

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2020
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)

Securities registered pursuant to Section 12(b) of the Exchange Act: None.

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 August 1, 2020, approximately 18.7 million shares of the registrant's Class AX common stock, 19.6 million shares of the registrant's Class TX common stock, 0.1 million shares of the registrant's Class IX common stock, 37.4 million shares of the registrant's Class T common stock, 9.4 million shares of the registrant's Class D common stock and 12.2 million 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)

| | June 30, 2020 | December 31, 2019 |
|--|--|-------------------|
| | (in thousands, except per share amounts) | |
| ASSETS | | |
| Investment property, net | \$ 1,266,124 | \$ 1,254,304 |
| Investments in real estate-related securities | 37,653 | 36,491 |
| Cash and cash equivalents | 71,558 | 45,875 |
| Restricted cash | 6,122 | 10,563 |
| Derivative instruments | 337 | 163 |
| Tenant and other receivables, net | 14,589 | 14,160 |
| Intangible lease assets, net | 81,923 | 98,537 |
| Right-of-use asset, net | 4,153 | 37,606 |
| Deferred leasing costs, net | 15,757 | 18,418 |
| Deferred financing costs, net | 1,909 | 2,311 |
| Other assets | 10,107 | 5,129 |
| Assets held for sale | — | 49,988 |
| Total assets | \$ 1,510,232 | \$ 1,573,545 |
| LIABILITIES AND EQUITY | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 28,319 | \$ 29,838 |
| Due to affiliates | 37,596 | 42,782 |
| Intangible lease liabilities, net | 16,865 | 19,633 |
| Operating lease liability | 1,510 | 1,583 |
| Other liabilities | 12,519 | 21,428 |
| Derivative instruments | — | 1,079 |
| Distributions payable | 4,501 | 3,837 |
| Note payable to affiliate | — | 75,000 |
| Notes payable, net | 605,395 | 752,131 |
| Liabilities associated with assets held for sale | — | 34,713 |
| Total liabilities | 706,705 | 982,024 |
| 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 June 30, 2020 and December 31, 2019 | — | — |
| Common shares, \$0.001 par value per share (Note 6) | 97 | 83 |
| Additional paid-in capital | 868,235 | 735,545 |
| Accumulated distributions in excess of earnings | (57,398) | (146,830) |
| Accumulated other comprehensive income (loss) | (7,407) | 2,723 |
| Total stockholders' equity | 803,527 | 591,521 |
| Noncontrolling interests | — | — |
| Total equity | 803,527 | 591,521 |
| Total liabilities and equity | \$ 1,510,232 | \$ 1,573,545 |

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 Six Months Ended June 30, 2020 and 2019
(UNAUDITED)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--|------------|---------------------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| | (in thousands, except per share amounts) | | | |
| Revenues: | | | | |
| Rental revenue | \$ 27,001 | \$ 23,018 | \$ 60,120 | \$ 44,468 |
| Other revenue | 813 | 536 | 1,539 | 823 |
| Total revenues | 27,814 | 23,554 | 61,659 | 45,291 |
| Expenses: | | | | |
| Property operating expenses | 7,139 | 5,170 | 15,213 | 10,706 |
| Real property taxes | 3,489 | 2,699 | 6,971 | 5,297 |
| Property management fees | 1,192 | 940 | 2,549 | 1,644 |
| Depreciation and amortization | 14,457 | 9,741 | 30,686 | 19,069 |
| Acquisition related expenses | 274 | 13 | 291 | 17 |
| Asset management fees | 2,747 | 1,801 | 5,538 | 3,288 |
| Performance participation allocation | — | 1,476 | — | 2,597 |
| General and administrative expenses | 1,286 | 948 | 2,324 | 1,795 |
| Total expenses | 30,584 | 22,788 | 63,572 | 44,413 |
| Other income (expenses): | | | | |
| Gain (loss) on derivative instruments | 1,514 | (77) | 8,470 | (1,187) |
| Gain (loss) on investments in real estate-related securities | 3,136 | 161 | (4,601) | 1,327 |
| Gain on sale of real estate | 80,457 | — | 130,101 | — |
| Foreign currency gains (losses) | 1,374 | (267) | (1,145) | (336) |
| Interest expense | (4,463) | (4,317) | (10,395) | (8,514) |
| Interest and other income | 159 | 244 | 710 | 372 |
| Income (loss) before benefit (provision) for income taxes | 79,407 | (3,490) | 121,227 | (7,460) |
| Benefit (provision) for income taxes | 1,906 | 40 | 1,838 | 11 |
| Provision for income taxes related to sale of real estate | (7,773) | — | (7,773) | — |
| Net income (loss) | 73,540 | (3,450) | 115,292 | (7,449) |
| Net (income) loss attributable to noncontrolling interests | (4) | (4) | (7) | (7) |
| Net income (loss) attributable to common stockholders | \$ 73,536 | \$ (3,454) | \$ 115,285 | \$ (7,456) |
| Basic and diluted income (loss) per common share | \$ 0.77 | \$ (0.06) | \$ 1.23 | \$ (0.14) |
| Weighted average number of common shares outstanding | 95,490 | 57,004 | 93,900 | 52,049 |
| Comprehensive income (loss): | | | | |
| Net income (loss) | \$ 73,540 | \$ (3,450) | \$ 115,292 | \$ (7,449) |
| Other comprehensive income (loss): | | | | |
| Foreign currency translation adjustment | 5,483 | 2,091 | (10,130) | 71 |
| Comprehensive income (loss) | \$ 79,023 | \$ (1,359) | \$ 105,162 | \$ (7,378) |
| Comprehensive (income) loss attributable to noncontrolling interests | (4) | (4) | (7) | (7) |
| Comprehensive income (loss) attributable to common stockholders | \$ 79,019 | \$ (1,363) | \$ 105,155 | \$ (7,385) |

See notes to the condensed consolidated financial statements.

HINES GLOBAL INCOME TRUST, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the Six Months Ended June 30, 2020 and 2019
(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, 2020 | 81,847 | \$ 83 | \$ 735,545 | \$ (146,830) | \$ 2,723 | \$ 591,521 | \$ — |
| Issuance of common shares | 10,735 | 12 | 112,179 | — | — | 112,191 | — |
| Distributions declared | — | — | — | (12,401) | — | (12,401) | (3) |
| Redemption of common shares | (464) | — | (5,395) | — | — | (5,395) | — |
| Selling commissions, dealer manager fees and distribution and stockholder servicing fees | — | — | (6,240) | — | — | (6,240) | — |
| Offering costs | — | — | (863) | — | — | (863) | — |
| Net income (loss) | — | — | — | 41,749 | — | 41,749 | 3 |
| Foreign currency translation adjustment | — | — | — | — | (15,613) | (15,613) | — |
| Balance as of March 31, 2020 | 92,118 | \$ 95 | \$ 835,226 | \$ (117,482) | \$ (12,890) | \$ 704,949 | \$ — |
| Issuance of common shares | 4,822 | 3 | 49,404 | — | — | 49,407 | — |
| Distributions declared | — | — | — | (13,452) | — | (13,452) | (4) |
| Redemption of common shares | (1,037) | (1) | (11,399) | — | — | (11,400) | — |
| Selling commissions, dealer manager fees and distribution and stockholder servicing fees | — | — | (4,009) | — | — | (4,009) | — |
| Offering costs | — | — | (987) | — | — | (987) | — |
| Net income (loss) | — | — | — | 73,536 | — | 73,536 | 4 |
| Foreign currency translation adjustment | — | — | — | — | 2,323 | 2,323 | — |
| Foreign currency translation adjustment reclassified into earnings | — | — | — | — | 3,160 | 3,160 | — |
| Balance as of June 30, 2020 | 95,903 | \$ 97 | \$ 868,235 | \$ (57,398) | \$ (7,407) | \$ 803,527 | \$ — |

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, 2019 | 43,584 | \$ 44 | \$ 371,274 | \$ (91,711) | \$ (874) | \$ 278,733 | \$ — |
| Issuance of common shares | 6,109 | 7 | 62,886 | — | — | 62,893 | — |
| Distributions declared | — | — | — | (6,704) | — | (6,704) | (3) |
| Redemption of common shares | (362) | — | (4,014) | — | — | (4,014) | — |
| Selling commissions, dealer manager fees and distribution and stockholder servicing fees | — | — | (4,366) | — | — | (4,366) | — |
| Offering costs | — | — | (1,240) | — | — | (1,240) | — |
| Net income (loss) | — | — | — | (4,002) | — | (4,002) | 3 |
| Foreign currency translation adjustment | — | — | — | — | (2,020) | (2,020) | — |
| Balance as of March 31, 2019 | 49,331 | \$ 51 | \$ 424,540 | \$ (102,417) | \$ (2,894) | \$ 319,280 | \$ — |
| Issuance of common shares | 11,785 | 11 | 121,908 | — | — | 121,919 | — |
| Distributions declared | — | — | — | (8,062) | — | (8,062) | (4) |
| Redemption of common shares | (402) | — | (3,111) | — | — | (3,111) | — |
| Selling commissions, dealer manager fees and distribution and stockholder servicing fees | — | — | (8,511) | — | — | (8,511) | — |
| Offering costs | — | — | (1,048) | — | — | (1,048) | — |
| Net income (loss) | — | — | — | (3,454) | — | (3,454) | 4 |
| Foreign currency translation adjustment | — | — | — | — | 2,091 | 2,091 | — |
| Balance as of June 30, 2019 | 60,714 | \$ 62 | \$ 533,778 | \$ (113,933) | \$ (803) | \$ 419,104 | \$ — |

See notes to the condensed consolidated financial statements.

HINES GLOBAL INCOME TRUST, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2020 and 2019
(UNAUDITED)

| | 2020 | 2019 |
|---|----------------|------------|
| | (In thousands) | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (loss) | \$ 115,292 | \$ (7,449) |
| Adjustments to reconcile net income (loss) to net cash from (used in) operating activities: | | |
| Depreciation and amortization | 31,842 | 19,673 |
| Gain on sale of real estate | (130,101) | — |
| Foreign currency (gains) losses | 1,145 | 336 |
| (Gain) loss on derivative instruments | (8,470) | 1,187 |
| (Gain) loss on investments in real estate-related securities | 4,601 | (1,327) |
| Changes in assets and liabilities: | | |
| Change in other assets | (4,453) | (683) |
| Change in tenant and other receivables | (3,016) | (2,032) |
| Change in deferred leasing costs | (2,691) | (5,616) |
| Change in accounts payable and accrued expenses | (569) | (3,629) |
| Change in other liabilities | (6,510) | (5,958) |
| Change in due to affiliates | (8,941) | (2,680) |
| Net cash from (used in) operating activities | (11,871) | (8,178) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Investments in acquired properties and lease intangibles | (164,096) | (182,714) |
| Capital expenditures at operating properties | (4,613) | (3,886) |
| Proceeds from sale of real estate | 340,532 | — |
| Purchases of real estate-related securities | (24,575) | (14,086) |
| Proceeds from settlement of real estate-related securities | 18,812 | 5,180 |
| Net cash from (used in) investing activities | 166,060 | (195,506) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issuance of common shares | 147,932 | 177,269 |
| Redemption of common shares | (14,985) | (7,704) |
| Payment of offering costs | (2,850) | (2,734) |
| Payment of selling commissions, dealer manager fees and distribution and stockholder servicing fees | (5,516) | (5,570) |
| Distributions paid to stockholders and noncontrolling interests | (11,575) | (6,394) |
| Proceeds from notes payable | 75,970 | 109,935 |
| Payments on notes payable | (248,750) | (957) |
| Proceeds from related party note payable | — | 44,000 |
| Payments on related party note payable | (75,000) | (99,000) |
| Change in security deposit liability | 736 | 250 |
| Deferred financing costs paid | (404) | (631) |
| Payments related to interest rate contracts | — | (39) |
| Net cash from (used in) financing activities | (134,442) | 208,425 |
| Effect of exchange rate changes on cash, restricted cash and cash equivalents | 1,495 | (348) |
| Net change in cash, restricted cash and cash equivalents | 21,242 | 4,393 |
| Cash, restricted cash and cash equivalents, beginning of period | 56,438 | 36,986 |
| Cash, restricted cash and cash equivalents, end of period | \$ 77,680 | \$ 41,379 |

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 Six Months Ended June 30, 2020 and 2019

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 June 30, 2020 and December 31, 2019, the results of operations for the three and six months ended June 30, 2020 and 2019, the changes in stockholders' equity for each of the quarterly periods in the six months ended June 30, 2020 and 2019 and cash flows for the six months ended June 30, 2020 and 2019 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, 2019.

Hines Global Income Trust, Inc. (the "Company"), is a Maryland corporation formed in 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 conducts 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 June 30, 2020 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 June 30, 2020, the Company owned direct real estate investments in 18 properties totaling 8.9 million square feet that were 95% 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 August 14, 2020, the Company had received gross offering proceeds of \$1.1 billion from the sale of 104.5 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.

Coronavirus Outbreak

The preparation of financial statements in conformity with U.S GAAP requires the Company's management to make estimates and assumptions that affect the amounts reported in the financial statements. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, actual results may differ from these estimates. In particular, the COVID-19 pandemic (more commonly referred to as the Coronavirus pandemic), has adversely impacted and is likely to further adversely impact the Company's business, the businesses of the Company's tenants and the real estate market generally. The full extent to which the pandemic will directly or indirectly impact the Company's business, results of operations and financial condition, including fair value measurements, and asset impairment charges, will depend on future developments that are highly uncertain and difficult to predict. These developments include, but are not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or address its impact, governmental actions to contain the spread of the pandemic and respond to the reduction in global economic activity, and how quickly and to what extent normal economic and operating conditions can resume.

The ongoing global outbreak of the Coronavirus pandemic continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. It has disrupted global travel and supply chains, adversely impacted global commercial activity, and its long-term economic impact remains uncertain. Considerable uncertainty still surrounds the Coronavirus and its potential effects on the population, as well as the effectiveness of any responses taken on a national and local level by government authorities and businesses. The travel restrictions, limits on hours of operations and/or closures of non-essential businesses and other efforts to curb the spread of the Coronavirus have significantly disrupted business activity globally, including in the markets where the Company invests, and has had an adverse impact on the performance of certain of the Company's investments. Many of the Company's tenants are subject to various quarantine restrictions and these restrictions could be in place for an extended period of time. These restrictions are particularly adversely impacting many of the Company's retail tenants (other than grocery tenants), as government instructions regarding social distancing, capacity limitations and mandated closures have reduced and, in some cases, eliminated customer foot traffic, causing many of the Company's retail tenants to temporarily close their brick and mortar stores. As of August 14, 2020, the Company owned two retail properties in the U.S., which comprised 18% of the Company's portfolio, based on the estimated value of its real estate investments as of June 30, 2020, as well as 19% of the Company's total revenue for the six months ended June 30, 2020. Further, while the Company collected approximately 97% of first quarter rents at its retail properties, collections of second quarter rents dropped to around 41%. The Company has agreed to grant \$2.3 million of rent relief to its retail tenants through June 30, 2020, as a result of their lost revenues resulting from the Coronavirus pandemic. Such rent relief consisted of \$1.2 million of rental payments that were forgiven or reduced due to the conversion of fixed rental payments to rental payments based on a percentage of the tenant's revenues and \$1.1 million of rent payments that have been deferred to future periods. While the Company and certain of its tenants have agreed that these amended lease terms are effective as of a date prior to June 30, 2020, most of the leases were not executed until after June 30, 2020. There can be no assurance the Company will reach an agreement with all of its tenants or if an agreement is reached, that any such tenant will be able to repay any such deferred rent in the future. The Company collected 85% of rent billed for the month of July at its retail properties, including the effects of any rent concessions.

Additionally, the Company agreed to refund May through August rents for 53% of students across its international student housing portfolio following the closing of nearby universities for the remainder of the 2019/2020 school year. These universities have announced a mixture of in-campus and on-line learning for the upcoming 2020/2021 school year with a delayed start. Total refunds of May through August rents were \$1.9 million across the portfolio, \$1.2 million of which reduced revenue for the three months ended June 30, 2020. The remaining \$0.7 million will reduce revenue for the three months ended September 30, 2020. The Company's other segments were not materially impacted by the Coronavirus pandemic to date.

The Coronavirus pandemic has had an adverse impact on economic and market conditions and has triggered a period of global economic slowdown. In addition, the rapidly evolving nature of the pandemic makes it difficult to ascertain the long term impact it will have on commercial real estate markets and the Company's investments. Nevertheless, the Coronavirus pandemic presents material uncertainty and risk with respect to the Company's performance and financial results, such as rent concessions or reduced rental rates, the potential negative impact to occupancy at its properties, the potential closure of certain

of its assets for an extended period, the potential for increased difficulty in obtaining financing, increased costs of operations, decrease in values of its real estate investments, the potential for increased difficulty of maintaining the current distribution rate, changes in law and/or regulation, and uncertainty regarding government and regulatory policy. The Company is unable to estimate the impact the Coronavirus pandemic will have on its results in future periods.

Due to the business disruptions and challenges severely affecting the global economy caused by the Coronavirus pandemic, many lessors may be required to provide rent deferrals and other lease concessions to lessees. While the lease modification guidance in Accounting Standards Codification (“ASC”) Topic 842 (“Topic 842”) addresses routine changes to lease terms resulting from negotiations between the lessee and the lessor, this guidance did not contemplate concessions being so rapidly executed to address the sudden liquidity constraints of some lessees arising from the Coronavirus pandemic. In April 2020, the Financial Accounting Standards Board (“FASB”) staff issued a question and answer document (the “Lease Modification Q&A”) focused on the application of lease accounting guidance to lease concessions provided as a result of the Coronavirus pandemic. Under existing lease guidance, the Company would have to determine, on a lease by lease basis, if a lease concession was the result of a new arrangement reached with the tenant (treated within the lease modification accounting framework) or if a lease concession was under the enforceable rights and obligations within the existing lease agreement (precluded from applying the lease modification accounting framework). The Lease Modification Q&A allows the Company, if certain criteria have been met, to bypass the lease by lease analysis, and instead elect to either apply the lease modification accounting framework or not, with such election applied consistently to leases with similar characteristics and similar circumstances. The Company has elected to apply such relief and will avail itself of the election to avoid performing a lease by lease analysis for the lease concessions that 1) were granted as relief due to the Coronavirus pandemic and 2) result in the cash flows remaining substantially the same or less. However, while the Company completed negotiations with many of its tenants that requested rent relief by June 30, 2020, most of the related lease amendments were not completed until after June 30, 2020. As a result, the Lease Modification Q&A did not have a material impact on the Company’s consolidated financial statements for the three and six months ended June 30, 2020. However, its future impact on the Company is dependent upon the extent of lease concessions granted to tenants as a result of the Coronavirus pandemic in future periods and the elections made by the Company at the time of agreeing to such concessions.

Investments in Real Estate-Related Securities

The Company holds investments in real estate-related securities, which consist of common equities, preferred equities and debt investments of publicly traded REITs. The Company has elected to classify these investments as trading securities and carry such investments at fair value. These assets are valued on a recurring basis. The Company earns interest and dividend income monthly related to these securities, which is recorded in interest and other income in the Company’s Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The table below presents the effects of the changes in fair value of the Company’s real estate-related securities in the Company’s Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and six months ended June 30, 2020 and 2019 (in thousands):

| | Gain (Loss) Recorded on Investments in Real Estate-Related Securities | | | |
|---|--|---------------|-------------------------|-----------------|
| | Three months ended | | Six months ended | |
| | June 30, | | June 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Unrealized gain (loss) | \$ 4,548 | \$ (4) | \$ (2,839) | \$ 1,099 |
| Realized gain (loss) | (1,412) | 165 | (1,762) | 228 |
| Total gain (loss) on real estate-related securities | <u>\$ 3,136</u> | <u>\$ 161</u> | <u>\$ (4,601)</u> | <u>\$ 1,327</u> |

Assets and Liabilities Held for Sale

Properties that are intended to be sold are to be designated as “held for sale” on the Condensed Consolidated Balance Sheets at the lesser of carrying amount or fair value less estimated selling costs when they meet specific criteria to be presented as held for sale, under GAAP, most significantly that the sale is probable within one year. The Company evaluates probability of sale based on specific facts including whether a sales agreement is in place and the buyer has made significant non-refundable deposits. Properties are no longer depreciated when they are classified as held for sale. As of June 30, 2020, there were no assets designated as held for sale. As of December 31, 2019, the Company had one property, the Domain Apartments, designated as held for sale. The Company sold the Domain Apartments in January 2020. See [Note 3](#)—Investment Property for additional information regarding the disposition of the Domain Apartments.

Tenant and Other Receivables

Tenant and other receivables consists primarily of receivables attributable to straight-line rent and receivables related to base rents and tenant reimbursements and are carried at cost. As of June 30, 2020 and December 31, 2019, the Company had receivables related to base rents and tenant reimbursements of \$8.7 million and \$5.6 million, respectively. Additionally, as of June 30, 2020, approximately \$1.1 million of these receivables relate to rent that has been deferred at the Company's retail properties and is expected to be repaid at a later date. The Company has recorded an allowance of approximately \$584,000 related to these deferred rents, which reduced rental revenue for the three and six months ended June 30, 2020. The Company also reduced rental revenue by \$1.2 million for abated rent at its retail properties as of June 30, 2020, as discussed previously.

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. Straight-line rent receivables were \$5.9 million and \$8.6 million as of June 30, 2020 and December 31, 2019, respectively.

At June 30, 2020, a \$1.9 million receivable related to the sale of Bishop's Square was included in tenant and other receivables, net on the Condensed Consolidated Balance Sheet. The receivable is contingent on certain conditions being met on or before November 15, 2020 and May 31, 2021.

Other Assets

Other assets included the following (in thousands):

| | June 30, 2020 | December 31, 2019 |
|------------------------------------|----------------------|--------------------------------|
| Prepaid insurance | \$ 1,151 | \$ 726 |
| Prepaid property taxes | 634 | 589 |
| Deferred tax assets ⁽¹⁾ | 5,160 | 2,973 |
| Other | 3,162 ⁽²⁾ | 932 |
| Other assets | <u>\$ 10,107</u> | <u>\$ 5,220 ⁽³⁾</u> |

- (1) Includes the effects of a valuation allowance of \$1.9 million and \$1.8 million as of June 30, 2020 and December 31, 2019, respectively. The increase in net deferred tax assets from December 31, 2019 to June 30, 2020 is primarily due to changes in tax laws relating to our student housing properties.
- (2) Includes \$1.3 million in deposits paid in relation to the acquisition of Wakefield Logistics, which was acquired in July 2020. See [Note 12](#)—Subsequent Events for additional details on the acquisition of Wakefield Logistics.
- (3) Includes \$0.1 million classified as other assets within assets held for sale as of December 31, 2019.

Recently Adopted Accounting Pronouncements

In August 2018, the FASB issued ASU No. 2018-13, "Changes to the Disclosure Requirements for Fair Value Measurement." This ASU amends and removes several disclosure requirements including the valuation processes for Level 3 fair value measurements. The ASU also modifies some disclosure requirements and requires additional disclosures for changes in unrealized gains and losses included in other comprehensive income for recurring Level 3 fair value measurements and requires the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The provisions of ASU No. 2018-13 are effective for the Company as of January 1, 2020 and have not materially impacted the Company's financial statements.

New Accounting Pronouncements

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848), which provides guidance containing practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU No. 2020-04 is optional and may be elected over time as reference rate reform activities occur. The Company is in the process of evaluating the impact of this guidance upon its financial statements.

3. INVESTMENT PROPERTY

Investment property consisted of the following amounts as of June 30, 2020 and December 31, 2019 (in thousands):

| | June 30, 2020 | December 31, 2019 |
|---------------------------------|---------------------|------------------------------------|
| Buildings and improvements | \$ 1,008,292 | \$ 1,077,207 |
| Less: accumulated depreciation | (46,984) | (51,719) |
| Buildings and improvements, net | 961,308 | 1,025,488 |
| Land | 304,816 | 278,639 |
| Investment property, net | <u>\$ 1,266,124</u> | <u>\$ 1,304,127 ⁽¹⁾</u> |

(1) Includes \$49.8 million classified within assets held for sale as of December 31, 2019.

Recent Dispositions of Investment Property

In January 2020, the Company sold the Domain Apartments, a multi-family community located in Henderson, Nevada. The contract sales price for the Domain Apartments was \$80.1 million. The Company acquired the Domain Apartments in January 2016 for a contract purchase price of \$58.1 million. The Company recognized a gain on sale of this asset of \$29.5 million, which was recorded in gain on sale of real estate on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

In February 2020, the Company sold Goodyear Crossing II, a Class A industrial warehouse located in Goodyear, Arizona, a submarket of Phoenix, Arizona. The contract sales price for Goodyear Crossing II was \$72.0 million. The Company acquired Goodyear Crossing II in August 2016 for a contract purchase price of \$56.2 million. The Company recognized a gain on sale of this asset of \$20.2 million, which was recorded in gain on sale of real estate on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

In April 2020, the Company sold Bishop's Square, a Class A office property located in Dublin, Ireland. The contract sales price for Bishop's Square was €181.6 million (approximately \$198.0 million assuming a rate of \$1.09 per EUR as of the date of transaction). The Company acquired Bishop's Square in March 2015 for €92.0 million (approximately \$103.5 million assuming a rate of \$1.13 per EUR as of the acquisition date). The Company recognized a gain on sale of this asset of \$80.4 million, which was recorded in gain on sale of real estate on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). Additionally, the gain on the sale of Bishop's Square includes a loss of \$3.2 million related to the reclassification of the accumulated translation adjustment from stockholders' equity to the statement of operations. The accumulated translation adjustment represents changes in the EUR-USD exchange rate over Bishop's Square's hold period. In addition to the amounts above, the Company paid \$7.8 million in taxes upon the sale of Bishop's Square, which was recorded in provision for income taxes related to sale of real estate on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Recent Acquisitions of Investment Property

In January 2020, the Company acquired the Emerson, an apartment property located in Centreville, Virginia. The net purchase price for the Emerson was \$117.0 million, exclusive of transaction costs and working capital reserves.

In February 2020, the Company acquired Bratzler ABC Westland, an industrial property located in The Hague, Netherlands. The net purchase price for Bratzler ABC Westland was €11.5 million (approximately \$12.5 million assuming a rate of \$1.09 per EUR as of the acquisition date), exclusive of transaction costs and working capital reserves. Bratzler ABC Westland is an addition to our existing ownership in ABC Westland previously acquired in May 2019.

In June 2020, the Company acquired the Madrid Airport Complex, an industrial and office property located in Madrid, Spain through a sale-leaseback transaction. The net purchase price for the Madrid Airport Complex was €29.2 million (approximately \$33.2 million assuming a rate of \$1.14 per EUR as of the transaction date), exclusive of transaction costs and working capital reserves.

In July 2020, the Company acquired Wakefield Logistics, an industrial logistics property located in Wakefield, United Kingdom. See [Note 12](#)—Subsequent Events for more information on the acquisition of Wakefield Logistics.

The amounts recognized for the asset acquisitions as of the acquisition dates were determined by allocating the net purchase price as follows (in thousands):

| Property Name | Acquisition Date | Building and Improvements ⁽¹⁾ | Land ⁽¹⁾ | In-place Lease Intangibles ⁽¹⁾ | Out-of-Market Lease Intangibles, Net ⁽¹⁾ | Total ⁽¹⁾ |
|------------------------|------------------|--|---------------------|---|---|----------------------|
| The Emerson | 1/24/2020 | \$ 97,659 | \$ 17,725 | \$ 2,197 | \$ — | \$ 117,581 |
| Bratzler ABC Westland | 2/19/2020 | \$ 7,181 | \$ 5,704 | \$ 816 | \$ — | \$ 13,701 |
| Madrid Airport Complex | 6/19/2020 | \$ 3,807 | \$ 20,469 | \$ 9,787 | \$ — | \$ 34,063 |

- (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.

As of June 30, 2020, 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 | \$ 123,640 | \$ 6,631 | \$ (22,428) |
| Less: accumulated amortization | (46,620) | (1,728) | 5,563 |
| Net | \$ 77,020 | \$ 4,903 | \$ (16,865) |

As of December 31, 2019, 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 | \$ 136,215 | \$ 8,957 | \$ (25,579) |
| Less: accumulated amortization | (43,808) | (2,827) | 5,946 |
| Net | \$ 92,407 | \$ 6,130 | \$ (19,633) |

Amortization expense of in-place leases was \$7.5 million and \$4.6 million for the three months ended June 30, 2020 and 2019, respectively. Net amortization of out-of-market leases resulted in an increase to rental revenue of \$0.3 million and \$0.5 million for the three months ended June 30, 2020 and 2019, respectively.

