AGENTS OR REPRESENTATIVES, AND PURCHASER HEREBY ACKNOWLEDGES THAT NO SUCH REPRESENTATIONS OR WARRANTIES HAVE BEEN MADE. EXCEPT AS SET FORTH IN THIS AGREEMENT OR ANY CLOSING DOCUMENT, SELLER SPECIFICALLY DISCLAIMS, AND NEITHER IT NOR ANY OF ITS AFFILIATES NOR ANY OTHER PERSON IS MAKING, ANY REPRESENTATION, WARRANTY OR ASSURANCE WHATSOEVER TO PURCHASER AND NO WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EITHER EXPRESS OR IMPLIED, ARE MADE BY SELLER OR MAY BE RELIED UPON BY PURCHASER WITH RESPECT TO THE STATUS OF TITLE TO OR THE

MAINTENANCE, REPAIR, CONDITION, DESIGN OR MARKETABILITY OF THE PROPERTY, OR ANY PORTION THEREOF, INCLUDING BUT NOT LIMITED TO (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (C) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (D) ANY RIGHTS OF PURCHASER UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION, (E) ANY CLAIM BY PURCHASER FOR DAMAGES BECAUSE OF DEFECTS, WHETHER KNOWN, OR UNKNOWN, OR LATENT, WITH RESPECT TO THE REAL PROPERTY, IMPROVEMENTS OR THE PERSONAL PROPERTY, (F) THE FINANCIAL CONDITION OR PROSPECTS OF THE PROPERTY OR THE TENANTS AND (G) THE COMPLIANCE OR LACK THEREOF OF THE REAL PROPERTY OR THE IMPROVEMENTS WITH GOVERNMENTAL REGULATIONS, IT BEING THE EXPRESS INTENTION OF SELLER AND PURCHASER THAT, EXCEPT AS EXPRESSLY SET FORTH TO THE CONTRARY IN THIS AGREEMENT OR IN ANY CLOSING DOCUMENT (AS LIMITED BY SECTION 16.1 OF THIS AGREEMENT), THE PROPERTY WILL BE CONVEYED AND TRANSFERRED TO PURCHASER IN ITS PRESENT CONDITION AND STATE OF REPAIR, "AS IS" AND "WHERE IS", WITH ALL FAULTS. Purchaser represents that it is a knowledgeable, experienced and sophisticated purchaser of real estate, and that it is relying solely on its own expertise and that of Purchaser's consultants in purchasing the Property. Upon Closing, Purchaser shall be deemed to have conducted such inspections, investigations and other independent examinations of the Property and related matters as Purchaser deems necessary, including the physical and environmental conditions thereof, and will rely upon same and not upon any statements of Seller (excluding the limited specific matters represented by Seller in this Agreement and any Closing Document, in each case as limited by Section 16.1 of this Agreement) or of any Affiliate, officer, director, employee, agent or attorney of Seller. Upon Closing, but subject to Seller's representations in this Agreement and any Closing Document, Purchaser will assume the risk (i) that adverse matters, including adverse physical and environmental conditions, may not have been revealed by Purchaser's inspections and investigations and (ii) of changes in applicable Environmental Laws relating to past, present and future environmental health conditions on, or resulting from the ownership or operation of, the Property. Purchaser acknowledges and agrees that, except as set forth in this Agreement and any Closing Document (i) all information obtained by Purchaser was obtained from a variety of sources and Seller will not be deemed to have represented or warranted the completeness, truth or accuracy of any of the Documents or other such information heretofore or hereafter furnished to Purchaser; (ii) upon Closing, Seller will sell and convey to Purchaser, and Purchaser will accept, the Property, "**AS IS, WHERE IS**," with all faults; (iii) there are no oral agreements, warranties or representations, collateral to or affecting the Property, by Seller, an Affiliate of Seller, any agent, officer, director, employee or attorney of Seller or any third party; (iv) Seller is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property furnished by any real estate broker, agent, employee, servant or other person; (v) the Purchase Price reflects the "**AS IS, WHERE IS**" nature of this sale and any faults, liabilities, defects or other adverse matters that may be associated with the Property; and (vi) the disclaimers and other agreements set forth herein are an integral part of this Agreement and Seller would not have agreed to sell the Property to Purchaser for the Purchase Price without the disclaimers and other agreements set forth in this Agreement. Purchaser, with Purchaser's counsel, has fully reviewed the disclaimers and waivers set forth in this Agreement, and understands the significance and effect thereof.

Section 5.6. Purchaser's Release of Seller.

(a) Purchaser, on behalf of itself and its partners, officers, directors, agents, controlling persons and Affiliates, hereby releases, except with respect to Closing Surviving Obligations, each of Seller and Seller's Affiliates and their respective partners, members, owners, officers, directors, agents, representatives and controlling persons (collectively, the "**Seller Released Parties**") from any and all liability, responsibility, penalties, fines, suits, demands, actions, losses, damages, expenses, causes of action, proceedings, judgments, executions, costs of any kind or nature whatsoever and claims (collectively, "**Claims**") arising out of or related to any matter or any nature relating to the Property or its condition, including the presence in the soil, soil gas, air, structures and surface and subsurface waters, of any Hazardous Substances or any chemical, material or substance that may in the future be determined to be toxic, hazardous, undesirable or subject to regulation and/or that may need to be specially treated, handled and/or removed from the Property under current or future federal, state and local laws, regulations or guidelines, any latent or patent construction defects, errors or omissions, compliance with law matters, any statutory or common law right Purchaser may have for property damage Claims, bodily injury Claims, contribution or cost recovery Claims or any other Claims under Environmental Laws and/or to receive disclosures from Seller, including, without limitation, any disclosures as to the Property's location within areas designated as subject to flooding, fire, seismic or earthquake risks by any federal, state or local entity, the need to obtain flood insurance, the certification of water heater bracing and/or the advisability of obtaining title insurance, or any other condition or circumstance affecting the Property, its financial viability, use of operation, or any portion thereof), valuation, salability or utility of the Property, or its suitability for any purpose whatsoever. Without limiting the foregoing, but expressly excluding Closing Surviving Obligations, Purchaser specifically releases Seller and the Seller Released Parties from any Claims Purchaser may have against Seller and/or the other Seller Released Parties now or in the future arising from the environmental condition of the Property or the presence of Hazardous Substances or contamination on or emanating from the Property, including any rights of contribution or indemnity.

(b) Purchaser acknowledges that it has (or shall have prior to Closing) inspected the Property, observed its physical characteristics and existing conditions and had the opportunity to conduct such investigations and studies on and off said Property and adjacent areas as it deems or deemed necessary, and Purchaser hereby waives, except with respect to Closing Surviving Obligations, any and all objections to or complaints (including but not limited to actions based on federal, state or common law and any private right of action under CERCLA, RCRA or any other state and federal law to which the Property is or may be subject, including any rights of contribution or indemnity) against Seller, its Affiliates, or their respective officers, directors, partners, members, owners, employees or agents regarding physical characteristics and existing conditions, including without limitation structural and geologic conditions, subsurface soil and water conditions and solid and hazardous waste and Hazardous Substances on, under, adjacent to or otherwise affecting the Property or related to prior uses of the Property.

(c) Purchaser further hereby assumes the risk of changes in applicable laws and regulations relating to past, present and future environmental, safety or health conditions on, or resulting from the ownership or operation of, the Property, and the risk that adverse physical characteristics and conditions, including without limitation the presence of Hazardous Substances or other substances, may not be revealed by its investigation.

(d) Notwithstanding anything to the contrary contained in this Agreement, the releases set forth in this Section 5.6 are not intended to, and shall not be construed to, affect or impair (i) any rights or remedies that Purchaser may have under this Agreement against the Seller as a result of any breach of representations, warranties or covenants of Seller expressly set forth in this Agreement or in any Closing Document, subject to the terms and limitations on survival and on Seller's liability set forth elsewhere in this Agreement, or (ii) any Closing Surviving Obligations.

Section 5.7. Off-Site Garage. To the extent permitted under the terms of the Property Agreements, Purchaser's rights and obligations under this Article V shall apply to the Off-Site Garage, but shall be limited by the terms of any applicable Property Agreement.

ARTICLE VI_

TITLE AND SURVEY MATTERS

Section 6.1. Title and Survey. Purchaser has received from the Title Company a preliminary title commitment for the Real Property, dated April 22, 2015 (the "**PTR**"), and copies of all underlying title documents described in the PTR. Seller has delivered to Purchaser a copy of that certain survey of the Real Property, dated May 12, 2015, prepared by James S. Anderson, PLS #1726 (the "**Survey**").

Section 6.2. Title and Survey Review.

(j) Purchaser shall have until 5:00 p.m. Central Time on the Title Notice Date to provide written notice (the "**Title Notice**") to Seller and the Title Company of any matters shown on the PTR and/or the Survey which are not satisfactory to Purchaser. If Seller has not received such written notice from Purchaser by the Title Notice Date, Purchaser shall be deemed to have unconditionally approved of the condition of title to the Property as shown on the PTR and the Survey, subject only to Seller's obligations set forth in Section 6.2(d). Except as expressly provided herein, Seller shall have no obligation whatsoever to expend any funds, to undertake any obligations, or otherwise to cure any title objections. If Purchaser timely delivers a Title Notice, then Seller shall deliver, no later than 5:00 p.m. Central Time on the Title Response Date, written notice to Purchaser and Title Company identifying which disapproved items, if any, Seller shall cure (by either having the same removed or by obtaining affirmative insurance to Purchaser's satisfaction in its reasonable discretion over the same as part of the Title Policy) ("**Seller's Response**"). If Seller does not deliver a Seller's Response prior to the Title Response Date, Seller shall be deemed to have elected to not remove or otherwise cure any exceptions disapproved by Purchaser. If Seller elects, or is deemed to have elected, not to remove or otherwise cure an exception disapproved in Purchaser's Title Notice, Purchaser shall have until the expiration of the Property Approval Period to (i) deliver a Termination Notice to Seller and Title Company terminating this Agreement, in which event Title Company shall, within three (3) Business Days following receipt of such Termination Notice, return the Earnest Money Deposit to Purchaser in accordance with Purchaser's written instructions and, except for Termination Surviving Obligations, the parties shall have no further rights or obligations to one another under this Agreement, or (ii) waive any such objection to the PTR and the Survey (whereupon such objections shall be deemed Permitted Exceptions). If Seller and Title Company have not received written notice from Purchaser by the Contingency Date, such failure shall be deemed Purchaser's waiver of all such objections to the PTR and the Survey. Purchaser and Seller acknowledge that the Title Notice and

Seller's Response have been timely delivered, and Purchaser has waived its right to terminate this Agreement under this Section 6.2(a).

(k) Purchaser may, at or prior to Closing, notify Seller in writing (the "**Gap Notice**") of any objections to title or the Survey (i) raised by the Title Company between the Title Notice Date (or such earlier date as Purchaser has delivered a Title Notice) and the Closing, (ii) not disclosed by the Title Company to Purchaser at least two (2) Business Days prior to the expiration of the Property Approval Period, and (iii) not disclosed by Seller to Purchaser prior to the expiration of the Property Approval Period ("**New Exceptions**"); provided that Purchaser must notify Seller of any objection to any such New Exception prior to the date three (3) Business Days after being made aware of the existence of such New Exception and the Closing Date will, if necessary to allow Purchaser such three (3) Business Day period, be extended for up to three (3) Business Days. If Purchaser fails to deliver to Seller a Gap Notice on or before such date, Purchaser will be deemed to have waived any objection to the New Exceptions, and the New Exceptions will be Permitted Exceptions. Seller will have not less than three (3) Business Days from the receipt of Purchaser's Gap Notice (and, if necessary, Seller may extend the Closing Date to provide for such three (3) Business Day period and for three (3) Business Days following such period for Purchaser's response), within which time Seller may, but is under no obligation to, agree to remove or otherwise obtain affirmative insurance to Purchaser's satisfaction in its reasonable discretion over the objectionable New Exceptions. If, within the three (3) Business Day period, Seller does not agree to remove or otherwise obtain affirmative insurance over the objectionable New Exceptions, then Purchaser may deliver a Termination Notice to Seller and Title Company terminating this Agreement, in which event Title Company shall, within three (3) Business Days following receipt of such Termination Notice, return the Earnest Money Deposit to Purchaser in accordance with Purchaser's written instructions and, except for Termination Surviving Obligations, the parties shall have no further rights or obligations to one another under this Agreement. If Purchaser fails to terminate this Agreement in the manner set forth above, the New Exceptions (except those New Exceptions that Seller has agreed to remove or otherwise affirmatively insure over) will be Permitted Exceptions.

