

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 March 31, 2018
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: 000-53964

Hines Global REIT, Inc.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

26-3999995

(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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	(Do not check if a smaller reporting company)
Smaller reporting company ☐	Emerging growth company ☐	If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13 (a) of the Exchange Act. ☐	

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 May 7, 2018, approximately 272.7 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 GLOBAL REIT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	March 31, 2018	December 31, 2017
	(In thousands, except per share amounts)	
ASSETS		
Investment property, net	\$ 2,707,565	\$ 2,689,276
Cash and cash equivalents	118,512	401,326
Restricted cash	24,496	16,884
Derivative instruments	—	1
Tenant and other receivables, net	71,745	73,341
Intangible lease assets, net	393,895	406,257
Deferred leasing costs, net	106,062	107,789
Deferred financing costs, net	1,005	1,225
Other assets	34,255	30,098
Total assets	\$ 3,457,535	\$ 3,726,197
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 87,950	\$ 105,151
Due to affiliates	6,538	10,252
Intangible lease liabilities, net	65,612	69,566
Other liabilities	27,192	27,586
Distributions payable	14,795	303,131
Notes payable, net	1,932,175	1,834,953
Total liabilities	2,134,262	2,350,639
Commitments and contingencies (Note 10)		
	—	—
Equity:		
Stockholders' equity:		
Preferred shares, \$.001 par value; 500,000 preferred shares authorized, none issued or outstanding as of March 31, 2018 and December 31, 2017	—	—
Common stock, \$.001 par value; 1,500,000 shares authorized, 273,109 and 274,255 issued and outstanding as of March 31, 2018 and December 31, 2017, respectively	273	274
Additional paid-in capital	2,461,395	2,471,004
Accumulated distributions in excess of earnings	(1,021,393)	(968,158)
Accumulated other comprehensive income (loss)	(119,258)	(128,869)
Total stockholders' equity	1,321,017	1,374,251
Noncontrolling interests	2,256	1,307
Total equity	1,323,273	1,375,558
Total liabilities and equity	\$ 3,457,535	\$ 3,726,197

See notes to the condensed consolidated financial statements.

HINES GLOBAL REIT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three Months Ended March 31, 2018 and 2017
(UNAUDITED)

	Three Months Ended March 31,	
	2018	2017
	(In thousands, except per share amounts)	
Revenues:		
Rental revenue	\$ 79,892	\$ 100,333
Other revenue	4,607	6,033
Total revenues	84,499	106,366
Expenses:		
Property operating expenses	21,532	20,471
Real property taxes	10,355	12,641
Property management fees	1,767	2,192
Depreciation and amortization	33,998	37,609
Acquisition related expenses	—	60
Asset management and acquisition fees	8,859	9,366
General and administrative expenses	2,902	3,146
Total expenses	79,413	85,485
Income (loss) before other income (expenses) and benefit (provision) for income taxes	5,086	20,881
Other income (expenses):		
Gain (loss) on derivative instruments	351	(12)
Gain on sale of real estate investments	19	85,188
Foreign currency gains (losses)	(1,220)	6,619
Interest expense	(14,999)	(14,684)
Other income (expenses)	263	102
Income (loss) before benefit (provision) for income taxes	(10,500)	98,094
Benefit (provision) for income taxes	317	848
Net income (loss)	(10,183)	98,942
Net (income) loss attributable to noncontrolling interests	3	(35,365)
Net income (loss) attributable to common stockholders	\$ (10,180)	\$ 63,577
Basic and diluted income (loss) per common share	\$ (0.04)	\$ 0.23
Distributions declared per common share	\$ 0.16	\$ 0.16
Weighted average number of common shares outstanding	273,352	277,638
Net comprehensive income (loss):		
Net income (loss)	\$ (10,183)	\$ 98,942
Other comprehensive income (loss):		
Foreign currency translation adjustment	9,655	27,787
Net comprehensive income (loss)	(528)	126,729
Net comprehensive (income) loss attributable to noncontrolling interests	(41)	(38,669)
Net comprehensive income (loss) attributable to common stockholders	\$ (569)	\$ 88,060

See notes to the condensed consolidated financial statements.

HINES GLOBAL REIT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the Three Months Ended March 31, 2018 and 2017
(UNAUDITED)
(In thousands)

	Common Shares	Amount	Additional Paid-in Capital	Accumulated Distributions in Excess of Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests
Balance as of January 1, 2018	274,255	\$ 274	\$ 2,471,004	\$ (968,158)	\$ (128,869)	\$ 1,374,251	\$ 1,307
Cumulative effect of accounting changes	—	—	—	1,365	—	1,365	898
Issuance of common shares	2,512	3	22,611	—	—	22,614	—
Contribution from noncontrolling interest	—	—	—	—	—	—	70
Distributions declared	—	—	—	(44,420)	—	(44,420)	(60)
Redemption of common shares	(3,658)	(4)	(32,191)	—	—	(32,195)	—
Issuer costs	—	—	(29)	—	—	(29)	—
Net income (loss)	—	—	—	(10,180)	—	(10,180)	(3)
Foreign currency translation adjustment	—	—	—	—	9,611	9,611	44
Balance as of March 31, 2018	<u>273,109</u>	<u>\$ 273</u>	<u>\$ 2,461,395</u>	<u>\$ (1,021,393)</u>	<u>\$ (119,258)</u>	<u>\$ 1,321,017</u>	<u>\$ 2,256</u>
	Common Shares	Amount	Additional Paid-in Capital	Accumulated Distributions in Excess of Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests
Balance as of January 1, 2017	277,331	\$ 277	\$ 2,507,186	\$ (821,500)	\$ (199,929)	\$ 1,486,034	\$ 22,201
Issuance of common shares	2,255	2	22,940	—	—	22,942	—
Contribution from noncontrolling interest	—	—	—	—	—	—	33
Distributions declared	—	—	—	(44,497)	—	(44,497)	(2,804)
Redemption of CPECs	—	—	—	—	—	—	(52,552)
Redemption of common shares	(1,998)	(1)	(27,261)	—	—	(27,262)	—
Issuer costs	—	—	(16)	—	—	(16)	—
Net income (loss)	—	—	—	63,577	—	63,577	35,365
Foreign currency translation adjustment	—	—	—	—	19,499	19,499	(19)
Foreign currency translation adjustment reclassified into earnings	—	—	—	—	4,984	4,984	3,323
Balance as of March 31, 2017	<u>277,588</u>	<u>\$ 278</u>	<u>\$ 2,502,849</u>	<u>\$ (802,420)</u>	<u>\$ (175,446)</u>	<u>\$ 1,525,261</u>	<u>\$ 5,547</u>

See notes to the condensed consolidated financial statements.

HINES GLOBAL REIT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2018 and 2017
(UNAUDITED)

	2018	2017
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (10,183)	\$ 98,942
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation and amortization	37,834	43,269
Foreign currency (gains) losses	1,220	(6,619)
(Gain) on the sale of real estate investments	(19)	(85,188)
(Gain) loss on derivative instruments	(351)	12
Changes in assets and liabilities:		
Change in other assets	(3,351)	(5,431)
Change in tenant and other receivables	4,208	12,931
Change in deferred leasing costs	(3,869)	(17,578)
Change in accounts payable and accrued expenses	(21,780)	3,636
Change in other liabilities	(692)	(4,621)
Change in due to affiliates	(3,655)	(10,534)
Net cash (used in) from operating activities	<u>(638)</u>	<u>28,819</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of real estate investments	—	299,242
Capital expenditures at operating properties and developments	(11,795)	(8,376)
Investments in real estate loans receivable	—	(158)
Proceeds from collection of real estate loans receivable	—	56
Net cash (used in) from investing activities	<u>(11,795)</u>	<u>290,764</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contribution from noncontrolling interest	70	—
Redemption of common shares	(32,904)	(19,855)
Payments of issuer costs	(47)	(18)
Distributions paid to stockholders and noncontrolling interests	(310,204)	(30,301)
Redemption of CPEC	—	(52,552)
Proceeds from notes payable	109,000	38,000
Payments on notes payable	(29,844)	(162,701)
Change in security deposit liability	(14)	(74)
Deferred financing costs paid	(9)	(163)
Net cash used in financing activities	<u>(263,952)</u>	<u>(227,664)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	<u>1,183</u>	<u>1,599</u>
Net change in cash, cash equivalents, and restricted cash	<u>(275,202)</u>	<u>93,518</u>
Cash, cash equivalents, and restricted cash, beginning of period	<u>418,210</u>	<u>156,724</u>
Cash, cash equivalents, and restricted cash, end of period	<u><u>\$ 143,008</u></u>	<u><u>\$ 250,242</u></u>

See notes to the condensed consolidated financial statements.

HINES GLOBAL REIT, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2018 and 2017

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, 2017 included in Hines Global REIT, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017. 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 Global REIT, Inc. as of March 31, 2018, the results of operations for the three months ended March 31, 2018 and 2017 and cash flows for the three months ended March 31, 2018 and 2017 have been included. The results of operations for such interim periods are not necessarily indicative of the results for the full year.

Hines Global REIT, Inc. (the "Company"), was formed as a Maryland corporation on December 10, 2008 under the General Corporation Law of the state of Maryland for the purpose of engaging in the business of investing in and owning commercial real estate properties and other real estate investments. The Company conducts most of its operations through Hines Global REIT Properties, LP (the "Operating Partnership") and subsidiaries of the Operating Partnership. The Company operates in a manner to qualify as a real estate investment trust ("REIT") for federal income tax purposes. The business of the Company is managed by Hines Global REIT Advisors LP (the "Advisor"), an affiliate of Hines Interests Limited Partnership ("Hines"), pursuant to the Advisory Agreement between the Company, the Advisor and the Operating Partnership (the "Advisory Agreement").

The Company raised the equity capital for its real estate investments through two public offerings from August 5, 2009 through April 11, 2014. The Company continues to offer up to \$500.0 million of shares of its common stock under its distribution reinvestment plan, pursuant to an offering which commenced on April 24, 2014 (the "DRP Offering"). Collectively, through its public offerings, the Company has raised gross offering proceeds of approximately \$3.1 billion, including the DRP Offering, all of which have been invested in the Company's real estate portfolio.