Amortization expense of in-place leases was \$16.5 million and \$9.3 million for the six months ended June 30, 2020 and 2019, respectively. Net amortization of out-of-market leases resulted in an increase to rental revenue of \$0.9 million and \$0.6 million for the six months ended June 30, 2020 and 2019, respectively.

Anticipated amortization of the Company's in-place leases and out-of-market leases, net for the period from July 1, 2020 through December 31, 2020 and for each of the years ending December 31, 2021 through December 31, 2025 are as follows (in thousands):

| | In-Place Lease | Out-of-Market Leases, Net |
|--|----------------|---------------------------|
| July 1, 2020 through December 31, 2020 | \$ 11,532 | \$ (576) |
| 2021 | \$ 15,853 | \$ (1,244) |
| 2022 | \$ 12,910 | \$ (1,102) |
| 2023 | \$ 8,239 | \$ (875) |
| 2024 | \$ 5,108 | \$ (684) |
| 2025 | \$ 4,547 | \$ (668) |

Commercial Leases

The Company's commercial leases are generally for terms of 15 years or less and may include multiple options to extend the lease term upon tenant election. The Company's leases typically do not include an option to purchase. Generally, the Company does not expect the value of its real estate assets to be impacted materially at the end of any individual lease term, as the Company is typically able to re-lease the space and real estate assets tend to hold their value over a long period of time. Tenant terminations prior to the lease end date occasionally result in a one-time termination fee based on the remaining unpaid lease payments including variable payments and could be material to the tenant. Many of the Company's leases have increasing minimum rental rates during the terms of the leases through escalation provisions. In addition, the majority of the Company's leases provide for separate billings for variable rent, such as, reimbursements of real estate taxes, maintenance and insurance and may include an amount based on a percentage of the tenants' sales. Total billings related to expense reimbursements from tenants for the three and six months ended June 30, 2020 were \$3.8 million and \$8.7 million, respectively, and for the three and six months ended June 30, 2019 were \$2.8 million and \$5.7 million, respectively, which are included in rental revenue on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

The Company has entered into non-cancelable lease agreements with tenants for space. As of June 30, 2020, the approximate fixed future minimum rentals for the period from July 1, 2020 through December 31, 2020, for each of the years ending December 31, 2021 through 2025 and thereafter related to the Company's commercial properties are as follows (in thousands):

| | Fixed Future Minimum Rentals |
|--|---|
| July 1, 2020 through December 31, 2020 | \$ 35,708 |
| 2021 | 65,524 |
| 2022 | 54,198 |
| 2023 | 45,079 |
| 2024 | 37,856 |
| 2025 | 34,295 |
| Thereafter | 147,763 |
| Total | <u>\$ 420,423</u> |

During the six months ended June 30, 2020 and 2019, the Company did not earn more than 10% of its revenue from any individual tenant.

The Company also enters into leases with tenants at its student housing properties and multi-family properties. These leases generally have terms less than one year and do not contain options to extend, terminate or purchase, escalation clauses, or other such terms, which are common in the Company's commercial leases.

4. DEBT FINANCING

As of June 30, 2020 and December 31, 2019, the Company had approximately \$609.8 million and \$865.7 million of debt outstanding, with weighted average years to maturity of 2.5 years and 2.6 years, respectively, and a weighted average interest rate of 2.17% and 2.54%, respectively. The following table provides additional information regarding the Company's debt outstanding at June 30, 2020 and December 31, 2019 (in thousands):

| Description | Origination or Assumption Date | Maturity Date | | Maximum Capacity in Functional Currency | Interest Rate Description | Interest Rate as of June 30, 2020 | Principal Outstanding at June 30, 2020 | Principal Outstanding at December 31, 2019 |
|--|--------------------------------|---------------|-----|---|--------------------------------|-----------------------------------|--|--|
| Secured Mortgage Debt | | | | | | | | |
| Bishop's Square | 3/3/2015 | 3/2/2022 | (3) | € 55,200 | Euribor + 1.30% ⁽¹⁾ | N/A | \$ — | \$ 61,907 |
| Domain Apartments | 1/29/2016 | 1/29/2020 | (4) | \$ 34,300 | Libor + 1.60% ⁽¹⁾ | N/A | — | 34,300 ⁽⁷⁾ |
| Cottonwood Corporate Center | 7/5/2016 | 8/1/2023 | | \$ 78,000 | Fixed | 2.98% | 71,464 | 72,359 |
| Goodyear Crossing II | 8/18/2016 | 8/18/2021 | (5) | \$ 29,000 | Libor + 2.00% | N/A | — | 29,000 |
| Rookwood Commons | 1/6/2017 | 7/1/2023 | (6) | \$ 67,000 | Fixed | 3.13% | 67,000 | 67,000 |
| Rookwood Pavilion | 1/6/2017 | 7/1/2023 | (6) | \$ 29,000 | Fixed | 2.87% | 29,000 | 29,000 |
| Montrose Student Residences | 3/24/2017 | 3/23/2022 | | € 22,605 | Euribor + 1.85% ⁽¹⁾ | 2.00% | 25,381 | 25,352 |
| Queen's Court Student Residences | 12/18/2017 | 12/18/2022 | | £ 29,500 | Libor + 2.00% ⁽¹⁾ | 2.49% | 36,362 | 38,896 |
| Venue Museum District | 9/21/2018 | 10/9/2020 | | \$ 45,000 | Libor + 1.95% ⁽¹⁾ | 4.02% | 45,000 | 45,000 |
| Fresh Park Venlo | 10/3/2018 | 8/15/2023 | | € 75,000 | Euribor + 1.50% ⁽¹⁾ | 1.50% | 84,190 | 84,092 |
| Maintal Logistics | 2/21/2019 | 2/28/2024 | | € 23,500 | Euribor + 1.10% ⁽¹⁾ | 1.10% | 26,034 | 26,136 |
| ABC Westland | 5/3/2019 | 2/15/2024 | | € 75,000 | Euribor + 1.50% ⁽¹⁾ | 1.50% | 81,291 | 82,655 |
| Łódź Urban Logistics | 9/20/2019 | 9/20/2024 | | € 13,600 | Fixed ⁽²⁾ | 1.05% | 15,143 | 15,211 |
| Glasgow West End | 9/26/2019 | 9/26/2024 | | £ 43,200 | Libor + 1.80% ⁽¹⁾ | 2.19% | 53,248 | 56,959 |
| Gdańsk PL II | 10/4/2019 | 9/20/2024 | | € 16,800 | Fixed ⁽²⁾ | 1.05% | 18,706 | 18,790 |
| Madrid Airport Complex | 6/19/2020 | 6/19/2023 | | € 15,150 | Fixed | 2.80% | 17,010 | — |
| Other Notes Payable | | | | | | | | |
| JPMorgan Chase Revolving Credit Facility | 9/13/2019 | 11/15/2022 | | \$ 275,000 | Variable | 1.69% | 40,000 | 104,000 |
| Notes Payable | | | | | | | \$ 609,829 | \$ 790,657 |
| Affiliate Note Payable | | | | | | | | |
| Credit Facility with Hines | 10/2/2017 | 12/31/2020 | | \$ 75,000 | Variable | 1.78% | — | 75,000 |
| Total Note Payable to Affiliate | | | | | | | \$ — | \$ 75,000 |
| Total Principal Outstanding | | | | | | | \$ 609,829 | \$ 865,657 |
| Unamortized discount | | | | | | | — | (104) |
| Unamortized financing fees | | | | | | | (4,434) | (4,126) |
| Total | | | | | | | \$ 605,395 | \$ 861,427 |

- (1) On the loan origination date, the Company entered into an interest rate cap agreement as an economic hedge against the variability of future interest rates on this borrowing. See [Note 5](#)—Derivative Instruments for further details.
- (2) On the loan origination date, the Company entered into an interest rate swap contract effectively fixing the interest rate for the full term of the facility. See [Note 5](#)—Derivative Instruments for further details.
- (3) In April 2020, the Company paid off the outstanding balance using proceeds from the sale of Bishop's Square, which occurred in April 2020.
- (4) In January 2020, the Company paid off the outstanding balance using proceeds from the sale of Domain Apartments, which occurred in January 2020.
- (5) In February 2020, the Company paid off the outstanding balance using proceeds from the sale of Goodyear Crossing II, which occurred in February 2020.
- (6) On July 1, 2020, the Company entered into an amendment related to its secured mortgage debt agreement for Rookwood Commons and Rookwood Pavilion, which extended the maturity date to July 1, 2023. In connection with this amendment, the Company repaid \$12.5 million of the outstanding principal related to Rookwood Commons, resulting in an outstanding balance of \$54.5 million.
- (7) As of December 31, 2019, this amount was included in liabilities associated with assets held for sale.

JPMorgan Chase Revolving Credit Facility

During the six months ended June 30, 2020, the Company made draws of approximately \$59.0 million and made payments of \$123.0 million on its revolving loan commitment with JPMorgan Chase, N.A., (the “Revolving Credit Facility”), resulting in an outstanding balance of \$40.0 million on June 30, 2020. From July 1, 2020 through August 14, 2020, the Company made no additional draws or payments under the Revolving Credit Facility, resulting in an outstanding principal balance of \$40.0 million as of August 14, 2020.

Hines Credit Facility

During the six months ended June 30, 2020, the Company made no draws and made payments of \$75.0 million under its credit facility with Hines (the “Hines Credit Facility”). The Company had no outstanding balance on June 30, 2020. From July 1, 2020 through August 14, 2020, the Company made no draws or payments under the Hines Credit Facility, resulting in no outstanding balance on August 14, 2020.

Financial Covenants

The Company’s mortgage agreements and other loan documents for the debt described in the table above contain customary events of default, with corresponding grace periods, including payment defaults, bankruptcy-related defaults, and customary covenants, including limitations on liens and indebtedness and maintenance of certain financial ratios. As of June 30, 2020, the Company was out of compliance with a loan covenant related to its mortgage debt secured by two of the Company’s European student housing facilities. The properties were not in compliance with their debt yield calculations as of June 30, 2020 as a result of refunds granted in response to the effects of the Coronavirus pandemic as described in [Note 2](#)—Summary of Significant Accounting Policies. However, the debt agreements were amended as of June 30, 2020 to waive any event of default occurring as a result of the debt yield calculation through September 30, 2020. The lender provided a waiver of the covenant that was out of compliance, as the properties met certain conditions set forth by the lender. The Company is not aware of any other instances of noncompliance with financial covenants on any of its other loans as of the date of this report. The Company’s continued compliance with these covenants depends on many factors and could be impacted by current or future economic conditions associated with the Coronavirus pandemic. Failure to comply with any covenants would result in a default which, if the Company were unable to cure or obtain a waiver from the lenders, could accelerate the repayment obligations and strain the liquidity of the Company.

Principal Payments on Debt

The Company is required to make the following principal payments on its outstanding notes payable for the period from July 1, 2020 through December 31, 2020, for each of the years ending December 31, 2021 through December 31, 2024 and for the period thereafter (in thousands).

| | Payments Due by Year | | | | | |
|--------------------|---|-------------|-------------|-------------|-------------|-------------------|
| | July 1, 2020 through December 31, 2020 | 2021 | 2022 | 2023 | 2024 | Thereafter |
| Principal payments | \$ 144,789 ⁽¹⁾ | \$ 7,658 | \$ 109,406 | \$ 165,888 | \$ 182,088 | \$ — |

- (1) Included in this amount is \$96.0 million in principal payments due July 1, 2020 relating to the secured mortgage debt at Rookwood Commons and Rookwood Pavilion. On July 1, 2020, the Company modified and extended these agreements, resulting in a new maturity date of July 1, 2023, as described above.

As of August 14, 2020, the Company is required to make \$45.0 million in principal payments on its outstanding notes payable that mature through August 2021. Although the mortgage loans are non-recourse, which would allow the Company to provide a deed in-lieu of payment, the Company expects to be able to repay all principal payments with cash on hand or proceeds raised from its current offering, utilize additional capacity on the Credit Agreement, or to be able to refinance the debt terms on the principal outstanding.

LIBOR is expected to be discontinued after 2021. As of June 30, 2020, the Company has two loans with a variable interest rate tied to LIBOR with maturities beyond 2021. The loan agreements provide procedures for determining a replacement or alternative rate in the event that LIBOR is unavailable. However, there can be no assurances as to whether such replacement or alternative rate will be more or less favorable than LIBOR. The Company intends to monitor the developments with respect to

the potential phasing out of LIBOR after 2021 and work with its lenders to ensure any transition away from LIBOR will have minimal impact on its financial condition, but can provide no assurances regarding the impact of the discontinuation of LIBOR.

5. DERIVATIVE INSTRUMENTS

The Company has entered into several interest rate cap and swap 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 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 certain cash flows of some of 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.

The table below provides additional information regarding the Company's interest rate contracts as of June 30, 2020 (in thousands, except percentages).

Interest Rate Contracts

| Type | Property | Effective Date | Expiration Date | Maximum Capacity of Debt in Functional Currency | Notional Amount | Interest Rate Received | Pay Rate / Strike Rate |
|--------------------|----------------------------------|--------------------|--------------------|---|-----------------|------------------------|------------------------|
| Interest rate cap | Montrose Student Residences | March 24, 2017 | March 23, 2022 | € 22,605 | € 16,954 | Euribor | 1.25 % |
| Interest rate cap | Queen's Court Student Residences | December 20, 2017 | December 20, 2020 | £ 29,500 | £ 22,125 | LIBOR | 2.00 % |
| Interest rate cap | Venue Museum District | September 21, 2018 | October 9, 2020 | \$ 45,000 | \$ 45,000 | LIBOR | 3.50 % |
| Interest rate cap | Fresh Park Venlo | October 8, 2018 | August 15, 2023 | € 75,000 | € 52,487 | Euribor | 2.00 % |
| Interest rate cap | Maintal Logistics | February 28, 2019 | February 28, 2024 | € 23,500 | € 16,450 | Euribor | 2.00 % |
| Interest rate cap | ABC Westland | May 3, 2019 | February 15, 2024 | € 75,000 | € 52,500 | Euribor | 1.00 % |
| Interest rate swap | Łódź Urban Logistics | October 10, 2019 | September 20, 2024 | € 13,600 | € 13,600 | Euribor | (0.36)% |
| Interest rate swap | Gdańsk PL II | October 10, 2019 | September 20, 2024 | € 16,800 | € 16,800 | Euribor | (0.36)% |
| Interest rate cap | Glasgow West End | September 27, 2019 | September 24, 2024 | £ 43,200 | £ 32,400 | LIBOR | 2.00 % |

The table below provides additional information regarding the Company's foreign currency forward contracts that were active during the three and six months ended June 30, 2020 (in thousands).

Foreign Currency Forward Contracts

| Effective Date | Expiration Date | Notional Amount | Buy/Sell | Traded Currency Rate |
|-------------------|-------------------|-----------------|----------|----------------------|
| October 24, 2019 | February 28, 2020 | £ 31,000 | USD/GBP | \$ 1.29 |
| December 9, 2019 | February 28, 2020 | £ 15,000 | USD/GBP | \$ 1.32 |
| February 21, 2020 | May 29, 2020 | £ 31,000 | USD/GBP | \$ 1.30 |
| February 21, 2020 | May 29, 2020 | £ 15,000 | USD/GBP | \$ 1.30 |
| March 2, 2020 | April 30, 2020 | € 60,000 | USD/EUR | \$ 1.12 |
| March 10, 2020 | April 30, 2020 | € 50,000 | USD/EUR | \$ 1.14 |
| May 27, 2020 | June 30, 2020 | £ 31,000 | USD/GBP | \$ 1.23 |
| May 27, 2020 | June 30, 2020 | £ 15,000 | USD/GBP | \$ 1.23 |
| June 26, 2020 | July 15, 2020 | £ 32,500 | USD/GBP | \$ 1.24 |

The table below presents the effects of the changes in fair value of the Company's derivative instruments in the Company's Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and six months ended June 30, 2020 and 2019 (in thousands):

| | Gain (Loss) on Derivative Instruments | | | |
|--|---------------------------------------|----------------|---------------------------|-------------------|
| | Three months ended June 30, | | Six months ended June 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Derivatives not designated as hedging instruments: | | | | |
| Interest rate swaps | \$ 165 | \$ — | \$ 348 | \$ — |
| Interest rate caps | 14 | (151) | (73) | (311) |
| Foreign currency forward contracts | 1,335 | 74 | 8,195 | (876) |
| Total gain (loss) on derivatives | <u>\$ 1,514</u> | <u>\$ (77)</u> | <u>\$ 8,470</u> | <u>\$ (1,187)</u> |

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 (as defined below) 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.

The Company complies with the FASB ASC 480 "Distinguishing Liabilities from Equity" which requires, among other things, that financial instruments that represent a mandatory obligation of the Company to repurchase shares be classified as liabilities and reported at settlement value. When shares are tendered for redemption and approved (or not prohibited) by the board of directors, the Company will reclassify such obligations from equity to an accrued liability based upon their respective settlement values and redeem those shares in the subsequent month pursuant to the Company's current share redemption program.

Common Stock

As of June 30, 2020 and December 31, 2019, the Company had the following classes of shares of common stock authorized, issued and outstanding (in thousands):

| | June 30, 2020 | | December 31, 2019 | |
|--|-------------------|-------------------------------|-------------------|-------------------------------|
| | Shares Authorized | Shares Issued and Outstanding | Shares Authorized | Shares Issued and Outstanding |
| Class AX common stock, \$0.001 par value per share | 40,000 | 18,619 | 40,000 | 18,885 |
| Class TX common stock, \$0.001 par value per share | 40,000 | 19,780 | 40,000 | 19,901 |
| Class IX common stock, \$0.001 par value per share | 10,000 | 93 | 10,000 | 91 |
| 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 | 36,769 | 350,000 | 28,837 |
| 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 | 9,237 | 350,000 | 6,927 |
| Class I common stock, \$0.001 par value per share | 350,000 | 11,405 | 350,000 | 7,206 |

The tables below provide information regarding the issuances and redemptions of each class of the Company's common stock during the six months ended June 30, 2020 and 2019 (in thousands). There were no Class JX and S shares issued, redeemed or outstanding during the six months ended June 30, 2020.

| | 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, 2020 | 18,885 | \$ 19 | 19,901 | \$ 22 | 91 | \$ — | 28,837 | \$ 29 | 6,927 | \$ 6 | 7,206 | \$ 7 | 81,847 | \$ 83 |
| Issuance of common shares | 126 | — | 146 | 1 | 1 | — | 5,809 | 6 | 1,696 | 2 | 2,957 | 3 | 10,735 | 12 |
| Redemption of common shares | (159) | — | (183) | — | — | — | (86) | — | (20) | — | (16) | — | (464) | — |
| Balance as of March 31, 2020 | 18,852 | \$ 19 | 19,864 | \$ 23 | 92 | \$ — | 34,560 | \$ 35 | 8,603 | \$ 8 | 10,147 | \$ 10 | 92,118 | \$ 95 |
| Issuance of common shares | 150 | — | 127 | — | 1 | — | 2,528 | 2 | 702 | — | 1,314 | 1 | 4,822 | 3 |
| Redemption of common shares | (383) | (1) | (211) | — | — | — | (319) | — | (68) | — | (56) | — | (1,037) | (1) |
| Balance as of June 30, 2020 | 18,619 | \$ 18 | 19,780 | \$ 23 | 93 | \$ — | 36,769 | \$ 37 | 9,237 | \$ 8 | 11,405 | \$ 11 | 95,903 | \$ 97 |

| | 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, 2019 | 19,123 | \$ 19 | 19,969 | \$ 21 | 96 | \$ — | 2,858 | \$ 3 | 1,479 | \$ 1 | 59 | \$ — | 43,584 | \$ 44 |
| Issuance of common shares | 136 | — | 155 | 1 | 1 | — | 4,011 | 4 | 1,198 | 1 | 608 | 1 | 6,109 | 7 |
| Redemption of common shares | (163) | — | (195) | — | — | — | — | — | (4) | — | — | — | (362) | — |
| Balance as of March 31, 2019 | 19,096 | \$ 19 | 19,929 | \$ 22 | 97 | \$ — | 6,869 | \$ 7 | 2,673 | \$ 2 | 667 | \$ 1 | 49,331 | \$ 51 |
| Issuance of common shares | 134 | — | 154 | — | 1 | — | 8,152 | 8 | 1,824 | 2 | 1,520 | 1 | 11,785 | 11 |
| Redemption of common shares | (270) | — | (132) | — | — | — | — | — | — | — | — | — | (402) | — |
| Balance as of June 30, 2019 | 18,960 | \$ 19 | 19,951 | \$ 22 | 98 | \$ — | 15,021 | \$ 15 | 4,497 | \$ 4 | 2,187 | \$ 2 | 60,714 | \$ 62 |

Distributions

With the authorization of the Company's board of directors, the Company declared distributions monthly from January 2020 through July 2020 at a gross distribution rate of \$0.05208 per month for each share class (represents an annualized rate of \$0.625 per share per year if this rate is declared for an entire year), less any applicable distribution and stockholder servicing fees.

Distributions were 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 2020 and 2019, 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 |
| 2020 | | | |
| June 30, 2020 | \$ 6,262 | \$ 7,190 | \$ 13,452 |
| March 31, 2020 | 5,669 | 6,732 | 12,401 |
| Total | <u>\$ 11,931</u> | <u>\$ 13,922</u> | <u>\$ 25,853</u> |
| 2019 | | | |
| December 31, 2019 | \$ 4,992 | \$ 6,092 | \$ 11,084 |
| September 30, 2019 | 4,383 | 5,325 | 9,708 |
| June 30, 2019 | 3,647 | 4,415 | 8,062 |
| March 31, 2019 | 3,090 | 3,614 | 6,704 |
| Total | <u>\$ 16,112</u> | <u>\$ 19,446</u> | <u>\$ 35,558</u> |

The table below outlines the net distributions declared for each class of shares for the three and six months ended June 30, 2020 and 2019. The net distributions presented below are representative of the gross distribution rate declared by the Company's board of directors, less any applicable ongoing distribution and stockholder servicing fees.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|---------|---------------------------|---------|
| | 2020 | 2019 | 2020 | 2019 |
| Distributions declared per Class AX share, net | \$ 0.16 | \$ 0.16 | \$ 0.31 | \$ 0.31 |
| Distributions declared per Class TX share, net | \$ 0.13 | \$ 0.13 | \$ 0.26 | \$ 0.26 |
| Distributions declared per Class IX share, net | \$ 0.15 | \$ 0.15 | \$ 0.30 | \$ 0.30 |
| Distributions declared per Class T share, net | \$ 0.13 | \$ 0.13 | \$ 0.26 | \$ 0.26 |
| Distributions declared per Class S share, net | \$ 0.13 | \$ 0.13 | \$ 0.26 | \$ 0.26 |
| Distributions declared per Class D share, net | \$ 0.14 | \$ 0.15 | \$ 0.29 | \$ 0.30 |
| Distributions declared per Class I share, net | \$ 0.16 | \$ 0.16 | \$ 0.31 | \$ 0.31 |

7. RELATED PARTY TRANSACTIONS

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

| Type and Recipient | Incurred | | | | Unpaid as of | |
|---|-----------------------------|------------------|---------------------------|------------------|------------------|-------------------|
| | Three Months Ended June 30, | | Six Months Ended June 30, | | June 30, 2020 | December 31, 2019 |
| | 2020 | 2019 | 2020 | 2019 | | |
| Selling Commissions- Dealer Manager ⁽¹⁾ | \$ 658 | \$ 2,390 | \$ 2,304 | \$ 3,560 | \$ — | \$ — |
| Dealer Manager Fee- Dealer Manager | 117 | 422 | 413 | 630 | — | — |
| Distribution & Stockholder Servicing Fees- Dealer Manager | 3,234 | 5,698 | 7,532 | 8,687 | 27,212 | 22,479 |
| Organization and Offering Costs- the Advisor | 987 | 1,048 | 1,850 | 2,288 | 6,762 | 7,763 |
| Asset Management Fees- the Advisor | 2,747 | 1,801 | 5,538 | 3,288 | 2,630 | 2,353 |
| Other- the Advisor ⁽²⁾ | 692 | 730 | 1,054 | 1,223 | 629 | 1,106 |
| Performance Participation Allocation- the Advisor ⁽³⁾ | — | 1,476 | — | 2,597 | — | 7,713 |
| Interest expense- Hines and its affiliates ⁽⁴⁾ | 2 | 310 | 362 | 747 | — | 443 |
| Property Management Fees- Hines and its affiliates | 513 | 443 | 1,195 | 815 | 124 | 287 |
| Development and Construction Management Fees- Hines and its affiliates | 27 | 223 | 90 | 290 | 110 | 30 |
| Leasing Fees- Hines and its affiliates | 126 | 230 | 219 | 337 | 197 | 344 |
| Expense Reimbursement- Hines and its affiliates (with respect to management and operations of the Company's properties) | 1,843 | 983 | 3,759 | 1,795 | (68) | 264 |
| Total | \$ 10,946 | \$ 15,754 | \$ 24,316 | \$ 26,257 | \$ 37,596 | \$ 42,782 |

- (1) Some or all of these fees may be reallocated to participating broker dealers rather than being retained by the Dealer Manager.
- (2) 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.
- (3) 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 the Company earning a 5% total return annually (as defined above), 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.
- (4) 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.

Financial Instruments Measured on a Recurring Basis

As described in [Note 5](#)—Derivative Instruments, the Company entered into several interest rate contracts as economic hedges against the variability of future interest rates on its variable interest rate borrowings. The valuation of these derivative instruments is determined based on assumptions that management believes market participants would use in pricing, using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of interest rate contracts have been determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

Although the Company has determined the majority of the inputs used to value its interest rate contracts fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by the Company and its counterparties. In adjusting the fair values of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds and guarantees. However, as of June 30, 2020 and 2019, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuations of its derivatives. As a result, the Company has determined its derivative valuations are classified in Level 2 of the fair value hierarchy.

Additionally, as described in [Note 5](#)—Derivative Instruments, the Company has entered into foreign currency forward contracts as economic hedges against the variability of foreign exchange rates. The valuation of these forward contracts is determined based on assumptions that management believes market participants would use in pricing, using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including currency exchange rate curves and implied volatilities. The Company has determined its foreign currency forward contracts valuations are classified in Level 2 of the fair value hierarchy, as they are based on observable inputs but are not traded in active markets.

In the fourth quarter of 2018, the Company made its initial investments in real estate-related securities, which consist of common equities, preferred equities and debt investments of publicly traded REITs. Since that time, the Company has continued to make additional investments in real estate-related securities. The Company has elected to classify these investments as trading securities and carry such investments at fair value. The following table summarizes activity for the Company's real estate-related securities measured at fair value on a recurring basis.

| As of | Description | Basis of Fair Value Measurements | | | |
|-------------------|---|----------------------------------|---|---|---|
| | | Fair Value of Assets | Quoted Prices In Active Markets for Identical Items (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| June 30, 2020 | Investments in real estate-related securities | \$ 37,653 | \$ 37,653 | \$ — | \$ — |
| December 31, 2019 | Investments in real estate-related securities | \$ 36,491 | \$ 36,491 | \$ — | \$ — |

Financial Instruments Fair Value Disclosures

As of June 30, 2020, the Company estimated that the fair value of its notes payable, excluding deferred financing costs, which had a book value of \$609.8 million, was \$609.2 million. As of December 31, 2019, the Company estimated that the fair value of its notes payable, excluding deferred financing costs, which had a book value of \$865.7 million, was \$864.1 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 invests the net proceeds from its public offerings into its 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 and all of the Company's consolidated revenues and property operating expenses are from these real estate properties.

Management evaluates the operating performance of each of its real estate properties at an individual investment level and considers each investment to be an operating segment. The Company has aggregated its operating segments into seven reportable segments: domestic office investments, domestic residential/living investments, domestic retail investments, domestic industrial investments, international industrial investments, international office investments, and international residential/living investments. In April 2020, the Company sold Bishop's Square, which comprised the international office investments operating segment included in the tables below.

