
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, 2018
or

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

For the transition period from to

Commission file number: 000-55599

Hines Global Income Trust, Inc.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

80-0947092

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

2800 Post Oak Boulevard

Suite 5000

Houston, Texas

(Address of principal executive offices)

77056-6118

(Zip code)

(888) 220-6121

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☒

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13 (a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 1, 2018, approximately 19.2 million shares of the registrant's Class AX common stock, 20.1 million shares of the registrant's Class TX common stock, 0.1 million shares of the registrant's Class IX common stock, 2.1 million shares of the registrant's Class T common stock, 1.1 million shares of the registrant's Class D common stock and 24,612 shares of the registrant's Class I common stock were outstanding.

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

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

	September 30, 2018	December 31, 2017
	(in thousands, except per share amounts)	
ASSETS		
Investment property, net	\$ 618,462	\$ 572,833
Cash and cash equivalents	92,471	18,170
Restricted cash	7,305	6,383
Derivative instruments	64	110
Tenant and other receivables, net	7,275	8,402
Intangible lease assets, net	83,327	95,137
Deferred leasing costs, net	8,801	4,615
Other assets	3,314	3,367
Total assets	\$ 821,019	\$ 709,017
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 21,842	\$ 15,570
Due to affiliates	21,184	16,642
Intangible lease liabilities, net	14,173	15,939
Other liabilities	9,865	8,601
Derivative instruments	100	—
Distributions payable	1,913	1,868
Note payable to affiliate	75,000	11,200
Notes payable, net	404,506	365,652
Total liabilities	\$ 548,583	\$ 435,472
Commitments and contingencies (Note 11)	—	—
Equity:		
Stockholders' equity:		
Preferred shares, \$0.001 par value per share; 500,000 preferred shares authorized, none issued or outstanding as of September 30, 2018 and December 31, 2017	—	—
Common shares, \$0.001 par value per share (Note 6)	42	39
Additional paid-in capital	348,776	336,761
Accumulated distributions in excess of earnings	(77,710)	(68,193)
Accumulated other comprehensive income (loss)	1,328	4,938
Total stockholders' equity	272,436	273,545
Noncontrolling interests	—	—
Total equity	272,436	273,545
Total liabilities and equity	\$ 821,019	\$ 709,017

See notes to the condensed consolidated financial statements.

HINES GLOBAL INCOME TRUST, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three and Nine Months Ended September 30, 2018 and 2017
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
(in thousands, except per share amounts)				
Revenues:				
Rental revenue	\$ 15,643	\$ 14,869	\$ 47,811	\$ 42,951
Other revenue	235	236	770	682
Total revenues	15,878	15,105	48,581	43,633
Expenses:				
Property operating expenses	3,084	2,372	8,578	6,629
Real property taxes	1,966	2,523	6,065	7,614
Property management fees	330	249	986	727
Depreciation and amortization	6,949	7,203	21,249	22,108
Acquisition related expenses	—	550	144	2,641
Asset management and acquisition fees	1,253	1,234	3,674	8,890
Performance participation allocation	1,237	—	4,013	—
General and administrative expenses	763	787	2,275	2,065
Total expenses	15,582	14,918	46,984	50,674
Income (loss) before other income (expenses)	296	187	1,597	(7,041)
Other income (expenses):				
Gain (loss) on derivative instruments	(106)	(26)	(153)	(100)
Gain on sale of real estate	—	—	14,491	—
Foreign currency gains (losses)	(67)	132	(382)	427
Interest expense	(2,845)	(2,270)	(8,336)	(6,861)
Interest income	59	49	106	62
Income (loss) before benefit (provision) for income taxes	(2,663)	(1,928)	7,323	(13,513)
Benefit (provision) for income taxes	(119)	385	(138)	614
Net income (loss)	(2,782)	(1,543)	7,185	(12,899)
Net (income) loss attributable to noncontrolling interests	(3)	(3)	(10)	(9)
Net income (loss) attributable to common stockholders	\$ (2,785)	\$ (1,546)	\$ 7,175	\$ (12,908)
Basic and diluted income (loss) per common share	\$ (0.07)	\$ (0.04)	\$ 0.18	\$ (0.38)
Weighted average number of common shares outstanding	40,397	38,932	39,765	34,326
Comprehensive income (loss):				
Net income (loss)	\$ (2,782)	\$ (1,543)	\$ 7,185	\$ (12,899)
Other comprehensive income (loss):				
Foreign currency translation adjustment	(811)	1,972	(3,610)	6,122
Comprehensive income (loss)	\$ (3,593)	\$ 429	\$ 3,575	\$ (6,777)
Comprehensive (income) loss attributable to noncontrolling interests	(3)	(3)	(10)	(9)
Comprehensive income (loss) attributable to common stockholders	\$ (3,596)	\$ 426	\$ 3,565	\$ (6,786)

See notes to the condensed consolidated financial statements.

HINES GLOBAL INCOME TRUST, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the Nine Months Ended September 30, 2018 and 2017
(UNAUDITED)
(In thousands)

Hines Global Income Trust, Inc. Stockholders

	Common Shares		Additional Paid-in Capital	Accumulated Distributions in Excess of Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests
	Shares	Amount					
Balance as of January 1, 2018	39,256	\$ 39	\$ 336,761	\$ (68,193)	\$ 4,938	\$ 273,545	\$ —
Issuance of common shares	2,694	3	26,960	—	—	26,963	—
Distributions declared ⁽¹⁾	—	—	—	(16,692)	—	(16,692)	(10)
Redemption of common shares	(866)	—	(9,837)	—	—	(9,837)	—
Selling commissions, dealer manager fees and distribution and stockholder servicing fees	—	—	(1,370)	—	—	(1,370)	—
Offering costs	—	—	(3,738)	—	—	(3,738)	—
Net income (loss)	—	—	—	7,175	—	7,175	10
Foreign currency translation adjustment	—	—	—	—	(3,610)	(3,610)	—
Balance as of September 30, 2018	41,084	\$ 42	\$ 348,776	\$ (77,710)	\$ 1,328	\$ 272,436	\$ —

- (1) For the three months ended September 30, 2018, the Company declared cash distributions, net of any applicable distributions and stockholder servicing fees, of approximately \$0.15 for Class AX, Class IX, Class D, and Class I shares, and \$0.13 for Class TX, Class T, and Class S shares. For the nine months ended September 30, 2018, the Company declared cash distributions, net of any applicable distributions and stockholder servicing fees, of approximately \$0.46 for Class AX and Class I shares, \$0.38 for Class TX, Class T, and Class S shares, and \$0.44 for Class IX and Class D shares.

Hines Global Income Trust, Inc. Stockholders

	Common Shares		Additional Paid-in Capital	Accumulated Distributions in Excess of Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests
	Shares	Amount					
Balance as of January 1, 2017	26,542	\$ 26	\$ 224,134	\$ (31,222)	\$ (2,755)	\$ 190,183	\$ —
Issuance of common shares	14,427	15	143,012	—	—	143,027	—
Distributions declared ⁽¹⁾	—	—	—	(14,132)	—	(14,132)	(9)
Redemption of common shares	(166)	—	(1,445)	—	—	(1,445)	—
Selling commissions, dealer manager fees and distribution and stockholder servicing fees	—	—	(11,131)	—	—	(11,131)	—
Offering costs	—	—	(2,947)	—	—	(2,947)	—
Net income (loss)	—	—	—	(12,908)	—	(12,908)	9
Foreign currency translation adjustment	—	—	—	—	6,122	6,122	—
Balance as of September 30, 2017	40,803	\$ 41	\$ 351,623	\$ (58,262)	\$ 3,367	\$ 296,769	\$ —

- (1) For the three months ended September 30, 2017, the Company declared cash distributions, net of any applicable distributions and stockholder servicing fees, of approximately \$0.15 for Class AX shares, \$0.13 for Class TX shares, and \$0.15 for Class IX shares. For the nine months ended September 30, 2017, the Company declared cash distributions, net of any applicable distributions and stockholder servicing fees, of approximately \$0.45 for Class AX shares, \$0.37 for Class TX shares, and \$0.24 for Class IX shares.

See notes to the condensed consolidated financial statements.

HINES GLOBAL INCOME TRUST, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2018 and 2017
(UNAUDITED)

	2018	2017
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 7,185	\$ (12,899)
Adjustments to reconcile net income (loss) to net cash from (used in) operating activities:		
Depreciation and amortization	21,063	21,710
Gain on sale of real estate	(14,491)	—
Foreign currency (gains) losses	382	(427)
(Gain) loss on derivative instruments	153	100
Changes in assets and liabilities:		
Change in other assets	669	(821)
Change in tenant and other receivables	1,026	(2,606)
Change in deferred leasing costs	(8,548)	(620)
Change in accounts payable and accrued expenses	4,352	2,331
Change in other liabilities	1,216	1,750
Change in due to affiliates	3,141	(868)
Net cash from operating activities	16,148	7,650
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in acquired properties and lease intangibles	(72,094)	(131,758)
Capital expenditures at operating properties	(10,900)	(1,305)
Proceeds from sale of real estate	37,087	—
Net cash from (used in) investing activities	(45,907)	(133,063)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common shares	18,003	137,085
Redemption of common shares	(8,498)	(1,590)
Payment of offering costs	—	(3,449)
Payment of selling commissions, dealer manager fees and distribution and stockholder servicing fees	(2,198)	(6,525)
Distributions paid to stockholders and noncontrolling interests	(7,697)	(6,316)
Proceeds from notes payable	45,000	24,386
Payments on notes payable	(1,270)	(1,233)
Proceeds from related party note payable	90,500	7,000
Payments on related party note payable	(26,700)	(63,000)
Change in security deposit liability	46	(24)
Deferred financing costs paid	(929)	(471)
Payments related to interest rate contracts	(10)	(169)
Net cash from (used in) financing activities	106,247	85,694
Effect of exchange rate changes on cash, restricted cash and cash equivalents	(1,265)	1,138
Net change in cash, restricted cash and cash equivalents	75,223	(38,581)
Cash, restricted cash and cash equivalents, beginning of period	24,553	99,713
Cash, restricted cash and cash equivalents, end of period	\$ 99,776	\$ 61,132

See notes to the condensed consolidated financial statements.

HINES GLOBAL INCOME TRUST INC, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine Months Ended September 30, 2018 and 2017

1. ORGANIZATION

The accompanying interim unaudited condensed consolidated financial information has been prepared according to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). In the opinion of management, all adjustments and eliminations, consisting only of normal recurring adjustments, necessary to present fairly and in conformity with accounting principles generally accepted in the United States of America ("GAAP") the financial position of Hines Global Income Trust, Inc. as of September 30, 2018 and December 31, 2017, the results of operations for the three and nine months ended September 30, 2018 and 2017 and cash flows for the nine months ended September 30, 2018 and 2017 have been included. The results of operations for such interim periods are not necessarily indicative of the results for the full year. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted according to such rules and regulations. For further information, refer to the financial statements and footnotes included in Hines Global Income Trust, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017.

Hines Global Income Trust, Inc. (the "Company"), formerly known as Hines Global REIT II, Inc., was incorporated in Maryland on July 31, 2013, to invest in a diversified portfolio of quality commercial real estate properties and other real estate investments throughout the United States and internationally, and to a lesser extent, invest in real-estate related securities. The Company is sponsored by Hines Interests Limited Partnership ("Hines"), a fully integrated global real estate investment and management firm that has acquired, developed, owned, operated and sold real estate for over 60 years. The Company is managed by Hines Global REIT II Advisors LP (the "Advisor"), an affiliate of Hines. The Company intends to conduct substantially all of its operations through Hines Global REIT II Properties, LP (the "Operating Partnership"). An affiliate of the Advisor, Hines Global REIT II Associates LP, owns less than a 1% limited partner interest in the Operating Partnership as of September 30, 2018 and the Advisor also owns the special limited partnership interest in the Operating Partnership. The Company has elected to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes beginning with its taxable year ended December 31, 2015.

As of September 30, 2018, the Company owned direct real estate investments in eight properties totaling 2.8 million square feet that were 97% leased. The Company raises capital for its investments through public offerings of its common stock. The Company commenced its initial public offering of up to \$2.5 billion in shares of its common stock (the "Initial Offering") in August 2014, and commenced its second public offering of up to \$2.5 billion in shares of common stock including \$500.0 million of shares offered under its distribution reinvestment plan (the "Follow-On Offering") in December 2017. As of November 1, 2018, the Company had received gross offering proceeds of \$449.7 million from the sale of 45.8 million shares through its public offerings, including shares issued pursuant to its distribution reinvestment plan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The condensed consolidated financial statements of the Company included in this Quarterly Report on Form 10-Q include the accounts of Hines Global Income Trust, Inc. and the Operating Partnership (over which the Company exercises financial and operating control). All intercompany balances and transactions have been eliminated in consolidation.

Tenant and Other Receivables

Tenant and other receivable balances consist primarily of base rents, tenant reimbursements and receivables attributable to straight-line rent. Straight-line rent receivables were \$4.8 million and \$4.0 million as of September 30, 2018 and December 31, 2017, respectively. Straight-line rent receivable consists of the difference between the tenants' rents calculated on a straight-line basis from the date of acquisition or lease commencement over the remaining terms of the related leases and the tenants' actual rents due under the lease agreements and is included in tenant and other receivables in the accompanying consolidated condensed balance sheets.

Additionally, as of December 31, 2017, tenant and other receivables included \$2.3 million in receivables from third-parties related to working capital reserves and transactions costs related to the acquisition of the Queen's Court Student Residences. There were no such receivables remaining as of September 30, 2018.

Other Assets

Other assets included the following (in thousands):

	September 30, 2018	December 31, 2017
Deferred offering costs ⁽¹⁾	\$ —	\$ 1,525
Prepaid insurance	69	97
Prepaid property taxes	80	76
Deferred tax assets	773	944
Other	2,392 ⁽²⁾	725
Other assets	<u>\$ 3,314</u>	<u>\$ 3,367</u>

(1) Represents offering costs incurred by the Advisor which will be released into equity as gross proceeds from the Follow-On Offering are raised. See Note 7—Related Party Transactions for additional information regarding the Company's organization and offering costs.

(2) Includes \$2.0 million of capitalized acquisition costs related primarily to the acquisition of Fresh Park Venlo, which was acquired on October 5, 2018 and discussed in Note 12—Subsequent Events.

Revenue Recognition

The Financial Accounting Standards Board ("FASB") issued accounting standards update ("ASU") 2014-09 which superseded the revenue recognition requirements under previous guidance. We adopted ASU 2014-09 on January 1, 2018. ASU 2014-09 requires the use of a new five-step model to recognize revenue from contracts with customers. The five-step model requires that the Company identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when it satisfies the performance obligations. Management has concluded that the majority of the Company's total revenue, with the exception of gains and losses from the sale of real estate, consist of rental income from leasing arrangements, which is specifically excluded from the standard. Excluding gains and losses on the sale of real estate (as discussed further below), the Company concluded that its remaining revenue streams were immaterial and, as such, the adoption of ASU 2014-09 did not have a material impact on the Company's condensed consolidated financial statements.

As of January 1, 2018, the Company began accounting for the sale of real estate properties under ASU 2017-05 and provides for revenue recognition based on completed performance obligations, which typically occurs upon the transfer of ownership of a real estate asset. The Company sold 2819 Loker Avenue East on March 30, 2018, which was considered a non-financial real estate asset with no performance obligations subsequent to the transfer of ownership. The Company recognized a gain on sale of real estate of \$14.5 million related to this sale. The Company has had no other sales of real estate assets since its inception.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB, issued ASU 2014-09 to provide guidance on recognizing revenue from contracts with customers. This ASU's core objective is for an entity to recognize revenue based on the consideration it expects to receive in exchange for goods or services. The Company has evaluated controls around the implementation of ASU 2014-09 and there was no significant impact on our control structure. See "— Revenue Recognition" above for additional information regarding the adoption of this standard.

In October 2016, the FASB issued ASU 2016-16 which removes the prohibition in ASC 740 against the immediate recognition of the current and deferred income tax effects of intra-entity transfers of assets other than inventory. The ASU is intended to reduce the complexity of ASC 740 and the diversity in practice related to the tax consequences of certain types of intra-entity asset transfers. ASU 2016-16 will be effective for annual periods beginning after December 31, 2017. The Company adopted ASU 2016-16 beginning January 1, 2018 and recorded deferred tax assets, along with a full valuation allowance, related to its subsidiaries in Ireland.

In January 2017, the FASB issued ASU 2017-01 to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets

or businesses. The Company expects that most of its real estate transactions completed after January 1, 2018 will be accounted for using the asset acquisition guidance and, accordingly, acquisition fees (if any) and expenses related to those acquisitions will be capitalized. The amendments to the FASB Accounting Standards Codification were effective for public entities for annual and interim periods in fiscal years beginning after December 15, 2017. The Company adopted ASU 2017-01 on January 1, 2018.

In February 2017, the FASB issued ASU 2017-05 to clarify that a financial asset is within the scope of Subtopic 610-20 if it meets the definition, as amended, of an in substance nonfinancial asset. The provisions of ASU 2017-05 are effective for the Company as of January 1, 2018 as described above in “— Revenue Recognition.”

New Accounting Pronouncements

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

In July 2018, the FASB issued ASU 2018-11, which allows lessors to account for lease and non-lease components by class of underlying assets, as a single lease component if certain criteria are met. Also, the new standard indicates that companies are permitted to recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption in lieu of the modified retrospective approach and provides other optional practical expedients.

The Company is in the process of evaluating the impact that the adoption of ASU 2016-02 will have on the Company’s consolidated financial statements relating to its leases, regardless of whether it is the lessor or the lessee. For leases in which the Company is the lessor, it is entitled to receive tenant reimbursements for operating expenses such as real estate taxes, insurance and common area maintenance, of which it expects to account for these lease and non-lease components as a single lease component since the timing and pattern of transfer is the same in accordance with ASU 2018-11. The Company has currently identified certain areas the Company believes may be impacted by the adoption of ASU 2016-02, which include:

- From time to time, the Company may have ground lease agreements in which the Company is the lessee of the land at its investment properties that the Company would account for as an operating lease. Upon adoption of ASU 2016-02, the Company will record any rights and obligations under these leases as an asset and liability at fair value in the Company’s consolidated balance sheets.
- Determination of costs to be capitalized associated with leases. ASU 2016-02 will limit the capitalization associated with certain costs to costs that are a direct result of obtaining a lease.

3. INVESTMENT PROPERTY

Investment property consisted of the following amounts as of September 30, 2018 and December 31, 2017 (in thousands):

	September 30, 2018	December 31, 2017
Buildings and improvements ⁽¹⁾	\$ 535,611	\$ 491,289
Less: accumulated depreciation	(26,380)	(18,172)
Buildings and improvements, net	509,231	473,117
Land	109,231	99,716
Investment property, net	<u>\$ 618,462</u>	<u>\$ 572,833</u>

- (1) Included in buildings and improvements is approximately \$14.0 million and \$4.3 million of construction-in-progress related to the expansion of Bishop’s Square as of September 30, 2018 and December 31, 2017, respectively. In October 2017, the Company commenced construction at Bishop’s Square to add an additional floor and make various upgrades to the property.

Recent Dispositions of Investment Property

In March 2018, the Company sold 2819 Loker Avenue East, a Class-A industrial property located in Carlsbad, California. The contract sales price for 2819 Loker Avenue East was \$38.3 million. The Company acquired 2819 Loker Avenue East in December 2014 for a contract purchase price of \$25.4 million. The Company recognized a gain on sale of this asset of \$14.5 million, which was recorded in gain on sale of real estate on the condensed consolidated statements of operations and comprehensive income (loss).

Recent Acquisitions of Investment Property

In September 2018, the Company acquired Venue Museum District, a multi-family community located in Houston, Texas. The contract purchase price was \$72.9 million, exclusive of transaction costs and closing proration. Venue Museum District was constructed in 2009 and consists of 224 units that are presently 92% leased. The amount recognized for the asset acquisition as of the acquisition date was determined by allocating the net purchase price as follows (in thousands):

Building and Improvements	Land	In-place Lease Intangibles	Total
\$52,538	\$17,409	\$3,240	\$73,187

In October 2018, the Company acquired a leasehold interest in Fresh Park Venlo, a specialized logistics park located in Venlo, the Netherlands. The purchase price for Fresh Park Venlo was €117.5 million (approximately \$136.3 million assuming a rate of \$1.16 per EUR as of the acquisition date), exclusive of transaction costs and working capital reserves. See Note 12—Subsequent Events for additional information regarding the acquisition of Fresh Park Venlo.

As of September 30, 2018, the cost basis and accumulated amortization related to lease intangibles are as follows (in thousands):

	Lease Intangibles		
	In-Place Leases	Out-of-Market Lease Assets	Out-of-Market Lease Liabilities
Cost	\$ 108,676	\$ 4,689	\$ (17,968)
Less: accumulated amortization	(27,964)	(2,074)	3,795
Net	\$ 80,712	\$ 2,615	\$ (14,173)

As of December 31, 2017, the cost basis and accumulated amortization related to lease intangibles were as follows (in thousands):

	Lease Intangibles		
	In-Place Leases	Out-of-Market Lease Assets	Out-of-Market Lease Liabilities
Cost	\$ 116,222	\$ 4,716	\$ (18,490)
Less: accumulated amortization	(24,430)	(1,371)	2,551
Net	\$ 91,792	\$ 3,345	\$ (15,939)

Amortization expense of in-place leases was \$3.7 million and \$4.3 million for the three months ended September 30, 2018 and 2017, respectively. Net amortization of out-of-market leases resulted in an increase to rental revenue of \$0.5 million and \$0.3 million for the three months ended September 30, 2018 and 2017, respectively.

Amortization expense of in-place leases was \$11.5 million and \$13.9 million for the nine months ended September 30, 2018 and 2017, respectively. Net amortization of out-of-market leases resulted in an increase to rental revenue of \$0.9 million and \$0.8 million for the nine months ended September 30, 2018 and 2017, respectively.

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

	In-Place Lease	Out-of-Market Leases, Net
October 1, 2018 through December 31, 2018	\$ 4,063	\$ (157)
2019	\$ 11,650	\$ (694)
2020	\$ 7,433	\$ (1,076)
2021	\$ 5,475	\$ (939)
2022	\$ 3,507	\$ (1,007)

Leases

The Company has entered into non-cancelable lease agreements with tenants for space. As of September 30, 2018, the approximate fixed future minimum rentals for the period from October 1, 2018 through December 31, 2018, for each of the years ending December 31, 2019 through 2022 and thereafter related to the Company's commercial properties are as follows (in thousands):

	Fixed Future Minimum Rentals
October 1, 2018 through December 31, 2018	\$ 9,747
2019	37,838
2020	31,555
2021	27,443
2022	22,187
Thereafter	124,143
Total	\$ 252,913

During the nine months ended September 30, 2018 and 2017, the Company did not earn more than 10% of its revenue from any individual tenant.

4. DEBT FINANCING

As of September 30, 2018 and December 31, 2017, the Company had approximately \$482.5 million and \$379.3 million of debt outstanding, with weighted average years to maturity of 2.6 years and 3.8 years, and a weighted average interest rate of 3.04% and 2.63%, respectively. The following table provides additional information regarding the Company's debt outstanding at September 30, 2018 and December 31, 2017 (in thousands):

Description	Origination or Assumption Date	Maturity Date	Maximum Capacity in Functional Currency	Interest Rate Description	Interest Rate as of September 30, 2018	Principal Outstanding at September 30, 2018	Principal Outstanding at December 31, 2017
Secured Mortgage Debt							
Bishop's Square	3/3/2015	3/2/2022	€ 55,200	Euribor + 1.30% ⁽¹⁾	1.30%	\$ 64,043	\$ 66,124
Domain Apartments	1/29/2016	1/29/2020	\$ 34,300	Libor + 1.60%	3.86%	34,300	34,300
Cottonwood Corporate Center	7/5/2016	8/1/2023	\$ 78,000	Fixed	2.98%	74,540	75,811
Goodyear Crossing II	8/18/2016	8/18/2021	\$ 29,000	Libor + 2.00%	4.11%	29,000	29,000
Rookwood Commons	1/6/2017	7/1/2020	\$ 67,000	Fixed	3.13%	67,000	67,000
Rookwood Pavilion	1/6/2017	7/1/2020	\$ 29,000	Fixed	2.87%	29,000	29,000
Montrose Student Residences	3/24/2017	3/23/2022	€ 22,605	Euribor + 1.85% ⁽²⁾	1.85%	26,226	27,079
Queen's Court Student Residences	12/18/2017	12/18/2022	£ 29,500	Libor + 2.00% ⁽³⁾	2.68%	38,424	39,798
Venue Museum District	9/21/2018	10/9/2020	\$ 45,000	Libor + 1.95% ⁽⁴⁾	4.13%	45,000	—
Notes Payable						\$ 407,533	\$ 368,112
Affiliate Note Payable							
Credit Facility with Hines	10/2/2017	12/31/2018	\$ 75,000	Variable	3.71%	75,000	11,200
Total Note Payable to Affiliate						\$ 75,000	\$ 11,200
Total Principal Outstanding						\$ 482,533	\$ 379,312
Unamortized discount						(369)	(528)
Unamortized financing fees						(2,658)	(1,932)
Total						\$ 479,506	\$ 376,852

- (1) On the loan origination date, and as extended on February 20, 2018, the Company entered into a 2.00% Euribor interest rate cap agreement for the full amount borrowed as an economic hedge against the variability of future interest rates on this borrowing.
- (2) On the loan origination date, the Company entered into a 1.25% Euribor interest rate cap agreement for €17.0 million (approximately \$19.7 million assuming a rate of \$1.16 per EUR as of September 30, 2018) of the full amount borrowed as an economic hedge against the variability of future interest rates on this borrowing.
- (3) On the loan origination date, the Company entered into a 2.00% Libor interest rate cap agreement for £22.1 million (approximately \$28.8 million assuming a rate of \$1.30 per GBP as of September 30, 2018) of the full amount borrowed as an economic hedge against the variability of future interest rates on this borrowing.
- (4) On the loan origination date, the Company entered into a 3.50% Libor interest rate cap agreement for the full amount borrowed as an economic hedge against the variability of future interest rates on this borrowing.

Hines Credit Facility

For the period from January 2018 through September 2018, the Company made draws of \$90.5 million and made payments of \$26.7 million under its uncommitted loan agreement with Hines (the "Hines Credit Facility"). The Company had \$75.0 million outstanding on September 30, 2018. No subsequent draws or payments were made under the Hines Credit Facility from October 1, 2018 through November 14, 2018.

Financial Covenants

The Company's loan documents for the debt described in the table above contain customary events of default, with corresponding grace periods, including payment defaults, bankruptcy-related defaults, and customary covenants, including limitations on liens and indebtedness and maintenance of certain financial ratios. The Company is not aware of any instances of noncompliance with financial covenants as of September 30, 2018.

Principal Payments on Debt

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

	Payments Due by Year					
	October 1, 2018 through December 31, 2018	2019	2020	2021	2022	Thereafter
Principal payments	\$ 75,430	\$ 1,751	\$ 177,104	\$ 30,859	\$ 130,608	\$ 66,781

5. DERIVATIVE INSTRUMENTS

The Company has entered into several interest rate cap contracts in connection with certain of its secured mortgage loans in order to limit its exposure against the variability of future interest rates on its variable interest rate borrowings. The Company's interest rate cap contracts have economically limited the interest rate on the loan to which they relate. The Company has not designated these derivatives as hedges for accounting purposes. The Company has not entered into a master netting arrangement with its third-party counterparty and does not offset on its condensed consolidated balance sheets the fair value amount recorded for its derivative instruments.

The Company has also entered into foreign currency forward contracts as economic hedges against the variability of foreign exchange rates related to its international investments. These forward contracts fixed the currency exchange rates on each of the investments to which they related. The Company did not designate any of these contracts as fair value or cash flow hedges for accounting purposes. In September 2018, the Company entered into a €43.0 million foreign currency forward contract with an effective date of September 28, 2018 and a trade date of October 1, 2018, in connection with the purchase of Fresh Park Venlo. See Note 12—Subsequent Events for additional information regarding the purchase of Fresh Park Venlo.

The table below provides additional information regarding the Company's interest rate contracts (in thousands, except percentages).