(l) If Seller timely agrees in Seller's Response to a Title Notice or in its response to a Gap Notice to attempt to cure any of the objections set forth in such Title Notice or Gap Notice, and if Seller is unable to cure such objections by the Closing Date (as such date may be extended pursuant to Section 6.2(b)), Purchaser shall, on the Closing Date either (i) waive such objections without any abatement in the Purchase Price, or (ii) deliver a Termination Notice to Seller and Title Company terminating this Agreement, in which event Title Company shall, within three (3) Business Days following receipt of such Termination Notice, return the Earnest Money Deposit to Purchaser in accordance with Purchaser's written instructions and, except for Termination Surviving Obligations, the parties shall have no further rights or obligations to one another under this Agreement.

(m) Notwithstanding any provision of this Section 6.2 to the contrary, Seller will be obligated to pay or otherwise discharge any and all exceptions to title to the Real Property and Improvements relating to (i) liens and security interests securing any loan to Seller, including, without limitation, mortgages and deeds of trust and (ii) any other consensual or non-consensual liens or security interests created by documents executed by, or actions or omissions of, Seller other than liens for ad valorem taxes and assessments for the current calendar year.

Section 6.3. Title Insurance. At the Closing, the Title Company shall issue to Purchaser the Title Policy, subject only to (i) exceptions in the PTR to the extent not objected to or waived by Purchaser pursuant to Section 6.2 (excluding any matters which are to be remedied by Seller pursuant to Section 6.2(d)), (ii) the Property Agreements, (iii) the Tenant Lease and the Breaktime Lease, (iv) the Licenses and Permits, (v) any taxes and assessments for the year of Closing and subsequent years not yet due and payable as of the Closing, (vi) all matters shown on the Survey, any updates thereto, which are not objected to or waived by Purchaser in accordance with Section 6.2, (vii) any liens or claims of liens for work, services, labor or materials performed or supplied by, for, or on behalf of Tenant or the Breaktime Tenant by parties other than Seller, and (viii) any exceptions arising from Purchaser's actions (collectively, the "**Permitted Exceptions**").

Section 6.4. Title Affidavits, Etc. At the Closing, Seller shall execute and deliver an owner's affidavit in the form attached hereto as **Exhibit M.**

ARTICLE VII

INTERIM OPERATING COVENANTS AND ESTOPPELS

Section 7.1. Interim Operating Covenants. Seller will, from the Effective Date until Closing:

(n) continue to operate and maintain the Real Property and the Improvements in the ordinary course of Seller's business and substantially in accordance with Seller's present practice, subject to ordinary wear and tear and Article IX;

(o) maintain fire and extended coverage insurance on the Improvements equivalent in all material respects to Seller's insurance policies covering the Improvements as of the Effective Date;

(p) not transfer or remove any Personal Property from the Improvements except for the purpose of repair or replacement thereof;

(q) not enter into any new leases of the Property or any amendments, expansions or renewals of the Tenant Lease or the Breaktime Lease, or terminate the Tenant Lease or the Breaktime Lease, or apply any tenant security deposit, without the prior written consent of Purchaser, which consent will not be unreasonably withheld prior to expiration of the Property Approval Period but may be withheld in Purchaser's sole discretion after expiration of the Property Approval Period, provided consent shall not be required for any expansion or renewal which Seller, as landlord, is required to honor pursuant to the Tenant Lease or the Breaktime Lease;

(r) not enter into, or renew the term of, any Service Contract unless such Service Contract is terminable on thirty (30) days (or less) prior notice without penalty, amend or modify (other than renewals, as provided above) any of the Service Contracts, unless Purchaser consents thereto in writing, which approval will not be unreasonably withheld prior to expiration of the Property Approval Period but may be withheld in Purchaser's sole discretion after expiration of the Property Approval Period;

(s) terminate (at no cost or expense to Purchaser) on or prior to Closing any and all Service Contracts which Purchaser requests Seller to terminate by notice given to Seller at or prior to the expiration of the Property Approval Period if such Service Contracts are terminable without fee, penalty or charge;

(t) promptly deliver to Purchaser copies of written default notices, notices of lawsuits, and notices of violations affecting the Property actually received by Seller;

(u) not voluntarily subject the Property to any additional liens, encumbrances, covenants or easements, which would not constitute Permitted Exceptions, unless either released prior to Closing, or approved by Purchaser in its sole discretion;

(v) request the Tenant Estoppel Certificate from Tenant and deliver to Purchaser all written comments made by Tenant with respect to the Tenant Estoppel Certificate that are received by Seller in connection with Seller's request for the same promptly following such receipt received;

(w) promptly notify Purchaser of any event or circumstance which makes any representation or warranty of Seller to Purchaser under this Agreement untrue in any material respect;

(x) use commercially reasonable efforts to comply in all material respects with the terms, covenants and conditions contained in the Tenant Lease, the Service Contracts, the Permitted Exceptions and any other agreement affecting the Property and to monitor compliance thereunder in a manner consistent with Seller's current practices; and

(y) deliver notices of the Closing to Crown Center Redevelopment Corporation as required by the Revocable License and the Property Agreements. Purchaser acknowledges that, upon giving such notice in connection with the Revocable License, the owner of the Wall Drawing #1118 by Sol LeWitt is obligated to remove it.

Whenever in this Section 7.1 Seller is required to obtain Purchaser's approval, Purchaser shall, within five (5) Business Days after receipt of Seller's written request therefor, notify Seller of its approval or disapproval of same and, if Purchaser fails to notify Seller of its approval within said five (5) Business Day period, Purchaser shall be deemed to have approved the same.

Section 7.2. Tenant Estoppel Certificate. It will be a condition to Purchaser's obligation to consummate Closing that Seller obtain and deliver to Purchaser at least two (2) Business Days prior to the Closing, an estoppel certificate from Tenant in substantially the form attached hereto as **Exhibit D**; provided an estoppel certificate executed by Tenant in the form required by the Tenant Lease shall satisfy the requirement of this Section 7.2 ("**Tenant Estoppel Certificate**"). For the avoidance of doubt, in the event that Tenant does not agree to Paragraphs 14 and 16 of the Form of Tenant Estoppel Certificate attached hereto as **Exhibit D**, the failure to include the same shall not cause the executed Tenant Estoppel Certificate to fail to satisfy the requirements of this Section 7.2. For the Tenant Estoppel Certificate to satisfy the conditions under this Section 7.2, it shall not (i) reflect a monetary default, a material non-monetary default, or an event which, with the giving of notice and/or passage of time, could reasonably be expected to result in a monetary default or material non-monetary default by the landlord or Tenant under the Tenant Lease, (ii) reflect a material discrepancy with the terms of

the Tenant Lease, (iii) contain a statement, information or allegation inconsistent with (a) Seller's representations or warranties contained in this Agreement or (b) the documents or other materials provided by Seller to Purchaser on or before the date that is one (1) Business Day prior to the expiration of the Property Approval Period, (iv) contain a statement, information or allegation regarding a dispute between Tenant and Seller, and (v) be executed by Tenant more than ten (10) days prior to Closing. Prior to delivery of the form of estoppel certificate to the Tenant, Seller will deliver to Purchaser a completed form of estoppel certificate, in the form attached hereto as **Exhibit D** or such form as required by the Tenant Lease and containing the information contemplated thereby. Within three (3) Business Days following Purchaser's receipt thereof, Purchaser will send to Seller notice either (i) approving such form as completed by Seller or (ii) setting forth in detail all changes to such form which Purchaser reasonably believes to be appropriate to make the completed form of estoppel certificate accurate and complete. Seller will make such changes to the extent Seller agrees such changes are appropriate, except that Seller will not be obligated to make any changes which request more expansive information than is contemplated by **Exhibit D** or the form required by the Tenant Lease. In no event shall Seller's failure to obtain the Tenant Estoppel Certificate in accordance with this Section 7.2 constitute a default by Seller under this Agreement. Purchaser's sole and exclusive remedy for a failure to obtain the Tenant Estoppel Certificate is set forth in Section 10.11. If the Tenant Estoppel Certificate is not obtained at least two (2) Business Days prior to the Closing Date, each of Purchaser and Seller shall have the right to extend Closing for up to fifteen (15) days in order to obtain the Tenant Estoppel Certificate by delivering written notice of such extension to the other on or prior to the originally scheduled Closing Date.

Section 7.3. OFAC. Pursuant to United States Presidential Executive Order 13224 ("Executive Order"), Seller and Purchaser are required to ensure that they do not transact business with persons or entities determined to have committed, or to pose a risk of committing or supporting, terrorist acts and those persons (i) described in Section 1 of the Executive Order or (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 (as to (i) and (ii), a "**Blocked Person**"). If one party learns that the other is a Blocked Person, the party that is not a Blocked Person may terminate this Agreement by giving written notice to the other party and the Title Company and Purchaser shall receive a return of the Earnest Money Deposit. This Section 7.3 will survive termination of this Agreement.

Section 7.4. Easement Estoppel. It will be a condition to Purchaser's obligation to consummate Closing that Seller obtain and deliver to Purchaser at least two (2) Business Days prior to Closing, an estoppel certificate ("**REA Estoppel**") from Crown Center Redevelopment Corporation, or its successors, (a) identifying the Agreement for Restrictions, Easements and Maintenance of Amenities and Common Areas, dated February 29, 2008 and any amendments thereto ("**REA**"), (b) stating that, to its knowledge, neither Seller nor the Property is in default under the REA, and (c) stating that no fees or assessments are due and owing thereunder by Seller or with respect to the Property. In no event shall Seller's failure to obtain the REA Estoppel in accordance with this Section 7.2 constitute a default by Seller under this Agreement. Purchaser's sole and exclusive remedy for any failure to obtain the REA Estoppel is set forth in Section 10.11.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

Section 8.1. Seller's Representations and Warranties. The following (together with the representation made in Section 11.1 and the special warranty of title made in the Deed) constitute the sole representations and warranties of Seller with respect to the purchase and sale of the Property contemplated herein. Subject to the limitations set forth in Section 16.1, Seller represents and warrants to Purchaser, the following:

(a) Seller is a limited liability company duly organized and validly existing under the laws of the State of Delaware and is duly qualified to conduct business in the State of Missouri;

(b) the execution and delivery of this Agreement and the performance of Seller's obligations hereunder (i) have been duly authorized by all necessary action on the part of Seller, and this Agreement constitutes the legal, valid and binding obligation of Seller, subject to equitable principles and principles governing creditors' rights generally; (ii) will not violate any judgment, order, injunction, decree, regulation or ruling of any court or Authority; and (iii) will not conflict with, result in a breach of, or constitute a default under the organizational documents of Seller, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Seller is a party or by which it is bound;

(c) except as listed in Exhibit F, (i) there are no legal actions pending, or To Seller's Knowledge threatened (in writing), against the Property or Seller, including condemnation or similar proceedings; and (ii) Seller has received no written notice of any violations of any Governmental Regulations, including Environmental Laws, relating to the Property that remain uncured.

(d) (i) Exhibit G is a true, correct and complete list of the documents comprising the Tenant Lease and the Breaktime Lease in effect as of the date hereof; (ii) no other lease or occupancy agreements affecting the Property has been entered into by Seller except as set forth on Exhibit G; and (iii) Seller has delivered or made available to Purchaser electronically through Seller's data room true and complete copies of Tenant Lease and the Breaktime Lease set forth on Exhibit G.

(e) (i) Exhibit C is a true, correct and complete list of the Service Contracts in effect as of the date hereof; (ii) Seller has delivered or made available to Purchaser electronically through Seller's data room for review, true and complete copies of all Service Contracts set forth on Exhibit C; and (iii) Seller has not received or delivered any written notices from or to any of the parties to the Service Contracts asserting that either Seller or any such party is in default thereunder.

(f) except as set forth on Exhibit H, no brokerage or leasing commission, tenant improvement allowance or other Leasing Costs have been incurred but are unpaid as of the date hereof with respect to the existing Tenant Lease or the existing Breaktime Lease;

(g) no consent, waiver, approval or authorization is required from any Person (that has not already been obtained) in connection with the execution and delivery of this Agreement by Seller or the performance by Seller of the transactions contemplated hereby;

(h) Seller does not have any employees;

(i) Neither Seller nor, To Seller's Knowledge, any trustee, officer, agent, Affiliate or Person acting on behalf of Seller, has been determined by the U.S. Secretary of the Treasury to be acting on behalf of, a Blocked Person, or has otherwise been designated as a Person (i) with whom an entity organized under the laws of the United States (or a state thereof) is prohibited from entering into transactions or (ii) from whom such an entity is prohibited from receiving money or other property or interests in property, and, Seller is not located in, or operating from, a country subject to U.S. economic sanctions administered by OFAC;

(j) (i) **Exhibit A** is a true, correct and complete list of the Property Agreements in effect as of the Effective Date; (ii) Seller has delivered or made available to Purchaser electronically through Seller's data room for review, true and complete copies of all Property Agreements set forth on **Exhibit A**; and (iii) Seller has not received or delivered any written notices from or to any party to a Property Agreement, that either Seller or such party is in default under such Property Agreement, which default remains uncured; and

(k) Seller has not filed any bankruptcy action or petition; no such action or petition has been filed against Seller; and, To Seller's Knowledge, no such action or petition has been threatened (in writing) against Seller.

