
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 September 30, 2011
- 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)*
2800 Post Oak Boulevard
Suite 5000
Houston, Texas
(Address of principal executive offices)

26-399995
*(I.R.S. Employer
Identification No.)*

77056-6118
(Zip code)

Registrant's telephone number, including area code:
(888) 220-6121

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

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

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

Large accelerated filer

Accelerated Filer

Non-accelerated Filer (Do not check if a smaller reporting company)

Smaller Reporting Company

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 November 7, 2011, approximately 84.5 million shares of the registrant's common stock were outstanding.

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SIGNATURES

Certification

Certification

Certification of CEO & CFO pursuant to Section 906

EX-31.1

EX-31.2

EX-32.1

EX-101 INSTANCE DOCUMENT

EX-101 SCHEMA DOCUMENT

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

HINES GLOBAL REIT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	September 30, 2011	December 31, 2010
	(In thousands, except per share amounts)	
ASSETS		
Investment property, net	\$ 688,450	\$ 449,029
Cash and cash equivalents	229,425	146,953
Restricted cash	4,792	348
Interest rate swap contracts	-	2,765
Tenant and other receivables	11,039	7,876
Intangible lease assets, net	237,050	161,036
Deferred leasing costs, net	1,662	622
Deferred financing costs, net	7,606	6,502
Other assets	8,148	553
Total Assets	\$ 1,188,172	\$ 775,684
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 20,683	\$ 13,622
Due to affiliates	2,660	2,167
Intangible lease liabilities, net	8,371	5,926
Other liabilities	13,121	8,020
Interest rate swap contracts	13,006	38
Distributions payable	6,408	3,231
Notes payable	507,823	378,295
Total Liabilities	572,072	411,299
Commitments and contingencies (Note 12)	-	-
Equity:		
Stockholders' equity:		
Preferred shares, \$.001 par value; 500,000 preferred shares authorized, none issued or outstanding as of September 30, 2011 and December 31, 2010	-	-
Common stock, \$.001 par value; 1,500,000 shares authorized, 80,303 and 41,287 issued and outstanding as of September 30, 2011 and December 31, 2010, respectively	80	41
Additional paid-in capital	666,907	350,561
Accumulated deficit	(67,688)	(25,873)
Accumulated other comprehensive income (loss)	(17,371)	1,347
Total stockholders' equity	581,928	326,076
Noncontrolling interests	34,172	38,309
Total equity	616,100	364,385
Total Liabilities and Equity	\$ 1,188,172	\$ 775,684

See notes to the condensed consolidated financial statements.

HINES GLOBAL REIT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the Three and Nine Months Ended September 30, 2011 and 2010
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010

(In thousands, except per share amounts)

Revenues:

Rental revenue	\$ 21,913	\$ 7,339	\$ 59,350	\$ 7,472
Other revenue	1,726	532	4,990	533
Total revenues	23,639	7,871	64,340	8,005

Expenses:

Property operating expenses	4,189	1,499	12,694	1,508
Real property taxes	1,695	146	4,984	161
Property management fees	565	222	1,579	224
Depreciation and amortization	13,834	6,400	37,256	6,457
Acquisition related expenses	634	12,823	3,819	15,406
Asset management and acquisition fees	4,692	5,803	11,354	6,228
General and administrative	868	463	2,477	1,240
Total expenses	26,477	27,356	74,163	31,224

Loss before other income (expenses) and provision for income taxes	(2,838)	(19,485)	(9,823)	(23,219)
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Other income (expenses):

Loss on interest rate swap contracts, net	(9,782)	(3,733)	(16,163)	(3,733)
Other gains (losses)	14	(3)	36	(3)
Interest expense	(5,937)	(2,009)	(16,233)	(2,009)
Interest income	32	48	107	73

Loss before provision for income taxes	(18,511)	(25,182)	(42,076)	(28,891)
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Provision for income taxes	(514)	(373)	(1,638)	(373)
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Net loss	(19,025)	(25,555)	(43,714)	(29,264)
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Net loss attributable to noncontrolling interests	1,270	7,539	1,899	8,367
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Net loss attributable to common stockholders	\$ (17,755)	\$ (18,016)	\$ (41,815)	\$ (20,897)
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Basic and diluted loss per common share:	\$ (0.24)	\$ (0.76)	\$ (0.68)	\$ (1.45)
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Distributions declared per common share:	\$ 0.18	\$ 0.18	\$ 0.52	\$ 0.52
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Weighted average number of common shares outstanding	74,644	23,596	61,360	14,371
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Net comprehensive loss:

Net loss	\$ (19,025)	\$ (25,555)	\$ (43,714)	\$ (29,264)
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Other comprehensive income (loss):

Foreign currency translation adjustment	(20,342)	4,266	(18,094)	4,294
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Net comprehensive loss	(39,367)	(21,289)	(61,808)	(24,970)
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Net comprehensive loss attributable to noncontrolling interests	1,999	5,856	1,275	6,673
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Net comprehensive loss attributable to common stockholders	\$ (37,368)	\$ (15,433)	\$ (60,533)	\$ (18,297)
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See notes to the condensed consolidated financial statements.

HINES GLOBAL REIT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the Nine Months Ended September 30, 2011 and 2010
(UNAUDITED)
(In thousands)

Hines Global REIT, Inc.

	Common Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests
Balance as of January 1, 2011	41,287	\$ 41	\$ 350,561	\$ (25,873)	\$ 1,347	\$ 326,076	\$ 38,309
Issuance of common shares	39,490	39	393,409	-	-	393,448	-
Distributions declared	-	-	(32,124)	-	-	(32,124)	(11)
Distributions on Convertible Preferred Equity Certificates ("CPEC")	-	-	-	-	-	-	(2,851)
Redemption of Common Shares	(474)	-	(4,586)	-	-	(4,586)	-
Selling commissions and dealer manager fees	-	-	(37,177)	-	-	(37,177)	-
Issuer costs	-	-	(3,176)	-	-	(3,176)	-
Net loss	-	-	-	(41,815)	-	(41,815)	(1,899)
Foreign currency translation adjustment	-	-	-	-	(18,718)	(18,718)	624
Balance as of September 30, 2011	80,303	\$ 80	\$ 666,907	\$ (67,688)	\$ (17,371)	\$ 581,928	\$ 34,172
	Common Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity	Noncontrolling Interests
Balance as of January 1, 2010	3,276	\$ 3	\$ 26,012	\$ (408)	\$ -	\$ 25,607	\$ 33
Issuance of common shares	25,550	26	254,701	-	-	254,727	-
Contributions from noncontrolling interests	-	-	-	-	-	-	44,925
Distributions declared	-	-	(7,505)	-	-	(7,505)	(11)
Distributions on Convertible Preferred Equity Certificates ("CPEC")	-	-	-	-	-	-	(808)
Redemption of common shares	(17)	-	(873)	-	-	(873)	-
Selling commissions and dealer manager fees	-	-	(24,566)	-	-	(24,566)	-
Issuer costs	-	-	(2,276)	-	-	(2,276)	-
Net loss	-	-	-	(20,897)	-	(20,897)	(8,367)
Foreign currency translation adjustment	-	-	-	-	2,601	2,601	1,693
Balance as of September 30, 2010	28,809	\$ 29	\$ 245,493	\$ (21,305)	\$ 2,601	\$ 226,818	\$ 37,465

See notes to the condensed consolidated financial statements.

HINES GLOBAL REIT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2011 and 2010
(UNAUDITED)

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
	(In thousands)	
Net loss	\$ (43,714)	\$ (29,264)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	40,735	6,989
Loss on interest rate swap contracts	16,163	3,729
Changes in assets and liabilities:		
Change in other assets	76	(362)
Change in tenant and other receivables	(972)	(2,015)
Change in deferred leasing costs	(1,222)	(261)
Change in accounts payable and accrued expenses	5,516	4,731
Change in other liabilities	4,383	1,870
Change in due to affiliates	1,191	2,202
Net cash from operating activities	<u>22,156</u>	<u>(12,381)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in property and acquired lease intangibles, net	(331,248)	(315,523)
Deposits on investment property	(6,108)	(26,000)
Increase in restricted cash	(4,556)	(44)
Net cash from investing activities	<u>(341,912)</u>	<u>(341,567)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	376,752	249,625
Contribution from noncontrolling interests	-	44,925
Redemption of common shares	(4,501)	(170)
Payments of issuer costs	(3,757)	(3,990)
Payment of selling commissions and dealer manager fees	(37,349)	(24,432)
Distributions paid to stockholders and noncontrolling interests	(15,773)	(2,646)
Proceeds from notes payable	92,009	183,657
Payments on notes payable	(1,757)	-
Change in security deposit liability	(10)	44
Deferred financing costs paid	(2,396)	(3,449)
Net cash from financing activities	<u>403,218</u>	<u>443,564</u>
Effect of exchange rate changes on cash	(990)	532
Net change in cash and cash equivalents	82,472	90,148
Cash and cash equivalents, beginning of period	146,953	28,168
Cash and cash equivalents, end of period	<u>\$ 229,425</u>	<u>\$ 118,316</u>

See notes to the condensed consolidated financial statements.

HINES GLOBAL REIT, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine Months Ended September 30, 2011 and 2010

1. ORGANIZATION

The accompanying interim unaudited condensed consolidated financial information has been prepared according to the rules and regulations of the Securities and Exchange Commission. 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, 2010 included in Hines Global REIT, Inc.'s Annual Report on Form 10-K. 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 September 30, 2011, the results of operations for the three and nine months ended September 30, 2011 and 2010 and cash flows for the nine months ended September 30, 2011 and 2010 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. Beginning with its taxable year ended December 31, 2009, the Company operated and intends to continue to operate in a manner to qualify as a real estate investment trust ("REIT") for federal income tax purposes. The 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 (defined below).