Interest Rate Contracts

Type	Effective Date	Expiration Date	Notional Amount ⁽¹⁾	Interest Rate Received	Pay Rate / Strike Rate
Interest rate cap	March 3, 2015	April 25, 2020 ⁽²⁾	\$ 64,043	Euribor	2.00%
Interest rate cap	March 24, 2017	March 23, 2022	\$ 19,670	Euribor	1.25%
Interest rate cap	December 20, 2017	December 20, 2020	\$ 28,818	Libor	2.00%
Interest rate cap	September 21, 2018	October 9, 2020	\$ 45,000	Libor	3.50%

- (1) For notional amounts denominated in a foreign currency, amounts have been translated at a rate based on the rate in effect on September 30, 2018.
- (2) On February 20, 2018, the Company extended the expiration date on its interest rate cap contract relating to the Bishop's Square secured facility agreement with DekaBank Deutsche Girozentrale from April 25, 2018 to April 25, 2020.

6. STOCKHOLDERS' EQUITY*Public Offering*

On November 30, 2017, the Company (i) redesignated its issued and outstanding Class A shares of common stock, Class T shares of common stock, Class I shares of common stock and Class J shares of common stock as "Class AX shares," "Class TX shares," "Class IX shares" and "Class JX shares," (collectively, the "IPO Shares") respectively, and (ii) reclassified the authorized but unissued portion of its common stock into four additional classes of shares of common stock: "Class T shares," "Class S shares," "Class D shares," and "Class I shares." The Company is offering its shares of common stock in the Follow-On Offering in any combination of Class T shares, Class S shares, Class D shares and Class I shares (collectively, the "Follow-On Offering Shares"). All shares of the Company's common stock have the same voting rights and rights upon liquidation,

although distributions received by the Company's stockholders are expected to differ due to the distribution and stockholder servicing fees payable with respect to the applicable share classes, which reduce distributions.

Common Stock

As of September 30, 2018 and December 31, 2017, the Company had the following classes of shares of common stock authorized, issued and outstanding (in thousands):

	September 30, 2018			December 31, 2017		
	Shares Authorized	Shares Issued	Shares Outstanding	Shares Authorized	Shares Issued	Shares Outstanding
Class AX common stock, \$0.001 par value per share	40,000	19,178	19,178	40,000	19,206	19,206
Class TX common stock, \$0.001 par value per share	40,000	20,026	20,026	40,000	19,958	19,958
Class IX common stock, \$0.001 par value per share	10,000	95	95	10,000	92	92
Class JX common stock, \$0.001 par value per share	10,000	—	—	10,000	—	—
Class T common stock, \$0.001 par value per share	350,000	1,195	1,195	350,000	—	—
Class S common stock, \$0.001 par value per share	350,000	—	—	350,000	—	—
Class D common stock, \$0.001 par value per share	350,000	583	583	350,000	—	—
Class I common stock, \$0.001 par value per share	350,000	7	7	350,000	—	—

The tables below provide information regarding the issuances and redemptions of each class of the Company's common stock during the nine months ended September 30, 2018 and 2017 (in thousands). There were no Class JX and S shares issued, redeemed or outstanding during the nine months ended September 30, 2018.

	Class AX		Class TX		Class IX		Class T		Class D		Class I		Total	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Balance as of January 1, 2018	19,206	\$ 19	19,958	\$ 20	92	\$ —	—	\$ —	—	\$ —	—	\$ —	39,256	\$ 39
Issuance of common shares	428	—	478	1	3	—	1,195	1	583	1	7	—	2,694	3
Redemption of common shares	(456)	—	(410)	—	—	—	—	—	—	—	—	—	(866)	—
Balance as of September 30, 2018	19,178	\$ 19	20,026	\$ 21	95	\$ —	1,195	\$ 1	583	\$ 1	7	\$ —	41,084	\$ 42

	Class AX		Class TX		Class IX		Total	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Balance as of January 1, 2017	16,468	\$ 16	10,074	\$ 10	—	\$ —	26,542	\$ 26
Issuance of common shares	3,711	4	10,625	11	91	—	14,427	15
Redemption of common shares	(151)	—	(15)	—	—	—	(166)	—
Balance as of September 30, 2017	20,028	\$ 20	20,684	\$ 21	91	\$ —	40,803	\$ 41

Distributions

With the authorization of the Company's board of directors, the Company declared distributions monthly from January 2018 through November 2018 at a gross distribution rate of \$0.05083 per month for each share class, less any applicable distribution and stockholder servicing fees.

Distributions will be made on all classes of the Company's common stock at the same time. All distributions were paid in cash or reinvested in shares of the Company's common stock for those participating in the Company's distribution reinvestment plan and have been paid or issued, respectively, on the first business day following the completion of the month to which they relate. Distributions reinvested pursuant to the Company's distribution reinvestment plan were reinvested in shares of the same class as the shares on which the distributions were made. Some or all of the cash distributions may be paid from sources other than cash flows from operations.

The following table outlines the Company's total cash distributions declared to stockholders for each of the quarters ended during 2018 and 2017, including the breakout between the distributions declared in cash and those reinvested pursuant to the Company's distribution reinvestment plan (in thousands).

Distributions for the Three Months Ended	Stockholders		
	Cash Distributions	Distributions Reinvested	Total Declared
2018			
September 30, 2018	\$ 2,617	\$ 3,033	\$ 5,650
June 30, 2018	2,554	2,974	5,528
March 31, 2018	2,544	2,970	5,514
Total	<u>\$ 7,715</u>	<u>\$ 8,977</u>	<u>\$ 16,692</u>
2017			
December 31, 2017	\$ 2,636	\$ 3,005	\$ 5,641
September 30, 2017	2,532	2,901	5,433
June 30, 2017 ⁽¹⁾	2,225	2,565	4,790
March 31, 2017 ⁽²⁾	1,833	2,076	3,909
Total	<u>\$ 9,226</u>	<u>\$ 10,547</u>	<u>\$ 19,773</u>

- (1) Includes \$1.5 million of distributions that were declared on March 23, 2017 with respect to daily record dates for each day during the month of April 2017, which were paid in cash or reinvested in shares on May 1, 2017.
- (2) Includes distributions declared as of daily record dates for the three months ended March 31, 2017, but excludes \$1.5 million of distributions that were declared on March 23, 2017 with respect to daily record dates for each day during the month of April 2017. These April 2017 distributions were paid in cash or reinvested in shares on May 1, 2017.

7. RELATED PARTY TRANSACTIONS

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

Type and Recipient	Incurred				Unpaid as of	
	Three Months Ended September 30,		Nine Months Ended September 30,			
	2018	2017	2018	2017	September 30, 2018	December 31, 2017
Selling Commissions- Dealer Manager	\$ 313	\$ 971	\$ 349	\$ 4,006	\$ —	\$ —
Dealer Manager Fee- Dealer Manager	55	474	61	1,735	—	—
Distribution & Stockholder Servicing Fees- Dealer Manager	978	1,719	960	5,390	7,421	8,249
Organization and Offering Costs- the Advisor	711	1,535	2,213	3,921	7,941	5,728
Acquisition Fees- the Advisor	—	—	—	5,273	—	2
Asset Management Fees- the Advisor	1,253	1,234	3,674	3,617	1,388	1,561
Other- the Advisor ⁽¹⁾	366	534	1,038	1,027	273	464
Performance Participation Allocation- the Advisor ⁽²⁾	1,237	—	4,013	—	4,013	251
Interest expense- Hines ⁽³⁾	56	—	254	388	56	10
Property Management Fees- Hines	259	237	712	618	20	37
Construction Management Fees- Hines	75	—	326	—	—	19
Leasing Fees- Hines	95	—	205	—	62	17
Expense Reimbursement- Hines (with respect to management and operations of the Company's properties)	472	477	1,374	1,159	10	304
Total	\$ 5,870	\$ 7,181	\$ 15,179	\$ 27,134	\$ 21,184	\$ 16,642

- (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.
- (2) As of December 6, 2017, through its ownership of the special limited partner interest in the Operating Partnership, the Advisor is entitled to an annual performance participation allocation of 12.5% of the Operating Partnership's total return. Total return is defined as distributions paid or accrued plus the change in net asset value of the Company's shares of common stock for the applicable period. This performance participation allocation is subject to investors earning a 5% return, after considering the effect of any losses carried forward from the prior period (as defined in the Operating Partnership agreement). The performance participation allocation accrues monthly and is payable after the completion of each calendar year.
- (3) Includes amounts paid related to the Hines Credit Facility.

8. FAIR VALUE MEASUREMENTS

Fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access. Fair values determined by Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets and inputs other than quoted prices observable for the asset or liability, such as interest rates and yield curves observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In instances in which the inputs used to measure fair value may fall into different levels of the fair value hierarchy, the level in the fair value hierarchy within which the fair value measurement in its entirety has been determined is based on the lowest level input significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

As of September 30, 2018, the Company estimated that the fair value of its notes payable, excluding deferred financing costs, which had a book value of \$482.5 million, was \$476.2 million. As of December 31, 2017, the Company estimated that the fair value of its notes payable, excluding deferred financing costs, which had a book value of \$379.3 million, was \$376.5 million. Management has utilized available market information such as interest rate and spread assumptions of notes payable with similar terms and remaining maturities, to estimate the amounts required to be disclosed. Although the Company has determined that the majority of the inputs used to value its notes payable fall within Level 2 of the fair value hierarchy, the credit quality adjustments associated with its fair value of notes payable utilize Level 3 inputs. However, the Company has assessed the significance of the impact of the credit quality adjustments on the overall valuations of the fair market value of its notes payable and has determined they are not significant. Other financial instruments not measured at fair value on a recurring basis include cash and cash equivalents, restricted cash, tenant and other receivables, accounts payable and accrued expenses, other liabilities, due to affiliates and distributions payable. The carrying value of these items reasonably approximates their fair value based on their highly-liquid nature and/or short-term maturities. Due to the short-term nature of these instruments, Level 1 inputs are utilized to estimate the fair value of the cash and cash equivalents and restricted cash and Level 2 inputs are utilized to estimate the fair value of the remaining financial instruments.

9. REPORTABLE SEGMENTS

As described previously, the Company intends to invest the net proceeds from its public offerings in a diversified portfolio of quality commercial real estate properties and other real estate investments throughout the United States and internationally. The Company's current business consists of owning, operating, acquiring, developing, investing in, and disposing of real estate assets. All of the Company's consolidated revenues and property operating expenses as of September 30, 2018 are from the Company's consolidated real estate properties owned as of that date, other than 2819 Loker Avenue East, which was sold on March 30, 2018. As a result, the Company's operating segments have been classified into six reportable segments: domestic office investments, domestic residential/living investments, domestic retail investments, domestic other investments, international office investments, and international residential/living investments.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Total Revenue				
Domestic office investments	\$ 4,109	\$ 3,986	\$ 12,246	\$ 11,582
Domestic residential/living investments	1,467	1,155	3,910	3,496
Domestic retail investments	5,262	4,876	15,316	14,523
Domestic other investments	1,254	1,884	4,547	5,706
International office investments	1,947	2,413	6,009	6,703
International residential/living investments	1,839	791	6,553	1,623
Total Revenue	\$ 15,878	\$ 15,105	\$ 48,581	\$ 43,633

For the three and nine months ended September 30, 2018 and 2017, the Company's total revenue was attributable to the following countries:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Total Revenue				
United States	76%	79%	74%	81%
Ireland	17%	21%	18%	19%
United Kingdom	7%	—%	8%	—%

For the three and nine months ended September 30, 2018 and 2017, the Company's property revenues in excess of expenses by segment were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Property revenues in excess of expenses ⁽¹⁾				
Domestic office investments	\$ 2,756	\$ 2,729	\$ 8,328	\$ 7,896
Domestic residential/living investments	991	719	2,582	2,228
Domestic retail investments	3,426	2,566	9,833	7,672
Domestic other investments	1,015	1,449	3,535	4,396
International office investments	1,563	2,030	4,688	5,424
International residential/living investments	747	468	3,986	1,047
Property revenues in excess of expenses	\$ 10,498	\$ 9,961	\$ 32,952	\$ 28,663

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

As of September 30, 2018 and December 31, 2017, the Company's total assets by segment were as follows (in thousands):

	September 30, 2018	December 31, 2017
Total Assets		
Domestic office investments	\$ 131,690	\$ 130,901
Domestic residential/living investments	126,643	53,344
Domestic retail investments	198,959	202,093
Domestic other investments	49,255	76,745
International office investments	124,066	116,494
International residential/living investments	116,716	121,919
Corporate-level accounts	73,690	7,521
Total Assets	\$ 821,019	\$ 709,017

As of September 30, 2018 and December 31, 2017, the Company's total assets were attributable to the following countries:

	September 30, 2018	December 31, 2017
Total Assets		
United States	71%	67%
Ireland	21%	23%
United Kingdom	8%	10%

For the three and nine months ended September 30, 2018 and 2017 the Company's reconciliation of the Company's property revenues in excess of expenses to the Company's net income (loss) is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Reconciliation to property revenue in excess of expenses				
Net income (loss)	\$ (2,782)	\$ (1,543)	\$ 7,185	\$ (12,899)
Depreciation and amortization	6,949	7,203	21,249	22,108
Acquisition related expenses	—	550	144	2,641
Asset management and acquisition fees	1,253	1,234	3,674	8,890
Performance participation allocation	1,237	—	4,013	—
General and administrative expenses	763	787	2,275	2,065
(Gain) loss on derivative instruments	106	26	153	100
Gain on sale of real estate	—	—	(14,491)	—
Foreign currency (gains) losses	67	(132)	382	(427)
Interest expense	2,845	2,270	8,336	6,861
Interest income	(59)	(49)	(106)	(62)
(Benefit) provision for income taxes	119	(385)	138	(614)
Total property revenues in excess of expenses	<u>\$ 10,498</u>	<u>\$ 9,961</u>	<u>\$ 32,952</u>	<u>\$ 28,663</u>

10. SUPPLEMENTAL CASH FLOW DISCLOSURES

Supplemental cash flow disclosures for the nine months ended September 30, 2018 and 2017 (in thousands):

	Nine Months Ended September 30,	
	2018	2017
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 7,784	\$ 6,173
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Distributions declared and unpaid	\$ 1,913	\$ 1,833
Distributions reinvested	\$ 8,959	\$ 7,187
Shares tendered for redemption	\$ 1,360	\$ —
Other receivables	\$ —	\$ 384
Non-cash net liabilities assumed	\$ 1,146	\$ 1,652
Assumption of mortgage upon acquisition of property	\$ —	\$ 95,260
Offering costs payable to the Advisor	\$ 2,213	\$ 472
Selling commissions, dealer manager fees and distribution and stockholder servicing fees payable to the Dealer Manager	\$ 960	\$ 4,662
Accrued capital additions	\$ 2,385	\$ 754
Accrued acquisition costs	\$ 1,730	\$ —

11. COMMITMENTS AND CONTINGENCIES

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

12. SUBSEQUENT EVENTS

Fresh Park Venlo

In October 2018, the Company acquired a leasehold interest in Fresh Park Venlo, a specialized logistics park located in Venlo, the Netherlands. Fresh Park Venlo is comprised of 23 buildings constructed between 1960 and 2018, and consists of 2,863,630 square feet of net rentable area that is, in the aggregate, 95% leased to more than 60 tenants. The purchase price for Fresh Park Venlo was €117.5 million (approximately \$136.3 million assuming a rate of \$1.16 per EUR as of the acquisition date), exclusive of transaction costs and working capital reserves. In connection with the acquisition of the property, the Company entered into a third-party mortgage loan for the principal sum of approximately €75.0 million (approximately \$87.0 million assuming a rate of \$1.16 per EUR as of the acquisition date). The mortgage loan has a floating interest rate of Euribor + 1.50% per annum. Repayment of principal is due upon the maturity of the mortgage loan on August 15, 2023.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the notes thereto included in Item 1 in this Quarterly Report on Form 10-Q. The following discussion should also be read in conjunction with our audited consolidated financial statements and the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2017.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act"), as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as amended. Such statements include statements concerning future financial performance and distributions, future debt and financing levels, acquisitions and investment objectives, payments to Hines Global REIT II Advisors LP (the "Advisor"), and its affiliates and other plans and objectives of management for future operations or economic performance, or assumptions or forecasts related thereto as well as all other statements that are not historical statements. These statements are only predictions. We caution that forward-looking statements are not guarantees. Actual events or our investments and results of operations could differ materially from those expressed or implied in forward-looking statements. Forward-looking statements are typically identified by the use of terms such as "may," "should," "expect," "could," "intend," "plan," "anticipate," "estimate," "believe," "continue," "predict," "potential" or the negative of such terms and other comparable terminology.

The forward-looking statements included in this Quarterly Report on Form 10-Q are based on our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions, the availability of future financing and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Any of the assumptions underlying forward-looking statements could prove to be inaccurate. To the extent that our assumptions differ from actual results, our ability to meet such forward-looking statements, including our ability to generate positive cash flow from operations, pay distributions to our shareholders and maintain the value of any real estate investments and real estate-related investments in which we may hold an interest in the future, may be significantly hindered.

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

- Whether we will 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 or for other purposes, and if proceeds are available for investment, our ability to make such investments in a timely manner and at appropriate amounts that provide acceptable returns;
- Competition for tenants and real estate investment opportunities, including competition with other programs sponsored by or affiliated with 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;

- Our distributions have been paid using cash flows from financing activities, including proceeds from our public offering, as well as cash from the waiver of fees by our Advisor, 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, cash resulting from a waiver or deferral of fees, borrowings and/or proceeds from the offering. 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, tornadoes and terrorist attacks; and our ability to secure adequate insurance at reasonable and appropriate rates;
- The failure of any bank in which we deposit our funds could reduce the amount of cash we have available to pay distributions and make additional investments;
- Changes in governmental, tax, real estate and zoning laws and regulations and the related costs of compliance and increases in our administrative operating expenses, including expenses associated with operating as a public company;
- International investment risks, including the burden of complying with a wide variety of foreign laws and the uncertainty of such laws, the tax treatment of transaction structures, political and economic instability, foreign currency fluctuations, and inflation and governmental measures to curb inflation may adversely affect our operations and our ability to make distributions;
- The lack of liquidity associated with our assets; and
- Our ability 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 risk factors discussed in “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017.

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.

The Company

Hines Global Income Trust, Inc. (“Hines Global”), formerly known as Hines Global REIT II, Inc., was formed as a Maryland corporation on July 31, 2013, for the purpose of investing in a diversified portfolio of quality commercial real estate properties and other real estate investments located throughout the United States and internationally, and to a lesser extent, invest in real-estate related securities. Hines Global is sponsored by Hines Interests Limited Partnership (“Hines”), a fully integrated global real estate investment and management firm that has acquired, developed, owned, operated and sold real estate for over 60 years. The Company has elected to be taxed as a real estate investment trust (“REIT”) for U.S. federal income tax purposes beginning with its taxable year ended December 31, 2015.

We raise capital for our investments through public offerings of our common stock. We commenced our initial public offering of up to \$2.5 billion in shares of our common stock (the “Initial Offering”) in August 2014 and commenced our second public offering of up to \$2.5 billion in shares of common stock including \$500.0 million of shares offered under our distribution reinvestment plan (the “Follow-On Offering”) in December 2017. It is our intention to conduct a continuous offering for an indefinite period of time by conducting additional offerings of our shares following the conclusion of the Follow-On Offering. As of November 1, 2018, we had received gross offering proceeds of \$449.7 million from the sale of 45.8 million shares through our public offerings, including shares issued pursuant to our distribution reinvestment plan.

Portfolio Highlights

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. As of September 30, 2018 and including the effect of the acquisition of Fresh Park Venlo in October 2018, we owned nine real estate investments consisting of 5.7 million square feet that were 96% leased.

Recent Dispositions of Investment Property

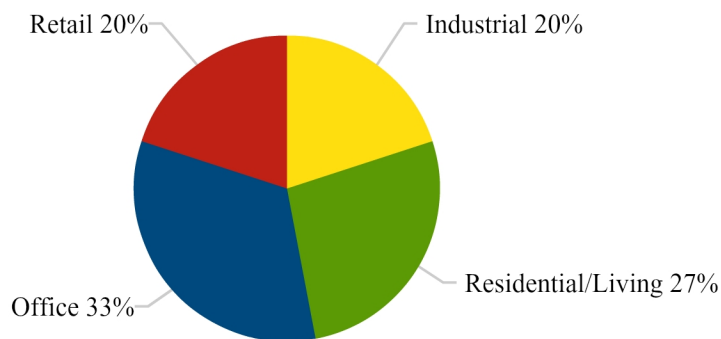
We sold 2819 Loker Avenue East on March 30, 2018 for a contract sales price of \$38.3 million. We acquired 2819 Loker Avenue East in December 2014 for a net purchase price of \$25.4 million and recognized a \$14.5 million gain on the sale.

Recent Acquisitions of Investment Property

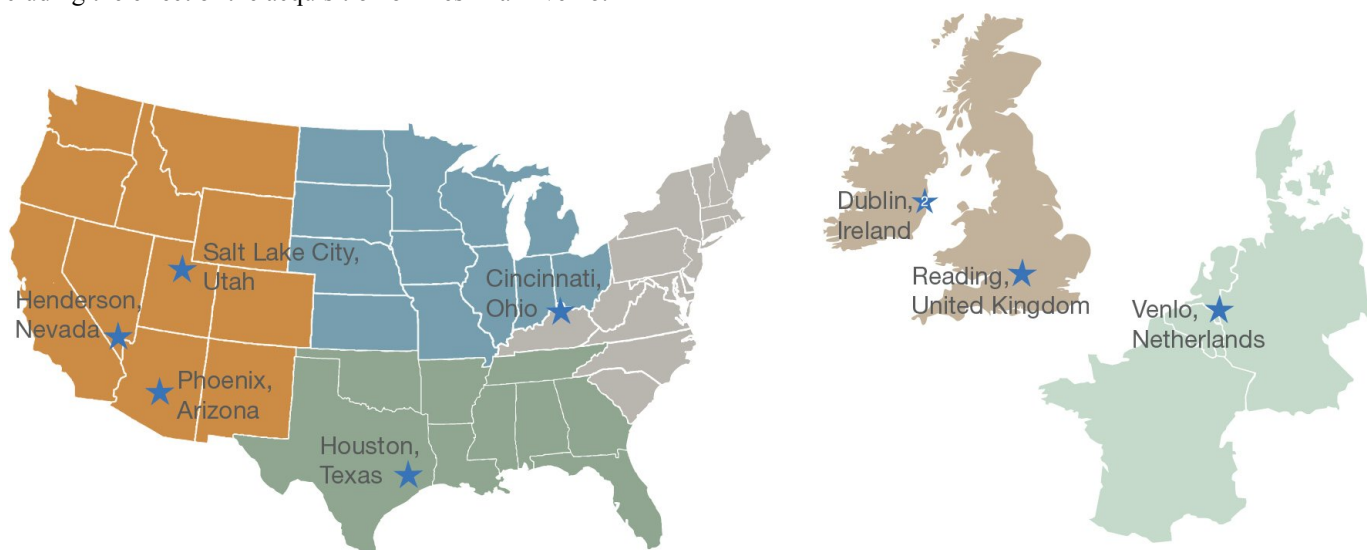
We acquired Venue Museum District in September 2018 for a contract purchase price of \$72.9 million, exclusive of transaction costs and closing prorations.

In October 2018, we acquired a leasehold interest in Fresh Park Venlo, a specialized logistics park located in Venlo, the Netherlands. The purchase price for Fresh Park Venlo was €117.5 million (approximately \$136.3 million assuming a rate of \$1.16 per EUR as of the acquisition date), exclusive of transaction costs and working capital reserves. See “—Subsequent Events” for additional information regarding the purchase of Fresh Park Venlo.

The following chart depicts the percentage of our portfolio’s investment types based on the estimated value of each real estate investment as of September 30, 2018 (“Estimated Values”), which are consistent with the values used to determine our net asset value per share on that date, for properties acquired prior to September 30, 2018 and as of the date of acquisition with respect to Fresh Park Venlo, which was acquired on October 5, 2018.



The following charts depict the location of our real estate investments as of September 30, 2018 and also includes the effect of the acquisition of Fresh Park Venlo, which was acquired on October 5, 2018. Approximately 56% of our portfolio is located throughout the United States and approximately 44% is located internationally, based on the Estimated Values, and including the effect of the acquisition of Fresh Park Venlo.



The following table provides additional information regarding each of our properties and is presented as of September 30, 2018 for properties acquired prior to September 30, 2018 and as of the date of acquisition with respect to Fresh Park Venlo, which was acquired on October 5, 2018.

Property	Location	Investment Type	Date Acquired/ Net Purchase Price (in millions) ⁽¹⁾	Estimated Going-in Capitalization Rate ⁽²⁾	Leasable Square Feet	Percent Leased
Bishop's Square	Dublin, Ireland	Office	3/2015; \$103.2	6.1%	153,387	89%
Domain Apartments	Las Vegas, Nevada	Residential/ Living	1/2016; \$58.1	5.5%	331,038	98%
Cottonwood Corporate Center	Salt Lake City, Utah	Office	7/2016; \$139.2	6.9%	490,030	99%
Goodyear Crossing II	Phoenix, Arizona	Industrial	8/2016; \$56.2	8.5%	820,384	100%
Rookwood	Cincinnati, Ohio	Retail	1/2017; \$193.7	6.0%	573,991	98%
Montrose Student Residences	Dublin, Ireland	Residential/ Living	3/2017; \$40.6	5.5%	53,827	100%
Queen's Court Student Residences	Reading, United Kingdom	Residential/ Living	10/2017; \$65.3	6.2%	79,115	92%
Venue Museum District	Houston, Texas	Residential/ Living	9/2018; \$72.9	3.9%	294,964	92%
Fresh Park Venlo	Venlo, The Netherlands	Industrial	10/2018; \$136.3	6.7%	2,863,628	95%
Total for All Investments					5,660,364	96%

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

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

NAV and Distributions

We began determining a net asset value (“NAV”) per share on a monthly basis as of the end of January 2018. Our NAV per share has increased from \$9.69 as of August 31, 2017 to \$9.94 as of September 30, 2018 as illustrated in the chart below. Set forth below is additional information regarding our NAV per share since February 29, 2016 (the date as of which our board of directors first determined an NAV per share).



1. Please see our Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on October 17, 2018 for additional information concerning the methodology used to determine, and the limitations of, the NAV per share as of September 30, 2018. Please see our Annual Reports on Form 10-K for the years ended December 31, 2016 and December 31, 2017 as well as our Current Reports on Form 8-K for additional information concerning the NAV per share determined as of prior dates.
2. Our board of directors determined an NAV per share of \$9.03 as of February 29, 2016. Prior thereto, \$8.92 was considered to be the “net investment value” of our shares, which was equal to the offering price per share of \$10.00 in effect at that time, as arbitrarily determined by our board of directors, net of the applicable selling commissions, dealer manager fees and issuer costs.

Set forth below is information regarding our gross annualized distribution rate, excluding any applicable distribution and stockholder servicing fees, since October 1, 2014 (the date our board first authorized distributions to be declared). As illustrated in the chart below, we maintained our gross annualized distribution rate of \$0.61 per share for the three and nine months ended September 30, 2018.



1. With the authorization of our board of directors, we declared distributions as of daily record dates and paid them on a monthly basis through December 31, 2017. Beginning in January 2018, we have and intend to continue to declare distributions as of monthly record dates and pay them on a monthly basis.

2. We have not generated and we may continue to be unable to generate sufficient cash flows from operations to fully fund distributions paid. Therefore, some or all of our distributions have been and may continue to be paid, and during the offering phase, are likely to be paid at least partially from other sources, such as proceeds from the sales of assets, proceeds from our debt financings, proceeds from our public offerings, cash advances by our Advisor and/or cash resulting from a waiver or deferral of fees. See “— Financial Condition, Liquidity and Capital Resources” for additional information concerning our distributions.

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. For a discussion of recent accounting pronouncements, see Note 2 — Summary of Significant Accounting Policies, to the accompanying condensed consolidated financial statements. Also, a disclosure of our critical accounting policies is included in our Annual Report on Form 10-K for the year ended December 31, 2017 in Management’s Discussion and Analysis of Financial Condition and Results of Operations. There have been no significant changes to our policies during 2018.

Financial Condition, Liquidity and Capital Resources

Our principal demands for funds are to make real estate investments, including capital expenditures, for the payment of operating expenses and distributions, and for the payment of principal and interest on any indebtedness we incur. Generally, we expect to meet operating cash needs from our cash flows from operating activities, and we expect to fund our investments using proceeds of our public offerings, debt proceeds and proceeds from the sales of real estate investments.