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|------------------|---------------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Revenues | | | | |
| Domestic office investments | \$ 3,836 | \$ 4,128 | \$ 7,771 | \$ 8,337 |
| Domestic residential/living investments | 4,908 | 2,741 | 9,314 | 5,473 |
| Domestic retail investments | 5,151 | 4,903 | 12,524 | 9,852 |
| Domestic industrial investments | — | 1,099 | 533 | 2,185 |
| International industrial investments | 10,723 | 6,582 | 21,758 | 11,335 |
| International office investments | 528 | 1,860 | 3,042 | 3,791 |
| International residential/living investments | 2,668 | 2,241 | 6,717 | 4,318 |
| Total revenues | <u>\$ 27,814</u> | <u>\$ 23,554</u> | <u>\$ 61,659</u> | <u>\$ 45,291</u> |

For the three and six months ended June 30, 2020 and 2019, the Company's total revenues were attributable to the following countries:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-----------------------|-----------------------------|------|---------------------------|------|
| | 2020 | 2019 | 2020 | 2019 |
| Total revenues | | | | |
| United States | 49 % | 55 % | 49 % | 57 % |
| The Netherlands | 25 % | 24 % | 23 % | 21 % |
| United Kingdom | 13 % | 5 % | 14 % | 5 % |
| Poland | 5 % | — % | 4 % | — % |
| Ireland | 4 % | 12 % | 7 % | 13 % |
| Germany | 3 % | 4 % | 3 % | 4 % |
| Spain | 1 % | — % | — % | — % |

For the three and six months ended June 30, 2020 and 2019, the Company's property revenues in excess of expenses by segment were as follows (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|------------------------------------|------------------|----------------------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Revenues in excess of property operating expenses⁽¹⁾ | | | | |
| Domestic office investments | \$ 2,600 | \$ 2,813 | \$ 5,170 | \$ 5,709 |
| Domestic residential/living investments | 2,461 | 1,340 | 4,757 | 2,784 |
| Domestic retail investments | 2,217 | 2,816 | 6,598 | 5,628 |
| Domestic industrial investments | (3) | 958 | 364 | 1,656 |
| International industrial investments | 6,718 | 3,743 | 13,386 | 6,321 |
| International office investments | 370 | 1,533 | 2,333 | 2,480 |
| International residential/living investments | 1,631 | 1,542 | 4,318 | 3,066 |
| Total revenues in excess of property operating expenses | \$ 15,994 | \$ 14,745 | \$ 36,926 | \$ 27,644 |

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

As of June 30, 2020 and December 31, 2019, the Company's total assets by segment were as follows (in thousands):

| | June 30, 2020 | December 31, 2019 |
|--|-----------------------|--------------------------|
| Assets | | |
| Domestic office investments | \$ 123,199 | \$ 124,144 |
| Domestic residential/living investments | 283,117 | 220,988 |
| Domestic retail investments | 300,668 | 292,526 |
| Domestic industrial investments | 191 | 51,520 |
| International industrial investments | 532,700 | 494,268 |
| International office investments | 14,526 ⁽¹⁾ | 122,342 |
| International residential/living investments | 195,476 | 211,785 |
| Corporate-level accounts | 60,355 | 55,972 |
| Total assets | \$ 1,510,232 | \$ 1,573,545 |

(1) Comprised of cash and receivables related to post-closing activities at Bishop's Square, in accordance with the selling agreement. Once these post-closing activities are concluded, any remaining cash will be repatriated.

As of June 30, 2020 and December 31, 2019, the Company's total assets were attributable to the following countries:

| | June 30, 2020 | December 31, 2019 |
|---------------------|----------------------|--------------------------|
| Total assets | | |
| United States | 51 % | 47 % |
| The Netherlands | 19 % | 17 % |
| United Kingdom | 17 % | 18 % |
| Ireland | 4 % | 11 % |
| Poland | 4 % | 4 % |
| Germany | 3 % | 3 % |
| Spain | 2 % | — % |

For the three and six months ended June 30, 2020 and 2019 the Company's reconciliation of the Company's revenues in excess of property operating expenses to the Company's net income (loss) is as follows (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|------------------------------------|------------------|----------------------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Reconciliation to revenues in excess of property operating expenses | | | | |
| Net income (loss) | \$ 73,540 | \$ (3,450) | \$ 115,292 | \$ (7,449) |
| Depreciation and amortization | 14,457 | 9,741 | 30,686 | 19,069 |
| Acquisition related expenses | 274 | 13 | 291 | 17 |
| Asset management fees | 2,747 | 1,801 | 5,538 | 3,288 |
| Performance participation allocation | — | 1,476 | — | 2,597 |
| General and administrative expenses | 1,286 | 948 | 2,324 | 1,795 |
| (Gain) loss on derivative instruments | (1,514) | 77 | (8,470) | 1,187 |
| (Gain) loss on investments in real estate-related securities | (3,136) | (161) | 4,601 | (1,327) |
| Gain on sale of real estate | (80,457) | — | (130,101) | — |
| Foreign currency (gains) losses | (1,374) | 267 | 1,145 | 336 |
| Interest expense | 4,463 | 4,317 | 10,395 | 8,514 |
| Interest and other income | (159) | (244) | (710) | (372) |
| (Benefit) provision for income taxes | (1,906) | (40) | (1,838) | (11) |
| Provision for income taxes related to sale of real estate | 7,773 | — | 7,773 | — |
| Total revenues in excess of property operating expenses | \$ 15,994 | \$ 14,745 | \$ 36,926 | \$ 27,644 |

10. SUPPLEMENTAL CASH FLOW DISCLOSURES

Supplemental cash flow disclosures for the six months ended June 30, 2020 and 2019 (in thousands):

| | Six Months Ended June 30, | |
|---|---------------------------|----------|
| | 2020 | 2019 |
| Supplemental Disclosure of Cash Flow Information | | |
| Cash paid for interest | \$ 9,686 | \$ 7,947 |
| Cash paid for income taxes related to sale of real estate | \$ 7,773 | \$ — |
| Supplemental Schedule of Non-Cash Investing and Financing Activities | | |
| Distributions declared and unpaid | \$ 4,501 | \$ 2,860 |
| Distributions reinvested | \$ 13,618 | \$ 7,543 |
| Shares tendered for redemption | \$ 3,489 | \$ 596 |
| Non-cash net liabilities assumed | \$ 848 | \$ 2,686 |
| Offering costs payable to the Advisor | \$ 1,850 | \$ 2,288 |
| Distribution and stockholder servicing fees payable to the Dealer Manager | \$ 7,532 | \$ 8,687 |
| Accrued capital additions | \$ 961 | \$ 2,282 |
| Accrued acquisition costs | \$ 1,084 | \$ 164 |

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

Wakefield Logistics

In July 2020, the Company acquired Wakefield Logistics from AEW UK Core Property Fund (the "Seller"). The net purchase price was £20.6 million (approximately \$25.6 million), exclusive of transaction costs and closing prorations. Wakefield Logistics is an industrial logistics property located in Wakefield, United Kingdom, consisting of 207,115 square feet and is currently 100% leased to one tenant. The Seller is not affiliated with the Company or its affiliates.

DekaBank Facility Agreement

In July 2020, the Company entered into a secured facility agreement with DekaBank Deutsche Girozentrale ("Deka"), which provides for borrowings up to a maximum aggregate principal amount of £55.1 million. The facility agreement has a termination date of July 2, 2023. Interest on our utilization of the facility will be calculated as LIBOR plus a margin of 1.75% per annum, to be paid quarterly. On the effective date, the Company borrowed the full amount of the facility.

Montrose Renovation

On August 13, 2020, the Company proactively closed the residential accommodations at Montrose, its student housing property located in Ireland, for the upcoming 2020/2021 school year in order to more efficiently perform renovations including the replacement of certain building safety equipment systems. The Company was in the process of exterior cladding refurbishments when it identified certain interior systems requiring replacement. The Company is in the process of evaluating the full scope of the project, but it currently estimates the total cost of the renovation to be approximately \$5 million to \$8 million. Due to the proximity to the commencement of the upcoming school year, the Company expects the property to be vacant for the 2020/2021 academic year, which could result in reductions of revenues in excess of property operating expenses of approximately \$2 million to \$3 million. Additionally, the Company may be required to escrow certain interest payments or reduce the outstanding principal of its \$25 million mortgage at the property.

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, 2019.

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:

- Risks associated with adverse changes in general economic or local market conditions, including the impact of the ongoing Coronavirus pandemic and efforts to prevent its spread, which are adversely affecting the markets in which we and our tenants operate;
- 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;
- Our ability to complete acquisitions of properties under contract;
- 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;
- 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 U.S. 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 under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019.

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.

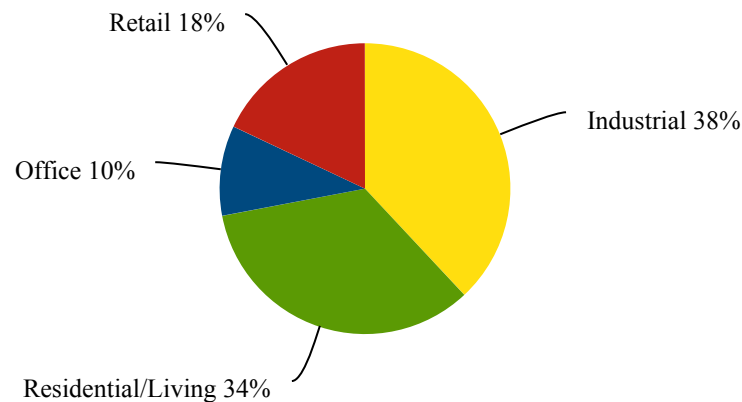
The Company

Hines Global Income Trust, Inc. (“Hines Global”), was formed as a Maryland corporation in 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. 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 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 of common stock following the conclusion of the Follow-On Offering. As of August 14, 2020, we had received gross offering proceeds of \$1.1 billion from the sale of 104.5 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 quality commercial 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 June 30, 2020, we owned eighteen real estate investments consisting of 8.9 million square feet that were 95% leased. The following chart depicts the percentage of our portfolio's investment types based on the estimated value of each real estate investment as of June 30, 2020 ("Estimated Values"), which are consistent with the values used to determine our net asset value ("NAV") per share on that date.



The following charts depict the location of our real estate investments as of June 30, 2020. Approximately 48% of our portfolio is located throughout the United States and approximately 52% is located internationally, based on the Estimated Values.



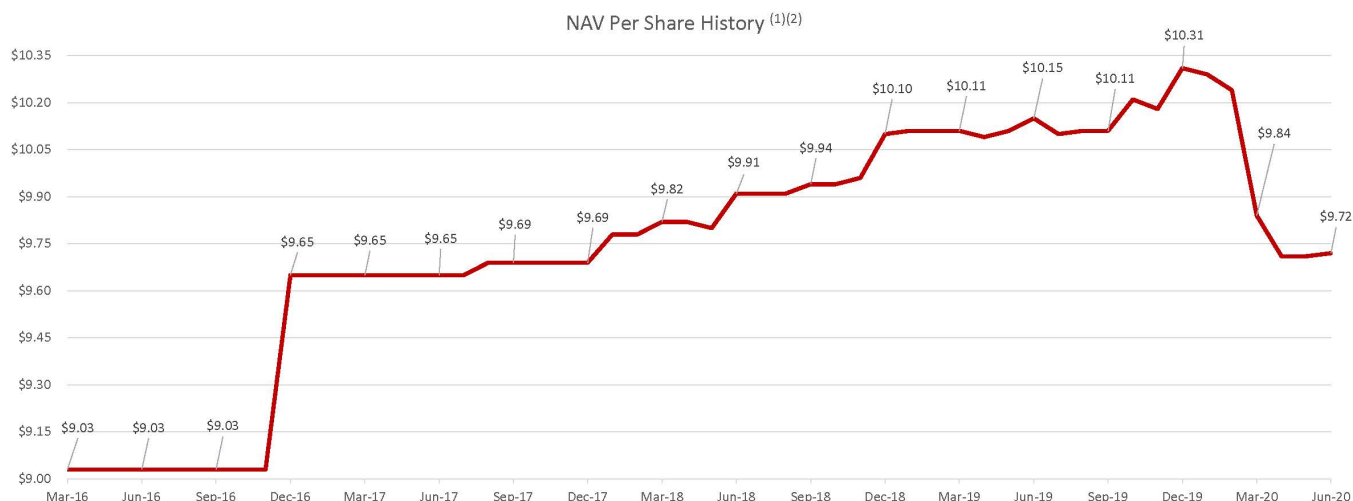
The following table provides additional information regarding each of our properties and is presented as of June 30, 2020.

| Property | Location | Investment Type | Date Acquired/ Net Purchase Price (in millions) ⁽¹⁾ | Estimated Going-in Capitalization Rate ⁽²⁾ | Leasable Square Feet | Percent Leased |
|----------------------------------|-------------------------------|------------------------|--|--|-------------------------|----------------------|
| Cottonwood Corporate Center | Salt Lake City, Utah | Office | 7/2016; \$139.2 | 6.9% | 487,518 | 96 % |
| Rookwood | Cincinnati, Ohio | Retail | 1/2017; \$193.7 | 6.0% | 600,973 | 90 % |
| Montrose Student Residences | Dublin, Ireland | Residential/ Living | 3/2017; \$40.6 | 5.5% | 53,835 | 100 % ⁽³⁾ |
| Queen's Court Student Residences | Reading, United Kingdom | Residential/ Living | 10/2017; \$65.3 | 6.2% | 79,115 | 100 % ⁽³⁾ |
| Venue Museum District | Houston, Texas | Residential/ Living | 9/2018; \$72.9 | 3.9% | 294,964 | 96 % |
| Fresh Park Venlo | Venlo, Netherlands | Industrial | 10/2018; \$136.3 | 6.7% | 2,863,620 | 96 % |
| Maintal Logistics | Frankfurt, Germany | Industrial | 12/2018; \$43.8 | 5.7% | 387,253 | 96 % |
| ABC Westland | The Hague, Netherlands | Industrial | 5/2019; \$142.8 | 6.2% | 1,386,847 | 91 % |
| Promenade Shops at Briargate | Colorado Springs, Colorado | Retail | 9/2019; \$93.2 | 7.7% | 236,539 | 84 % |
| Gdańsk PL II | Gdańsk, Poland | Industrial | 9/2019; \$29.9 | 6.7% | 346,996 | 100 % |
| Łódź Urban Logistics | Łódź, Poland | Industrial | 9/2019; \$25.2 | 6.6% | 389,233 | 100 % |
| Glasgow West End | Glasgow, United Kingdom | Residential/ Living | 9/2019; \$89.5 | 5.5% | 113,389 | 98 % ⁽³⁾ |
| Charles Tyrwhitt DC | Milton Keynes, United Kingdom | Industrial | 11/2019; \$19.9 | 5.7% | 140,106 | 100 % |
| The Alloy | College Park, Maryland | Residential/ Living | 11/2019; \$98.0 | 5.0% | 230,362 | 87 % |
| DSG Bristol | Bristol, United Kingdom | Industrial | 11/2019; \$47.0 | 5.0% | 265,000 | 100 % |
| Royal Mail | Edinburgh, United Kingdom | Industrial | 12/2019; \$33.4 | 5.3% | 212,028 | 100 % |
| The Emerson | Centreville, Virginia | Residential/ Living | 01/2020; \$117.0 | 4.5% | 328,341 | 80 % |
| Madrid Airport Complex | Madrid, Spain | Industrial | 6/2020; \$33.2 | 12.7% | 467,014 | 100 % |
| Total for All Investments | | | | | 8,883,133 | 95 % |

- (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.
- (3) For our student housing properties, percent leased as of June 30, 2020 reflects the leased percentage as of the most recently completed school year, before considering effects of recent school closures and rent refunds. Our international student housing properties have been significantly impacted by the Coronavirus pandemic as a result of school closures, which resulted in refunded rent during the months of May through August 2020. Additionally, as described previously, we closed residential accommodations at Montrose for the 2020/2021 school year to complete renovations at the property. See [Subsequent Events](#) for additional information.

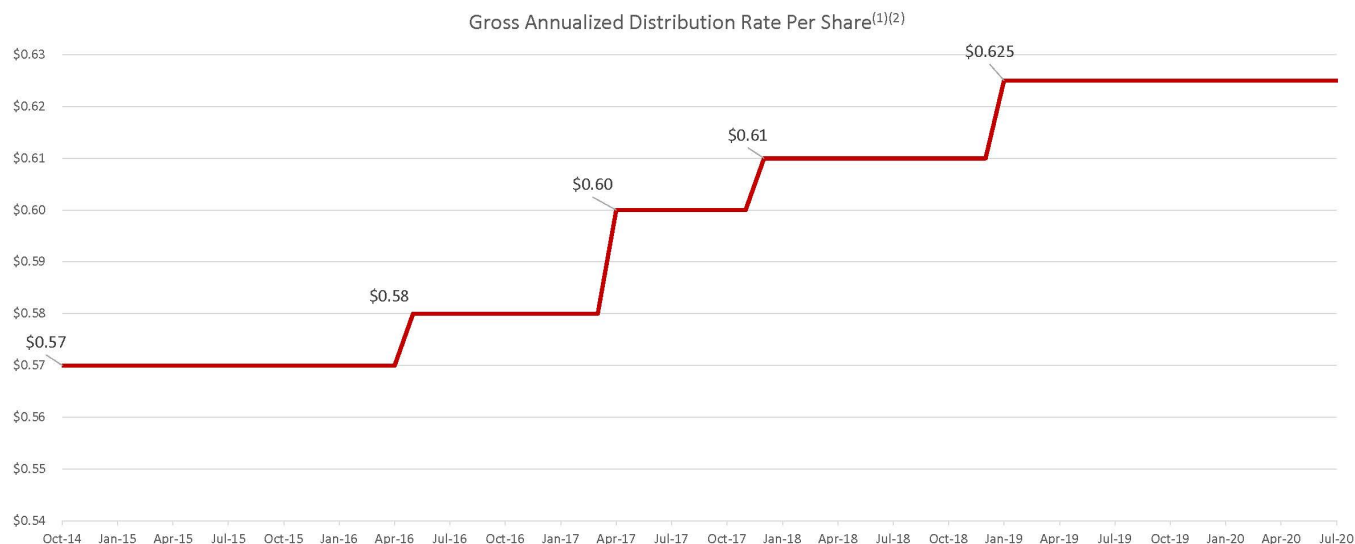
NAV and Distributions

We began determining an NAV per share on a monthly basis as of the end of January 2018. Since that time, our NAV per share increased from \$9.78 in the beginning of 2018 to \$10.24 in February 2020. As illustrated in the chart below, the NAV fell to \$9.71 as of April 30, 2020 before increasing to \$9.72 as of June 30, 2020. As described elsewhere in this Quarterly Report on Form 10-Q, the Coronavirus pandemic has had, and is expected to continue to have, an adverse impact on global commercial activity and has contributed to significant volatility in financial markets. While it is difficult to ascertain the long term impact it will have on commercial real estate markets and our investments, it presents material uncertainty and risk with respect to the current and future performance and value of our investments. Investments in real properties and real estate-related securities have not been immune to the impact of the pandemic, which was the primary cause of the decline in our NAV during March and April 2020. Set forth below is additional historical 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 July 17, 2020 for additional information concerning the methodology used to determine, and the limitations of, the NAV per share as of June 30, 2020. Please see our Annual Reports on Form 10-K for the years ended December 31, 2019, 2018, and 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” per share of our common stock, 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, our gross annualized distribution rate remained at \$0.625 per share since January 2019. As described previously, the Coronavirus pandemic has had adverse effects on the operations of several of our real estate investments in recent months, which could affect our ability to maintain the current distribution rate.



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 began, 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. 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.

Performance Summary of Share Classes

The tables presented below disclose the total returns for each of our share classes. The total returns shown reflect the percent change in the NAV per share from the beginning of the applicable period, plus the amount of any distribution per share declared during the period. The total returns shown are calculated assuming reinvestment of distributions pursuant to our distribution reinvestment plan, are derived from unaudited financial information, and are net of all Hines Global expenses, including general and administrative expenses, transaction-related expenses, management fees, the performance participation allocation, and share class specific fees, but exclude the impact of early redemption deductions on the redemption of shares that have been outstanding for less than one year. Total returns would be lower if calculated assuming that distributions were not reinvested. The returns have been prepared using unaudited data and valuations of the underlying investments in our portfolio, which are estimates of fair value and form the basis for our NAV per share. Valuations based upon unaudited reports from the underlying investments may be subject to later adjustments, may not correspond to realized value and may not accurately reflect the price at which assets could be liquidated. Past performance is not a guarantee of future results. Actual returns realized by individual stockholders will vary.

The table below discloses the total returns for the classes of shares that are available for investment in the Follow-On Offering:

As of June 30, 2020

| Shares Class ⁽¹⁾ | 1-Year | ITD |
|---|---------------|------------|
| Class I Shares ⁽²⁾ | 1.90 % | 6.50 % |
| Class D Shares ⁽²⁾ | 1.64 % | 6.24 % |
| Class S Shares (No Sales Load) ⁽³⁾ | 0.88 % | 5.45 % |
| Class S Shares (With Sales Load) ⁽⁴⁾ | (2.67)% | 3.96 % |
| Class T Shares (No Sales Load) ⁽³⁾ | 0.88 % | 5.45 % |
| Class T Shares (With Sales Load) ⁽⁴⁾ | (2.67)% | 3.96 % |

- (1) The inception date for Class I, Class D, Class S and Class T Shares is December 6, 2017.
- (2) Class I Shares and Class D Shares are sold without an upfront sales load.
- (3) Class S Shares and Class T Shares listed as (No Sales Load) exclude up-front selling commissions and dealer manager fees.
- (4) Class S Shares and Class T Shares listed as (With Sales Load) reflect the returns after the maximum up-front selling commissions and dealer manager fees, which total 3.5% for both share classes.

The table below discloses the total returns for the classes of shares that were sold in the Initial Offering, but are no longer available for investment in the Follow-On Offering:

As of June 30, 2020

| Shares Class ⁽¹⁾ | 1-Year | 3-Year | ITD |
|------------------------------------|---------------|---------------|------------|
| Class AX Shares (No Sales Load) | 1.90 % | 6.65 % | 7.95 % |
| Class AX Shares (With Sales Load) | N/A | 3.23 % | 5.83 % |
| Class TX Shares (No Sales Load) | 0.88 % | 5.59 % | 7.27 % |
| Class TX Shares (With Sales Load) | N/A | 4.13 % | 6.00 % |
| Class IX Shares (No Sales Load) | 1.64 % | 6.38 % | 6.37 % |
| Class IX Shares (With Sales Load) | N/A | 6.09 % | 6.10 % |

- (1) The inception date for Class AX Shares, Class TX Shares, and Class IX Shares are October 1, 2014, September 1, 2015, and May 1, 2017, respectively.

Critical Accounting Policies

Each of our critical accounting policies involve the use of estimates that require management to make assumptions that are subjective in nature. Management relies on its experience, collects historical and current market data, and analyzes these assumptions in order to arrive at what it believes to be reasonable estimates. In addition, application of these accounting policies involves the exercise of judgment regarding assumptions as to future uncertainties. Actual results could materially differ from these estimates. 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, 2019 under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” There have been no significant changes to our policies during 2020.

Financial Condition, Liquidity and Capital Resources

Our principal demands for funds are to make real estate investments, including investments in real estate-related securities and 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 from our public offerings, debt proceeds and proceeds from the sales of real estate investments. As described above under the heading “—NAV and Distributions,” we may be required to continue to fund distributions from sources other than cash flows from operations.

We expect that once we have fully invested the proceeds of our public offerings and other potential subsequent offerings, our debt financing, including our pro rata share of the debt financing of entities in which we invest, will be in the range of approximately 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, including the payment of distributions and redemptions. Our real estate-related securities portfolio may have embedded leverage, including through the use of reverse repurchase agreements and derivatives, including, but not limited to, total return swaps, securities lending arrangements and credit default swaps. 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. Further, our charter limits our borrowing to 300% of our net assets (which approximates 75% of the cost of our assets) unless any excess borrowing is approved by a majority of our independent directors and is disclosed to our stockholders in our next quarterly report along with justification for the excess. As of June 30, 2020 our portfolio was approximately 39% leveraged, based on the Estimated Values of our real estate investments owned as of that date, with a weighted average interest rate of 2.17%.

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 Coronavirus pandemic had a material adverse impact on our liquidity and capital resources for the six months ended June 30, 2020, which resulted from reduced rent collections at our retail properties and rent refunds at our international student housing properties and a reduction of capital raised from the Offering as compared to prior periods. We are still in the early stages of navigating the actual and potential long-term impacts the pandemic will have on our business. These conditions may continue to worsen as the pandemic continues. Fortunately, the Company’s liquidity position was bolstered by its recent sale of Bishop’s Square in April 2020. As a result of this sale, the Company has significant cash on hand and significant undrawn capacity under its revolving credit facilities that it may use to fund cash needs, including shortages that may arise as a result of the Coronavirus pandemic or to make additional real estate investments. See [Note 2](#)—Summary of Significant Accounting Policies for additional information.

The following discussions provide additional details regarding our cash flows.

Cash Flows from Operating Activities

Our real estate properties generate cash flows in the form of rental revenues, which are used to pay property-level operating expenses, leasing costs and interest payments. Additionally, we incur corporate level costs and fees such as general and administrative expenses, asset management fees, and the performance participation allocation as well as interest expense on our credit facilities with Hines and JPMorgan.

Cash flows from operating activities for the six months ended June 30, 2020 decreased by \$3.7 million as compared to the same period in the prior year. We generally expect cash flows from operating activities to increase each year as we continue to acquire additional properties. However, some of the increases in the current year were offset by the effect of the three property sales completed during the first half of 2020. Additionally, cash flows from operating activities in 2020 includes the payment of \$7.8 million of taxes related to the sale of Bishop's Square in April 2020 and the payment of the performance participation allocation was \$1.7 million higher in 2020. Both of these payments contributed to the decrease in cash flows from operating activities in the current year.

Cash Flows from Investing Activities

Net cash used in investing activities for the six months ended June 30, 2020 and 2019 were primarily due to the following:

Six months ended June 30, 2020

- Payment of \$164.1 million, primarily related to the acquisitions of three real estate investments during the six months ended June 30, 2020.
- Capital expenditures of approximately \$4.6 million at our real estate properties.
- We received proceeds of \$340.5 million from the sale of the Domain Apartments in January 2020, Goodyear Crossing II in February 2020 and Bishop's Square in April 2020. We sold the Domain Apartments for a contract sales price of \$80.1 million and we acquired the Domain Apartments in January 2016 for a net purchase price of \$58.1 million. We sold Goodyear Crossing II for a contract sales price of \$72.0 million and we acquired Goodyear Crossing II in August 2016 for a net purchase price of \$56.2 million. We sold Bishop's Square for a contract sales price of €181.6 million (approximately \$198.0 million assuming a rate of \$1.09 per EUR as of the date of transaction) and we acquired Bishop's Square in March 2015 for \$92.0 million (approximately \$103.5 million assuming a rate of \$1.13 per EUR as of the acquisition date). Proceeds from these sales were used to pay off the secured debt outstanding on the two real estate investments in full as well as to fund the acquisitions of real estate investments made during the six months ended June 30, 2020.
- Payments of \$24.6 million to purchase real estate-related securities. We also received proceeds of \$18.8 million from the sales of real estate-related securities.

Six months ended June 30, 2019

- Payment of \$182.7 million, primarily related to the acquisition of Maintal Logistics and ABC Westland. Maintal Logistics was acquired in December 2018, but funding for the acquisition was not required until the debt closed in February 2019.
- Capital expenditures of approximately \$3.9 million, primarily related to development work at Bishop's Square and various capital improvements at our other properties. With respect to the development work at Bishop's Square, the Company commenced construction in October 2017 and the project was completed in July 2019.
- Payments of \$14.1 million to purchase real estate-related securities. We also received proceeds of \$5.2 million from the sales of real estate-related securities.

Cash Flows from Financing Activities

Public Offerings

We raised gross proceeds of \$147.9 million from our Follow-On Offering during the six months ended June 30, 2020, excluding proceeds from the distribution reinvestment plan. During the six months ended June 30, 2019, we had raised \$177.3 million from our Follow-On Offering, excluding proceeds from the distribution reinvestment plan. In addition, during the six

months ended June 30, 2020 and 2019, we redeemed \$15.0 million and \$7.7 million in shares of our common stock pursuant to our share redemption program, respectively.

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 six months ended June 30, 2020 and 2019, we made payments of \$5.5 million and \$5.6 million, respectively, for selling commissions, dealer manager fees and distribution and stockholder servicing fees related to our Follow-On Offering. The increase in selling commissions, dealer manager fees and distribution and stockholder servicing fees for the six months ended June 30, 2020 as compared to the same period in 2019 is due to the increase of capital raised since our restructuring and related modifications in our Follow-On Offering, which commenced in December 2017.