On August 5, 2009, the Company commenced its initial public offering of up to \$3.5 billion in shares of common stock for sale to the public (the "Offering") through which it has received gross offering proceeds of \$806.1 million from the sale of 80.9 million shares through September 30, 2011. The Company engaged Hines Real Estate Investments, Inc., (the "Dealer Manager"), an affiliate of Hines, to serve as the dealer manager for the Offering. The Dealer Manager is responsible for marketing the Company's shares being offered pursuant to the Offering. The Company has and intends to continue to invest the net proceeds from the Offering in a diversified portfolio of quality commercial real estate properties and other real estate investments throughout the United States and internationally. Properties purchased by the Company may have varying uses including office, retail, industrial, multi-family residential and hospitality or leisure. The Company may invest in operating properties, properties under development, and undeveloped properties such as land. In addition, the Company may also make other real estate investments including investments in equity or debt interests, which may include securities in other real estate entities and debt related to real estate.

The Company made its initial real estate investment in June 2010 and owned interests in nine properties as of September 30, 2011. These properties consisted of four U.S. office properties, one mixed-use industrial/flex office park complex in Austin, Texas, one office property in London, England, one office property in Moscow, Russia, one mixed-use office and retail complex in Birmingham, England and one industrial complex located in Moscow, Russia. These properties contain, in the aggregate, 3.2 million square feet of leasable space.

Noncontrolling Interests

On January 7, 2009, the Company and Hines Global REIT Associates Limited Partnership ("HALP"), an affiliate of the Advisor, formed Hines Global REIT Properties, LP (the "Operating Partnership"). The Company conducts substantially all of its operations through the Operating Partnership. As of September 30, 2011 and December 31, 2010, HALP owned a 0.03% and 0.1% interest in the Operating Partnership, respectively.

In June 2010, the Operating Partnership and Moorfield Real Estate Fund II GP Ltd. ("Moorfield") formed Hines Moorfield UK Venture I S.A.R.L., (the "Brindleyplace JV") and, on July 7, 2010, the Brindleyplace JV acquired several properties located in Birmingham, England (the "Brindleyplace Project"). The Brindleyplace Project consists of five office buildings including ground-floor retail, restaurant and theatre space, and a 903-space multi-story parking garage. The Company owns a 60% interest in the Brindleyplace JV and Moorfield holds the remaining 40% interest.

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, 2010 for a complete listing of all of its significant accounting policies.

Use of Estimates

The Company's condensed consolidated financial statements have been prepared in accordance with GAAP. The preparation of the condensed consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities and contingencies as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The Company evaluates its assumptions and estimates on an ongoing basis. The Company bases its estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances. Additionally, application of the Company's accounting policies involves exercising judgments regarding assumptions as to future uncertainties. Actual results may differ from these estimates.

Basis of Presentation

The condensed consolidated financial statements of the Company include the accounts of Hines Global REIT, Inc., the Operating Partnership and its wholly-owned subsidiaries and the Brindleyplace JV as well as amounts related to noncontrolling interests. All intercompany balances and transactions have been eliminated in consolidation.

International Operations

The British pound ("GBP") is the functional currency for Company's subsidiaries operating in the United Kingdom and the Russian rouble ("RUB") is the functional currency for the Company's subsidiaries operating in Russia. These subsidiaries have translated their financial statements into U.S. dollars for reporting purposes. During the nine months ended September 30, 2011 and 2010, the Company recorded unrealized loss on foreign currency translation adjustments of \$18.1 million and unrealized gain on foreign currency translation adjustments of \$4.3 million, respectively due to the effect of changes in exchange rates between the British pound, Russian rouble and the U.S. dollar.

Impairment of Investment Property

Real estate assets are reviewed for impairment each reporting period if events or changes in circumstances indicate that the carrying amount of the individual property may not be recoverable. In such an event, a comparison will be made of the current and projected operating cash flows of each property on an undiscounted basis to the carrying amount of such property. If the carrying amount exceeds the undiscounted cash flows, it would be written down to the estimated fair value to reflect impairment in the value of the asset. The determination of whether investment property is impaired requires a significant amount of judgment by management and is based on the best information available to management at the time of the evaluation. No impairment charges were recorded during the nine months ended September 30, 2011.

Cash and Cash Equivalents

The Company considers all short-term, highly liquid investments that are readily convertible to cash with a maturity of three months or less at the time of purchase to be cash equivalents.

Restricted Cash

As of September 30, 2011 and December 31, 2010, the Company had restricted cash of approximately \$4.8 million and \$348,000, respectively, related to certain escrows required by several of the Company's mortgage agreements. Specifically, \$3.7 million of the restricted cash related to a reserve that the Brindleyplace JV is required to fund. See Note 12 – Commitments and Contingencies for additional information.

Tenant and Other Receivables

Tenant and other receivables are recorded at cost, net of any applicable allowance for doubtful accounts. As of September 30, 2011 and December 31, 2010, no such allowances have been recorded.

In addition, as of September 30, 2011 and December 31, 2010, respectively, tenant and other receivables included \$1.9 million and \$1.2 million of receivables from the Company's transfer agent related to shares of its stock that were issued, but the related proceeds had not yet been released to the Company.

Deferred Leasing Costs

Tenant inducement amortization was approximately \$35,000 and \$132,000 for the three and nine months ended September 30, 2011, respectively and was recorded as a reduction to rental revenue. The Company recorded approximately \$27,000 and \$58,000 as amortization expense related to other direct leasing costs for the three and nine months ended September 30, 2011, respectively. For the three and nine months ended September 30, 2010, amortization of deferred leasing costs was insignificant.

Deferred Financing Costs

Deferred financing costs consist of direct costs incurred in obtaining debt financing, including the financing fees paid to the Advisor (see Note 7 – Related Party Transactions). These costs are amortized into interest expense on a straight-line basis, which approximates the effective interest method, over the terms of the obligations. For the three months ended September 30, 2011 and 2010, approximately \$449,000 and \$160,000, was amortized into interest expense, respectively. For the nine months ended September 30, 2011 and 2010, approximately \$1.3 million and \$160,000 was amortized into interest expense, respectively.

Other Assets

As of September 30, 2011, other assets was primarily made up of prepaid expenses at several of the Company's properties and \$6.1 million in deposits paid in relation to the acquisition of the Marlborough Campus, an office property located in Marlborough, Massachusetts. This acquisition was completed on October 28, 2011. See Note 13 - Subsequent Events for additional information.

Revenue Recognition

Rental payments are generally paid by the tenants prior to the beginning of each month. As of September 30, 2011 and December 31, 2010, respectively, the Company recorded liabilities of \$12.1 million, and \$7.5 million related to prepaid rental payments which were included in other liabilities in the accompanying condensed consolidated balance sheet. 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 \$3.9 million and \$1.6 million as of September 30, 2011 and December 31, 2010, respectively. Straight-line rent receivable consisted of the difference between the tenants' rents calculated on a straight-line basis from the date of acquisition or lease commencement over the remaining terms of the related leases and the tenants' actual rents due under the lease agreements and is included in tenant and other receivables in the accompanying condensed consolidated balance sheets. Revenues associated with operating expense recoveries are recognized in the period in which the expenses are incurred based upon the tenant lease provisions. Revenues relating to lease termination fees are generally recognized at the time that a tenant's right to occupy the space is terminated and when the Company has satisfied all obligations under the agreement.

Other revenues consist primarily of parking revenue and tenant reimbursements. 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 that the expense is incurred.

Issuer Costs

The Company reimburses the Advisor for any issuer costs related to the Offering that it pays on the Company's behalf. From inception to September 30, 2011, issuer costs incurred by the Advisor on the Company's behalf totaled \$10.2 million, of which approximately \$337,000 related to organizational issuer costs.

Income Taxes

In connection with the operation of its international properties, the Company has recorded a provision for foreign income taxes of approximately \$514,000 and \$373,000 for the three months ended September 30, 2011 and 2010, respectively, in accordance with tax laws and regulations. The Company recorded a provision for foreign income taxes of approximately \$1.6 million and \$373,000 for the nine months ended September 30, 2011 and 2010, respectively, in accordance with tax laws and regulations.

Deferred income taxes result from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and net operating loss carry-forward. As of September 30, 2011 and December 31, 2010, respectively, the Company had recorded deferred tax assets of approximately \$886,000 and \$104,000, which were included in other assets in the accompanying condensed consolidated balance sheet.

Redemption of Common Stock

The Company has recorded liabilities of approximately \$675,000 and \$593,000 in accounts payable and accrued expenses in the accompanying condensed consolidated balance sheet as of September 30, 2011 and December 31, 2010, respectively, related to shares tendered for redemption and approved by the board of directors, but which were not redeemed until the subsequent month. Such amounts have been included in redemption of common shares in the accompanying condensed consolidated statements of equity.

Per Share Data

Net loss per common share is calculated by dividing the net loss attributable to common stockholders for each period by the weighted average number of common shares outstanding during such period. Net loss per common share on a basic and diluted basis is the same because the Company has no potentially dilutive common shares outstanding.

Reclassifications

The Company made a reclassification in its condensed consolidated statement of cash flows for the nine months ended September 30, 2010 to be consistent with the presentation for the nine months ended September 30, 2011. Specifically, the Company reclassified \$109.9 million of payments from increase in acquired intangible lease assets, net to investments in property and acquired lease intangibles, net. Management believes this change in presentation simplifies the cash flow statement by combining related line items, although it does not believe this change is necessary for the fair presentation of the Company's financial statements.

The Company made a reclassification in its condensed consolidated statement of equity for the nine months ended September 30, 2010 to be consistent with the presentation for the nine months ended September 30, 2011. Specifically, the Company reclassified approximately \$808,000 of distributions from distributions declared to distributions on convertible preferred equity certificates. Management believes this change in presentation improves the comparability of the equity statement, although it does not believe this change is necessary for the fair presentation of the Company's financial statements.

Recent Accounting Pronouncements

In May 2011, FASB issued guidance on fair value measurements. This guidance results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between GAAP and IFRS (International Financial Reporting Standards). The adoption of this guidance is effective prospectively for interim and annual periods beginning after December 15, 2011 and is not expected to have a material effect on the Company's financial statements.

In June 2011, FASB issued guidance on the presentation of comprehensive income. This guidance eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. The adoption of this guidance is effective for interim and annual periods beginning after December 15, 2011 and is not expected to have a material effect on the Company's financial statements.