Section 8.2. Purchaser's Representations and Warranties. Purchaser represents and warrants to Seller the following:

(a) Purchaser is duly organized and validly existing under the laws of the State of Maryland;

(b) the execution and delivery of this Agreement and the performance of Purchaser's obligations hereunder (i) have been duly authorized by all necessary action on the part of Purchaser and its constituent owners and/or beneficiaries and this Agreement constitutes the legal, valid and binding obligation of Purchaser, subject to equitable principles and principles governing creditors' rights generally; (ii) will not violate any judgment, order, injunction, decree, regulation or ruling of any court or Authority, and (iii) will not conflict with, result in a breach of, or constitute a default under the organizational documents of Purchaser, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Purchaser is a party or by which it is bound;

(c) no consent, waiver, approval or authorization is required from any Person (that has not already been obtained) in connection with the execution and delivery of this Agreement by Purchaser or the performance by Purchaser of the transactions contemplated hereby; and

(d) Neither Purchaser nor, to the knowledge of Purchaser, any trustee, officer, agent, Affiliate or Person acting on behalf of Purchaser, has been determined by the U.S. Secretary of the Treasury to be acting on behalf of, a Blocked Person, or has otherwise been designated as a Person (i) with whom an entity organized under the laws of the United States (or a state thereof) is prohibited from entering into transactions or (ii) from whom such an entity is prohibited from receiving money or other property or interests in property, and, Purchaser is not located in, or operating from, a country subject to U.S. economic sanctions administered by OFAC.

The representations and warranties made in this Agreement by Purchaser shall be deemed to be remade by Purchaser as of the Closing Date, with the same force and effect as if first made on and as of the Closing Date.

ARTICLE IX_

CONDEMNATION AND CASUALTY

Section 9.1. Significant Casualty.

(e) If, prior to the Closing Date, all or any portion of the Real Property and Improvements is destroyed or damaged by fire or other casualty, Seller will notify Purchaser of such casualty. The estimated cost to repair and/or restore shall be established by estimates obtained by written opinion of one or more independent contractors mutually acceptable to Seller and Purchaser.

(f) Purchaser will have the option, in the event all or any Significant Portion of the Real Property or Improvements is so destroyed or damaged, to terminate this Agreement upon notice to Seller given not later than ten (10) days after receipt of Seller's notice (and the Closing Date shall be extended by up to ten (10) days to allow Purchaser the full allotted time to make such election). If this Agreement is terminated, the Earnest Money Deposit will be returned to Purchaser and neither Seller nor Purchaser will have any further rights or obligations to the other hereunder except with respect to the Termination Surviving Obligations. If less than a Significant Portion of the Real Property and Improvements is damaged as aforesaid, Purchaser shall not have the right to terminate this Agreement.

(g) If Purchaser does not elect to terminate this Agreement pursuant to this Section 9.1 or if Purchaser does not have the right to terminate this Agreement pursuant to this Section 9.1, Seller will not be obligated to repair such damage or destruction, but (i) Seller will assign to Purchaser all of the insurance proceeds net of reasonable collection costs (or, if such have not been awarded, all of its right, title and interest therein) payable with respect to such fire or other casualty (excluding any proceeds of insurance that are payable on account of any business interruption, rental insurance or similar coverage intended to compensate Seller for loss of rental or other income from the Property attributable to periods prior to the Closing), and (ii) the parties will proceed to Closing pursuant to the terms hereof without abatement of the Purchase Price, except that Purchaser will receive a credit for the amount of the deductible on such insurance policy and the amount of any proceeds that are applied to repay any financing on the Property.

(h) The Closing Date may be extended by Seller by up to a maximum extension of thirty (30) days, as reasonably required to obtain such estimates and determine the availability and amount of insurance proceeds. Seller and Purchaser shall cooperate and exercise due diligence to obtain damage estimation and insurance proceeds.

Section 9.2. Condemnation.

(e) Seller shall promptly deliver to Purchaser notice of any written notice it receives of any pending or threatened taking by condemnation of any portion of the Real Property and Improvements. In the event of condemnation or sale in lieu of condemnation of all or any Significant

Portion of the Real Property and Improvements or if Seller shall receive an official written notice from any governmental authority having eminent domain power over the Real Property and Improvements of its intention to take, by eminent domain proceeding, all or a Significant Portion of the Real Property and Improvements, then prior to the Closing, Purchaser will have the option, by providing Seller written notice within ten (10) days after receipt of Seller's notice of such condemnation or sale (and the Closing Date shall be extended by up to ten (10) days to allow Purchaser the full allotted time to make such election) of terminating Purchaser's obligations under this Agreement or electing to have this Agreement remain in full force and effect. Should Purchaser elect to terminate Purchaser's obligations under this Section 9.2, the Earnest Money Deposit will be returned to Purchaser and neither Seller nor Purchaser will have any further obligation under this Agreement except for the Termination Surviving Obligations.

(f) In the event Purchaser does not terminate this Agreement pursuant to this Section 9.2, or if Purchaser does not have the right to terminate this Agreement pursuant to this Section 9.2, Seller will assign to Purchaser any and all claims for the proceeds of such condemnation or sale to the extent the same are applicable to the Real Property and Improvements, and Purchaser will take title to the Property with the assignment of such proceeds and subject to such condemnation and without reduction of the Purchase Price, except that Purchaser will receive a credit for the amount of any such proceeds that are applied to repay any financing on the Property.

ARTICLE X _

CLOSING

Section 10.1. Closing. The Closing of the sale of the Property by Seller to Purchaser will occur on the Closing Date, TIME BEING OF THE ESSENCE, through the escrow established with the Title Company, in accordance with this Article X, it being understood that the performance or tender of performance of all matters set forth in this Article X are mutually concurrent conditions which may be waived by the party for whose benefit they are intended. The Closing Date may be extended as provided in Section 7.2.

Section 10.2. Purchaser's Closing Obligations. At least one (1) Business Day prior to the Closing Date (except for item (a) below, which shall be delivered before the Deposit Time on the Closing Date), Purchaser, at its sole cost and expense, will deliver the following items in escrow with the Title Company pursuant to Section 4.3, for delivery to Seller at Closing as provided herein:

(a) The Purchase Price, after all adjustments are made at the Closing as herein provided, by Federal Reserve wire transfer of immediately available funds, in accordance with the timing and other requirements of Section 3.3;

(b) Four (4) counterparts of the General Conveyance, duly executed by Purchaser;

(c) Four (4) counterparts of the Tenant Notice Letters, duly executed by Purchaser;

(d) Four (4) counterparts of the Assignment of Property Agreements, duly executed by Purchaser;

(e) Four (4) counterparts of a Notice of Assignment of Lease in a form reasonably acceptable to Seller and Purchaser, duly executed and acknowledged by Purchaser;

(f) One (1) counterpart of a Real Property Certificate of Value, completed and duly executed by Purchaser; and

(g) Such other documents as may be reasonably necessary or appropriate to effect the consummation of the transactions which are the subject of this Agreement, including the Closing Statement, duly executed and delivered.

Section 10.3. Seller's Closing Obligations. Seller, at its sole cost and expense, will deliver (i) the following items (a), (b), (c), (d), (e), (f), (g), (k), (l), (m), (n), (o) and (p) in escrow with the Title Company pursuant to Section 4.3, and (ii) upon receipt of the Purchase Price, make the following items (h), (i), and (j) available to Purchaser at the property manager's office at the Property:

(a) A Special Warranty Deed substantially in the form attached hereto as **Exhibit J** (the "**Deed**"), duly executed and acknowledged by Seller, conveying to Purchaser the Real Property and the Improvements, subject only to the Permitted Exceptions;

(b) Four (4) counterparts of the Assignment and Assumption of Property Agreements in the form attached hereto as **Exhibit L** (the "**Assignment of Property Agreements**"), duly executed and acknowledged by Seller and conveying to Purchaser Seller's interests in the Property Agreements, subject only to the Permitted Exceptions;

(c) Four (4) counterparts of the General Conveyance, Bill of Sale, and Assignment and Assumption substantially in the form attached hereto as **Exhibit I** (the "**General Conveyance**"), duly executed by Seller;

(d) Four (4) counterparts of the Tenant Notice Letters, duly executed by Seller;

(e) Evidence reasonably satisfactory to the Title Company and Purchaser that the person executing the Closing documents on behalf of Seller has full right, power and authority to do so;

(f) A certificate in the form attached hereto as **Exhibit K** ("**Certificate as to Foreign Status**") certifying that Seller is not a "foreign person" as defined in Section 1445 of the Code of 1986;

(g) Intentionally Deleted;

(h) The Personal Property;

(i) All original Licenses and Permits and Service Contracts, in Seller's possession and control;

(j) All keys to the Improvements which are in Seller's possession;

(k) The title affidavit required by Section 6.4;

(l) Certificates of good standing for the Seller certified by the Secretary of State for the State of Delaware and the State of Missouri;

(m) An instrument (“**Representation Update**”), which will include a statement setting forth in reasonable detail the ways in which the representations and warranties made in Section 8.1 are no longer true and accurate, if at all, which shall be limited to matters discovered by Seller after the expiration of the Property Approval Period;

(n) An acknowledgement by the real estate broker entitled to receive the Eighth Amendment Commission, that such real estate broker will not look to Purchaser or the then owner of the Property for the payment of such commission, which acknowledgement shall be in a form reasonably acceptable to Purchaser;

(o) Four (4) counterparts of a Notice of Assignment of Lease in a form reasonably acceptable to Seller and Purchaser, duly executed and acknowledged by Seller; and

(p) Such other documents as may be reasonably necessary or appropriate to effect the consummation of the transactions which are the subject of this Agreement, including the Closing Statement.

Section 10.4. Prorations.

(a) Seller and Purchaser agree to adjust, as of 11:59 p.m. on the day immediately preceding the Closing Date (the “**Closing Time**”), the following (collectively, the “**Proration Items**”): real estate and personal property taxes and assessments for 2015 (irrespective of when such taxes and assessments are due and payable), utility bills (except as hereinafter provided), collected Rentals (subject to the terms of (b) below), operating expenses payable by the owner of the Property, including expenses under the Property Agreements, and such other items of income and expense as are customarily prorated in sales transactions involving other properties which are similar to the Property. Seller will be charged and credited for the amounts of all of the Proration Items relating to the period up to and including the Closing Time, and Purchaser will be charged and credited for all of the Proration Items relating to the period after the Closing Time. Such preliminary estimated Closing prorations shall be set forth on a preliminary closing statement to be prepared by Seller and submitted, together with such backup and supporting documentation as Purchaser may reasonably request (including, without limitation, a general ledger and accounts receivable report) to Purchaser for Purchaser’s approval (which approval shall not be unreasonably withheld) three (3) Business Days prior to the Closing Date (the “**Closing Statement**”). The Closing Statement, once agreed upon, shall be signed by Purchaser and Seller and delivered to the Title Company for purposes of making the preliminary proration adjustment at Closing subject to the final cash settlement provided for below. The preliminary proration shall be paid at Closing by Purchaser to Seller (if the preliminary prorations result in a net credit to Seller) or by Seller to Purchaser (if the preliminary prorations result in a net credit to Purchaser) by increasing or reducing the cash to be delivered by Purchaser in payment of the Purchase Price at the Closing. If the actual amounts of the Proration Items are not known as of the Closing Time, the prorations will be made at Closing on the basis of the best evidence then available; thereafter, when actual figures are received, re-prorations will be made on the basis of the actual figures, and a final cash settlement will be made between Seller and Purchaser. No prorations will be made in relation to

insurance premiums (except to the extent covered by the proration of Operating Expense Recoveries), and Seller's insurance policies will not be assigned to Purchaser. Final readings and final billings for utilities will be made if possible as of the Closing Time, in which event no proration will be made at the Closing with respect to utility bills (except to the extent covered by the proration of Operating Expense Recoveries). Seller will be entitled to all deposits presently in effect with the utility providers, and Purchaser will be obligated to make its own arrangements for deposits with the utility providers. A final reconciliation of Proration Items shall be made by Purchaser and Seller on or before the Final Proration Date; provided that such reconciliation, as it relates to real estate taxes shall be made within thirty (30) days following the issuance of the tax bills for the Real Property. The provisions of this Section 10.4 (excluding subsection (e) which is governed by Section 3.2 above) will survive the Closing until the Final Proration Date, and in the event any items subject to proration hereunder are discovered prior to the Final Proration Date, the same shall be promptly prorated by the parties in accordance with the terms of this Section 10.4.