Until December 31, 2018, the Advisor advanced 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, which totaled \$9.0 million. In January 2019, we began reimbursing the Advisor in ratable amounts over 60 months for all such advanced expenses, as well as any organization and offering costs incurred subsequent to December 31, 2018, to the extent cumulative organization and offering costs paid by the Company 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. For the six months ended June 30, 2020, we reimbursed the Advisor \$2.9 million for organization and offering costs.

Distributions

In January 2018, we began 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 2019 through July 2020 at a gross distribution rate of \$0.05208 per month for each share class less any applicable distribution and stockholder servicing fees. Distributions are 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 stockholders participating in our 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. As described previously, the Coronavirus pandemic has had adverse effects on the operations of several of our real estate investments in recent months, which has adversely impacted our NAV and could affect our ability to maintain the current distribution rate.

Distributions paid to stockholders during the six months ended June 30, 2020 and 2019 were \$25.2 million and \$13.9 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 six months ended June 30, 2020 and June 30, 2019, we funded 100% and 100% of total distributions with cash flows from other sources such as cash flows from investing activities, respectively, which may include proceeds from the sale of real estate and/or cash flows from financing activities, which may include offering proceeds.

The following table outlines our total distributions declared to stockholders for each quarter during 2020 and 2019, 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 | | |
| 2020 | | | | | |
| June 30, 2020 | \$ 6,262 | \$ 7,190 | \$ 13,452 | \$ — | — % |
| March 31, 2020 | 5,669 | 6,732 | 12,401 | — | — % |
| Total | <u>\$ 11,931</u> | <u>\$ 13,922</u> | <u>\$ 25,853</u> | <u>\$ —</u> | <u>— %</u> |
| 2019 | | | | | |
| December 31, 2019 | \$ 4,992 | \$ 6,092 | \$ 11,084 | \$ 11,087 | 100 % |
| September 30, 2019 | 4,383 | 5,325 | 9,708 | 9,711 | 100 % |
| June 30, 2019 | 3,647 | 4,415 | 8,062 | — | — % |
| March 31, 2019 | 3,090 | 3,614 | 6,704 | — | — % |
| Total | <u>\$ 16,112</u> | <u>\$ 19,446</u> | <u>\$ 35,558</u> | <u>\$ 20,798</u> | <u>58 %</u> |

(1) Includes distributions paid to noncontrolling interests.

Debt Financings

As mentioned above under “—Financial Condition, Liquidity and Capital Resources,” our portfolio was approximately 39% leveraged as of June 30, 2020 (based on the Estimated Values). Our total loan principal outstanding had a weighted average interest rate of 2.17% as of June 30, 2020. Below is additional information regarding our loan activity for the six months ended June 30, 2020 and 2019. See [Note 4](#)—Debt Financing for additional information regarding our outstanding debt and our interest rate exposure.

Six months ended June 30, 2020

- We received proceeds of \$76.0 million from draws on our revolving credit facility with JPMorgan, as well as in permanent mortgage financing. We used these proceeds primarily to provide cash for the acquisition of real estate investments during the six months ended June 30, 2020. We made draws of \$59.0 million and made payments of \$123.0 million on the Revolving Credit Facility with JPMorgan during the six months ended June 30, 2020, resulting in an outstanding balance of \$40.0 million as of June 30, 2020.
- We made payments of \$248.8 million on notes payable, which includes payments of \$123.0 million on the Revolving Credit Facility with JPMorgan, as well as the paying off of the outstanding balances of our secured debt relating to the Domain Apartments, which was sold in January 2020, Goodyear Crossing II, which was sold in February 2020, and Bishop’s Square, which was sold in April 2020, using the proceeds from the sales of the properties.
- We made no draws under the Hines Credit Facility during the six months ended June 30, 2020, and made payments of \$75.0 million on this facility. We had no outstanding balance under the Hines Credit Facility as of June 30, 2020.

Six months ended June 30, 2019

- We entered into \$109.9 million of permanent mortgage financing related to the acquisitions of Maintal Logistics, which was acquired on December 31, 2018, and ABC Westland, which was acquired on May 3, 2019. Funding for the Maintal Logistics acquisition was not required until the loan closed in February 2019.
- We borrowed \$44.0 million under the Hines Credit Facility primarily to provide cash for the acquisitions of Maintal Logistics and ABC Westland, and made payments of \$99.0 million on this facility. We had no outstanding balance under this facility as of June 30, 2019.
- We made payments of \$0.6 million in financing costs primarily related to our mortgage loans.

Results of Operations

Three months ended June 30, 2020 compared to the three months ended June 30, 2019

The table below includes information regarding changes in our results of operations for the three months ended June 30, 2020 compared to the three months ended June 30, 2019, including explanations for significant changes and any significant or unusual activity. As described previously, the Coronavirus pandemic had adverse effects on our results of operations for the three months ended June 30, 2020. These effects were primarily due to rent concessions at our retail properties and rent refunds at our international student housing properties. Our other segments were not materially affected. To the extent the Coronavirus pandemic causes additional adverse conditions at our properties, our results in future periods could also be affected. As described more completely below, most amounts increased in 2020 compared to 2019 as a result of significant additional capital raised and invested in real estate, as offset by recent property dispositions. All amounts are in thousands, except for percentages:

| | Three Months Ended June 30, | | Change | |
|--|-----------------------------|-------------------|------------------|-------------|
| | 2020 | 2019 | \$ | % |
| Revenues: | | | | |
| Rental revenue | \$ 27,001 | \$ 23,018 | \$ 3,983 | 17 % |
| Other revenue | 813 | 536 | 277 | 52 % |
| Total revenues | 27,814 | 23,554 | 4,260 | 18 % |
| Expenses: | | | | |
| Property operating expenses | 7,139 | 5,170 | 1,969 | 38 % |
| Real property taxes | 3,489 | 2,699 | 790 | 29 % |
| Property management fees | 1,192 | 940 | 252 | 27 % |
| Depreciation and amortization | 14,457 | 9,741 | 4,716 | 48 % |
| Acquisition related expenses | 274 | 13 | 261 | N/A* |
| Asset management fees | 2,747 | 1,801 | 946 | 53 % |
| Performance participation allocation | — | 1,476 | (1,476) | (100)% |
| General and administrative expenses | 1,286 | 948 | 338 | 36 % |
| Total expenses | 30,584 | 22,788 | 7,796 | 34 % |
| Other income (expenses): | | | | |
| Gain (loss) on derivative instruments | 1,514 | (77) | 1,591 | N/A* |
| Gain (loss) on investments in real estate-related securities | 3,136 | 161 | 2,975 | N/A* |
| Gain on sale of real estate | 80,457 | — | 80,457 | N/A* |
| Foreign currency gains (losses) | 1,374 | (267) | 1,641 | N/A* |
| Interest expense | (4,463) | (4,317) | (146) | (3)% |
| Interest and other income | 159 | 244 | (85) | (35)% |
| Income (loss) before benefit (provision) for income taxes | 79,407 | (3,490) | 82,897 | N/A* |
| Benefit (provision) for income taxes | 1,906 | 40 | 1,866 | N/A* |
| Provision for income taxes related to sale of real estate | (7,773) | — | (7,773) | N/A* |
| Net income (loss) | \$ 73,540 | \$ (3,450) | \$ 76,990 | N/A* |

* Not a meaningful percentage

Total revenues: The increase in total revenue is primarily due to the additional real estate investments acquired between June 30, 2019 and June 30, 2020, offset by dispositions during the same period. We acquired ten and disposed of three real estate investments since June 30, 2019 and had a portfolio of eighteen real estate investments as of June 30, 2020 that contained 8.9 million leasable square feet, of which 95% was leased. Despite this increase, total revenues of our same-store properties decreased \$3.1 million between the three months ended June 30, 2020 and June 30, 2019. Please refer to our “Same Store Analysis” below for additional discussion on the results of operations of our portfolio.

Property operating expenses: The increase in property operating expenses is primarily due to our significant net acquisition activity since June 30, 2019, as described above. Despite this increase, property operating expenses of our same-store properties decreased \$27,000 between the three months ended June 30, 2020 and June 30, 2019. Please refer to our “Same Store Analysis” below for additional discussion on the results of operations of our portfolio.

Real property taxes: The increase in real property taxes is primarily due to our significant net acquisition activity since June 30, 2019, as described above. Despite this increase, real property taxes of our same-store properties decreased \$48,000 between the three months ended June 30, 2020 and June 30, 2019. Please refer to our “Same Store Analysis” below for additional discussion on the results of operations of our portfolio.

Property management fees: The increase in property management fees is primarily due to our significant net acquisition activity since June 30, 2019, as described above. Despite this increase, property management fees decreased \$69,000 between the three months ended June 30, 2020 and June 30, 2019. Please refer to our “Same Store Analysis” below for additional discussion on the results of operations of our portfolio.

Depreciation and amortization: The increase in depreciation and amortization expense is primarily due to the additional real estate investments acquired since June 30, 2019, offset by dispositions during the same period, as previously described.

Asset management fees: Asset management fees are charged based on the aggregate valuation of our real estate investments, as most recently determined in connection with the determination of our NAV. The increase in these fees is primarily due to the additional real estate investments made since June 30, 2019, offset by dispositions during the same period, as previously described.

Performance participation allocation: The decrease in performance participation allocation is a result of the fee not being earned by the Advisor for the three months ended June 30, 2020 due to a decline in our NAV per share during 2020. Please see [Item 2](#)—Management’s Discussion and Analysis—NAV and Distributions for additional information concerning the change in NAV per share.

General and administrative expenses: General and administrative expenses increased primarily due to increased legal costs and shareholder costs. We generally expect our general and administrative expenses to continue to increase as we continue raising capital from our Follow-On Offering.

Gain (loss) on derivative instruments: We enter into interest rate hedging instruments in order to limit our exposure against the variability of future interest rates on our variable interest rate borrowings as well as foreign currency forward contracts as economic hedges against the variability of foreign exchange rates. During the three months ended June 30, 2020, such gains were primarily related to the position of our foreign currency forward contracts.

Gain (loss) on investments in real estate-related securities: We hold investments in real estate-related securities which consist of common equities, preferred equities and debt investments of publicly traded REITs. These amounts include realized gains (losses) related to securities sold during the year and unrealized gains (losses) based on values determined on a recurring basis. The gain on securities during the three months ended June 30, 2020 is primarily due to \$4.5 million of unrealized gains on the portfolio resulting from market recovery from the lows earlier in the year, which related to the Coronavirus pandemic. For information about the valuation of our investments in real estate-related securities, see [Note 8](#)—Fair Value Measurements in the notes to the accompanying financial statements.

Gain on sale of real estate: We acquired Bishop’s Square in March 2015 for €92.0 million (approximately \$103.5 million assuming a rate of \$1.13 per EUR as of the acquisition date) and we sold Bishop’s Square in April 2020 for €181.6 million (approximately \$198.0 million assuming a rate of \$1.09 per EUR as of the date of transaction). We recognized a gain on sale of this asset of \$80.4 million, excluding taxes related to the sale, which are described below. We had no property dispositions during the three months ended June 30, 2019.

Foreign currency gains (losses): Foreign currency gains (losses) primarily reflects the effect of changes in foreign currency exchange rates on transactions that were denominated in currencies other than the functional currency of the related entity. During the three months ended June 30, 2020 and 2019, these gains were primarily related to the effect of remeasuring debt and cash held in foreign currencies into their related functional currencies.

Interest expense: Interest expense increased due to the net increase in our principal amount of indebtedness outstanding during the period resulting from additional real estate investments acquired since June 30, 2019, as offset by the effects of the properties sold during 2020.

Interest and other income: Primarily relates to interest and dividend income associated with our investments in real estate-related securities. The decrease in interest and dividend income earned during the three months ended June 30, 2020 compared to 2019 is primarily related to market reaction to the Coronavirus pandemic.

Benefit (provision) for income taxes: Benefit for income taxes increased nearly \$1.9 million primarily as a result of recent changes in tax laws related to our international student housing properties and their effect on book / tax timing differences at these properties.

Provision for income taxes related to sale of real estate: The increase during the three months ended June 30, 2020 compared to 2019 relates to the income tax incurred as a result of the sale of Bishop's Square during April 2020, as described above.

Same-Store Analysis

We evaluate our consolidated results of operations on a same-store basis, which allows us to analyze our property operating results excluding the effects of acquisitions and dispositions during the periods under comparison. Properties in our portfolio are considered same-store if they were owned for the full periods presented. Same-store properties for the three months ended June 30, 2020 includes seven properties. The tables below include additional information regarding the operating results of our same-store properties for the current period as compared to the same period in the prior year.

The following table presents the same-store revenues for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, by reportable segment. Total revenues increased by 18% primarily as a result of 10 additional property acquisitions made between June 30, 2019 and June 30, 2020 as offset by the dispositions of three properties in 2020. However, revenues of our same-store properties decreased by 18% primarily due to the adverse effects of the Coronavirus pandemic on our retail properties and international student housing properties, as described above. To the extent the Coronavirus pandemic causes additional adverse conditions at our properties, our results in future periods could also be affected. See below for additional explanations of notable changes in same-store revenues.

| | Three Months Ended June 30, | | Change | |
|--|-----------------------------|------------------|-------------------------|-------------|
| | 2020 | 2019 | \$ | % |
| Revenues | | | | |
| <i>Same-store properties</i> | | | | |
| Domestic office investments | \$ 3,835 | \$ 4,128 | \$ (293) ⁽¹⁾ | (7)% |
| Domestic residential/living investments | 1,461 | 1,464 | (3) | — % |
| Domestic retail investments | 3,207 | 4,903 | (1,696) ⁽²⁾ | (35)% |
| International industrial investments | 4,637 | 4,687 | (50) | (1)% |
| International residential/living investments | 1,216 | 2,242 | (1,026) ⁽³⁾ | (46)% |
| <i>Total same-store properties</i> | \$ 14,356 | \$ 17,424 | \$ (3,068) | (18)% |
| <i>Recent acquisitions</i> | 12,929 | 1,895 | 11,034 | N/A* |
| <i>Disposed properties</i> | 529 | 4,235 | (3,706) | (88)% |
| Total revenues | \$ 27,814 | \$ 23,554 | \$ 4,260 | 18 % |

* Not a meaningful percentage

- (1) The decrease is primarily due to a \$265,000 decline in rental revenue from tenant vacancies and one tenant reducing their leased space. Despite these changes, this property was 96% leased as of June 30, 2020.
- (2) The decrease is primarily due to rent concessions negotiated with our tenants during the three months ended June 30, 2020, due to the impact of the Coronavirus pandemic.
- (3) The decrease is primarily due to rent refunds granted to our student housing tenants resulting from school closures in response to the Coronavirus pandemic.

The following table presents the property operating expenses for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, by reportable segment. Property operating expenses increased by 34% primarily as a result of 10 additional property acquisitions made between June 30, 2019 and June 30, 2020 as offset by the dispositions of three properties during the six months ended June 30, 2020. Additionally, property operating expenses at our retail properties and international student housing properties decreased due to forced store closures and school closures resulting from the Coronavirus pandemic. See below for additional explanations of notable changes in same-store property operating expenses.

| | Three Months Ended June 30, | | Change | |
|--|-----------------------------|-----------------|-----------------|-------------|
| | 2020 | 2019 | \$ | % |
| Property operating expenses⁽¹⁾ | | | | |
| <i>Same-store properties</i> | | | | |
| Domestic office investments | \$ 1,235 | \$ 1,315 | \$ (80) | (6)% |
| Domestic residential/living investments | 972 | 960 | 12 | 1 % |
| Domestic retail investments | 2,010 | 2,087 | (77) | (4)% |
| International industrial investments | 2,074 | 1,984 | 90 | 5 % |
| International residential/living investments | 600 | 694 | (94) | (14)% |
| <i>Total same-store properties</i> | \$ 6,891 | \$ 7,040 | \$ (149) | (2)% |
| <i>Recent acquisitions</i> | 4,767 | 855 | 3,912 | N/A* |
| <i>Disposed properties</i> | 162 | 914 | (752) | (82)% |
| Total property operating expenses | <u>\$ 11,820</u> | <u>\$ 8,809</u> | <u>\$ 3,011</u> | <u>34 %</u> |

* Not a meaningful percentage

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

The following table presents revenues in excess of property operating expenses for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, by reportable segment. Total revenues in excess of property operating expenses increased 8% primarily as a result of our significant recent acquisition activity, as offset by our recent dispositions. However, total revenues in excess of property operating expenses of our same-store properties decreased by 28% primarily due to adverse effects of the Coronavirus pandemic on our retail properties and our international student housing properties, as described previously. To the extent the Coronavirus pandemic causes additional adverse conditions at our properties, our results in future periods could also be affected. All amounts below are in thousands, except for percentages:

| | Three Months Ended June 30, | | Change | |
|--|-----------------------------|------------------|-------------------------|------------|
| | 2020 | 2019 | \$ | % |
| Revenues in excess of property operating expenses⁽¹⁾ | | | | |
| <i>Same-store properties</i> | | | | |
| Domestic office investments | \$ 2,600 | \$ 2,813 | \$ (213) ⁽²⁾ | (8)% |
| Domestic residential/living investments | 489 | 504 | (15) | (3)% |
| Domestic retail investments | 1,197 | 2,816 | (1,619) ⁽²⁾ | (57)% |
| International industrial investments | 2,563 | 2,703 | (140) | (5)% |
| International residential/living investments | 616 | 1,548 | (932) ⁽²⁾ | (60)% |
| <i>Total same-store properties</i> | \$ 7,465 | \$ 10,384 | \$ (2,919) | (28)% |
| <i>Recent acquisitions</i> | 8,162 | 1,040 | 7,122 | N/A* |
| <i>Disposed properties</i> | 367 | 3,321 | (2,954) | (89)% |
| Total revenues in excess of property operating expenses | \$ 15,994 | \$ 14,745 | \$ 1,249 | 8 % |

* Not a meaningful percentage

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

(2) Please refer to the tables above for explanations regarding these changes.

Six months ended June 30, 2020 compared to the six months ended June 30, 2019

The table below includes information regarding changes in our results of operations for the six months ended June 30, 2020 compared to the six months ended June 30, 2019, including explanations for significant changes and any significant or unusual activity. As described previously, the Coronavirus pandemic had adverse effects on our results of operations for the three months ended June 30, 2020. These effects were primarily due to rent concessions at our retail properties and rent refunds at our international student housing properties. Our other segments were not materially affected. To the extent the Coronavirus pandemic causes additional adverse conditions at our properties, our results in future periods could also be affected. As described more completely below, most amounts increased in 2020 compared to 2019 as a result of significant additional capital raised and invested in real estate. All amounts are in thousands, except for percentages:

| | Six Months Ended June 30, | | Change | |
|--|---------------------------|-------------------|-------------------|-------------|
| | 2020 | 2019 | \$ | % |
| Revenues: | | | | |
| Rental revenue | \$ 60,120 | \$ 44,468 | \$ 15,652 | 35 % |
| Other revenue | 1,539 | 823 | 716 | 87 % |
| Total revenues | 61,659 | 45,291 | 16,368 | 36 % |
| Expenses: | | | | |
| Property operating expenses | 15,213 | 10,706 | 4,507 | 42 % |
| Real property taxes | 6,971 | 5,297 | 1,674 | 32 % |
| Property management fees | 2,549 | 1,644 | 905 | 55 % |
| Depreciation and amortization | 30,686 | 19,069 | 11,617 | 61 % |
| Acquisition related expenses | 291 | 17 | 274 | N/A* |
| Asset management fees | 5,538 | 3,288 | 2,250 | 68 % |
| Performance participation allocation | — | 2,597 | (2,597) | (100)% |
| General and administrative expenses | 2,324 | 1,795 | 529 | 29 % |
| Total expenses | 63,572 | 44,413 | 19,159 | 43 % |
| Other income (expenses): | | | | |
| Gain (loss) on derivative instruments | 8,470 | (1,187) | 9,657 | N/A* |
| Gain (loss) on investments in real estate-related securities | (4,601) | 1,327 | (5,928) | N/A* |
| Gain on sale of real estate | 130,101 | — | 130,101 | N/A* |
| Foreign currency gains (losses) | (1,145) | (336) | (809) | N/A* |
| Interest expense | (10,395) | (8,514) | (1,881) | (22)% |
| Interest and other income | 710 | 372 | 338 | 91 % |
| Income (loss) before benefit (provision) for income taxes | 121,227 | (7,460) | 128,687 | N/A* |
| Benefit (provision) for income taxes | 1,838 | 11 | 1,827 | N/A* |
| Provision for income taxes related to sale of real estate | (7,773) | — | (7,773) | N/A* |
| Net income (loss) | <u>\$ 115,292</u> | <u>\$ (7,449)</u> | <u>\$ 122,741</u> | <u>N/A*</u> |

* Not a meaningful percentage

Total revenues: The increase in total revenue is primarily due to the additional real estate investments acquired between June 30, 2019 and June 30, 2020, offset by dispositions during the same period. We acquired ten and disposed of three real estate investments between June 30, 2019 and June 30, 2020 and had a portfolio of eighteen real estate investments as of June 30, 2020 that contained 8.9 million leasable square feet, of which 95% was leased. Despite this increase, total revenues of our same-store properties decreased \$3.4 million between the six months ended June 30, 2020 and June 30, 2019. Please refer to our “Same Store Analysis” below for additional discussion on the results of operations of our portfolio.

Property operating expenses: The increase in property operating expenses is primarily due to our significant net acquisition activity since June 30, 2019, as described above. Despite this increase, property operating expenses of our same-store properties only increased \$17,000 between the six months ended June 30, 2020 and June 30, 2019. Please refer to our “Same Store Analysis” below for additional discussion on the results of operations of our portfolio.

Real property taxes: The increase in real property taxes is primarily due to our significant net acquisition activity since June 30, 2019. Despite this increase, real property taxes of our same-store properties decreased \$4,000 between the six months ended June 30, 2020 and June 30, 2019. Please refer to our “Same Store Analysis” below for additional discussion on the results of operations of our portfolio.

Property management fees: The increase in property management fees is primarily due to our significant net acquisition activity since June 30, 2019. Despite this increase, property management fees of our same-store properties only increased \$16,000 between the six months ended June 30, 2020 and June 30, 2019. Please refer to our “Same Store Analysis” below for additional discussion on the results of operations of our portfolio.

Depreciation and amortization: The increase in depreciation and amortization expense is primarily due to the additional real estate investments acquired since June 30, 2019, offset by dispositions during the same period, as previously described.

Asset management fees: Asset management fees are charged based on the aggregate valuation of our real estate investments, as most recently determined in connection with the determination of our NAV. The increase in these fees is primarily due to the additional real estate investments made since June 30, 2019, as previously described.

Performance participation allocation: The decrease in performance participation allocation is a result of the fee not being earned by the Advisor for the six months ended June 30, 2020 due to a decline in our NAV per share during 2020. Please see [Item 2](#)—Management’s Discussion and Analysis—NAV and Distributions for additional information concerning the change in NAV per share.

General and administrative expenses: General and administrative expenses increased primarily due to increased legal costs and shareholder costs. We generally expect our general and administrative expenses to continue to increase as we continue raising capital from our Follow-On Offering.

Gain (loss) on derivative instruments: We enter into interest rate hedging instruments in order to limit our exposure against the variability of future interest rates on our variable interest rate borrowings as well as foreign currency forward contracts as economic hedges against the variability of foreign exchange rates. During the six months ended June 30, 2020, gains were primarily related to the position of our foreign currency forward contracts.

Gain (loss) on investments in real estate-related securities: We hold investments in real estate-related securities, which consist of common equities, preferred equities and debt investments of publicly traded REITs. These amounts include realized gains (losses) related to securities sold during the year and unrealized gains (losses) based on values determined on a recurring basis. The loss on securities during the six months ended June 30, 2020 is primarily due to \$2.8 million of unrealized losses on the portfolio resulting from the lows earlier in the year, which related to the Coronavirus pandemic. For information about the valuation of our investments in real estate-related securities, see [Note 8](#)—Fair Value Measurements in the notes to the accompanying financial statements.

Gain on sale of real estate: We acquired the Domain Apartments in January 2016 for a contract purchase price of \$58.1 million and we sold the Domain Apartments for a contract sales price of \$80.1 million on January 7, 2020 and we recognized a gain of \$29.5 million related to this sale. Additionally, we acquired Goodyear Crossing II in August 2016 for a contract purchase price of \$56.2 million and we sold Goodyear Crossing II for a contract sales price of \$72.0 million on February 14, 2020 and we recognized a gain of \$20.2 million related to this sale. We acquired Bishop’s Square in March 2015 for €92.0 million (approximately \$103.5 million assuming a rate of \$1.13 per EUR as of the acquisition date) and we sold Bishop’s Square in April 2020 for €181.6 million (approximately \$198.0 million assuming a rate of \$1.09 per EUR as of the date of transaction). We recognized a gain on sale of this asset of \$80.4 million, excluding taxes related to the sale, which are described below. We had no property dispositions during the six months ended June 30, 2019.

Foreign currency gains (losses): Foreign currency gains (losses) primarily reflects the effect of changes in foreign currency exchange rates on transactions that were denominated in currencies other than the functional currency of the related entity. During the six months ended June 30, 2020 and 2019, these losses were primarily related to the effect of remeasuring cash held in foreign currencies into their related functional currencies.

Interest expense: Interest expense increased due to the net increase in our principal amount of indebtedness outstanding during the period resulting from additional real estate investments acquired since June 30, 2019, as offset by the effects of the properties sold during 2020.

Interest and other income: Primarily relates to interest and dividend income associated with our investments in real estate-related securities. The increase in interest and dividend income earned during the six months ended June 30, 2020 compared to 2019 is due to additional investments in real estate-related securities since June 30, 2019.

Benefit (provision) for income taxes: Benefit for income taxes increased nearly \$1.8 million primarily as a result of recent changes in tax laws related to our international student housing properties and their effect on book / tax timing differences at these properties.

Provision for income taxes related to sale of real estate: The increase during the six months ended June 30, 2020 compared to 2019 relates to the income tax incurred as a result of the sale of Bishop's Square during April 2020, as described above.

Same-Store Analysis

We evaluate our consolidated results of operations on a same-store basis, which allows us to analyze our property operating results excluding the effects of acquisitions and dispositions during the periods under comparison. Properties in our portfolio are considered same-store if they were owned for the full periods presented. Same-store properties for the six months ended June 30, 2020 includes seven properties. The tables below include additional information regarding the operating results of our same-store properties for the current period as compared to the same period in the prior year.

The following table presents the same-store revenues for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, by reportable segment. Total revenues increased by 36% primarily as a result of 10 additional property acquisitions made between June 30, 2019 and June 30, 2020, as offset by the dispositions of three properties during the six months ended June 30, 2020. However, revenues of our same-store properties decreased by 10% primarily due to the adverse effects of the Coronavirus pandemic on our retail properties and international student housing properties, as described above. To the extent the Coronavirus pandemic causes additional adverse conditions at our properties, our results in future periods could also be affected. See below for additional explanations of notable changes in same-store revenues.

| | Six months ended June 30, | | Change | |
|--|---------------------------|------------------|-------------------------|-------------|
| | 2020 | 2019 | \$ | % |
| Revenues | | | | |
| <i>Same-store properties</i> | | | | |
| Domestic office investments | \$ 7,771 | \$ 8,337 | \$ (566) ⁽¹⁾ | (7)% |
| Domestic residential/living investments | 2,943 | 2,943 | — | — % |
| Domestic retail investments | 7,901 | 9,852 | (1,951) ⁽²⁾ | (20)% |
| International industrial investments | 9,440 | 9,440 | — | — % |
| International residential/living investments | 3,464 | 4,319 | (855) ⁽³⁾ | (20)% |
| <i>Total same-store properties</i> | \$ 31,519 | \$ 34,891 | \$ (3,372) | (10)% |
| <i>Recent acquisitions</i> | 26,480 | 1,895 | 24,585 | N/A* |
| <i>Disposed properties</i> | 3,660 | 8,505 | (4,845) | (57)% |
| Total revenues | \$ 61,659 | \$ 45,291 | \$16,368 | 36 % |

* Not a meaningful percentage

- (1) The decrease is primarily due to a \$529,000 decline in rental revenue from tenant vacancies and one tenant reducing their leased space. Despite these changes, the property was 96% leased as of June 30, 2020.
- (2) The decrease is primarily due to rent concessions negotiated with our tenants during the three months ended June 30, 2020, due to the impact of the Coronavirus pandemic.
- (3) The decrease is primarily due to rent refunds granted to our student housing tenants resulting from school closures in response to the Coronavirus pandemic.