3. INVESTMENT PROPERTY

The Company makes real estate investments directly through entities wholly-owned by the Operating Partnership, or indirectly through other entities. The table below provides information regarding the properties in which the Company owned interests as of September 30, 2011:

Direct Investments

<u>Property</u>	<u>Location</u>	<u>Date Acquired</u>	<u>Leasable Square Feet</u>	<u>Percent Leased</u>	<u>Effective Ownership (1)</u>
17600 Gillette	Irvine, California	6/2010	98,925	100%	100%
Hock Plaza	Durham, North Carolina	9/2010	327,160	99%	100%
Southpark	Austin, Texas	10/2010	372,125	94%	100%
Fifty South Sixth	Minneapolis, Minnesota	11/2010	698,783	96%	100%
Stonecutter Court	London, England	3/2011	152,808	100%	100%
FM Logistic	Moscow, Russia	4/2011	748,578	100%	100%
Gogolevsky 11	Moscow, Russia	8/2011	85,740	100%	100%
250 Royall	Canton, Massachusetts	9/2011	185,171	100%	100%
Total for Directly-Owned Properties			<u>2,669,290</u>	<u>99%</u>	

Indirect Investments

Brindleyplace Project	Birmingham, England	7/2010	<u>562,976</u>	<u>96%</u>	60%
Total for Indirectly-Owned Properties			<u>562,976</u>	<u>96%</u>	
Total for All Properties			<u>3,232,266</u>	<u>98%</u>	(2)

(1) This percentage shows the effective ownership of the Operating Partnership in the properties listed. On September 30, 2011, the Company owned a 99.97% interest in the Operating Partnership as its sole general partner. Affiliates of Hines owned the remaining 0.03% interest in the Operating Partnership.

(2) 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 also 98%.

Investment property consisted of the following amounts (in thousands):

	September 30, 2011	December 31, 2010
Buildings and improvements	\$ 679,922	\$ 443,592
Less: accumulated depreciation	(14,365)	(3,893)
Buildings and improvements, net	665,557	439,699
Land	22,893	9,330
Investment property, net	<u>\$ 688,450</u>	<u>\$ 449,029</u>

As of September 30, 2011, the cost basis and accumulated amortization related to lease intangibles was as follows (in thousands):

	Lease Intangibles		
	In-Place Leases	Out-of-Market Lease Assets	Out-of-Market Lease Liabilities
Cost	\$ 225,044	\$ 51,418	\$ (10,684)
Less: accumulated amortization	(34,909)	(4,503)	2,313
Net	<u>\$ 190,135</u>	<u>\$ 46,915</u>	<u>\$ (8,371)</u>

As of December 31, 2010, the cost basis and accumulated amortization related to lease intangibles was as follows (in thousands):

	Lease Intangibles		
	In-Place Leases	Out-of-Market Lease Assets	Out-of-Market Lease Liabilities
Cost	\$ 139,561	\$ 34,000	\$ (6,674)
Less: accumulated amortization	(11,241)	(1,284)	748
Net	<u>\$ 128,320</u>	<u>\$ 32,716</u>	<u>\$ (5,926)</u>

Amortization expense of in-place leases was \$9.8 million and \$5.0 million for the three months ended September 30, 2011 and 2010, respectively. Amortization expense of in-place leases was \$26.5 million and \$5.0 million for the nine months ended September 30, 2011 and 2010, respectively.

Amortization of out-of-market leases was a decrease to rental revenue of approximately \$589,000 and \$216,000 for the three months ended September 30, 2011 and 2010, respectively. Amortization of out-of-market leases for the nine months ended September 30, 2011 and 2010 was a decrease to rental revenue of \$1.7 million and \$278,000, respectively.

Expected future amortization of in-place leases and out-of-market leases, net, for the following periods are as follows (in thousands):

	In-Place Leases	Out-of-Market Leases, Net
October 1 through December 31, 2011	\$ 9,772	\$ 927
2012	31,800	4,409
2013	29,493	4,391
2014	27,207	4,440
2015	22,909	4,552

Leases

The company has entered into non-cancelable lease agreements with tenants for space. As of September 30, 2011, the approximate fixed future minimum rentals for the period of October 1, 2011 through December 31, 2011, for each of the years ending December 31, 2012 through December 31, 2015 and for the period thereafter are as follows (in thousands):

	Fixed Future Minimum Rentals	
October 1 through December 31, 2011	\$	20,375
2012		77,592
2013		76,109
2014		73,270
2015		63,206
Thereafter		225,416
Total	\$	535,968

Of the Company's total rental revenue for the nine months ended September 30, 2011, approximately 18% was earned from a tenant in the accounting industry who has leases that expire in 2016, 2019 and 2024, approximately 13% was earned from a tenant in the legal services industry whose lease expires in 2016, and approximately 12% was earned from a tenant in the education services industry whose lease expires in 2019.

Recent Acquisitions

The amounts of real estate assets and lease intangibles recognized for Stonecutter Court, FM Logistic, Gogolevsky 11, and 250 Royall Street as of their respective acquisition dates were determined by allocating the purchase price as follows (in thousands):

	Stonecutter Court		FM Logistic		Gogolevsky 11		250 Royall	
	(1)							
Buildings and improvements	\$	90,677	\$	51,588	\$	85,120	\$	22,860
Land		-		5,320		-		8,910
In-place lease intangibles		53,317		15,780		11,150		11,500
Out-of-market lease intangibles, net		1,598		(1,840)		(170)		13,730
Total	\$	145,592	\$	70,848	\$	96,100	\$	57,000

(1) These amounts were translated from GBP to U.S. dollars at a rate of \$1.61 per GBP, based on the exchange rate in effect on the date of acquisition.

The table below includes the amounts of revenue and net income (loss) of each of the acquisitions completed during the nine months ended September 30, 2011, which are included in the Company's condensed consolidated results of operations for the three and nine months ended September 30, 2011 (in thousands):

2011 Acquisitions		For the Three Months Ended		For the Nine Months Ended	
		September 30, 2011		September 30, 2011	
Stonecutter Court	Revenue	\$	2,448	\$	5,622
	Net loss	\$	(4,104)	\$	(9,934)
FM Logistic	Revenue	\$	2,204	\$	3,722
	Net income	\$	1,038	\$	835
Gogolevsky 11	Revenue	\$	1,134	\$	1,134
	Net loss	\$	(732)	\$	(732)
250 Royall	Revenue	\$	337	\$	337
	Net loss	\$	(21)	\$	(21)

The table below includes the amounts of revenue and net income (loss) of each of the acquisitions completed during the nine months ended September 30, 2010, which are included in the Company's condensed consolidated results of operations for the three and nine months ended September 30, 2010 (in thousands):

2010 Acquisitions		For the Three Months Ended		For the Nine Months Ended	
		September 30, 2010		September 30, 2010	
17600 Gillette	Revenue	\$	535	\$	669
	Net income	\$	200	\$	75
Brindleyplace Project	Revenue	\$	6,690	\$	6,690
	Net loss	\$	(18,806)	\$	(20,862)
Hock Plaza	Revenue	\$	646	\$	646
	Net loss	\$	(343)	\$	(343)

The following unaudited consolidated information is presented as if all of the properties in which the Company owned interests as of September 30, 2011 were acquired on January 1, 2010. This information excludes activity that is non-recurring and not representative of our future activity, primarily acquisition expenses of approximately \$761,000 and \$12.5 million for the three months ended September 30, 2011 and 2010, respectively and \$3.3 million and \$14.7 million for the nine months ended September 30, 2011 and 2010, respectively. The information below is not necessarily indicative of what the actual results of operations would have been had we completed these transactions on January 1, 2010, nor does it purport to represent our future operations (amounts in thousands, except per share amounts):

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	Pro Forma 2011	Pro Forma 2010	Pro Forma 2011	Pro Forma 2010
Revenues	\$ 26,398	\$ 27,391	\$ 79,978	\$ 76,979
Net loss	\$ (15,896)	\$ (9,533)	\$ (35,015)	\$ (10,790)
Basic and diluted loss per common share	\$ (0.21)	\$ (0.19)	\$ (0.57)	\$ (0.22)

4. DEBT FINANCING

The following table includes the Company's outstanding notes payable as of September 30, 2011 and December 31, 2010 (in thousands, except interest rates):

Description	Origination or Assumption Date	Maturity Date	Interest Rate	Principal Outstanding at September 30, 2011	Principal Outstanding at December 31, 2010
SECURED MORTGAGE DEBT					
Brindleyplace Project	07/01/10	07/07/15	Variable(1)	\$ 189,160	\$ 187,296
Hock Plaza	09/08/10	12/06/15	5.58 %	79,259	80,000
Southpark	10/19/10	12/06/16	5.67 %	18,000	18,000
Fifty South Sixth	11/04/10	11/04/15	Variable(2)	95,000	95,000
Stonecutter Court	03/11/11	03/11/16	Variable(3)	88,083	-
Gogolevsky 11	08/25/11	04/07/21	Variable(4)	40,000	-
TOTAL PRINCIPAL OUTSTANDING				509,502	380,296
Unamortized Discount (5)				(1,679)	(2,001)
NOTES PAYABLE				\$ 507,823	\$ 378,295

(1) On July 1, 2010, subsidiaries of the Brindleyplace JV entered into a secured mortgage facility agreement in the aggregate amount of £121.1 million (\$183.7 million assuming a rate of \$1.52 per GBP based on the exchange rate in effect on the transaction date) with Eurohypo AG ("Eurohypo"). The amounts outstanding were translated from GBP to U.S. dollars at a rate of \$1.56 and \$1.55 per GBP as of September 30, 2011 and December 31, 2010, respectively. The loan has a floating interest rate of LIBOR plus a margin of 1.60%. Interest on approximately £90.8 million (\$137.7 million assuming a rate of \$1.52 per GBP based on the exchange rate in effect on the transaction date) of the loan balance was fixed at closing at 2.29% (3.89% including the 1.60% margin) through multiple 5-year interest rate swaps with Eurohypo. At September 30, 2011, the variable rate for the loan was 2.43%. See Note 5 – Derivative Instruments for additional information regarding the Company's interest rate swaps.