We expect that once we have fully invested the proceeds of our public offerings, our debt financing, including our pro rata share of the debt financing of entities in which we invest, will be in the range of approximately 40% to 60% of the aggregate value of our real estate investments and other assets. Financing for acquisitions and investments may be obtained at the time an asset is acquired or an investment is made or at such later time as determined to be appropriate. In addition, debt financing may be used from time to time for property improvements, lease inducements, tenant improvements, purchase of real estate-related securities and other working capital needs. Additionally, the amount of debt placed on an individual property or related to a particular investment, including our pro rata share of the amount of debt incurred by an individual entity in which we invest, may be less than 40% or more than 60% of the value of such property/investment or the value of the assets owned by such entity, depending on market conditions and other factors. Our aggregate borrowings, secured and unsecured, must be reasonable in relation to our net assets and must be reviewed by our board of directors at least quarterly. As of September 30, 2018 and including the effect of our acquisition of Fresh Park Venlo in October 2018, our portfolio was approximately 58% leveraged, based on the Estimated Values of our real estate investments owned as of September 30, 2018 and the purchase price for Fresh Park Venlo.

Notwithstanding the above, depending on market conditions and other factors, we may choose not to place debt on our portfolio or our assets and may choose not to borrow to finance our operations or to acquire properties. Any indebtedness we do incur will likely be subject to continuing covenants, and we will likely be required to make continuing representations and warranties about our company in connection with such debt. Moreover, some or all of our debt may be secured by some or all of our assets. If we default in the payment of interest or principal on any such debt, breach any representation or warranty in connection with any borrowing or violate any covenant in any loan document, our lender may accelerate the maturity of such debt requiring us to immediately repay all outstanding principal. If we are unable to make such payment, our lender could foreclose on our assets that are pledged as collateral to such lender. The lender could also sue us or force us into bankruptcy. Any such event would have a material adverse effect on the value of an investment in our common shares.

The discussions below provide additional details regarding our cash flows.

Cash Flows from Operating Activities

Our properties generate cash flow in the form of rental revenues, which are used to pay direct leasing costs, property-level operating expenses and interest payments. Additionally, we incur corporate level costs and expenses such as general and administrative expenses, acquisition expenses and acquisition fees (prior to January 2018), asset management fees, and the performance participation allocation.

Net cash provided by operating activities for the nine months ended September 30, 2018 increased by \$8.5 million as compared to the same period in the prior year, which is primarily due to a reduction in acquisition-related fees and expenses for the nine months ended September 30, 2018. We acquired two properties during the nine months ended September 30, 2017, and acquired one property during the nine months ended September 30, 2018. We paid \$8.7 million in acquisition-related fees and expenses during the nine months ended September 30, 2017 that reduced operating cash flows.

Cash Flows from Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2018 and 2017 were primarily due to the following:

Nine months ended September 30, 2018

- Payment of \$72.1 million primarily related to the acquisition of Venue Museum District.
- Capital expenditures of approximately \$10.9 million primarily related to development work at Bishop's Square and various capital improvements at our other properties. With respect to the development works at Bishop's Square, we expect the total construction costs to approximate €13.9 million (approximately \$16.1 million assuming a rate of \$1.16 per EUR as of September 30, 2018) and for the development works to be completed in the first quarter of 2019.
- We received proceeds of \$37.1 million from the sale of 2819 Loker Avenue East, a Class-A industrial property located in Carlsbad, California, on March 30, 2018. We sold 2819 Loker Avenue East for a contract sales price of \$38.3 million and we acquired 2819 Loker Avenue East in December 2014 for a net purchase price of \$25.4 million.

Nine months ended September 30, 2017

- Payment of \$131.8 million related to the acquisition of Rookwood Commons and Rookwood Pavilion and the Montrose Student Residences.
- Capital expenditures of approximately \$1.3 million primarily related to parking upgrades at Cottonwood Corporate Center and the development works at Bishop's Square.

Cash Flows from Financing Activities

Public Offerings

During the nine months ended September 30, 2018 and 2017, we raised gross proceeds of \$18.0 million and \$137.1 million, respectively, from our public offerings, excluding proceeds from the distribution reinvestment plan. We recently commenced our Follow-On Offering, and have not yet raised significant gross proceeds related to our Follow-On Offering in 2018. In addition, during the nine months ended September 30, 2018 and 2017, we redeemed \$8.5 million and \$1.6 million shares of our common stock pursuant to our share redemption program, respectively. The increase in share redemptions is primarily due to our restructuring in 2017 and related modification to our share redemption program, which increased the number of shares that may be redeemed in each period.

In addition to the investing activities described previously, we have used proceeds from our public offerings to make certain payments to our Advisor, our Dealer Manager and Hines and their affiliates during the various phases of our organization and operation which include, without limitation, payments to our Dealer Manager for selling commissions, dealer manager fees, distribution and stockholder servicing fees and payments to our Advisor for reimbursement of organization and offering costs. During the nine months ended September 30, 2018 and 2017, we made payments of \$2.2 million and \$6.5 million, respectively, for selling commissions, dealer manager fees, distribution and stockholder servicing fees related to our public offerings. The decrease in selling commissions, dealer manager fees and distribution and stockholder servicing fees for the nine months ended September 30, 2018 as compared to the same period in 2017 is due to the reduction of capital raised and our restructuring and related modifications in our Follow-On Offering, which includes a reduction of the selling commissions, dealer manager fees and distribution and stockholder servicing fees payable to the Dealer Manager in connection with the Follow-On Offering as compared to those charged on shares issued during our Initial Offering.

Through December 5, 2017, we also used proceeds from the Initial Offering to make payments to our Advisor for the reimbursement of organization and offering costs that were deemed issuer costs. For the nine months ended September 30, 2017, we reimbursed our Advisor \$3.4 million for these organization and offering costs. Effective December 6, 2017, the Advisor agreed to advance all of our organization and offering costs, consisting of issuer costs and certain underwriting costs (but excluding selling commissions, dealer manager fees and distribution and stockholder servicing fees) related to our public

offerings, through December 31, 2018. We will reimburse the Advisor for all such advanced expenses, as well as any organization and offering costs incurred in prior periods related to our Initial Offering, ratably from 2019 through 2023, to the extent cumulative organization and offering costs do not exceed an amount equal to 2.5% of gross offering proceeds from our public offerings. The total reimbursement related to organization and offering costs, selling commissions, dealer manager fees and distribution and stockholder servicing fees may not exceed 15.0% of gross proceeds from our public offerings.

Distributions

With the authorization of our board of directors, we declared distributions as of daily record dates and paid them on a monthly basis through December 31, 2017. Beginning in January 2018, we have and intend to continue to declare distributions as of monthly record dates and pay them on a monthly basis. With the authorization of our board of directors, we declared monthly distributions from January 2018 through November 2018 at a gross distribution rate of \$0.05083 per month for each share class less any applicable distribution and stockholder servicing fees. Distributions will be made on all classes of the Company's common stock at the same time. All distributions were or will be paid in cash or reinvested in shares of the Company's common stock for those participating in the Company's distribution reinvestment plan and have been or will be paid or issued, respectively, on the first business day following the completion of the month to which they relate. Distributions reinvested pursuant to our distribution reinvestment plan were or will be reinvested in shares of the same class as the shares on which the distributions are made. Some or all of the cash distributions may be paid from sources other than cash flows from operations.

Distributions paid to stockholders during the nine months ended September 30, 2018 and 2017 were \$16.6 million and \$13.5 million, respectively, including those reinvested in shares pursuant to our distribution reinvestment plan. We have not generated and we may continue to be unable to generate sufficient cash flows from operations to fully fund distributions paid. Therefore, some or all of our distributions have been and may continue to be paid and during the offering phase, are likely to be paid at least partially from other sources, such as proceeds from the sales of assets, proceeds from our debt financings, proceeds from our public offerings, cash advances by our Advisor and/or cash resulting from a waiver or deferral of fees. We have not placed a cap on the amount of distributions that may be paid from any of these sources. For example, for the nine months ended September 30, 2018 and September 30, 2017, we funded 26% and 39% of total distributions with cash flows from other sources such as cash flows from investing activities, which may include proceeds from the sale of real estate and/or cash flows from financing activities, which may include offering proceeds. As described previously, we paid acquisition fees and acquisition-related expenses of \$8.7 million for the nine months ended September 30, 2017. Acquisition fees and acquisition-related expenses were expensed prior to our adoption of ASU 2017-01 on January 1, 2018 and therefore reduced cash flows from operating activities for that period. However, we funded such acquisition fees and acquisition-related expenses with proceeds from our public offerings and/or acquisition-related indebtedness.

The following table outlines our total distributions declared to stockholders for each of the quarters during 2018 and 2017, including the breakout between the distributions declared in cash and those reinvested pursuant to our distribution reinvestment plan (in thousands, except percentages).

Distributions for the Three Months Ended	Stockholders			Distributions Paid With Cash Flows From Operating Activities ⁽¹⁾	
	Cash Distributions	Distributions Reinvested	Total Declared		
2018					
September 30, 2018	\$ 2,617	\$ 3,033	\$ 5,650	\$ 5,654	100%
June 30, 2018	2,554	2,974	5,528	2,065	37%
March 31, 2018	2,544	2,970	5,514	4,674	85%
Total	<u>\$ 7,715</u>	<u>\$ 8,977</u>	<u>\$ 16,692</u>	<u>\$ 12,393</u>	<u>74%</u>
2017					
December 31, 2017	\$ 2,636	\$ 3,005	\$ 5,641	\$ —	—%
September 30, 2017	2,532	2,901	5,433	3,869	71%
June 30, 2017 ⁽²⁾	2,225	2,565	4,790	4,793	100%
March 31, 2017 ⁽³⁾	1,833	2,076	3,909	—	—%
Total	<u>\$ 9,226</u>	<u>\$ 10,547</u>	<u>\$ 19,773</u>	<u>\$ 8,662</u>	<u>44%</u>

(1) Includes distributions paid to noncontrolling interests.

- (2) Includes \$1.5 million of distributions that were declared on March 23, 2017 with respect to daily record dates for each day during the month of April 2017.
- (3) Includes distributions declared as of daily record dates for the three months ended March 31, 2017, but excludes \$1.5 million of distributions that were declared on March 23, 2017 with respect to daily record dates for each day during the month of April 2017. These April 2017 distributions were paid in cash or reinvested in shares on May 1, 2017.

Debt Financings

As mentioned previously, our portfolio was approximately 58% leveraged as of September 30, 2018 (based on the Estimated Values), including the effect of our acquisition of Fresh Park Venlo in October 2018. Our total loan principal outstanding had a weighted average interest rate of 3.04% as of September 30, 2018. Below is additional information regarding our loan activity for the nine months ended September 30, 2018 and 2017. See Note 4 — Debt Financing for additional information regarding our outstanding debt.

Nine months ended September 30, 2018

- We entered into \$45.0 million of permanent mortgage financing related to the acquisition of Venue Museum District.
- We made payments of \$0.9 million in financing costs primarily related to the mortgage loan at Venue Museum District.
- We made payments of principal of \$1.3 million on the permanent mortgage financing related to Cottonwood Corporate Center.
- We borrowed \$90.5 million under the Hines Credit Facility primarily to provide cash for the acquisitions of Venue Museum District and Fresh Park Venlo and made payments of \$26.7 million on this facility in April 2018 using proceeds received from the sale of 2819 Loker Avenue East. We had an outstanding balance of \$75.0 million under this facility as of September 30, 2018.

Nine months ended September 30, 2017

- We assumed \$96.0 million in mortgage loans related to the acquisition of Rookwood.
- We entered into \$24.4 million of permanent mortgage financing related to the acquisition of the Montrose Student Residences and paid \$0.2 million to purchase an interest rate cap to effectively cap the Euribor interest rate at 1.25% with a notional amount of €17.0 million (approximately \$18.3 million assuming a rate of \$1.08 per EUR as of the date of the agreement).
- We made payments of \$0.5 million in financing costs related to the mortgage loans at Rookwood and the Montrose Student Residences.
- We borrowed \$7.0 million under the Hines Credit Facility and made payments of \$63.0 million on this facility. We had no outstanding balance under this facility as of September 30, 2017.

Results of Operations

Same Store Analysis

The following table presents the property-level revenues in excess of expenses for the three months ended September 30, 2018, as compared to the same period in 2017, by reportable segment. Same-store properties for the three months ended September 30, 2018 includes six properties that were 98% leased as of September 30, 2018 compared to 97% leased as of September 30, 2017. In total, property revenues in excess of expenses of the same-store properties increased 4% for the three months ended September 30, 2018 as compared to the same period in 2017.

Below is additional information regarding our same-store results and other financial results with variances from the comparative period. All amounts are in thousands, except for percentages:

	Three Months Ended September 30,		Change	
	2018	2017	\$	%
Property revenues in excess of expenses⁽¹⁾				
<i>Same-store properties</i>				
Domestic office investments	\$ 2,756	\$ 2,729	\$ 27	1 %
Domestic residential/living investments	824	719	105	15 %
Domestic retail investments	3,426	2,566	860 ⁽²⁾	34 %
Domestic other investments	1,015	994	21	2 %
International office investments	1,563	2,030	(467) ⁽³⁾	(23)%
International residential/living investments	295	468	(173)	(37)%
<i>Total same-store properties</i>	<u>\$ 9,879</u>	<u>\$ 9,506</u>	<u>\$ 373</u>	<u>4 %</u>
<i>Recent acquisitions</i>	621	—	621	100 %
<i>Disposed properties</i>	(2)	455	(457)	(100)%
Total property revenues in excess of expenses	<u><u>\$ 10,498</u></u>	<u><u>\$ 9,961</u></u>	<u><u>\$ 537</u></u>	<u><u>5 %</u></u>

- (1) Property revenues in excess of expenses include total revenues less property operating expenses, real property taxes and property management fees.
- (2) Increase is due to increased property tax expense incurred during the prior period related to a property that was acquired in 2017.
- (3) Decrease is due to a decline in revenue during the three months ended September 30, 2018, as compared to the same period in 2017 as a result of a tenant's lease expiration in August 2017 without renewal.

The following table presents the property-level revenues in excess of expenses for the nine months ended September 30, 2018, as compared to the same period in 2017, by reportable segment. Same-store properties for the nine months ended September 30, 2018 includes four properties that were 98% leased as of September 30, 2018 compared to 97% leased as of September 30, 2017. In total, property revenues in excess of expenses of the same-store properties changed by an insignificant amount for the nine months ended September 30, 2018 as compared to the same period in 2017. Therefore, changes in our property revenues in excess of expenses are primarily related to our recent acquisitions.

Below is additional information regarding our same-store results and other financial results with variances from the comparative period. All amounts are in thousands, except for percentages:

	Nine Months Ended September 30,		Change	
	2018	2017	\$	%
Property revenues in excess of expenses⁽¹⁾				
<i>Same-store properties</i>				
Domestic office investments	\$ 8,328	\$ 7,896	\$ 432	5 %
Domestic residential/living investments	2,414	2,228	186	8 %
Domestic other investments	3,050	3,017	33	1 %
International office investments	4,688	5,424	(736) ⁽²⁾	(14)%
<i>Total same-store properties</i>	<u>\$ 18,480</u>	<u>\$ 18,565</u>	<u>\$ (85)</u>	<u>— %</u>
<i>Recent acquisitions</i>	13,989	8,719	5,270	60 %
<i>Disposed properties</i>	483	1,379	(896)	(65)%
Total property revenues in excess of expenses	<u><u>\$ 32,952</u></u>	<u><u>\$ 28,663</u></u>	<u><u>\$ 4,289</u></u>	<u><u>15 %</u></u>

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

(2) Decrease is due to a decline in revenue during the nine months ended September 30, 2018, as compared to the same period in 2017, as a result of a tenant's lease expiration in August 2017 without renewal.

Other Changes

The table below includes additional information regarding changes in our results of operations for the three months ended September 30, 2018, including explanations for significant changes:

	Three Months Ended September 30,		Change	
	2018	2017	\$	%
Other				
Depreciation and amortization	\$ 6,949	\$ 7,203	\$ (254)	(4)%
Acquisition related expenses	\$ —	\$ 550	\$ (550)	(100)%
Asset management and acquisition fees	\$ 1,253	\$ 1,234	\$ 19	2 %
Performance participation allocation	\$ 1,237	\$ —	\$ 1,237	100 %
General and administrative expenses	\$ 763	\$ 787	\$ (24)	(3)%
Interest expense	\$ 2,845	\$ 2,270	\$ 575	25 %
Benefit (provision) for income taxes	\$ (119)	\$ 385	\$ (504)	(131)%

Depreciation and amortization: Depreciation and amortization expense decreased for the three months ended September 30, 2018 compared to the three months ended September 30, 2017 primarily due to fully amortized in-place lease intangibles.

Acquisition related expenses: Acquisition related expenses represent third-party costs related to the acquisition of our real estate investments, including those properties which we may acquire in future periods. These costs vary significantly from one acquisition to the next and generally tend to be higher for our international acquisitions. Additionally, on January 1, 2018 we adopted ASU 2017-01, pursuant to which acquisition fees and expenses related to these real estate investments are to be capitalized and not expensed. As a result, beginning in January 2018, only dead-deal costs will be expensed. We expect such costs to be significantly lower than amounts recorded in prior periods.

Performance participation allocation: We accrued \$1.2 million related to the performance participation allocation as a result of the total return being greater than the 5% hurdle amount during the three months ended September 30, 2018. The performance participation allocation accrues monthly and is payable after the completion of each calendar year. See Note 7—Related Party Transactions, for additional information regarding the performance participation allocation. The Operating Partnership Agreement was amended effective December 2017 to provide for the performance participation allocation. As a result, there was no performance participation allocation for the three months ended September 30, 2017.

Interest expense: Interest expense increased for the three months ended September 30, 2018 as a result of an increase in our principal outstanding during the periods.

Benefit (provision) for income taxes: Provision for income taxes changed from a \$385,000 benefit for the three months ended September 30, 2017 to a \$119,000 provision for the three months ended September 30, 2018 as a result of changes in our deferred tax assets and liabilities related to book / tax timing differences at our international subsidiaries.

The table below includes additional information regarding changes in our results of operations for the nine months ended September 30, 2018, including explanations for significant changes:

	Nine Months Ended September 30,		Change	
	2018	2017	\$	%
Other				
Depreciation and amortization	\$ 21,249	\$ 22,108	\$ (859)	(4)%
Acquisition related expenses	\$ 144	\$ 2,641	\$ (2,497)	(95)%
Asset management and acquisition fees	\$ 3,674	\$ 8,890	\$ (5,216)	(59)%
Performance participation allocation	\$ 4,013	\$ —	\$ 4,013	100 %
General and administrative expenses	\$ 2,275	\$ 2,065	\$ 210	10 %
Gain on sale of real estate	\$ 14,491	\$ —	\$ 14,491	100 %
Interest expense	\$ 8,336	\$ 6,861	\$ 1,475	21 %
Benefit (provision) for income taxes	\$ (138)	\$ 614	\$ (752)	(122)%

Depreciation and amortization: Depreciation and amortization expense decreased for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 primarily due to fully amortized in-place lease intangibles.

Acquisition related expenses: Acquisition related expenses represent third-party costs related to the acquisition of our real estate investments, including those properties which we may acquire in future periods. These costs vary significantly from one acquisition to the next and generally tend to be higher for our international acquisitions. Additionally, on January 1, 2018 we adopted ASU 2017-01, pursuant to which acquisition fees and expenses related to these real estate investments are to be capitalized and not expensed. As a result, beginning in January 2018, only dead-deal costs will be expensed. We expect such costs to be significantly lower than amounts recorded in prior periods.

Asset management and acquisition fees: We incurred acquisition fees during the nine months ended September 30, 2017 as a result of our acquisitions of real estate investments during that period. Effective as of December 6, 2017, we no longer pay acquisition fees to our Advisor. Asset management fees were comparable in both periods.

Performance participation allocation: We accrued \$4.0 million related to the performance participation allocation as a result of the total return being greater than the 5% hurdle amount during the nine months ended September 30, 2018. The performance participation allocation accrues monthly and is payable after the completion of each calendar year. See Note 7—Related Party Transactions, for additional information regarding the performance participation allocation. The Operating Partnership Agreement was amended effective December 2017 to provide for the performance participation allocation. As a result, there was no performance participation allocation for the nine months ended September 30, 2017.

Gain on sale of real estate: We sold 2819 Loker Avenue East for a contract sales price of \$38.3 million on March 30, 2018 and we acquired 2819 Loker Avenue East in December 2014 for a net purchase price of \$25.4 million. We recognized a gain of \$14.5 million related to this sale. We had no property dispositions during the nine months ended September 30, 2017.

Interest expense: Interest expense increased for the nine months ended September 30, 2018 as a result of an increase in our principal outstanding during the periods.

Benefit (provision) for income taxes: Provision for income taxes changed from a \$614,000 benefit for the nine months ended September 30, 2017 to a \$138,000 provision for the nine months ended September 30, 2018 as a result of changes in our deferred tax assets and liabilities related to book / tax timing differences at our international subsidiaries.

Funds from Operations

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

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

- FFO includes costs related to our acquisitions, including acquisition fees payable to our Advisor. Although these amounts reduced net income for periods prior to January 1, 2018, we generally fund such costs with proceeds from our public offerings and/or acquisition-related indebtedness and do not consider these fees and expenses in the evaluation of our operating performance. In January 2017, the FASB issued ASU 2017-01 to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. We adopted this guidance on January 1, 2018 and we expect that most of our real estate transactions completed after that date will be accounted for using the asset acquisition guidance and, accordingly, the related acquisition-related expenses and acquisition fees will be treated under a capitalization/depreciation model and will not be expensed. Prior to ASU 2017-01, real estate acquisitions were generally considered business combinations and the acquisition-related expenses and acquisition fees were treated as operating expenses under GAAP.
- We utilize the definition of FFO as set forth by NAREIT. Our FFO may not be comparable to amounts calculated by other REITs, if they use different approaches.
- Our business is subject to volatility in the real estate markets and general economic conditions, and adverse changes in those conditions could have a material adverse impact on our business, results of operations and FFO. Accordingly, the predictive nature of FFO is uncertain and past performance may not be indicative of future results.

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

The following section presents our calculation of FFO attributable to common stockholders and provides additional information related to our operations for the three and nine months ended September 30, 2018 and 2017 and the period from inception through September 30, 2018 (in thousands, except per share amounts). As we are in the capital raising and acquisition phase of our operations, FFO is not useful in comparing operations for the periods presented below. We expect revenues and expenses to increase in future periods as we raise additional offering proceeds and use them to make additional real estate investments.

	Three Months Ended September 30,		Nine Months Ended September 30,		Period from July 31, 2013 (date of inception) through September 30, 2018
	2018	2017	2018	2017	
Net income (loss)	\$ (2,782)	\$ (1,543)	\$ 7,185	\$ (12,899)	\$ (28,306)
Depreciation and amortization ⁽¹⁾	6,949	7,203	21,249	22,108	70,564
Gain on sale of real estate	—	—	(14,491)	—	(14,491)
Adjustments for noncontrolling interests ⁽²⁾	(7)	(7)	(13)	(22)	155
Funds From Operations attributable to common stockholders	4,160	5,653	13,930	9,187	27,922
Basic and diluted income (loss) per common share	\$ (0.07)	\$ (0.04)	\$ 0.18	\$ (0.38)	\$ (1.60)
Funds From Operations attributable to common stockholders per common share	\$ 0.10	\$ 0.15	\$ 0.35	\$ 0.27	\$ 1.59
Weighted average shares outstanding	40,397	38,932	39,765	34,326	17,558

Notes to the table:

- (1) Represents the depreciation and amortization of real estate assets. Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, we believe that such depreciation and amortization may be of limited relevance in evaluating current operating performance and, as such, these items are excluded from our determination of FFO.
- (2) Includes income attributable to noncontrolling interests and all adjustments to eliminate the noncontrolling interests' share of the adjustments to convert our net loss to FFO.

Set forth below is additional information, which may be helpful in assessing our operating results:

- For the three and nine months ended September 30, 2018, we incurred \$0.5 million and \$1.5 million in distribution and stockholder servicing fees. Total distribution and stockholder servicing fees incurred were \$3.5 million from inception through September 30, 2018.
- For the nine months ended September 30, 2018, we incurred \$0.1 million in dead-deal costs. We incurred no dead-deal costs during the three months ended September 30, 2018. Total acquisition-related costs incurred were \$23.3 million from inception through September 30, 2018.
- As of December 6, 2017, through its ownership of the special limited partner interest in the Operating Partnership, our Advisor is entitled to an annual performance participation allocation of 12.5% of the Operating Partnership's total return. The performance participation allocation accrues monthly and is payable after the completion of each calendar year. See Note 7—Related Party Transactions, for additional information regarding the performance participation allocation. We do not consider the performance participation allocation in evaluating our operating performance. For the three and nine months ended September 30, 2018, we incurred \$1.2 million and \$4.0 million in performance participation allocation fees. Total performance participation allocation fees incurred were \$4.3 million from inception through September 30, 2018.

As noted previously, our cash flows from operations have been and may continue to be insufficient to fund distributions to stockholders. We may continue to choose to use proceeds from the sales of assets, proceeds from our debt financings, proceeds from our public offerings, cash advances by our Advisor and/or cash resulting from a waiver or deferral of fees to fund distributions to our stockholders. For example, for the nine months ended September 30, 2018 and September 30, 2017, we funded 26% and 39% of total distributions with cash flows from financing activities, which may include offering proceeds. We have not placed a cap on the amount of our distributions that may be paid from sources other than cash flows from operations, including proceeds from our debt financings, proceeds from our public offerings, cash advances by our Advisor and cash resulting from a waiver or deferral of fees.

From inception through September 30, 2018, we declared \$49.5 million of distributions to our stockholders, compared to our total aggregate FFO of \$27.9 million and our total aggregate net loss of \$28.3 million for that period. We incurred acquisition fees and expenses of \$23.3 million from inception through January 1, 2018 (the date we adopted ASU 2017-01) in connection with our real estate investments, which were recorded as reductions to net income (loss) and FFO. For the nine months ended September 30, 2018, we declared \$16.7 million of distributions to our stockholders compared to our total aggregate FFO of \$13.9 million. For the nine months ended September 30, 2017, we declared \$14.1 million of distributions to our stockholders compared to our total aggregate FFO of \$9.2 million.

Related Party Transactions and Agreements

We have entered into agreements with our Advisor, our Dealer Manager and Hines and its affiliates, whereby we pay certain fees and reimbursements to these entities during the various phases of our organization and operation. During the organization and offering stage, these include payments to our Dealer Manager for selling commissions, the dealer manager fee, distribution and stockholder servicing fees, and payments to our Advisor for reimbursement of organization and offering costs. During the acquisition and operational stages, these include payments for certain services related to the management and performance of our investments and operations provided to us by our Advisor and Hines and its affiliates pursuant to various agreements we have entered into with these entities. See Note 7 — Related Party Transactions in Item 1 of this Quarterly Report on Form 10-Q, as well as Note 8 — Related Party Transactions in our Annual Report on Form 10-K for the year ended December 31, 2017 for additional information concerning our related party transactions and agreements.

Off-Balance Sheet Arrangements

As of September 30, 2018 and December 31, 2017, we had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Subsequent Events

Fresh Park Venlo

In October 2018, we acquired a leasehold interest in Fresh Park Venlo, a specialized logistics park located in Venlo, the Netherlands. Fresh Park Venlo is comprised of 23 buildings constructed between 1960 and 2018, and consists of 2,863,630 square feet of net rentable area that is, in the aggregate, 95% leased to more than 60 tenants. The purchase price for Fresh Park Venlo was €117.5 million, (approximately \$136.3 million assuming a rate of \$1.16 per EUR as of the acquisition date), exclusive of transaction costs and working capital reserves. In connection with the acquisition of the property, the Company entered into a third-party mortgage loan for the principal sum of approximately €75.0 million (approximately \$87.0 million assuming a rate of \$1.16 per EUR as of the acquisition date). The mortgage loan has a floating interest rate of Euribor + 1.50% per annum. Repayment of principal is due upon the maturity of the mortgage loan on August 15, 2023.

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 and currency risk are the primary market risks to which we are exposed. As of September 30, 2018, we were exposed to the market risks listed below.