The following table presents the property operating expenses for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, by reportable segment. Property operating expenses increased by 40% primarily as a result of 10 additional property acquisitions made between June 30, 2019 and June 30, 2020, as offset by the dispositions of three properties in 2020. Additionally, property operating expenses at our retail properties decreased due to forced store closures and school closures resulting from the Coronavirus pandemic. See below for additional explanations of notable changes in same-store property operating expenses.

| | Six months ended June 30, | | Change | |
|--|---------------------------|------------------|--------------------|-------------|
| | 2020 | 2019 | \$ | % |
| Property operating expenses⁽¹⁾ | | | | |
| <i>Same-store properties</i> | | | | |
| Domestic office investments | \$ 2,608 | \$ 2,628 | \$ (20) | (1)% |
| Domestic residential/living investments | 1,968 | 1,837 | 131 ⁽²⁾ | 7 % |
| Domestic retail investments | 4,073 | 4,225 | (152) | (4)% |
| International industrial investments | 4,215 | 4,159 | 56 | 1 % |
| International residential/living investments | 1,270 | 1,247 | 23 | 2 % |
| <i>Total same-store properties</i> | \$ 14,134 | \$ 14,096 | \$ 38 | — % |
| <i>Recent acquisitions</i> | 9,638 | 855 | 8,783 | N/A* |
| <i>Disposed properties</i> | 961 | 2,696 | (1,735) | (64)% |
| Total property operating expenses | <u>\$ 24,733</u> | <u>\$ 17,647</u> | <u>\$ 7,086</u> | <u>40 %</u> |

* Not a meaningful percentage

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

(2) The increase in property operating expenses is due to one-time costs incurred at certain properties that are individually immaterial and not indicative of a trend.

The following table presents revenues in excess of property operating expenses for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, by reportable segment. In total, revenues in excess of property operating expenses of the same-store properties increased 34% primarily as a result of our significant recent acquisition activity, as offset by our recent dispositions. However, total revenues in excess of property operating expenses of our same-store properties decreased by 16% primarily due to adverse effects of the Coronavirus pandemic on our retail properties and our international student housing properties, as described previously. To the extent the Coronavirus pandemic causes additional adverse conditions at our properties, our results in future periods could also be affected. All amounts below are in thousands, except for percentages:

| | Six months ended June 30, | | Change | |
|--|---------------------------|------------------|-------------------------|-------------|
| | 2020 | 2019 | \$ | % |
| Revenues in excess of property operating expenses⁽¹⁾ | | | | |
| <i>Same-store properties</i> | | | | |
| Domestic office investments | \$ 5,163 | \$ 5,709 | \$ (546) ⁽²⁾ | (10)% |
| Domestic residential/living investments | 975 | 1,106 | (131) ⁽²⁾ | (12)% |
| Domestic retail investments | 3,828 | 5,627 | (1,799) ⁽²⁾ | (32)% |
| International industrial investments | 5,225 | 5,281 | (56) | (1)% |
| International residential/living investments | 2,194 | 3,072 | (878) ⁽²⁾ | (29)% |
| <i>Total same-store properties</i> | \$ 17,385 | \$ 20,795 | \$ (3,410) | (16)% |
| <i>Recent acquisitions</i> | 16,842 | 1,040 | 15,802 | N/A* |
| <i>Disposed properties</i> | 2,699 | 5,809 | (3,110) | (54)% |
| Total revenues in excess of property operating expenses | \$ 36,926 | \$ 27,644 | \$ 9,282 | 34 % |

* Not a meaningful percentage

- (1) Revenues in excess of property operating expenses include total revenues less property operating expenses, real property taxes and property management fees.
- (2) Please refer to the tables above for explanations regarding these changes.

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, impairment charges related to depreciable real estate assets and in-substance real estate equity investments and realized and unrealized gains and losses related to investments in real estate-related securities, 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:

- Prior to January 1, 2018, FFO included 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 funded such costs with proceeds from our public offerings and/or acquisition-related indebtedness and did not consider these fees and expenses in the evaluation of our operating performance. In January 2018, we adopted ASU 2017-01 which clarified the definition of a business and added guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. 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 incurred will be capitalized and included in the allocated purchase price 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. Additionally, effective as of December 6, 2017, we no longer pay acquisition fees to our Advisor.
- 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 six months ended June 30, 2020 and 2019 and the period from inception through June 30, 2020 (in thousands, except per share amounts). As we are in the capital raising and acquisition phase of our operations, FFO may not be 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 June 30, | | Six Months Ended June 30, | | Period from July 31, 2013 (date of inception) through June 30, 2020 |
|--|--------------------------------|------------|------------------------------|------------|--|
| | 2020 | 2019 | 2020 | 2019 | |
| Net income (loss) | \$ 73,540 | \$ (3,450) | \$ 115,292 | \$ (7,449) | \$ 59,372 |
| Depreciation and amortization ⁽¹⁾ | 14,457 | 9,741 | 30,686 | 19,069 | 158,672 |
| Gain on sale of real estate | (80,457) | — | (130,101) | — | (144,592) |
| Taxes related to sale of real estate | 7,773 | — | 7,773 | — | 7,773 |
| (Gain) loss on securities ⁽²⁾ | (3,136) | (161) | 4,601 | (1,327) | 2,686 |
| Adjustments for noncontrolling interests ⁽³⁾ | — | (7) | — | (15) | 117 |
| Funds From Operations attributable to common stockholders | \$ 12,177 | \$ 6,123 | \$ 28,251 | \$ 10,278 | \$ 84,028 |
| Basic and diluted income (loss) per common share | \$ 0.77 | \$ (0.06) | \$ 1.23 | \$ (0.14) | \$ 1.95 |
| Funds From Operations attributable to common stockholders per common share | \$ 0.13 | \$ 0.11 | \$ 0.30 | \$ 0.20 | \$ 2.75 |
| Weighted average shares outstanding | 95,490 | 57,004 | 93,900 | 52,049 | 30,580 |

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) Represents the realized and unrealized gains and losses related to investments in real estate-related securities, which consist of common equities, preferred equities and debt investments of publicly traded REITs. These securities are incidental to our operations. As such, these gains and losses were excluded from our determination of FFO, as defined by NAREIT, in the current period. Additionally, certain immaterial amounts have now been included in prior periods for comparative purposes.
- (3) 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 six months ended June 30, 2020, the Dealer Manager earned distribution and stockholder servicing fees of \$1.4 million and \$2.8 million, respectively, which are paid by Hines Global. For the three and six months ended June 30, 2019, the Dealer Manager earned distribution and stockholder servicing fees of \$0.8 million and \$1.5 million, respectively. Total distribution and stockholder servicing fees earned by the Dealer Manager from inception through June 30, 2020 were \$10.6 million.
- 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 subject to the Company earning a 5% total return annually, after considering the effect of any losses carried forward from the prior year. The performance participation allocation accrues monthly and is payable after the completion of each calendar year. We do not consider the performance participation allocation in evaluating our operating performance. For the three and six months ended June 30, 2020, we did not incur any performance participation allocation fees. For the three and six months ended June 30, 2019, we incurred \$1.5 million and \$2.6 million in performance participation allocation fees, respectively. Total performance participation allocation fees incurred were \$13.9 million from inception through June 30, 2020. Refer to [Note 7](#)—Related Party Transactions for more information on the performance participation allocation.

- For the three and six months ended June 30, 2020, we recorded adjustments primarily related to amortization of out-of-market lease intangibles and lease incentives and straight-line rent adjustments, which resulted in a net increase to rental revenue of \$0.5 million and \$1.4 million, respectively. For the three and six months ended June 30, 2019, we recorded non-cash adjustments primarily related to amortization of out-of-market lease intangibles and lease incentives and straight-line rent adjustments, which resulted in a net increase to rental revenue of \$0.4 million and \$2.6 million, respectively. Total of such adjustments from inception through June 30, 2020 were \$13.2 million. Included in these adjustments is the amortization of deferred financing costs, which amounted to \$0.5 million and \$1.1 million for the three and six months ended June 30, 2020, respectively and \$0.3 million and \$0.1 million for the three and six months ended June 30, 2019, respectively.
- We recorded non-cash adjustments related to derivative instruments and foreign currencies, which increased net income by approximately \$2.8 million and reduced net income by approximately \$7.5 million for the three and six months ended June 30, 2020, respectively. For the three and six months ended June 30, 2019, these adjustments reduced net income by approximately \$0.4 million and \$1.5 million, respectively. Total of such non-cash adjustments from inception through June 30, 2020 were \$3.9 million.

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, we funded 100% of total distributions for both the six months ended June 30, 2020 and 2019, 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. 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 June 30, 2020, we declared \$116.9 million of distributions to our stockholders, compared to our total aggregate FFO of \$84.0 million and our total aggregate net income of \$59.4 million for that period. We incurred acquisition fees and expenses of \$23.3 million from inception through December 31, 2017 in connection with our real estate investments, which were recorded as reductions to net income (loss) and FFO. We adopted ASU 2017-01 on January 1, 2018, which allows us to capitalize acquisition-related costs and fees instead of treating them as operating expenses under GAAP. For the six months ended June 30, 2020, we declared \$25.9 million of distributions to our stockholders compared to our total aggregate FFO of \$28.3 million. For the six months ended June 30, 2019, we declared \$14.8 million of distributions to our stockholders compared to our total aggregate FFO of \$10.3 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. Relating to 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. Relating to 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, 2019 for additional information concerning our related party transactions and agreements.

Off-Balance Sheet Arrangements

As of June 30, 2020 and December 31, 2019, 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

Wakefield Logistics

In July 2020, we acquired Wakefield Logistics, from AEW UK Core Property Fund (the “Seller”). The net purchase price was £20.6 million (approximately \$25.6 million), exclusive of transaction costs and closing prorations. Wakefield Logistics is an industrial logistics property located in Wakefield, United Kingdom, consisting of 207,115 square feet and is currently 100% leased to one tenant. The Seller is not affiliated with us or our affiliates.

DekaBank Facility Agreement

In July 2020, we entered into a secured facility agreement with DekaBank Deutsche Girozentrale, which provides for borrowings up to a maximum aggregate principal amount of £55.1 million. The facility agreement has a termination date of July 2, 2023. Interest on our utilization of the facility will be calculated as LIBOR plus a margin of 1.75% per annum, to be paid quarterly. On the effective date, we borrowed the full amount of the facility.

Montrose Renovation

On August 13, 2020, we proactively closed the residential accommodations at Montrose, our student housing property located in Ireland, for the upcoming 2020/2021 school year in order to more efficiently perform renovations including the replacement of certain building safety equipment systems. We were in the process of exterior cladding refurbishments when we identified certain interior systems requiring replacement. We are in the process of evaluating the full scope of the project, but we currently estimates the total cost of the renovation to be approximately \$5 million to \$8 million. Due to the proximity to the commencement of the upcoming school year, we expect the property to be vacant for the 2020/2021 academic year, which could result in reductions of revenues in excess of property operating expenses of approximately \$2 million to \$3 million. Additionally, we may be required to escrow certain interest payments or reduce the outstanding principal of our \$25 million mortgage at the property.

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 June 30, 2020, we were exposed to the following market risks.

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 June 30, 2020, we had \$392 million of variable-rate debt outstanding. If interest rates were to increase by 1% and everything else remained the same, we would incur an additional \$3.9 million in interest expense annually. Additionally, we have entered into interest rate cap agreements to limit our exposure to rising interest rates related to our mortgage loans secured by our investment properties. See [Note 4](#)—Debt Financing in the Notes to the Condensed Consolidated Financial Statements for more information concerning our outstanding debt and our interest rate exposure.

Foreign Currency Risk

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

| | Reduction in Book Value as of June 30, 2020 | Reduction in Net Income (Loss) for the Six Months Ended June 30, 2020 |
|-----|--|--|
| EUR | \$15,767 | \$13 |
| GBP | \$5,732 | \$60 |

- (1) Our real estate assets in Poland were purchased in Euros and we expect that when we dispose of these assets, the sale transactions will also be denominated in Euros. Accordingly, we do not expect to have Polish zloty exposure upon disposition.

Item 4. *Controls and Procedures*

Disclosure Controls and Procedures

In accordance with Exchange Act Rules 13a-15 and 15d-15, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2020, 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

There have not been any changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Securities and Exchange Act of 1934, as amended) during the quarter ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal control over financial reporting to date as a result of most of the employees of Hines and its affiliates working remotely due to the Coronavirus pandemic. We are continually monitoring and assessing the Coronavirus pandemic on our internal controls to minimize the impact to their design and operating effectiveness.

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 August 14, 2020, neither we nor any of our subsidiaries were a party to any material pending legal proceedings.

Item 1A. *Risk Factors*

As of June 30, 2020, there have been no material changes to the risk factors previously disclosed in response to “Part I - Item 1A. ‘Risk Factors’” in our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on March 30, 2020 and in “Part II - Item 1A. ‘Risk Factors’” of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, filed with the SEC on May 15, 2020.

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

During the three months ended June 30, 2020, we did not sell or issue any equity securities that were not registered under the Securities Act of 1933, as amended.

Issuer Redemptions of Equity Securities

Our share redemption program 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 our share redemption program will be made on a monthly basis. Subject to the limitations of and restrictions on our share redemption program, and subject to funds being available as described below, shares redeemed under our share redemption program 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 our share redemption program, we may redeem during any calendar month 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 our share redemption program 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 share was held prior to being converted into a share of another class pursuant to our charter will count toward the total hold period for such share, as converted. Upon request, we may waive the 5% holding discount in the case of 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 that we issue as stock dividends.

Unless our board of directors determines otherwise, we intend to fund redemptions pursuant to our share redemption program from any available cash sources at our 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. If during any consecutive 24-month period, we do not have at least one month in which we fully satisfy 100% of properly submitted redemption requests or accept all properly submitted tenders in a self-tender offer for our shares, we will not make any new investments (excluding short-term cash management investments under 30 days in duration) and we will use all available investable assets to satisfy redemption requests (subject to the limitations under this program) until all outstanding redemption requests, or “Unfulfilled Redemptions,” have been satisfied. For purposes of this policy, investable assets include net proceeds from new subscription agreements, unrestricted cash, working capital, proceeds from marketable securities, proceeds from our distribution reinvestment plan, and net operating cash flows. Notwithstanding this policy, investable assets may be used at any time to fund any of our operating cash needs (as well as to establish reserves to meet such needs), including, without limitation, the following: property operating expenses, taxes and insurance, debt service and

repayment or refinancing of debt, debt financing expenses, funding commitments related to real estate, including without limitation, commitments to acquire new real estate investments (provided such commitments were made at least twelve (12) months prior to the end of such 24-consecutive-month period), obligations imposed by law, courts, or arbitration, necessary capital improvements, lease-related expenditures, customary general and administrative expenses, asset management fees and other fees payable to our Advisor as described in the prospectus, or shareholder distributions. Our Advisor also will defer payment of the performance participation allocation until all Unfulfilled Redemptions are satisfied. Furthermore, our board of directors and management will consider additional ways to improve shareholder liquidity through our share redemption program or otherwise. Exceptions to the limitations of this paragraph may be made to complete like-kind exchanges under Section 1031 of the Code necessary to avoid adverse tax consequences, or to take actions necessary to maintain our qualification as a REIT under the Code.

Our board of directors has complete discretion to determine whether all available cash sources at our disposal will be applied to redemptions pursuant to the program, whether such funds are needed for other purposes or whether additional funds from other sources may be used for redemptions pursuant to the program.

If redemption requests, in the business judgment of our board of directors, place an undue burden on our liquidity, adversely affect our operations or risk having an adverse impact on stockholders whose shares are not redeemed, then our board of directors may terminate, suspend or amend the share redemption program at any time without stockholder approval, if it deems such action to be in the best interest of our stockholders. Further, our share redemption program will be terminated in the event that our shares ever become listed on a national securities exchange or in the event a secondary market for our common shares develops. In addition, our board of directors may determine to suspend the share redemption program 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 promptly disclosed 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.

Any new transaction price may be higher or lower than the most recently disclosed transaction price. The transaction price is not a representation, warranty or guarantee that (i) a stockholder would be able to realize such per share amount if such stockholder attempts to sell his or her shares; (ii) a stockholder would ultimately realize distributions per share equal to such per share amount upon our liquidation or sale; (iii) shares of our common stock would trade at such per share amount on a national securities exchange; or (iv) a third party would offer such per share amount in an arm's-length transaction to purchase all or substantially all of our shares of common stock.

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⁾ |
|---------------------------------|--|-------------------------------------|---|--|
| April 1, 2020 to April 30, 2020 | 271,461 | \$ 10.24 | 271,461 | 1,490,516 |
| May 1, 2020 to May 31, 2020 | 342,187 | \$ 9.84 | 342,187 | 1,460,206 |
| June 1, 2020 to June 30, 2020 | 423,848 | \$ 9.71 | 423,848 | 1,888,507 |
| Total | <u>1,037,496</u> | | <u>1,037,496</u> | |

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

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. (formerly known as Hines Global REIT II, 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 Agreement (included as Appendix A-1 and Appendix A-2 to the Post-Effective Amendment No. 11 to the Follow-On Registration Statement on April 12, 2019 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 included in Post-Effective Amendment No. 11 to the Follow-On Registration Statement on April 12, 2019 and incorporated by reference herein) |
| 101.1* | Particulars and Conditions of Sale of Bishop's Square, Bishop's Street/Kevin Street Lower, Dublin 2, dated as of April 20, 2020, by and between Hines GREIT II Ireland Fund ICAV and Saint Patrick SARL Bishop's Square |
| 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. Amended and Restated Share Redemption Program, effective as of November 27, 2018 (filed as Exhibit 99.1 to Post-Effective Amendment No. 14 to the Follow-On Registration Statement on November 27, 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.

August 14, 2020

By: /s/ Jeffrey C. Hines
Jeffrey C. Hines
Chief Executive Officer and
Chairman of the Board of Directors

August 14, 2020

By: /s/ J. Shea Morgenroth
J. Shea Morgenroth
Chief Financial Officer

**WARNING: IT IS RECOMMENDED THAT THE WITHIN SHOULD NOT BE COMPLETED WITHOUT
PRIOR LEGAL ADVICE**

Law Society of Ireland

**GENERAL CONDITIONS OF SALE
2019 EDITION**

**PARTICULARS
and
CONDITIONS OF SALE
of
BISHOP'S SQUARE,
BISHOP'S STREET / KEVIN STREET LOWER, DUBLIN 2**

SALE BY PRIVATE TREATY

Vendor: Hines GREIT II Ireland Fund ICAV (for and on behalf of its sub-fund Hines GREIT II Bishop Fund)

Vendor's Solicitor: William Fry

Address: 2 Grand Canal
Dublin 2

Reference: 023311.0009.LAMCC

MEMORANDUM OF AGREEMENT made April, 20 2020

BETWEEN

HINES GREIT II IRELAND FUND ICAV for and on behalf of its sub-fund Hines GREIT II Bishop Fund having its registered office at Georges Court, 54-62 Townsend Street, Dublin 2

Tax number: 3329474LH

(VENDOR)

AND

SAINT PATRICK SARL having its principal office at 15, boulevard FW Raiffeisen, L-2411 Luxembourg

(PURCHASER)

whereby it is agreed that the Vendor shall sell and the Purchaser shall purchase in accordance with the annexed Special and General Conditions of Sale the property described in the within Particulars at the Purchase Price mentioned below

Purchase Price € 181,629,340 Closing Date: the date of this Agreement

less deposit € 18,162,934 Interest Rate: 8 per cent per annum

Balance € 163,466,406

| | |
|------------|--|
| SIGNED | <u>/s/ Brian Moran</u> <u>Brian Moran</u> (Vendor) |
| Witness | <u>Diane Courtney</u> |
| Occupation | <u>Solicitor</u> |
| Address | <u>2 Grand Canal Sq D2</u> |

| | |
|------------|---|
| SIGNED | <u>/s/ Laura Prinz /s/ Beate Klaus</u> <u>Laura Prinz Beate Klaus</u> (Purchaser) |
| Witness | <u>Benjamin Schäfer</u> |
| Occupation | <u>Musician</u> |
| Address | <u>Fleischstr. 77, Trier, Germany</u> |

PARTICULARS AND TENURE

ALL THAT AND THOSE the multi-storey building at Bishop Street and Kevin Street Lower in the City of Dublin known as "Bishop's Square" being all the lands and buildings comprised in Folio 206152F County Dublin **HELD** in fee simple

SUBJECT TO the Leases and Car Space Licences at the current rent levels listed below (the "Occupational Leases") and the ESB Sub-Lease.

Occupational Leases

| Floor(s) | Date of Lease | Parties | Term | Current Rent |
|--------------------------------|--|--|--|---|
| Ground (Retail) | 23 October 2015 | (1) The Vendor (2) Earces Limited t/a Starbucks | 20 years from 26 August 2015 | €60,000 |
| Ground (Office) | 7 September 2001 and Deed of Variation dated 10 March 2014 | (1) Belltrap Limited (2) The Commissioners of Public Works in Ireland | 20 years from 18 January 2002 and additional term expiring on 3 January 2028 | 1,023,559 |
| First | 7 September 2001 and Deed of Variation dated 10 March 2014 | (1) Belltrap Limited (2) The Commissioners of Public Works in Ireland | 20 years from 4 January 2002 and additional term expiring on 3 January 2028 | 1,368,195 |
| Second | 7 September 2001 and Deed of Variation dated 10 March 2014 | (1) Belltrap Limited (2) The Commissioners of Public Works in Ireland | 20 years from 4 January 2002 and additional term expiring on 3 January 2028 | 1,395,838 |
| Third | 13 June 2014 | (1) Violet Yarrow Real Estate (Dublin) Limited (2) International Financial Data Services (Ireland) Limited (3) International Financial Data Services Limited | 10 years from 13 June 2014 | 1,108,284.00 |
| Fourth (part) | 15 October 2018 | (1) Belltrap Limited (2) Tourism Ireland Limited | 20 years from 15 October 2018 | €583,655 24 months' rent free from 15 October 2018 |
| Fourth (part), Fifth and Sixth | 30 May 2019 | (1) The Vendor and (2) The Commissioner of Public Works in Ireland | 20 years from 30 May 2019 | €2,420,442 15 months' rent free commencing 3 months from 30 May 2019 |

Car Space Licence

| Date of Licence | Parties | Spaces | Licence Fee |
|-----------------|--|--------|-------------|
| 13 June 2014 | (1) Violet Yarrow Real Estate (Dublin) Limited (2) International Financial Data Services (Ireland) Limited (3) International Financial Data Services Limited | 8 | €24,000 |

ESB Sub Station Lease

| | | | |
|-----------------|------------------|--|---|
| ESB Sub Station | 7 September 2001 | (1) Belltrap Limited (2) Electricity Supply Board | 100 years from 7 September 2001 (Registered on Folio DN99067L) |
|-----------------|------------------|--|---|

DOCUMENTS SCHEDULE

1. TITLE

- 1.1. Land Registry Certified copy folio and filed plan Folio 206152F County Dublin
- 1.2. Land Registry Certified copy folio and filed plan Folio 99067L County Dublin
- 1.3. Certified Copy Wayleave Agreement dated 12 December 2013 between (1) BT Communications Ireland Limited and (2) Violet Yarrow Real Estate (Ireland) Limited
- 1.4. Draft Party Wall Agreement (unexecuted)

2. PLANNING DOCUMENTATION

- 2.1. Copy Commencement Notice dated the 23 February 1999
- 2.2. Certified Copy Notification of Grant of Permission Reference 1170/99
- 2.3. Certified Copy Notification of Grant of Permission Reference 2933/99
- 2.4. Copy Grant of Planning Permission Decision Order No: P3028, dated 4 August 1999
- 2.5. Copy Grant of Approval Decision Order No: P5842 dated 7 January 2000
- 2.6. Copy letter from Dublin Corporation – Acknowledgement of receipt of Commencement Notice (Letter dated 28 February 2000)
- 2.7. Copy Fire Safety Certificate Register Reference 99/1773 dated the 12 June 2000
- 2.8. Original Letter from Dublin Corporation re Planning Permission Reference: 1170/99, dated 19 December 2000
- 2.9. Certified Copy Fire Safety Certificate Register Reference No: 01/1160, dated 18 April 2001
- 2.10. Copy Fire Safety Certificate Register Reference No: 01/1650, dated 1 November 2001
- 2.11. Copy opinions on Compliance with the Building Regulations Design & Build Mechanical Installation dated 8 January 2002
- 2.12. Copy Letter from Update Technology Electrical Engineering Contractors to Ashlin Colman Heelan Architects dated 14 January 2002
- 2.13. Copy Letter from Michael McNamara & Company to Ashlin Colman Heelan & Partners dated 31 January 2002
- 2.14. Copy Building Services Chartered Engineer's Opinion on Compliance with the Building Regulations dated 4 February 2002
- 2.15. Original Opinion on Compliance with Planning Permission (Shell and Core) Gerry Ryan, Architect, Ashlin Coleman Heelan, Architects dated the 11 February 2002
- 2.16. Copy Opinion on Compliance with Building Regulations Ashlin Coleman Heelan Architects in relation to the fit-out of part of the Ground Floor, First Floor and Second Floor dated 11 February 2002

- 2.17. Copy Architect's Opinion on Compliance of Lorcan Lyons & Associates dated 22 March 2002 in respect of Third Floor fit-out
- 2.18. Copy Certificate of Compliance (Part B of Regulations) dated 5 April 2002
- 2.19. Original Opinion on Compliance with Building Regulations (Shell and Core) Gerry Ryan, Architect, Ashlin Coleman Heelan Architects, dated 18 April 2002
- 2.20. Copy letter from Ashlin Coleman Heelan Architects to Thomas Garland & Partners dated 26 November 2002
- 2.21. Copy Letter from McAllister Devereux Keating dated 27 November 2002
- 2.22. Original Supplemental Confirmation of Ashlin Coleman Heelan Architects re: inspection of "the relevant documents" dated 2 December 2002
- 2.23. Certified copy letter Ashlin Coleman Heelan Architects re: Commencement Notice not being required for fit-out works dated 2 December 2002
- 2.24. Copy Opinion on Compliance O'Connor Sutton Cronin dated 9 January 2002, amended and reissued 3rd December 2002
- 2.25. Copy fax FESP re: fit-out works to Third Floor obviating requirement for Commencement Notice dated 3 December 2002
- 2.26. Copy Opinion on Compliance with the Building Regulations Design & Build Mechanical Installation dated 3 December 2002
- 2.27. Copy Certificate of Practical Completion dated 30 July 2014 for remedial works
- 2.28. Copy Building Energy Rating Certificate and Advisory Report dated 28 November 2012
- 2.29. Copy Building Energy Rating Certificate and Advisory Report dated 21 March 2019
- 2.30. Original Assignment of Letter of Appointment between (1) Violet Yarrow Real Estate (Dublin) Limited, (2) Hines Greit II Ireland Fund PLC and (3) H J Lyons (Architects) Limited
- 2.31. Copy Violet Yarrow Real Estate (Dublin) Limited Terms of Contract dated 25 April 2013
- 2.32. Copy decision An Bord Pleanála reference 54.RL.2940
- 2.33. Copy Planning Permission Register Reference 1562/07
- 2.34. Copy Planning Permission Register Reference 6353/07
- 2.35. Copy Notification of Decision to Grant Planning Permission Register Reference 4074/15
- 2.36. Copy decision An Bord Pleanála Reference Number PL 29S.246188
- 2.37. Copy Notification of Grant of Permission Reference 2637/19
- 2.38. Copy Letter from Dublin City Council confirming compliance with Special Condition 5 and 10 of ABP Plan No. 4074/15 dated 6 February 2019

- 2.39. Copy letter from Dublin Fire Brigade to Michael Slattery Associates enclosing Fire Safety Certificate No.: FSC1435/17 dated 14 March 2017
- 2.40. Copy Opinion on Compliance with Planning Permission 4074.15 dated 12 October 2018
- 2.41. Original Architects Opinion(s) on Compliance with Planning Permission regarding Extension dated 24 July 2019
- 2.42. Original Architects Opinion(s) on Compliance with Building Regulations regarding Extension dated 23 August 2019
- 2.43. Copy letter dated 4 June 2019 from Dublin City Council confirming compliance with payment of financial contribution.
- 2.44. Copy Development Contributions Letter dated 10 August 2016 in relation to Planning Application No: 4074/15.
- 2.45. Copy Disability Access Certificate DAC/2017/0177
- 2.46. Copy Disability Access Certificate DAC/2018/0453
- 2.47. Copy Notification of Grant of Permission Reference 1562/07
- 2.48. Copy Notification of Grant of Permission Reference 6353/07
- 2.49. Copy Notification of Grant of Permission Reference 2421/14
- 2.50. Building Survey Report of Malcolm Hollis Architects dated 28 May 2019 (the "Survey Report")
- 2.51. Area Referencing Report of Malcolm Hollis Architects dated 7 March 2019 (the "Measurement Report")
- 2.52. Michael Slattery Associates Report dated 19 November 2019.
- 2.53. Copy emails between ACH Architects and Dublin City Council in relation to planning conditions.