(2) This loan has a floating interest rate based on the higher of: (i) LIBOR, (ii) the Federal Funds Rate plus 0.5% or (iii) the Prime Rate. The Company entered into a five-year interest rate swap in order to fix the interest rate at 1.37% (3.62% including the 2.25% margin). At September 30, 2011, the variable rate for the loan was 2.47%. See Note 5 – Derivative Instruments for additional information regarding the Company’s interest rate swaps.

(3) In connection with the acquisition of Stonecutter Court, a wholly-owned subsidiary of the Operating Partnership, entered into a secured facility agreement in the amount of £57.0 million (\$92.0 million assuming a rate of \$1.61 per GBP based on the closing date). The loan provides for quarterly installments for the repayment of principal of £313,500 (\$506,100 assuming a rate of \$1.61 per GBP based on the closing date). This loan has a variable interest rate based on LIBOR plus a margin of 2.08%. Principal and interest payments are due quarterly through maturity. The loan may be repaid in full prior to maturity, subject to a prepayment premium if it is repaid in the first four years, and is prepayable at par thereafter. This amount was translated from GBP to U.S. dollars at a rate of \$1.56 per GBP as of September 30, 2011. The Company entered into an interest rate swap agreement, which effectively fixed the interest rate of this borrowing at 2.71% (4.79% including the 2.08% margin). At September 30, 2011, the variable rate for the loan was 2.91%. See Note 5- Derivative Instruments for additional information regarding the Company’s interest rate swaps.

(4) In connection with the acquisition of Gogolevsky 11, a wholly-owned subsidiary of the Operating Partnership, assumed a secured mortgage facility agreement in the amount of \$40.0 million. The loan requires quarterly interest payments and quarterly installments for the repayment of principal and has a floating interest rate of LIBOR plus a margin of 6.25%. At September 30, 2011, the variable rate for the loan was 6.55%.

(5) The Company assumed notes payable in connection with various acquisitions, which were recorded at their estimated fair value as of the date of acquisition. The difference between the fair value at acquisition and the principal outstanding is amortized over the term of the related note.

The Company is not aware of any instances of noncompliance with financial covenants on any of its loans as of September 30, 2011.

Principal Payments on Notes Payable

The Company is required to make the following principal payments on its outstanding notes payable for the period of October 1, 2011 through December 31, 2011, for each of the years ending December 31, 2012 through December 31, 2015 and for the period thereafter (in thousands):

	Payments due by Year					
	October 1 - December 31, 2011	2012	2013	2014	2015	Thereafter
Principal payments	\$ 1,098	\$ 4,404	\$ 4,477	\$ 4,542	\$ 363,177	\$ 131,804

5. DERIVATIVE INSTRUMENTS

The Company has entered into several interest rate swap contracts as economic hedges against the variability of future interest rates on its variable interest rate borrowings. These swaps effectively fixed the interest rates on each of the loans to which they relate. The Company has not designated any of these contracts as cash flow hedges for accounting purposes.

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

Effective Date	Expiration Date	Notional Amount	Interest Rate Received	Interest Rate Paid
July 7, 2010	July 7, 2015	\$ 22,750 (1)	LIBOR	2.29%
July 7, 2010	July 7, 2015	\$ 43,672 (1)	LIBOR	2.29%
July 7, 2010	July 7, 2015	\$ 20,313 (1)	LIBOR	2.29%
July 7, 2010	July 7, 2015	\$ 35,039 (1)	LIBOR	2.29%
July 7, 2010	July 7, 2015	\$ 20,097 (1)	LIBOR	2.29%
November 4, 2010	November 4, 2015	\$ 95,000	LIBOR	1.37%
March 11, 2011	March 11, 2016	\$ 89,063 (1)	LIBOR	2.71%

(1) These notional amounts are reported in USD and have been converted from GBP, at a rate of \$1.56 per GBP as of September 30, 2011.

Derivatives not designated as hedging instruments for accounting purposes:	Derivatives Fair Value	
	September 30, 2011	December 31, 2010
Interest rate swap contracts- Asset	\$ -	\$ 2,765
Interest rate swap contracts- Liability	(13,006)	(38)
Total derivatives, net	\$ (13,006)	\$ 2,727

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Loss on interest rate swap contracts, net (1)	\$ (9,782)	\$ (3,733)	\$ (16,163)	\$ (3,733)
Total	\$ (9,782)	\$ (3,733)	\$ (16,163)	\$ (3,733)

(1) Amounts represent the loss on interest rate swaps. Changes in fair value are recorded in loss on derivative instruments, net in the condensed consolidated statement of operations.

6. DISTRIBUTIONS

With the authorization of its board of directors, the Company declared distributions to its stockholders and HALP for the period from October 20, 2009 through December 31, 2011. These distributions were or will be calculated based on stockholders of record for each day in an amount equal to \$0.00191781 per share, per day, which based on a purchase price of \$10 per share, equated to a 7% annualized distribution rate over that period.

As a result of market conditions and the Company's goal of increasing its distribution coverage, the Company has declared distributions for the months of January 2012 – March 2012 at an amount equal to \$0.0017808 per share, per day, which based on a purchase price of \$10 per share, would equate to a 6.5% annualized distribution rate if it were maintained every day for a twelve-month. This annualized distribution rate represents a decrease of approximately 7% from the annualized distribution rate that was declared for the period from October 20, 2009 through December 31, 2011.

Distributions for the period from October 20, 2009 through February 28, 2010 were paid on March 1, 2010. Distributions for subsequent months have been or will be 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 the Company's common stock for those participating in its distribution reinvestment plan.

In addition, the Brindleyplace JV declared distributions in the amount of approximately \$2.9 million and \$808,000 to Moorfield for the nine months ended September 30, 2011 and 2010, respectively, related to the operations of the Brindleyplace Project. The table below outlines the Company's total distributions declared to stockholders and noncontrolling interests (HALP and Moorfield) for the nine months ended September 30, 2011 and for each of the quarters ended during 2010, including the breakout between the distributions paid in cash and those reinvested pursuant to the Company's distribution reinvestment plan (in thousands):

Distributions for the quarter ended	Stockholders			Noncontrolling Interests
	Cash Distributions	Distributions Reinvested	Total Declared	Total Declared
2011				
September 30, 2011	\$ 6,288	\$ 6,881	\$ 13,169	\$ 946
June 30, 2011	4,969	5,770	10,739	932
March 31, 2011	3,769	4,447	8,216	984
Total	\$ 15,026	\$ 17,098	\$ 32,124	\$ 2,862
2010				
December 31, 2010	\$ 2,806	\$ 3,386	\$ 6,192	\$ 794
September 30, 2010	1,860	2,303	4,163	812
June 30, 2010	977	1,368	2,345	4
March 31, 2010	395	602	997	4
Total	\$ 6,038	\$ 7,659	\$ 13,697	\$ 1,614

7. 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		Incurred		Unpaid as of	
	Three Months Ended		Nine Months Ended		September	December 31,
	September 30,		September 30,		30, 2011	2010
	2011	2010	2011	2010		
Selling Commissions- Dealer Manager	\$ 8,027	\$ 7,469	\$ 27,754	\$ 18,294	\$ 610	\$ 663
Dealer Manager Fee- Dealer Manager	2,725	2,532	9,423	6,272	(3)	116
Issuer Costs- the Advisor	881	669	3,176	2,276	246	826
Acquisition Fee- the Advisor	3,062	5,349	7,414	5,756	-	-
Asset Management Fee- the Advisor	1,630	453	3,940	472	1,161	292
Debt Financing Fee- the Advisor	400	1,902	1,320	1,902	-	-
Other (1) - the Advisor	480	439	1,106	758	267	202
Property Management Fee- Hines	283	25	787	28	64	17
Leasing Fee- Hines	7	-	70	-	7	-
Expense Reimbursement- Hines (with respect to management and operations of the Company's properties)	498	115	1,537	116	308	51
Due to Affiliates					\$ 2,660	\$ 2,167

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

Other Affiliate Transactions

The Company receives rent under a lease of parking space with an affiliate of Hines at the Brindleyplace Project. Under this agreement, during the three months ended September 30, 2011 and 2010, the Company recorded rental revenues of approximately \$493,000 and \$369,000, respectively. The Company recorded rental revenues of approximately \$1.5 million and \$369,000, for the nine months ended September 30, 2011 and 2010, respectively. Further, the Company recorded receivables related to this agreement of approximately \$156,000 and \$350,000 as of September 30, 2011 and December 31, 2010, respectively, which are recorded in tenant and other receivables.

8. NONCONTROLLING INTERESTS

On July 7, 2010, the Brindleyplace JV issued capital shares and Series B Convertible Preferred Equity Certificates ("CPEC") to Moorfield as a result of its contributions. Distributions are declared and paid quarterly to Moorfield based on the distributable income of the Brindleyplace Project and payment of the distributions will be subject to the approval of the board of directors of the Brindleyplace JV. During the nine months ended September 30, 2011 and 2010, respectively, the Brindleyplace JV declared approximately \$2.9 million and \$808,000 of preferred dividends to Moorfield related to the CPECs. These amounts were included in the net loss attributable to noncontrolling interests in the accompanying condensed consolidated statement of operations and comprehensive loss and offsets \$4.7 million and \$8.3 million of net loss that was attributable to Moorfield during the nine months ended September 30, 2011 and 2010, respectively, related to the results of operations of the Brindleyplace JV.

9. FAIR VALUE MEASUREMENTS

Derivative Instruments

As described in Note 5 – Derivative Instruments, the Company entered into several interest rate swap contracts as economic hedges against the variability of future interest rates on its variable interest rate borrowings. Although the Company has determined the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparties, Eurohypo, PB Capital Corporation and Landesbank Baden-Württemberg. In adjusting the fair values of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds and guarantees. However, as of September 30, 2011, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuations of its derivatives. As a result, the Company has determined its derivative valuations are classified in Level 2 of the fair value hierarchy.

The following table sets forth the Company's interest rate swap contracts which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of September 30, 2011 and December 31, 2010 (all amounts are in thousands):

Period	Fair Value of Assets (Liabilities)	Basis of Fair Value Measurements		
		Quoted Prices In Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2011	\$ (13,006)	\$ -	\$ (13,006)	\$ -
December 31, 2010	\$ 2,727	\$ -	\$ 2,727	\$ -

Other Items

Other Financial Instruments

As of September 30, 2011, the Company estimated that the book values of its notes payable approximate their fair values, as the rates approximate those available to the Company on current terms. Other financial instruments include cash and cash equivalents, restricted cash, distributions receivable, tenant and other receivables, accounts payable and accrued expenses, other liabilities 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.