(b) Purchaser will receive a credit on the Closing Statement for the prorated amount (as of the Closing Time) of all Rentals previously paid to and collected by Seller and attributable to any period following the Closing Time. After the Closing, Seller will cause to be paid or turned over to Purchaser all Rentals, if any, received by Seller after Closing and properly attributable to any period following the Closing Time. "**Rentals**" includes fixed monthly rentals, parking rentals and charges, additional rentals, escalation rentals (which include Tenant's and Breaktime Tenant's proportionate share of building operation and maintenance costs and expenses as provided for under the Tenant Lease and the Breaktime Lease, to the extent the same exceeds any expense stop specified in Tenant Lease or the Breaktime Lease), retroactive rentals, administrative charges, utility charges, tenant or real property association dues, storage rentals, special event proceeds, temporary rents, telephone receipts, locker rentals, vending machine receipts and other sums and charges payable to the landlord under the Tenant Lease and the Breaktime Lease or from other occupants or users of the Property, excluding specific tenant billings which are governed by Section 10.4(d). Rentals are "**Delinquent**" if they were due prior to the Closing Time and payment thereof has not been made on or before the Closing Time. Delinquent Rentals will not be prorated. For a period of six (6) months after Closing, Purchaser agrees to use good faith collection procedures with respect to the collection of any Delinquent Rentals, but Purchaser will have no liability for the failure to collect any such amounts and will not be required to conduct lock-outs or take any other legal action to enforce collection of any such amounts owed to Seller by Tenant or the Breaktime Tenant. With respect to any Delinquent Rentals received by Purchaser prior to the Final Proration Date (the "**Delinquent Rental Proration Period**"), Purchaser shall pay to Seller any rent or payment actually collected during the Delinquent Rental Proration Period properly attributable to the period prior to the Closing Time. All sums collected by Purchaser during the Delinquent Rental Proration Period, from Tenant and the Breaktime Tenant (excluding (i) Tenant and Breaktime Tenant payments for Operating Expense Recoveries attributable to the period prior to the Closing Time governed by Section 10.4(e) below and (ii) tenant specific billings for tenant work orders and other specific services as described in and governed by Section 10.4(d) below, which shall be payable to and belong to Seller in all events) will be applied first to amounts currently owed by Tenant and Breaktime Tenant to Purchaser (including Delinquent Rentals attributable to the period after the Closing Time), then any collection costs of Purchaser related to Tenant and Breaktime Tenant, and then to prior delinquencies owed by Tenant and Breaktime Tenant to Seller. Seller shall not be entitled to institute legal actions to pursue Delinquent Rentals after Closing. Any sums collected by Purchaser

and due Seller will be held in trust and promptly remitted to Seller, and any sums collected by Seller and due Purchaser will be held in trust and promptly remitted to Purchaser.

(c) Seller will prepare a reconciliation as of the Closing Time of the amounts of all billings and charges for operating expenses (including any Rentals on account of contributions toward real estate taxes) (collectively, “**Operating Expense Recoveries**”) for calendar year 2015. If less amounts have been collected from Tenant and the Breaktime Tenant for Operating Expense Recoveries for calendar year 2015 than would have been owed by Tenant and Breaktime Tenant under the Tenant Lease and the Breaktime Lease if the reconciliations under the Tenant Lease and the Breaktime Lease were completed as of the Closing Time based on the operating expenses incurred by Seller for calendar year 2015 up to the Closing Time (as prorated pursuant to Section 10.4(a) above) such shortfall shall be paid to Seller when collected by Purchaser from the Tenant and the Breaktime Tenant in connection with the final true-up for operating expenses for calendar year 2015. If more amounts have been collected from Tenant and Breaktime Tenant for Operating Expense Recoveries for calendar year 2015 than would have been owed by Tenant and Breaktime Tenant under the Tenant Lease and the Breaktime Lease if the reconciliations under the Tenant Lease and the Breaktime Lease were completed as of the Closing Time based on the operating expenses incurred by Seller for calendar year 2015 up to the Closing Time (as prorated pursuant to Section 10.4(a) above), Seller will pay to Purchaser at Closing as a credit against the Purchase Price such excess collected amount. Any Operating Expense Recoveries payable with respect to the month in which Closing occurs or with respect to any prior month, which have not been paid to Seller as of the Closing Date, shall be treated as Delinquent Rentals as provided above. Seller and Purchaser agree to finalize prorations on or before the Final Proration Date, 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, subject to Section 10.4(b) dealing with Delinquent Rentals, the foregoing proration will fully release Seller from any responsibility to Tenant and Breaktime Tenant or Purchaser for such matters and Purchaser will be solely responsible, from and after Closing, for (i) collecting from Tenant and Breaktime Tenant the amount of any outstanding Operating Expense Recoveries for calendar year 2015 for periods before and after Closing, and (ii) reimbursing Tenant and Breaktime Tenant for amounts attributable to Operating Expense Recoveries for calendar year 2015, as may be necessary based on annual reconciliations for Operating Expense Recoveries for such calendar year. Notwithstanding the foregoing, if the actual operating expenses incurred by Seller for calendar year 2015 up to the Closing Time exceed the amount budgeted for such operating expenses as set forth in Seller’s operating budget for calendar year 2015, all Operating Expense Recoveries for calendar year 2015 (other than collected Operating Expense Recoveries for the month in which the Closing occurs) will be reconciled between Seller and Purchaser if and when Purchaser collects such amounts from Tenant or Breaktime Tenant in connection with any final true-up of the same between Purchaser and Tenant or Breaktime Tenant.

(d) With respect to specific tenant billings for work orders, special items performed or provided at the request of Tenant or Breaktime Tenant or other specific services, which are collected by Purchaser or Seller after the Closing Time but expressly state they are for such specific services rendered by Seller or its property manager prior to the Closing Time, Purchaser shall cause such collected amounts to be held in trust and paid to Seller, or Seller may retain such payment if such payment is received by Seller after the Closing Time.

(e) Purchaser shall (i) receive a credit at Closing for only those leasing commissions, brokerage commissions, tenant improvement allowances, rent abatements, legal fees and other expenditures incurred in connection with the lease of space in the Property (“**Leasing Costs**”) identified as a “**Seller Leasing Cost**” on **Exhibit H** attached hereto to the extent unpaid as of the Closing Date, (ii) be solely responsible for and shall pay all Leasing Costs (including all Leasing Costs for which Seller has agreed to give Purchaser a credit against the Purchase Price in clause (i) above) to the extent unpaid as of the Closing Date; (iii) be solely responsible for and shall pay all Leasing Costs (for purposes of this Section 10.4(e), “**New Tenant Costs**”) incurred or to be incurred in connection with any new lease or amendment to, or renewal or expansion of, the Tenant Lease or the Breaktime Lease executed after the Effective Date; (iv) pay to Seller at Closing the portion of the Leasing Costs identified on **Exhibit H** as payable and/or assumable by Purchaser that Seller has already paid; and (v) be solely responsible for and assume payment of the Leasing Costs identified on **Exhibit H** as being assumed or paid by Purchaser that have not been paid as of Closing. In no event shall Seller bear any responsibility for the allowances described in Section 2.02 of the Tenant Lease and Sections 10, 11, 12 and 13 of the Eighth Amendment to Office Lease and no credit against the Purchase Price shall be provided to Purchaser (the same being the sole responsibility of Purchaser following the Closing). No credit shall be given against the Purchase Price for the Eighth Amendment Commission, which Seller shall pay outside of Closing.

Section 10.5. Delivery of Real Property. Upon completion of the Closing, Seller will deliver to Purchaser possession of the Real Property and Improvements (including all keys, books, records and files), subject to the Tenant Lease and the Permitted Exceptions.

Section 10.6. Closing Costs. Costs incurred in connection with the Closing will be allocated as follows:

(a) Purchaser will pay (i) all premium and other costs for the Title Policy and any endorsements to the Title Policy, except for the portion thereof payable by Seller pursuant to Section 10.6(b), (ii) all premiums and other costs for any mortgagee policy of title insurance, including but not limited to any endorsements or deletions, (iii) Purchaser’s attorney’s fees, (iv) 1/2 of all of the Title Company’s and the Title Company’s escrow and closing fees, if any, (v) all recording fees for the Deed and other Closing Documents, and (vi) 1/2 of the cost of any update to the Survey in connection with the transactions contemplated by this Agreement.

(b) Seller will pay (i) the base premium for the basic Title Policy and the cost of any endorsement with respect to matters for which Seller has agreed to obtain affirmative insurance pursuant to Section 6.2, (ii) the cost of the Survey and 1/2 of the cost of any update to the Survey in connection with the transactions contemplated by this Agreement, (iii) 1/2 of all of the Title Company’s escrow and closing fees, and (iv) Seller’s attorneys’ fees.

(c) The parties hereby agree that no portion of the Purchase Price has been allocated to the Personal Property or the Intangible Personal Property. In the event that any Authority shall require that any sales tax or other similar tax with respect to any Personal Property or the Intangible Personal Property be paid in connection with the transactions contemplated by this Agreement, Purchaser shall be obligated to make all such payments as and when required by any such Authority.

Upon the request of Seller, Purchaser shall execute and/or deliver such instruments and information as may be necessary in connection with Purchaser's payment of any such sales or other similar tax.

(d) Any other costs and expenses of Closing not provided for in this Section 10.6 shall be allocated between Purchaser and Seller in accordance with the custom in the county in which the Real Property is located.

(e) If the Closing does not occur on or before the Closing Date for any reason whatsoever, the costs incurred through the date of termination will be borne by the party incurring same.

Section 10.7. Post Closing Delivery of Letters. Immediately following Closing, (a) Seller will deliver to Tenant and Breaktime Tenant (via messenger or certified mail, return receipt requested) a written notice executed by Purchaser and Seller (i) acknowledging the sale of the Property to Purchaser, (ii) acknowledging that Purchaser has received and is responsible for any security deposit under the Tenant Lease and the Breaktime Lease, and (iii) indicating that rent should thereafter be paid to Purchaser and giving instructions therefor (the "**Tenant Notice Letters**"); (b) Seller will deliver to the City of Kansas City a letter indicating that Seller has transferred the Property to Purchaser within ten (10) days after Closing in accordance with Section 14B of the Development Agreement, and (c) Purchaser will deliver to the City of Kansas City a letter indicating that Purchaser has acquired the Property and elects to continue to use, operate and maintain the Property in accordance with the Development Plan, as defined in the Development Agreement, within six (6) months after Closing in accordance with Section 14B of the Development Agreement.

Section 10.8. General Conditions Precedent to Purchaser's Obligations Regarding the Closing. In addition to the conditions to Purchaser's obligations set forth in above in this Article X, the obligation of Purchaser to Close the sale/purchase transaction hereunder shall be conditioned upon the satisfaction of the following conditions, any of which may be waived by written notice from Purchaser to Seller, and all of which shall be deemed waived upon Closing:

(a) Seller shall have performed in all material respects each of the obligations of Seller set forth in this Agreement as of the date of Closing, including delivery to the Title Company and/or Purchaser of all Closing Documents;

(b) The Title Company shall be irrevocably committed to issue the Title Policy as provided in Section 6.3;

(c) Purchaser shall have received the Tenant Estoppel Certificate from Tenant pursuant to Section 7.2 and the REA Estoppel pursuant to Section 7.4; and

(d) Seller's representations and warranties made in Section 8.1 shall be true and correct in all material respects as of the Closing as if remade on the Closing Date except with respect to Authorized Qualifications and breaches of representations and warranties that, in the aggregate, are considered Immaterial Events.

The term "**Authorized Qualifications**" shall mean any qualifications to the representations and warranties made by Seller in Section 8.1 to reflect (i) Tenant Lease and/or Breaktime Lease

amendments and new Service Contracts or amendments to Service Contracts executed by Seller in accordance with this Agreement, and (ii) any action taken by Seller in accordance with the express provisions of any of the Tenant Lease, Service Contracts, or Permitted Exceptions which are not prohibited by this Agreement. The term “**Immaterial Events**” shall mean facts or events that do not result in a loss of value, damage, claim or expense in excess of the Liability Floor, in the aggregate. Authorized Qualifications and Immaterial Events shall not constitute a default by Seller hereunder or a failure of a condition precedent to Closing.

Section 10.9. Breaches of Seller’s Representations Prior to Closing.

If, prior to Closing, there occurs or exists a breach of a representation or warranty of Seller that in the aggregate with all other such breaches has the effect of constituting Authorized Qualifications and/or Immaterial Events, then Purchaser shall have no remedy therefor and must proceed to the Closing with no adjustment of the Purchase Price.

Section 10.10. General Conditions Precedent to Seller’s Obligations Regarding the Closing. In addition to the conditions to Seller’s obligations set forth in this Article X, the obligation of Seller hereunder to Close the sale/purchase transaction hereunder shall be conditioned upon the satisfaction of the following conditions, which may be waived by written notice from Seller to Purchaser and which shall be deemed waived upon Closing:

(a) Purchaser shall have performed in all material respects each of the obligations of Purchaser set forth in this Agreement as of the date of Closing including delivery to the Title Company of all Closing Documents and the Purchase Price; and

(b) Purchaser’s representations and warranties shall remain true and correct as of Closing, as if remade on the Closing Date, except with respect to Immaterial Events.