By the end of 2015, the Company completed its investment of the proceeds raised through its public offerings. Since its inception, the Company has owned interests in 45 properties, 11 of which were sold as of March 31, 2018. As a result, the Company owned interests in 34 properties, which consisted of the following:

- Domestic office investments (9 investments)
- Domestic other investments (5 investments)
- International office investments (9 investments)
- International other investments (11 investments)

The Company has concentrated its efforts on actively managing its assets and exploring a variety of strategic opportunities focused on enhancing the composition of its portfolio and its total return potential for its stockholders. On April 23, 2018, in connection with its review of potential strategic alternatives available to the Company, the Company's board of directors determined that it is in the best interest of the Company and its stockholders to sell all or substantially all of the Company's properties and assets and for the Company to liquidate and dissolve pursuant to a plan of liquidation and dissolution (the "Plan of Liquidation"). The principal purpose of the liquidation is to provide liquidity to the Company's stockholders by selling the Company's assets, paying its debts and distributing the net proceeds from liquidation to the Company's stockholders. Pursuant to Maryland law and the Company's charter, the Plan of Liquidation must be approved by the affirmative vote of the holders of at least a majority of the shares of the Company's common stock outstanding and entitled to vote thereon. If the Plan of Liquidation is approved by the Company's stockholders and the sale of all or substantially all of the Company's assets is completed as expected, the Company expects to make one or more liquidating distributions to its stockholders during the period of the liquidation process and to make the final liquidating distribution to its stockholders on or before a date that is within 24 months after stockholder approval of the Plan of Liquidation. There can be no assurances regarding the amounts of any liquidation distributions or the timing thereof.

Consolidated VIEs

The WaterWall Place JV was determined to be a variable interest entity (“VIE”) in which the Company is the primary beneficiary and the Company has consolidated this joint venture accordingly. A summary of the assets and liabilities of this consolidated VIE, as well as the maximum loss exposure of the Company from this consolidated VIE, is as follows (in thousands):

	March 31, 2018	December 31, 2017
Maximum risk of loss ⁽¹⁾	\$ 9,715	\$ 9,535
Assets held by VIEs	\$ 57,510	\$ 59,112
Assets held as collateral for debt	\$ 57,510	\$ 59,112
Liabilities held by VIEs	\$ 46,363	\$ 48,222

(1) Represents the Company's contributions, net of distributions, made to the consolidated VIE.

Restrictions on the use of a VIE's assets are significant because they serve as collateral for such VIE's debt, and the Company is generally required to obtain its partners' approval in accordance with the respective joint venture agreements for any major transactions. Transactions with the WaterWall Place JV on the Company's consolidated financial statements primarily relate to operating distributions received from the WaterWall Place JV. The Company and its partners are subject to the provisions of the joint venture agreement for the WaterWall Place JV, which includes provisions for when additional contributions may be required. This activity is eliminated in consolidation of the VIE, but increases, or decreases in the case of distributions received, the Company's maximum risk of loss.

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, 2017 for a complete listing of all of its significant accounting policies.

Tenant and Other Receivables

Tenant and other receivables are shown at cost in the condensed consolidated balance sheets, net of allowance for doubtful accounts of \$4.4 million and \$3.8 million at March 31, 2018 and December 31, 2017, respectively.

Other Assets

Other assets included the following (in thousands):

	March 31, 2018	December 31, 2017
Prepaid expenses	\$ 5,216	\$ 3,021
Deferred tax assets	28,630	26,670
Other	409	407
Other assets	<u>\$ 34,255</u>	<u>\$ 30,098</u>

Revenue Recognition

Rental payments are generally paid by the tenants prior to the beginning of each month or quarter to which they relate. As of March 31, 2018 and December 31, 2017, respectively, the Company recorded liabilities of \$19.8 million and \$16.7 million 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 \$53.8 million and \$53.9 million as of March 31, 2018 and December 31, 2017, respectively. Straight-line rent receivable consists of the difference between the tenants' rents calculated on a straight-line basis from the date of acquisition or lease commencement over the remaining terms of the related leases and the tenants' actual rents due under the lease agreements and is included in tenant and other receivables in the accompanying consolidated balance sheets. Revenues associated with operating expense recoveries are recognized in the period in which the expenses are incurred based upon the tenant lease provisions. Revenues relating to lease termination fees are recognized on a straight-line basis amortized from the time that a tenant's right to occupy the leased space is modified through the end of the revised lease term.

Other revenues consist primarily of parking revenue and tenant reimbursements related to utilities, insurance, and other operating expenses. Parking revenue represents amounts generated from contractual and transient parking and is recognized in accordance with contractual terms or as services are rendered. Other revenues relating to tenant reimbursements are recognized in the period in which the expense is incurred.

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09 to provide guidance on recognizing revenue from contracts with customers. This ASU's core objective is for an entity to recognize revenue based on the consideration it expects to receive in exchange for goods or services. The amendments also replace prior guidance regarding the recognition of revenue from sales of real estate, except for revenue from sales that are part of a sale-leaseback transaction. Subsequent to ASU 2014-09, the FASB has issued multiple ASUs clarifying multiple aspects of the new revenue recognition standard, which include the deferral of the effective date by one year, and additional guidance for partial sales of non-financial assets.

Expanded quantitative and qualitative disclosures regarding revenue recognition will be required for contracts that are subject to this pronouncement. Rental income from leasing arrangements is specifically excluded from ASU 2014-09, and will be evaluated by the Company in its adoption of the lease accounting standard, ASU 2016-02 (described below under "New Accounting Pronouncements"). The Company has adopted ASC 606 using the modified retrospective approach effective January 1, 2018. The Company has identified its revenue streams and finalized its evaluation of the impact on its consolidated financial statements and internal accounting processes and determined that accounting for contracts for the sale of real estate will be the primary customer contracts under the scope of ASC 606. The agreement for the sale of The Brindleyplace Project in February 2017 contained certain rent adjustments that the Company has determined do not constitute a separate performance obligation from the performance obligation of title transfer of The Brindleyplace Project. As such, the Company has performed an analysis of the estimated consideration related to the rent adjustments and recognized the cumulative effect by increasing beginning retained earnings by approximately \$2.3 million upon adoption in January 2018. In addition, the Company has evaluated controls around the implementation of this ASU and has concluded there was no significant impact on our control structure.

In January 2017, the FASB issued ASU 2017-01 to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The Company expects that most of its real estate transactions completed after the Company's adoption of this guidance will be accounted for using the asset acquisition guidance and, accordingly, acquisition fees and expenses related to those acquisitions will be capitalized. The Company adopted ASU 2017-01 on January 1, 2018.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02 which will require companies that lease assets to recognize on the balance sheet the right-of-use assets and related lease liabilities. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The accounting under ASU 2016-02 by companies that own the assets leased by the lessee (the lessor) will remain largely unchanged from current GAAP. The guidance is effective for public entities for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early adoption is permitted.

In January 2018, the FASB issued an exposure draft (“2018 Exposure Draft”) which, if adopted as written, would allow lessors to account for lease and non-lease components by class of underlying assets, as a single lease component if certain criteria are met. Also, the 2018 Exposure Draft indicates that companies may be permitted to recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption in lieu of the modified retrospective approach and provides other optional practical expedients.

The Company is in the process of evaluating the impact that the adoption of ASU 2016-02 will have on the Company’s consolidated financial statements relating to its lessor leases and other lessee leases, if any. Within our lessor leases, we are entitled to receive tenant reimbursements for operating expenses such as real estate taxes, insurance and common area maintenance, of which it expects to account for these lease and non-lease components as a single lease component since the timing and pattern of transfer is the same in accordance with the 2018 Exposure Draft. The Company has currently identified certain areas the Company believes may be impacted by the adoption of ASU 2016-02, which include:

- The Company has ground lease agreements in which the Company is the lessee for land underneath New City and the properties in the Poland Logistics Portfolio that the Company currently accounts for as operating leases. Upon adoption of ASU 2016-02, the Company will record any rights and obligations under these leases as an asset and liability at fair value in the Company’s consolidated balance sheets.
- Determination of costs to be capitalized associated with leases. ASU 2016-02 will limit the capitalization associated with certain costs to costs that are a direct result of obtaining a lease.

3. INVESTMENT PROPERTY

Investment property consisted of the following amounts as of March 31, 2018 and December 31, 2017 (in thousands):

	March 31, 2018	December 31, 2017
Buildings and improvements	\$ 2,288,189	\$ 2,255,267
Less: accumulated depreciation	(253,543)	(237,767)
Buildings and improvements, net	2,034,646	2,017,500
Land	672,919	671,776
Investment property, net	\$ 2,707,565	\$ 2,689,276

Recent Dispositions of Real Estate Investments

The Company sold its interests in six properties during the year ended December 31, 2017. The aggregate sale price of these properties was approximately \$1.0 billion and the Company recorded aggregate gains of \$364.3 million on the sales of these properties. The Company did not dispose of any properties during the three months ended March 31, 2018. Additionally, in April 2018, the Company sold One Westferry Circus. See Note 11 — Subsequent Events for additional information regarding the sale in April 2018.

As of March 31, 2018, 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	\$ 652,711	\$ 66,116	\$ (107,984)
Less: accumulated amortization	(284,353)	(40,579)	42,372
Net	\$ 368,358	\$ 25,537	\$ (65,612)

As of December 31, 2017, 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	\$ 662,854	\$ 69,510	\$ (108,043)
Less: accumulated amortization	(283,774)	(42,333)	38,477
Net	<u>\$ 379,080</u>	<u>\$ 27,177</u>	<u>\$ (69,566)</u>

Amortization expense of in-place leases was \$18.3 million and \$20.5 million for the three months ended March 31, 2018 and 2017, respectively. Net amortization of out-of-market leases resulted in an increase to rental revenue of \$2.2 million for the three months ended March 31, 2018 and a decrease to rental revenue of \$0.4 million for the three months ended March 31, 2017.

Anticipated amortization of in-place leases and out-of-market leases, net, for the period from April 1, 2018 through December 31, 2018 and for each of the years ending December 31, 2019 through December 31, 2022 are as follows (in thousands):

	In-Place Leases	Out-of-Market Leases, Net
April 1, 2018 through December 31, 2018	\$ 35,962	\$ (1,529)
2019	41,196	(3,141)
2020	34,420	(3,231)
2021	23,552	(851)
2022	18,596	(1,577)

Leases

The Company has entered into non-cancelable lease agreements with tenants for space. As of March 31, 2018, the approximate fixed future minimum rentals for the period from April 1, 2018 through December 31, 2018, for each of the years ending December 31, 2019 through December 31, 2022 and for the period thereafter are as follows (in thousands):

	Fixed Future Minimum Rentals
April 1, 2018 through December 31, 2018	\$ 197,405
2019	252,116
2020	225,353
2021	183,173
2022	157,441
Thereafter	617,924
Total	<u>\$ 1,633,412</u>

During the three months ended March 31, 2018 and 2017, the Company did not earn more than 10% of its total rental revenue from any individual tenant.