Interest Rate Risk

We are exposed to the effects of interest rate changes primarily as a result of debt used to maintain liquidity and fund expansion of our real estate investment portfolio and operations. As of September 30, 2018, we had \$312.0 million of variable-rate debt outstanding. If interest rates were to increase by 1%, we would incur an additional \$3.1 million in interest expense. Additionally, we have entered into interest rate caps to limit our exposure to rising interest rates related to our mortgage loans secured by Bishop's Square and the Montrose Student Residences. See Note 4 — Debt Financing in the Notes to the Condensed Consolidated Financial Statements for more information concerning our outstanding debt.

Foreign Currency Risk

Our investments in Bishop's Square, the Montrose Student Residences and the Queen's Court Student Residences are subject to the effects of exchange rate movements among the Euro, the British Pound and the U.S. dollar, which may affect future costs and cash flows as well as amounts translated into U.S. dollars for inclusion in our consolidated financial statements. We have entered into mortgage loans denominated in Euros and British Pounds for these investments, which provide a natural hedge with regard to changes in exchange rates among the Euro, the British Pound and U.S. dollar and reduces our exposure to exchange rate differences. Additionally, we are typically a net receiver of Euros and British Pounds, and, as a result, our foreign operations benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar. Based upon our analysis, a 10% immediate, unfavorable change in the exchange rate between the Euro and U.S. dollar would have decreased the net book value of our investments in Bishop's Square and the Montrose Student Residences by approximately \$5.3 million and would have reduced the year-to-date net income (loss) of Bishop's Square and the Montrose Student Residences by \$0.1 million. Similarly, 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 investment in the Queen's Court Student Residences by approximately \$2.5 million and would have reduced the year-to-date net income (loss) of the Queen's Court Student Residences by an immaterial amount.

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, 2018, to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Change in Internal Controls

No changes have 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, 2018 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time in the ordinary course of business, we or our subsidiaries may become subject to legal proceedings, claims or disputes. As of November 14, 2018, neither we nor any of our subsidiaries were a party to any material pending legal proceedings.

Item 1A. Risk Factors

We are subject to a number of risks and uncertainties, which are discussed in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017. With the exception of the risk factors set forth below, there have been no material changes to the risk factors set forth under Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017.

Our NAV is not subject to GAAP, will not be independently audited and will involve subjective judgments by the independent valuation firm and other parties involved in valuing our assets and liabilities.

Our valuation procedures and our NAV are not subject to accounting principles generally accepted in the United States, or GAAP, and will not be subject to independent audit. Our NAV may differ from equity (net assets) reflected on our audited financial statements, even if we are required to adopt a fair value basis of accounting for GAAP financial statement purposes. Additionally, we are dependent on the Advisor to be reasonably aware of material events specific to our properties (such as tenant disputes, damage, litigation and environmental issues) that may cause the value of a property to change materially and to promptly notify the independent valuation firm so that the information may be reflected in our real estate portfolio valuation. In addition, the implementation and coordination of our valuation procedures include certain subjective judgments of the Advisor, such as whether the independent valuation firm should be notified of events specific to our properties that could affect their valuations, as well as of the independent valuation firm and other parties we engage, as to whether adjustments to asset and liability valuations are appropriate. Accordingly, you must rely entirely on our board of directors to adopt appropriate valuation procedures and on the independent valuation firm and other parties we engage in order to arrive at our NAV, which may not correspond to realizable value upon a sale of our assets.

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

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

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

Certain other investment vehicles sponsored by Hines have experienced adverse developments in recent years. Hines REIT sold shares of its common stock from 2004 to 2009 at various prices between \$10.00 per share and \$10.66 per share. Although Hines REIT re-opened its share redemption program with respect to ordinary redemption requests in April 2013, the program was suspended, except with respect to redemptions in connection with the death or disability of a stockholder, in December 2009. In addition, Hines REIT decreased its distribution rate in July 2010 and further decreased the rate in April 2013. Hines REIT is currently in the process of liquidating all of its remaining assets and winding up and has paid distributions of \$7.51 per share to its stockholders, including liquidating distributions of \$6.50 per share and special distributions of \$1.01 per share. The

special distributions were paid from July 2011 through April 2013 and were in addition to the regular operating distributions of up to \$5.49 per share paid to Hines REIT's stockholders between 2004 and 2016. The amount of regular operating distributions received by stockholders varied depending on when they invested and whether they held their shares continuously through 2016. Hines REIT announced that it expects to make a final liquidating distribution to its stockholders and non-controlling interest holders of between \$0.05 and \$0.07 per share on or around July 31, 2018, although there can be no assurances as to the timing or amount of any additional liquidating distributions.

In addition to Hines REIT, Hines Global REIT and HMS Income Fund, Inc., Hines has sponsored more than 20 privately-offered programs in the past ten years. Several of Hines' privately-offered programs have experienced adverse economic developments due to the global financial crisis and deteriorating economic conditions in several European and South American countries, Mexico and several U.S. markets between 2007 and 2009. The adverse market conditions experienced by these programs may result in them altering their investment strategy, generating returns lower than originally expected, or ultimately may cause them to incur losses. There is a risk that we may experience similar adverse developments, as an investment vehicle sponsored by Hines.

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

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

Hines Global owned a 99.9% general partner interest in the Operating Partnership as of December 31, 2017. Hines Global REIT II Associates Limited Partnership owns the remaining interest in the Operating Partnership, and the Advisor holds the Special OP Units in the Operating Partnership, which were issued as consideration for an obligation by Hines and its affiliates to perform future services in connection with our real estate operations. Payments with respect to these interests will reduce the amount of distributions that would otherwise be payable to you in the future.

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

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

Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or if that Court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, shall be the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders with respect to our company, our directors, our officers or our employees (we note we currently have no employees). This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that the stockholder believes is favorable for disputes with us or our directors, officers or employees, which may discourage meritorious claims from being asserted against us and our directors, officers and employees. Alternatively, if a court were to find this provision of our bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations. We adopted this provision because we believe it makes it less likely that we will be forced to incur the expense of defending duplicative actions in multiple forums and less likely that plaintiffs' attorneys will be able to employ such litigation to coerce us into otherwise unjustified settlements, and we believe the risk of a court declining to enforce this provision is remote, as the General Assembly of Maryland has specifically amended the Maryland General Corporation Law to authorize the adoption of such provisions.

The Advisor's asset management fee and the performance participation allocation may not create proper incentives or may induce the Advisor and its affiliates to make certain investments, including speculative investments, that increase the risk of our real estate portfolio.

We pay the Advisor an asset management fee regardless of the performance of our portfolio. The Advisor's entitlement to an asset management fee, which is not based upon performance metrics or goals, might reduce its incentive to devote its time and effort to seeking investments that provide attractive risk-adjusted returns for our portfolio. We may be required to pay the Advisor an asset management fee in a particular period despite experiencing a net loss or a decline in the value of our portfolio during that period.

The existence of the 12.5% performance participation interest in our Operating Partnership to which the Advisor is entitled, is based on our total distributions plus the change in NAV per share, may create an incentive for the Advisor to make riskier or more speculative investments on our behalf than it would otherwise make in the absence of such performance-based compensation. In addition, the change in NAV per share will be based on the value of our investments on the applicable measurement dates and not on realized gains or losses. As a result, the Advisor may receive distributions based on unrealized gains in certain assets at the time of such distributions and such gains ultimately may not be realized when those assets are eventually disposed of.

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

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

The past performance of other investment vehicles sponsored by Hines or its affiliates may not be indicative of our future results, and we may not be able to successfully operate our business and implement our investment strategy, which may be different in a number of respects from the operations previously conducted by Hines. In addition, Hines has limited experience in acquiring and operating certain types of real estate investments that we may acquire. For example, a significant amount of real estate investments that have been made by Hines' other investment vehicles have consisted of acquisitions and development of office or industrial properties or land. Therefore, we will need to use third parties to source or manage investments in which Hines has limited experience. Although we primarily expect to invest in real properties, to a lesser extent, we plan to invest in real estate-related securities to provide a source of liquidity for our share redemption program, cash management and other purposes. Hines has limited experience in sourcing and managing investments in real estate-related securities, so we have engaged a third-party to source and manage our real estate-related securities investments, subject to investment guidelines approved by our board of directors, including a majority of our independent directors. In addition, a significant portion of Hines' other programs and investments involve development projects. Although we are able to invest in development projects, we do not anticipate that a significant portion of the proceeds from this offering will be invested in development projects. As a result of all of these factors, you should not rely on the past performance of other investment vehicles sponsored by Hines and its affiliates to predict, or as an indication of, our future performance.

We have engaged a third-party to source and manage our investments in real estate-related securities. We will rely on the ability of this third-party investment manager to implement our real estate-related securities investment strategy.

We have engaged a third-party investment manager to implement our real estate-related securities investment strategy. The investment manager has and will continue to have substantial discretion, subject to investment guidelines approved by our board of directors, including a majority of our independent directors, to make decisions related to the acquisition, management and disposition of real estate-related securities. You will have no opportunity to evaluate the terms of transactions or other economic or financial data concerning our investments in real estate-related securities. If the investment manager does not succeed in implementing the liquid investments portion of our investment strategy, our performance will suffer. If the investment manager is unable to successfully implement our real estate-related securities investment strategy, our results of operations may be adversely impacted and we may not have sufficient liquidity available under our share redemption program. In addition, even though we have the ability to terminate the investment manager on thirty days' notice, it may be difficult to replace the investment manager.

Our board of directors generally will not approve, in advance, the acquisition and disposition decisions made with respect to our investments in real estate-related securities.

Our board of directors, including a majority of our independent directors, has approved investment guidelines that delegate to our third-party investment manager the authority to purchase and sell real estate-related securities, provided that such investments are consistent with our investment guidelines. As a result, the third-party investment manager has substantial discretion to make investment decisions with respect to real estate-related securities, within the parameters established by our investment guidelines. We do not expect that our board of directors will review, in advance, the investment decisions made by the investment manager, but rather, we expect that our board of directors will review our investment guidelines on an annual basis and our portfolio of real estate-related securities investments on a quarterly basis or, in each case, as often as the board of directors deems appropriate. Although our board of directors is expected to conduct these periodic reviews, any investment entered into on our behalf by the investment manager may be impossible to unwind if our board of directors deems the investment inconsistent with our investment guidelines when it is subsequently reviewed by our board of directors, such that our only option may be to dispose of the investment, which may be at a loss.

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

On September 20, 2018, 504,541 restricted common shares were granted to each of our independent directors, Messrs. Humberto “Burt” Cabañas, Dougal A. Cameron, and John O. Niemann, Jr. Such restricted shares were granted pursuant to Restricted Share Award Agreements between us and each of our independent directors, as part of the independent directors’ annual compensation for service on our board of directors and without registration under the Securities Act of 1933, as amended (the “Securities Act”), in reliance upon the exemption from registration contained in Section 4(a)(2) of the Securities Act.

Issuer Redemptions of Equity Securities

In connection with the Follow-On Offering, our board of directors (i) approved the termination of our share redemption program applicable to Class AX shares and Class TX shares and (ii) approved the amendment and restatement of our share redemption program applicable to Class IX shares and Class JX shares, in order to make it applicable to all classes of shares of our common stock (the “Amended SRP”). The Amended SRP replaced our share redemption programs, effective as of December 4, 2017.

The Amended SRP may allow stockholders who have purchased shares from us or received their shares through a non-cash transaction, not in the secondary market, to have their shares redeemed subject to certain limitations and restrictions. Redemptions under the Amended SRP will be made on a monthly basis. Subject to the limitations of and restrictions on the Amended SRP, and subject to funds being available as described below, shares redeemed under the Amended SRP will be redeemed at the transaction price in effect on the date of redemption, which generally will be a price equal to the NAV per share applicable to the class of shares being redeemed and most recently disclosed by us in a public filing with the SEC (subject to the 5% holding discount described below).

Under the Amended SRP, we may redeem during any calendar month shares (including IPO Shares) whose aggregate value (based on the redemption price per share in effect when the redemption is effected) is 2% of our aggregate NAV as of the last calendar day of the previous month (the “2% Monthly Limitation”) and during any calendar quarter whose aggregate value (based on the redemption price per share in effect when the redemption is effected) is up to 5% of our aggregate NAV as of the last calendar day of the prior calendar quarter (the “5% Quarterly Limitation”). During a given quarter, if in each of the first two months of such quarter the 2% Monthly Limitation is reached and stockholders’ redemptions are reduced pro rata for such months, then in the third and final month of that quarter, the applicable limit for such month will likely be less than 2% of our aggregate NAV as of the last calendar day of the previous month because the redemptions for that month, combined with the redemptions in the previous two months, cannot exceed the 5% Quarterly Limitation.

There is no minimum holding period for shares under the Amended SRP and stockholders may request that we redeem their shares at any time. However, shares that have not been outstanding for at least one year will be redeemed at 95% of the transaction price (the “5% holding discount”) that would otherwise apply; provided, that, the period that a Class T share, Class S share and/or Class D share was held prior to being converted into a Class I share will count toward the total hold period for a Class I share, the period that a Class TX share was held prior to being converted into a Class AX share will count toward the total hold period for a Class AX share and the period that a Class IX share was held prior to being converted into a Class JX share will count toward the total hold period for a Class JX share. Upon request, we intend to waive the 5% holding discount in the case of the death or disability of a stockholder. The 5% holding discount also will be waived with respect to shares issued pursuant to our distribution reinvestment plan and any shares issued as stock dividends.

Unless our board of directors determines otherwise, we intend to fund redemptions pursuant to the Amended SRP from any available cash sources at its disposal, including available cash, cash flow from operations, the sale of real estate-related securities and other assets, borrowings or offering proceeds, without any limitation on the amounts we may pay from such sources. Our board of directors will have complete discretion to determine whether all of such funds will be applied to redemptions pursuant to the Amended SRP, whether such funds are needed for other purposes or whether additional funds from other sources may be used for redemptions pursuant to the Amended SRP.

Our board of directors may terminate, suspend or amend the Amended SRP at any time without stockholder approval if the directors believe such action is in the best interests of our stockholders, or if they determine the funds otherwise available to fund redemptions are needed for other purposes. In addition, our board of directors may determine to suspend the Amended SRP due to regulatory changes, changes in law or if our board of directors becomes aware of undisclosed material information that it believes should be publicly disclosed before shares are redeemed. Material modifications, including any reduction to the monthly or quarterly limitations on redemptions, and suspensions of the program will be disclosed promptly to stockholders in a prospectus supplement (or post-effective amendment if required by the Securities Act) or current report on Form 8-K filed with the SEC. Any material modifications will also be disclosed on our website.

The following table lists shares we redeemed under our share redemption program during the period covered by this report, including the average price paid per share, which represents all of the share repurchase requests received for the same period.

Period	Total Number of Shares Redeemed	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans of Programs	Maximum Number of Shares that May Yet be Redeemed Under the Plans or Programs⁽¹⁾
July 1, 2018 to July 31, 2018	111,333	\$ 9.80	111,333	686,167
August 1, 2018 to August 31, 2018	72,552	\$ 9.91	72,552	732,076
September 1, 2018 to September 30, 2018	153,414	\$ 9.91	153,414	808,276
Total	<u>337,299</u>		<u>337,299</u>	

- (1) Amount provided represents the 2% Monthly Limitation which can be further limited by the 5% Quarterly Limitation. See the description of the Amended SRP above for a description of the limitations on the number of shares that may be redeemed pursuant to the Amended SRP.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit No.	Description
3.1	Articles of Amendment and Restatement of Hines Global Income Trust, Inc. (formerly known as Hines Global REIT II, Inc.) (filed as Exhibit 3.1 to Pre-Effective Amendment No. 5 to the Registrant's Registration Statement on Form S-11, File No. 333-191106 (the "IPO Registration Statement") on August 15, 2014 and incorporated by reference herein)
3.2	Articles Supplementary of Hines Global Income Trust, Inc. (formerly known as Hines Global REIT II, Inc.) (filed as Exhibit 3.1 to Post-Effective Amendment No. 1 to the IPO Registration Statement on December 12, 2014 and incorporated by reference herein)
3.3	Articles Supplementary of Hines Global Income Trust, Inc. (formerly known as Hines Global REIT II, Inc.) (filed as Exhibit 3.1 to Post-Effective Amendment No. 6 to the IPO Registration Statement on August 12, 2015 and incorporated by reference herein)
3.4	Articles Supplementary of Hines Global Income Trust, Inc. (formerly known as Hines Global REIT II, Inc.) (filed as Exhibit 3.1 to Post-Effective Amendment No. 12 to the IPO Registration Statement on April 28, 2017 and incorporated by reference herein)
3.5	Articles of Amendment to Articles of Amendment and Restatement of Hines Global Income Trust, Inc. (formerly known as Hines Global REIT II, Inc.) (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K on October 16, 2017 and incorporated by reference herein)
3.6	Articles of Amendment to Articles of Amendment and Restatement of Hines Global Income Trust, Inc. (formerly known as Hines Global REIT II, Inc.) (filed as Exhibit 3.5 to Pre-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, File No. 333-220046 (the "Follow-On Registration Statement") on December 1, 2017 and incorporated by reference herein)
3.7	Articles Supplementary of Hines Global Income Trust, Inc. (formerly known as Hines Global REIT II, Inc.) (filed as Exhibit 3.6 to Pre-Effective Amendment No. 1 to the Follow-On Registration Statement on December 1, 2017 and incorporated by reference herein)
3.8	Articles of Amendment to Articles of Amendment and Restatement of Hines Global Income Trust, Inc. (filed as Exhibit 3.7 to Pre-Effective Amendment No. 1 to the Follow-On Registration Statement on December 1, 2017 and incorporated by reference herein)
3.9	Amended and Restated Bylaws of Hines Global Income Trust, Inc. (formerly known as Hines Global REIT II, Inc.) (filed as Exhibit 3.2 to Pre-Effective Amendment No. 5 to the IPO Registration Statement on August 15, 2014 and incorporated by reference herein)
3.10	Amendment No. 1 to Amended and Restated Bylaws of Hines Global Income Trust, Inc. (formerly known as Hines Global REIT II, Inc.), dated September 23, 2015 (filed as Exhibit 3.5 to Post-Effective Amendment No. 7 to the IPO Registration Statement on November 17, 2015 and incorporated by reference herein)
3.11	Amendment No. 2 to Amended and Restated Bylaws of Hines Global Income Trust, Inc. (formerly known as Hines Global REIT II, Inc.) (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K on September 14, 2017 and incorporated by reference herein)
4.1	Forms of Subscription Agreements (included as Appendix A-1 and Appendix A-2 to the Prospectus dated July 18, 2018 filed on July 19, 2018 and incorporated by reference herein)
4.2	Sixth Amended and Restated Distribution Reinvestment Plan, effective as of December 4, 2017 (included as Appendix B to the Prospectus dated December 6, 2017 filed on December 6, 2017 and incorporated by reference herein)
10.1	Form of Indemnification Agreement entered into between Hines Global Income Trust, Inc. (formerly known as Hines Global REIT II, Inc.) and each of the following persons as of August 15, 2014: Jeffrey C. Hines, Charles M. Baughn, Humberto Cabañas, Dougal A. Cameron, John O. Niemann, Jr., Sherri W. Schugart, Ryan T. Sims, David L. Steinbach, Kevin L. McMeans and J. Shea Morgenroth (filed as Exhibit 10.4 to the IPO Registration Statement on September 11, 2013 and incorporated by reference herein)
10.2	Particulars and Conditions of Sale of Bishop's Square, Bishop's Street/Kevin Street Lower, Dublin 2, dated as of January 30, 2015, by and between Bishop Ireland GREIT II Limited and Violet Yarrow Real Estate (Dublin) Limited (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on February 5, 2015 and incorporated by reference herein)

10.3	Facility Agreement, dated as of March 3, 2015 by and between Deutsche Girozentrale as Agent, Original Hedge Counterparty, Arranger, Security Trustee and Lender and Hines GREIT II Ireland Fund PLC, acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund, as Borrower (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K on March 5, 2015 and incorporated by reference herein)
10.4	First Amendment to Real Estate Purchase Agreement, dated as of August 7, 2015, by and between Hines Global REIT II 891 Coronado LLC and LV Eastern, LLC (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on December 10, 2015 and incorporated by reference herein)
10.5	Second Amendment to Real Estate Purchase Agreement, dated as of August 21, 2015, by and between Hines Global REIT II 891 Coronado LLC and LV Eastern, LLC (filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on December 10, 2015 and incorporated by reference herein)
10.6	Third Amendment to and Reinstatement of Real Estate Purchase Agreement, dated as of December 4, 2015, by and between Hines Global REIT II 891 Coronado LLC and LV Eastern, LLC (filed as Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on December 10, 2015 and incorporated by reference herein)
10.7	Real Estate Purchase Agreement, dated as of July 8, 2015, by and between Hines Global REIT II 891 Coronado LLC and LV Eastern, LLC (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on July 14, 2015 and incorporated by reference herein)
10.8	Loan Agreement, dated as of January 29, 2016 by and between Wells Fargo Bank, National Association, as Lender and Hines Global REIT II 891 Coronado LLC, as Borrower (filed as Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed on February 4, 2016 and incorporated by reference herein)
10.9	Promissory Note, dated as of January 29, 2016 by and between Hines Global REIT II 891 Coronado LLC, as borrower, and Wells Fargo Bank, National Association, as lender (filed as Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed on February 4, 2016 and incorporated by reference herein)
10.10	Sale, Purchase and Escrow Agreement, dated as of May 13, 2016, by and between NOP Cottonwood Holdings, LLC, HGREIT II Cottonwood Center LLC, Commonwealth Land Title Insurance Company, Hines Global REIT II Properties LP and National Office Partners LLC (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on May 19, 2016 and incorporated by reference herein)
10.11	Agreement of Purchase and Sale, dated as of June 24, 2016, by and between RT GOODYEAR, LLC and HGREIT II Goodyear Crossing LLC (filed as Exhibit 10.6 to the registrant's Quarterly Report on Form 10-Q on August 12, 2016 and incorporated by reference herein)
10.12	Loan Agreement, dated as of July 5, 2016 by and between Principal Life Insurance Company, as Lender and HGREIT II Cottonwood Center LLC, as Borrower (filed as Exhibit 10.26 to Post-Effective Amendment No. 10 to the IPO Registration Statement on October 5, 2016 and incorporated by reference herein)
10.13	Term Loan Agreement, dated as of August 18, 2016 by and between SunTrust Bank, as Lender and HGREIT II Goodyear Crossing LLC, as Borrower (filed as Exhibit 10.27 to Post-Effective Amendment No. 10 to the IPO Registration Statement on October 5, 2016 and incorporated by reference herein)
10.14	Contract of Purchase and Sale, dated as of September 16, 2016, by and between CLP-SPF Rookwood Commons, LLC and CLP-SPF Rookwood Pavilion, LLC and HGREIT II Edmonson Road LLC and HGREIT II Madison Road LLC (filed as Exhibit 10.28 to Post-Effective Amendment No. 10 to the IPO Registration Statement on October 5, 2016 and incorporated by reference herein)
10.15	Form of Property Management and Leasing Agreement between Subsidiary of Hines Global Income Trust, Inc. (formerly known as Hines Global REIT II, Inc.) and Hines Interests Limited Partnership (Domestic Office Properties) (filed as Exhibit 10.29 to Post-Effective Amendment No. 10 to the IPO Registration Statement on October 5, 2016 and incorporated by reference herein)
10.16	Form of Property Management and Leasing Agreement between Subsidiary of Hines Global Income Trust, Inc. (formerly known as Hines Global REIT II, Inc.) and Hines Interests Limited Partnership (Domestic Multi-family and Industrial Properties) (filed as Exhibit 10.30 to Post-Effective Amendment No. 10 to the IPO Registration Statement on October 5, 2016 and incorporated by reference herein)
10.17	Open End Mortgage and Security Agreement dated as of April 1, 2015 by and between Nationwide Life Insurance Company, as Lender, and CLP-SPF Rookwood Commons, LLC, as Borrower (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K on January 9, 2017 and incorporated by reference herein)
10.18	Open End Mortgage and Security Agreement dated as of July 1, 2013 by and between Nationwide Life Insurance Company, as Lender, and CLP-SPF Rookwood Pavilion, LLC, as Borrower (filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K on January 9, 2017 and incorporated by reference herein)
10.19	Assumption and Modification Agreement dated as of January 6, 2017, by and between Nationwide Life Insurance Company, as Lender, CLP-SPF Rookwood Pavilion LLC, as Original Borrower, and HGREIT II Madison Road LLC, as Borrower (filed as Exhibit 10.4 to the Registrant's Current Report on Form 8-K on January 9, 2017 and incorporated by reference herein)
10.20	Assumption and Modification Agreement dated as of January 6, 2017, by and between Nationwide Life Insurance Company, as Lender, CLP-SPF Rookwood Commons LLC, as Original Borrower, and HGREIT II Edmondson Road LLC, as Borrower (filed as Exhibit 10.5 to the Registrant's Current Report on Form 8-K on January 9, 2017 and incorporated by reference herein)
10.21	Uncommitted Loan Agreement, dated as of October 2, 2017, by and between Hines Global REIT II Properties, LP, as borrower, and Hines Interests Limited Partnership, as lender (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on October 3, 2017 and incorporated by reference herein)
10.22	First Amendment to Uncommitted Loan Agreement, dated as of November 30, 2017, by and between Hines Global REIT II Properties, LP, as borrower, and Hines Interests Limited Partnership, as lender (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on December 6, 2017 and incorporated by reference herein)

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10.23	Form of Restricted Share Award Agreement (filed as Exhibit 99(a)(1)(G) to the Registrant's tender offer statement on Schedule TO on October 3, 2017 and incorporated by reference herein)
10.24	Amended and Restated Advisory Agreement, dated as of December 6, 2017, by and among Hines Global REIT II Advisors LP, Hines Global REIT II Properties LP, and Hines Global Income Trust, Inc. (filed as Exhibit 10.2 to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on December 6, 2017 and incorporated by reference herein)
10.25	Fifth Amended and Restated Agreement of Limited Partnership of Hines Global REIT II Properties LP, dated as of March 6, 2018 (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on March 12, 2018 and incorporated by reference herein)
10.26*	Purchase and Sale Agreement, dated as of August 17, 2018, by and between Grayco Lui Museum Investment 2006 LP, Grayco Lui Museum Investment II LP, as sellers and HGIT 5353 Fannin LP and HGIT 5353 Fannin Lot Parcel, Inc. as purchasers
31.1*	Certification
31.2*	Certification
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C., Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Pursuant to SEC Release 34-47551 this Exhibit is furnished to the SEC herewith and shall not be deemed to be "filed."
99.1	Hines Global Income Trust, Inc. Share Redemption Program, effective as of December 4, 2017 (filed as Exhibit 99.4 to Pre-Effective Amendment No. 1 to the Follow-On Registration Statement on December 1, 2017 and incorporated by reference herein)
99.2	Valuation Policy and Procedures (filed as exhibit 99.1 to the Registrant's Current Report on Form 8-K on April 16, 2018 and incorporated by reference herein)
101.INS*	Instance Document—The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
*	Filed herewith

SIGNATURES

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

HINES GLOBAL INCOME TRUST, INC.

November 14, 2018

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

November 14, 2018

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

PURCHASE AND SALE AGREEMENT
Venue Museum District Apartments and Vacant Land

This **PURCHASE AND SALE AGREEMENT** (this “Agreement”) is made and entered into as of August ____, 2018 (the “Effective Date”) by and between **GRAYCO LUI MUSEUM INVESTMENT 2006 LP**, a Texas limited partnership (the “Apartment Seller”) and **GRAYCO LUI MUSEUM INVESTMENT II LP**, a Texas limited partnership (the “Vacant Land Seller” and, together with the Apartment Seller, the “Seller”), and HGIT 5353 Fannin LP, a Texas limited partnership (“Apartment Purchaser”), and HGIT 5353 Fannin Lot Parcel, Inc., a Delaware corporation (“Vacant Land Purchaser”; and collectively with Apartment Purchaser, “Purchaser”).