Section 10.11. Failure of Condition. If any condition precedent to Seller’s obligation to effect the Closing (as set forth in Section 10.10) is not satisfied, then Seller shall be entitled to terminate this Agreement by notice thereof to Purchaser and Title Company. If any condition precedent to Purchaser’s obligation to effect the Closing (as set forth in Section 10.8) is not satisfied by the Closing Date, then, subject to Section 10.9, Purchaser shall be entitled to terminate this Agreement by notice thereof to Seller and Title Company. If this Agreement is so terminated, then Purchaser shall be entitled to receive the Earnest Money Deposit and neither party shall have any further obligations hereunder, except for Termination Surviving Obligations; provided that, notwithstanding the foregoing, if the applicable conditions precedent are not satisfied due to a default by Seller or Purchaser hereunder, then Article XIII shall govern and this Section 10.11 shall not apply.

ARTICLE XI_

BROKERAGE

Section 11.1. Brokers. Seller represents and warrants that it has agreed to pay to Broker a real estate commission at Closing (but only in the event of Closing in strict compliance with this Agreement) pursuant to a separate agreement. Other than as stated in the first sentence of this Section 11.1, Purchaser and Seller represent to the other that no real estate brokers, agents or finders’

fees or commissions are due or will be due or arise in conjunction with the execution of this Agreement or consummation of this transaction by reason of the acts of such party, and Purchaser and Seller will indemnify, defend and hold the other party harmless from any breaches of representations and warranties in this Section 11.1 and any brokerage or finder's fee or commission claimed by any person asserting his entitlement thereto at the alleged instigation of the indemnifying party for or on account of this Agreement or the transactions contemplated hereby.

ARTICLE XII

CONFIDENTIALITY

Section 12.1. Confidentiality. Each party expressly acknowledges and agrees that, unless and until the Closing occurs, the transactions contemplated by this Agreement and the terms, conditions, and negotiations concerning the same will be held in the strictest confidence and will not be disclosed except to its Permitted Outside Parties, and except and only to the extent that such disclosure may be necessary for its performance hereunder or as otherwise required by applicable law. Purchaser further acknowledges and agrees that, until the Closing occurs, all information obtained by Purchaser in connection with the Property will not be disclosed by Purchaser to any third persons other than those described above without the prior written consent of Seller and to governmental authorities to the extent necessary to obtain a so-called Phase I environmental assessment or a so-called "zoning report" with respect to the Property. Nothing contained in this Article XII will preclude or limit either party to this Agreement from disclosing or accessing any information otherwise deemed confidential under this Article XII (a) in connection with that party's enforcement of its rights following a disagreement hereunder, (b) to the extent that any such information is generally available to the public or is otherwise a matter of public record or (c) was obtained from a source other than Seller, its Affiliates, agents, employees, consultants or Broker, or in response to lawful process or subpoena or other valid or enforceable order of a court of competent jurisdiction or any filings with governmental authorities required by reason of the transactions provided for herein pursuant to an opinion of counsel; provided, however, in the event such disclosure is required pursuant to a subpoena or court order, the applicable party shall promptly notify the other party thereof so that the other party may seek a protective order, waive compliance with this Article XII, and/or take any other action mutually agreed upon by the parties. Notwithstanding the foregoing to the contrary, each party acknowledges and agrees that the other (and entities which directly or indirectly own the equity interests in each party) may disclose in U.S. Securities and Exchange Commission ("SEC") and other filings with governmental authorities, financial statements and/or other communications such information regarding the transaction contemplated hereby and any such information relating to the Property as may be necessary or advisable under federal or state securities law, rules or regulations (including SEC rules and regulations), "generally accepted accounting principles" or other accounting rules or procedures or in accordance with such party's and such direct or indirect owners' prior custom, practice or procedure but in no event may Seller disclose the name of any Affiliate as to Purchaser in any such filings, financial statements (including any notes thereto) and/or communications. Without limiting the foregoing, Purchaser may disclose the transactions contemplated by this Agreement and information obtained by Purchaser in connection with the Property without Seller's prior approval, agreement or consent: (a) to the extent Purchaser or its Affiliates determine, in consultation with its legal counsel, that such disclosure is required by applicable law in connection with any filing by Purchaser or its Affiliates with the SEC or any stock exchange rule applicable to Purchaser or its Affiliates; (b) to the extent Purchaser or its Affiliates determine, in consultation with legal counsel, that such disclosure is required

in any prospectus, report or other filing made by Purchaser or its Affiliates with the SEC or any stock exchange or in any press release, earnings release or supplemental data related thereto; and (c) to Purchaser's or its Affiliates' underwriters, prospective underwriters, placement agents and prospective placement agents which are advised of its confidentiality. In addition, without Seller's prior approval, agreement or consent, Purchaser may disclose, in SEC filings and any supplemental data and/or earnings releases related thereto, the fact that it has entered into this Agreement, without identifying the name of Seller and without specifically identifying the Property in a manner similar to the description of the agreement to purchase the industrial property in Memphis, Tennessee contained in Purchaser's Form 10-Q filed with the SEC on October 27, 2014 and the supplemental data and earnings release related thereto. One or more of such owners of the direct or indirect interests in Seller will be required to publicly disclose the possible transactions contemplated hereby and file this Agreement with the SEC promptly after the execution of the same by both parties or as soon as required by law.

ARTICLE XIII

REMEDIES

Section 13.1. Default by Seller. In the event the Closing of the purchase and sale transaction provided for herein does not occur as herein provided, TIME BEING OF THE ESSENCE, by reason of any default of Seller, Purchaser may, as Purchaser's sole and exclusive remedies, elect by written notice to Seller within three (3) Business Days following the scheduled Closing Date, either (a) terminate this Agreement, whereupon (i) Purchaser will receive from the Title Company the Earnest Money Deposit, (ii) if Seller's default is intentional and material, Seller shall be obligated to reimburse Purchaser for its reasonable out of pocket costs incurred in connection with this Agreement or the Property (including but not limited to its legal fees and expenses in connection with the negotiation of this Agreement, and its due diligence costs in regards to the Property) in an amount not to exceed \$150,000 in the aggregate, and (iii) Seller and Purchaser will have no further rights or obligations under this Agreement, except with respect to the Termination Surviving Obligations; or (b) pursue specific performance of this Agreement, so long as any action or proceeding commenced by Purchaser against Seller shall be filed and served within thirty (30) days of the scheduled Closing Date; provided, however, if specific performance is not available then Purchaser shall be entitled to the remedies under the foregoing clause (a), and in either event, Purchaser hereby waives all other remedies, including any claim against Seller for damages of any type or kind including, without limitation, consequential or punitive damages. Failure of Purchaser to make the foregoing election within the foregoing three (3) Business Day period shall be deemed an election by Purchaser of the foregoing clause (a). Notwithstanding the foregoing, nothing contained in this Section 13.1 will limit Purchaser's remedies at law, in equity or as herein provided in the event of a breach by Seller of any of the Closing Surviving Obligations after Closing or the Termination Surviving Obligations after termination, subject to the terms of this Agreement.

Section 13.2. DEFAULT BY PURCHASER. IN THE EVENT THE CLOSING AND THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED HEREIN DO NOT OCCUR AS PROVIDED HEREIN, TIME BEING OF THE ESSENCE, BY REASON OF PURCHASER'S FAILURE TO PERFORM ITS OBLIGATIONS AT CLOSING, PURCHASER AND SELLER AGREE IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO FIX THE DAMAGES WHICH SELLER MAY SUFFER. PURCHASER AND SELLER HEREBY AGREE THAT (i) AN AMOUNT EQUAL TO THE EARNEST MONEY DEPOSIT IS A REASONABLE

ESTIMATE OF THE TOTAL NET DETRIMENT SELLER WOULD SUFFER IN THE EVENT PURCHASER DEFAULTS AND FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY, AND (ii) SUCH AMOUNT WILL BE PAID TO SELLER AND WILL BE THE FULL, AGREED AND LIQUIDATED DAMAGES FOR PURCHASER'S DEFAULT AND FAILURE TO COMPLETE THE PURCHASE OF THE PROPERTY, AND WILL BE SELLER'S SOLE AND EXCLUSIVE REMEDY (WHETHER AT LAW OR IN EQUITY) FOR ANY DEFAULT OF PURCHASER RESULTING IN THE FAILURE OF CONSUMMATION OF THE CLOSING, WHEREUPON THIS AGREEMENT WILL TERMINATE AND SELLER AND PURCHASER WILL HAVE NO FURTHER RIGHTS OR OBLIGATIONS HEREUNDER, EXCEPT WITH RESPECT TO THE TERMINATION SURVIVING OBLIGATIONS. NOTWITHSTANDING THE FOREGOING, NOTHING CONTAINED IN THIS SECTION 13.2 WILL LIMIT SELLER'S REMEDIES AT LAW, IN EQUITY OR AS HEREIN PROVIDED IN THE EVENT OF A BREACH BY PURCHASER OF ANY OF THE CLOSING SURVIVING OBLIGATIONS AFTER CLOSING OR THE TERMINATION SURVIVING OBLIGATIONS AFTER TERMINATION.

Section 13.3. Consequential and Punitive Damages. Seller and Purchaser waive any right to sue the other for any consequential or punitive damages for matters arising under this Agreement, including the right to obtain incidental, special, exemplary or consequential damages in connection with any default of Purchaser or Seller, or otherwise.

ARTICLE XIV

NOTICES

Section 14.1. Notices. All notices or other communications required or permitted hereunder will be in writing, and will be given by (a) personal delivery, or (b) professional expedited delivery service with proof of delivery, or (c) electronic mail (received upon the sender's receipt of an acknowledgement of delivery from sender's machine) sent to the intended addressee at the address set forth below, or to such other address or to the attention of such other person as the addressee will have designated by written notice sent in accordance herewith and will be deemed to have been given either at the time of personal delivery, or, in the case of expedited delivery service, as of the date of first attempted delivery on a Business Day at the address or in the manner provided herein, or, in the case of electronic mail transmission, upon receipt as described above if on a Business Day and, if not on a Business Day, on the next Business Day. Notices on behalf of either party may be given by the attorneys representing such party. Unless changed in accordance with the preceding sentence, the addresses for notices given pursuant to this Agreement will be as follows:

To Purchaser: Sullivan & Worcester LLP
One Post Office Square
Boston, Massachusetts 02109
Attn: John M. Steiner
Phone: (617) 338-2902
E-mail: jsteiner@sandw.com

To Seller: Hines REIT 2555 Grand LLC
c/o Hines Interests Limited Partnership
2800 Post Oak Blvd., Suite 4800

Houston, Texas 77056
Attn: Sherri Schugart
Fax: (713) 966-2075
Email: sherri.schugart@hines.com

with copy to: Hines REIT 2555 Grand LLC
c/o Hines Interests Limited Partnership
2800 Post Oak Blvd., Suite 4800
Houston, Texas 77056
Attn: Jason P. Maxwell, Esq.
Fax: (713) 966-2075
Email: jason.maxwell@hines.com

with copy to: Baker Botts L.L.P.
2001 Ross Avenue, Suite 600
Dallas, Texas 75201
Attn: Jonathan W. Dunlay
Email: jon.dunlay@bakerbotts.com

ARTICLE XV

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ASSIGNMENT AND BINDING EFFECT

Section 15.1. Assignment; Binding Effect. Prior to Closing, neither Purchaser nor Seller has the right to assign this Agreement without the other's prior written consent, which shall be given or withheld in the other's sole discretion. Notwithstanding the foregoing, Purchaser and Seller may each assign its rights under this Agreement to an Affiliate of such assigning party without the consent of the non-assigning party, provided that any such assignment does not relieve the assigning party of its obligations hereunder. This Agreement will be binding upon and inure to the benefit of Seller and Purchaser and their respective successors and permitted assigns, and no other party will be conferred any rights by virtue of this Agreement or be entitled to enforce any of the provisions hereof. Whenever a reference is made in this Agreement to Seller or Purchaser, such reference will include the successors and permitted assigns of such party under this Agreement.

ARTICLE XVI

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PROCEDURE FOR INDEMNIFICATION AND LIMITED SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 16.1. Survival of Representations, Warranties, Covenants and Obligations.

(a) Notwithstanding anything to the contrary contained in this Agreement, the representations and warranties of Seller set forth in this Agreement and Seller's liability under any provision of this Agreement or any other agreement executed in connection with this Agreement, including all Closing Documents, will survive the Closing only for the Survival Period, subject only to such longer periods of time, if any, provided in Section 10.4 or for so long as Purchaser provides written notice to Seller of any claim prior to the expiration of the Survival Period and any claim for which notice was timely delivered is filed in any court prior to the expiration of the Survival Period

and remains pending. Notwithstanding the immediately preceding sentence or any other provision herein to the contrary, if Seller obtains an estoppel certificate meeting the requirements of Section 7.2 (a) hereof from a tenant before or after Closing, then all representations and warranties made by Seller that are covered in such estoppel certificate shall be null and void, and Purchaser shall accept such estoppel certificate in its place. Purchaser will not have any right to bring any action against Seller as a result of (i) any untruth, inaccuracy or breach of such representations and warranties under this Agreement or any Closing Documents, or (ii) the failure of Seller to perform its obligations under this Agreement or any Closing Documents, unless and until the aggregate amount of all liability and losses arising out of all such untruths, inaccuracies, breaches and failures exceeds the Liability Floor; provided, however, that, if Purchaser's damages exceed the Liability Floor, the liability of Seller shall include all damages up to and including such amount (i.e. Purchaser shall be permitted to make claims beginning with "dollar one"). In addition, in no event will Seller's liability for all such untruths, inaccuracies, breaches and/or failures under Section 8.1, any other provision of this Agreement or any Closing Documents exceed the Liability Cap; provided, however, the Liability Cap shall not apply to (i) Seller's liability for attorneys' fees and costs in connection with such untruths, inaccuracies, breaches and/or failures, (ii) Seller's obligations under Section 10.4, and/or (iii) Seller's obligations under Section 11.1 and none of the foregoing shall be included under the Liability Cap.