4. DEBT FINANCING

As of March 31, 2018 and December 31, 2017, the Company had approximately \$1.9 billion and \$1.8 billion of principal outstanding, respectively, with a weighted average years to maturity of 1.5 years and 1.7 years, respectively, and a weighted average interest rate of 3.0% and 2.8%, respectively. The following table describes the Company's debt outstanding at March 31, 2018 and December 31, 2017 (in thousands, except percentages):

Description	Origination or Assumption Date	Maturity Date	Interest Rate Description	Interest Rate as of March 31, 2018	Principal Outstanding at March 31, 2018	Principal Outstanding at December 31, 2017
Secured Mortgage Debt						
100 Brookes	7/13/2012	1/31/2018 ⁽¹⁾	Variable	N/A	\$ —	\$ 28,098
			Variable, subject to interest rate cap			
Poland Logistics Portfolio	8/2/2012	6/28/2019		2.00%	72,851	71,183
Minneapolis Retail Center	8/2/2012	8/10/2019	Fixed	3.50%	65,500	65,500
			Variable, subject to interest rate cap			
825 Ann	11/16/2012	11/20/2018		2.53%	62,218	63,247
			Variable, subject to interest rate cap			
465 Victoria	2/28/2013	12/3/2018		3.06%	40,853	41,528
New City	3/28/2013	4/18/2018 ⁽²⁾	Variable	2.30%	82,546	80,831
One Westferry Circus	5/9/2013	5/5/2020 ⁽³⁾	Fixed	3.30%	67,238	64,757
The Campus at Playa Vista	5/14/2013	12/1/2018	Variable	3.07%	150,000	150,000
			Variable, subject to interest rate cap			
Perspective Défense	6/21/2013	7/25/2019		2.17%	86,247	83,853
			Variable, subject to interest rate cap			
Fiege Mega Centre	10/18/2013	10/31/2018		1.37%	27,574	26,898
25 Cabot Square	3/26/2014	3/26/2020	Fixed	3.50%	173,349	166,951
Simon Hegele Logistics	4/28/2014	6/15/2019	Fixed	1.90%	42,988	41,904
			Variable, subject to interest rate cap			
818 Bourke	10/31/2014	10/31/2019		2.58%	64,495	65,562
The Summit	3/4/2015	4/1/2022	Variable	3.22%	170,000	170,000
			Variable, subject to interest rate cap			
Harder Logistics Portfolio	4/1/2015	2/28/2021		0.95%	83,057	81,068
Other Notes Payable						
JPMorgan Chase Revolving Credit Facility - Revolving Loan	4/13/2012	6/29/2019	Variable	3.37% ⁽⁴⁾	208,000	99,000
JPMorgan Chase Revolving Credit Facility - Term Loan	5/22/2013	6/29/2019	Variable	3.33%	495,000	495,000
WaterWall Place Loan	6/29/2012	5/8/2018 ⁽⁵⁾	Variable	3.27%	44,897	44,897
Total Principal Outstanding					<u>\$ 1,936,813</u>	<u>\$ 1,840,277</u>
Unamortized Deferred Financing Fees					<u>\$ (4,638)</u>	<u>\$ (5,324)</u>
Notes Payable, net					<u>\$ 1,932,175</u>	<u>\$ 1,834,953</u>

(1) In January 2018, the Company paid off the secured mortgage loan related to 100 Brookes in full.

(2) In April 2018, the loan was amended and the maturity date was extended to March 18, 2021.

(3) The Company paid off the secured mortgage loan in full with proceeds from the sale of the property in April 2018.

(4) Represents the weighted average interest rate as of March 31, 2018

(5) In May 2018, the loan was amended and the maturity date was extended to November 8, 2018.

The variable-rate debt has interest rates ranging from LIBOR, EURIBOR or the BBSY screen rate plus 0.65% to 2.50% per annum. As of March 31, 2018, \$309.0 million of the Company's variable-rate debt was capped at strike rates ranging from 1.5% to 3.25%. Additionally, as of December 31, 2017, \$401.9 million of our variable rate debt was capped at strike rates ranging from 1.5% to 3.25%.

JPMorgan Chase Revolving Credit Facility

For the period from January 2018 through March 2018, the Company borrowed approximately \$109.0 million under its revolving credit facility with JPMorgan Chase Bank, National Association (the "Revolving Credit Facility"). From April 1, 2018 through May 11, 2018, the Company made additional payments of \$56.0 million under the Revolving Credit Facility. The additional payments resulted in an outstanding principal balance of \$647.0 million on the Revolving Credit Facility as of May 11, 2018. The Revolving Credit Facility had a maximum borrowing capacity of \$920.0 million as of March 31, 2018.

Financial Covenants

The Company's mortgage agreements and other loan documents for the debt described in the table above contain customary events of default, with corresponding grace periods, including payment defaults, cross-defaults to other agreements and bankruptcy-related defaults, and customary covenants, including limitations on liens and indebtedness and maintenance of certain financial ratios. In addition, the Company has executed customary recourse carve-out guarantees of certain obligations under its mortgage agreements and the other loan documents. The Company is not aware of any instances of noncompliance with financial covenants on any of its loans as of March 31, 2018.

Principal Payments on Debt

The Company is required to make the following principal payments on its outstanding notes payable for the period from April 1, 2018 through December 31, 2018, for each of the years ending December 31, 2019 through December 31, 2022 and for the period thereafter (in thousands):

	Payments due by Year					
	April 1, 2018 through December 31, 2018	2019	2020	2021	2022	Thereafter
Principal payments	\$ 412,527 ⁽¹⁾	\$ 1,032,915	\$ 241,886 ⁽²⁾	\$ 79,485	\$ 170,000	\$ —

(1) In April 2018, the secured mortgage loan related to New City was amended and the maturity date was extended to March 18, 2021.

(2) In April 2018, the Company paid off the secured mortgage loan related to One Westferry Circus in full, upon the sale of the property.

5. DISTRIBUTIONS

The Company has declared distributions for the months of January 2017 through December 2017 at an amount equal to \$0.65 per share, per year. For the months of January 2018 through June 2018, the Company declared distributions at an amount equal to \$0.0541667 per share, per month (\$0.65 per share on an annualized basis). Of this amount, \$0.02 of the per share, per month distribution will be designated by the Company as a return of a portion of the stockholders' invested capital and, as such, will reduce the stockholders' remaining investment in the Company.

Additionally, on December 29, 2017, the Company declared a distribution to stockholders of \$1.05 (the "Special Distribution") per share that was paid in cash to all stockholders of record as of December 30, 2017 in January 2018. This distribution has been designated by the Company as a special distribution, which represents a return of a portion of the stockholders' invested capital from sales of investment property and, as such, will reduce their remaining investment in the Company. The Special Distribution represents a portion of the net proceeds received from the strategic sale of six assets during 2017. The Special Distribution was not subject to reinvestment pursuant to 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 ended during 2018 and 2017, including the breakout between the distributions declared in cash and those reinvested pursuant to the Company's distribution reinvestment plan (in thousands). The Company declared distributions to the Company's stockholders as of daily record dates through December 2017, and as of monthly record dates from January 2018 to May 2018 and aggregates and pays such distributions monthly.

Distributions for the three months ended	Stockholders			Noncontrolling Interests
	Cash Distributions	Distributions Reinvested	Total Declared	Total Declared
2018				
March 31, 2018	\$ 22,126	\$ 22,294	\$ 44,420	\$ 60
Total	\$ 22,126	\$ 22,294	\$ 44,420	\$ 60
2017				
December 31, 2017	\$ 310,078 ⁽¹⁾	\$ 22,890	\$ 332,968	\$ 1,064
September 30, 2017	22,224	23,031	45,255	1,786
June 30, 2017	21,935	22,953	44,888	21,053 ⁽²⁾
March 31, 2017	21,614	22,883	44,497	2,804
Total	\$ 375,851	\$ 91,757	\$ 467,608	\$ 26,707

(1) Includes \$288.0 million related to the Special Distribution described above.

(2) For the three months ended June 30, 2017, distributions declared to the noncontrolling interests included a distribution totaling \$21.0 million to the Company's JV partner in the Aviva Coral Gables JV, as a result of the sale of Aviva Coral Gables.

6. RELATED PARTY TRANSACTIONS

The table below outlines fees and expense reimbursements incurred that are payable to Hines and its affiliates for the periods indicated below (in thousands):

Type and Recipient	Incurred		Unpaid as of	
	Three Months Ended March 31,		December 31,	
	2018	2017	March 31, 2018	2017
Issuer Costs- the Advisor	\$ 29	\$ 16	\$ 9	\$ 26
Asset Management Fee- the Advisor and affiliates of Hines	\$ 8,859	\$ 9,366	2,704	2,430
Disposition Fee- the Advisor	\$ —	\$ 1,839	—	2,585
Other ⁽¹⁾	\$ 1,467	\$ 1,407	947	1,952
Property Management Fee- Hines	\$ 1,531	\$ 1,835	167	146
Development/Construction Management Fee- Hines	\$ 483	\$ 198	662	207
Leasing Fee- Hines	\$ 306	\$ 362	1,718	2,129
Expense Reimbursement- Hines (with respect to management and operations of the Company's properties)	\$ 2,447	\$ 2,858	331	777
Due to Affiliates			\$ 6,538	\$ 10,252

(1) Includes amounts the Advisor paid on behalf of the Company such as general and administrative expenses. These amounts are generally reimbursed to the Advisor during the month following the period in which they are incurred.

7. FAIR VALUE MEASUREMENTS

Financial Instruments Fair Value Disclosures

As of March 31, 2018, the Company estimated that the fair value of its notes payable, which had a book value of \$1.9 billion, was \$1.9 billion. As of December 31, 2017, the Company estimated that the fair value of its notes payable, which had a book value of \$1.8 billion, was \$1.8 billion. Management has utilized market information as available or present value techniques to estimate the amounts required to be disclosed. Although the Company has determined the majority of the inputs used to value its notes payable fall within Level 2 of the fair value hierarchy, the credit quality adjustments associated with its fair value of notes payable utilize Level 3 inputs. However, as of March 31, 2018, 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.