For and in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller agree as follows:

1. Purchase and Sale. Seller agrees to sell and convey to Purchaser, and Purchaser agrees to buy from Seller, the Property (hereinafter defined) for the consideration and upon and subject to the terms, provisions and conditions hereinafter set forth. The “Property” means:

(a) The certain real property located at the corner of Fannin Street and Southmore and that certain real property located at 5353 Fannin Street in Houston, Texas, as more particularly described in Exhibit A to this Agreement (the “Land”), together with all structures, fixtures, buildings and improvements situated on the Land (collectively, the “Improvements”), and any and all rights, titles, powers, privileges, easements, licenses, rights-of-way and interests (A) appurtenant to the Land and the Improvements, (B) if any, of Seller, either at law or in equity, in possession or in expectancy, in and to any real estate lying in the streets, highways, roads, alleys, rights-of-way or sidewalks, open or proposed; in front of, above, over, under, through or adjoining the Land and in and to any strips or gores of real estate adjoining the Land, and (C) appurtenant or incident to any of the foregoing, including, without limitation, to the extent owned by Seller, all mineral, oil, gas and other hydrocarbon substances on and under and that may be produced from the Land, as well as all development rights, land use entitlements, air rights, water, water rights, riparian rights, and water stock relating to the Land (the foregoing collectively, the “Real Property”);

(b) All equipment, fixtures, appliances, tools, machinery, inventory, and other personal property of whatever kind or character owned by Seller and attached to or installed or located on or in the Land or the Improvements (the “Personal Property”); provided, that Personal Property shall in any event include, subject to Section 13(c), those items listed and described on Exhibit G;

(c) All of Seller's right, title and interest, as lessor, in and to all leases of the Land or the Improvements (or any portion thereof) and all amendments, modifications, and supplements thereto and guaranties thereof (“Tenant Leases”) and all security deposits actually paid to or received by Seller in connection with the Tenant Leases (and not as of the Closing Date returned to or forfeited by tenants under and in accordance with the Tenant Leases);

(d) All Designated Contracts (as defined below), only to the extent that such Designated Service Contract is assignable by Seller without any necessary third party consent, or to the extent that any necessary third party consent to such assignment has been obtained (Seller hereby agreeing to use commercially reasonable efforts to obtain any such required third party consents at no out-of-pocket cost to Seller);

(e) All warranties, guaranties and bonds for the benefit of Seller that affect the Land, the Improvements, the Personal Property or the operation thereof, only to the extent that such items are assignable by Seller at no cost to Seller and without any necessary third party consent, or such consent has been obtained (Seller hereby agreeing to use commercially reasonable efforts to obtain any such required third party consents at no out-of-pocket cost to Seller), or to the extent that Purchaser has agreed to reimburse Seller for such costs (the “Warranties”); and

(f) To the extent assignable, all of Seller's right, title and interest, if any, in and to all trademarks, trade names or symbols under which the Land or the Improvements (or any part thereof) is operated (the “Trade Names”); and

(g) All of Seller's right, title and interest, if any, in and to the following, but excluding Seller Proprietary Materials (as defined in clause (xii) of Section 7 below): (i) all books and records, including operating statements, related to the Land or the Improvements, including all tenant lease files, tenant correspondence files, tenant audit records, (ii) all structural reviews, architectural drawings, and engineering, soils, seismic, geologic and architectural reports, studies and certificates pertaining to the Land or the Improvements, and (iii) all plans and specifications, surveys, site plans, construction and development drawings, including all final plans, specifications and drawings of the Improvements (“Records and Plans”).

The Parties acknowledge that the Land consists of (i) the real property described as the “Apartment Parcel” on Exhibit A attached hereto, upon which is situated the apartment project more commonly known as “Venue Museum District” (the “Apartment Land”) and (ii) the vacant land described as the “Vacant Parcel” on Exhibit A attached hereto (the “Vacant Land”). Purchaser and Seller agree that, at Closing, subject to the terms and provisions hereof, (i) the Apartment Land and that portion of the Property relating to the Apartment Land (collectively, the “Apartment Property”) will be conveyed to, and purchased by, Vacant Land Purchaser and (ii) the Vacant Land and that portion of the Property relating to the Vacant Land (collectively, the “Vacant Property”) will be conveyed to, and purchased by, Vacant Land Purchaser.

2. Purchase Price. The total purchase price for the Property is Seventy-Two Million Nine Hundred and Two Thousand and No/100 Dollars (\$72,902,000) (the “Purchase Price”), payable in cash at Closing. Payment in cash means payment by wire transfer of immediately available federal funds (“Immediately Available Funds”). Seller and Purchaser agree that the Purchase Price, subject to adjustment as set forth in this Agreement, and the Earnest Money shall be allocated among the Apartment Property and the Vacant Property as set forth on Exhibit K.

3. Earnest Money. Within two (2) Business Days of the Effective Date, Purchaser will deliver to Title Houston Holdings, 7500 San Felipe, Suite 1020, Houston, TX 77063, Attention: Ms. Donna Jackson (the “Title Company”), as escrow agent, Five Hundred Thousand and No/100 DOLLARS (\$500,000.00) (by Immediately Available Funds) as earnest money (the “Initial Earnest Money”), which the Title Company will deposit and hold in an interest bearing account. If Purchaser does not timely deliver the Initial Earnest Money as provided in this Section 3, then this Agreement shall be null and void, and neither party shall have any right or obligation hereunder. In addition, if this Agreement is not terminated pursuant to the provisions of Section 5(b) or otherwise, within two (2) Business Days after the end of the Inspection Period, Purchaser will deposit with the Title Company (by Immediately Available Funds) an additional One Million and No/100 DOLLARS (\$1,000,000.00) (the “Additional Earnest Money”), which the Title Company will deposit and hold in an interest bearing account. If Purchaser does not timely deliver the Additional Earnest Money as provided in this Section 3, then this Agreement shall be null and void, and neither party shall have any right or obligation under this Agreement. For the purpose of this Agreement, the term “Earnest Money” shall include the Initial Earnest Money, the Additional Earnest Money, if paid, the Extension Earnest Money (as defined below), if paid, and any interest earned thereon. If the transaction contemplated by this Agreement

is closed, then the Earnest Money will be applied toward payment of the Purchase Price to be paid at Closing. If the transaction is not closed, then the Title Company will disburse the Earnest Money in accordance with the provisions of this Agreement. Notwithstanding the foregoing or anything to the contrary contained herein, One Hundred and 00/100 Dollars (\$100.00) (the “Independent Consideration”) of the Initial Earnest Money shall be released to Seller after Title Company’s receipt of the Initial Earnest Money (which Purchaser hereby authorizes and directs the Title Company to release). The Independent Consideration shall be nonrefundable to Purchaser but shall be applied to the Purchase Price if the transaction contemplated by this Agreement is closed. The Independent Consideration is being paid by Purchaser to Seller in consideration of Seller’s agreement to the terms and provisions of this Agreement, including, without limitation, the limited termination rights herein provided. The Independent Consideration is independent of any other consideration provided in this Agreement and shall be retained by Seller in all events. Further, Seller will use commercially reasonable efforts to cause Underwriter (as hereinafter defined) to execute and deliver to Purchaser, prior to that date which is two (2) Business Days prior to the expiration of the Inspection Period (defined below), a closing service letter or insured closing letter in written form reasonably satisfactory to Purchaser with respect to funds deposited by Purchaser with the Title Company.

4. Closing.

(a) **Time and Place.** The closing of this transaction (the “Closing”) will take place in escrow at the Title Company on September 11, 2018 (the “Closing Date”), unless otherwise postponed pursuant to this Agreement. Purchaser may, at its option, extend the Closing Date by up to ten (10) days by providing written notice to Seller and depositing with the Title Company an additional One Million and 00/100 Dollars (\$1,000,000.00) in Immediately Available Funds (the “Extension Earnest Money”), which the Title Company will deposit and hold in an interest bearing account, at least five (5) days prior to the originally scheduled Closing Date. For the avoidance of doubt, the Closing of the purchase and sale of each of the Apartment Land and the Vacant Land shall occur simultaneously (it being agreed that (i) Purchaser has no right to purchase, and Seller has no obligation to sell, less than all of the Property, and (ii) Purchaser has agreed to purchase, and Seller has agreed to sell, all of the Property, in each case subject to and in accordance with the terms and conditions hereof).

(b) **Seller's Closing Deliveries.** At the Closing, Seller will deliver or cause to be delivered the following (provided, however, Seller shall deliver, or cause to be delivered, to the Title Company one (1) Business Day prior to the Closing, items (i), (ii), (iii), (v), (vi), (vii), (viii), (x) and (xi) to be held in escrow for delivery at Closing):

(i) **Deeds.** A Special Warranty Deed conveying good and indefeasible title in fee simple to the Apartment Land and the Improvements thereon and other Real Property related thereto to Apartment Purchaser, and a Special Warranty Deed conveying good and indefeasible title in fee simple to the Vacant Land and the Improvements thereon and other Real Property related thereto to Vacant Land Purchaser (the “Deeds”), in each case, free and clear of any and all liens, encumbrances, easements and assessments created by, through or under Seller, except for Permitted Exceptions (defined below), and each such Deed to be in the form attached hereto as Exhibit B, duly executed and acknowledged by Seller.

(ii) **Bill of Sale.** A Bill of Sale, Assignment, and Assumption Agreement conveying to Apartment Purchaser the Personal Property, Warranties, Intangible Property, Trade Names and Records and Plans, to the extent related to the Apartment Property, and a Bill of Sale, Assignment, and Assumption Agreement conveying to Vacant Land Purchaser the Personal Property, Warranties, Intangible Property, Trade Names and Records and Plans, to the extent related to the Vacant Property (the “Bills of Sale”), each in the form attached hereto as Exhibit C, duly executed by Seller.

Assignment and Assumption of Leases and Contracts. An Assignment and Assumption of Leases and Contracts conveying to Apartment Purchaser the Leases and Designated Contracts related to the Apartment Land Property, and an Assignment and Assumption of Leases and Contracts conveying to Vacant Land Purchaser the Leases and Designated Contracts relating to the Vacant Property (the “Assignment and Assumption Agreements”), each in the form attached hereto as Exhibit D, duly executed by Seller.

(iii) **Possession.** Possession of the Apartment Property to Apartment Purchaser and of the Vacant Property to Vacant Land Purchaser, subject only to the Tenant Leases applicable thereto and the Permitted Exceptions.

(1) **Non-foreign Affidavit.** A non-foreign affidavit, in the form attached hereto as Exhibit E, duly executed by Seller.

(iv) **Closing Statement.** A Closing Statement in such form and substance agreed upon by Purchaser and Seller (the “Closing Statement”), duly executed by Seller.

(v) **Tenant Notices.** Notices to each tenant of the Property in accordance with Section 92.105 of the Texas Property Code informing each such tenant (A) that, as applicable, Apartment Purchaser or Vacant Land Purchaser has acquired the applicable Property, (B) that such Purchaser has received and is responsible for the tenants' security deposits (the exact amounts of which shall be specified therein), and (C) that tenants are to thereafter mail any rental payments to an address supplied by such Purchaser (the “Tenant Notices”), duly executed by Seller.

(vi) **Rent Roll.** A then current rent roll for the Property, dated not more than one (1) Business Day prior to the Closing Date (the “Final Rent Roll”), certified by Seller to be true, correct and complete to Seller’s knowledge as of the date thereof.

(vii) **Books and Records.** The Books and Records.

(viii) **Authority.** Evidence reasonably acceptable to the Title Company of Seller's capacity and authority for the closing of this transaction.

(ix) **Other Documents.** Any other documents that may be reasonably required by Purchaser or the Title Company to close this transaction, duly executed and, if required, acknowledged by Seller (provided however, no such additional document shall expand any obligation, covenant, representation or warranty of Seller or result in any new or additional obligation, covenant, representation or warranty of Seller under this Agreement beyond those expressly set forth in this Agreement).

(c) **Purchaser's Closing Deliveries.** One (1) Business Day prior to the Closing, Purchaser will deliver or cause to be delivered to the Title Company the following to be held in escrow for delivery at Closing:

(x) **Purchase Price.** The Purchase Price in Immediately Available Funds (reduced by the amount, if any, of the Earnest Money applied for that purpose).

(xi) **Bill of Sale.** Purchaser's counterpart to each of the Bills of Sale, duly executed, as applicable, by Apartment Purchaser and Vacant Land Purchaser.

(xii) **Assignment and Assumption.** Purchaser's counterpart to each of the Assignment and Assumption Agreements, duly executed, as applicable, by Apartment Purchaser or Land Purchaser.

(xiii) **Tenant Notices.** Purchaser's counterparts to the Tenant Notices duly executed, as applicable, by Apartment Purchaser or Land Purchaser. The Tenant Notices will be delivered by the applicable Purchaser to each of the tenants under the Tenant Leases promptly after Closing.

(xiv) **Closing Statement.** Purchaser's counterpart to the Closing Statement.

(xv) **Authority.** Evidence reasonably acceptable to the Title Company of Purchaser's capacity and authority for the closing of this transaction.

(xvi) **Other Documents.** Any other documents that may be reasonably required by Seller or the Title Company to close this transaction, duly executed and, if required, acknowledged by Purchaser (provided however, no such additional document shall expand any obligation, covenant, representation or warranty of Purchaser or result in any new or additional obligation, covenant, representation or warranty of Purchaser under this Agreement beyond those expressly set forth in this Agreement).

(d) **Expenses of Closing.** Seller will pay (with such costs to be allocated among the Apartment Seller and the Vacant Land Seller as Seller may determine) (i) all state, county and local documentary transfer taxes, (ii) the base premium for the Title Policies (hereinafter defined); (iii) 1/2 of any escrow fee; (iv) Seller's attorneys' fees; (v) the cost to remove or insure over any Non-Permitted Liens (as defined below) and any other objections that Seller elected to cure pursuant to Section 6 below; (vi) Seller's share of the prorations set forth in Section 4(e) below; and (vii) other expenses stipulated to be paid by Seller under other provisions of this Agreement. Purchaser will pay (with such costs to be allocated among the Apartment Purchaser and the Vacant Land Purchaser as Purchaser may determine) (A) the cost of any endorsements to the Title Policies requested by Purchaser, including the cost of the Survey Modification (as defined in Section 6(e) below); (B) the cost of any lender policies and endorsements thereto; (C) recording fees for the Deeds; (D) the cost of obtaining updated surveys; (E) 1/2 of any escrow fee; (F) Purchaser's attorneys' fees; (G) Purchaser's share of the prorations set forth in Section 4(e) below; and (H) other expenses stipulated to be paid by Purchaser under other provisions of this Agreement.

(e) **Prorations.** At Closing, items of income and expense of the Property shall be prorated as of midnight on the day immediately preceding the Closing Date. Income and expenses attributable to the period prior to the Closing Date shall be for the account of Seller, and income and expenses attributable to the period on and after the Closing Date shall be for the account of Purchaser. Such prorations shall be determined separately for, and Seller and Purchaser shall cooperate with each other to allocate the same between, the Apartment Property and the Vacant Land Property. The following items shall be prorated through escrow:

(xvii) **Taxes.** All real estate, personal property and ad valorem taxes, assessments and bonds ("Taxes") payable with respect to the Property shall be prorated between Seller and Purchaser as of the Closing Date for the year in which the Closing is held on the basis of the statements for such amounts for such year. If statements for the current year are not available as of the Closing Date, the proration between Seller and Purchaser shall be made on the basis of the amounts due for the immediately prior year and shall be subject to adjustment outside of escrow after the Closing within sixty (60) days after the bills for the applicable period are received; provided, however, that any reproration of real estate taxes shall take into account only increases or decreases in the tax rate or millage and any increase or decrease in the amount of Taxes payable based on an increase or decrease in the assessed value of the Property (it being understood

that any increase in Taxes attributable to an increase in the assessed value as a result of the Purchase Price shall be the responsibility of Purchaser). If any tax assessment for the current year is under protest, the closing tax proration shall be re-prorated between Purchaser and Seller at such time as there is a final determination on such protest; provided that Purchaser shall first be credited for all reasonable, out-of-pocket costs, including legal fees and expenses incurred and paid by Seller, associated with such protest, and to the extent Seller protested the taxes applicable to other properties in addition to the Property, such costs shall be allocated equitably among the Property and other properties. From and after Closing, Purchaser shall have sole authority to prosecute any such protest for the current year, and Seller shall reasonably cooperate with Purchaser, at no material out-of-pocket expense to Seller, in connection with any such protest.

(xviii) **Income and Expenses.** Income from the Property other than Rent (as defined below), and ordinary operating expenses incurred by Seller with respect to the Property, shall be prorated between Seller and Purchaser as of the Closing Date. Such expenses include, without limitation, utility charges, the cost of the Designated Contracts assigned at Closing to Purchaser, and sewer, janitorial, cleaning and maintenance costs. Purchaser shall cause all utilities to be placed in the name of Purchaser as of the Closing Date. All utility services shall be prorated at Closing between Seller and Purchaser. The parties shall use commercially reasonable efforts to obtain readings for all utilities as of the Closing Date. If readings cannot be obtained as of the Closing Date, the cost of such utilities shall be prorated between Seller and Purchaser by estimating such cost on the basis of the most recent bill for such service; provided, however, that after the Closing, the parties shall re-prorate the amount for such utilities and pay any deficiency in the original proration to the other party promptly upon receipt of the actual bill for the relevant billing period. For the avoidance of doubt, all costs under Contracts that are not Designated Contracts assigned at Closing to Purchaser shall be for the account of Seller.

(xix) **Rentals and Other Tenant Charges.** Rents under the Tenant Leases, including, without limitation, fixed rent, additional rent and any operating expense pass-throughs (collectively, “Rents”), shall be addressed in the manner set forth in this subsection. All prepaid Rents for any period subsequent to the Closing Date shall be credited to Purchaser at Closing. If more amounts have been collected under Tenant Leases as operating expense pass-throughs than have been expended for operating expenses by Seller as of the Closing Date, then Purchaser shall receive a credit against the Purchase Price for such excess collected amount. Operating expense pass-throughs and other amounts reimbursed by tenants for the year in which Closing occurs will be re-prorated no later than March 31 in the year after which Closing occurs; provided, however, Seller shall receive a credit at Closing for all operating expenses of the Property actually paid by Seller as of the Closing Date pursuant to Section 4(e)(ii) above, regardless of whether such actual operating expenses have been fully reimbursed by the tenants as of the Closing Date. All collected Rents for the month in which the Closing occurs shall be prorated as of the Closing Date. All Rents which are due but uncollected as of the Closing Date (the “Delinquent Rents”) shall not be prorated at Closing but shall be paid to the party entitled to receive such Delinquent Rents as provided below upon receipt of same by either Seller or Purchaser after Closing. For a period of three (3) months following the Closing Date, Purchaser agrees to use commercially reasonable efforts to collect Delinquent Rents from each tenant remaining in possession of its space under a Tenant Lease, provided that Purchaser will have no liability for the failure to collect any such Delinquent Rents and will not be required to conduct lock-outs, terminate such Tenant Lease or take any other legal action to enforce collection of any such amounts owed by such tenants. Any and all amounts received by Seller after the Closing Date from tenants of the Property shall be promptly delivered to Purchaser. Any and all amounts received by Purchaser after the Closing Date from any party owing Delinquent Rents shall be paid and applied as follows: first, to Purchaser’s reasonable collection costs (including, without limitation, reasonable attorneys’ fees) incurred (after the Closing Date only); second, to Purchaser for Rents due for the then current month; third, to Purchaser for due but unpaid Rents accruing after the Closing Date, to be applied in the inverse of the order incurred (i.e., the most recently

incurred Rents paid first); fourth, to Delinquent Rents for the month in which the Closing occurs (which sums shall, upon such collection, be prorated between Seller and Purchaser as though collected prior to Closing); and finally, to Seller for and to the extent of Delinquent Rents for the period prior to the month of Closing. The parties agree that they shall provide a final accounting and reconciliation of all Delinquent Rents within thirty (30) days after Closing. In no event shall Seller have the right to pursue any tenant under the Tenant Leases for any sums due Seller for periods attributable to Seller's ownership of the Property.

(xx) **Locator Fees.** Locator fees on all Tenant Leases and all renewals or expansions of Tenant Leases executed prior to the expiration of the Inspection Period, including those with respect to which the tenant takes occupancy on or after the Closing Date, shall be allocated to, and paid by, Seller. Locator fees on all Tenant Leases and all renewals or expansions of Tenant Leases executed after the expiration of the Inspection Period, including those with respect to which the tenant takes occupancy on or after the Closing Date, shall be allocated to Purchaser at Closing.

(xxi) **Security Deposits.** Purchaser shall receive a credit for all security deposits (and interest thereon if required by law or contract to be earned thereon) reflected as owing in the Tenant Leases or which are otherwise held by Seller as of the Closing.

(b) **Reprorations.** Any proration under this Section 4(e) that cannot be ascertained with certainty as of the Closing Date shall be prorated on the basis of the parties' reasonable estimates of such amounts and shall be the subject of a final proration as soon thereafter as the precise amounts can be ascertained, but, except as otherwise provided above in subsection 4(e)(i) with respect to Taxes, in no event later than sixty (60) days after the Closing. Seller and Purchaser shall each cooperate with the other diligently and promptly to correct any errors in computations or estimates under this Section 4(e) and shall promptly pay to the party entitled thereto any refund, credit or other payment necessary to comply with this Section 4(e) on demand therefor.

(i) **Survival.** The provisions of this Section 4(e) shall survive Closing.

(f) **Rent Ready Condition.** Seller shall place apartment units within the apartment project on the Apartment Land that are now vacant or that become vacant for more than seven (7) days prior to Closing into rent-ready condition on or before the Closing Date in accordance with Seller's current management standards for its apartment properties as though no sale of the Property were contemplated; provided, however, with respect to those apartment units vacated during the seven (7) day period ending on the Closing Date, Seller shall either (i) place each such unit in rent ready condition or (ii) provide Purchaser at Closing with the credit described in the immediately following sentence. With respect to any vacant apartment units not in "rent-ready" condition on the Closing Date, Seller shall provide Purchaser, as part of the prorations set forth in Section 4(e) above, with a credit at Closing of Five Hundred and No/100 Dollars (\$500.00) for each such apartment unit which is not in "rent-ready" condition on the Closing Date. For purposes hereof, "rent-ready" condition shall mean those rental units at the Property which are unoccupied but are in fact fully equipped (including all appliances) and ready for immediate occupancy as reasonably determined in accordance with Seller's or its property manager's current business practices. In the event any errors in the amount of such credit are discovered following Closing, the parties shall make any refunds, credits or other payments necessary to correct such errors in accordance with the terms of, and within the time period set forth in, Section 4(e)(vi) above, which obligation shall survive Closing. For the avoidance of doubt, in no event shall Seller be obligated to place any apartment units in rent ready condition following the Closing Date.

5. Due Diligence and Inspection.

(a) Inspection. Purchaser has conducted an acquisition due diligence investigation of the Property, including (i) a review of Contracts, financial statements and other documentation related to the Property, including the Due Diligence Materials delivered or made available to Purchaser pursuant to Section 7, and (ii) a physical inspection of the Property (the "Inspection") to determine the condition of the Property including the existence of any environmental hazards or conditions, during the period commencing prior to the Effective Date and ending on the Effective Date (the "Inspection Period"). The Inspection was conducted at Purchaser's sole cost and expense. During the Inspection Period, subject to the limits set forth in this Section 5, Seller provided Purchaser with full access to the Property, including the books and records relating to the Property in Seller's possession or control. Purchaser shall have no direct contact or communications with tenants or vendors without Seller's prior approval. If Purchaser would like to meet with third party vendors relating to the Property and tenants of the Property in connection with its due diligence review of the Property, Purchaser shall contact Seller with such requests and Seller shall use commercially reasonable efforts to arrange such meetings. Seller may elect to be present during such meetings. With Seller's permission, after Seller has received advance notice sufficient to permit it to schedule Purchaser's examination of the Property in an orderly manner and to provide at least twenty-four (24) hours advance written notice to any affected tenants, Purchaser or its agents or contractors may enter upon the Property for purposes of analysis or other tests and inspections deemed necessary by Purchaser for the Inspection; provided, however, Purchaser is not permitted to perform any intrusive testing, including, without limitation, a Phase II environmental assessment or boring, without (A) submitting to Seller the scope and inspections for the testing, and (B) obtaining the prior written consent of Seller which may be withheld in Seller's sole and absolute discretion. Seller may have a representative present at any inspection or testing made by Purchaser on the Property. Purchaser shall not alter the physical condition of the Property without notifying Seller of its requested tests and obtaining the prior written consent of Seller to any physical alteration of the Property, which may be withheld in Seller's sole and absolute discretion. Purchaser shall not take any action or permit any activity that would violate a Tenant Lease, and Purchaser will exercise its best efforts to conduct or cause to be conducted all inspections and tests in a manner and at times that will not unreasonably interfere with any tenant's use and occupancy of the Property. Purchaser shall promptly restore the Property to substantially its original condition if damaged or changed due to the tests and inspections performed by Purchaser, free of any mechanic's or materialman's liens or other encumbrances arising out of the Inspection. **PURCHASER HEREBY INDEMNIFIES AND HOLDS SELLER HARMLESS FROM ALL CLAIMS, LIABILITIES, DAMAGES, LOSSES, COSTS, EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES), ACTIONS, AND CAUSES OF ACTION ARISING OUT OF THE INSPECTION PERFORMED BY PURCHASER, ITS AGENTS, LENDERS, INDEPENDENT CONTRACTORS, AND/OR EMPLOYEES; provided that the foregoing indemnity shall not apply to any claims, damages or other costs arising by virtue of the mere discovery of any pre-existing condition at the Property in connection with the Inspection performed by Purchaser, its agents, lenders, independent contractors and/or employees so long as Purchaser, its agents, lenders, independent contractors and/or employees do not exacerbate such pre-existing condition.** Purchaser further waives and releases any claims, demands, damages, actions, causes of action or other remedies of any kind whatsoever against Seller for property damages or bodily and/or personal injuries to Purchaser, its agents, lenders, independent contractors, servants and/or employees arising out of the Inspection. The indemnification obligation of Purchaser set forth in this Section 5(a) will survive for one (1) year following the Effective Date.

(b) Reaffirmation. As of the Effective Date, Purchaser confirms that it has waived its Inspection contingency and has no right to terminate this Agreement on account of its Inspection. Accordingly, the Earnest Money is non-refundable (except as otherwise provided herein) and Purchaser and

Seller shall be bound to proceed to Closing and consummate the transaction contemplated herein pursuant to, and subject to, the terms of this Agreement.

(c) **Reports.** In the event that the transaction does not close, upon written request from Seller, Purchaser shall provide to Seller, at no cost to Seller, with a copy of the results of any tests and inspections made by Purchaser's third party consultants, excluding (i) any market and economic feasibility studies, (ii) any internal reports or analysis prepared by Purchaser or affiliates of Purchaser, (iii) any drafts of any such third party reports, (iv) any attorney-client privileged communications, (v) internally generated work product, and (vi) any documents Purchaser is contractually required to keep confidential (collectively, "Purchaser Reports"). Any Purchaser Reports delivered to Seller will be delivered for informational purposes only and Purchaser makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in the Purchaser Reports. Seller agrees not to enforce any claim or cause of action against Purchaser or the preparers of the Purchaser Reports (except against such preparers if Seller obtains its own separate agreement with the preparer of the applicable Purchaser Reports) for any inaccuracies in the Purchaser Reports. Except as may be required by applicable law, any judicial or quasi-judicial order, Purchaser shall keep confidential the Purchaser's Reports, the Due Diligence Materials (defined below) and any other information regarding the Property delivered or made available by Seller or Broker, and may not disclose the results to any third parties, except to Purchaser's affiliates, employees, attorneys, accountants, agents, consultants and other professionals and prospective investors and lenders (and their respective advisors), who shall be obliged to keep such information confidential. This Section 5(c) shall survive the Closing or any termination of this Agreement.

(d) **Insurance.** Prior to the date that Purchaser or its agents or contractors first enter the Property, Purchaser and Purchaser's agents and contractors, as applicable, shall procure and maintain throughout the term of this Agreement, commercial general liability insurance, including direct contractual and contingent liability, with limits of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate. Seller, Bentall Kennedy (U.S.) Limited Partnership, NewTower Trust Company, Grayco Museum GP LLC, Grayco Museum Investment LP and Seller's property manager shall be included as an additional insured(s) under the required commercial general liability coverage. In addition, this insurance must include: (i) personal injury liability with employee and contractual exclusions removed; and (ii) a waiver of subrogation in favor of Seller without exception for the negligence of any additional insured. Neither Purchaser nor Purchaser's agents or contractors will be permitted to come onto the Property unless and until Purchaser has provided to Seller copies of the insurance policy or policies of Purchaser and Purchaser's agents and contractors evidencing this coverage, the additional insured status of Seller, and the waiver of subrogation.