10. REPORTABLE SEGMENTS

The Company's investments in real estate are geographically diversified and management evaluates the operating performance of each at an individual property level. The Company has determined it has five reportable segments:

- Domestic office properties (four properties)
- Domestic industrial properties (one property)
- International office properties (two properties)
- International mixed-use properties (Brindleyplace Project)
- International industrial properties (one property)

During the nine months ended September 30, 2011, the Company added the international office properties segment and the international industrial properties segment following the acquisitions of Stonecutter Court, Gogolevsky 11 and FM Logistic.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Total Revenue				
Domestic office properties	\$ 9,583	\$ 1,181	\$ 27,811	\$ 1,315
Domestic industrial property	809	-	2,568	-
International office properties	3,582	-	6,756	-
International mixed-use property	7,461	6,690	23,483	6,690
International industrial property	2,204	-	3,722	-
Total Revenue	\$ 23,639	\$ 7,871	\$ 64,340	\$ 8,005
Net Operating Income (1)				
Domestic office properties	\$ 5,917	\$ 838	\$ 17,142	\$ 946
Domestic industrial property	595	-	1,753	-
International office properties	2,974	-	5,758	-
International mixed-use property	5,176	4,793	15,535	4,793
International industrial property	2,014	-	3,257	-
Total Segment Net Operating Income	\$ 16,676	\$ 5,631	\$ 43,445	\$ 5,739

	<u>September 30, 2011</u>	<u>December 31, 2010</u>
Total Assets		
Domestic office properties	\$ 352,930	\$ 308,354
Domestic industrial property	29,336	32,483
International office properties	234,832	-
International mixed-use property	290,750	296,805
International industrial property	69,529	-
Corporate-level accounts	210,795	138,042
Total Assets	<u>\$ 1,188,172</u>	<u>\$ 775,684</u>

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Reconciliation to net loss				
Total segment net operating income	\$ 16,676	\$ 5,631	\$ 43,445	\$ 5,739
Depreciation and amortization	(13,834)	(6,400)	(37,256)	(6,457)
Acquisition related expenses	(634)	(12,823)	(3,819)	(15,406)
Asset management and acquisition fees	(4,692)	(5,803)	(11,354)	(6,228)
General and administrative expenses	(868)	(463)	(2,477)	(1,240)
Loss on interest rate swap contracts	(9,782)	(3,733)	(16,163)	(3,733)
Other gains (losses)	14	(3)	36	(3)
Interest expense	(5,937)	(2,009)	(16,233)	(2,009)
Interest income	32	48	107	73
Net loss	<u>\$ (19,025)</u>	<u>\$ (25,555)</u>	<u>\$ (43,714)</u>	<u>\$ (29,264)</u>

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

11. SUPPLEMENTAL CASH FLOW DISCLOSURES

Supplemental cash flow disclosures for the nine months ended September 30, 2011 and 2010 (in thousands):

	<u>2011</u>	<u>2010</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 13,412	\$ -
Supplemental Schedule of Non-Cash Activities		
Distributions declared and unpaid	\$ 6,448	\$ 2,388
Other receivables	\$ 1,866	\$ 1,846
Distributions reinvested	\$ 16,023	\$ 3,567
Shares tendered for redemption	\$ 675	\$ 704
Non-cash net liabilities acquired	\$ 468	\$ 6,020
Assumption of mortgage upon acquisition of property	\$ 40,000	\$ 77,131

12. COMMITMENTS AND CONTINGENCIES

In accordance with the terms of the secured mortgage facility agreement with Eurohypo, the Brindleyplace JV is required to escrow a reserve in the amount of £3.5 million (\$5.5 million assuming a rate of \$1.56 per GBP as of September 30, 2011) for the refurbishment of one of the buildings of the Brindleyplace Project. The refurbishment is expected to commence in early 2012 and the reserve will be released in reimbursement of qualified costs related to the refurbishment. The reserve is required to be fully funded by January 2012. As of September 30, 2011, the Brindleyplace JV had funded £2.3 million (\$3.7 million USD assuming a rate of \$1.56 per GBP as of September 30, 2011) of this reserve, which was included in restricted cash in the condensed consolidated balance sheet.

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.

13. SUBSEQUENT EVENTS

The Campus at Marlborough

On October 28, 2011, a wholly-owned subsidiary of the Operating Partnership acquired the Campus at Marlborough ("Marlborough"), a complex of three interconnected office buildings and one amenity building along with an undeveloped parcel of land located in Marlborough, Massachusetts. The sellers, Bel Marlborough I LLC and Bel Marlborough II LLC, are not affiliated with the Company or its affiliates. Marlborough consists of 532,246 square feet of rentable area that is 100% leased to six tenants. The net purchase price for Marlborough was approximately \$103.0 million, exclusive of transaction costs, financing fees and working capital reserves. The Company funded the acquisition using proceeds from the Offering along with the assumption of an existing \$57.9 million amortizing mortgage loan with Bear Stearns Commercial Mortgage, Inc. The mortgage loan has an interest rate of 5.21% and matures in December 2014.

Cargill

On October 26, 2011, a wholly-owned subsidiary of the Operating Partnership entered into a contract with Cargill, Incorporated ("Cargill") to acquire 9320 Excelsior Boulevard, an office building located in Hopkins, Minnesota. The seller is not affiliated with the Company or its affiliates. 9320 Excelsior Boulevard consists of 254,915 square feet of rentable area that is 100% occupied by Cargill. In connection with this acquisition, the Company expects to enter into a lease with Cargill for 100% of the net rentable area of the building through September 2023. The contract purchase price for 9320 Excelsior Boulevard is expected to be approximately \$69.5 million, exclusive of transaction costs and working capital reserves. The Company expects to fund the acquisition using proceeds from its current public offering. The Company paid a \$10.0 million earnest money deposit upon the signing of the purchase agreement. The Company expects the closing of this acquisition to occur in the fourth quarter of 2011, subject to completing a number of closing conditions. There is no guarantee that this acquisition will be consummated, and, if the Company elects not to close on this acquisition, it could forfeit its earnest money deposit.

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, 2010.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include statements concerning future financial performance and distributions, future debt and financing levels, 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 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:

- We have a limited operating history or established financing sources, and the prior performance of other Hines affiliated entities may not be a good measure of our future results; therefore, there is no assurance we will be able to achieve our investment objectives;
- Our current offering is a best efforts offering and as such, the risk that we will not be able to accomplish our business objectives and that the poor performance of a single investment will materially adversely affect our overall investment performance, will increase if we do not sell a substantial number of additional shares in the offering;
- Whether we will have the opportunity to invest offering and distribution reinvestment plan proceeds to acquire properties or other investments or whether such proceeds will be needed to redeem shares; and if proceeds are available for investment, our ability to make such investments in a timely manner and at appropriate amounts that provide acceptable returns;
- Competition for tenants and real estate investment opportunities, 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 selection of 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;

- In our initial quarters of operations, our distributions were paid using cash flows from financing activities, including proceeds from our initial public offering and proceeds from debt financings 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 waiver or deferral of fees. When we pay distributions from sources other than our cash flow from operations, we will have less funds available for the acquisition of properties, and your overall return may be reduced;
- 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 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; and
- Our ability to continue to qualify as a real estate investment trust (“REIT”) for federal income tax purposes.

These risks are more fully discussed in, and all forward-looking statements should be read in light of, all of the factors discussed Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2010.

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”) and its subsidiary, Hines Global REIT Properties, LP (the “Operating Partnership”) were formed in December 2008 and January 2009, respectively, to invest in a diversified portfolio of quality commercial real estate properties and related investments in the United States and internationally. In August 2009, we commenced a \$3.5 billion initial public offering of our common shares (the “Offering”) and have raised \$806.1 million in gross proceeds from the Offering through September 30, 2011.

We intend to meet our primary investment objectives by investing in a portfolio of real estate properties and other real estate investments that relate to properties that are generally diversified by geographic area, lease expirations and tenant industries. These investments could include a variety of asset types in the US and internationally such as office, retail, industrial, etc. In addition, we may invest in operating properties, properties under development and undeveloped properties or real estate-related investments such as real estate securities or debt. We expect to fund these acquisitions primarily with proceeds from the Offering and debt financing.

As of September 30, 2011, we owned interests in nine properties. These properties consisted of four U.S. office properties, one mixed-use industrial/flex office park complex in Austin, Texas, one office property in London, England, one office property in Moscow, Russia, one mixed-use office and retail complex in Birmingham, England and one industrial property in Moscow, Russia. These properties contain, in the aggregate, 3.2 million square feet of leasable space, and we believe each property is suitable for its intended purpose.

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, 2010 in "Management's Discussion and Analysis of Financial Condition and Results of Operations." There have been no significant changes to our policies during 2011.

Financial Condition, Liquidity and Capital Resources

Our principal demands for funds are to purchase real estate properties and make other real estate investments, for the payment of operating expenses and distributions, and for the payment of principal and interest on indebtedness. Generally, we expect to meet operating cash needs from our cash flow from operations, and we expect to meet cash needs for acquisitions and investments from the net proceeds of the Offering and from debt proceeds.