Financial Instruments Measured 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 inputs associated with the valuation of long-lived assets are generally included in Level 3 of the fair value hierarchy.

Impairment of Investment Property

Investment properties are reviewed for impairment at each reporting period if events or changes in circumstances indicate that the carrying amount may not be recoverable. No investment properties were impaired during the three months ended March 31, 2018. For the year ended December 31, 2017, the Company determined that one of its properties was impaired as a result of deteriorating market conditions.

The changes in assumptions resulted in the net book value of the assets exceeding the projected undiscounted cash flows for the property. As a result, the assets were written down to fair value. The following table summarizes activity for the Company's assets measured at fair value, on a non-recurring basis as of December 31, 2017 (in thousands).

As of	Description	Fair Value of Assets	Basis of Fair Value Measurements			Impairment Loss
			Quoted Prices In Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
December 31, 2017	Investment property	\$ 25,700	\$ —	\$ —	\$ 25,700	\$ 7,124

The Company's estimated fair value of the investment property was based on a comparison of recent market activity and discounted cash flow models, which include estimates of property-specific inflows and outflows over a specific holding period. Significant unobservable quantitative inputs used in determining the fair value of the investment property for the period ended December 31, 2017 include: a discount rate of 9.0%; a capitalization rate of 7.5%; stabilized occupancy rate of 92.5%; and a current market rental rate of \$28.00 per square foot. These inputs are based on the location, type and nature of each property, current and anticipated market conditions, and management's knowledge and expertise in real estate.

8. REPORTABLE SEGMENTS

The Company's investments in real estate are geographically diversified and management evaluates the operating performance of each at an individual investment level and considers each investment to be an operating segment. The Company has aggregated all of its operating segments into four reportable segments based on the location of the segment and the underlying asset class. Management has aggregated the Company's investments that are not office properties in "other" based on the geographic location of the investment, due to the Company's ownership of interests in various different types of investments that do not stand alone as their own reportable segment. The Company's reporting segments consist of the following, based on the Company's investments as of March 31, 2018:

- Domestic office investments (9 investments)
- Domestic other investments (5 investments)
- International office investments (9 investments)
- International other investments (11 investments)

The tables below provide additional information related to each of the Company's segments, geographic location and a reconciliation to the Company's net loss, as applicable. "Corporate-Level Accounts" includes amounts incurred by the corporate-level entities which are not allocated to any of the reportable segments (all amounts other than percentages are in thousands).

	Three Months Ended March 31,	
	2018	2017
Total Revenue		
Domestic office investments	\$ 32,662	\$ 44,095
Domestic other investments	20,104	24,796
International office investments	21,509	24,343
International other investments	10,224	13,132
Total Revenue	\$ 84,499	\$ 106,366

For the three months ended March 31, 2018 and 2017 the Company's total revenue was attributable to the following countries:

	Three Months Ended March 31,	
	2018	2017
Total Revenue		
United States	63%	65%
United Kingdom	10%	12%
Australia	9%	8%
Germany	6%	6%
Poland	7%	5%
Russia	3%	3%
France	2%	1%

For the three months ended March 31, 2018 and 2017, the Company's property revenues in excess of expenses by segment was as follows (in thousands):

	Three Months Ended March 31,	
	2018	2017
Property revenues in excess of expenses ⁽¹⁾		
Domestic office investments	\$ 20,902	\$ 27,934
Domestic other investments	11,439	15,645
International office investments	11,232	17,967
International other investments	7,272	9,516
Property revenues in excess of expenses	\$ 50,845	\$ 71,062

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

As of March 31, 2018 and December 31, 2017, the Company's total assets by segment was as follows (in thousands):

	March 31, 2018	December 31, 2017
Total Assets		
Domestic office investments	\$ 1,141,163	\$ 1,146,312
Domestic other investments	778,785	794,558
International office investments	1,063,283	1,053,971
International other investments	437,901	429,827
Corporate-level accounts	36,403	301,529
Total Assets	\$ 3,457,535	\$ 3,726,197

As of March 31, 2018 and December 31, 2017, the Company's total assets were attributable to the following countries:

	March 31, 2018	December 31, 2017
Total Assets		
United States	58%	59%
United Kingdom	12%	11%
Australia	9%	9%
Germany	7%	7%
Poland	8%	8%
France	4%	4%
Russia	2%	2%

For the three months ended March 31, 2018 and 2017, the reconciliation of the Company's total property revenues in excess of expenses to the Company's net income (loss) is as follows (in thousands):

	Three Months Ended March 31,	
	2018	2017
Reconciliation to property revenues in excess of expenses		
Net income (loss)	\$ (10,183)	\$ 98,942
Depreciation and amortization	33,998	37,609
Acquisition related expenses	—	60
Asset management and acquisition fees	8,859	9,366
General and administrative expenses	2,902	3,146
(Gain) loss on derivatives	(351)	12
Gain on sale of real estate investments	(19)	(85,188)
Foreign currency (gains) losses	1,220	(6,619)
Interest expense	14,999	14,684
Other (income) expenses	(263)	(102)
(Benefit) provision for income taxes	(317)	(848)
Total property revenues in excess of expenses	\$ 50,845	\$ 71,062

9. SUPPLEMENTAL CASH FLOW DISCLOSURES

Supplemental cash flow disclosures for the three months ended March 31, 2018 and 2017 (in thousands):

	Three Months Ended March 31,	
	2018	2017
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 13,705	\$ 14,124
Cash paid for taxes	\$ 5,923	\$ 2,515
Supplemental Schedule of Non-Cash Activities		
Distributions declared and unpaid	\$ 14,795	\$ 15,324
Distributions reinvested	\$ 22,612	\$ 22,943
Shares tendered for redemption	\$ 10,986	\$ 12,394
Accrued capital additions	\$ 13,881	\$ 3,329

10. COMMITMENTS AND CONTINGENCIES

The Company may be subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are generally covered by insurance. While the resolution of these matters cannot be predicted with certainty, management believes the final outcome of such matters will not have a material adverse effect on the Company's condensed consolidated financial statements.

11. SUBSEQUENT EVENTS

One Westferry Circus

In April 2018, the Company sold One Westferry Circus for a contract sales price of £108.6 million (approximately \$153.5 million based on an exchange rate of \$1.41 per GBP). The Company acquired the property in February 2013 for £82.0 million (approximately \$124.6 million based on an exchange rate of \$1.51 per GBP as of the transaction date). The purchaser is not affiliated with the Company or its affiliates.

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 in Item 1 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, 2017.

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 (the "Exchange Act"), as amended. Such statements include statements concerning future financial performance and distributions, future debt and financing levels, acquisitions and investment objectives, payments to Hines Global REIT 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 shareholders and maintain the value of any real estate investments and real estate-related investments in which we may hold an interest in the future, 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 be able to complete the sale of all or substantially all of our assets as expected, including our ability to obtain stockholder approvals required to consummate the Plan of Liquidation;
- Unanticipated difficulties, expenditures or delays relating to our implementation of the Plan of Liquidation, which may reduce or delay our payment of liquidating distributions to our stockholders;
- Risks associated with the potential response of tenants, business partners and competitors to the announcement of the Plan of Liquidation;
- Risks associated with legal proceedings that may be instituted against us and others related to the Plan of Liquidation;
- Competition for tenants, including competition with affiliates of Hines Interests Limited Partnership (“Hines”);
- Our reliance on our Advisor, Hines and affiliates of Hines for our day-to-day operations and the management of our real estate investments, 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;
- 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;
- The availability and timing of distributions we may pay is uncertain and cannot be assured;
- Our distributions have been paid using cash flows from financing activities, including proceeds from our public offerings, proceeds from debt financings and cash from the waiver of fees, and some or all of the distributions we pay in the future may be paid from similar sources or sources such as cash advances by our Advisor or cash resulting from a deferral or waiver of fees. When we pay distributions from certain sources other than our cash flow from operations, we will have less funds available for the acquisition of properties, and your overall return may be reduced;
- Risks associated with debt and our ability to secure financing;
- 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;
- International investment risks, including the burden of complying with a wide variety of foreign laws and the uncertainty of such laws, the tax treatment of transaction structures, political and economic instability, foreign currency fluctuations, and inflation and governmental measures to curb inflation may adversely affect our operations and our ability to make distributions;
- The lack of liquidity associated with our assets;
- Our ability to continue to qualify as a real estate investment trust (“REIT”) for federal income tax purposes;
- Risks related to the United Kingdom's pending exit from the European Union (“Brexit”), including, but not limited to the decline of revenue derived from, and the market value of, properties located in the United Kingdom and continental Europe; and
- Our ability to refinance or sell properties located in the United Kingdom and continental Europe may be impacted by the economic and political uncertainty following the approval of “Brexit” by a majority of votes in the United Kingdom in June 2016 and the subsequent notice of departure sent by the United Kingdom to the European Union in March 2017.

These risks are more fully discussed in, and all forward-looking statements should be read in light of, all of the factors discussed in “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017, and in our Definitive Proxy Statement as filed with the SEC on May 10, 2018.

You are cautioned not to place undue reliance on any forward-looking statements included in this Quarterly Report on Form 10-Q. All forward-looking statements are made as of the date of this Quarterly Report on Form 10-Q and the risk that actual results will differ materially from the expectations expressed in this Quarterly Report on 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 Quarterly Report on 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 Quarterly Report on 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 Global REIT, Inc. (“Hines Global” and, together with its consolidated subsidiaries, “we”, “us” or the “Company”) was incorporated under the Maryland General Corporation Law on December 10, 2008, primarily for the purpose of investing in a diversified portfolio of quality commercial real estate properties and other real estate investments located throughout the United States and internationally. Hines Global raised the equity capital for its real estate investments through two public offerings from August 2009 through April 2014. Hines Global continues to offer up to \$500.0 million of shares of its common stock under its distribution reinvestment plan, pursuant to an offering which commenced on April 24, 2014 (the “DRP Offering”). Hines Global has raised approximately \$3.1 billion through its public offerings, including the DRP Offering. Hines Global engaged Hines Securities, Inc. (the “Dealer Manager”), an affiliate of Hines, to serve as the dealer manager for its public offerings.