(b) Seller shall have no liability with respect to any of Seller's representations, warranties, covenants and obligations herein if, prior to the Closing, Purchaser has actual knowledge of any breach of a representation, warranty, covenant or obligation of Seller, or Purchaser obtains actual knowledge (from whatever source, including any tenant estoppel certificates, as a result of Purchaser's due diligence tests, investigations and inspections, or written disclosure by Seller or Seller's agents and employees) that directly contradicts any of Seller's representations, warranties, covenants or obligations herein, and Purchaser nevertheless consummates the transaction contemplated by this Agreement and Purchaser has the right not to proceed with the Closing as a result thereof. Purchaser shall be deemed to have knowledge of the contents of all documents (i) delivered or made available to Purchaser and/or Purchaser's Licensee Parties, (ii) contained in or referred to in any tenant estoppel certificate, and (iii) referenced in the PTR or any update thereto.

(c) The Closing Surviving Obligations will survive Closing for the period established by the applicable statute of limitations unless a specified period is otherwise provided in this Agreement. All other representations, warranties, covenants, obligations and agreements made or undertaken by Seller under this Agreement, unless otherwise specifically provided herein, will not survive the Closing Date but will be merged into the Closing Documents. The Termination Surviving Obligations shall survive termination of this Agreement for the period established by the applicable statute of limitations unless a specified period is otherwise provided in this Agreement. The limitations on Seller's liability contained in this Article XVI are in addition to, and not a limitation of, any limitation on liability provided elsewhere in this Agreement or by law.

ARTICLE XVII

MISCELLANEOUS

Section 17.1. Waivers. No waiver of any breach of any covenant or provisions contained herein will be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant

or provision contained herein. No extension of time for performance of any obligation or act will be deemed an extension of the time for performance of any other obligation or act.

Section 17.2. Recovery of Certain Fees. 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 attorneys' fees and costs resulting therefrom, which fees and costs shall not be subject to or counted against, the limitations set forth in Section 16.1 above. For purposes of this Agreement, the term "attorneys' fees" or "attorneys' fees and costs" shall mean all court costs and the fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding. The provisions of this Section 17.2 shall survive the entry of any judgment, and shall not merge, or be deemed to have merged, into any judgment.

Section 17.3. Time of Essence. Seller and Purchaser hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation and provision hereof.

Section 17.4. Construction. Headings at the beginning of each article and Section are solely for the convenience of the parties and are not a part of this Agreement. Whenever required by the context of this Agreement, the singular will include the plural and the masculine will include the feminine and vice versa. This Agreement will not be construed as if it had been prepared by one of the parties, but rather as if both parties had prepared the same. All exhibits and schedules referred to in this Agreement, including **Exhibits A** through **M**, are attached and incorporated by this reference, and any capitalized term used in any exhibit or schedule which is not defined in such exhibit or schedule will have the meaning attributable to such term in the body of this Agreement. The words "herein," "hereof," "hereinafter" and words and phrases of similar import refer to this Agreement as a whole and not to any particular Section or Article. In the event the date on which Purchaser or Seller is required to take any action or give any notice under the terms of this Agreement is not a Business Day, the action will be taken or notice given on the next succeeding Business Day.

Section 17.5. Counterparts. To facilitate execution of this Agreement, this Agreement may be executed in multiple counterparts, each of which, when assembled to include an original, faxed or electronic mail (in .PDF or similar file) signature for each party contemplated to sign this Agreement, will constitute a complete and fully executed agreement. All such fully executed original or electronic mail (in .PDF or similar file) counterparts will collectively constitute a single agreement, and such signatures will be binding upon the party sending the signature by such electronic means when sent.

Section 17.6. Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of law or public policy, all of the other conditions and provisions of this Agreement will nevertheless remain in full force and effect, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner to either party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Agreement so as to

reflect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 17.7. Entire Agreement. This Agreement is the final expression of, and contains the entire agreement between, the parties with respect to the subject matter hereof, and supersedes all prior understandings with respect thereto. This Agreement may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be waived, except by written instrument, signed by the party to be charged or by its agent duly authorized in writing, or as otherwise expressly permitted herein.

Section 17.8. Governing Law. THIS AGREEMENT WILL BE CONSTRUED, PERFORMED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MISSOURI. THE PARTIES AGREE THAT ANY ACTION IN CONNECTION WITH THIS AGREEMENT SHALL BE BROUGHT AND MAINTAINED IN THE STATE OR FEDERAL COURTS IN KANSAS CITY, MISSOURI, AND THE PARTIES HEREBY CONSENT AND AGREE TO THE JURISDICTION OF SUCH COURTS.

Section 17.9. No Recording. The parties hereto agree that neither this Agreement nor any affidavit concerning it will be recorded. The foregoing, shall not preclude Purchaser from filing a lis pendens in conjunction with a suit for specific performance under Section 13.1 of this Agreement.

Section 17.10. Further Actions. The parties agree to execute such instructions to the Title Company and such other instruments and to do such further acts as may be reasonably necessary to carry out the provisions of this Agreement.

Section 17.11. No Other Inducements. The making, execution and delivery of this Agreement by the parties hereto have been induced by no representations, statements, warranties or agreements other than those expressly set forth herein.

Section 17.12. No Partnership. Notwithstanding anything to the contrary contained herein, this Agreement shall not be deemed or construed to make the parties hereto partners or joint venturers, it being the intention of the parties to merely create the relationship of Seller and Purchaser with respect to the Property to be conveyed as contemplated hereby.

Section 17.13. Limitations on Benefits. It is the explicit intention of Purchaser and Seller that no person or entity other than Purchaser and Seller and their permitted successors and assigns is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants, undertakings and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, Purchaser and Seller or their respective successors and assigns as permitted hereunder. Nothing contained in this Agreement shall under any circumstances whatsoever be deemed or construed, or be interpreted, as making any third party (including, without limitation, Broker or any Tenant) a beneficiary of any term or provision of this Agreement or any instrument or document delivered pursuant hereto, and Purchaser and Seller expressly reject any such intent, construction or interpretation of this Agreement.

Section 17.14. Exculpation. In no event whatsoever shall recourse be had or liability asserted against any of Seller's or Purchaser's partners, members, shareholders, employees, agents, directors,

officers or other owners of Seller or Purchaser or their respective constituent members, partners, shareholders, employees, agents directors, officers or other owners, Seller's or Purchaser's direct and indirect shareholders, partners, members, beneficiaries and owners and their respective trustees, officers, directors, employees, agents and security holders, assume no personal liability for any obligations entered into on behalf of Seller or Purchaser under this Agreement and the Closing Documents; provided the foregoing shall not limit Purchaser's rights, if any, to pursue recipients of distributions from Seller that are prohibited by applicable law or otherwise render Seller insolvent.

Section 17.15. Waiver of Jury Trial. THE PARTIES HERETO KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO A TRIAL BY JURY OF ANY DISPUTE ARISING UNDER OR RELATING TO THIS AGREEMENT AND AGREE THAT ANY SUCH DISPUTE SHALL BE TRIED BEFORE A JUDGE SITTING WITHOUT A JURY.

Section 17.16. Financials. Seller shall provide Purchaser with reasonable access to the books and records of Seller with respect to the Property for purposes of preparing audited financial statements for the 2014 calendar year (and the 2015 stub period), such financial statements to be prepared at Purchaser's sole cost and expense. Seller shall provide the Purchaser or its accountants with such certifications and representations as to such books and records as Purchaser or its accountants shall reasonably require in order to enable Purchaser or its accountants to prepare such audited financial statements in accordance with the requirements of Regulation S-X, Rule 3-14 of the U.S. Securities and Exchange Commission. Purchaser shall be responsible for all out-of-pocket costs or expenses reasonably incurred by Seller in connection with the preparation of such certifications and representations.

Section 17.17. Further Assurances. Purchaser and Seller shall, whenever and as often as it shall be requested to do so, cause to be executed, acknowledged or delivered any and all such further instruments and documents as may be reasonably necessary or proper in order to carry out the intent and purpose of this Agreement. Without limiting the foregoing, if Tenant requests that Purchaser or Seller provide any documentation or other information in connection with the assignment of the Tenant Lease, Purchaser and Seller shall promptly provide such documentation or information.

IN WITNESS WHEREOF, Seller and Purchaser have respectively executed this Agreement to be effective as of the date first above written.

PURCHASER:

GRAND BOULEVARD ACQUISITION LLC,
a Maryland limited liability company

By: /s/ DAVID M. BLACKMAN
Name: David M. Blackman
Title: President

SELLER:

HINES REIT 2555 GRAND LLC,
a Delaware limited liability company

By: /s/ SHERRI W. SCHUGART
Name: Sherri W. Schugart
Title: Manager

JOINDER BY TITLE COMPANY

First American Title Insurance Company, referred to in this Agreement as the “Title Company,” hereby acknowledges that it received this Agreement executed by Seller and Purchaser on the ____ day of June, 2015, and accepts the obligations of the Title Company as set forth herein. It will acknowledge to Purchaser and Seller when it receives the Earnest Money Deposit. The Title Company hereby agrees to hold and distribute the Earnest Money Deposit and interest thereon, and Closing proceeds in accordance with the terms and provisions of this Agreement. It further acknowledges that it hereby assumes all responsibilities for information reporting required under Section 6045(e) of the Internal Revenue Code.

FIRST AMERICAN TITLE INSURANCE COMPANY

By:

Printed Name:

Title:

EXHIBIT A
LEGAL DESCRIPTION
AND
PROPERTY AGREEMENTS

LEGAL DESCRIPTION:

Tract I:

All that part of Lot 1, 2555 Grand Boulevard, a subdivision in Kansas City, Jackson County, Missouri, being more particularly described as follows: Commencing at the Southeast corner of said Lot 1; thence North 87°34'20" West, along the South line of said Lot 1, a distance of 559.11 feet, to the most southerly southwest corner of said Lot 1; thence North 2°41'40" East, along the West line of said Lot 1, a distance of 50.10 feet, to the true point of beginning of the tract of land to be herein described; thence South 87°35'39" East, a distance of 171.67 feet; thence along a curve to the left having a radius of 20.00 feet, a central angle of 90°04'24" and an arc length of 31.44 feet; thence North 02°19'57" East, a distance of 280.72 feet, to a point on the easterly prolongation of the most southerly North line of said Lot 1; thence North 87°17'19" West, along said easterly prolongation and said North line, a distance of 259.92 feet, to the East right-of-way line of Grand Boulevard as now established; thence South 23°54'17" West, along said East right-of-way line, a distance of 33.37 feet; thence continuing along said East right-of-way line, along a curve to the left having a radius of 398.00 feet, a central angle of 21°26'35" and an arc length of 148.95 feet; thence South 02°27'42" West, continuing along said East right-of-way line, a distance of 93.55 feet; thence South 42°17'29" East, continuing along said East right-of-way line, a distance of 6.31 feet; thence South 87°18'20" East, continuing along said East right-of-way line, a distance of 104.32 feet; thence South 02°41'40" West, continuing along said easterly right-of-way line, a distance of 27.05 feet, to the point of beginning, containing 85,033 square feet or 1.952 acres, more or less.

Tract II:

An easement for ingress and egress, and parking including the 2555 Owner's Access Easement, Parking Easement, Utility Lines Easements, for the use of the Private Streets, Parking Structure Property, Parking Structure and the Tunnel, as established by the Agreement for Restrictions, Easements and Maintenance of Amenities and Common Areas, dated February 29, 2008, by and between Crown Center Redevelopment Corporation, a Missouri corporation, and Hines REIT 2555 Grand LLC, a Delaware limited liability company, recorded March 3, 2008, as Instrument No. 2008E0023002, over, among other property, the following:

All that part of Lot 1, 2555 Grand Boulevard, a subdivision in Kansas City, Jackson County, Missouri, being more particularly described as follows: Beginning at the Southeast Corner of said Lot 1; thence North 87°34'20" West, along the South line of said Lot 1, a distance of 559.11 feet, to the most southerly southwest corner of said Lot 1; thence North 02°41'40" East, along the West line of said Lot 1, a distance of 50.10 feet; thence South 87°35'39" East, a distance of 171.67 feet; thence along a curve to the left having a radius of 20.00 feet, a central angle of 90°04'24" and an arc length of 31.44 feet; thence North 02°19'57" East, a distance of 280.72 feet, to a point on the easterly prolongation of the most southerly North line of said Lot 1; thence North 87°17'19" West, along said easterly prolongation, a distance of 14.24 feet, to the most northerly southeast corner of said Lot 1; thence North 02°27'13" East, along the West line of said Lot 1, a distance of 122.10 feet, to the northwest corner of said Lot 1; thence South 87°34'20" East, along the North line of said Lot 1, a distance of 381.87 feet, to the northeast corner of said Lot 1; thence South 02°25'40" West, along the East line of said Lot 1, a distance of 473.09 feet, to the point of beginning.