3. CONSTRUCTION DOCUMENTS

- 3.1. Certified copy Building Contract dated 6 October 2017 between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund and (2) JSL Group Limited
- 3.2. Certified copy Architect Planning Stage Letter of Appointment dated 11 December 2015 between (1) Hines GREIT II Ireland Fund ICAV and (2) ACH Architects Limited
- 3.3. Certified copy C&S Engineer Planning Stage Letter of Appointment dated 11 December 2015 between (1) Hines GREIT II Ireland Fund ICAV and (2) O'Connor Sutton Cronin & Associates
- 3.4. Certified copy M&E Engineer Planning Stage Letter of Appointment dated 11 December 2015 between (1) Hines GREIT II Ireland Fund ICAV and (2) O'Connor Sutton Cronin & Associates (M+E)
- 3.5. Certified copy Planning Consultant Planning Stage Letter of Appointment dated 11 December 2015 between (1) Hines GREIT II Ireland Fund ICAV and (2) Tom Phillips and Associates Limited

- 3.6. Certified copy Project Manager and Quantity Surveyor Planning Stage Letter of Appointment dated 11 December 2015 between (1) Hines GREIT II Ireland Fund ICAV and (2) Virtus Contracts Management Limited
- 3.7. Certified copy Appointment of Project Manager and Quantity Surveyor dated 20 October 2016 between (1) Hines GREIT II Ireland Fund ICAV and (2) Virtus Project Management Limited
- 3.8. Certified copy Appointment of Planning Consultant dated 22 November 2016 between (1) Hines GREIT II Ireland Fund ICAV and (2) Tom Phillips and Associates Limited
- 3.9. Certified copy Appointment of Assigned Certifier dated 20 October 2016 between (1) Hines GREIT II Ireland Fund ICAV and (2) Van Dijk International Consultancy Limited
- 3.10. Certified copy Performance Bond between (1) Hiscox Insurance Company Limited (2) JSL Group Limited and (3) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund
- 3.11. Certified copy of the Appointment dated 20 October 2016 between (1) Hines GREIT II Ireland Fund ICAV and (2) ACH Architects Limited.
- 3.12. Certified copy of the Novation Agreement dated 6 October 2017 between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund (2) ACH Architects Limited and (3) JSL Group Limited
- 3.13. Certified copy of the Appointment dated 20 October 2016 between (1) Hines GREIT II Ireland Fund ICAV and (2) O'Connor Sutton Cronin & Associates Limited.
- 3.14. Certified copy of the Novation Agreement dated 6 October 2018 between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund (2) O'Connor Sutton Cronin & Associates Limited and (3) JSL Group Limited
- 3.15. Certified copy of the Appointment dated 20 October 2016 between (1) Hines GREIT II Ireland Fund ICAV and (2) O'Connor Sutton Cronin & Associates (M+E) Limited.
- 3.16. Certified copy of the Novation Agreement dated 6 October 2017 between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund (2) O'Connor Sutton Cronin & Associates (M+E) Limited and (3) JSL Group Limited
- 3.17. Certified copy of the Appointment dated 18 November 2016 between (1) Hines GREIT II Ireland Fund ICAV and (2) DCON Safety Consultants Limited.
- 3.18. Certified copy of the Novation Agreement dated 6 October 2017 between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund (2) DCON Safety Consultants Limited and (3) JSL Group Limited
- 3.19. Certified copy of the Appointment dated 20 October 2016 between (1) Hines GREIT II Ireland Fund ICAV and (2) Michael N. Slattery & Associates Limited
- 3.20. Certified copy of the Novation Agreement dated 6 October 2017 between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund (2) Michael N. Slattery & Associates Limited and (3) JSL Group Limited

- 3.21. Certified copy Collateral Warranty dated 6 October 2017 between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund (2) ACH Architects Limited and (3) JSL Group Limited
- 3.22. Certified copy Collateral Warranty dated 6 October 2017 between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund (2) O'Connor Sutton Cronin & Associates Limited and (3) JSL Group Limited
- 3.23. Certified copy Collateral Warranty dated 6 October 2017 between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund (2) O'Connor Sutton Cronin & Associates (M+E) and (3) JSL Group Limited
- 3.24. Certified copy Collateral Warranty dated 6 October 2017 between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund (2) Michael N. Slattery & Associates Limited and (3) JSL Group Limited.
- 3.25. Certified copy Collateral Warranty dated 6 October 2017 between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund (2) DCON Safety Consultants and (3) JSL Group Limited
- 3.26. Original Sub-Contractor Collateral Warranty between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund and (2) Curran Aluminium and P.V.C Limited
- 3.27. Original Sub-Contractor Collateral Warranty between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund and (2) Quinn Downes Limited
- 3.28. Original Sub-Contractor Collateral Warranty between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund and (2) Update Technology Limited
- 3.29. Original Sub-Contractor Collateral Warranty between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund and (2) Winroy Limited
- 3.30. Not Used
- 3.31. Original Sub-Contractor Collateral Warranty between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund and (2) Fabricat (Ireland) Limited
- 3.32. Original Sub-Contractor Collateral Warranty between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund and (2) Otis Elevator Ireland Limited
- 3.33. Original Sub-Contractor Collateral Warranty between (1) Hines GREIT II Ireland Fund ICAV acting for and on behalf of its sub-fund Hines GREIT II Bishop Fund and (2) O'Brien Roofing & Cladding Limited
- 3.34. Copy Sub-Contractor Appointment dated 8 December 2017 between (1) JSL Group Limited and (2) Otis Elevator Ireland Limited
- 3.35. Copy Sub-Contractor Appointment dated 20 October 2017 between (1) JSL Group Limited and (2) Quinn Downes Limited
- 3.36. Copy Sub-Contractor Appointment dated 20 October 2017 between (1) JSL Group Limited and (2) Update Group

- 3.37. Copy Sub-Contractor Appointment dated 23 April 2018 between (1) JSL Group Limited and (2) Winroy Office Furniture Solutions
- 3.38. Copy Sub-Contractor Appointment dated 12 February 2018 between (1) JSL Group Limited and (2) Castle Group Ltd
- 3.39. Copy Sub-Contractor Appointment dated 17 October 2017 between (1) JSL Group Limited and (2) Curran Aluminium & PVC Limited
- 3.40. Copy Sub-Contractor Appointment dated 3 October 2018 between (1) JSL Group Limited and (2) O'Brien Roofing & Cladding Limited
- 3.41. Copy Sub-Contractor Appointment dated 27 October 2017 between (1) JSL Group Limited and (2) Fabricat Ireland Limited
- 3.42. Copy Fire Safety and Disability Access Consultant Collateral Warranty dated 18 September 2019 between (1) Michael N. Slattery and (2) the Commissioners of Public Works in Ireland
- 3.43. Copy M&E Engineer Collateral Warranty dated 18 September 2019 between (1) O'Connor Sutton Cronin & Associates (M+E) Limited and (2) the Commissioners of Public Works in Ireland
- 3.44. Copy Project Manager and Quantity Surveyor Collateral Warranty dated 18 September 2019 between (1) Virtus Project Management and (2) the Commissioners of Public Works in Ireland
- 3.45. Copy Architect Collateral Warranty dated 18 September 2019 between (1) ACH Architects Limited and (2) the Commissioners of Public Works in Ireland
- 3.46. Copy C&S Engineer Collateral Warranty dated 18 September 2019 between (1) O'Connor Sutton Cronin & Associates Limited and (2) the Commissioners of Public Works in Ireland
- 3.47. Copy Contractor's Collateral Warranty dated 18 September 2019 between (1) JSL Group Limited and (2) the Commissioners of Public Works in Ireland
- 3.48. Original Agreement for Works dated 19 February 2018 between (1) Hines GREIT II Ireland Fund ICAV and (2) Tourism Ireland CLG
- 3.49. Form of Assignment Agreement to be entered between (1) the Vendor and (2) the Purchaser in relation to the assignment of the sub-contractor collateral warranties listed as documents numbered 3.26 to 3.29 and 3.31 to 3.33 inclusive
- 3.50. Copy Notice of Assignment of Assigned Certifier dated 2 October 2017
- 3.51. Copy Notice of Assignment of Builder dated 2 October 2017
- 3.52. Copy Design Certificate dated 29 September 2017
- 3.53. Copy Undertaking by Assigned Certifier dated 2 October 2017
- 3.54. Copy Undertaking by Builder dated 29 September 2017
- 3.55. Copy Validation of Commencement Notice re Planning Reference 29S.246188, 4074/15
- 3.56. Copy Certificate of Practical Completion issued by Virtus for part of the works under the Building Contract dated 4 October 2018

- 3.57. Copy Certificate of Practical Completion issued by ACH Architects for part of the works under the Building Contract dated 4 October 2018
- 3.58. Copy Certificate of Practical Completion issued by Virtus for part of the works under the Building Contract dated 12 April 2019
- 3.59. Copy Certificate of Practical Completion issued by ACH Architects for part of the works under the Building Contract dated 12 April 2019
- 3.60. Copy Certificate of Practical Completion for the works under the Building Contract dated 15 November 2019
- 3.61. Copy Certificate on Compliance on Completion relating to 7 Day Notice reference number SN0003159DC dated 2 October 2019
- 3.62. Copy Certificate on Compliance on Completion relating to commencement notice reference number CN0032756DC dated 12 October 2019
- 3.63. Copy Certificate on Compliance on Completion relating to commencement notice reference number CN0032756DC dated 29 May 2019
- 3.64. Copy Certificate on Compliance on Completion relating to commencement notice reference number CN0032756DC dated 25 July 2019
- 3.65. Copy Certificate of Notification of entry onto Register – Certificate of Compliance on Completion evidencing the Certificate of Compliance on Completion was entered onto the register on 15 October 2019 and number CC00000016461DC relating to 7 Day Notice number SN0003159DC
- 3.66. Copy Certificate of Notification of entry onto Register – Certificate of Compliance on Completion evidencing the Certificate of Compliance on Completion was entered onto the register on 15 October 2019 and number CC00000016462DC relating to Commencement Notice number CN0032756DC
- 3.67. Copy Certificate of Notification of entry onto Register – Certificate of Compliance on Completion evidencing the Certificate of Compliance on Completion was entered onto the register on 09 July 2019 and number CC00000021390DC relating to Commencement Notice number CN0032756DC
- 3.68. Copy Certificate of Notification of entry onto Register – Certificate of Compliance on Completion evidencing the Certificate of Compliance on Completion was entered onto the register on 16 August 2019 and number CC00000022121DC relating to Commencement Notice number CN0032756DC
- 3.69. Copy Letter from Murray Spelman dated 31 October 2019 in evidence of PI for JSL Group Ltd valid to 8 October 2020
- 3.70. Copy Letter from Campion Insurance dated 8 April 2019 in evidence of PI insurance for Virtus Project Management valid to 26 November 2019
- 3.71. Copy Letter from OBF Insurance Group dated 24 June 2019 in evidence of PI insurance for Tom Phillips & Associates Limited valid to 20 June 2020
- 3.72. Copy Letter from JLT Ireland dated 15 February 2019 in evidence of PI insurance Van Dijk Architects Limited valid to 7 February 2020
- 3.73. Copy Letter from Cleary Barker (undated) in evidence of PI insurance for ACH Architects valid to 11 April 2020

- 3.74. Copy Letter from Griffiths & Armour dated 5 November 2019 in evidence of PI insurance for O'Connor Sutton Cronin & Associates Ltd valid to 31 October 2020
- 3.75. Copy Letter from Griffiths & Armour dated 5 November 2019 in evidence of PI insurance for O'Connor Sutton Cronin & Associates (M&E) Ltd valid to 31 October 2020
- 3.76. Copy Letter from Griffiths & Armour dated 10 September 2019 in evidence of PI insurance for Michael N Slattery & Associates Limited valid to 4 September 2020
- 3.77. Copy Letter from Campion Insurance dated 3 October 2019 in evidence of PI insurance for DCON Safety Consultants Ltd valid to 11 October 2020
- 3.78. Copy Letter from AON dated 16 September 2019 in evidence of PI insurance for Curran Aluminium and PVC Limited valid to 9 December 2019
- 3.79. Copy Letter from Thompson Insurance dated 23 May 2019 in evidence of PI insurance for Quinn Downes Ltd valid to 23 May 2020
- 3.80. Copy Letter from Keaney Insurance Brokers (undated) in evidence of PI insurance for Update Technology valid to 31 August 2020
- 3.81. Copy Letter from JLT Ireland dated 11 September 2019 in evidence of PI insurance for Winroy Ltd valid to 9 September 2020
- 3.82. Copy Letter from AON dated 4 October 2019 in evidence of PI insurance for Otis Elevator Ireland Limited valid to 30 September 2020

4. OCCUPATIONAL LEASE DOCUMENTATION

4.1. Ground Floor Retail

- 4.1.1. Original Counterpart Lease dated 23 October 2015 between (1) Hines GREIT I Ireland Fund ICAV and (2) Earces Limited
- 4.1.2. Original External Seating Area Licence dated 23 October 2015 between (1) Hines GREIT I Ireland Fund ICAV and (2) Earces Limited
- 4.1.3. Original Side Letter dated 23 October 2015 from Hines GREIT I Ireland Fund ICAV to Earces Limited
- 4.1.4. Original Rent Security Deposit Deed dated 23 October 2015 between (1) Hines GREIT I Ireland Fund ICAV and (2) Earces Limited
- 4.1.5. Original Agreement for Lease dated 25 August 2015 between (1) Hines GREIT I Ireland Fund ICAV and (2) Earces Limited
- 4.1.6. Original Licence for Works dated 23 October 2015 between (1) Hines GREIT I Ireland Fund ICAV and (2) Earces Limited
- 4.1.7. Copy fitout plans in relation to the Earces Limited fitout works

4.2. **Ground Floor Office**

- 4.2.1. Original Counterpart Lease dated 7 September 2001 between (1) Belltrap Limited and (2) The Commissioners of Public Works in Ireland
- 4.2.2. Original Deed of Variation dated 9 January 2003 between (1) Belltrap Limited and (2) The Commissioners of Public Works in Ireland
- 4.2.3. Original Certificate of Rent Review dated 2008 between (1) Belltrap Limited and (2) The Commissioners of Public Works in Ireland
- 4.2.4. Original Deed of Variation dated 10 March 2014 between (1) Violet Yarrow Real Estate (Dublin) Limited and (2) The Commissioners of Public Works in Ireland
- 4.2.5. Original Licence for Works dated 18 September 2014 between (1) Violet Yarrow Real Estate (Dublin) Limited and (2) The Commissioners of Public Works in Ireland

4.3. **First Floor**

- 4.3.1. Original Counterpart Lease dated 7 September 2001 between (1) Belltrap Limited and (2) The Commissioners of Public Works in Ireland
- 4.3.2. Original Deed of Variation dated 9 January 2003 between (1) Belltrap Limited and (2) The Commissioners of Public Works in Ireland
- 4.3.3. Original Licence for Installations dated 6 December 2002 between (1) Belltrap Limited and (2) The Minister of Foreign Affairs
- 4.3.4. Original Certificate of Rent Review dated 2008 between (1) Belltrap Limited and (2) The Commissioners of Public Works in Ireland
- 4.3.5. Original Deed of Variation dated 10 March 2014 between (1) Violet Yarrow Real Estate (Dublin) Limited and (2) the Commissioners of Public Works in Ireland

4.4. **Second Floor**

- 4.4.1. Original Counterpart Lease dated 7 September 2001 between (1) Belltrap Limited and (2) The Commissioners of Public Works in Ireland
- 4.4.2. Copy Deed of Variation dated 9 January 2003 between (1) Belltrap Limited and (2) The Commissioners of Public works in Ireland Commissioner of Public Works in Ireland
- 4.4.3. Copy Certificate of Rent Review dated 2008 between (1) Belltrap Limited and (2) The Commissioners of Public Works in Ireland
- 4.4.4. Original Licence for Laser Head Link Installations dated 17 May 2004 between (1) Belltrap Limited and Bank of Ireland Trust Services Limited and (2) The Minister for Justice, Equality and Law Reform
- 4.4.5. Original Deed of Variation dated 10 March 2014 between (1) Violet Yarrow Real Estate (Dublin) Limited and (2) the Commissioners of Public Works in Ireland

4.5. **Third Floor**

- 4.5.1. Original Counterpart Lease dated 13 June 2014 between (1) Violet Yarrow Real Estate (Dublin) Limited, (2) International Financial Data Services (Ireland) Limited and (3) International Financial Data Services Limited
- 4.5.2. Original Side Letter dated 13 June 2014 between (1) Violet Yarrow Real Estate (Dublin) Limited and (2) International Financial Data Services (Ireland) Limited
- 4.5.3. Original Car Space Licence dated 13 June 2014 between (1) Violet Yarrow Real Estate (Dublin) Limited, (2) International Financial Data Services (Ireland) Limited and (3) International Financial Data Services Limited
- 4.5.4. Original Opinion on due execution of Eversheds UK 13 June 2014
- 4.5.5. Draft Side Letter

4.6. **Fourth Floor (Part)**

- 4.6.1. Original Counterpart Lease dated 19 August 2002 between (1) Belltrap Limited and (2) News International Plc
- 4.6.2. Original Deed of Surrender dated 19 August 2017 between (1) News Corp UK and Ireland Limited and (2) Hines GREIT II Fund ICAV
- 4.6.3. Original Deed of Settlement Agreement dated 23 June 2017 between (1) Hines GREIT II Ireland Fund ICAV and (2) News Corp UK and Ireland Limited
- 4.6.4. Copy Agreement for Works dated 15 September 2017 between (1) Hines GREIT II Ireland Fund ICAV and (2) Tourism Ireland CLG
- 4.6.5. Original Counterpart Lease dated (the "Tourism Ireland Lease") 15 October 2018 Hines GREIT II Ireland Fund ICAV and (2) Tourism Ireland CLG
- 4.6.6. Original Side Letter dated 15 October 2018 between (1) Hines GREIT II Ireland Fund ICAV and (2) Tourism Ireland CLG
- 4.6.7. Original Deed of Variation dated 10 April 2018 between (1) Hines GREIT II Ireland Fund ICAV and (2) Tourism Ireland CLG
- 4.6.8. Original Counterpart Deed of Variation dated 6 July 2018 between (1) Hines GREIT II Ireland Fund ICAV and (2) Tourism Ireland CLG
- 4.6.9. Copy Letter dated 22 March 2019 from the Vendor to Tourism Ireland CLG re Consent to planning application
- 4.6.10. Copy Notification of Grant of Permission Reference 2637/19
- 4.6.11. Consent of Deka bank to lease dated 8 October 2018 to Tourism Ireland Limited
- 4.6.12. Planning application for Bishops roof decking dated 28 March 2019 to Dublin City Council

4.7. Part Fourth, Fifth and Sixth Floors

- 4.7.1. Original Agreement for Lease dated 13 March 2019 between (1) Hines GREIT II Ireland Fund ICAV and (2) The Commissioners of Public Works in Ireland
- 4.7.2. Original landlord counterpart stamped lease dated 30 May 2019 between (1) Hines GREIT II Ireland Fund ICAV and (2) The Commissioners of Public Works in Ireland (the "OPW Lease")
- 4.7.3. Original Side Letter re Windows dated 30 May 2019 between (1) Hines GREIT II Ireland Fund ICAV and (2) The Commissioners of Public Works in Ireland
- 4.7.4. Original Supplemental Agreement re Rent Free dated 30 May 2019 between (1) Hines GREIT II Ireland Fund ICAV and (2) The Commissioners of Public Works in Ireland
- 4.7.5. Original Supplemental Agreement re Defects dated 30 May 2019 between (1) Hines GREIT II Ireland Fund ICAV and (2) The Commissioners of Public Works in Ireland
- 4.7.6. Original Deed of Surrender dated 15 October 2018 between (1) Tourism Ireland CLG and Hines GREIT II Ireland Fund ICAV re Fifth Floor
- 4.7.7. Original Deed of Surrender dated 15 October 2018 between (1) Tourism Ireland CLG and Hines GREIT II Ireland Fund ICAV re Fifth Floor additional area
- 4.7.8. Signed Joint Measurement Survey dated 9 May 2019 – OPW Lease
- 4.7.9. Copy Independent Architect's Report dated 6 August 2019

5. ESB SUB-STATION

- 5.1. Original Counterpart Sub-Lease dated 7 September 2001 Belltrap Limited to Electricity Supply Board (the "ESB Sub-Lease")

6. CORPORATE DOCUMENTATION

- 6.1. Copy Authorisation Letter dated 17 April 2015 from Central Bank of Ireland authorising by way of continuation Hines GREIT Ireland Fund ICAV together with the initial sub-fund Hines GREIT II Bishop Fund to carry on business as an ICAV and revoking existing authorisation of Hines GREIT II Ireland Fund plc
- 6.2. Copy Registration Order dated 17 April 2015 certifying Hines GREIT II Ireland Fund ICAV as a registered ICAV under the Irish Collective Asset-management Vehicles Act 2015
- 6.3. Copy Certificate of Incorporation and Memorandum and Articles of Association of Earces Limited
- 6.4. Copy Certificate of Incorporation and Memorandum and Articles of Association of Violet Yarrow Real Estate (Dublin) Limited
- 6.5. Copy Certificate of Incorporation on Conversion to a Private Company Limited by of International Financial Data Services Limited
- 6.6. Copy Certificate of Incorporation and Memorandum and Articles of Association of International Financial Data Services (Ireland) Limited

- 6.7. Copy Certificate of Incorporation and Memorandum and Articles of Association of Tourism Ireland Limited

7. **MISCELLANEOUS**

- 7.1. Copy Tenancy Schedule dated 5 September 2019
- 7.2. Replies to Requisitions on Title dated 30 July 2019
- 7.3. Copy Consolidated Tenant Payment Statements dated 19 February 2019 furnished by Savills
- 7.4. Copy Sinking Fund Summary Report dated 31 December 2018
- 7.5. Copy Service Charge Budget 2019
- 7.6. Copy Service Charge Account for year ending 30 September 2018
- 7.7. Copy Service Charge Account for 15 Months ending December 2017
- 7.8. Copy Service Charge Account for year ending 30 September 2016
- 7.9. Executed Terms of Employment dated 2 September 2019 – Donagh Wiseman
- 7.10. Terms and conditions of Appointment – Malcolm Hollis
- 7.11. Standard Limitations – Malcolm Hollis
- 7.12. Copy Agreement for Management dated 17 April 2015 between (1) the Vendor and (2) Savills Commercial Ireland Limited
- 7.13. Original Declaration of Identity of Eoin Dineen dated 26 February 2015 for the benefit of Hines Global REIT II
- 7.14. Two original letters from Dublin City Council both dated 6 December 2018 in relation to roads and services
- 7.15. Original Letter from Dublin City Council to William Fry dated 29 November 2018 re roads and services
- 7.16. Letter from Dublin City Council to A & L Goodbody dated 20 December 2012 re roads and services.
- 7.17. Letter from Irish Water dated 10 October 2019 re water services in charge
- 7.18. Tenant Handbook
- 7.19. Opinion of Eamon Galligan S.C. dated 24 February 2020
- 7.20. Bishops Square Insurance Premium Apportionment
- 7.21. Rent Invoices 2020 Q1
- 7.22. Service Charge Invoices 2020 Q1
- 7.23. Sinking Fund Summary dated 24 January 2020
- 7.24. Bishops Square Service Charge Budget Notes 2020

- 7.25. Summary of Insurance Cover for Hines Europe Limited
- 7.26. Ulster Bank Statement of Accounts 2019
- 7.27. OSK Audit Limited Signed Certificates 2016 and 2018
- 7.28. Insurance Premium Apportionment Schedule 2020
- 7.29. Condensed Underwriting Report
- 7.30. Document statement claims against Bishops Square
- 7.31. Starbucks Design Plan
- 7.32. Replies to PCVE signed and dated 11 September 2019
- 7.33. Bishops Square Health and Safety Risk Assessment Report December 2019
- 7.34. Savills Bishops Square Fire Risk Assessment
- 7.35. Bishops Square Safety Statement 2019
- 7.36. Draft Hollis Reliance Letter - Area Referencing Report
- 7.37. Draft Hollis Reliance Letter – Building Survey Report
- 7.38. Floral Events 2020
- 7.39. SAP Landscapes Limited Agreement dated 1 January 2020
- 7.40. Curran Aluminum Insurance 2020 including PI dated 11 December 2019
- 7.41. Starbucks Internal Strip and Fit out Plans
- 7.42. Ion Spac Site Specific Method Statement
- 7.43. Ion Spac Safety Statement
- 7.44. Signed Completion Certificate
- 7.45. Tourism Ireland Certificate of Compliance on Completion
- 7.46. Dickson & Co. Confirmation of Insurance 2019 to 2020
- 7.47. Disability Access Certificate Grant dated 2 June 2017
- 7.48. Disability Access Certificate Grant dated 21 September 2018
- 7.49. Photographic Survey of Bishops Square
- 7.50. LPCB Certificate
- 7.51. MAC Interiors Opinion of Compliance
- 7.52. Riverside Mechanical works summary

- 7.53. Second Floor Plan as built (shell and core)
- 7.54. Remedial Works Description
- 7.55. Certificate of Practical Completion dated 17 September 2014
- 7.56. Bishops Square Mechanical Descriptions
- 7.57. Fabricat Insurance
- 7.58. Savills BS Life Cycle Analysis 2020
- 7.59. Fire Safety Review
- 7.60. Bishops Square Service Charge Audit Notes 2018
- 7.61. Bishops Square Service Charges Audit Notes 2020
- 7.62. RFI Register Building Consultancy dated 16 January 2020
- 7.63. Accent Solutions Agreement dated 1 January 2020
- 7.64. Manguard Plus Limited Agreement dated 1 January 2020
- 7.65. Puresafe Limited Agreement dated 1 January 2020
- 7.66. JLT Ireland Confirmation of Cover dated 13 February 2020
- 7.67. Refuge and Fireman Phone Certificate of Installation
- 7.68. Refuge and Fireman Phone Commissioning Certificate
- 7.69. Planning Consultant Collateral Warranty executed by Tom Phillips & Associates
- 7.70. Project Manager and Quantity Surveyor Collateral Warranty executed by Virtus Project Management Limited
- 7.71. PSDP Collateral Warranty executed by DCOM Safety Consultants Limited
- 7.72. C&S Engineer Collateral Warranty executed by O'Connor Sutton Cronin and Associates Limited
- 7.73. Assigned Certifier Collateral Warranty executed by Van Dijk International Consultancy Limited
- 7.74. Fire Safety and Disability Access Consultant Collateral Warranty executed by Michael N Slattery and Associates
- 7.75. M&E Engineer Collateral Warranty executed by O'Connor Sutton Cronin and Associates Limited
- 7.76. International Financial Data Services (UK) Limited Certificate of Incorporation and Memorandum of Association
- 7.77. PCVE as signed by Indirect Tax Advisor dated 12 March 2020
- 7.78. Notice of Adjudication served 13 March 2020

- 7.79 Company Constitution and Certificate of Incorporation in respect of JSL Group Limited
- 7.80 Company Constitution and Certificate of Incorporation in respect of ACH Architects Limited
- 7.81 Company Constitution and Certificate of Incorporation in respect of O'Connor, Sutton, Cronin & Associates Limited
- 7.82 Company Constitution and Certificate of Incorporation in respect of O'Connor Sutton Cronin & Associates (M&E) Limited
- 7.83 Company Constitution and Certificate of Incorporation in respect of DCON Safety Consultants Limited
- 7.84 Company Constitution and Certificate of Incorporation in respect of Michael N Slattery & Associates Limited
- 7.85 Company Constitution and Certificate of Incorporation in respect of Van Dijk International Consultancy Limited
- 7.86 Company Constitution and Certificate of Incorporation in respect of Tom Phillips and Associates Limited
- 7.87 Company Constitution and Certificate of Incorporation in respect of Virtus Project Management Limited

- 7.88 Snag List number 4 dated 15 November 2019

- 7.89. Reliance Letter dated 16 March 2020 – Area Referencing Report
- 7.90 Reliance Letter dated 16 March 2020 – Vendor's Building Survey Report
- 7.91 Emergency Lighting and Fire Safety Certificates 2019 and 2020
- 7.92 Michael Slattery Associates Technical Design Note dated 29 May 2015 regarding the Ground Floor new door
- 7.93 Copy Letter from OPW dated 26 March 2020
- 7.94 Original License Agreement dated 15 November 2019 between (1) Hines GREIT II Ireland Fund ICAV and (2) Tourism Ireland CLG (Decking Area)
- 7.95 Original Deed of Renunciation dated 15 November 2019 between (1) Hines GREIT II Ireland Fund ICAV and (2) Tourism Ireland CLG (Decking Area)
- 7.96 Original Deed of Variation dated 27 March 2020 between (1) Hines GREIT II Ireland Fund ICAV and (2) Tourism Ireland CLG
- 7.97 MSA Letter of Reliance dated 24 March 2020
- 7.98 MSA Letter of Reliance dated 27 March 2020
- 7.90 Letter dated 27 March 2020 from William Fry to OPW

- 7.91 Email dated 30 March 2020 from CSSO to William Fry together with attached Bishops Square Issues Table Composite dated 27 March 2020

SEARCHES SCHEDULE

None

SPECIAL CONDITIONS

1. Save where the context otherwise requires or implies or the text hereof expresses to the contrary, the definitions and provisions as to interpretation set forth in the within General Conditions shall be applied for the purposes of these Special Conditions.
1. The said General Conditions shall:
 - 1.1. apply to the Sale in so far as the same are not hereby altered or varied, and these Special Conditions shall prevail in case of any conflict between them and the General Conditions
 - 1.2. be read and construed without regard to any amendment therein, unless such amendment shall be referred to specifically in these Special Conditions.