On February 26, 2018, our board of directors determined a new net asset value (“NAV”) per share of our common stock of \$9.04 as of December 31, 2017. This new per share NAV is slightly higher than the previously determined estimated per share NAV of \$8.98 as of December 30, 2017. The estimated per share NAV of \$8.98 as of December 30, 2017 represented a decrease from the per share NAV of \$10.03 as of December 31, 2016, and the decrease was due solely to a special distribution of \$1.05 per share declared to stockholders of record as of December 30, 2017. The aggregate value of our real estate property investments as of December 31, 2017 was \$4.4 billion, including amounts attributable to noncontrolling interests, which represented a 6.0% net increase when compared to the previously determined value of our assets as of December 31, 2016 (including adjustments for properties disposed during 2017). This 6.0% net increase resulted from a 1.9% appreciation in the aggregate values of our real estate property investments and 4.1% resulting from the weakening of the U.S. dollar against the Euro, British pound sterling, and Australian dollar. See our Current Report on Form 8-K filed with the SEC on February 27, 2018 for more information on the methodologies used to determine, and the limitations of, our NAV per share.

We have completed our investment phase and have accomplished one of our primary investment objectives of investing in a real estate portfolio that is diversified by asset type, geographic area, lease expirations and tenant industries. As of March 31, 2018, we owned interests in 34 real estate investments which contain, in the aggregate, 14.1 million square feet of leasable space. Our portfolio includes the following investments:

- Domestic office investments (9 investments)
- Domestic other investments (5 investments)
- International office investments (9 investments)
- International other investments (11 investments)

Our portfolio is comprised of approximately 59% domestic and 41% international investments (based on our pro rata share of the estimated value of each of the investments) and consists of a variety of real estate asset classes. Our current investment types encompass approximately 66% office, 21% retail, 11% industrial and 2% residential/living (based on our effective interests of the estimated value of each of the investments). We believe that this diversification is directly in-line with our investment strategies of maintaining a well-diversified real estate portfolio and providing additional diversification across currencies.

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 its stockholders. On April 23, 2018, in connection with its review of potential strategic alternatives available to the Company, our board of directors determined that it is in the best interest of the Company and its stockholders to sell all or substantially all of our properties and assets and for the Company to liquidate and dissolve pursuant to a plan of liquidation and dissolution (the “Plan of Liquidation”). The principal purpose of the liquidation is to provide liquidity to our stockholders by selling the Company’s assets, paying its debts and distributing the net proceeds from liquidation to our stockholders. Pursuant to Maryland law and our charter, the Plan of Liquidation must be approved by the affirmative vote of the holders of at least a majority of the shares of our common stock outstanding and entitled to vote thereon. We presently estimate that if the Plan of Liquidation is approved by our stockholders and we are able to successfully implement the Plan of Liquidation, then after the sale of all or substantially all of the Company’s assets and the payment of all of the Company’s outstanding liabilities, we will have made total distributions to our stockholders of approximately \$10.00 to \$11.00 per share of the

Company's common stock, comprised of three components: (i) the \$1.05 per share Special Distribution (defined below under "—Distributions"); (ii) the \$0.12 per share Return of Invested Capital Distributions (defined below "—Distributions"); and (iii) the range of liquidating distributions to be made pursuant to the Plan of Liquidation of \$8.83 to \$9.83 per share of the Company's common stock, estimated by the Board as of April 23, 2018. We expect to make the final liquidating distribution on or before a date that is within 24 months after stockholder approval of the Plan of Liquidation. However, there can be no assurances regarding the amounts of any liquidating distributions or the timing thereof.

The following table provides additional information regarding each of the properties in which we owned an interest as of March 31, 2018.

Property	Location	Investment Type	Date Acquired/ Net Purchase Price (in millions) ⁽²⁾	Estimated Going-in Capitalization Rate ⁽³⁾	Leasable Square Feet	Percent Leased ⁽¹⁾
Domestic Office Investments						
250 Royall	Canton, Massachusetts	Office	9/2011; \$57.0	9.1%	185,171	100%
Campus at Marlborough	Marlborough, Massachusetts	Office	10/2011; \$103.0	8.0%	532,246	78%
9320 Excelsior	Hopkins, Minnesota	Office	12/2011; \$69.5	6.2%	254,915	100%
550 Terry Francois	San Francisco, California	Office	8/2012; \$180.0	8.2%	289,408	100%
Riverside Center	Boston, Massachusetts	Office	3/2013; \$197.1	5.7%	509,702	88%
The Campus at Playa Vista	Los Angeles, California	Office	5/2013; \$216.6	5.7%	324,955	99%
2300 Main	Irvine, California	Office	8/2013; \$39.5	6.4%	132,064	100%
55 M Street	Washington, D.C.	Office	12/2013; \$140.9	4.8%	267,915	96%
The Summit	Bellevue, Washington	Office	3/2015; \$316.5	5.6%	524,130	98%
Total for Domestic Office Investments					3,020,506	93%

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Property	Location	Investment Type	Date Acquired/ Net Purchase Price (in millions) ⁽²⁾	Estimated Going-in Capitalization Rate ⁽³⁾	Leasable Square Feet	Percent Leased ⁽¹⁾
Domestic Other Investments						
Minneapolis Retail Center	Minneapolis, Minnesota	Retail	8/2012 & 12/2012; \$130.6	6.5%	401,207	98%
The Markets at Town Center	Jacksonville, Florida	Retail	7/2013; \$135.0	5.9%	317,477	98%
The Avenue at Murfreesboro	Nashville, Tennessee	Retail	8/2013; \$163.0	6.4%	766,934	89%
The Rim	San Antonio, Texas	Retail	2/2014, 4/2015, 12/2015 & 12/2016; \$285.9	5.9%	1,055,375	92%
WaterWall Place	Houston, Texas	Residential/ Living	7/2014; \$64.5	7.8% ⁽⁴⁾	316,299	89%
Total for Domestic Other Investments					2,857,292	92%
International Office Investments						
Gogolevsky 11	Moscow, Russia	Office	8/2011; \$96.1	8.9%	94,240	94%
100 Brookes St.	Brisbane, Australia	Office	7/2012; \$67.6	10.5%	105,636	0%
465 Victoria	Sydney, Australia	Office	2/2013; \$90.8	8.0%	169,472	76%
One Westferry Circus ⁽⁵⁾	London, England	Office	2/2013; \$124.6	7.4%	221,019	100%
New City	Warsaw, Poland	Office	3/2013; \$163.5	7.1%	484,182	83%
825 Ann	Brisbane, Australia	Office	4/2013; \$128.2	8.0%	206,505	97%
Perspective Défense	Paris, France	Office	6/2013; \$165.8	8.5%	289,663	47%
25 Cabot Square	London, England	Office	3/2014; \$371.7	6.7%	455,712	59%
818 Bourke	Melbourne, Australia	Office	10/2014; \$135.6	7.1%	259,007	95%
Total for International Office Properties					2,285,436	74%
International Other Investments						
FM Logistic	Moscow, Russia	Industrial	4/2011; \$70.8	11.2%	748,578	100%
Poland Logistics Portfolio ⁽⁶⁾	Poland	Industrial	3/2012 & 10/2012; \$157.2	8.1%	2,365,228	93%
Fiege Mega Centre	Erfurt, Germany	Industrial	10/2013; \$53.6	7.7%	952,540	100%
Simon Hegele Logistics	Forchheim, Germany	Industrial	6/2014 & 1/2015; \$78.9	7.5%	615,555	100%
Harder Logistics Portfolio ⁽⁷⁾	Germany	Industrial	4/2015 & 12/2015; \$126.5	7.3%	1,287,065	100%
Total for International Other Investments					5,968,966	97%
Total for All Investments					14,132,200	92% ⁽⁸⁾

(1) Represents the percentage leased based on the effective ownership of the Operating Partnership in the properties listed. On March 31, 2018, the Company owned a 99.99% interest in the Operating Partnership as its sole general partner. Affiliates of Hines owned the remaining 0.01% interest in the Operating Partnership.

(2) For acquisitions denominated in a foreign currency, amounts have been translated to U.S. dollars at a rate based on the exchange rate in effect on the acquisition date.

(3) The estimated going-in capitalization rate is determined as of the date of acquisition by dividing the projected property revenues in excess of expenses for the first fiscal year following the date of acquisition by the net purchase price (excluding closing costs and taxes). Property revenues in excess of expenses includes all projected operating revenues (rental income, tenant reimbursements, parking and any other property-related income) less all projected operating expenses (property operating and maintenance expenses, property taxes, insurance and property management fees).

The projected property revenues in excess of expenses includes assumptions which may not be indicative of the actual future performance of the property, and the actual economic performance of each property for our period of ownership may differ materially from the amounts used in calculating the estimated going-in capitalization rate. These include assumptions, with respect to each property, that in-place tenants will continue to perform under their lease agreements during the 12 months following our acquisition of the property. In addition, with respect to the Poland Logistics Portfolio,

the Minneapolis Retail Center, 465 Victoria, One Westferry Circus, Riverside Center, 825 Ann, the Campus at Playa Vista, The Markets at Town Center, the Avenue at Murfreesboro, 55 M Street, 818 Bourke and The Summit, the projected property revenues in excess of expenses include assumptions concerning estimates of timing and rental rates related to re-leasing vacant space.

- (4) Construction has been completed for this multi-family development property. The estimated going-in capitalization rate is based on the projected revenues in excess of expenses once the property's operations have stabilized divided by the construction cost of the property. The projected property revenues in excess of expenses includes assumptions which may not be indicative of the actual future performance of the property, and the actual economic performance of the property for our period of ownership may differ materially from the amounts used in calculating the estimated going-in capitalization rate. These include assumptions concerning estimates of timing and rental rates related to leasing vacant space and assumptions that in-place tenants will continue to perform under their lease agreements during the 12 months following stabilization of the property.
- (5) In April 2018, we sold One Westferry Circus, for a contract sales price of £108.6 million (approximately \$153.5 million based on an exchange rate of \$1.41 per GBP).
- (6) The Poland Logistics Portfolio is comprised of five industrial parks located in Warsaw, Wroclaw and Upper Silesia, Poland.
- (7) The Harder Logistics Portfolio is comprised of three logistic buildings located in Nuremberg, Karlsdorf and Duisburg, Germany.
- (8) 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 92%.

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 judgments 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, 2017 in Management's Discussion and Analysis of Financial Condition and Results of Operations. There have been no changes to our critical accounting policies during 2018.