PROPERTY AGREEMENTS:

1. Agreement for Restrictions, Easements and Maintenance of Amenities and Common Areas, dated February 29, 2008, executed by Seller and Crown Center Redevelopment Corporation ("CCRC"), and recorded in the Official Records as Instrument No. 2008E0023002.
2. Chilled Water Supply Contract, dated February 29, 2008, executed by Seller and CCRC, as evidenced by Memorandum of Chilled Water Supply Contract, dated February 29, 2008, executed by CCRC and Seller, and recorded in the Official Records as Instrument No. 2008E0023003, and Memorandum of Chilled Water Supply Contract, dated February 29, 2008, executed by CCRC and Seller, and recorded in the Official Records as Instrument No. 2008E0023004.
3. Garage Operating Agreement, dated November 18, 2008, executed by CCRC and Seller.

EXHIBIT B

EXCLUDED PERSONAL PROPERTY

Reserved Company Assets

Wall Drawing #1118 by Sol LeWitt

EXHIBIT C

SERVICE CONTRACTS

FUNCTION	SUBCONTRACTOR NAME	CONTRACT TERM
Elevator / Escalator Maintenance	ThyssenKrupp Elevator	09/01/11-08/31/16
Janitorial Services	Woodley Building Maintenance	07/01/14-06/30/16
Metal Refinishing	Mid-America Metals	01/01/15-12/31/17
Parking Garage Operating Agreement	Crown Center Redevelopment Corporation	Co-terminous with tenant (SHB)
Security Services	G4S Security	09/01/14-08/31/17
Window Cleaning - Interior	MTB Services	01/01/15-12/31/17
Window Cleaning - Exterior	MTB Services	01/01/15-12/31/17
Window Washing Rig Maintenance	Applied Technical Services, Inc.	Annual
Building Automation System Maintenance	Siemens Building Technologies	05/01/14-04/30/17
Copier & Fax Machine Maintenance Agreement	Techni-Serve	None
Water Treatment Services	Nalco Company	07/01/2014-06/30/2017
Fire Alarm & Life Safety	Siemens Building Technologies	05/01/2015-04/30/2016
Generator Maintenance	Central Power	06/01/2014-05/31/2017
Landscaping - Exterior	Signature Landscape	1/01/2015-12/31/2017
Landscaping - Interior	Bill's Tropical - Exterior	1/01/2015-12/31/2017
Pest Control	Terminix	01/01/13-12/31/15
Uniforms	Cintas	03/01/14-02/28/17
Security System Maintenance - Ccure	Siemens Building Technologies	03/01/14-02/28/17
Waste Management / Recycling	Deffenbaugh Industries	11/01/13-10/31/16

EXHIBIT D

TENANT ESTOPPEL CERTIFICATE

From: Shook, Hardy & Bacon L.L.P.

To: Grand Boulevard Acquisition LLC and its successors and assigns ("Purchaser"), and Hines REIT 2555 Grand LLC ("Landlord")

Lease: Lease dated August 4, 2000 between Crown Center Redevelopment Corporation and Tenant, covering the Premises (as defined below), as modified, altered or amended (as further described in Paragraph 1 below) (the "Lease"). All capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Lease.

Premises: Floors 2 through 24, consisting of a total of 595,607 rentable square feet (as set forth in the Lease) (the "Premises"), located in the building known as 2555 Grand, having an address of 2555 Grand Boulevard, Kansas City, Missouri, 64108 (the "Building").

Tenant hereby certifies to Landlord, Purchaser, and its assigns (including any parties providing financing to Purchaser with respect to the property in which the Premises is located (the "Property"), together with its successors and assigns ("Lender")), as follows:

1. Tenant is the current Tenant under the Lease. The Lease is a valid lease and is in full force and effect and is the only lease, agreement or understanding between Landlord and Tenant affecting the Premises and any rights to parking. Attached hereto as Exhibit A is a true, correct, and complete copy of the Lease and all amendments thereto, and the Lease has not been further modified, altered, amended, supplemented, extended or assigned.

2. The term of the Lease commenced on February 1, 2004, and will expire on February 29, 2034. Tenant has _____ renewal options of _____ years each.

3. The base rental under the Lease for the current lease year is \$_____ per month. Tenant is also responsible to pay, as additional rental, its pro rata share, which is 100%, of operating expenses for the Property (subject to caps on certain annual operating expense increases as specified in the Lease). Tenant has fully paid all base rental, additional rental, and other sums due and payable under the Lease through the date of this Certificate.

4. Tenant currently leases the following Parking Permits at the following monthly rates:

_____ unreserved covered spaces at \$_____ per space per month

_____ reserved covered spaces at \$_____ per space per month

_____ roof top spaces at \$_____ per space per month

5. As of the date of this Certificate, (i) to Tenant's knowledge, Landlord is not in default under any of the terms, conditions or covenants of the Lease to be performed or complied with by Landlord, and no event has occurred and no circumstance exists which, with the passage of time or the giving

of notice by Tenant, or both, would constitute such a default, and (ii) Tenant is not in default under any of the terms, conditions or covenants of the Lease to be performed or complied with by Tenant, and no event has occurred and no circumstance exists which, with the passage of time or the giving of notice by Landlord, or both, would constitute such a default.

6. As of the date of this Certificate, to Tenant's knowledge, Tenant has no existing defenses, offsets or credits against the payment of rent and other sums due or to become due under the Lease or against the performance of any other of Tenant's obligations under the Lease.

7. Except as set forth in the Lease, Tenant is not entitled to any concession, rebate, allowance, or free rent for any period after this Certificate.

8. Tenant has accepted and is presently occupying the Premises, all allowances and contributions (if any) payable by Landlord for Tenant's improvements (or for any other purpose) have been paid, and, to Tenant's knowledge, the Premises have been completed in accordance with the terms of the Lease.

9. Tenant has no option or right of first refusal or offer to purchase the Premises, any other portion of the Building or any interest therein. Tenant has no right to lease any additional space in the Building. Tenant has no right to terminate the Lease prior to the expiration of the term of the Lease and Tenant has no contraction rights or options, except to the extent provided in the Lease.

10. Landlord is not holding a security deposit or other form of security with respect to the Lease.

11. Tenant has not entered into any sublease, assignment or other agreement transferring any of its interest in the Lease or the Premises, except as follows: _____.

12. Tenant's current use of the Premises (which use is expressly permitted by the terms of the Lease) is general office. Tenant also uses a portion of the Premises for "Incidental Uses" (as defined in the Lease") in accordance with Article 3 of the Lease.

13. Tenant agrees that it has not paid any rent under the Lease more than thirty (30) days in advance.

14. There are no actions, whether voluntary or otherwise, pending or threatened against Tenant (or any guarantor of Tenant's obligations pursuant to the Lease) under the bankruptcy or insolvency laws of the United States or any state thereof, and there are no attachments, executions, assignments for the benefit of creditors, or voluntary or involuntary proceedings under the U.S. Bankruptcy Code or any other debtor relief laws pending or threatened against Tenant.

15. The correct name and mailing address of Tenant for notice purposes under the Lease is as follows:

Shook, Hardy & Bacon L.L.P.
2555 Grand Blvd.
Kansas City, Missouri 64108-2613
Attn: Chief Operating Officer

16. Tenant has not used, stored, disposed of or transported at, in, to or from the Premises or any other portion of the Building any substance classified, listed or regulated as hazardous or toxic under any applicable federal, state or local laws, orders, rules or regulations (other than minor quantities of such substances which are used in the course of ordinary office operations and in compliance with all applicable laws).

17. Tenant understands that this Certificate is required in connection with Purchaser's acquisition of the Property, and Tenant agrees that Landlord, Purchaser and Lender, together with their successors and assigns will, and will be entitled to, rely on the truth of this Certificate.

18. The party executing this document on behalf of Tenant represents that he/she has been authorized to do so on behalf of Tenant.

EXECUTED on this _____ day of _____, 2015.

“TENANT”

SHOOK, HARDY & BACON L.L.P.,
a Missouri limited liability partnership

By:
Name:
Title:

EXHIBIT E

DELETED

EXHIBIT F

LAWSUITS

NONE

EXHIBIT G

LIST OF TENANT LEASE DOCUMENTS

1. Office Lease, dated August 4, 2000, executed by Shook, Hardy & Bacon L.L.P. (“**Shook**”), as Lessee and Crown Center Redevelopment Corporation (“**CCRC**”), as Lessor.
2. Amendment, dated October 30, 2000, executed by Shook and CCRC.
3. Second Amendment, dated December 10, 2000, executed by Shook and CCRC.
4. Third Amendment, dated September 24, 2002, executed by Shook and CCRC.
5. Fourth Amendment, dated January 23, 2003, executed by Shook and CCRC.
6. Fifth Amendment, dated February 29, 2008, executed by Shook and CCRC.
7. Sixth Amendment, dated January 29, 2014, executed by Shook and Seller.
8. Seventh Amendment, dated March 27, 2014, executed by Shook and Seller.
9. Eighth Amendment, dated December 31, 2014, executed by Shook and Seller.

LIST OF BREAKTIME LEASE DOCUMENTS

1. Office Lease, dated September 18, 2003, executed by Ki Tae Yu and In Soon Yu (“**Yu**”), as Lessee and CCRC, as Lessor.
2. First Amendment to Lease, dated November 21, 2008, executed by Yu and Seller.
3. Second Amendment to Lease, dated November 25, 2013, executed by Yu and Seller.

EXHIBIT H

LEASING COSTS

None.

EXHIBIT I

GENERAL CONVEYANCE, BILL OF SALE, ASSIGNMENT AND ASSUMPTION

Hines REIT 2555 Grand LLC, Delaware limited liability company (“**Seller**”), for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration to Seller paid by _____, a _____ (“**Purchaser**”), the receipt of which is hereby acknowledged, hereby sells, transfers, conveys and assigns to Purchaser all of Seller’s right, title and interest in the following described property:

(a) all equipment, appliances, tools, supplies, machinery, artwork, furnishings and other tangible personal property attached to, appurtenant to, located in the improvements (the “**Improvements**”) located on the real property described on **Exhibit A** attached hereto (the “**Real Property**”) and used exclusively in connection with the ownership or operation of the Improvements (the “**Personal Property**”), specifically excluding (i) items of personal property owned by tenants (each a “**Tenant**”) of the Improvements, (ii) any items of personal property owned by third parties and leased to Seller, (iii) any items of personal property owned or leased by Seller’s property manager or any contractor of Seller, (iv) any equipment or fixtures owned by the parties (other than Seller) to the Property Agreements, as defined in the Purchase Agreement, (v) the personal property listed in **Exhibit B** attached hereto, and (vi) the “Wall Drawing #1118” by Sol LeWitt located in the lobby of the Improvements;

(b) all service agreements, maintenance contracts, construction contracts, equipment leasing agreements, warranties, guaranties, bonds and other contracts for the provision of labor, services, materials or supplies relating solely to the Real Property, the Improvements or the Personal Property as listed on **Exhibit C** attached hereto, and together with all renewals, supplements, and modifications thereof (the “**Service Contracts**”);

(c) as lessor, under the written lease and all amendments, modifications and supplements thereto (“**Tenant Leases**”) with the tenants set forth on **Exhibit D** attached hereto;

(d) all licenses, permits, certificates of occupancy, approvals, dedications, subdivision maps and entitlements issued, approved or granted in connection with the Real Property and the Improvements, together with all renewals and modifications thereof, to the extent assignable without the necessity of consent or assignable only with consent and such consent has been obtained (the “**Licenses and Permits**”); and

(e) all assignable trade names, trademarks, logos, service marks and other intellectual property (in each case, if any) owned by Seller and utilized by Seller solely in connection with the ownership, leasing or operation of the Real Property and Improvements (other than the names or variations thereof of Seller, its affiliates, the property manager and tenants), to the extent assignable without the necessity of consent or assignable only with consent and such consent has been obtained (the “**Intangible Personal Property**”).

The Personal Property, Service Contracts, Tenant Leases, Licenses and Permits, and Intangible Personal Property are hereinafter collectively referred to as the “**Property**.”