2. VAT

- 2.1. In this Special Condition:

“Accountable Person” and “Taxable Person” have the meanings attributed to those terms by Section 2(1) of the VAT Act;

“Capital Goods” has the meaning attributed to that term under Section 2 and Section 63(2) of the VAT Act;

“Capital Goods Record” has the meaning attributed to that term under Section 64(12) of the VAT Act;

“Interval” has the meaning attributed to this term under Section 63(1) of the VAT Act;

“VAT” means Value Added Tax; and

“VAT Act” means Value-Added Tax Consolidation Act 2010 and related VAT regulations.

- 2.2. The Parties consider that the Sale constitutes the transfer of a business to which Section 20(2)(c) and Section 26(2) of the VAT Act applies.
- 2.3. The Purchaser warrants to the Vendor that the Purchaser is an Accountable Person for the purposes of Section 20(2)(c) of the VAT Act. The Purchaser shall take all reasonable steps available to the Purchaser to facilitate the Sale qualifying for relief from VAT under Section 20(2)(c) of the VAT Act, such that the Sale shall not be a supply for the purposes of the VAT Act.
- 2.4. The Purchaser shall indemnify and keep the Vendor indemnified against any loss, cost or liability which arises as a result of such warranty being or becoming untrue or incorrect in any respect due to the act, neglect or default of the Purchaser.
- 2.5. The Vendor has supplied answers to pre-contract VAT enquiries raised by the Purchaser as referred to in the Document Schedule.

The Vendor has supplied copies of the Capital Goods Records for the period up to the latest date prior to the date hereof for the filing of returns in relation to any Capital Goods comprised in the Subject Property.

The Vendor warrants that such replies, and Capital Goods Records, are based on information presently available to the Vendor and are up to date at the date of furnishing thereof and will remain as such on completion save for such adjustment as may be necessary as a result of the passing of

any Interval or Intervals, in which case revised information and copy records will be furnished by the Vendor to the Purchaser on or prior to completion.

The obligations imposed on the Parties under this Agreement shall be in addition to the obligations imposed in relation to the Sale by the VAT Act.

3. **TITLE**

- 3.1. Title to the Subject Property shall consist of the documents specified in Section 1 of the Documents Schedule and no objection requisition or enquiry shall be raised in relation thereto.
- 3.2. The Purchaser shall be deemed to have satisfied itself in relation to all matters pertaining to the identity of the Subject Property and the boundaries thereof prior to the Date of Sale and shall raise no objection, requisition or enquiry in this regard. General Condition 11 shall not apply to the Sale.
- 3.3. The Purchaser acknowledges and accepts that the part of the Subject Property hatched red on the map **attached** to Appendix 1 hereto now forms part of the public pavement and shall raise no objection requisition or enquiry in respect thereof.
- 3.4. The Purchaser shall purchase on notice of a proposal by the owner/occupier of 13 – 16 Redmond's Hill, Aungier Street, Dublin 8 to treat the dividing wall between the property and the Subject Property as a party wall. The previous owner of the Subject Property received the draft party wall agreement listed at 1.4 in the Documents Schedule. The Vendor confirms that to the best of the knowledge and belief of (i) the board of the Vendor and/or (ii) its asset manager, Hines Real Estate Ireland Limited, the Vendor has not received any approach in relation to this matter during its period of its ownership and the Purchaser shall raise no objection, requisition or enquiry in relation thereto.
- 3.5. The Purchaser shall purchase on notice of the Wayleave Agreement listed at 1.3 of the Documents Schedule. The Vendor has no further correspondence in relation to this Wayleave Agreement. The Purchaser shall accept without objection, requisition or enquiry that the original thereof is retained by BT Communications Ireland Limited and the Purchaser shall accept the copy thereof furnished with this Contract and shall not call for any further or better copy thereof.
- 3.6. Where at any time between the Date of Sale and the Completion Date the Vendor shall become aware that any of its replies to Requisitions would be untrue, inaccurate or misleading if given as of the Completion Date then as soon as reasonably possible thereafter the Vendor shall provide particulars thereof in writing to the Purchaser.

4. **CHARGE**

- 4.1. The Subject Property is subject to a Charge in favour of Dekabank Deutsche Girozentrale (the "Charge"), which is registered as burden number 3 on Folio 206152F County Dublin.
- 4.2. The Vendor shall furnish to the Purchaser upon receipt by the Vendor of cleared funds on Completion a duly executed deed of discharge in Form 57A of the Land Registry Rules and a certificate in the form required by Rule 74(5) of the Land Registry Rules to discharge the Charge over the Subject Property provided that no compensation shall be payable by the Vendor to the Purchaser pursuant to General Condition 21(c) in the event of a delay to Completion arising as a result of a breach by the Vendor of this Special Condition 5.2 unless such delay shall exceed five (5) Working Days.

5. **PLANNING**

- 5.1. In these Special Conditions the expression the "Planning Acts" shall mean the Local Government (Planning and Development) Acts 1963 to 1999, the Planning and Development Acts 2000 to 2018,

the Local Government (Sanitary Services) Acts 1878 to 2001, the Building Control Act 1990 and 2007, the Fire Services Act 1981, the Safety Health and Welfare at Work Acts 2005 and 2010 and any other statutory enactments, amendments and re-enactments thereof any rules and regulations whatsoever made thereunder and any local authority requirements regulating the use of or the carrying out of works to or the development of property.

- 5.2. The Vendor does not warrant that the Subject Property or any part thereof or the use thereof is in compliance with the Planning Acts. The Purchaser shall be deemed to have satisfied itself prior to the date of Sale as to the full status of the Subject Property for the purposes of the Planning Acts and the extent to which the Planning Acts have been complied with. No objection, requisition or enquiry shall be raised in relation to any matter connected with the Planning Acts or any planning permissions, fire safety certificates, commencement notices or other statutory consents or procedures whether required or obtained in relation to the Subject Property or the use thereof. Without prejudice to the foregoing, the Purchaser is furnished with the planning documents specified in of the Documents Schedule and no further documentation shall be called for by the Purchaser.
- 5.3. General Conditions 31 and 32 shall not apply to the Sale. Notwithstanding and without prejudice to the foregoing the Vendor confirms to the knowledge and belief of (i) the board of the Vendor and/or (ii) its asset manager, Hines Real Estate Ireland Limited:
- 5.3.1. That save as disclosed in the documents contained in the Documents Schedule, no notice or order made or issued by or at the behest of a Competent Authority in respect of the Subject Property and affecting the Subject Property at the Date of Sale has been served on the Vendor or to the actual knowledge of the Vendor on any of its predecessors in title.
- 5.3.2. That no material works have been carried out by or on behalf of the Vendor to the Subject Property save as disclosed in the documents contained in the Documents Schedule and that no notice or order made or issued by or at the behest of a Competent Authority in respect of the Subject Property has been notified or given to the Vendor alleging unauthorised development or use in respect of the Subject Property or any breach of Planning Legislation in respect of the Subject Property or any part of it.
- 5.3.3. On or about the date of the acquisition of the Subject Property the Vendor undertook certain works to the building systems of the Subject Property. The Purchaser is furnished with the related documents in the Documents Schedule and no objection, requisition or enquiry shall be raised in relation thereto.
- 5.3.4. The Vendor has carried out an extension to the Subject Property and upgrade works (the "Extension") pursuant to Planning Permission Reference 4074/15, including creating additional floor areas on the fourth and fifth levels and an additional sixth floor level. The Purchaser is furnished with the documentation in relation to the Extension contained in Section 3 of the Documents Schedule and no further objection, requisition or enquiry shall be raised in relation thereto.
- 5.3.5. The Purchaser is on notice that Earces Limited t/a Starbucks may not have planning permission for use of its premises as a retail coffee shop which the Purchaser Accepts.
- 5.3.6. The Purchaser is on notice that 111 car spaces are used in the basement of the car park of the Subject Property notwithstanding condition 3e of planning permission 1170/99 (as numbered in Document 7.19 of the Document Schedule) which the Purchaser Accepts. The Vendor has not received any notice or order from a Competent Authority in respect of same nor, to the actual knowledge of the Vendor, were any such notices or orders issued to

any of its predecessors in title. The Vendor shall provide a statutory declaration on Completion in confirmation of the foregoing.

6. CONDITION AND SERVICES

- 6.1. The Vendor has disclosed before the Date of Sale, in the Particulars, the documents contained in the Document Schedule and the Special Conditions or otherwise, all easements, rights, reservations, exceptions, privileges, covenants, restrictions, rents, taxes and other liabilities (not already known to the Purchaser or apparent from inspection) which to the knowledge and belief of (i) the board of the Vendor and/or (ii) its asset manager, Hines Real Estate Ireland Limited, affect the Subject Property. General Condition 13 is hereby deleted and the words "Subject to Condition 13" on the first line of General Condition 14 are hereby deleted.
- 6.2. The Purchaser shall be deemed to have satisfied itself prior to the Date of Sale in relation to the actual state and condition of the Subject Property including all easements, rights, reservations, exceptions, privileges, covenants, restrictions, rents, taxes, incidents of tenure and other liabilities affecting the Subject Property and shall raise no objection, requisition or enquiry in this regard.
- 6.3. It shall be a matter for the Purchaser to satisfy itself prior to the Date of Sale that the Subject Property is adequately serviced and also that it has the benefit of all easements, rights and privileges required for the full and proper use and enjoyment of same. No objection, requisition or enquiry shall be raised in relation thereto.
- 6.4. The Purchaser shall not raise any objection, requisition or enquiry in relation to whether the roads and services abutting and serving the Subject Property are in charge.
- 6.5. It shall be a condition of Completion that the Vendor shall provide to the Purchaser and its lender with reliance on each of the reports listed at 2.50 to 2.52 (inclusive) of the Documents Schedule in the agreed form.

7. BER CERTIFICATES AND ADVISORY REPORTS

The Purchaser shall accept the BER certificate and advisory report listed in the Documents Schedule and shall not call for an updated certificate or report nor raise any further objections, requisitions or enquiry in relation to the European Communities (Energy Performance of Buildings) Regulations 2006 or the BER certificates.

8. OCCUPATIONAL LEASES

- 8.1. The Subject Property is subject to the Occupational Leases in favour of the parties named in those leases (each an "Occupational Tenant" and together the "Occupational Tenants"). As such General Condition 17 (vacant possession) is hereby amended accordingly. On Completion the Vendor shall not be required to remove the furniture, fixtures or fittings which were in or on the Subject Property on the Date of Sale.
- 8.2. Copies of all leases and licences currently affecting the Subject Property together with copies of any notices in the Vendor's actual possession served by or on any lessee of the Subject Property or any part thereof are listed in the Documents Schedule and to the knowledge and belief of (i) the board of the Vendor and/or (ii) its asset manager, Hines Real Estate Ireland Limited, comprise all of the terms and conditions of the relevant tenancies. The Purchaser shall be deemed to have purchased with full knowledge of the contents thereof. The Vendor confirms that, as at the Date of Sale, the lessee named in any such lease or licence (or the assignee as disclosed in the Particulars and Tenure, the Special Conditions or otherwise in this Contract) is still the lessee and that the current rent levels stated in the Particulars and Tenure are the current rent levels payable under those leases and

licences. The Vendor gives no warranty express or implied that the terms and conditions of any of the Occupational Leases or notices have been complied with other than confirming that there are no ongoing material disputes with or proceedings issued against any of the tenants under the Occupational Leases in respect of a breach by them of any covenants on their part contained in any of the Occupational Leases and the Purchaser shall be deemed to have satisfied itself in this respect prior to the execution of this Contract. General Conditions 18 and 19 are hereby deleted.

- 8.3. An occupational lease in favour of a previous tenant (News International plc) of level 4 of the Subject Property is registered as burden number 2 on Folio 206152F County Dublin. The Vendor confirms that this tenant validly exercised a break option and the Purchaser is referred to the deed of surrender dated 19 August 2017 between (1) News Corp UK and Ireland Limited and (2) Hines GREIT II Fund ICAV referred to in the Documents Schedule. The Purchaser accepts that the said lease no longer affects the Subject Property and acquires the Subject Property on notice of this burden. The Vendor shall not be required to make an application to remove the burden from the Folio. The Purchaser shall raise no objection, requisition or enquiry in this regard.
- 8.4. The Vendor gives no warranty, expressed or implied, as to the identity of the actual occupier of any premises the subject of an Occupational Lease. The Purchaser shall raise no objection, requisition or enquiry in this regard.
- 8.5. The Purchaser shall purchase on notice that International Financial Data Services (Ireland) Limited ("IFDS") provides maintenance and cleaning services and associated consumables to the toilet facilities located on level three of the Subject Property and these are not serviced through the building services. This arrangement is informal and there is no written agreement in relation to same. The Vendor has not made deductions to service charges due from IFDS pursuant to its lease of level three. The Purchaser shall raise no objection, requisition or enquiry in this regard.
- 8.6. The Purchaser is referred to the agreement for Lease with the Commissioners of Public Works in Ireland (the "OPW") listed in the Documents Schedule (the "OPW AFL"). The Purchaser is put on notice that, as successor in title to the Vendor, the Purchaser assumes the obligations of the lessor in relation to the OPW AFL. In particular and without prejudice to the generality of the foregoing, the Purchaser's attention is drawn to the obligation to pay the CAT A Contribution (as defined in the OPW AFL) to the OPW on completion of the CAT A Works (as defined in the OPW AFL).
- 8.7. The Vendor shall have no liability to the Purchaser under any circumstances whatsoever, whether in tort, contract, breach of statutory duty or otherwise arising from or in connection with the OPW AFL. The Purchaser hereby covenants with the Vendor to perform those obligations on the part of the lessor contained in the OPW AFL which are to be performed subsequent to Completion save for the obligations on the part of the lessor specified in clause 6.2 of the OPW AFL. In particular, and without prejudice to the generality of the foregoing, the Purchaser covenants with the Vendor to pay the CAT A Contribution to the OPW when same becomes due in accordance with the OPW AFL. The Purchaser hereby indemnifies and shall keep indemnified the Vendor from and against all losses, actions, costs, damages, injury, claims or demands incurred, sustained or borne by the Vendor by reason of the failure by the Purchaser to pay the CAT A Contribution.
- 8.8. The Vendor shall use all reasonable endeavours following Completion to assist the Purchaser in liaising with the OPW in connection with the OPW's initial fit out pursuant to the OPW AFL. The Vendor agrees to cooperate with the Purchaser in a spirit of reasonableness and goodwill on that matter. For the avoidance of any doubt the Purchaser shall be responsible for the costs of the design team in connection therewith. The Vendor shall respond to any request for assistance within ten (10) Working Days from the date of request from the Purchaser.

- 8.9. The lease summaries uploaded to the data site have been provided for information purposes only and the Vendor does not warrant the accuracy of the contents thereof. The Purchaser acknowledges and agrees that it shall be a matter for the Purchaser to review the contents of all documentation in relation to the Occupational Leases and that the lease summaries were provided on a strictly non-reliance basis.

9. CONSTRUCTION DOCUMENTS

- 9.1. The Purchaser's attention is drawn to the construction documents numbered 3.1 to 3.82 (inclusive) in the Documents Schedule which include the Building Contract numbered 3.1 and is on notice that practical completion in relation to that Building Contract has recently occurred.

- 9.2. On completion of the Sale, the Vendor shall furnish to the Purchaser collateral warranties in the agreed form in favour of the Purchaser from the following parties who provided services or carried out works in respect of the Extension:-

- 9.2.1. Main Contractor – JSL Group Limited;
- 9.2.2. Architect – ACH Architects Limited;
- 9.2.3. Civil & Structural Engineer - O'Connor Sutton Cronin & Associates Limited;
- 9.2.4. Mechanical & Electrical Engineer - O'Connor Sutton Cronin & Associates (M&E) Limited;
- 9.2.5. Fire Engineer – Michael N. Slattery & Associates Limited;
- 9.2.6. PSDP – DCON Safety Consultants Limited
- 9.2.7. Project Manager & Quantity Surveyor – Virtus Project Management Limited
- 9.2.8. Planning Consultant – Tom Philips and Associates Limited; and
- 9.2.9. Assigned Certifier – Van Dijk International Consultancy Limited

In this Special Condition 10.2 "agreed form" means the form agreed with the parties listed at Special Condition 10.2.1 to 10.2.9 (inclusive) and furnished to the Purchaser prior to the date hereof.

- 9.3. The documents numbered 3.26 to 3.29 and 3.31 to 3.33 (Sub-Contractor Warranties) (inclusive) in the Document Schedule (the "Assigned Contracts") shall be assigned by the Vendor to the Purchaser. On completion of the Sale the Vendor and Purchaser shall execute and deliver an assignment agreement in respect of the Assigned Contracts in the form of assignment contained in the Documents Schedule at number 3.49.

10. COMPLIANCE

No objection, requisition or enquiry shall be raised by the Purchaser concerning any licences or statutory requirements, consents or approvals required by any tenant under any of the Occupational Leases to lawfully trade or carry on its business in the Subject Property or any part thereof.

11. IMPROVEMENTS AND TENANT'S WORKS

The Vendor confirms to the knowledge and belief of (i) the board of the Vendor and/or (ii) its asset manager, Hines Real Estate Ireland Limited, that the Vendor has received no Improvement Notices pursuant to the Landlord and Tenant (Amendment) Act 1980 from any of the Occupational Tenants.

No objection, requisition or enquiry shall be raised by the Purchaser in relation to any works or improvements carried out by any of the Occupational Tenants or their predecessors in relation to the Subject Property or any part thereof. In particular, other than such as may be disclosed in the documents furnished in the Documents Schedule, the Vendor shall not be required to produce to the Purchaser evidence of the consent of any party entitled from time to time to the lessor's interest in any of the Occupational Leases to any works carried out from time to time by any tenant under any Occupational Lease or any evidence of compliance with any local or statutory requirements in respect of such works whether under the Planning Legislation, the Safety Health and Welfare at Work Act, 1989, the Fire Services Act, 1981 and any amendment or re-enactment thereof and all regulations made from time to time thereunder or otherwise.

12. BODY CORPORATE

- 12.1. Where any Occupational Tenant or any guarantor under any Occupational Lease is a non-Irish body corporate the Purchaser shall conclusively assume without objection requisition or enquiry that the relevant Occupational Tenant or guarantor entity has been properly incorporated or established and that the relevant documentation has been validly executed by the relevant Occupational Tenant and/or guarantor and no further proof or confirmation as to such incorporation or the validity of such execution shall be sought or furnished. Without prejudice to the foregoing the Vendor shall provide to the Purchaser such evidence in relation to incorporation and/or such execution as appears from the documents specified in the Documents Schedule.
- 12.2. The Purchaser has been furnished with copies of such Certificates of Incorporation and Memoranda and Articles of Association (or extracts thereof) of Occupational Tenants and guarantors as are in the Vendor's possession and as are detailed in the Documents Schedule. The Purchaser shall not require the Vendor to furnish any further Certificates or other evidence of Incorporation or Memoranda or Articles of Association of any Occupational Tenant or guarantor and shall raise no objection requisition or enquiry in relation to the foregoing.

13. RENT AND APPORTIONMENT

General Condition 23 is hereby varied as follows:-

- 13.1. The Vendor shall only be required to give an apportionment under General Condition 23 in respect of rent and insurance contribution actually received by the Vendor which relates to any period from and including the Apportionment Date. For the avoidance of doubt should there be arrears of rent and insurance contribution on the Completion Date then so much thereof which relates to the period up to the Apportionment Date shall belong to the Vendor subject as provided in Special Condition 14.2.
- 13.2. To the extent that any of the Occupational Tenants shall not have discharged rent or insurance contribution in respect of the period up to the date of actual completion of the Sale (the "Arrears") then, subject as hereinafter provided, the Purchaser shall refund to the Vendor the full amount of the Vendor's entitlement to those Arrears as soon as reasonably possible after the Purchaser receives same from the relevant Occupational Tenant. For the avoidance of doubt, any sums received by the Purchaser after completion of the Sale from any relevant Occupational Tenant shall first be applied in paying the Arrears. The Purchaser shall use reasonable endeavours to collect Arrears and shall take such reasonable action to collect Arrears as the Vendor may request but the Purchaser shall not be required to take any legal proceedings against any of the Occupational Tenants. The Purchaser's obligations under this Special Condition 14 and the Vendor's entitlement to any Arrears that have not been collected at that time shall expire on the date which is 6 months after the Completion Date. The Vendor will not be entitled to issue or maintain any legal proceedings against any Occupational Tenant for recovery of any Arrears.

- 13.3. On Completion, the Vendor shall allow the following credits to the Purchaser;
- 13.3.1. a sum equivalent to the balance of the rent free periods granted to the tenants pursuant to the OPW Lease and the Tourism Ireland Lease then unexpired on the Apportionment Date as if they were apportionable items under General Condition 23;
 - 13.3.2. the sum of €1,896,300 in respect of the CAT A Contribution to be paid by the Purchaser as referred to in Special Condition 9.6 hereof.
- 13.4. On Completion, the Vendor shall transfer to the Purchaser all rent security deposits held by or on behalf of the Vendor under the Occupational Leases.

14. **RATES AND OUTGOINGS**

The Purchaser shall not call for evidence of payment of rates, water rates or refuse charges and similar outgoings (if any) on the Subject Property and accepts that same are the liability of the tenants and occupiers thereof. The Purchaser shall be deemed to have satisfied itself in that regard prior to the execution hereof and shall raise no objection, requisition or enquiry in relation thereto. For the avoidance of doubt no apportionment shall be required on completion in respect of any such outgoings. General Condition 23 is amended accordingly.

15. **INSURANCE**

The Vendor shall on the Completion Date cancel its insurances in respect of the Subject Property. The Purchaser shall effect its own insurances as and from the Completion Date and shall deal with the Occupational Tenants with effect from that date in relation to such insurances.

16. **SERVICE CHARGE**

- 16.1. The service charge payable pursuant to each of the Occupational Leases is payable on an estimated basis subject to a balancing charge for each financial year.
- 16.2. No apportionment of service charge shall be required on completion of the Sale. In relation to any arrears of service charge outstanding at the date of completion of the Sale the Purchaser shall pursue the relevant Occupational Tenant or Tenants in respect of such arrears. The Vendor shall assist the Purchaser in relation to any proceedings or action taken by the Purchaser in this regard, subject to the Purchaser discharging the Vendor's reasonable costs in relation thereto.
- 16.3. The Vendor shall on completion of the Sale:
- 16.3.1. transfer to the Purchaser all surplus service charge monies received by or on behalf of the Vendor which having regard to the audited financial statements for the year ending 31 December 2018 are available for service charge expenditure but which have not at the date of completion been offset against current service charge;
 - 16.3.2. transfer to the Purchaser all sinking fund monies received or held by or on behalf of the Vendor;
 - 16.3.3. hand over all original books of account, invoices, receipts and records as may relate to the service charge.
- 16.4. The Purchaser shall, following completion of the Sale, carry out and complete for its own account the contracts entered into by or on behalf of the Vendor in relation to the provision of services to the Subject Property and listed below (the "Contracts") to the extent that same have not been terminated

prior thereto and the Purchaser shall indemnify the Vendor against or reimburse the Vendor for any payment required to be made by the Vendor under or in relation to the Contracts for the remainder of the terms of each of the Contracts: -

- 16.4.1. Gas supply contract with Electric Ireland.
- 16.4.2. Electricity Supply contract with Electric Ireland.
- 16.4.3. FM Provider with Accent Solutions.
- 16.4.4. Phones - Reception / Lift / Broadband contract with Eircom now Eir.
- 16.4.5. Building Manager Mobile contract with Three (previously O2).
- 16.4.6. Security contract with ManGuard Plus Limited.
- 16.4.7. Cleaning contract with Puresafe.
- 16.4.8. Landscaping contract with SAP Landscapes.
- 16.4.9. BMS contract with Accent Solutions.
- 16.4.10. Lift Maintenance contract with Accent Solutions.
- 16.4.11. Fire Alarm contract with Accent Solutions.
- 16.4.12. Fire Extinguishers contract with Accent Solutions.
- 16.4.13. Smoke Ventilation System contract with Accent Solutions.
- 16.4.14. Access System / Barriers contract with Accent Solutions.
- 16.4.15. Fall Arrest System contract with Accent Solutions.
- 16.4.16. Water Treatment contract with Accent Solutions.
- 16.4.17. Refuse contract with AES Waste Management.
- 16.4.18. Water contract with Irish Water.
- 16.4.19. Cleaning Consumables contract with Puresafe.
- 16.4.20. Window Cleaning contract with Puresafe (Emerald).
- 16.4.21. Mat Rental contract with Puresafe (Emerald).
- 16.4.22. Floral Displays contract with Floral Events Limited.
- 16.4.23. Electrical Repairs contract with Accent Solutions.
- 16.4.24. Generator Maintenance contract with Accent Solutions.
- 16.4.25. Roller Shutters with Accent Solutions.
- 16.4.26. Digital Safety File contract with DFM Systems.

16.4.27. NEC Telephone System contract with Core Communications.

16.4.28. Switchgear Maintenance contract with Accent Solutions.

- 16.5. Nothing in this Contract shall dis-entitle the Vendor from serving notice of termination of the Contracts or otherwise or from notifying the other parties to the Contracts prior to the date of completion of the Sale that the Vendor has contracted to sell the Subject Property. The Vendor confirms that the Agreement for Management listed at 7.12 of the Documents Schedule will terminate on completion of the Sale.
- 16.6. The Vendor shall procure completion of the service charge audit for the year ending 31 December 2019 (the "2019 Audit") as soon as reasonably possible following Completion and shall provide a certified copy of the audited service charge account to the Purchaser. Where it is determined following the 2019 Audit that there is a deficit in the service charge account relating to service charge contribution referable to the OPW premises on the 4th / 5th / 6th floors of the Subject Property in respect of the period prior to the OPW becoming liable for service charge under its lease then the Vendor shall make good the amount of that deficit to the Purchaser.

17. EMPLOYEES

- 17.1. The Purchaser shall purchase on notice of the fact that there is a manager (the "Building Manager") employed as Building Manager at the Subject Property and that the Building Manager is currently employed by the managing agents contracted to manage the Subject Property and not by the Vendor. The Purchaser has been furnished with the employee information for the Building Manager listed in the Documents Schedule and shall raise no further objection, requisition or enquiry with regard to the Building Managers terms of employment.
- 17.2. To the extent that the transfer of assets contemplated by this Contract constitutes the transfer of a business or part of a business within the meaning of the European Communities (Protection of Employees on Transfer of Undertakings) Regulations, 2003 (SI 131/2003) (as amended) (the "Regulations"), the parties acknowledge that the Purchaser shall have no recourse against the Vendor with respect to any liabilities or obligations arising from the application of the Regulations to this Contract and the Purchaser will indemnify the Vendor against all actions, claims, proceedings, judgements, decrees, orders, awards, demands, losses, costs, damages, liabilities and expenses (in each case on an after tax basis) arising out of or by virtue of the application of the Regulations to this Contract.