Financial Condition, Liquidity and Capital Resources

To date, our most significant demands for funds have been related to the purchase of real estate properties and other real estate-related investments. Specifically, we funded \$5.1 billion of real estate investments using \$3.1 billion of proceeds from our public offerings, including the DRP offering, and debt proceeds. We invested all of the proceeds raised through our public offerings by the end of 2015. As a result, any subsequent real estate investments will be funded using proceeds from the dispositions of other real estate investments and debt proceeds. Other significant demands for funds include the payment of operating expenses, distributions and debt service. Generally, we expect to meet these operating cash needs using cash flows from operating activities and proceeds from sales of assets.

We have not generated sufficient cash flow from operations to fully fund distributions paid. Therefore some or all of our distributions may continue to be paid from other sources, such as proceeds from our debt financings, proceeds from our distribution reinvestment plan, proceeds from the sales of assets, cash advances by our Advisor, and cash resulting from a waiver or deferral of fees. We have not placed a cap on the amount of our distributions that may be paid from any of these other sources.

We believe that the proper use of leverage can enhance returns on real estate investments. As of March 31, 2018, our portfolio was 42% leveraged, based on the most recent appraised values of our real estate investments. At that time, we had \$1.9 billion of principal outstanding under our various loan agreements with a weighted average interest rate of 3.0%. Approximately \$408.1 million of our loans are maturing during the next year. We generally expect to refinance these loans, but we may repay them using our revolving credit facility with JPMorgan Chase Bank, N.A. (the "Revolving Credit Facility"), proceeds from sales of assets, or other available cash if we are unable to refinance them at satisfactory terms.

The discussions below provide additional details regarding our cash flows.

Cash Flows from Operating Activities

Our real estate properties generate cash flow in the form of rental revenues, which are used to pay direct leasing costs, property-level operating expenses and interest payments. Property-level operating expenses consist primarily of salaries and wages of property management personnel, utilities, cleaning, insurance, security and building maintenance costs, property management and leasing fees, and property taxes. Additionally, we make payments for general and administrative expenses, asset management fees, and, in prior periods, acquisition fees and expenses.

Net cash provided by operating activities decreased by \$29.5 million for the three months ended March 31, 2018 as compared to the same period in the prior year primarily due to our dispositions of six properties in 2017, a termination payment received from the largest tenant at 25 Cabot Square during the three months ended March 31, 2017, and a decrease in occupancy at 100 Brookes during the three months ended March 31, 2018.

Cash Flows from Investing Activities

Net cash used in investing activities primarily relates to proceeds received from the sales of our real estate investments and capital expenditures at our properties. Net cash from investing activities decreased \$302.6 million for the three months ended March 31, 2018 compared to the same period in 2017, primarily due to property sales. We received proceeds of \$299.2 million from the sale of one property during the three months ended March 31, 2017. No properties were sold during the three months ended March 31, 2018. The primary factors that contributed to the change between the two periods are summarized below.

2018

- We paid \$11.8 million in capital expenditures at our operating properties.

2017

- We received proceeds of \$299.2 million from the sale of The Brindleyplace Project. The Brindleyplace Project was sold for a contract sales price of £260.0 million (approximately \$325.1 million based on an exchange rate of \$1.25 per GBP as of the transaction date). The Brindleyplace JV acquired the property in July 2010 for £186.2 million (approximately \$282.5 million based on an exchange rate of \$1.52 per GBP as of the transaction date).
- We paid \$8.4 million in capital expenditures at our operating properties.

Cash Flows from Financing Activities

Redemptions

As described previously, we ceased offering primary shares pursuant to our public offerings in April 2014. During the three months ended March 31, 2018 and 2017, respectively, we redeemed \$32.9 million and \$19.9 million in shares of our common stock through our share redemption program. During the three months ended March 31, 2017, we also redeemed \$52.6 million of Convertible Preferred Equity Certificates (“CPEC”) held by the non controlling interest owner in the Brindleyplace JV.

Distributions

We have declared distributions of approximately \$0.65 per share, per year for 2017. Additionally, we declared a special distribution of \$1.05 per share (the “Special Distribution”) (\$288.0 million in total) to all stockholders of record as of December 30, 2017, that was paid in January 2018. In addition, our board of directors authorized monthly distributions aggregating \$0.325 per share for the six months ending June 30, 2018 and the Board designated an aggregate of \$0.12 per share of these distributions as a return of stockholders’ invested capital (the “Return of Invested Capital Distributions”) (such designation is not indicative of the characterization of these distributions for income tax purposes). The Return of Invested Capital Distributions have been paid or will be paid to stockholders of record as of monthly record dates on the first business day of the month following the month to which the distributions relate. From January 2018 through June 2018, we have declared distributions at an amount equal to \$0.0541667 per share, per month (\$0.65 per share on an annualized basis). Of this amount, \$0.02 of the per share, per month distribution will be designated by the Company as a return of a portion of the stockholders’ invested capital and, as such, will reduce the stockholders’ remaining investment in the Company. Distributions are paid monthly on the first business day following the completion of each month to which they relate. All distributions were or will be paid in cash or reinvested in shares of our common stock for those participating in our distribution reinvestment plan. Distributions paid to stockholders (including those reinvested in stock) during the three months ended March 31, 2018 and 2017 were \$332.7 million and \$44.5 million, respectively.

The table below contains additional information regarding distributions declared to our stockholders and noncontrolling interest holders as well as the sources of distribution payments (all amounts are in thousands):

Distributions for the Three Months Ended	Stockholders			Noncontrolling Interests	Distributions funded from Cash Flows From Operating Activities	
	Cash Distributions	Distributions Reinvested	Total Declared	Total Declared		
2018						
March 31, 2018	\$ 22,126	\$ 22,294	\$ 44,420	\$ 60	\$ —	—%
Total	<u>\$ 22,126</u>	<u>\$ 22,294</u>	<u>\$ 44,420</u>	<u>\$ 60</u>	<u>\$ —</u>	<u>—%</u>
2017						
December 31, 2017	\$ 310,078 ⁽¹⁾	\$ 22,890	\$332,968	\$ 1,064	\$ 2,888	1%
September 30, 2017	22,224	23,031	45,255	1,786	21,091	45%
June 30, 2017	21,935	22,953	44,888	21,053	36,931 ⁽²⁾	82% ⁽²⁾
March 31, 2017	21,614	22,883	44,497	2,804	28,819	64%
Total	<u>\$ 375,851</u>	<u>\$ 91,757</u>	<u>\$467,608</u>	<u>\$ 26,707</u>	<u>\$ 89,729</u>	<u>85%</u>

(1) Includes \$288.0 million related to the Special Distribution described above.

(2) These amounts exclude the \$21.0 million special distribution paid to the noncontrolling interest partners in the Aviva Coral Gables JV, which were made using proceeds from the sale of Aviva Coral Gables in June 2017.

Our cash flows from operations have been and may continue to be insufficient to fully fund distributions paid to stockholders. We have funded the remaining distributions from proceeds from the sales of our real estate investments in prior periods, and/or cash flows from financing activities.

Debt Financings

We utilize permanent mortgage financing to leverage returns on our real estate investments and use borrowings under our Revolving Credit Facility to provide funding for near-term working capital needs. As mentioned previously, our portfolio was 42% leveraged as of March 31, 2018 (based on the values of our real estate investments) with a weighted average interest rate of 3.0%.

Below is additional information regarding our loan activities for the three months ended March 31, 2018 and 2017. See Note 4 — Debt Financing for additional information regarding our outstanding debt:

2018

- We borrowed approximately \$109.0 million under our Revolving Credit Facility.
- We made a payment of \$28.3 million to pay in full the mortgage loan for 100 Brookes in January 2018.
- We made payments of \$1.6 million on our remaining outstanding mortgage loans.

2017

- We borrowed approximately \$38.0 million and made payments of \$10.0 million under our Revolving Credit Facility.
- We made a payment of \$151.4 million to pay in full the secured mortgage loan related to the Brindleyplace Project upon the sale of the property in February 2017.
- We made payments of \$1.3 million on our remaining outstanding mortgage loans.

Results of Operations

Same-store Analysis

The following table presents the property-level revenues in excess of expenses for the three months ended March 31, 2018, as compared to the same period in 2017, by reportable segment. Same-store properties for the three months ended March 31, 2018 include 34 properties that were 92% and 93% leased as of March 31, 2018 and March 31, 2017, respectively (amounts in thousands, except for percentages):

	Three Months Ended March 31,		Change	
	2018	2017	\$	%
Property revenues in excess of expenses ⁽¹⁾				
<i>Same-store properties</i>				
Domestic office investments	\$ 20,981	\$ 22,415	\$ (1,434)	(6)%
Domestic other investments	11,455	13,541	(2,086)	(15)%
International office investments	11,280	16,822	(5,542)	(33)%
International other investments	7,278	7,287	(9)	— %
<i>Total same-store properties</i>	50,994	60,065	(9,071)	(15)%
<i>Disposed properties</i>	(149)	10,997	(11,146)	(101)%
Total property revenues in excess of expenses	\$ 50,845	\$ 71,062	\$ (20,217)	(28)%
Other				
Depreciation and amortization	\$ 33,998	\$ 37,609	\$ (3,611)	(10)%
Gain on sale of real estate investments	\$ 19	\$ 85,188	\$ (85,169)	(100)%
Interest expense	\$ 14,999	\$ 14,684	\$ 315	2 %
Income tax provision (benefit)	\$ (317)	\$ (848)	\$ 531	(63)%

(1) Property revenues in excess of expenses include total revenues less property operating expenses, real property taxes, and property management fees.

In total, property revenues in excess of expenses of our same-store properties decreased by 15% for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017. Set forth below is a description of the significant variances in our property revenues in excess of expenses at our same-store properties:

Domestic other investments:

- Revenues in excess of expenses of Markets at Town Center decreased \$2.4 million, primarily due to an increase in the bad debt reserve of straight-line rent of the anchor tenant, who has filed for bankruptcy protection. We received notice in March 2018 of the tenant's intention to vacate the property in May 2018.

International office investments:

- Revenues in excess of expenses of 25 Cabot Square decreased \$4.6 million primarily due to vacancies at the building and increases in property operating expenses caused by a large refurbishment and expansion project.
- Revenues in excess of expenses of 100 Brookes decreased \$0.9 million primarily due to the vacancy by the single tenant in January 2018.

Other changes

The decrease in depreciation and amortization in the table above is primarily due to the sales of several of our properties during 2017.