As of September 30, 2011, we had consolidated cash and cash equivalents of \$229.4 million, which were primarily generated by proceeds from the Offering. While there is generally a delay in investing the proceeds from the Offering, we intend to invest these and future proceeds raised as quickly and prudently as possible. As of November 14, 2011 we have identified potential new investments which would utilize all or a significant portion of the proceeds raised to date. However, as we are in various phases of the due diligence process with respect to each of these potential investments, there can be no assurances that any of these acquisitions will be completed. Real estate investment transaction volume increased during 2010 and 2011, and estimated going-in capitalization rates or cap rates (ratio of the net projected operating income of a property in its initial fiscal year divided by the net purchase price) have fallen relative to their post-recession peaks in late 2009. In the current market there continues to be a significant amount of investment capital pursuing high-quality, well-located assets that generate stable cash flows causing aggressive competition and pricing for assets which match our investment strategy. This may continue to drive prices higher, resulting in lower cap rates and returns. One of our priorities is to monitor the returns being achieved from our real estate investments in relation to our distribution rate with the ultimate goal of increasing coverage of our distributions with our operations. As a result of market conditions and our goal of increasing our distribution coverage, we have declared distributions for the months of January 2012 – March 2012 at an amount equal to \$0.0017808 per share, per day, which based on a purchase price of \$10 per share, would equate to a 6.5% annualized distribution rate if it were maintained every day for a twelve-month period. This annualized distribution rate represents a decrease of approximately 7% from the annualized distribution rate that was declared for the period from October 20, 2009 through December 31, 2011.

We expect that once we have fully invested the proceeds of the Offering and other potential subsequent offerings, our debt financing, including our pro rata share of the debt financing of entities in which we invest, will be in the range of approximately 50% - 70% of the aggregate value of our real estate investments and other assets. Financing for acquisitions and investments may be obtained at the time an asset is acquired or an investment is made or at such later time as we determine to be appropriate. In addition, debt financing may be used from time to time for property improvements, lease inducements, tenant improvements and other working capital needs, including the payment of distributions. Additionally, the amount of debt placed on an individual property or related to a particular investment, including our pro rata share of the amount of debt incurred by an individual entity in which we invest, may be less than 50% or more than 70% of the value of such property/investment or the value of the assets owned by such entity, depending on market conditions and other factors. Our aggregate borrowings, secured and unsecured, must be reasonable in relation to our net assets and must be reviewed by our board of directors at least quarterly. Our charter limits our borrowing to 300% of our net assets (which approximates 75% of the cost of our assets) unless any excess borrowing is approved by a majority of our independent directors and is disclosed to our stockholders in our next quarterly report along with justification for the excess. Our portfolio was 39% leveraged as of September 30, 2011, based on the aggregate net purchase price of our real estate investments and cash and cash equivalents on hand as of that date.

Notwithstanding the above, depending on market conditions and other factors, we may choose not to place additional debt on our portfolio or our assets and may choose not to borrow to finance our operations or to acquire properties. Any additional indebtedness we do incur will likely be subject to continuing covenants, and we will likely be required to make continuing representations and warranties about our company in connection with such debt. Moreover, some or all of our debt may be secured by some or all of our assets. If we default on the payment of interest or principal on any such debt, breach any representation or warranty in connection with any borrowing or violate any covenant in any loan document, our lender may accelerate the maturity of such debt, requiring us to immediately repay all outstanding principal.

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 reduced by interest payments, direct leasing costs, property-level operating expenses and interest payments. Property-level operating expenses consist primarily of salaries and wages of property management personnel, utilities, cleaning, insurance, security and building maintenance costs, property management and leasing fees, and property taxes. Additionally, we incur general and administrative expenses, asset management and acquisition fees and expenses.

Net cash provided by operating activities for the nine months ended September 30, 2011 was \$22.2 million compared to net cash used in operating activities of \$12.4 million for the nine months ended September 30, 2010. The increase is primarily related to the acquisition of additional properties and the operations of properties for the entire nine-month period. In addition, we incurred significant acquisition-related costs during 2010 related to the Brindleyplace Project. Under GAAP, acquisition fees and acquisition-related expenses are expensed and therefore reduce cash flows from operating activities. However, we fund these expenses with proceeds from the Offering or other equity capital. During the nine months ended September 30, 2011 and 2010, respectively, we paid acquisition fees and acquisition-related expenses of \$10.8 million and \$18.8 million.

Cash Flows from Investing Activities

Net cash used in investing activities is primarily due to payments made for the acquisition of our real estate investments, including deposits for pending acquisitions. In addition, during the nine months ended September 30, 2011, we had an increase in restricted cash of \$4.6 million related to escrows required by several of our outstanding mortgage loans. At September 30, 2011, \$3.7 million of the restricted cash related to a reserve that the Brindleyplace JV is required to fund.

Cash Flows from Financing Activities

Initial Public Offering

During the nine months ended September 30, 2011 and 2010, respectively, we raised proceeds of \$376.8 million and \$249.6 million from the Offering, excluding proceeds from the distribution reinvestment plan. In addition, during the nine months ended September 30, 2011 and 2010, respectively, we redeemed approximately \$4.5 million and \$170,000 in shares of our common stock through our redemption plan.

We use our proceeds from the Offering to make certain payments to Hines Global REIT Advisors LP (the "Advisor"), the Dealer Manager and Hines and their affiliates during the various phases of our organization and operation. During the organization and offering stage, these include payments to our Dealer Manager for selling commissions and the dealer manager fee and payments to our Advisor for reimbursement of issuer costs. During the nine months ended September 30, 2011 and 2010, respectively, we made payments of \$41.1 million and \$28.4 million, for selling commissions, dealer manager fees and issuer costs related to the Offering.

Distributions

In our initial quarters of operations, and from time to time thereafter, we may not generate sufficient cash flow from operations to fully fund distributions paid. Therefore, particularly in the earlier part of the Offering, 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, borrowings and/or proceeds from the Offering. We have not placed a cap on the amount of our distributions that may be paid from any of these sources.

With the authorization of our board of directors, we declared distributions to our stockholders and HALP for the period from October 20, 2009 through December 31, 2011. These distributions were or will be calculated based on stockholders of record for each day in an amount equal to \$0.00191781 per share, per day, which based on a purchase price of \$10 per share, equated to a 7% annualized distribution rate if it were maintained over that period.

As a result of market conditions and our goal of increasing our distribution coverage, we have declared distributions for the months of January 2012 - March 2012 at an amount equal to \$0.0017808 per share, per day, which based on a purchase price of \$10 per share, would equate to a 6.5% annualized distribution rate if it were maintained every day for a twelve-month period. This annualized distribution rate represents a decrease of approximately 7% from the annualized distribution rate that was declared for the period from October 20, 2009 through December 31, 2011.

Distributions for the period from October 20, 2009 through February 28, 2010 were paid on March 1, 2010. Distributions for subsequent months have been or will be 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. See "Financial Condition, Liquidity and Capital Resources" for additional information regarding our distributions.

In addition, the Brindleyplace JV declared distributions in the amount of \$2.9 million and \$808,000 to Moorfield for the nine months ended September 30, 2011 and 2010, respectively, related to the operations the Brindleyplace Project. The table below contains additional information regarding distributions to our stockholders and noncontrolling interest holders (HALP and Moorfield) as well as the sources of payments (all amounts are in thousands):

Distributions for the Three Months Ended	Stockholders			Noncontrolling Interests	Sources				
	Cash Distributions	Distributions Reinvested	Total Declared	Total Declared	Cash Flows From Operating Activities		Cash Flows From Financing Activities (2)		
2011									
September 30, 2011	\$ 6,288	\$ 6,881	\$ 13,169	\$ 946	\$ 7,234	100%	\$ -	0%	
June 30, 2011	4,969	5,770	10,739	932	5,901	100%(1)	-	0%	
March 31, 2011	3,769	4,447	8,216	984	4,753	100%	-	0%	
Total	\$ 15,026	\$ 17,098	\$ 32,124	\$ 2,862	\$ 17,888	100%	\$ -	0%	
2010									
December 31, 2010	\$ 2,806	\$ 3,386	\$ 6,192	\$ 794	\$ -	0%	\$ 3,600	100%	
September 30, 2010	1,860	2,303	4,163	812	-	0%	2,672	100%	
June 30, 2010	977	1,368	2,345	4	-	0%	981	100%	
March 31, 2010	395	602	997	4	-	0%	399	100%	
Total	\$ 6,038	\$ 7,659	\$ 13,697	\$ 1,614	\$ -	0%	\$ 7,652	100%	

(1) Includes \$3.6 million of cash flows from operating activities in excess of distributions from the quarter ended March 31, 2011.

(2) Cash flows from financing activities includes proceeds from the Offering, equity capital contributions from Moorfield and proceeds from debt financings.

Under GAAP, acquisition fees and acquisition-related expenses are expensed and therefore reduce cash flows from operating activities. However, we have funded these fees and expenses with proceeds from the Offering or equity capital contributions from Moorfield. During the nine months ended September 30, 2011 and 2010, respectively, we paid approximately \$10.8 million and \$18.8 million of acquisition fees and acquisition-related expenses.

Debt Financings

In March 2011, we entered into a £57.0 million mortgage loan (\$92.0 million at a rate of \$1.61 per GBP based on the transaction date) related to our acquisition of Stonecutter Court which requires quarterly interest payments and quarterly installments for the repayment of principal of £313,500 (\$506,100 assuming a rate of \$1.61 per GBP based on the transaction date). Additionally, we assumed a \$40.0 million mortgage loan related to our acquisition of Gogolevsky 11 which requires quarterly interest payments and quarterly installments for the repayment of principal. During the nine months ended September 30, 2011, we made payments of \$2.4 million for financing costs related to these mortgage loans.

During the nine months ended September 30, 2010, we entered into a £121.1 million (\$183.7 million assuming a rate of \$1.52 per GBP based on the transaction date) permanent mortgage financing related to the Brindleyplace Project and assumed an \$80.0 million mortgage related to our acquisition of Hock Plaza. In addition, we made payments of \$3.4 million for deferred financing costs related to these debt financings.

Contributions From Noncontrolling Interests

We formed a joint venture with Moorfield (the "Brindleyplace JV") in June 2010 to acquire certain properties that are a part of a mixed-use development in Birmingham, England. As of September 30, 2010, Moorfield had invested \$44.9 million into the Brindleyplace JV to fund its 40% share of the acquisition, which was recorded in contributions from noncontrolling interests in our condensed consolidated statement of cash flows.