Seller has executed this General Conveyance, Bill of Sale, Assignment and Assumption (this “**General Conveyance**”) and SOLD, TRANSFERRED, CONVEYED and ASSIGNED the Property and Purchaser has accepted this General Conveyance and purchased the Property AS IS AND WHEREVER LOCATED, WITH ALL FAULTS AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES OF WHATSOEVER NATURE, EXPRESS, IMPLIED, OR STATUTORY, EXCEPT AS EXPRESSLY SET FORTH IN THE AGREEMENT OF SALE AND PURCHASE BETWEEN SELLER AND _____ DATED _____, 2015, REGARDING THE PROPERTY (the “**Purchase Agreement**”) AND THE WARRANTIES SET FORTH HEREIN, IT BEING THE INTENTION OF SELLER AND PURCHASER TO EXPRESSLY NEGATE AND EXCLUDE ALL WARRANTIES WHATSOEVER, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, ANY RIGHTS OF PURCHASER UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION, ANY CLAIM BY PURCHASER FOR DAMAGES BECAUSE OF DEFECTS, WHETHER KNOWN OR UNKNOWN WITH RESPECT TO THE PROPERTY, WARRANTIES CREATED BY AFFIRMATION OF FACT OR PROMISE AND ANY OTHER WARRANTIES CONTAINED IN OR CREATED BY THE UNIFORM COMMERCIAL CODE AS NOW OR HEREAFTER IN EFFECT IN THE STATE IN WHICH THE REAL PROPERTY IS LOCATED, OR CONTAINED IN OR CREATED BY ANY OTHER LAW. SELLER’S LIABILITY HEREUNDER IS LIMITED AS PROVIDED IN THE PURCHASE AGREEMENT.

Purchaser accepts the foregoing bargain, sale, transfer, conveyance and assignment and assumes and agrees to be bound by and to perform and observe (i) all of the obligations and covenants of Seller under the Service Contracts, Licenses and Permits, Tenant Leases, and Intangible Personal Property assigned to Purchaser, which are to be performed or observed on or subsequent to the date hereof and (ii) all leasing commissions, brokerage commissions, tenant improvement allowances, legal fees and other expenditures incurred in connection with the lease of space in the Real Property and Improvements for which Purchaser is responsible under the Purchase Agreement.

Seller shall indemnify, defend and hold harmless Purchaser from and against any and all claims, demands, liabilities, losses, damages, costs and expenses, including, without limitation, reasonable attorneys’ fees and disbursements, arising from Seller’s failure to perform its obligations under the Service Contracts and Tenant Leases to the extent related to periods prior to the date hereof; provided in no event shall the foregoing indemnity apply to matters affecting the condition of the Property that Purchaser has expressly waived or agreed to accept “as-is” under the Purchase Agreement.

Purchaser shall indemnify, defend and hold harmless Seller from and against any and all claims, demands, liabilities, losses, damages, costs and expenses, including, without limitation, reasonable attorneys’ fees and disbursements, arising from Purchaser’s failure to perform its obligations under the Service Contracts and Tenant Leases to the extent related to periods from and after the date hereof.

To facilitate execution of this General Conveyance, this General Conveyance may be executed in multiple counterparts, each of which, when assembled to include an original signature for each party contemplated to sign this General Conveyance, will constitute a complete and fully executed original. All such fully executed original counterparts will collectively constitute a single agreement.

Notwithstanding the foregoing, Seller's liability hereunder is limited as provided in the Purchase Agreement.

EXECUTED as of the _____ day of _____, 2015.

SELLER:

HINES REIT 2555 GRAND LLC,
a Delaware limited liability company

By:

Name:

Title:

PURCHASER:

a

By:

Name:

Title:

EXHIBIT J

SPECIAL WARRANTY DEED

[Attached]

(Space above reserved for Recorder of Deeds certification)

Title of Document: Missouri Special Warranty Deed

Date of Document: _____, 2015

Grantor(s): _____, a _____

Grantee(s): _____, a _____

Grantee(s) Mailing Address: _____

Legal Description: See Exhibit A attached hereto.

Reference Book and Pages (s): N/A

(If there is not sufficient space on this page for the information required, state the page reference where it is contained within the document.)

MISSOURI SPECIAL WARRANTY DEED

THIS INDENTURE, made as of _____, 2015, is between _____, a _____ (“Grantor”), and _____, a _____, with a mailing address of _____ (“Grantee”).

WITNESSETH, that Grantor, for and in consideration of Ten Dollars (\$10.00) and other valuable consideration, the receipt of which is hereby acknowledged, does by these presents SELL, CONVEY and GRANT unto Grantee and its heirs and assigns, the parcel of land lying, being and situated in _____ County, Missouri, more particularly described on Exhibit A attached hereto, together with all buildings and other improvements located thereon (collectively, the “Premises”),

SUBJECT TO (a) all matters which would be disclosed by a current, accurate survey and inspection of the Premises, (b) building codes, set back restrictions, zoning regulation and ordinances, and other governmental regulations on the use of the Premises, (c) the lien of taxes and assessments not yet due and payable, (d) the rights of the public in and to parts thereof in streets, roads or alleys, and (e) all easements, encumbrances and matters of record listed on Exhibit B attached hereto.

TO HAVE AND TO HOLD the Premises, with all and singular the rights, privileges, appurtenances, and immunities belonging thereto or in anyway appertaining unto Grantee and its heirs and assigns forever. Grantor, for Grantor and Grantor’s successors, hereby covenants that: Grantor is lawfully seized of an indefeasible estate in fee of the premises herein conveyed; Grantor has good right to convey the same; the Premises are free and clear of any encumbrances done or suffered by Grantor, except as may be described above; and Grantor will Warrant and Defend the title to the Premises unto Grantee and its heirs and assigns forever, against the lawful claims and demands of all persons claiming any right, interest or title through Grantor, except as may be described above, but against no other claims.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Grantor has set its hand on the date first written above.

a _____

By:
Name:
Title:

STATE OF _____)
) SS.
COUNTY OF _____)

I, _____, a Notary Public in and for said County in the State
aforesaid, DO HEREBY CERTIFY THAT _____, the _____
of _____, a _____, personally known to me to be the same
person whose name is subscribed to the foregoing instrument as such _____ of said
_____, appeared before me this day in person and acknowledged that he signed and delivered
the said instrument as his own free and voluntary act, and as the free and voluntary act of said
_____ for the uses and purposes therein set forth.

Given under my hand and notarial seal this ____ day of _____, 2015.

Notary Public

My Commission Expires: _____

When Recorded Return to:

EXHIBIT A

Description of the Premises

EXHIBIT B

Permitted Exceptions

EXHIBIT K

NON-FOREIGN ENTITY CERTIFICATION

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including Section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by HINES REIT 2555 GRAND LLC, a Delaware limited liability company (the "Transferor"), the undersigned hereby certifies the following on behalf of the Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. Transferor is not a disregarded entity as defined in Section 1.1445-2(b)(2)(iii);
3. Transferor's U.S. employer identification number is _____; and
4. Transferor's office address is
c/o Hines Interests Limited Partnership

Houston, Texas _____

Transferor understands that this certification may be disclosed to the Internal Revenue Service and that any false statement made within this certification could be punished by fine, imprisonment, or both.

Under penalties of perjury the undersigned declares that he has examined this certification and that to the best of his knowledge and belief it is true, correct and complete, and the undersigned further declares that he has the authority to sign this document on behalf of the Transferor.

TRANSFEROR:

HINES REIT 2555 GRAND LLC,
a Delaware limited liability company

By:

Name:

Title:

EXHIBIT L

ASSIGNMENT AND ASSUMPTION OF PROPERTY AGREEMENTS

HINES REIT 2555 GRAND LLC, a Delaware limited liability company (“**Seller**”), for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration to Seller paid by _____, a _____ (“**Purchaser**”), the receipt of which is hereby acknowledged, hereby assigns to Purchaser all of Seller’s right, title and interest, as lessee, under the agreements described on **Exhibit A** attached hereto and made a part hereof for all purposes (the “**Property Agreements**”).

Purchaser accepts the foregoing assignment and assumes and agrees to be bound by and to perform and observe all of the obligations and covenants of Seller under the Property Agreements first accruing from and after the date hereof.

Seller shall indemnify, defend and hold harmless Purchaser from and against any and all claims, demands, liabilities, losses, damages, costs and expenses, including, without limitation, reasonable attorneys’ fees and disbursements, arising from Seller’s failure to perform its obligations under the Property Agreements to the extent related to periods prior to the date hereof; provided in no event shall the foregoing indemnity apply to matters affecting the condition of the Property that Purchaser has expressly waived or agreed to accept “as-is” under the Purchase Agreement (defined below).

Purchaser shall indemnify, defend and hold harmless Seller from and against any and all claims, demands, liabilities, losses, damages, costs and expenses, including, without limitation, reasonable attorneys’ fees and disbursements, arising from Purchaser’s failure to perform its obligations under the Property Agreements to the extent related to periods from and after the date hereof.

To facilitate execution of this assignment, this assignment may be executed in multiple counterparts, each of which, when assembled to include an original signature for each party contemplated to sign this assignment, will constitute a complete and fully executed original. All such fully executed original counterparts will collectively constitute a single agreement.

Notwithstanding the foregoing, Seller’s liability hereunder is limited as provided in the Agreement of Sale and Purchase between Seller and Grand Boulevard Acquisition LLC dated June __, 2015 (the “**Purchase Agreement**”).

[Signatures on following page.]

EXECUTED as of the _____ day of _____, 2015.

SELLER:

HINES REIT 2555 GRAND LLC,
a Delaware limited liability company

By:

Name:

Title:

PURCHASER:

By:

Name:

Title:

[ADD ACKNOWLEDGEMENTS]

EXHIBIT M

FORM OF OWNER'S AFFIDAVIT

OWNER'S CERTIFICATE

File No.:

Hines REIT 2555 Grand LLC, a Delaware limited liability company (the "Owner") hereby certifies as follows, all to its actual knowledge as of the date of its execution of this Certificate as set forth below:

- 1) That no improvements have been erected upon the property described in Commitment No. _____ and legally described on Exhibit A attached hereto, within twelve months next preceding the date hereof, and no alterations or repairs have been made to any heretofore existing improvements on said real estate within said twelve month period by or for them for which all bills for labor and material have not been paid in full.
- 2) That there are no unrecorded tenancies, leases or other occupancies on the property other than those set forth below and that no referenced occupancy agreements contain options to purchase or rights of first refusal except as noted below:

Lease dated August 4, 2000, by and between Owner, as landlord, and Shook, Hardy & Bacon L.L.P., as tenant, as amended

Lease dated September 8, 2003, by and between Owner, as landlord, and Ki Tae Yu and In Soon Yu, as tenants.
- 3) That there are no unrecorded easements or claims of easement affecting the property; no encroachments affecting a setback or boundary line on the property except as shown on the survey prepared in connection with this transaction; and, no contracts, options or rights to purchase the property other than in the transaction for which this Certificate is given.
- 4) That there are no unrecorded judgments, liens or mortgages against Owner's interest in the property and that no defects, liens, encumbrances or adverse claims on title to the property have been created by Owner or otherwise come to the attention of Owner subsequent to the effective date of the aforesaid title commitment, other than as may be shown on the title commitment.
- 5) That no proceeding in bankruptcy has ever been instituted by or against the Owner (and if a partnership, against the general partner(s) thereof), nor has the Owner ever made an assignment for the benefit of creditors.
- 6) That there is no action or proceeding relating to the property in any State or Federal Court in the United States nor any State or Federal Judgment or any Federal Lien of any kind or nature whatever which now constitutes a lien or charge upon the property.

- 7) That there are no special tax assessments against the property other than set forth in the aforesaid commitment, and that the undersigned is not aware of any pending or recent public improvements which would give rise to any such assessment.

This Certificate is given to induce First American Title Insurance Company to issue its policies of title insurance including endorsements knowing full well that it will be relying upon the accuracy of the same.

HINES REIT 2555 GRAND LLC,
a Delaware limited liability company

By:
Name:
Title:

**CERTIFICATION
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Sherri W. Schugart, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hines Real Estate Investment Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 12, 2015

By: /s/ SHERRI W. SCHUGART
Sherri W. Schugart
President and Chief Executive Officer

**CERTIFICATION
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Ryan T. Sims, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hines Real Estate Investment Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 12, 2015

By: /s/ RYAN T. SIMS
Ryan T. Sims
Chief Financial Officer and Secretary

**WRITTEN STATEMENT OF CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE
SARBANES — OXLEY ACT OF 2002**

The undersigned, the Chief Executive Officer and the Chief Financial Officer of Hines Real Estate Investment Trust, Inc. (“the Company”), each hereby certifies that to his/her knowledge, on the date hereof:

- (a) the Form 10-Q of the Company for the quarterly period ended June 30, 2015, filed on the date hereof with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2015

By: /s/ SHERRI W. SCHUGART

Sherri W. Schugart

President and Chief Executive
Officer

Date: August 12, 2015

By: /s/ RYAN T. SIMS

Ryan T. Sims

Chief Financial Officer and
Secretary