The decrease in the gain on sale of real estate investments in the table above is due to the gain recognized upon the sale of one of our properties during the three months ended March 31, 2017. No properties were sold during three months ended March 31, 2018.

Other Expenses

The tables below provide detail relating to our asset management and acquisition fees, acquisition-related expenses, and general and administrative expenses for the three months ended March 31, 2018 and 2017. All amounts in thousands, except percentages:

	Three Months Ended March 31,		Change	
	2018	2017	\$	%
Asset management and acquisition fees	\$ 8,859	\$ 9,366	\$ (507)	(5)%
Acquisition-related expenses	\$ —	\$ 60	\$ (60)	(100)%
General and administrative expenses	\$ 2,902	\$ 3,146	\$ (244)	(8)%
Foreign currency gains (losses)	\$ (1,220)	\$ 6,619	\$ (7,839)	(118)%

The changes identified in the table above are primarily due to the following:

- We pay monthly asset management fees to the Advisor based on an annual fee of 1.5% of the net equity capital invested in real estate, which may be affected by the timing of the property sales, amounts of equity invested in properties that are sold, capital expenditures and changes in the leverage of our properties.
- General and administrative expenses include legal and accounting fees, printing and mailing costs, insurance costs, costs and expenses associated with our board of directors and other administrative expenses. The decrease is due to a reduction of certain costs associated with evaluating various strategic alternatives to execute a liquidity event.
- See below for a description of the changes related to foreign currency gains (losses).

Foreign Currency Gains (Losses)

Our international real estate investments use functional currencies other than the U.S. dollar. The financial statements for these subsidiaries are translated into U.S. dollars for reporting purposes. Assets and liabilities are translated at the exchange rate in effect as of the balance sheet date while income statement amounts are translated using the average exchange rate for the period and significant nonrecurring transactions using the rate on the transaction date. Gains or losses resulting from translation are included in accumulated other comprehensive income (loss) within stockholders' equity. By contrast, gains and losses related to transactions denominated in currencies other than an entity's functional currency are recorded in foreign currency gains (losses) on the consolidated statement of operations. An exception is made where an intercompany loan or advance is deemed to be of a long-term investment nature, in which instance foreign currency transaction gains or losses are included in accumulated other comprehensive income (loss) within stockholders' equity.

During the three months ended March 31, 2018 and 2017, these gains/losses were primarily related to the effect of remeasuring our borrowings denominated in currencies other than our functional currencies and the changes to the related exchange rates between the date of the borrowing and the end of each period.

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”) 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 January 2017, the FASB issued ASU 2017-01 to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions of assets or businesses. We adopted this guidance on January 1, 2018 and we expect that any real estate transactions completed after that date will be accounted for under the asset acquisition guidance and the related acquisition-related expenses and acquisition fees will be treated under a capitalization/depreciation model and accordingly, will not be included in FFO or MFFO (as discussed below). Prior to ASU 2017-01, real estate acquisitions were generally considered business combinations and the acquisition-related expenses and acquisition fees were treated as operating expenses under GAAP.

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 and certain other items as described below. Some of these adjustments are necessary to address changes in the accounting and reporting rules under GAAP such as the accounting for acquisition-related expenses from a capitalization/depreciation model to an expensed-as-incurred model that were put into effect in 2009 and other changes to GAAP rules for real estate subsequent to the establishment of NAREIT’s definition of FFO. These changes in the accounting and reporting rules under GAAP affected all industries, and as a result of these changes, acquisition fees and expenses have typically been accounted for as operating expenses under GAAP. Management believes these fees and expenses do not affect our overall long-term operating performance. These changes also have prompted a significant increase in the magnitude of non-cash and non-operating items included in FFO, as defined. Such items include amortization of out-of-market lease intangible assets and liabilities and certain tenant incentives.

Other adjustments included in MFFO are necessary to address issues that are common to publicly registered, non-listed REITs. Publicly registered, non-listed REITs typically have a significant amount of acquisition activity and are substantially more dynamic during their initial years of investment and operations. While other start-up entities may also experience significant acquisition activity during their initial years, we believe that non-listed REITs like us are unique in that they have a limited life with targeted exit strategies within a relatively limited time frame after the acquisition activity ceases.

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 any acquisition fees payable to our Advisor and acquisition expenses. As described above, prior to the adoption of ASU 2017-01, under GAAP, acquisition fees and expenses were characterized as operating expenses in determining operating net income. These expenses were paid in cash by us, and therefore such funds will not be available to distribute to our stockholders. In connection with any future acquisitions of real properties, unless our Advisor determines to waive the payment of any

then-outstanding acquisition-related costs otherwise payable to our Advisor, such costs will be paid from additional debt, operational earnings or cash flow, net proceeds from the sale of properties, or ancillary cash flows. Therefore, MFFO may not be an accurate indicator of our operating performance, especially during periods in which properties are being acquired. Since MFFO excludes acquisition fees and expenses related to all of our acquisitions, MFFO would only be comparable to the operations of non-listed REITs that have completed their acquisition activity and have other similar operating characteristics.

Management uses MFFO to evaluate the financial performance of our investment portfolio, including the impact of potential future investments. In addition, management uses MFFO to evaluate and establish our distribution policy and the sustainability thereof. Further, we believe MFFO is one of several measures that may be useful to investors in evaluating the potential performance of our portfolio following the conclusion of the acquisition phase, as it excludes acquisition fees and expenses incurred prior to January 1, 2018, as described herein.

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. MFFO is not a useful measure in evaluating net asset value because impairments are taken into account in determining net asset value but not in determining MFFO.

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

- MFFO excludes acquisition fees payable to our Advisor and acquisition expenses for periods prior to January 1, 2018. Although these amounts reduce net income, we generally have funded such costs with proceeds from our public offerings and acquisition-related indebtedness (and, solely with respect to acquisition-related costs incurred in connection with our acquisition of the Brindleyplace Project in July 2010, equity capital contributions from our joint venture partner) and do not consider these fees and expenses in the evaluation of our operating performance and determining MFFO.
- We use interest rate swap contracts and interest rate caps 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.
- We use foreign currency forward contracts as economic hedges against the variability of foreign exchange rates on certain international investments. These derivative instruments are typically short-term and are frequently settled at amounts that result in additional amounts paid or received. However, such gains (losses) are excluded from MFFO since they are not considered to be operational in nature. 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 or may reflect unrealized impacts on our operating performance.
- We utilize the definition of FFO as set forth by NAREIT and the definition of MFFO as set forth by the IPA. Our FFO and MFFO as presented may not be comparable to amounts calculated by other REITs, if they use different approaches.
- Our business is subject to volatility in the real estate markets and general economic conditions, and adverse changes in those conditions could have a material adverse impact on our business, results of operations and MFFO. Accordingly, the predictive nature of MFFO is uncertain and past performance may not be indicative of future results.

Neither the United States 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 following section presents our calculation of FFO and MFFO attributable to common stockholders and provides additional information related to our operations (in thousands, except per share amounts) for the three months ended March 31, 2018 and 2017 and the period from inception (December 10, 2008) through March 31, 2018. As we have recently completed the acquisition phase of our life cycle, FFO and MFFO are not useful in comparing operations for the two periods presented below.

	Three Months Ended March 31,		Period from Inception (December 10, 2008) through March 31,
	2018	2017	2018
Net income (loss)	\$ (10,183)	\$ 98,942	\$ 318,649
Depreciation and amortization ⁽¹⁾	33,998	37,609	1,021,583
Gain on sale of investment property ⁽²⁾	(19)	(85,188)	(570,354)
Impairment Losses	—	—	7,124
Provision for income taxes related to sale of real estate	—	—	12,911
Gain on sale of property from unconsolidated subsidiary	—	—	(7,196)
Adjustments for noncontrolling interests ⁽³⁾	(28)	(981)	(31,654)
Funds from Operations attributable to common stockholders	23,768	50,382	751,063
Loss (gain) on derivative instruments ⁽⁴⁾	(351)	12	(4,496)
Loss (gain) on foreign currency ⁽⁵⁾	1,342	(6,148)	35,755
Other components of revenues and expenses ⁽⁶⁾	2,823	18,529	(28,580)
Acquisition fees and expenses ⁽⁷⁾	—	60	223,148
Adjustments for noncontrolling interests ⁽³⁾	—	315	5,217
Modified Funds From Operations attributable to common stockholders	\$ 27,582	\$ 63,150	\$ 982,107
Basic and diluted income (loss) per common share	\$ (0.04)	\$ 0.23	\$ 1.63
Funds From Operations attributable to common stockholders per common share	\$ 0.09	\$ 0.18	\$ 4.49
Modified Funds From Operations attributable to common stockholders per common share	\$ 0.10	\$ 0.23	\$ 5.87
Weighted average shares outstanding	273,352	277,638	167,283

Notes to the table:

- (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 appropriately presents the operating performance of our real estate investments on a comparative basis.
- (3) 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.
- (4) Represents components of net income (loss) related to the estimated changes in the values of our interest rate contract derivatives and foreign currency forwards. We have excluded these changes in value from our evaluation of our operating performance and MFFO because such adjustments may not be reflective of our ongoing performance and may reflect unrealized impacts on our operating performance.
- (5) Represents components of net income (loss) primarily resulting from the remeasurement of loans denominated in currencies other than our functional currencies. We have excluded these changes in value from our evaluation of our operating performance and MFFO because such adjustments may not be reflective of our ongoing performance and may reflect unrealized impacts on our operating performance.

- (6) Includes the following components of revenues and expenses that we do not consider in evaluating our operating performance and determining MFFO for the three months ended March 31, 2018 and 2017 (in thousands):

	Three Months Ended March 31,		Period from Inception (December 10, 2008) through March 31, 2018
	2018	2017	
Straight-line rent adjustment (a)	\$ (84)	\$ 14,009	\$ (102,233)
Amortization of lease incentives (b)	5,074	4,128	50,252
Amortization of out-of-market leases (b)	(2,167)	386	20,394
Other	—	6	3,007
	<u>\$ 2,823</u>	<u>\$ 18,529</u>	<u>\$ (28,580)</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 our operating performance and in determining MFFO because we believe that the rent that is billable during the current period is a more relevant measure of our operating performance for such period.

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

- (7) Represents acquisition expenses and acquisition fees paid to our Advisor that were expensed in our condensed consolidated statements of operations. We funded such costs with proceeds from our offering, and therefore do not consider these expenses in evaluating our operating performance and determining MFFO.