Results of Operations

Our results of operations for the three and nine months ended September 30, 2011 and 2010 are not comparable as we did not make our first real estate investment until June 2010. Further, our results of operations for the three and nine months ended September 30, 2011 are not indicative of those expected in future periods as we are currently in the acquisition stage of our life cycle. Additional information regarding the amounts recorded in our condensed consolidated statements of operations for the three and nine months ended September 30, 2011 and September 30, 2010 as well as variances between these periods is as follows:

- Total revenues, property operating expenses, real property taxes, property management fees, depreciation and amortization, interest expense and income taxes relate to the operation of our acquired properties and increased for the three and nine months ended September 30, 2011 compared to the prior year primarily due to the number of properties in our portfolio having increased.
- Acquisition-related expenses represent costs incurred on properties we have acquired and those which we may acquire in future periods. The decrease in acquisition related expenses for the three and nine months ended September 30, 2011 compared to the prior year is primarily due to the payment of an \$11.4 million Stamp Duty Tax upon the acquisition of the Brindleyplace Project in July 2010. Acquisition-related expenses were more than 5% of the net purchase price of the Brindleyplace Project, but were at or below 1% of the net purchase price of each of our other acquisitions.
- We pay monthly asset management fees to the Advisor based on 1.5% of the amount of net equity capital invested in real estate investments. Asset management fees incurred for the three months ended September 30, 2011 and 2010 were approximately \$1.6 million and \$453,000, respectively. Asset management fees incurred for the nine months ended September 30, 2011 and 2010 were \$3.9 million and \$472,000, respectively. The increase in asset management fees for each of these periods is due to the acquisition of additional real estate investments.
- We pay our Advisor acquisition fees equal to 2% of the net purchase price of our real estate investments. Acquisition fees incurred for the three months ended September 30, 2011 and 2010 were \$3.1 million and \$5.3 million, respectively. Acquisition fees incurred for the nine months ended September 30, 2011 and 2010, were \$7.4 million and \$5.8 million, respectively.
- 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. Certain of these costs are variable and will continue to increase in the future as we continue to raise capital and make additional real estate investments.
- We have entered into several interest rate swap contracts, as economic hedges against the variability of future interest rates on our variable interest rate borrowings. We have not designated any of these contracts as cash flow hedges for accounting purposes. The interest rate swaps have been recorded at their estimated fair values in the accompanying condensed consolidated balance sheets. Changes in the fair value of these interest rate swaps results in gains or losses recorded in our consolidated in our condensed consolidated statement of operations and comprehensive loss. See “Item 3. Quantitative and Qualitative Disclosures About Market Risk” included elsewhere in this Quarterly Report on Form 10-Q for additional information regarding certain risks related to our derivatives, such as the risk of counterparty non-performance.
- During the three months ended September 30, 2011 and 2010, we allocated \$2.2 million and \$7.5 million, respectively, of the net loss of the Brindleyplace JV to Moorfield, based on its ownership in the Brindleyplace JV. During the nine months ended September 30, 2011 and 2010, we allocated \$4.7 million and \$8.3 million of the net loss of the Brindleyplace JV to Moorfield, based on its ownership in the Brindleyplace JV. In addition, during the three months ended September 30, 2011 and 2010, the Brindleyplace JV declared approximately \$942,000 and \$808,000, respectively, of preferred dividends to Moorfield related to the Convertible Preferred Equity Certificates (“CPEC”). During the nine months ended September 30, 2011 and 2010, the Brindleyplace JV declared approximately \$2.9 million and \$808,000, respectively, of preferred dividends to Moorfield related to the CPEC. The amount of the preferred dividends was recorded in net loss attributable to noncontrolling interests in the accompanying condensed consolidated statement of operations and comprehensive loss and offsets the net loss that was attributable to Moorfield during the quarter resulting from the operations of the Brindleyplace JV. The remaining amount of loss attributable to noncontrolling interests relates to our allocation of the net loss of the Operating Partnership to HALP, based on its 0.03% ownership in the Operating Partnership.

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 and gains and losses on the sale of real estate assets. Depreciation and amortization, as applied 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, 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 by using the historical cost accounting alone is insufficient. In addition, FFO excludes gains and losses from the sale of real estate, 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.

In addition to FFO, management uses modified funds from operations (“MFFO”) as defined by the Investment Program Association (“IPA”) as a non-GAAP supplemental financial performance measure to evaluate our operating performance. 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. Some of these adjustments relate to changes in the accounting and reporting rules under GAAP that have been put into effect since the establishment of NAREIT’s definition of FFO. These changes have prompted a significant increase in the magnitude of non-cash and non-operating items included in FFO, as defined. Such items include amortization of out-of-market lease intangible assets and liabilities and certain tenant incentives, the effects of straight-line rent revenue recognition, fair value adjustments to derivative instruments that do not qualify for hedge accounting treatment, non-cash impairment charges and certain other items as described in the footnotes below. Management uses MFFO to evaluate the financial performance of our investment portfolio, including the impact of potential future investments. In addition, management uses MFFO to evaluate and establish our distribution policy and the sustainability thereof. Further, we believe MFFO is one of several measures that may be useful to investors in evaluating the potential performance of our portfolio following the conclusion of the acquisition phase, as it excludes acquisition fees and expenses, as described below.

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

FFO and MFFO should not be considered as alternatives to net income (loss) or to cash flows from operating activities, but rather should be reviewed in conjunction with these and other GAAP measurements. In addition, FFO and MFFO are not intended to be used as liquidity measures indicative of cash flow available to fund our cash needs. Please see the limitations listed below associated with the use of MFFO:

- As we are currently in the acquisition phase of our life cycle, acquisition costs and other adjustments that are increases to MFFO are, and may continue to be, a significant use of cash and dilutive to the value of an investment in our shares.
- MFFO excludes acquisition expenses and acquisition fees payable to our Advisor. Although these amounts reduce net income, we fund such costs with proceeds from our offering and equity capital contributions from Moorfield and do not consider these fees in the evaluation of our operating performance and determining MFFO.
- MFFO excludes gains (losses) related to changes in estimated values of derivative instruments related to our interest rate swaps. 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.
- Our FFO and MFFO as presented may not be comparable to amounts calculated by other REITs.
- 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.

The following section presents our calculation of FFO and MFFO and provides additional information related to our operations (in thousands, except per share amounts) for the three and nine months ended September 30, 2011 and 2010. As we are in the capital raising and acquisition phase of our operations, FFO and MFFO are not useful in comparing operations for the two periods presented below. We expect revenues and expenses to increase in future periods as we raise additional offering proceeds and use them to acquire additional investments.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net loss	\$ (19,025)	\$ (25,555)	\$ (43,714)	\$ (29,264)
Depreciation and amortization (1)	13,834	6,400	37,256	6,457
Adjustments for noncontrolling interests (2)	138	5,200	(1,657)	6,041
Funds from operations	(5,053)	(13,955)	(8,115)	(16,766)
Loss on derivative instruments (3)	9,782	3,733	16,163	3,733
Other components of revenues and expenses (4)	(278)	(224)	(26)	(162)
Acquisition fees and expenses (5)	3,522	18,172	10,970	21,163
Adjustments for noncontrolling interests (2)	(1,310)	(6,247)	(1,961)	(7,073)
Modified Funds From Operations	\$ 6,663	\$ 1,479	\$ 17,031	\$ 895
Basic and Diluted Loss Per Common Share	\$ (0.24)	\$ (0.76)	\$ (0.68)	\$ (1.45)
Funds From Operations Per Common Share	\$ (0.07)	\$ (0.59)	\$ (0.13)	\$ (1.17)
Modified Funds From Operations Per Common Share	\$ 0.09	\$ 0.06	\$ 0.28	\$ 0.06
Weighted Average Shares Outstanding	74,644	23,596	61,360	14,371

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

(3) Represents components of net loss related to the estimated changes in the values of our interest rate swap derivatives. We have excluded these changes in value from our evaluation of our operating performance and MFFO because we expect to hold the underlying instruments to their maturity and accordingly the interim gains or losses will remain unrealized.

(4) Includes the following components of revenues and expenses that we do not consider in evaluating our operating performance and determining MFFO for the three and nine months ended September 30, 2011 and 2010 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Straight-line rent adjustment (a)	\$ (1,025)	\$ (515)	\$ (2,242)	\$ (515)
Amortization of lease incentives (b)	35	-	132	-
Amortization of out-of-market leases (b)	589	216	1,715	278
Other	123	75	369	75
	\$ (278)	\$ (224)	\$ (26)	\$ (162)

(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.

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

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

- Amortization of deferred financing costs was approximately \$449,000 and \$160,000 for the three months ended September 30, 2011 and 2010, respectively. Amortization of deferred financing costs was approximately \$1.3 million and \$160,000 for the nine months ended September 30, 2011 and 2010, respectively.

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 7 to the condensed consolidated financial statements included elsewhere in this quarterly report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2010 for additional information concerning our related-party transactions.

Off-Balance Sheet Arrangements

As of September 30, 2011 and December 31, 2010, 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.

Recent Developments and Subsequent Events

The Campus at Marlborough

On October 28, 2011, a wholly-owned subsidiary of the Operating Partnership acquired the Campus at Marlborough ("Marlborough"), a complex of three interconnected office buildings and one amenity building along with an undeveloped parcel of land located in Marlborough, Massachusetts. The sellers, Bel Marlborough I LLC and Bel Marlborough II LLC, are not affiliated with us or our affiliates. Marlborough consists of 532,246 square feet of rentable area that is 100% leased to six tenants. The contract purchase price for Marlborough was approximately \$103.0 million, exclusive of transaction costs, financing fees and working capital reserves. We funded the acquisition using proceeds from our Offering along with the assumption of an existing \$57.9 million amortizing mortgage loan with Bear Stearns Commercial Mortgage, Inc. The mortgage loan has an interest rate of 5.21% and matures in December 2014.

Cargill

On October 26, 2011, a wholly-owned subsidiary of the Operating Partnership entered into a contract with Cargill, Incorporated ("Cargill") to acquire 9320 Excelsior Boulevard, an office building located in Hopkins, Minnesota. The seller is not affiliated with us or our affiliates. 9320 Excelsior Boulevard consists of 254,915 square feet of rentable area that is 100% occupied by Cargill. In connection with this acquisition, we expect to enter into a lease with Cargill for 100% of the net rentable area of the building through September 2023. The contract purchase price for 9320 Excelsior Boulevard is expected to be approximately \$69.5 million, exclusive of transaction costs and working capital reserves. We expect to fund the acquisition using proceeds from our current public offering. We paid a \$10.0 million earnest money deposit upon the signing of the purchase agreement. We expect the closing of this acquisition to occur in the fourth quarter of 2011, subject to completing a number of closing conditions. There is no guarantee that this acquisition will be consummated, and, if we elect not to close on this acquisition, we could forfeit our earnest money deposit.