(e) **Designation of Contracts.** During the Inspection Period, Purchaser shall review all service, maintenance, operating, equipment leasing and other similar contracts or agreements affecting the Property provided by Seller to Purchaser and set forth on Exhibit H attached hereto (the "Contracts") and shall notify Seller which Contracts Purchaser wishes to assume at Closing. Purchaser's failure to timely deliver such notice prior to the expiration of the Inspection Period shall be deemed to constitute Purchaser's election to assume all Contracts. Notwithstanding the foregoing, Purchaser shall be required to assume all Contracts that are not terminable on 30 days or less notice and all Contracts that require the payment of a termination fee (unless Purchaser agrees to pay such termination fee). Notwithstanding the foregoing, Seller shall, at Seller's sole cost and expense, on or before Closing terminate (i) all management, brokerage, leasing, and commission agreements (including locator agreements), if any, in respect of the Property, and Purchaser shall have no obligation to pay any amounts due under such agreements whether before or after Closing, and (ii) all contracts with affiliates, regardless whether Purchaser requests their termination. The Contracts that Purchaser elects (or is deemed to have elected) to assume or is required to assume pursuant to this Section

5(e) are referred to herein as the “Designated Contracts”. Seller shall cause any Contracts that are not Designated Contracts to be terminated no later than the Closing Date. Without limiting the generality of the foregoing, each of Seller and Purchaser hereby agree that that certain Equipment Lease and Boiler Management Agreement dated as of February 13, 2008 by and between Apartment Seller and Boiler Management, Ltd. shall be a Designated Contract that Purchaser shall be required to assume at Closing.

(f) **Survival.** The indemnification provisions of Section 5(a) shall survive the Closing or any termination of this Agreement, and the provisions of Section 5(c) shall survive any termination of this Agreement.

6. Title Approval.

(a) **Commitment; Survey.** Seller has caused to be delivered to Purchaser prior to the Effective Date (i) a commitment for an Owner Policy of Title Insurance for each of the Apartment Property and the Vacant Property, with copies of all instruments identified therein as affecting such Property and recited as exceptions (collectively, the “Commitment”) and (ii) copies of the most recent surveys of the Apartment Property and the Vacant Property in Seller's possession. In addition, Purchaser, at its cost, has obtained and delivered to Seller a new survey (“Survey”) of the Property made on the ground by a registered professional land surveyor that conforms to the requirements of an ALTA/ACSM minimum standard detail survey.

(b) **Objections.** Purchaser has reviewed the Commitment and Survey and delivered to the Title Company and Seller (by electronic mail from Sarabeth Westwood dated July 30, 2018) written notice of its objections to items disclosed therein. Any exception to title identified in the Commitment or Survey not objected to by Purchaser shall be deemed accepted by Purchaser. Seller has notified Purchaser (by a letter from Jordan V. Rood dated August 6, 2018) whether Seller has elected to remove or to cause the Title Company to insure over such objections in a manner reasonably acceptable to Purchaser. Seller shall have no obligation to expend any money, to incur any contractual or other obligations, or to institute any litigation in pursuing its efforts other than to remove at Closing Non-Permitted Liens (as defined below). Seller did not elect to cure each of Purchaser's title objections. Purchaser confirms that it has elected to waive the objections that Seller has not elected in writing to cure (which shall thereupon become Permitted Exceptions) and proceed to Closing. Accordingly, any title objections that Seller is unwilling to cure shall be deemed Permitted Exceptions, and Closing shall occur as provided in this Agreement without any reduction of or credit against the Purchase Price. Notwithstanding the foregoing, Seller shall be obligated to remove or to cause the Title Company to insure over, in a manner reasonably acceptable to Purchaser, the following, whether or not Purchaser objects to such matters: (i) liens of an ascertainable amount securing indebtedness of Seller, (ii) liens for unpaid taxes or assessments, (iii) mechanics' and materialmen's liens created by, through or under Seller, and (iv) any other monetary lien voluntarily and intentionally created by Seller prior to Closing (collectively, “Non-Permitted Liens”).

(c) **Permitted Exceptions.** The phrase “Permitted Exceptions” means those exceptions to title set forth in the Commitment or Survey and that have been accepted or deemed accepted by Purchaser pursuant to Section 6(b).

(d) **Encumbrances.** After the Effective Date, Seller will not intentionally or deliberately place on the Property any encumbrance (references to "encumbrance" include any lien, encumbrance, or other exception to title) other than the Permitted Exceptions. If, before the Closing Date, title to the Property becomes subject to any encumbrance other than a Permitted Exception, then Seller may (but has no obligation to, except with respect to Non-Permitted Liens) attempt to cure the encumbrance. If

Seller is unable or unwilling to cure the encumbrance, then Purchaser, as its sole and exclusive remedy, may either: (i) terminate this Agreement by written notice to Seller whereupon the Earnest Money shall be returned to Purchaser, and neither party will have any right or obligation under this Agreement other than rights or obligations that expressly survive termination; or (ii) proceed to Closing without receiving any credit against or reduction of the Purchase Price whereupon Purchaser shall be deemed to have accepted the encumbrance as an exception to title (which shall thereupon become a Permitted Exception). For the avoidance of doubt, if after the Effective Date, Seller intentionally or deliberately places on the Property any encumbrance that is not a Permitted Exception and is not otherwise permitted under this Agreement or is not consented to by Purchaser in writing and Seller fails to remove the same prior to Closing, then Seller shall be in default hereunder and Purchaser shall have the remedies set forth in Section 11(b).

(e) **Title Policy.** It is a condition precedent to Purchaser's obligations under this Agreement that on the Closing Date, the Title Company shall be irrevocably committed in writing to issue at Closing or promptly thereafter an Owner Policy of Title Insurance (Form T-1) (i) to Apartment Purchaser in the full amount of the portion of the Purchase Price allocated to the Apartment Property herein insuring good and indefeasible fee simple title to the Apartment Property in Apartment Purchaser and (ii) to Vacant Land Purchaser in the full amount of the portion of the Purchase Price allocated to the Vacant Land insuring good and indefeasible fee simple title to the Vacant Property in Vacant Land Purchaser (each, a "Title Policy"; and collectively, the "Title Policies"). Each Title Policy shall be subject only to (a) the Permitted Exceptions applicable to that portion of the Property covered thereby and (b) the standard pre-printed exceptions, except that: (i) the standard survey exception for area and boundaries shall be deleted, at Purchaser's cost, except for shortages in area (the "Survey Modification"); (ii) any general exception for rights of parties in possession shall be deleted, although there may be included on the Title Policy in respect of the Apartment Property an exception for rights of tenants pursuant to written leases set forth on the Final Rent Roll; (iii) no exception shall be taken for lack of access; and (iv) the arbitration provision shall be deleted. Without limiting Seller's obligations under Section 4(b)(xi), Seller shall deliver to the Title Company at Closing an owner's or seller's affidavit in a form reasonably acceptable to Seller sufficient to permit the Title Company to issue each Title Policy in the form required herein. Purchaser may, at its cost, obtain such additional endorsements to the Title Policies as Purchaser may desire and the Title Company may agree to provide. The Title Policies shall be underwritten by Chicago Title Insurance Company ("Underwriter").

7. **Due Diligence Materials.** No later than the Effective Date, Seller will cause to be delivered to Purchaser or made available to Purchaser or made available on the due diligence website copies of the following (the "Due Diligence Materials"), to the extent (and only to the extent) that these items are available and in Seller's or its property manager's possession or control:

- (i) Tenant Leases (including all amendments, riders, licenses, and side letters relating thereto) and all files related thereto;
- (ii) A list of Tenant Leases; a rent roll (including a delinquency report) for the Property;
- (iii) Operating reports and capital expenditure budgets and reports for the most recent two (2) years;
- (iv) Contracts, and Seller's files related thereto;
- (v) All licenses and permits with respect to the ownership and operation of the Property, including, but not limited to, building permits and certificates of occupancy;

(vi) All third-party warranties and guaranties relating to the Property, or any part thereof, or to the tangible Personal Property;

(vii) Real estate and personal property tax statements with respect to the Property for the most recent two (2) years;

(viii) Utility bills relating to the Property for the most recent two (2) years;

(ix) Repair/maintenance logs and records;

(x) Any Phase I and Phase II assessments; all geotechnical, foundation and soils reports; and all remediation and monitoring plans;

(xi) Any and all area calculations, surveys, plans and specifications (including ADA, architectural, engineering, landscaping and interior design plans), construction documents, site plans, and engineering reports; and

(xii) Any other information or documentation relating to the Property that Purchaser may reasonably request excluding the following (“Seller Proprietary Materials”): (1) any market and economic feasibility studies, (2) any internal reports or analysis prepared by Purchaser or affiliates of Purchaser to the extent related to Seller’s valuation of the Property, (3) any drafts of any such third party reports that were not finalized and produced, (4) any attorney-client privileged communications, (5) any documents or items which Seller in good faith considers proprietary (such as Seller’s or its property managers’ operation manuals) or any materials projecting or relating to the future performance of the Property, and (6) any documents Purchaser is contractually required to keep confidential pursuant to a third party confidentiality agreement; provided, however, in the event any document that Seller is entitled to withhold under clauses (1), (2), (5) or (6) above discloses or identifies any actual or threatened third party claim or liability to a third party against Seller or the Property or that would attach to or be binding upon the Property or Purchaser after the consummation of any purchase of the Property, then Seller shall deliver to Purchaser (x) a redacted copy of such document that discloses and identifies the claim or liability and (y) a written description of such claim or liability describing the same in reasonable detail.

Any failure of Seller to timely deliver or make available any of the Due Diligence Materials will not extend the Inspection Period. Seller makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in the Due Diligence Materials, and Purchaser acknowledges that the Due Diligence Materials will be for informational purposes only and shall not give Purchaser any cause of action against Seller or the preparer, absent an agreement from the preparer that Purchaser is entitled to rely on a particular matter. In no event will the Due Diligence Materials include appraisals, valuation memos, or correspondence related to the sale of the Property.

8. Cooperation with Purchaser’s Auditors and SEC Filing Requirements. Seller shall provide to Purchaser (at Purchaser’s expense) copies of, or shall provide Purchaser access to, such factual information as may be reasonably requested by Purchaser, and in the possession or control of Seller, or its property manager or accountants, to enable Purchaser’s auditor (Deloitte & Touche LLP or any successor auditor selected by Purchaser) to conduct an audit of the income statements of the Property for the year to date of the year in which the Closing occurs plus up to the three prior calendar years. Purchaser shall be responsible for all of Seller’s out-of-pocket costs associated with this audit. Seller shall cooperate (at no out-of-pocket cost to Seller) with Purchaser’s auditor in the conduct of such audit. In addition, Seller agrees to provide to Purchaser’s auditor, if requested by such auditor, historical financial statements for the Property, including income and balance sheet data for the Property, whether required before or after Closing. Without

limiting the foregoing, (i) Purchaser or its designated independent or other auditor may audit Seller's operating statements of the Property, at Purchaser's expense, and Seller shall provide such documentation as Purchaser or its auditor may reasonably request in order to complete such audit, and (ii) Seller shall furnish to Purchaser such financial and other information as may be reasonably required by Purchaser or any Affiliate of Purchaser to make any required filings with the Securities and Exchange Commission or other governmental authority; provided, however, that the foregoing obligations of Seller shall be limited to providing such information or documentation as may be in the possession of, or reasonably obtainable by, Seller, its property manager or accountants, at no out-of-pocket cost to Seller, and in the format that Seller (or its property manager or accountants) have maintained such information. This provision shall survive Closing until the expiration of the Survival Period (as defined below).

9. Broker's Fee. Purchaser and Seller represent and warrant to each other that no real estate commissions, finders' fees, or brokers' fees have been or will be incurred in connection with the sale of the Property by Seller to Purchaser other than a commission payable by Seller to ARA Newmark (David Mitchell) (the "Broker") pursuant to a separate agreement between Seller and Broker. Each party represents to the other that, except as set forth above, it has not authorized any broker or finder to act on its behalf in connection with the sale and purchase under this Agreement and that it has not dealt with any broker or finder purporting to act on behalf of any other party. Purchaser and Seller each hereby agree to indemnify, defend, and hold the other harmless from any claim, liability, obligation, cost, or expense (including attorneys' fees and expenses) for fees or commissions relating to Purchaser's acquisition of the Property asserted against either party by any broker or other person (other than the Broker) claiming by, through, or under the indemnifying party or whose claim is based on the indemnifying party's acts. The provisions of this Section 9 shall survive the Closing or any termination of this Agreement.

10. Limitation of Seller's Representations and Warranties; Release.

(1) AS-IS. EXCEPT AS EXPRESSLY SET FORTH IN SECTION 12 OF THIS AGREEMENT OR IN THE PURCHASE DOCUMENTS (as hereinafter defined), PURCHASER ACKNOWLEDGES AND AGREES THAT PURCHASER IS PURCHASING THE PROPERTY IN AN "AS-IS" CONDITION "WITH ALL FAULTS" AND WITHOUT ANY WARRANTIES, REPRESENTATIONS OR GUARANTEES, EITHER EXPRESSED OR IMPLIED, OF ANY NATURE WHATSOEVER FROM OR ON BEHALF OF SELLER, INCLUDING WITHOUT LIMITATION, THOSE OF FITNESS FOR A PARTICULAR PURPOSE AND USE.

(c) No Reliance. Purchaser acknowledges that (i) Purchaser has had, pursuant to this Agreement, an adequate opportunity to make such legal, factual and other inquiries and investigation as Purchaser deems necessary, desirable or appropriate with respect to the Property, and (ii) except as otherwise expressly set forth in Section 12 of this Agreement or in the Purchase Documents, neither Seller, nor anyone acting for or on behalf of Seller, has made any representation, warranty, promise or statement, express or implied, to Purchaser, or to anyone acting for or on behalf of Purchaser, concerning the Property or the condition, use or development thereof. Purchaser represents that, in entering into this Agreement, Purchaser has not relied on any representation, warranty, promise or statement, express or implied, of Seller, or anyone acting for or on behalf of Seller, other than as expressly set forth in Section 12 of this Agreement and in the Purchase Documents, and that Purchaser shall purchase the Property based upon Purchaser's own prior investigation and examination of the Property. Purchaser has elected to proceed to Closing, and such election was made at Purchaser's absolute discretion, in reliance solely upon the tests, analyses, inspections and investigations that Purchaser makes, or had the right to make and opted not, or otherwise failed, to make, and not in reliance upon any alleged representation made by or on behalf of Seller, except as set forth in Section 12 and in the Purchase Documents.

(1) **Release**. Except as may be expressly provided in Section 12 of this Agreement or in the Purchase Documents, and subject to the limitations set forth in this paragraph, Purchaser, for itself and its successors in interest, releases Seller and its affiliates and their respective members, managers, partners, officers, directors, employees and advisors (collectively "**Seller Parties**") from, and waives all claims and liability against the Seller Parties for, any structural, physical, environmental, economic, legal, financial or operational condition at the Property, and hereby releases the Seller Parties from, and waives all liability against the Seller Parties attributable to, the structural, physical, environmental, economic, legal, financial or operational condition of the Property, including without limitation (i) any damages arising out of a violation of any legal requirement with respect to the physical condition, maintenance or improvement of the Property, including zoning and building codes and the Americans with Disabilities Act; (ii) any damages arising out of the state of the physical condition, maintenance or improvement of the Property on or before the Closing Date; (iii) any damages arising out of the presence, discovery or removal of any hazardous materials or substances in, at, about or under the Property, or connected with or arising out of any and all claims or causes of action based upon any environmental law, including CERCLA (Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by SARA Superfund Amendment and Reauthorization Act of 1986 and as may be further amended from time to time) or any related claims or causes of action or any other federal, state or municipal based statutory or regulatory causes of action for environmental contamination at, in or under the Property. The provisions of this Section 10 shall survive indefinitely any Closing or termination of this Agreement and shall not be merged into the Purchase Documents.

Seller and Purchaser hereby acknowledge and agree to the provisions of this Section 10:

Seller: _____

Purchaser: _____

11. Default

(a) **Seller's Remedies**. If Purchaser fails to perform its obligations to consummate the purchase transaction pursuant to this Agreement at Closing for any reason except the failure by Seller to perform its obligations hereunder or the failure of any condition precedent to Purchaser's obligation to consummate the Closing, and Purchaser's failure is not cured within three (3) Business Days after written notice from Purchaser to Seller (with the Closing Date being extended as necessary to provide such full three (3) Business Day period), then Seller, as its sole and exclusive remedy may terminate this Agreement and receive the Earnest Money as liquidated damages and not as penalty, in full satisfaction of claims against Purchaser hereunder (except for any claims arising under Section 5(a) or Section 9). Seller and Purchaser agree that Seller's damages resulting from Purchaser's default are difficult, if not impossible, to determine, and the Earnest Money is a fair estimate of those damages and has been agreed to in an effort to cause the amount of damages to be certain. Notwithstanding the foregoing, nothing in this Section 11(b) shall limit Seller's remedies at law, in equity or as herein provided in the event of a breach by Purchaser (A) after Closing, of any of the Purchase Documents, (B) after Closing, of any of the obligations hereunder that survive the Closing, or (C) after termination of this Agreement, of any of the obligations hereunder that survive the termination of this Agreement. In no event or circumstance shall Seller be entitled to any consequential or punitive damages. Seller's remedies shall be limited to those described in this Section 11(a). The provisions of this Section 11(a) shall survive the Closing or any termination of this Agreement.

(b) **Purchaser's Remedies**. If Seller fails to perform its obligations to consummate the sale transaction pursuant to this Agreement at Closing for any reason except failure by Purchaser to perform its obligations hereunder or the failure of any condition precedent to Seller's obligations to consummate the Closing, and Seller's failure is not cured within three (3) Business Days after written notice

from Purchaser to Seller (with the Closing Date being extended as necessary to provide such full three (3) Business Day period), then Purchaser may, as its sole and exclusive remedy, either: (i) terminate this Agreement by giving Seller written notice of its election and recover the Earnest Money and reimbursement of the verified out-of-pocket costs and expenses incurred by Purchaser in connection with this Agreement up to a maximum amount of One Hundred and Fifty Thousand and No/100 Dollars (\$150,000.00); (ii) enforce specific performance of Seller's obligations under this Agreement and, in such event, recover from Seller all legal fees, court costs and all other reasonable costs of such action; provided that, if Purchaser elects to seek specific performance, Purchaser may, at any time prior to judgment having been obtained, abandon pursuit of specific performance upon written prior written notice to Seller, upon which abandonment Purchaser will be deemed to have elected to terminate this Agreement and proceed under clause (i) above; or (iii) waive Seller's failure or breach and proceed to Closing. Notwithstanding anything herein to the contrary, Purchaser shall be deemed to have elected to terminate this Agreement if Purchaser fails to deliver to Seller written notice of its intent to file a claim or assert a cause of action for specific performance against Seller on or before thirty (30) days following the scheduled Closing Date or, having given that notice, fails to file a lawsuit asserting the claim or cause of action in Harris County, Texas, within sixty (60) days following the scheduled Closing Date. Unless Purchaser in good faith either (1) disputes an allegation of Purchaser's default and promptly files suit for declaratory judgment or (2) alleges a Seller default that continues after the notice and cure period set forth above and timely files suit for specific performance and the action is pending, Purchaser may not place a *lis pendens* against all or any portion of the Property, and Purchaser hereby waives and releases any right it may have under applicable law to file any *lis pendens*. In no event or circumstance shall Purchaser be entitled to any consequential or punitive damages. Purchaser's remedies shall be limited to those described in this Section 11. Notwithstanding the foregoing, nothing in this Section 11(b) shall limit Purchaser's remedies at law, in equity or as herein provided in the event of a breach by Seller (A) after Closing, of any of the Purchase Documents, (B) after Closing, of any of the obligations hereunder that survive the Closing, or (C) after termination of this Agreement, of any of the obligations hereunder that survive the termination of this Agreement. The provisions of this Section 11 shall survive the Closing or any termination of this Agreement.

Seller and Purchaser hereby acknowledge and agree to the provisions of this Section 11:

Seller: _____ Purchaser: _____

12. Representations and Warranties of Seller.

(a) **Representations and Warranties.** Seller hereby represents and warrants to Purchaser, which representations and warranties shall be deemed made by Seller to Purchaser as of the Effective Date and also as of the Closing Date, that:

(i) **Parties in Possession; Purchase Options.** There are no parties in possession of any portion of the Property except Seller and tenants under Tenant Leases. Seller has not entered into any contract, lease or other agreement that is presently in effect whereby it has agreed to sell or otherwise transfer the Property, or any interest therein or any part thereof, or whereby it has granted to any third party an option or a right of first refusal to purchase or lease all or any part of the Property or any interest therein.

(ii) **Organization and Authority.** Each entity comprising Seller has been duly organized and is validly existing as a limited partnership under the laws of the State of Delaware. Seller is duly qualified and in good standing to do business in the State of Texas. Seller has the power and authority to sell and convey the Property as provided in this Agreement and to carry out Seller's obligations under this

Agreement, and that all requisite corporate or partnership action necessary to authorize Seller to enter into this Agreement and to carry out Seller's obligations under this Agreement has been taken.

(iii) **Contracts**. To Seller's actual knowledge, the list of Contracts attached hereto as Exhibit H is a true, correct and complete list in all material respects of all Contracts as of the date of its delivery. Seller has delivered to Purchaser true, correct and complete copies in all material respects of all Contracts in effect as of the Effective Date and will deliver to Purchaser true, correct and complete copies of any Contract entered into after the Effective Date promptly after the execution and delivery thereof. Neither Seller nor, to Seller's knowledge, any other counterparty to any Contract is in material default of its obligations under any Contract.

(1) **Operating Statements**. The operating statements for the Property relating to the period of Seller's ownership of the Property made available to Purchaser pursuant to this Agreement are the operating statements used and relied on by Seller in its operation of the Property.

(iv) **No Notice of Violations**. Except as may have been specifically disclosed in writing to Purchaser prior to the Effective Date, Seller has received no written notice (that remains uncured) (i) from any government agency having jurisdiction over the Land or Improvements that considers either the construction of the Improvements or the operation or use of the Property to be in violation of any law, ordinance, regulation, or order or (ii) that the Seller or the Property is in breach of any covenant, condition, restriction or easement affecting the Property.

(v) **No Litigation; Eminent Domain**. Except as set forth on Exhibit I, there are no actions, suits or proceedings pending for which Seller has received service of process, before or by any judicial, administrative or union body, any arbiter or any governmental authority, against or affecting Seller or the Property. Seller has not received any written notice of a pending or threatened eminent domain or similar proceeding that would affect the Land or Improvements.

(vi) **Not a Foreign Person**. Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended, and the Income Tax Regulations thereunder.

(vii) **OFAC**. Neither the Seller nor any of its officers, managers nor directors, nor any direct or, to the Seller's knowledge, indirect owner of ten percent (10%) or more of the legal or beneficial interests in the Sellers, nor, to the Seller's Knowledge, any other legal or beneficial owner of the Seller, (i) is a person or entity described by Section 1 of the Executive Order (No. 13,224) Blocking Property and Prohibiting Transactions With Persons Who commit, Threaten to Commit, or Support Terrorism, 66 Fed. Reg. 49,079 (September 25, 2001), (ii) engages in any dealings or transactions, or is otherwise associated, with any of those persons or entities.

(viii) **Bankruptcy**. Seller has not made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy, admitted in writing its inability to pay its debts as they come due, or made an offer of settlement, extension or composition to its creditors generally, and Seller has received no written notice of and has no knowledge of (i) the filing of any involuntary petition by Seller's creditors, (ii) the appointment of a receiver to take possession of all, or substantially all, of Seller's assets, or (iii) the attachment or other judicial seizure of all, or substantially all, of Seller's assets.

(ix) **Leases**. The Rent Roll attached hereto as Exhibit F (i) was prepared by or for Seller in the ordinary course of its business in connection with its ownership and operation of the Property, (ii) is used and relied on by Seller in connection with its ownership and operation of the Property and, (iii) to Seller's knowledge, is true, correct and complete as of the date thereof. Except as set forth in the Rent

Roll, there are no Leases or occupancy agreements to which Seller is a party affecting the Property. Except for the Designated Contracts, there are no lease brokerage agreements, leasing commission agreements, or other agreements providing for payments of any amounts for leasing activities or procuring tenants with respect to the Property that would be binding on Purchaser following Closing. Seller has delivered or will deliver or make available to Purchaser a true, correct and complete copy of the form of Lease currently used by Seller or its property manager in its operation of the Property and shall make available to Purchaser true, correct and complete copies of each Lease.

(x) **Environmental**. Seller has delivered or made available to Purchaser true, correct and complete copies in all material respects of all environmental reports and assessments to the extent in Seller's or its property manager's possession or control.

(xi) **Employees**. Neither Seller nor its property manager has any employees which Purchaser shall be obligated to employ following the Closing, and Seller has no employees on-site at the Property providing on-site services to the Property, and all such services are performed by employees of Seller's property manager.

(xii) **ERISA**. Seller does not hold the "plan assets" of any employee benefit plan or other plan within the meaning of 29 CFR 101, as modified by Section 3(42) of ERISA.

(b) **Seller's Knowledge**. Whenever the phrases "to Seller's actual knowledge" or "to the best of Seller's knowledge" or any similar phrase is used herein, those phrases mean the present, actual knowledge (as opposed to the imputed knowledge), without inquiry or investigation, of the fact or condition by Jeff Gray (collectively if one or more "Seller's Representative"). The representations and warranties contained in Section 12 are the representations and warranties of Seller, not Seller's Representative, and shall not create any individual liability for Seller's Representative. Seller represents that Seller's Representative is the person within Seller's organization who would be most likely to have knowledge concerning the matters covered by the representations and warranties of Seller set forth herein.

(c) **Condition Precedent**. It is a condition precedent to Purchaser's obligations under this Agreement that as of the Closing Date, all of Seller's representations and warranties shall be true and correct in all material respects. If the representations and warranties of Seller, which were true and correct when made, are not true and correct in all material respects on the Closing Date, and that change is not attributable to Seller's breach of its obligations hereunder or Seller's actions or omissions, then Purchaser may, at its option, (i) waive this condition and close this transaction in accordance with the terms and provisions of this Agreement, or (ii) terminate this Agreement by notice in writing to Seller and receive back the Earnest Money whereupon neither party shall have any further rights or obligations under this Agreement, other than rights or obligations that expressly survive termination. The obligation of Purchaser to consummate the Closing shall be subject to the fulfillment on or before the Closing Date of all of the following conditions: (i) Seller shall have completed the Elevator Work (defined below) and Purchaser shall have approved the same; which approval shall not be unreasonably withheld, and (ii) Seller shall have performed and observed, in all material respects, all covenants and agreements of this Agreement to be performed and observed by Seller as of the Closing Date. In the event that any of the conditions listed in the immediately preceding sentence are not either satisfied or waived in writing by Purchaser prior to the Closing Date, Purchaser shall deliver written notice to Seller describing the condition not satisfied or waived, and if such condition remains unsatisfied as of the Closing Date, then without limiting Purchaser's rights under Section 11(b), to the extent applicable, Purchaser shall have the right to terminate this Agreement by written notice to Seller and the Title Company, and upon any such termination, the Title Company shall promptly return the Earnest Money to Purchaser.