As noted previously, our cash flows from operations have been and may continue to be insufficient to fully fund distributions paid. Therefore, some or all of our distributions may continue to be paid from other sources, such as cash advances by the Advisor, cash resulting from a waiver or deferral of fees, proceeds from the sale of assets, borrowings and/or proceeds from the DRP Offering. We have not placed a cap on the amount of our distributions that may be paid from any of these sources.

From inception through March 31, 2018, we declared distributions to our stockholders totaling \$1,007.2 million (which does not include the \$288.0 million Special Distribution), compared to total aggregate FFO of \$751.1 million and cash flows from operating activities of \$589.8 million. For the three months ended March 31, 2018, we declared distributions to our stockholders totaling \$44.4 million, compared to total aggregate FFO of \$23.8 million. For the three months ended March 31, 2017, we declared distributions to our stockholders totaling \$44.5 million, compared to total aggregate FFO of \$50.4 million. During our offering and investment stages, we incurred acquisition fees and expenses in connection with our real estate investments, which were recorded as reductions to net income (loss) and FFO. These fees and expenses totaled \$223.1 million from inception through March 31, 2018.

Related-Party Transactions and Agreements

We have entered into agreements with the Advisor, Dealer Manager and Hines or its affiliates, whereby we pay certain fees and reimbursements to these entities during the various phases of our organization and operation. During the organization and offering stage, these include payments to our Dealer Manager for selling commissions and the dealer manager fee and payments to our Advisor for reimbursement of issuer costs. During the acquisition and operational stages, these include payments for certain services related to acquisitions, financing and management of our investments and operations provided to us by our Advisor and Hines and its affiliates pursuant to various agreements we have entered into or anticipate entering into with these entities. See Note 6 — Related Party Transactions in this Quarterly Report on Form 10-Q and Note 9 — Related Party Transactions in our Annual Report of Form 10-K for the year ended December 31, 2017 for additional information concerning our related-party transactions.

Off-Balance Sheet Arrangements

As of March 31, 2018 and December 31, 2017, 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

One Westferry Circus

In April 2018, we sold One Westferry Circus for a contract sales price of £108.6 million (approximately \$153.5 million based on an exchange rate of \$1.41 per GBP). We acquired the property in February 2013 for £82.0 million (approximately \$124.6 million based on an exchange rate of \$1.51 per GBP as of the transaction date). The purchaser is not affiliated to us or our affiliates.

Amended Share Redemption Program

On April 20, 2018, our board of directors approved and adopted amendments to our share redemption program in order to modify the order of priority in which shares will be redeemed in the event that redemption requests in a particular month exceed the limits on the number of shares that can be redeemed per the terms of the program or the funds available for redemptions in a particular month. Accordingly, in the event the number of shares for which redemption requests have been submitted exceeds the limits on the number of shares that we can redeem per the terms of the program or the funds available for such redemption in a particular month, shares will be redeemed in the following order of priority: (i) redemption requests made in connection with the death or disability of a stockholder, (ii) redemption requests carried over from one or more prior periods with respect to which the value of the shares that have not yet been redeemed is less than \$2,500, and (iii) on a pro rata basis with respect to all other redemption requests (the “Amended Share Redemption Program”). The Amended Share Redemption Program will replace the current share redemption program, effective as of May 28, 2018. Accordingly, any redemptions of the our common stock made pursuant to requests submitted for the month of May 2018 will be processed in accordance with the terms of the Amended Share Redemption Program.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market-sensitive instruments. In pursuing our business plan, we believe that interest rate risk, foreign currency risk and real estate valuation risk are the primary market risks to which we are exposed.

Interest Rate Risk

We are exposed to the effects of interest rate changes primarily as a result of debt used to maintain liquidity and fund expansion of our real estate investment portfolio and operations. One of our interest rate risk management objectives is to limit the impact of interest rate changes on cash flows. To achieve this objective, we may borrow at fixed rates or fix the variable rates of interest on variable interest rate borrowings through the use of interest rate swaps and caps. We have and may continue to enter into derivative financial instruments such as interest rate swaps and caps in order to mitigate our interest rate risk on a related financial instrument. We will not enter into derivative or interest rate transactions for speculative purposes. We are exposed to credit risk of the counterparty to these contracts in the event of non-performance under the terms of the derivative contracts. In the event of non-performance by the counterparty, if we were not able to replace these contracts, we would be subject to the variability of interest rates on the total amount of debt outstanding under the mortgage.

At March 31, 2018, we had fixed-rate debt of \$349.1 million and variable-rate debt of \$1.6 billion. If interest rates were to increase by 1% and all other variables were held constant, we would incur \$15.9 million in additional annual interest expense associated with our variable-rate debt. Additionally, we hedged approximately \$309.0 million of our variable-rate debt using interest rate caps, which limit our exposure to rising interest rates. As of March 31, 2018, the variable interest rates did not exceed their capped interest rates.

Foreign Currency Risk

We currently have real estate investments located in countries outside of the U.S. that are subject to the effects of exchange rate movements between the foreign currency of each real estate investment and the U.S. dollar, which may affect future costs and cash flows as well as amounts translated into U.S. dollars for inclusion in our condensed consolidated financial statements. Generally, we have entered into mortgage loans denominated in foreign currencies for these investments, which provide natural hedges with regard to changes in exchange rates between the foreign currencies and U.S. dollar and reduces our exposure to exchange rate differences. Additionally, we are typically a net receiver of these foreign currencies, and, as a result, our foreign operations benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar. The table below identifies the effect that a 10% immediate, unfavorable change in the exchange rates would have on our equity in these international real estate investments and their net income for the most recently completed period, by foreign currency (in thousands)⁽¹⁾⁽²⁾:

	Reduction in Book Value as of March 31, 2018	Reduction in Net Income (Loss) for the Three Months Ended March 31, 2018
AUD	\$9,446	\$104
EUR	\$12,970	\$120
GBP	\$21,828	\$448
RUB	\$6,478	\$75

- (1) Our real estate assets in Moscow, Russia were purchased in U.S. dollars and we expect that when we dispose of these assets, the sale transactions will also be denominated in U.S. dollars. Accordingly, we do not expect to have economic exposure to the Ruble upon disposition. However, changes in the exchange rate between the Ruble and the U.S. dollar could result in realized losses recorded in our consolidated statement of operations at the time of sale.
- (2) Our real estate assets in Warsaw, Wroclaw and Upper Silesia, Poland were purchased in Euros and we expect that when we dispose of these assets, the sale transactions will also be denominated in Euros. Accordingly, we do not expect to have Polish zloty exposure upon disposition.

Item 4. *Controls and Procedures*

Disclosure Controls and Procedures

In accordance with Rules 13a-15 and 15d-15 promulgated under the Exchange Act, 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 March 31, 2018, 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.

Change in Internal Controls

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 March 31, 2018 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 May 11, 2018, 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 Annual Report on Form 10-K for the year ended December 31, 2017. There have been 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, 2017.

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

During the three months ended March 31, 2018, we did not sell or issue any equity securities that were not registered under the Securities Act of 1933, as amended.

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 ⁽¹⁾
January 1, 2018 to January 31, 2018	1,315,941	\$ 8.98	1,315,941	—
February 1, 2018 to February 28, 2018	1,477,093	\$ 8.98	1,477,093	—
March 1, 2018 to March 31, 2018	865,282	\$ 9.04	865,282	—
Total	3,658,316	\$ 9.00	3,658,316	

- (1) This amount represents the number of shares available for redemption on March 31, 2018. Our share redemption program was first announced at the commencement of our initial public offering in February 2009. Our share redemption program does not have a fixed expiration date, but it is subject to significant restrictions and limitations and our board of directors may terminate, suspend or amend the program without stockholder approval. We may redeem shares on a monthly basis if the shares were held for at least one year and meet certain other conditions. Any such redemptions will be limited to the amount required to redeem 5% of the shares outstanding as of the same date in the prior calendar year, and unless our board of directors determines otherwise, redemptions will be further limited to the amount of proceeds received from our distribution reinvestment plan in the month prior to the month in which the redemption request was received. Per the terms of our share redemption program, we may waive the one-year holding requirement and limitations described above for share redemption requests made in connection with the death or disability of a stockholder.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit No.	Description
2.1	Plan of Liquidation and Dissolution (filed as Appendix A to the Registrant's Definitive Proxy Statement on Schedule 14A on May 10, 2018 and incorporated by reference herein)
3.1	Articles of Amendment and Restatement of Hines Global REIT, Inc. (filed as Exhibit 3.1 to Pre-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11 (File No. 333-156742), as amended and supplemented (the "Registration Statement") on August 3, 2009 and incorporated by reference herein)
3.2	Bylaws of Hines Global REIT, Inc. (filed as Exhibit 3.2 to Pre-Effective Amendment No. 1 to the Registration Statement on March 18, 2009 and incorporated by reference herein)
3.3	Amendment No. 1 to Bylaws of Hines Global REIT, Inc. (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K on September 21, 2015 and incorporated by reference herein)
3.4	Amendment No. 2 to Bylaws of Hines Global REIT, Inc. (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K on September 7, 2017 and incorporated by reference herein)
4.1	Hines Global REIT, Inc. Distribution Reinvestment Plan (included as Appendix A to the Prospectus contained in the Registrant's Registration Statement on Form S-3 (File No. 333-195478) filed on April 24, 2014 and incorporated by reference herein)
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."
99.1	Second Amended and Restated Share Redemption Program, effective as of May 28, 2018 (filed as Exhibit 99.3 to the Registrant's Current report on Form 8-K on April 25, 2018 and incorporated by reference herein)
101 *	The following materials from Hines Global REIT, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, filed on May 11, 2018, 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

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 GLOBAL REIT, INC.

May 11, 2018

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

May 11, 2018

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

**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 Global REIT, 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.

May 11, 2018

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 Global REIT, 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.

May 11, 2018

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 Global REIT, Inc. (the “Company”), each hereby certifies that to his/her knowledge, on the date hereof:

- (a) the quarterly report on Form 10-Q of the Company for the quarterly period ended March 31, 2018 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: May 11, 2018

/s/ Sherri W. Schugart

Sherri W. Schugart

President and Chief Executive Officer

Date: May 11, 2018

/s/ Ryan T. Sims

Ryan T. Sims

Chief Financial Officer and Secretary