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, 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. 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 interest rate swap agreements 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 swaps, we would be subject to the variability of interest rates on the total amount of debt outstanding under the mortgage.

On July 1, 2010, the Brindleyplace JV entered into a secured mortgage facility agreement in the aggregate amount of £121.1 million (\$183.7 million assuming a rate of \$1.52 per GBP as of the date of acquisition) with Eurohypo AG. The mortgage matures on July 7, 2015 and has a floating interest rate of LIBOR plus 1.60%. Interest on approximately £90.8 million (\$137.7 million assuming a rate of \$1.52 per GBP as of the date of acquisition) of the loan balance was fixed at closing at 3.89% through multiple 5-year swaps with Eurohypo. If interest rates increased by 1%, we would incur approximately \$485,000 in additional annual interest expense related to the unhedged portion of the mortgage.

On August 25, 2011, a wholly-owned subsidiary of the Operating Partnership assumed a secured mortgage facility agreement in the aggregate amount of \$40.0 million related to our acquisition of Gogolevsky 11. The mortgage matures on April 7, 2021 and has a floating interest rate of LIBOR plus 6.25%. If interest rates increased by 1%, we would incur approximately \$400,000 in additional annual interest expense.

Foreign Currency Risks

We currently have two investments in England, and as a result are subject to risk from the effects of exchange rate movements of the British pound and U.S. dollar, which may affect future costs and cash flows. However, as described above, we entered into a British pound denominated mortgage loan on these investments, which provides a natural hedge with regard to changes in exchange rates between the British pound and U.S. dollar. We are currently a net receiver of British pounds (we receive more cash than we pay out), and therefore our foreign operations benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to British pounds. During the nine months ended September 30, 2011, we had no currency transactions which resulted in significant gains or losses being recorded in our condensed consolidated statements of operations. Based upon our equity ownership in the Brindleyplace JV and our ownership of Stonecutter Court as of September 30, 2011, holding everything else constant, a 10% immediate, unfavorable change in the exchange rate between the British pound and U.S. dollar would have decreased the net book value of our investments in England by an aggregate of \$12.0 million and would have increased the aggregate net loss of the England properties for the nine months ended September 30, 2011, by approximately \$2.2 million.

We currently have two investments in Moscow, Russia, and as a result are subject to certain risk from the effects of exchange rate movement of the Russian rouble relative to the U.S. dollar. At FM Logistic, although the tenants' rent is received in roubles, the number of roubles is determined with reference to a fixed number of U.S. Dollars and the then-current exchange rate, thereby mitigating our exposure to the rouble. Rent at Gogolevsky 11 is also received in roubles, with approximately 76% of the net rentable area of the building leased to a tenant whose rent is indexed to the British Pound, and the remaining space leased to tenants whose rents are indexed to the U.S. Dollar, which further mitigates our exposure to the rouble. Additionally, we expect that sale transactions for these assets would likely be dominated in U.S. Dollars and accordingly do not expect to have rouble exposure upon disposition. We do maintain a minimal amount of working capital at each of these properties in roubles, however, we believe the amount of risk related to this working capital is immaterial to the portfolio.

Other Risks

As of September 30, 2011, we had consolidated cash and cash equivalents of \$229.4 million, which were primarily generated by proceeds from the Offering. While there is generally a delay in investing the proceeds from the Offering, we intend to invest these and future proceeds raised as quickly and prudently as possible. As of November 14, 2011 we have identified potential new investments which would utilize all or a significant portion of the proceeds raised to date. However, as we are in various phases of the due diligence process with respect to each of these potential investments, there can be no assurances that any of these acquisitions will be completed. Real estate investment transaction volume increased during 2010 and 2011, and estimated going-in capitalization rates or cap rates (ratio of the net projected operating income of a property in its initial fiscal year divided by the net purchase price) have fallen relative to their post-recession peaks in late 2009. In the current market there continues to be a significant amount of investment capital pursuing high-quality, well-located assets that generate stable cash flows causing aggressive competition and pricing for assets which match our investment strategy. This may continue to drive prices higher, resulting in lower cap rates and returns. One of our priorities is to monitor the returns being achieved from our real estate investments in relation to our distribution rate with the ultimate goal of increasing coverage of our distributions with our operations. As a result of market conditions and our goal of increasing our distribution coverage, we have declared distributions for the months of January 2012 – March 2012 at an amount equal to \$0.0017808 per share, per day, which based on a purchase price of \$10 per share, would equate to a 6.5% annualized distribution rate if it were maintained every day for a twelve-month period. This annualized distribution rate represents a decrease of approximately 7% from the annualized distribution rate that was declared for the period from October 20, 2009 through December 31, 2011.

We invest proceeds we receive from the Offering in short-term, highly-liquid investments until we use such funds to make real estate investments. Although we do not expect that income we earn on these temporary investments will be substantial, our earnings will be subject to the fluctuations of interest rates and their effect on these investments.

Item 4. *Controls and Procedures*

Disclosure Controls and Procedures

In accordance with Exchange Act Rules 13a-15 and 15d-15, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2011, 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 September 30, 2011 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 November 14, 2011, 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 of our 2010 Annual Report on Form 10-K.

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

During the three months ended September 30, 2011, we did not sell or issue any equity securities that were not registered under the Securities Act.

All eligible requests for redemption for the three months ended September 30, 2011 were redeemed using proceeds from our distribution reinvestment plan. 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 Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs (1)
July 1, 2011 to July 31, 2011	43,530	9.58	43,530	170,589
August 1, 2011 to August 31, 2011	85,825	9.57	85,825	147,644
September 1, 2011 to September 30, 2011	45,404	9.49	45,404	198,813
Total	174,759		174,759	

(1) Our share redemption program was first announced at the commencement of our initial public offering in August 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 lesser of the amount required to redeem 5% of the shares outstanding as of the same date in the prior calendar year or the amount of proceeds received from our distribution reinvestment plan in the month prior to the month in which the redemption request was received. This amount represents the number of shares available for redemption on September 30, 2011, other than with respect to requests made in connection with the death or disability of a stockholder. 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, as was the case with all of the shares listed in the table.

Use of Proceeds from Registered Securities

On August 5, 2009, the Registration Statement on Form S-11 (File No. 333-156742) for the Offering, was declared effective under the Securities Act of 1933. The Offering commenced on August 5, 2009 and is currently expected to terminate on or before August 5, 2012, unless extended by our board of directors.

From August 5, 2009 through the nine months ended September 30, 2011, we raised gross proceeds of \$781.6 million through the sale of 78.5 million shares to the public in connection with the Offering, excluding \$22.6 million through the issuance of 2.4 million shares sold through our distribution reinvestment plan. During that time, we paid \$76.4 million of selling commissions and dealer manager fees and \$10.0 million of issuer costs related to the Offering. The selling commissions and dealer manager fees were not paid with respect to the shares sold through our distribution reinvestment plan. The selling commissions and dealer manager fees were paid to our dealer manager, which is an affiliate of Hines and is wholly-owned, indirectly, by our Chairman, Jeffrey C. Hines and his father, Gerald D. Hines. Net proceeds, from August 5, 2009 through September 30, 2011, available for investment after the payment of the costs described above were \$695.3 million. We used \$472.3 million to make investments in real estate, including the cost of completed acquisitions, deposits paid on pending acquisitions, acquisition fees and expenses and costs of leveraging our properties. The remaining portion of our proceeds was used for general and administrative expenses and to provide working capital for our real estate investments. Additionally, in our initial quarters of operations, and from time to time thereafter, we did not generate sufficient cash flow from operations to fully fund distributions paid. From inception through December 31, 2010, as discussed in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations- Financial Condition, Liquidity and Capital Resources- Distributions" a portion of our distributions were funded with proceeds from the Offering.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition, Liquidity and Capital Resources" elsewhere in this Quarterly Report on Form 10-Q for additional information regarding our cash flows.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Removed and Reserved

Item 5. Other Information

Not applicable.

Item 6. Exhibits

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

SIGNATURES

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

HINES GLOBAL REIT, INC.

November 14, 2011

/s/ Charles N. Hazen

Charles N. Hazen
President and Chief Executive Officer

November 14, 2011

/s/ Ryan T. Sims

Ryan T. Sims
Chief Financial Officer and Secretary

INDEX TO EXHIBITS

Exhibit No.	Description
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 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)
4.1	Hines Global REIT, Inc. Distribution Reinvestment Plan (included in the Prospectus as Appendix C)
10.1	Hines Corporate Properties II Master Agreement between Hines Interests Limited Partnership, the Comptroller of the State of New York as trustee of the New York State Common Retirement Fund and Hines Global REIT, Inc., dated July 20, 2011 (filed as Exhibit 10.36 to Pre-Effective Amendment No. 1 to Post-Effective Amendment No. 6 to the Registration Statement on July 29, 2011 and incorporated by reference herein)
10.2	Second Amendment to Advisory Agreement among Hines Global REIT Advisors LP, Hines Global REIT Properties LP and Hines Global REIT, Inc., dated September 20, 2011 (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on September 26, 2011 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 and shall not be deemed to be "filed."
101**	The following materials from Hines Global REIT, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, filed on November 14, 2011, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive 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

** In accordance with Rule 406T of Regulation S-T, the information in these exhibits is furnished and deemed not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Exchange Act of 1934, and otherwise is not subject to liability under these sections and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

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

I, Charles N. Hazen, 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.

November 14, 2011

By: /s/ Charles N. Hazen
Charles N. Hazen
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.

November 14, 2011

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 Form 10-Q of the Company for the quarterly period ended September 30, 2011 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: November 14, 2011

/s/ Charles N. Hazen

Charles N. Hazen

President and Chief Executive Officer

Date: November 14, 2011

/s/ Ryan T. Sims

Ryan T. Sims

Chief Financial Officer and Secretary