(d) Survival Period. Subject to the provisions of Section 12(e), and notwithstanding anything else to the contrary contained in this Agreement, in any exhibits attached hereto, or in any documents executed or to be executed at Closing or otherwise in connection herewith (collectively, the “Purchase Documents”), all of Seller's representations, warranties, covenants, undertakings, indemnities, and agreements contained in any of the Purchase Documents (collectively, “Seller's Undertakings”) shall survive the Closing for a period of six (6) months (the “Survival Period”). Purchaser acknowledges that it is a sophisticated purchaser who is familiar with the ownership and operation of real estate projects similar to the Property, and Purchaser and Seller have negotiated and agreed upon the length of the Survival Period as an adequate period of time for Purchaser to discover any and all facts that could give rise to a claim or cause of action for a breach of a representation. Purchaser may bring an action against Seller on the breach of any Seller's Undertakings, but only if: (i) Purchaser first obtains actual knowledge of the breach after Closing and files the action within the Survival Period and (ii) the damage to Purchaser on account of the breach (individually or when combined with damages from other breaches) equals or exceeds Fifty Thousand and No/100 Dollars (\$50,000.00), in which event the full amount of such damages shall be payable (i.e., Purchaser shall be permitted to recover damages beginning with “dollar one”). Furthermore, Purchaser agrees that Seller's liability, however and whenever arising, whether based on or through, directly or indirectly, in whole or in part, any breach of Seller's Undertakings, at law or in equity, or any other claim or basis arising under the Purchase Documents or with respect to the Property, at law or in equity, shall not exceed, in the aggregate, Seven Hundred and Fifty Thousand No/100 Dollars (\$750,000.00) (the “Liability Cap”). The provisions of this Section 12(d) shall survive the Closing. Notwithstanding the foregoing, the provisions of this Section 12(d) (including the Liability Cap and the Survival Period) shall not apply to the obligations of the parties with respect to prorations and post-Closing adjustments thereto pursuant to Sections 4(e) and (f) or to the obligations of the parties with respect to Section 9, and amounts payable by Seller under such Sections 4(e), 4(f) and 9 shall not apply towards the Liability Cap. Until the expiration of the Survival Period, Seller shall hold back (and shall not distribute) the sum of Seven Hundred and Fifty Thousand No/100 Dollars (\$750,000.00) in its bank account. If Seller has not received written notice of any claim hereunder during the Survival Period, then upon expiration of the Survival Period, the Seller may at any time and without any further notice to or consent from Purchaser, distribute the Seven Hundred and Fifty Thousand No/100 Dollars (\$750,000.00); provided, however, if Seller has received written notice from Purchaser for any claim hereunder during the Survival Period, then Seller shall hold back in its bank account and not distribute the amount in dispute until the final resolution of such claim, but Seller may distribute the difference between the amount required to be held back as provided above and the amount subject to such dispute.

(e) Untrue Representation or Warranty. If, prior to Closing, Seller or Purchaser obtains actual knowledge that any representation or warranty of Seller in this Agreement is incorrect in any material respect (and, for purposes hereof, “material” shall mean having a cost, loss or damage equal to or in excess of Fifty Thousand and No/100 Dollars (\$50,000.00)), then such party shall promptly notify the other of such incorrectness. Seller shall thereupon have the right take such action as shall be necessary in order to render correct the representation or warranty which was incorrect. If Seller fails to notify Purchaser within ten (10) days after receiving Purchaser's notice that Seller intends to take such action, then Purchaser's sole remedy, assuming that Purchaser was correct in stating that Seller's representation or warranty was materially incorrect and provided that such representation (i) was not intentionally false or misleading when made and (ii) is not incorrect as a result of the breach of Seller's covenants or obligations hereunder, shall be to terminate this Agreement by notice to Seller given within five (5) days after the expiration of such ten (10) day period, in which case Purchaser shall be entitled to the return of the Earnest Money, where upon no party shall have any further rights or obligations under this Agreement other than those that expressly survive Closing; otherwise, Purchaser shall be deemed to have waived any right to terminate this Agreement or to recover from Seller on account of such incorrectness. If Purchaser obtains knowledge prior to the Closing that any representation or warranty of Seller herein is incorrect in any material respect but does not

notify Seller as provided above, Purchaser will be deemed to have forever waived any right to recover from Seller on account of such incorrectness. For the avoidance of doubt, in the event any representation of Seller was intentionally false or misleading when made or thereafter becomes incorrect as a result of a breach of Seller's covenants or obligations hereunder, then Purchaser shall have the remedies provided in Section 11(b).

13. Covenants of Seller. From the Effective Date until Closing, Seller shall:

(a) **Operations.** Maintain and operate the Property in its current state and condition, reasonable wear and tear and damage from casualty excepted, and operate, lease and manage the Property in the ordinary course of Seller's business and in a manner consistent with the standards of operation prevailing immediately prior to the Effective Date.

(b) **Insurance.** Continue all insurance policies relative to the Property in full force and effect.

(c) **Removal of Property.** Not remove any item of Personal Property from the Land or Improvements unless replaced by an item of Personal Property of substantially similar quality to the item removed, except for any dead landscaping, which Seller shall have no obligation to replace.

(d) **Contracts.** Perform in all material respects its obligations under the Contracts, and refrain from entering into or amending any contracts, or other agreements (excluding leases) regarding the Property, other than contracts in the ordinary and usual course of business and which are cancelable by the owner of the Property without penalty within thirty (30) days after giving notice thereof.

(e) **Leases.** Perform in all material respects its obligations under the Tenant Leases. Seller shall continue to enter into new Tenant Leases or renewals of existing Tenant Leases with respect to the Apartment Property without the consent or approval of Purchaser provided that such new Tenant Lease or renewal (i) is made upon the current economic terms offered by Seller to new or renewal tenants (i.e., no below-market rental rates or lease terms), (ii) is made on the standard Tenant Lease form employed by the Seller at the Property, (iii) is for a term not in excess of fifteen (15) months, and (iv) is not a "corporate lease" or similar arrangement (e.g., any lease with any person or entity in the business of subletting the same, or any lease that provides for the lease of more than one apartment unit to any given person or entity (or related persons or entities); otherwise, any new Tenant Lease or renewal of existing Tenant Lease shall require the prior written approval of Purchaser not to be unreasonably withheld, conditioned or delayed from and after the Effective Date through the expiration of the Inspection Period; provided, however, after the expiration of the Inspection Period, new Tenant Leases or renewals of existing Tenant Leases that do not meet the criteria outlined in clauses (i) through (iv) shall be approved or denied in Purchaser's sole discretion. Seller shall not make or grant any concession or forgiveness for any period after the Closing Date to any tenant under any Tenant Lease without Purchaser's prior written approval (except for concessions Seller currently provides in the ordinary course of business). In no event shall Seller enter into any lease, license, or other occupancy agreement with respect to the Vacant Land without Purchaser's prior written approval, in its sole discretion.

(f) **Notices.** Provide Purchaser with copies of all written notices received by Seller after the Effective Date which assert any material breach of Tenant Leases, Contracts, laws, covenants or permits applicable to the Property.

(g) **Elevator Repair Work/Permits.** On or prior to August 31, 2018, at Seller's sole cost and expense, Seller shall perform and complete the elevator repair work for the Apartment Property set

forth in the proposal from Kone Inc. dated September 7, 2017 (the “Elevator Work”), a copy of which proposal was provided to and approved by Purchaser prior to the Effective Date. Seller will notify Purchaser when the Elevator Work is complete (which notice may be by email to Dan Box at dan.box@hines.com and Tarah Vela at tarah.vela@hines.com), and prior to Closing, Purchaser shall review and approve the Elevator Work, which approval shall not be unreasonably withheld. In addition, Seller shall use commercially reasonable efforts to provide Purchaser with evidence of valid permits for combustible materials and 911 boxes prior to Closing.

14. Representations and Warranties of Purchaser. Purchaser represents and warrants to Seller, which representations and warranties shall be deemed made by Purchaser to Seller as of the Effective Date and also as of the Closing Date:

(a) **Authority.** Purchaser has the full right, power and authority to purchase the Property as provided in this Agreement and to carry out Purchaser's obligations hereunder, and that all requisite action necessary to authorize Purchaser to enter into this Agreement and to carry out Purchaser's obligations hereunder has been taken or will be taken prior to the expiration of the Inspection Period.

(b) **OFAC.** Neither the Purchaser nor any of its officers, managers nor directors, nor any direct or, to the Purchasers' knowledge, indirect owner of ten percent (10%) or more of the legal or beneficial interests in the Purchasers, nor, to the Purchasers' knowledge, any other legal or beneficial owner of the Purchasers, (i) is a person or entity described by Section 1 of the Executive Order (No. 13,224) Blocking Property and Prohibiting Transactions With Persons Who commit, Threaten to Commit, or Support Terrorism, 66 Fed. Reg. 49,079 (September 25, 2001), or (ii) engages in any dealings or transactions, or is otherwise associated, with any of those persons or entities.

If this Agreement is not terminated prior to Closing pursuant to the terms and provisions hereof and Purchaser fails to consummate the Closing (even if such failure is the result of a breach of Purchaser's representations and warranties above) for any reason except the failure by Seller to perform its obligations hereunder or the failure of any condition precedent to Purchaser's obligation to consummate the Closing, and such failure is not cured within the cure period set forth in Section 11(a), then Purchaser shall be in default hereunder and Seller shall have the remedies set forth in Section 11(a).

15. Condemnation. In the event that all or any substantial portion of the Property shall be taken in condemnation or under the right of eminent domain prior to the Closing Date, Seller shall promptly notify Purchaser thereof. Within five (5) Business Days after receipt of the foregoing notice (and the Closing Date shall be extended as necessary to provide Purchaser with such full five (5) Business Day period), Purchaser shall notify Seller, electing either: (a) to proceed with this transaction and Closing in accordance with this Agreement notwithstanding such condemnation; or (b) to terminate this Agreement, receive a refund of the Earnest Money and neither party shall have any further rights or obligations under this Agreement except for those that expressly survive termination. If Purchaser elects to proceed with this transaction pursuant to clause (a) above, or if there is a taking in condemnation or eminent domain that does not affect a substantial portion of the Property, there shall be no reduction in the Purchase Price and Seller shall (i) deliver to Purchaser at the Closing, or as soon thereafter as available, any proceeds actually received by Seller attributable to the Property from such condemnation or eminent domain proceeding, and (ii) transfer and assign to Purchaser any and all rights Seller may have with respect to payments by or from and with respect to recovery against any party for damages or compensation relating to the Property on account of such condemnation or eminent domain proceeding. A failure by Purchaser to notify Seller in writing within five (5) Business Days after receiving written notice of such taking shall be deemed an election to proceed under clause (a) in this Section 15. If Purchaser elects (or is deemed to elect) to proceed under clause (a) in this

Section 15, Seller shall not compromise, settle or adjust any claims to such award without Purchaser's prior written consent. For purposes of this provision, a "substantial portion" of the Property shall be deemed to include (A) any taking of any portion of the building on the Land or the Land underlying the building, (B) any taking of the lesser of (I) five percent (5%) of the parking spaces for the Property, or (II) such number of parking spaces as would leave the Property in violation of any ordinance, lease, reciprocal easement agreement or declaration of covenants, conditions and restrictions affecting the Property, (C) any taking which gives rise to a right on behalf of any tenant under a Tenant Lease to terminate its Tenant Lease, and (D) any taking which materially alters the means of vehicular access to the Property.

16. Damage to Property. Seller agrees to give Purchaser prompt notice of any fire or other casualty affecting the Land, the Improvements, or the Personal Property between the Effective Date and the Closing. The notice of casualty delivered by Seller to Purchaser upon the occurrence of any casualty shall specify whether the casualty is insured or uninsured and the cost to repair the damage caused by such casualty.

(a) If, before Closing, the Property is damaged (i) by an insured fire or other casualty that would cost an amount equal to One and a Half Million and No/100 Dollars (\$1,500,000.00) or more to repair or (ii) by an uninsured casualty that Seller is unwilling or unable to repair on or before Closing, or (iii) by any fire or other casualty (whether or not insured) that will result in a loss of rents (after taking into account rent loss proceeds) of more than five percent (5%) of the rent payable under the Tenant Leases prior to such casualty or give rise to a right in favor of ten (10) or more tenants to terminate their Tenant Leases (each, a "Major Casualty"), then either Purchaser or Seller may, at its option, elect to terminate this Agreement by written notice to the other party within twenty (20) days after the date of Seller's notice to Purchaser of the casualty (and the Closing Date shall be extended as necessary to provide Purchaser with such full five (5) Business Day period), in which case the Earnest Money shall be refunded to Purchaser, and neither party shall have any further rights or obligations under this Agreement, other than rights and obligations that expressly survive termination. If neither Purchaser nor Seller timely makes its election to terminate this Agreement pursuant to this Section 16 and the casualty is insured, then the Closing shall take place as provided herein, the Purchase Price shall be reduced by an amount equal to Seller's deductible under its insurance policies, and Seller shall assign to Purchaser at the Closing all of Seller's interest in and to any casualty insurance proceeds that may be payable to Seller on account of the occurrence, including, to the extent assignable, the proceeds of any business interruption or loss of rental insurance. If neither Purchaser nor Seller timely makes its election to terminate this Agreement pursuant to this Section 16 and the casualty is uninsured, then the Closing shall take place as provided herein, Purchaser shall accept the Property in its condition at Closing and the Purchase Price shall not be reduced.

(b) If, before Closing, the Property is damaged by (i) a fire or other casualty that is not a Major Casualty or (ii) an uninsured casualty and Seller repairs the damage before Closing, then Purchaser may not terminate this Agreement, and if the casualty is insured, the Purchase Price shall be reduced by an amount equal to Seller's deductible under its insurance policies, and Seller shall assign to Purchaser at the Closing all of Seller's interest in and to any casualty insurance proceeds that may be payable to Seller on account of the occurrence, including, to the extent assignable, the proceeds of any business interruption or loss of rental insurance.

(c) Seller and Purchaser both agree to use the Seller's insurance adjuster's assessment to determine the amount of damages.

17. Assignment. Purchaser may not assign this Agreement without Seller's prior written consent, which consent shall be given or denied in Seller's sole and absolute discretion, except that Apartment Purchaser and/or Vacant Land Purchaser may make up to two assignments each of its interest in and to this

Agreement to an entity that is an affiliate of and controlled by Hines Global Income Trust, Inc.; provided, however, that (a) the assigning Purchaser shall not be released from any of its liabilities and obligations under this Agreement by reason of such designation or assignment; and (b) such designation or assignment shall not be effective until Purchaser has provided Seller with a fully executed copy of such designation or assignment and assumption instrument (which shall be in substantially the form attached hereto as Exhibit J), which shall (i) provide that Purchaser and such designee(s) or assignee(s) shall be jointly and severally liable for all liabilities and obligations of Purchaser under this Agreement, (ii) include a representation and warranty in favor of Seller that all representations and warranties made by Purchaser in this Agreement are true and correct with respect to such designee(s) or assignee(s) as of the date of such designation or assignment, and will be true and correct as of the Closing, and (iii) otherwise be in customary form and substance reasonably satisfactory to Seller.

18. Miscellaneous.

(a) Notice. All notices, demands, and requests and other communications required or permitted under this Agreement must be in writing and will be deemed to be delivered when actually received by facsimile or personal delivery or, if earlier and regardless whether actually received or not, (i) upon one (1) Business Day following deposit with a nationally recognized overnight courier for next Business Day delivery, charges prepaid, or (ii) upon three (3) Business Days following deposit in a regularly maintained receptacle for the United States mail, registered or certified, postage prepaid, in either event to be addressed to the addressee as follows:

If to Seller:

c/o NewTower Trust Company
7315 Wisconsin Avenue, Suite 350 West
Bethesda, MD 20814
Attn: Robert B. Edwards/President
Phone: (240) 235-9960
Fax: (240) 235-9961

With a copy to:

c/o Bentall Kennedy (U.S.) Limited Partnership
Attn: Director of Asset Management – MEPT
1201 Third Avenue, Suite 3000
Seattle, WA 98101
Phone: 206-623-4739
Fax: 206-832-2888

And with a copy to:

c/o Bentall Kennedy (U.S.) Limited Partnership
Attn: Director of Asset Management – MEPT
7315 Wisconsin Avenue, Suite 200 West
Bethesda, MD 20814
Phone: 301-656-9119
Fax: 301-656-9339

And with a copy to:

McNaul Ebel Nawrot & Helgren PLLC
600 University Street, Suite 2700
Seattle, WA 98101
Attn: Marc O. Winters
Phone: (206) 467-1816
Fax: (206) 624-5128

And with a copy to:

Grayco Museum Investment LP
55 Waugh, Suite 500
Houston, Texas 77007
Attn: John J. (Jeff) Gray, III & John Britton
Fax: (713) 426-2506

If to Purchaser:

c/o Hines Interests Limited Partnership
2800 Post Oak Boulevard, Suite 4800
Houston, Texas 77056 6118
Attention: Kevin McMeans
Telephone: 713.966.5322
Fax: 713.355.8593

With copies to:

Hines Interests Limited Partnership
609 Main Street, Suite 4400
Houston, Texas 77002-2712
Attention: Dan Box
Telephone: 713.237.5655
Fax: 713.222.7621

Hines Global Income Trust
c/o Hines Advisors Limited Partnership
2800 Post Oak Boulevard, Suite 4800
Houston, Texas 77056
Attention: Jason P. Maxwell – General Counsel
Telephone: 713.966.7638
Fax: 713.966.2075

Baker Botts L.L.P.
910 Louisiana Street
Houston, Texas 77002
Attention: Chris Wilson
Telephone: 713.229.1795
Fax: 713.229.7895

(b) Governing Law. This Agreement will be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Harris County, Texas.

(c) Attorney's Fees. Any party to this Agreement who is the substantially prevailing party in any legal proceeding against the other party brought under or with respect to this Agreement or transaction will be additionally entitled to recover court costs and reasonable attorneys' fees from the other party.

(d) Exculpation for Liability. None of the Seller's members, managers, officers, directors, agents, employees, affiliates, investment advisors or trustees shall have any personal liability of any kind or nature, nor shall Purchaser have the right to receive any judgment or otherwise recover against the assets of the aforesaid, under or arising out of or in any way relating to this Agreement and the transactions contemplated under this Agreement. Purchaser hereby waives for itself and anyone who may claim by, through or under Purchaser any and all rights to sue or recover on account of any such alleged personal

liability or to receive any judgment or otherwise recover against the assets of any member, manager, officer, director, agent, employee, affiliate, investment advisor or trustee of Seller. None of the Purchaser's members, managers, officers, directors, agents, employees, affiliates, investment advisors or trustees shall have any personal liability of any kind or nature, nor shall Seller have the right to receive any judgment or otherwise recover against the assets of the aforesaid, under or arising out of or in any way relating to this Agreement and the transactions contemplated under this Agreement. Seller hereby waives for itself and anyone who may claim by, through or under Seller any and all rights to sue or recover on account of any such alleged personal liability or to receive any judgment or otherwise recover against the assets of any member, manager, officer, director, agent, employee, affiliate, investment advisor or trustee of Purchaser.

(e) Disclosure.

(i) Neither Purchaser nor Seller shall make a public disclosure of the terms of this transaction or any of the terms or provisions set forth in this Agreement, either before or after Closing. Notwithstanding the foregoing, this general prohibition shall not prevent either party from (a) releasing a press release concerning the sale of the Property after Closing, provided that such press release is approved in advance by the other party, which consent shall not be unreasonably withheld, delayed or conditioned if the press release contains only the names of Seller and Purchaser, the Closing Date and customary quotes usually included in a press release of this nature; (b) disclosing any information regarding this transaction the extent that such disclosure is required by applicable law, rule or regulation or a court or other binding order; (c) disclosing any information regarding this transaction to any current, or prospective lenders, members, partners, officers, employees, investors, consultants or advisors; provided that any recipient is advised of the confidential nature of such information and restrictions on its disclosure; or (d) making any public statement, filing or other disclosure that such party reasonably believes to be required or desirable under applicable securities laws. Any party desiring to issue a press release shall deliver to the other party a copy of the press release at least three (3) Business Days prior to the desired date of issuance.

(ii) Notwithstanding the provisions of Section 18(e)(i) or any other section in this Agreement to the contrary, Seller recognizes that Hines Global Income Trust, Inc. ("HGIT"), which indirectly owns interests in Purchaser, is a public non-traded company, and it acknowledges and agrees that Purchaser or Hines Global REIT II, Inc. may disclose in SEC and other filings with governmental authorities, financial statements and/or other communications such information regarding the transactions contemplated hereby and any such information relating to the Property as may be necessary or advisable under federal or state securities law, rules or regulations (including U.S. Securities and Exchange Commission ("SEC") rules and regulations), "generally accepted accounting principles" or other accounting rules or procedures or in accordance with Hines Global Income Trust, Inc.'s prior custom, practice or procedure (collectively, the "Purchaser's Disclosure Requirements"). Without limiting the foregoing, Seller consents to Hines Global Income Trust, Inc. publicly disclosing the possible transactions contemplated hereby and the filing this Agreement with the SEC promptly after the execution of the same by both parties only to the extent required by Purchaser's Disclosure Requirements.

(iii) The provisions of this Section 18(e) shall survive the closing of the transaction contemplated by this Agreement or termination of this Agreement without restriction or limitation.

(f) **Successors and Assigns.** This Agreement will be binding upon and inure to the benefit of the parties hereto, their respective heirs, executors, administrators, legal representatives, successors, and permitted assigns.

(g) **Severability.** If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, that invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if the invalid, illegal, or unenforceable provision had never been contained herein. Furthermore, in lieu of any invalid, illegal, or unenforceable provision, there shall be automatically added to this Agreement a provision as similar to the illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

(h) **Entire Agreement.** This Agreement (i) constitutes the sole and only agreement of the parties hereto with respect to the subject matter hereof (ii) supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter hereof, and (iii) cannot be changed except by their written consent.

(i) **Time for Performance.** Time is of the essence with this Agreement.

(j) **References.** All references to "Sections" contained in this Agreement are, unless specifically indicated otherwise, references to articles, sections, subsections, and paragraphs of this Agreement. Whenever in this Agreement the singular number is used, the same shall include the plural where appropriate (and vice versa), and words of any gender shall include each other gender where appropriate. All references to "Exhibits" and "Schedules" are, unless specifically indicated otherwise, references to exhibits, schedules, and attachments to this Agreement, which are incorporated into this Agreement by each reference.

(k) **Survival.** None of the covenants or other obligations of Seller or Purchaser shall survive the Closing unless such survival is expressly provided for in this Agreement, in which case such covenants or obligations shall survive for the periods provided in this Agreement (or, if no period is provided, indefinitely) and shall not be deemed to have merged or terminated at the Closing or any termination or cancellation of this Agreement.

(l) **Counterparts.** The parties may execute this Agreement in one or more identical counterparts, all of which when taken together will constitute one and the same instrument. A facsimile or electronic mail transmission shall be binding on the party or parties whose signatures appear thereon. If so executed, each counterpart is to be deemed an original for all purposes, and all counterparts shall, collectively, constitute one agreement, but in making proof of this Agreement, it shall not be necessary to produce or account for more than one counterpart.

(m) **Rule of Construction.** The parties hereto acknowledge that the parties and their respective counsel have each reviewed and revised this Agreement, and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

(n) **No Recording of Agreement.** Neither party (nor any of their respective agents or representatives) shall record this Agreement (or any memorandum or short form of this Agreement) without the prior written consent of the other.

(o) **Waiver of Jury Trial.** Each party hereto, knowingly and voluntarily, and for their mutual benefit, waives any right to trial by jury in the event of litigation regarding the performance or enforcement of, or in any way related to, this Agreement.

(p) **Business Day.** “Business Day” means a date that is not a Saturday, Sunday or holiday observed by federally chartered banks in the State where the Property is located. Whenever any determination is to be made or action to be taken on a date specified in this Agreement, if the date falls upon a date that is not a Business Day, the date for the determination or action shall be extended to the first Business Day immediately thereafter.

(q) **Backup Contracts.** In no event shall Seller enter into any backup contracts for the sale of the Property.

(r) **Effective Date.** The “Effective Date” of this Agreement shall be the date an original of this Agreement (or original counterparts of this Agreement) is executed by both Seller and Purchaser and each party has received a fully executed copy thereof. The Effective Date shall be set forth in the introductory paragraph of this Agreement.

(s) **1031 Exchange.** Seller shall have the right to assign its respective rights under this Agreement (but without release of Seller’s obligations herein) to a third party who may act as a “qualified intermediary” with respect to the Property in accordance with the provisions of Section 1031 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (an “Exchange”), provided that: (a) such exchange shall be accomplished at no additional expense or delay to Purchaser; (b) the consummation or accomplishment of the Exchange shall not be a condition to Seller’s obligations under this Agreement; (c) notwithstanding any such assignment, Seller shall be and remain liable for the performance of all of the obligations of “Seller” under this Agreement and all Purchase Documents, it being agreed that in no event shall any actual or proposed Exchange limit or affect the obligations or liabilities of Seller under this Agreement or the Purchase Documents; and (d) Seller shall be solely responsible for, and Seller agrees to indemnify Purchaser against, any costs, expenses, claims and liabilities resulting from structuring the transaction as an exchange, rather than as a direct purchase. In addition to the foregoing, upon request by Seller, Purchaser agrees to reasonably cooperate, at no out-of-pocket cost to Purchaser, in other respects in the event that Seller elects to accomplish a Section 1031 exchange with respect to the Property.

(t) **Joint and Several.** Notwithstanding anything herein or in the Property Documents to the contrary, the obligations and liabilities hereunder of the entities comprising the Seller, on the one hand, and the Purchaser, on the other hand, are joint and several. Without limiting the foregoing, the Parties agree that (i) a default or breach by either entity comprising Seller shall be deemed a default or breach by Seller hereunder, and (ii) a default or breach by either entity comprising Purchaser shall be deemed a default or breach by Purchaser hereunder. The provisions of this Section 18(t) shall survive Closing.

(u) **Schedule and Exhibits.** The following schedules and exhibits are hereby incorporated into this Agreement:

Exhibit A	-	Legal Description of Land
Exhibit B	-	Special Warranty Deed
Exhibit C	-	Bill of Sale
Exhibit D	-	Assignment and Assumption of Leases and Contracts
Exhibit E	-	Non-Foreign Affidavit
Exhibit F	-	Rent Roll
Exhibit G	-	Personal Property
Exhibit H	-	List of Contracts
Exhibit I	-	Litigation
Exhibit J	-	Assignment and Assumption of Purchase and Sale Agreement
Exhibit K	-	Allocation of Purchase Price

[Signature pages follow.]

EXECUTED to be effective as of the Effective Date.

APARTMENT PURCHASER:

HGIT 5353 Fannin LP,
a Texas limited partnership

By: HGIT 5353 Fannin GP, LLC,
a Texas limited liability company
its general partner

By:
Name:
Title:

VACANT LAND PURCHASER:

HGIT 5353 Fannin Lot Parcel, Inc.,
a Delaware corporation

By:
Name:
Title:

[Purchaser to initial Sections 10 and 11]

SELLER:

GRAYCO LUI MUSEUM INVESTMENT 2006 LP, a
Texas limited partnership

By: Grayco Museum GP LLC, a Texas limited liability
company

By:
Name:
Its:

GRAYCO LUI MUSEUM INVESTMENT II LP, a
Texas limited partnership

By: Grayco Museum GP LLC, a Texas limited liability
company

By:
Name:
Its:

[Seller to initial Sections 10 and 11]

TITLE COMPANY:

Receipt of \$_____ Earnest Money is
acknowledged in the form of _____. Title
Company agrees to hold the Earnest Money in accordance with the
terms of this Agreement.

TITLE HOUSTON HOLDINGS

By:
Name:
Title:
Date:

EXHIBIT A
to
Purchase and Sale Agreement

LEGAL DESCRIPTION OF LAND

Apartment Parcel:

All of Unrestricted Reserve A, Museum Place, according to the map or plat filed of record under Film Code No. 619071, Map Records of Harris County, Texas

Vacant Parcel:

DESCRIPTION OF A 0.3587 ACRE TRACT OF LAND SITUATED IN THE OBEDIANCE SMITH SURVEY, ABSTRACT 696 AND THE J. CHRISTY SURVEY, ABSTRACT 212, CITY OF HOUSTON, HARRIS COUNTY, TEXAS;

Being a 0.3587 acre tract of land, being all of Lots 9 and 10, and the West ½ of Lot 11 and the northerly ½ of Lot 8 in Block 3, of MacGregor and DeMeritt's Southmore Addition, Section 2, an addition in Harris County, Texas, according to the map or plat thereof recorded in Volume 5, Page 13, of the Map Records of Harris County, Texas same being a portion of the land described in a Deed recorded under Harris County Clerk's file N530022, said 0.3587 acre tract of land being more particularly described as follows:

BEGINNING at a 5/8-inch iron rod with cap stamped "Brown & Gay" found marking the north corner of said Lot 10, same being the intersection of southwest right-of-way line of Southmore Avenue, based on a width of 80.00 feet with the southeast right-of-way line of Fannin Street based on a width of 80.00 feet and being in the north corner of the herein described tract of land;

THENCE S 57° 08' 05" E, along the southwest right-of-way line of said Southmore Avenue, a distance of 125.00 feet to a 5/8-inch iron rod with cap stamped "Brown & Gay" set marking the east corner of the herein described tract;

THENCE S 32° 51' 55" W, over and across said Lot 11 a distance of 125.00 feet to a 5/8-inch iron rod with cap stamped "Brown & Gay" set marking the south corner of the herein described tract of land;

THENCE N 57° 08' 05" W, over and across said Lot 8 a distance of 125.00 feet to a 5/8-inch iron rod with cap stamped "Brown & Gay" set marking the west corner of the herein described tract of land in the southeast right-of-way line of said Fannin Street;

THENCE N 32° 51' 55" E, along the southeast right-of-way line of said Fannin Street a distance of 125.00 feet to the POINT OF BEGINNING and containing 0.3587 acres (15,625 square feet) of land.

EXHIBIT B
to
Purchase and Sale Agreement

FORM OF SPECIAL WARRANTY DEED

[Separate deeds to be prepared for the Apartment Property and the Vacant Property]

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

FORM OF SPECIAL WARRANTY DEED

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

THAT _____, a _____ ("**Grantor**"), its address being _____, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration paid by Grantee, the receipt and sufficiency of which are hereby acknowledged, has GRANTED, SOLD and CONVEYED, and by these presents does GRANT, SELL and CONVEY unto _____, a _____ ("**Grantee**"), its address being c/o _____, that certain real property and improvements thereon situated in Harris County, Texas, described on **Exhibit A** (the "**Land**") attached hereto and incorporated herein by reference, together with all structures, fixtures, buildings and improvements situated thereon (collectively, the "**Improvements**"), and any and all rights, titles, powers, privileges, easements, licenses, rights-of-way and interests (A) appurtenant to the Land and the Improvements, (B) if any, of Grantor, either at law or in equity, in possession or in expectancy, in and to any real estate lying in the streets, highways, roads, alleys, rights-of-way or sidewalks, open or proposed; in front of, above, over, under, through or adjoining the Land and in and to any strips or gores of real estate adjoining the Land, and (C) appurtenant or incident to any of the foregoing, including, without limitation, to the extent owned by Grantor, all mineral, oil, gas and other hydrocarbon substances on and under and that may be produced from the Land, as well as all development rights, land use entitlements, air rights, water, water rights, riparian rights, and water stock relating to the Land (collectively, the "**Property**"). This Special Warranty Deed is additionally made and accepted expressly subject to those liens, restrictions, reservations, covenants, easements, mineral interests, encumbrances, and other matters set forth on **Exhibit B** attached hereto and incorporated herein by reference, but only to the extent the same are valid and subsisting and affect the Property (the "**Permitted Exceptions**").

TO HAVE AND TO HOLD the Property unto Grantee, its successors and assigns forever; and Grantor does hereby bind itself and its successors to WARRANT AND FOREVER DEFEND the Property unto Grantee, its successors and assigns, against any person whomsoever lawfully claiming or to claim the same or any part thereof, by, through, or under Grantor, but not otherwise, and subject to the Permitted Exceptions.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THAT CERTAIN PURCHASE AND SALE AGREEMENT DATED _____, 2018 EXECUTED BY GRANTEE AND GRANTOR (THE "AGREEMENT") AND AS PROVIDED FOR HEREIN, GRANTOR HAS NOT MADE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS, WARRANTIES OR OTHER AGREEMENTS OF ANY KIND, WHETHER EXPRESSED OR IMPLIED, ORAL OR WRITTEN, CONCERNING: (A) THE VALUE OR CONDITION OF THE PROPERTY; (B) THE SUITABILITY OF THE PROPERTY FOR GRANTEE'S INTENDED USE; OR (C) ANY OTHER MATTER WITH RESPECT TO THE PROPERTY. HAVING INSPECTED THE PROPERTY, GRANTEE IS RELYING SOLELY ON GRANTEE'S OWN INVESTIGATION OF THE PROPERTY, AND NOT ON ANY OTHER INFORMATION PROVIDED BY GRANTOR OR BY ANY EMPLOYEE OR AGENT OF GRANTOR EXCEPT AS EXPRESSLY PROVIDED IN THE AGREEMENT AND AS PROVIDED HEREIN. EXCEPT AS EXPRESSLY PROVIDED IN THE AGREEMENT AND AS PROVIDED HEREIN, GRANTOR IS NOT LIABLE FOR ANY STATEMENTS, REPRESENTATIONS OR INFORMATION FURNISHED BY ANY REAL ESTATE BROKER, AGENT OR OTHER PERSON. THE SALE OF THE PROPERTY IS MADE ON AN "AS IS" BASIS, IN ITS PRESENT CONDITION AND WITH ALL FAULTS EXCEPT AS PROVIDED FOR IN THE AGREEMENT AND HEREIN.

Date: _____, 2018

GRANTOR:

GRAYCO LUI MUSEUM INVESTMENT 2006 LP, a
Texas limited partnership

By: Grayco Museum GP LLC, a Texas limited liability
company

By:
Name:
Its:

GRAYCO LUI MUSEUM INVESTMENT II LP, a
Texas limited partnership

By: Grayco Museum GP LLC, a Texas limited liability
company

By:
Name:
Its:

ACKNOWLEDGMENT

THE STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____ 2018, by _____, the _____ of Grayco Museum GP LLC, a Texas limited liability company, the General Partner of each of Grayco LUI Museum Investment 2006 LP, a Delaware limited partnership and Grayco LUI Museum Investment II LP, a Delaware limited partnership, on behalf of said limited partnerships.

Notary Public, State of Texas

AFTER RECORDING RETURN TO:

Attn: _____

EXHIBIT A
to
Special Warranty Deed

LEGAL DESCRIPTION

Apartment Parcel:

All of Unrestricted Reserve A, Museum Place, according to the map or plat filed of record under Film Code No. 619071, Map Records of Harris County, Texas

Vacant Parcel:

DESCRIPTION OF A 0.3587 ACRE TRACT OF LAND SITUATED IN THE OBEDIANCE SMITH SURVEY, ABSTRACT 696 AND THE J. CHRISTY SURVEY, ABSTRACT 212, CITY OF HOUSTON, HARRIS COUNTY, TEXAS;

Being a 0.3587 acre tract of land, being all of Lots 9 and 10, and the West ½ of Lot 11 and the northerly ½ of Lot 8 in Block 3, of MacGregor and DeMeritt's Southmore Addition, Section 2, an addition in Harris County, Texas, according to the map or plat thereof recorded in Volume 5, Page 13, of the Map Records of Harris County, Texas same being a portion of the land described in a Deed recorded under Harris County Clerk's file N530022, said 0.3587 acre tract of land being more particularly described as follows:

BEGINNING at a 5/8-inch iron rod with cap stamped "Brown & Gay" found marking the north corner of said Lot 10, same being the intersection of southwest right-of-way line of Southmore Avenue, based on a width of 80.00 feet with the southeast right-of-way line of Fannin Street based on a width of 80.00 feet and being in the north corner of the herein described tract of land;

THENCE S 57° 08' 05" E, along the southwest right-of-way line of said Southmore Avenue, a distance of 125.00 feet to a 5/8-inch iron rod with cap stamped "Brown & Gay" set marking the east corner of the herein described tract;

THENCE S 32° 51' 55" W, over and across said Lot 11 a distance of 125.00 feet to a 5/8-inch iron rod with cap stamped "Brown & Gay" set marking the south corner of the herein described tract of land;

THENCE N 57° 08' 05" W, over and across said Lot 8 a distance of 125.00 feet to a 5/8-inch iron rod with cap stamped "Brown & Gay" set marking the west corner of the herein described tract of land in the southeast right-of-way line of said Fannin Street;

THENCE N 32° 51' 55" E, along the southeast right-of-way line of said Fannin Street a distance of 125.00 feet to the POINT OF BEGINNING and containing 0.3587 acres (15,625 square feet) of land.

EXHIBIT B

to

Special Warranty Deed

PERMITTED EXCEPTIONS

EXHIBIT C
to
Purchase and Sale Agreement

[Separate Bills of Sale to be prepared for the Apartment Property and the Vacant Property]

BILL OF SALE

This **BILL OF SALE** (this "Bill of Sale") is made and entered into as of the ____ day of _____, 2018 (the "Effective Date"), by and between _____, a _____ ("Assignor"), and _____, a _____ ("Assignee").

AGREEMENTS

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

2. Assignor hereby sells, transfers, assigns, and conveys to Assignee the following (collectively, the "Assigned Property"):

(a) All equipment, fixtures, appliances, tools, machinery, inventory, and other personal property of whatever kind or character owned by Assignor and attached to or installed or located on or in the land located in the City of Houston, Harris County, Texas (as more particularly described in the attached Exhibit A, the "Land") or the improvements located on the Land ("Improvements"), including those items listed on Exhibit B attached hereto (collectively, the "Personal Property").

(b) All of Assignor's right, title, and interest in and to warranties, guaranties, and bonds that affect the Land, the Improvements or the Personal Property or are used in connection with the maintenance or operation of the Land or the Improvements (or any part thereof) or the Personal Property, but only to the extent that the foregoing are assignable by Assignor without any necessary third party consent or to the extent that all necessary third party consents to the assignments have been obtained.

(c) To the extent assignable, all of Seller's right, title and interest, if any, in and to all trademarks, trade names or symbols under which the Land or the Improvements (or any part thereof) is operated; and

(d) All of Seller's right, title and interest, if any, in and to the following, but excluding Seller Proprietary Materials (as defined in the Agreement): (i) all books and records, including operating statements, related to the Land or the Improvements, including all tenant lease files, tenant correspondence files, tenant audit records, (ii) all structural reviews, architectural drawings, and engineering, soils, seismic, geologic and architectural reports, studies and certificates pertaining to the Land or the Improvements, and (iii) all plans and specifications, surveys, site plans, construction and development drawings, including all final plans, specifications and drawings of the Improvements ("Records and Plans").

3. Except as set forth in this Bill of Sale or in that certain Purchase and Sale Agreement by and between Assignor, as seller, and Assignee, as purchaser, dated _____, 2018 (the "Agreement"), the Assigned Property is conveyed by Assignor and accepted by Assignee **AS IS, WHERE IS, AND WITHOUT ANY WARRANTIES OF WHATSOEVER NATURE, EXPRESS, IMPLIED, OR STATUTORY, IT BEING THE INTENTION OF ASSIGNOR AND ASSIGNEE EXPRESSLY TO NEGATE AND EXCLUDE ALL WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR**

PURPOSE, WARRANTIES CREATED BY ANY AFFIRMATION OF FACT OR PROMISE OR BY ANY DESCRIPTION OF THE PROPERTY CONVEYED HEREUNDER, OR BY ANY SAMPLE OR MODEL THEREOF, AND ALL OTHER WARRANTIES WHATSOEVER CONTAINED IN OR CREATED BY THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW.

4. Notwithstanding anything to the contrary contained in this Bill of Sale, any liability of Assignor or Assignee under this Bill of Sale is limited as set forth in Section 12(d) of the Agreement.

5. This Bill of Sale may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

[Signature page follows.]

IN WITNESS WHEREOF, this Bill of Sale is executed as of the Effective Date.

ASSIGNOR:

_____,
a _____

By: _____,
a _____,
its _____

EXHIBIT ONLY. DO NOT EXECUTE

By:
Name:
Title:

ASSIGNEE:

_____,
a _____

By: _____,
a _____,
its _____

EXHIBIT ONLY. DO NOT EXECUTE

By:
Name:
Title:

Exhibit A – Land Description
Exhibit B – Personal Property

EXHIBIT A

**to
Bill of Sale**

LAND DESCRIPTION

Apartment Parcel:

All of Unrestricted Reserve A, Museum Place, according to the map or plat filed of record under Film Code No. 619071, Map Records of Harris County, Texas

Vacant Parcel:

DESCRIPTION OF A 0.3587 ACRE TRACT OF LAND SITUATED IN THE OBEDIANCE SMITH SURVEY, ABSTRACT 696 AND THE J. CHRISTY SURVEY, ABSTRACT 212, CITY OF HOUSTON, HARRIS COUNTY, TEXAS;

Being a 0.3587 acre tract of land, being all of Lots 9 and 10, and the West ½ of Lot 11 and the northerly ½ of Lot 8 in Block 3, of MacGregor and DeMeritt's Southmore Addition, Section 2, an addition in Harris County, Texas, according to the map or plat thereof recorded in Volume 5, Page 13, of the Map Records of Harris County, Texas same being a portion of the land described in a Deed recorded under Harris County Clerk's file N530022, said 0.3587 acre tract of land being more particularly described as follows:

BEGINNING at a 5/8-inch iron rod with cap stamped "Brown & Gay" found marking the north corner of said Lot 10, same being the intersection of southwest right-of-way line of Southmore Avenue, based on a width of 80.00 feet with the southeast right-of-way line of Fannin Street based on a width of 80.00 feet and being in the north corner of the herein described tract of land;

THENCE S 57° 08' 05" E, along the southwest right-of-way line of said Southmore Avenue, a distance of 125.00 feet to a 5/8-inch iron rod with cap stamped "Brown & Gay" set marking the east corner of the herein described tract;

THENCE S 32° 51' 55" W, over and across said Lot 11 a distance of 125.00 feet to a 5/8-inch iron rod with cap stamped "Brown & Gay" set marking the south corner of the herein described tract of land;

THENCE N 57° 08' 05" W, over and across said Lot 8 a distance of 125.00 feet to a 5/8-inch iron rod with cap stamped "Brown & Gay" set marking the west corner of the herein described tract of land in the southeast right-of-way line of said Fannin Street;

THENCE N 32° 51' 55" E, along the southeast right-of-way line of said Fannin Street a distance of 125.00 feet to the POINT OF BEGINNING and containing 0.3587 acres (15,625 square feet) of land.

EXHIBIT B

to

Bill of Sale

PERSONAL PROPERTY

EXHIBIT D
to
Purchase and Sale Agreement

[Separate Assignments to be prepared for the Apartment Property and the Vacant Property]

ASSIGNMENT AND ASSUMPTION OF LEASES AND CONTRACTS

This **ASSIGNMENT AND ASSUMPTION OF LEASES AND CONTRACTS** (this "**Assignment**") is made and entered into as of _____, 2018 (the "**Effective Date**"), by and between _____, a _____ (collectively, "**Assignor**"), and _____, a _____ ("**Assignee**").

AGREEMENTS

For good and valuable consideration, the receipt of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

6. Assignor hereby transfers and assigns to Assignee all of Assignor's right, title and interest in and to: (a) the lease agreements listed on Exhibit A attached hereto, and all amendments, modifications and supplements thereto and guaranties thereof (collectively, the "**Leases**"); (b) the service, maintenance, operating, equipment leasing and other contracts listed on Exhibit B attached hereto (collectively, the "**Contracts**"); and (c) all security deposits held by Assignor under the Leases (collectively the items described in (a), (b) and (c) above are referred to herein collectively as the "**Assigned Property**"). The Assigned Property relates to the real property located in Harris County, Texas described on Exhibit C attached hereto (the "**Property**").

7. Except as set forth in this Bill of Sale or in that certain Purchase and Sale Agreement by and between Assignor, as seller, and Assignee, as purchaser, dated _____, 2018 (the "**Agreement**"), Assignor has executed this Assignment and has GRANTED, TRANSFERRED and ASSIGNED the Assigned Property to Assignee, and Assignee has accepted this Assignment and purchased the Assigned Property, **WITHOUT ANY REPRESENTATIONS OR WARRANTIES OF WHATSOEVER NATURE, EXPRESS, IMPLIED OR STATUTORY, IT BEING THE INTENTION OF ASSIGNOR AND ASSIGNEE TO EXPRESSLY NEGATE AND EXCLUDE ALL WARRANTIES WHATSOEVER, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WARRANTIES CREATED BY AFFIRMATION OF FACT OR PROMISE OR BY ANY DESCRIPTION OF THE ASSIGNED PROPERTY OR BY ANY SAMPLE OR MODEL AND ANY OTHER WARRANTIES CONTAINED IN OR CREATED BY THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW.**

8. Assignee hereby assumes and agrees to pay and perform all of the terms, covenants, conditions and obligations of the Assignor under the Leases and Contracts under or with respect to the Assigned Property arising or accruing on or after the Effective Date, and agrees to indemnify and hold Assignor harmless from and against any claims, costs or liabilities in connection therewith arising or accruing on or after the Effective Date. Assignor agrees to pay and perform all of the terms, covenants, conditions and obligations of the Assignor under the Leases and Contracts under or with respect to the Assigned Property arising or accruing before the Effective Date and agrees to indemnify and hold Assignee harmless from and against any claims, costs or liabilities in connection with the Assigned Property arising or accruing prior to the Effective Date.

9. Notwithstanding anything to the contrary contained in this Assignment, any liability of Assignor or Assignee under this Assignment is limited as set forth in Section 12(d) of the Agreement.

[Signature page follows.]

IN WITNESS WHEREOF, this Assignment is executed as of the Effective Date.

ASSIGNOR:

_____,
a _____

By: _____,
a _____,
its _____

EXHIBIT ONLY. DO NOT EXECUTE

By:
Name:
Title:

ASSIGNEE:

_____,
a _____

By: _____,
a _____,
its _____

EXHIBIT ONLY. DO NOT EXECUTE

By:
Name:
Title:

Exhibit A – List of Leases

Exhibit B – List of Contracts

Exhibit C – Land Description

EXHIBIT A

To

Assignment and Assumption of Leases and Contracts

LIST OF LEASES

EXHIBIT B
to
Assignment and Assumption Agreement of Leases and Contracts

LIST OF CONTRACTS*

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WAUKESHA-PEARCE INDUSTRIES	248
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*Each page number above corresponds to the page number of the referenced contract as set forth in the contract list provided to Purchaser on the Effective Date.

EXHIBIT C
to
Assignment and Assumption of Leases and Contracts

LAND DESCRIPTION

Apartment Parcel:

All of Unrestricted Reserve A, Museum Place, according to the map or plat filed of record under Film Code No. 619071, Map Records of Harris County, Texas

Vacant Parcel:

DESCRIPTION OF A 0.3587 ACRE TRACT OF LAND SITUATED IN THE OBEDIANCE SMITH SURVEY, ABSTRACT 696 AND THE J. CHRISTY SURVEY, ABSTRACT 212, CITY OF HOUSTON, HARRIS COUNTY, TEXAS;

Being a 0.3587 acre tract of land, being all of Lots 9 and 10, and the West ½ of Lot 11 and the northerly ½ of Lot 8 in Block 3, of MacGregor and DeMeritt's Southmore Addition, Section 2, an addition in Harris County, Texas, according to the map or plat thereof recorded in Volume 5, Page 13, of the Map Records of Harris County, Texas same being a portion of the land described in a Deed recorded under Harris County Clerk's file N530022, said 0.3587 acre tract of land being more particularly described as follows:

BEGINNING at a 5/8-inch iron rod with cap stamped "Brown & Gay" found marking the north corner of said Lot 10, same being the intersection of southwest right-of-way line of Southmore Avenue, based on a width of 80.00 feet with the southeast right-of-way line of Fannin Street based on a width of 80.00 feet and being in the north corner of the herein described tract of land;

THENCE S 57° 08' 05" E, along the southwest right-of-way line of said Southmore Avenue, a distance of 125.00 feet to a 5/8-inch iron rod with cap stamped "Brown & Gay" set marking the east corner of the herein described tract;

THENCE S 32° 51' 55" W, over and across said Lot 11 a distance of 125.00 feet to a 5/8-inch iron rod with cap stamped "Brown & Gay" set marking the south corner of the herein described tract of land;

THENCE N 57° 08' 05" W, over and across said Lot 8 a distance of 125.00 feet to a 5/8-inch iron rod with cap stamped "Brown & Gay" set marking the west corner of the herein described tract of land in the southeast right-of-way line of said Fannin Street;

THENCE N 32° 51' 55" E, along the southeast right-of-way line of said Fannin Street a distance of 125.00 feet to the POINT OF BEGINNING and containing 0.3587 acres (15,625 square feet) of land.

EXHIBIT E
to
Purchase and Sale Agreement

NON-FOREIGN AFFIDAVIT

Section 1445 of the Internal Revenue Code of 1986, as amended, provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by GRAYCO LUI MUSEUM INVESTMENT 2006 LP, a Delaware limited partnership and GRAYCO LUI MUSEUM INVESTMENT II LP, A Delaware limited partnership (collectively, "Transferor"), the undersigned hereby certifies the following on behalf of the Transferor.

1. Transferor is not a (a) foreign corporation, foreign partnership, foreign trust, foreign estate, or foreign person (as those terms are defined in the Internal Revenue Code and the Income Tax Regulations promulgated thereunder), or (b) disregarded entity as defined in Section 1.1445-2(b)(2)(iii) of the Income Tax Regulations;
2. Transferor's U.S. employer identification number is _____; and
3. Transferor's address is _____.

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

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

Executed to be effective as of _____.

[Signature page follows.]

TRANSFEROR:

GRAYCO LUI MUSEUM INVESTMENT 2006 LP,
a Texas limited partnership

By: Grayco Museum GP LLC, a Texas limited
liability company

EXHIBIT ONLY. DO NOT EXECUTE

By:
Name:
Its:

GRAYCO LUI MUSEUM INVESTMENT II LP, a
Texas limited partnership

By: Grayco Museum GP LLC, a Texas limited
liability company

EXHIBIT ONLY. DO NOT EXECUTE

By:
Name:
Its:

EXHIBIT F
to
Purchase and Sale Agreement

RENT ROLL

EXHIBIT G
to
Purchase and Sale Agreement

PERSONAL PROPERTY

LOCATION	ITEM (include description)	# OF ITEMS
LEASING OFFICE	COMPUTER	2
	LAMPS	4
	LAMP	3
	SOFA	2
	PILLOW	9
	CHAIR	12
	TABLE	3
	DESK	2
	DECORATION	17
	HANGING ART	11
	DECORATIVE TRAY	2
	COFFEE STATION	1
	BOOK	5
MANAGER OFFICE	COMPUTER	1
	DESK	1
	CHAIR	3
	PHONE	1
	HANGING ART	2
	LARGE PLANT	1
	FILE CABINET	1
ASST. MANAGER	COMPUTER	1
	DESK	1
	CHAIR	3
	PHONE	1
	HANGING ART	1
	FILE CABINET	3
	CHECK SCANNER	1

EXHIBIT H
to
Purchase and Sale Agreement

LIST OF CONTRACTS*

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DOODY CALLS	85
ECOLO.....	92
ENVIROSMART	93
EXECUTIVE CONCIERGE	95
KEYTRAK	108
KINGS III.....	112
KONE ELEVATOR	117
LES MILLS FITNESS	124
LIQUID ENVIRONMENTAL SOLUTIONS.....	130
MARATHON FITNESS.....	132
MODERN MESSAGE	137
PRIME WASTE SOLUTIONS.....	142
PROCOLLECT	144
PROSTAR COFFEE	147
REALPAGE	148
RELIANT CSA.....	196
RELIANT ELECTRICITY SALES	200
RELIANT MARKETING.....	209
RIGHT TURN MARKETING.....	213
RYTEC GATE MAINTENANCE	215
SATISFACTS	216
SIGNIUS.....	224
SOUTHERN SHRED	236
SUN LANDSCAPE	237
TEAL SYSTEM	242
WASTE MANAGEMENT	245
WAUKESHA-PEARCE INDUSTRIES.....	248
YELP	253

*Each page number above corresponds to the page number of the referenced contract as set forth in the contract list provided to Purchaser on the Effective Date.

EXHIBIT I
to
Purchase and Sale Agreement

LITIGATION

1. Seller has filed a Petition for Review with the Harris County District Court contesting the Order Determining Protest entered by the Harris County Appraisal Review Board on July 16, 2018.

EXHIBIT J
to
Purchase and Sale Agreement

ASSIGNMENT OF PURCHASE AND SALE AGREEMENT

THIS ASSIGNMENT OF PURCHASE AND SALE AGREEMENT ("**Assignment**"), is made as of this ____ day of _____, 20__, by and between **GRAYCO LUI MUSEUM INVESTMENT 2006 LP**, a Delaware limited partnership and **GRAYCO LUI MUSEUM INVESTMENT II LP**, a Delaware limited partnership (collectively, "**Seller**"), _____, a _____ ("**Purchaser**"), and _____, a _____ duly formed and organized under the laws of the State of _____ ("**Assignee**") (Seller, Purchaser and Assignee are sometimes referred herein, collectively, as the "**Parties**"). All initially capitalized terms used herein that are not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement (as such term is defined below).

RECITALS

A. Seller and Purchaser have entered into that certain Purchase and Sale Agreement ("**Purchase Agreement**"), dated as of _____, 2018, for the sale of the property described in the Purchase Agreement ("**Property**") and located in the City of Houston, County of Harris, State of Texas and more particularly described in the Purchase Agreement.

B. The Parties desire to enter into this Assignment to, among other things, assign Purchaser's rights and interests in the Purchase Agreement to Assignee and to evidence Assignee's assumption of Purchaser's obligations and liabilities under the Purchase Agreement.

ASSIGNMENT:

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Assignment of Purchase Agreement.** Purchaser hereby assigns and transfers to Assignee all of Purchaser's right, title, claim and interest in and to the Purchase Agreement, the Property, and all sums paid or deposited into escrow or to Seller by Purchaser in connection with the Purchase Agreement.

2. **Assumption.** Assignee hereby acknowledges and agrees to all of the terms of the Purchase Agreement and accepts the foregoing assignment and assumes and agrees to perform all obligations of Purchaser under the Purchase Agreement, in accordance with the terms thereof.

3. **No Release.** The assignment and assumption set forth in Paragraphs 1 and 2 hereof shall not release Purchaser from the obligation of Purchaser or Assignee to perform in accordance with the terms of the Purchase Agreement. Purchaser acknowledges that, notwithstanding such assignment and assumption, Purchaser shall remain primarily obligated under the Purchase Agreement and Purchaser and Assignee shall be co-obligors under the Purchase Agreement with joint and several liability for the performance of all obligations of Buyer set forth thereunder, including (without limitation) the indemnification obligations of Purchaser set forth in the Purchase Agreement.

4. **Amendment to Purchase Agreement.** The Purchase Agreement is hereby amended in the following manner:

(a) The term “**Purchaser**” as used in the Purchase Agreement is amended to mean Purchaser and/or Assignee.

(b) All exhibits to the Purchase Agreement, as so amended, shall be signed and delivered by Seller and Assignee in accordance with the terms of the Purchase Agreement.

5. Representations and Warranties of Assignee. Assignee hereby represents and warrants to Seller that each and every representation and warranty made by Purchaser in the Purchase Agreement is true and correct with respect to Assignee as of the date of the Purchase Agreement and the Closing Date (as defined in the Purchase Agreement) and such representations and warranties apply fully to this Assignment and shall survive the Deed (as defined in the Purchase Agreement). Purchaser acknowledges and agrees to be bound by the disclaimer of representations and warranties contained in Section 14 of the Purchase Agreement, which acknowledgment and agreement and disclaimer shall survive the Deed.

6. Ratification of Agreements. Except as expressly amended and modified under this Assignment, the Parties hereby ratify and affirm the terms and provisions of the Purchase Agreement in their entirety.

7. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the day and year first above written.

PURCHASER:

—

By:
Name:
Title:

ASSIGNEE:

—

By:
Name:
Title:

SELLER:

—

By:
Name:
Title:

EXHIBIT K
to
Purchase and Sale Agreement

ALLOCATION OF PURCHASE PRICE

<u>Property</u>	<u>Allocated Purchase Price</u>	<u>Allocated Initial Earnest Money</u>	<u>Allocated Additional Earnest Money</u>
<u>Apartment Property</u>	<u>\$71,726,000</u>	<u>\$491,935</u>	<u>\$983,869</u>
<u>Vacant Property</u>	<u>\$1,176,000</u>	<u>\$8,065</u>	<u>\$16,131</u>
<u>Total</u>	<u>\$72,902,000</u>	<u>\$500,000</u>	<u>\$1,000,000</u>

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

I, Sherri W. Schugart, certify that:

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

November 14, 2018

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

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

I, Ryan T. Sims, certify that:

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

November 14, 2018

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

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

The undersigned, the Chief Executive Officer and the Chief Financial Officer of Hines Global Income Trust, Inc. (the “Company”), pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each hereby certifies that to his/her knowledge, on the date hereof:

- (a) the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2018 filed on the date hereof with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2018

/s/ Sherri W. Schugart

Sherri W. Schugart

President and Chief Executive Officer

Date: November 14, 2018

/s/ Ryan T. Sims

Ryan T. Sims

Chief Financial Officer and Secretary