18. GOOD ESTATE MANAGEMENT

- 18.1. Until the Completion Date the Vendor shall continue to manage the Subject Property in all respects diligently in accordance with the principles of good estate management so as to comply with the obligations in that respect contained or referred to in the Occupational Leases.
- 18.2. Until the Completion Date the Vendor shall consult with the Purchaser on the following matters and provided that the Purchaser is not in default of Completion, the Vendor will not without the consent of the Purchaser (not to be unreasonably withheld or delayed);
- 18.2.1. agree any variations to the Occupational Leases,
- 18.2.2. agree any variation in the rent payable pursuant to the Occupational Leases (including any rent review),
- 18.2.3. forfeit or accept any surrender of the Occupational Leases;

18.2.4. grant or agree to grant any new lease of any part of the Subject Property;

18.2.5. give any licence or consent in respect of any application for which consent is required pursuant to the terms of any of the Occupational Leases; or

18.2.6. approve or carry out any material capital expenditure on the Subject Property,

save where the terms of the Occupational Leases require the Vendor to give the consent or approvals or to make the variations/surrenders described at Special Conditions 19.2.1 to 19.2.6 above. The Purchaser will indemnify the Vendor against all actions, claims, proceedings, judgements, decrees, orders, awards, demands, losses, costs, damages, liabilities and expenses arising out of the Purchaser wrongfully refusing or delaying consent to the matters set out at Special Conditions 19.2.1 to 19.2.6 (inclusive). For the avoidance of doubt where the Purchaser is in default of Completion the consent of the Purchaser to the matters set out at Special Conditions 19.2.1 to 19.2.6 shall not be required.

18.3. The Vendor will hand over to the Purchaser on Completion, letters addressed to the Occupational Tenants, notifying them of the change of ownership and informing them that all future rent, insurance contribution and service charge and any other outgoings payable by them should be paid to the Purchaser.

19. **CHATTELS**

No warranty is given as to the extent of the fixtures and fittings (if any) included in the Sale and no objection, requisition or enquiry shall be raised on account thereof or regarding the ownership of the fixtures and fittings within or on the Subject Property.

20. **ENVIRONMENTAL**

20.1. For the avoidance of doubt the Vendor gives no warranty that either the Subject Property or any processes carried out thereon now or at any time in the past comply with Environmental Laws. It is a matter for the Purchaser to satisfy itself in relation to all aspects of Environmental Laws insofar as they relate to the Subject Property prior to the Date of Sale. The Purchaser is precluded from making any objection or raising any requisition or enquiry whatsoever in relation to same.

20.2. For the purposes of this Special Condition "Environmental Laws" means all laws (whether criminal, civil or administrative) including common law, statutes, regulations, statutory instruments, directives, bye-laws, orders, codes and judgments having the force of law in Ireland concerning environmental matters and protection of the environment, use of noxious or deleterious materials, contaminants or pollutants and all regulations, bye-laws, orders and codes made thereunder or regulating the use thereof.

21. **NO TURN**

The Purchaser shall not assign, novate, subsell or otherwise dispose of its interest in the Subject Property or in the Sale. The Vendor shall only be required to execute the Assurance in favour of the Purchaser and not in favour of any other person or body. Notwithstanding the forgoing, or any other provision of this Contract, the Purchaser may assign the benefit of this Contract by way of a security assignment to: (i) any lender(s) to the Purchaser; (ii) any security agent or security trustee acting on behalf of any such lender(s); (iii) any receiver, delegate or agent acting on behalf of any party at (i) and/or (ii); (iv) any successor in title to any party detailed at (i), (ii) any/or (iii); and / or; (v) any successor in title of the Purchaser

22. DOCUMENTS

- 22.1. Copies of the documents referred to in the Documents Schedule have been made available for inspection to the Purchaser or the Purchaser's solicitors prior to the Date of Sale and the Purchaser, whether availing of such opportunity of inspection or not, shall be deemed to have purchased the Subject Property with full knowledge of the contents of the documents furnished. The Purchaser shall accept such documentation without objection requisition or enquiry and shall not call for any other documents whether appearing by recital or otherwise. Where any document is described in the Documents Schedule as being a "copy" (or any derivative of that expression), that document will be furnished on completion in accordance with its description in the Documents Schedule and the Purchaser shall not seek any further or better copies of any such documents or maps annexed thereto nor shall the Purchaser call for production of the original thereof nor the originals of deeds or occupational letting documentation where the Vendor are in possession only of counterparts or copies thereof nor shall the Purchaser require an explanation for the non-production of the original thereof and the Purchaser shall raise no objection, requisition or enquiry in this regard.
- 22.2. The Vendor shall close the Data Site for the Sale hosted by William Fry on Completion and shall download the contents of the Data Site onto 4 separate USB sticks and shall deliver those USB sticks to the Purchaser on Completion.

23. DEPOSIT AND COMPLETION

- 23.1. The Vendor agrees that the deposit herein shall be deposited by the Purchaser with and retained by the Purchaser's Solicitors, A&L Goodbody, on foot of the agreed form undertaking (appended hereto at Appendix 2) to be delivered by A&L Goodbody in favour of the Vendor on the Date of Sale. General Condition 27 is amended accordingly. The Vendor acknowledges that the Purchaser's Solicitors are not acting as stakeholders.
- 23.2. The period of "twenty-eight days" referred to in General Condition 36 is amended so as to refer to "fourteen days".

24. CAUTION

The Subject Property is subject to a caution in favour of Northern Trust Fiduciary Services (Ireland) Limited ("NTFSIL"). On completion, the Vendor shall furnish and the Purchaser shall accept a Form 75 duly signed on behalf of NTFSIL confirming its withdrawal of the said application and shall furnish an undertaking on closing to use all reasonable endeavours to deal with all Land Registry queries in relation to registration of the Form 75. The Purchaser shall raise no objection, requisition or enquiry in relation thereto.

25. CAPITAL GAINS TAX

The Vendor confirms that it is an investment undertaking which is exempt from capital gains tax under Section 739C of the Taxes Consolidation Act 1997 and hence qualifies for the exemption under Revenue Statement of Practice 105/15 and 43/16 such that delivery of a CGT clearance certificate is not required for the sale of the Subject Property. The Vendor shall procure a CG50A in the event that the Vendor is unable to confirm in writing on Completion that it remains an investment undertaking in the same terms as in the first sentence of this Special Condition 26.

26. ACKNOWLEDGEMENT AND LIMITED RECOURSE

- 26.1. For the avoidance of doubt, the Purchaser hereby acknowledges that Hines GREIT II Ireland Fund ICAV is an investment vehicle with variable capital having segregated liability between its sub-funds organised under the laws of Ireland and registered in Ireland. Hines GREIT II Ireland Fund ICAV

qualifies and is authorised in Ireland by the Central Bank of Ireland as an Irish Collective Asset Management Vehicle pursuant to the Irish Collective Asset Management Vehicle (ICAV) Act 2015. Hines GREIT II Ireland Fund ICAV is structured as an umbrella collective asset-management vehicle in that the share capital of Hines GREIT II Ireland Fund ICAV may be divided into different share classes with one or more share classes representing a separate sub-fund of Hines GREIT II Ireland Fund ICAV.

27. Notwithstanding any other provision of this Contract, recourse against the Vendor (ie Hines GREIT II Ireland Fund ICAV for and on behalf of its sub-fund Hines GREIT II Bishop Fund) in respect of any claims that may be brought against, suffered or incurred by the Vendor its permitted delegates, servants or agents shall be limited to the assets of the sub-fund Hines GREIT II Bishops Fund and there shall be no recourse to any other assets of Hines GREIT II Ireland Fund ICAV.

28. **NOTICES**

The address for any notices to be issued or given to the Vendor on foot of the Conditions shall for the purposes of General Condition 45(b)(i) be for the attention of Brian Moran, Director of Hines GREIT II Ireland Fund ICAV, Clanwilliam Court, 1st Floor, Block 2, House, Clanwilliam Place, Dublin 2 with a copy to the Vendor's solicitors and General Conditions 45(b) (ii), (iii) and 45(c) shall not apply in the case of the Vendor.

29. **CONFIDENTIALITY**

All information furnished to the Purchaser relating to the Sale (other than matters of public record) (the "Confidential Information"), including, without limitation, any and all information provided by the Vendor and/or the Vendor's agents via the data room and any other information provided by the Vendor and/or the Vendor's representatives in relation to the Subject Property:-

- 29.1.1. shall be treated by the Purchaser as confidential;
- 29.1.2. shall not be disclosed by the Purchaser to anyone (except the Purchaser's attorneys, lenders, consultants and employees involved in review of the Subject Property and as may be required by law or by any court or administrative order); and
- 29.1.3. shall, at the written request of the Vendor, be destroyed or returned by the Purchaser to the Vendor unless Completion occurs in accordance with this Contract.

Notwithstanding anything to the contrary contained herein, the Purchaser and its representatives shall be entitled to retain one copy of the Confidential Information to the extent necessary in order to comply with any applicable laws or regulations and shall only be required to use commercially reasonable efforts to return or destroy any materials stored electronically, and the Purchaser and its representatives shall not be required to return or destroy any electronic copy of the Confidential Information created pursuant to their standard electronic backup and archival procedures. The Vendor or its affiliates or any entity advised by the Vendor's affiliates) shall be permitted to disclose in press releases, U.S. Securities and Exchange Commission ("SEC") and other filings with governmental authorities, financial statements and/or other communications such information regarding the transaction contemplated by this Contract and/or the terms of this Contract and any such information relating to the Subject Property as may be necessary or advisable to comply with any applicable federal or state securities laws, rules, or regulations (including SEC rules and regulations), "generally accepted accounting principles," or other accounting rules or procedures or in accordance with Hines Global Income Trust's prior custom, practice, or procedure. Without limiting the foregoing, Hines Global Income Trust may file this Agreement with the SEC after the execution of

the same and may file a form "8-K" and/or prospectus supplement to which this Agreement may be attached.

30. DEFECTS

30.1. Under the building contract dated 6 October 2017 (the "Building Contract") between the Vendor and JSL Group Limited (the "Contractor") for the design and construction of the Extension, there are 3 defects liability periods that apply in relation to the following parts of the Extension:-

- 30.1.1. the expired defects liability period in relation to fit out works for 'Tourism Ireland' on part of the fourth floor including all new services, partitions, floor coverings, ceilings and all associated finishes and construction of perimeter partitions to leave area to separate the Tourism Ireland demise from the OPW demise (the "A Works") which expired on 4 October 2019;
- 30.1.2. defects liability period in relation to the works carried out by the Vendor pursuant to the Agreement for Lease dated 13 March 2019 between (1) the Vendor and (2) The Commissioners of Public Works in Ireland (the "B Works") which expires on 12 April 2020 (the "B Defects Liability Period"); and
- 30.1.3. defects liability period in relation all other parts of the Extension not included in the A Works or the B Works (the "C Works") which expires on 15 November 2020 (the "C Defects Liability Period"),

(each a "Defects Liability Period" and collectively the "Defects Liability Periods").

30.2. The Vendor hereby undertakes to use all reasonable endeavours in exercising its rights under the Building Contract (but without any requirement to engage in litigation or arbitration) to procure that the Contractor makes good as soon as reasonably practicable:-

- 30.2.1. those snags ("Snags") in the Subject Property as listed in the two lists at Parts 1 and 2 of Appendix 4 ("Snag List B" and "Snag List C" respectively); and
- 30.2.2. all defects, shrinkage or other faults which are not now manifest ("Defects") but which become manifest in any of the B Works or C Works and are notified to the Vendor prior to the expiration of the relevant Defects Liability Period together with any snags, failures or defects which are notified to the Vendor by the OPW pursuant to clause 6.2 of the OPW AFL in accordance with the provisions of clause 6.2 of the OPW AFL (together, "Notified Defects"),

which the Contractor is obliged to rectify, remedy or make good under the Building Contract.

30.3. The Vendor hereby authorises and agrees that on the Completion Date the aggregate of the Retention Amounts specified below (the "Retention") shall be deducted by the Purchaser from the Purchase Price and deposited and retained by the Purchaser's Solicitors, A&L Goodbody, on foot of the agreed form undertaking (appended hereto at Appendix 3) (the "A&L Goodbody Undertaking") to be delivered by A&L Goodbody in favour of the Vendor on the Completion Date. The payment of the Retention to the Vendor shall be deferred and paid in accordance with the terms of this Special Condition. The Retention amount shall be allocated as against the Snags set out in Snag List B and Snag List C and / or Notified Defects for the B Works and C Works as follows:

| Snag List and Notified Defects | Retention Amount |
|---|------------------------------|
| Snag List B and Notified Defects in the B Works | €371,000 (the "B Retention") |
| Snag List C and Notified Defects in the C Works | €139,000 (the "C Retention") |

30.4. The Purchaser agrees that:

30.4.1. subject to Special Condition 31.5, once the Snags detailed in Snag List B and all Notified Defects in relation to the B Works are remedied, rectified and made good by the Contractor in accordance with the terms of the Building Contract, the B Retention shall be paid by the Purchaser's Solicitor to the Vendor's Solicitors; and

30.4.2. subject to Special Condition 31.6, once the Snags detailed in Snag List C and all Notified Defects in relation to the C Works are remedied, rectified and made good by the Contractor in accordance with the terms of the Building Contract, the C Retention shall be paid by the Purchaser's Solicitor to the Vendor's Solicitors.

30.5. The Vendor may by giving not less than ten (10) Working Days' notice in writing to the Purchaser and the Purchaser's Solicitor at any time following the expiration of the B Defects Liability Period call for payment of the B Retention. If the Purchaser notifies the Vendor in writing within the said ten (10) Working Days of receipt of such notice that any of the Snags in Snag List B or any Notified Defects in relation to the B Works have not been corrected, rectified or made good as required in accordance with the Building Contract the Vendor and the Purchaser shall agree the estimated reasonable costs of correcting, rectifying or making good such of the Snags and / or Notified Defects as remain outstanding and the Purchaser's Solicitors shall be entitled to release that amount of the B Retention to the Purchaser and shall release the balance of the B Retention to the Vendor's Solicitors in accordance with the A&L Goodbody Undertaking. Any dispute as to whether or not any Snag and / or Notified Defect has been properly corrected, rectified or made good or as to the estimated reasonable costs of remedying such Snags and / or Notified Defects shall at the request of either party be referred to the Independent Expert for determination in accordance with the Special Condition 34 below.

30.6. The Vendor may by giving not less than ten (10) Working Days' notice in writing to the Purchaser and the Purchaser's Solicitor at any time following the expiration of the C Defects Liability Period call for payment of the C Retention. If the Purchaser notifies the Vendor in writing within the said ten (10) Working Days of receipt of such notice that any of the Snags in Snag List C or any Notified Defects in relation to the C Works have not been corrected, rectified or made good as required in accordance with the Building Contract the Vendor and the Purchaser shall agree the estimated reasonable costs of correcting, rectifying or making good such of the Snags and / or Notified Defects as remain outstanding and the Purchaser's Solicitors shall be entitled to release that amount of the C Retention to the Purchaser and shall release the balance of the C Retention to the Vendor's Solicitors in accordance with the A&L Goodbody Undertaking. Any dispute as to whether or not any Snag and / or Notified Defect has been properly corrected, rectified or made good or as to the estimated reasonable costs of remedying such Snags and / or Notified Defects shall at the request of either party be referred to the Independent Expert for determination in accordance with the Special Condition 34 below.

30.7. It is agreed that the aggregate maximum liability of the Vendor howsoever arising pursuant to this Special Condition 31 shall not on any account whatsoever exceed the Retention. The Vendor shall not have any other or further liability to the Purchaser whatsoever for any snags or defects whatsoever in the Subject Property.

31. ENTIRE AGREEMENT

- 31.1. The Purchaser agrees and accepts that no information, statement, description, quantity or measurement contained in any advertisements or given orally or contained in any brochure, map, plan, letter, report or handout issued by or on behalf of the Vendor or its architects, engineers, solicitors or agents in respect of any of the Subject Property (whether or not in the course of any representation or negotiations leading to the Sale) shall constitute a representation inducing the Purchaser to enter into the Sale or any condition or warranty forming part of the Sale and any information, statement, description, quantity or measurement so given or contained in any such advertisement, brochure, map, plan, letter, report or handout issued by or on behalf of the Vendor, its architects, engineers, solicitors or agents are for illustration purposes only and are not to be taken as matters of fact and that any mistake, omission, inaccuracy or misdescription given orally or in the form of any advertisement, brochure, map, plan, letter, report or handout by or on behalf of the Vendor, its architects, engineers, solicitors or agents (whether or not in the course of any representation or negotiations leading to the Sale) shall not give rise to any right of action, claim or entitlement to compensation against or from the Vendor, its architects, engineers, solicitors or agents, under the Sale or otherwise or any right of rescission or termination. This Contract comprises the entire of the agreement between the Vendor and the Purchaser governing the Sale. Any statement, representation or warranty whatsoever made by the Vendor, its agents or employees during the course of negotiations leading to the Sale which are not herein contained and set forth are hereby treated as having been withdrawn and extinguished and will have no force or effect at law whatsoever. General Condition No 29 shall be read subject to this Special Condition.
- 31.2. For the avoidance of doubt, Special Condition 32.1 shall not apply to anything contained in, provided for or referred to in this Contract, the documents exhibited in the Documents Schedule, the replies by the Vendor's Solicitors to the pre-contract enquiries raised by the Purchaser's Solicitors or the explanation/ discharge of any acts appearing on searches

32. OFAC / PATRIOT ACT AML AND FCPA

- 32.1. As of the Date of Sale and through and until the date of completion of the Sale the Purchaser hereby represents and warrants that: (A) neither the Purchaser, (B) nor any of its officers, managers nor directors, (C) nor any direct or indirect owner of 10% or more of the beneficial interests in the Purchaser, (D) nor, to the Purchaser's knowledge, any other beneficial owner of Purchaser:
- 32.1.1. is listed in the "Alphabetical Listing of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorist Organizations, and Specially Designated Narcotics Traffickers" (the "OFAC List") published by the United States Office of Foreign Assets Control, as in effect from time to time, and as such list is located on the U.S. Department of Treasury's website: <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>;
- 32.1.2. is a person or entity who has been determined by competent authority to be subject to the prohibitions contained in Executive Orders issued by the United States government pertaining to the OFAC List (the "U.S. Executive Orders") or, to the Purchaser's knowledge, is otherwise a person, entity or government with whom a United States person is prohibited from transacting business of the type contemplated by this Contract, whether such prohibition arises under United States law, regulation and/or executive orders;
- 32.1.3. is owned or controlled by, or acts for or on behalf of, any person or entity on the OFAC List or any other person or entity who has been determined by competent authority to be subject to the prohibitions contained in the U.S. Executive Orders pertaining to the OFAC

List (any person referenced in this provision, or in Special Conditions 33.1.1 and 33.1.2 above, is hereby referred to herein as a "Blocked Person");

- 32.1.4. has made any bribe or other financial inducement to a public official or governmental employee in the past in connection with the acquisition, financing, operation or otherwise pertaining to the Subject Property in violation of the Foreign Corrupt Practices Act of the United States of America and the rules and regulations promulgated thereunder.

If the Vendor learns that the Purchaser is, becomes, or appears to be a Blocked Person, the Vendor may delay the sale contemplated by this Contract pending its conclusion of its investigation into the matter of the Purchaser's status as a Blocked Person. If the Vendor determines that the Purchaser is or becomes a Blocked Person, the Vendor shall have the absolute right to immediately terminate the Sale and take all other actions necessary, or in the opinion of the Vendor, appropriate to comply with applicable laws regarding such Blocked Person and in which event the Purchaser's Solicitors shall retain the deposit. The provisions of this Special Condition 33 will survive the termination of this Contract.

33. APPOINTMENT OF EXPERT

- 33.1. The Independent Expert shall be an architect who is a registered member of the Royal Institute of the Architects of Ireland (RIAI) with at least 10 years standing as agreed between the parties and in default of agreement as to the appointment of any such architect within five (5) Business Days then either party shall be entitled to make application to the RIAI for the appointment by the President or acting President for the time being of the RIAI, of an Independent Expert for the purposes of this Agreement.
- 33.2. Where the parties have provided for the referral of a matter to the Independent Expert for determination, the decision of the Independent Expert shall be final and binding on the parties and the Independent Expert shall be deemed to act as an expert and not as an Arbitrator and his or her fees shall be paid as he or she shall direct.
- 33.3. The Independent Expert shall use all reasonable endeavours to give his or her decision on the matters in dispute within a period of no more than ten (10) Business Days from the date of the referral of the dispute to the Independent Expert in respect of all disputes so referred, and he or she may seek (orally or in written form) such submissions, evidence and information, and may make such enquiries, as he or she may think necessary for determining the matter before him or her.
- 33.4. The parties shall facilitate the Independent Expert in having such access as he or she may reasonably require to the Subject Property and in the provision of such documentation or evidence to assist in determining the matter before him or her.
- 33.5. In the case of each referral to the Independent Expert, the Independent Expert shall direct (as between the Vendor on the one hand and the Purchaser on the other) which party or parties and in what proportion each shall be liable for:
- 33.5.1. the costs of the reference; and
- 33.5.2. the reasonable costs, fees and expenses properly incurred and vouched by the other (excluding any VAT thereon) in instructing its professional advisors to engage in and advise that party in relation to such referral provided always that the party claiming the said costs, fees or expenses furnishes to the other party valid invoices therefore no later than one (1) month after the date of determination of such referral by the Independent Expert.

33.6. Either the Vendor or the Purchaser shall be at liberty to pay the entirety of the fees and expenses of the Independent Expert in which event the party so paying shall be entitled to be reimbursed by and to recover from the other on demand and as a debt due, any proportion of the fees paid on behalf of the other party as determined by the Independent Expert.

34. **OPW CLAIMS**

34.1. Notwithstanding the provisions of Special Conditions 9.7 and 31, and subject always to the Purchaser ensuring that the Vendor and its contractors and licensees are provided with appropriate access to the Subject Property, the Vendor undertakes to the Purchaser to (i) undertake the actions listed under the 'action list' column of the OPW Issues List attached at Appendix 5 (the "OPW Actions") and, where any such action requires repair or making good, in compliance with the requirements set out in clause 4.2 of the OPW AFL, within a period of six (6) months from the Completion Date (the "OPW Actions Completion Date") save to the extent impeded by force majeure (which for this purpose shall include the COVID-19 crisis) (the "Undertaking") and (ii) respond to the OPW by 3 April 2020 enclosing the OPW Issues List together with an undertaking to carry out the OPW Actions, an offer to submit to a dispute resolution by a suitably qualified independent expert (and to abide by his/her award including implementing any measures determined to be necessary) or otherwise the Vendor will commission a report from an independent fire safety consultant to the same end (such response to be in a form approved by the Purchaser acting reasonably) and to provide a copy of such response to the Purchaser as soon as possible after submission thereof to the OPW .

34.2. The Vendor agrees to coordinate the carrying out of the OPW Actions in such manner as the Purchaser may reasonably require into the Purchaser's programme for the carrying out of the Purchaser's fire safety capex works to the Subject Property and with a view to commencing the OPW Actions as soon as reasonably possible following Completion. Any dispute as to whether the Vendor has complied with the Undertaking shall, at the request of either party, be referred to the Independent Expert for determination in accordance with Special Condition 34 below.

34.3. In the event that the Vendor fails to complete the OPW Actions in accordance with the Undertaking prior to the OPW Actions Completion Date and the Independent Expert determines that the Vendor has not complied with the Undertaking the Purchaser may undertake the OPW Actions and the reasonable and vouched direct costs of the Purchaser in so doing shall be paid by the Vendor to the Purchaser strictly provided that such reasonable and vouched direct costs are claimed before the Time Bar (as defined below) and that such costs shall not exceed and shall be included in the Financial Cap (defined below).

34.4. The Vendor agrees generally to use all reasonable endeavours to resolve the OPW Issues List before 1 November 2020 and, if requested by the Purchaser, to use all reasonable endeavours to assist the Purchaser in endeavouring to resolve the OPW Issues List. The Vendor agrees to keep the Purchaser fully informed in relation to the steps to be taken by the Vendor in pursuance of the Undertaking and all communications and correspondence with the OPW arising from or relating to the OPW Issues List and shall invite the Purchaser to attend and participate in any meetings between the Vendor and the OPW (which the Purchaser shall have the option to attend).

34.5. The Vendor hereby indemnifies and shall keep indemnified the Purchaser from and against all losses, actions, costs, damages, injury, claims or demands incurred, sustained or borne by the Purchaser by reason of the failure of the Vendor to comply with the Undertaking and/or arising out of the claims by the OPW in respect of the OPW Issues List (including all fair, reasonable and vouched professional and other costs directly incurred by the Purchaser (provided that in respect of legal costs such costs are taxed and ascertained by a legal costs adjudicator) in connection with any process for confirming compliance with the Undertaking) (the "Indemnity") strictly provided that the maximum aggregate liability of the Vendor pursuant to the Indemnity (including all costs incurred in the defence of any

proceedings issued by the OPW as referred to below) and the reasonable and vouched direct costs of complying with the Undertaking shall be €5,000,000 (five million euro) (the "Financial Cap") and the Indemnity and the Undertaking shall absolutely cease and shall not be amenable to any claim or proceeding whatsoever from 31 May 2021 (the "Time Bar") save in respect of bona fide claims submitted in writing to the Vendor prior to that date (including any proceedings issued by the OPW as referred to below which are notified to the Vendor).

34.6. It is agreed between the Vendor and the Purchaser that if proceedings are issued against the Purchaser and/or the Vendor by the OPW in relation to the OPW Issues List before the Time Bar (the "Proceedings"), then the fair, reasonable and vouched costs and expenses incurred by the Purchaser in defending and/or settling the Proceedings (provided that in respect of legal costs such costs are taxed and ascertained by a legal costs adjudicator) and/or any award in the Proceedings shall be borne by the Vendor subject always to and included in the Financial Cap strictly provided that in respect of the Proceedings;

34.6.1. The Purchaser shall defend the Proceedings and all times consult with the Vendor in relation to the Proceedings,

34.6.2. The Purchaser shall continue to defend the Proceedings unless the Vendor consents to a settlement of the Proceedings, and

34.6.3. The Purchaser shall not settle the Proceedings without the consent of the Vendor.

If by the end of May 2021 the Proceedings have not been settled and/or determined without possibility of appeal in Ireland then the Purchaser shall be entitled to take such steps as it may determine in its absolute discretion to achieve a commercially negotiated full and final settlement with the OPW of the Proceedings and all issues arising from or relating to the OPW Issues List including without prejudice to the generality of the forgoing undertaking any remaining works specified on the OPW Issues List and or granting additional rent free and which settlement the Vendor agrees and acknowledges shall be fully covered by the terms of the Indemnity notwithstanding the Time Bar.

34.7. The Vendor hereby authorises and agrees that on the Completion Date the sum of €1,210,221 (the "Rent Retention") shall be deducted by the Purchaser from the Purchase Price and deposited and retained by the Purchaser's Solicitors, A&L Goodbody, on foot of the agreed form undertaking (appended hereto at Appendix 5) (the "A&L Goodbody Rent Undertaking") to be delivered by A&L Goodbody in favour of the Vendor on the Completion Date. The Purchaser shall be entitled to request and the Purchaser's Solicitors shall be entitled to release such amount of the Rent Retention to the Purchaser as shall equate to any amount of rent payable by the OPW which the OPW fails to pay on the date required for payment thereof under its lease (the OPW Lease") . Any payment released from the Rent Retention shall be deemed to be a payment to the Purchaser under the Indemnity and the Purchaser will notify the Vendor as soon as such payment is released. The Vendor shall within ten (10) Working Days of receipt of notice of the Purchaser's recourse to the Rent Retention transfer to the Purchaser's Solicitors any deficiency in the Rent Retention so that there is always at least the sum of €1,210,221 in the Rent Retention during the period when the Indemnity has effect.

34.8. In the event that the Purchaser shall have recourse to the Rent Retention then it agrees that it shall seek to actively engage with the OPW to achieve an understanding of why rent has not been paid with a view to achieving commencement of payment of rent by the OPW pursuant to the OPW Lease. The Purchaser shall keep the Vendor fully informed in relation to the Purchaser's engagement with the OPW and all communications and correspondence with the OPW arising from or relating to the non-payment of rent by the OPW. It is acknowledged and agreed by the Vendor that whilst the Purchaser may in its engagement with the OPW threaten and/or issue proceedings against the OPW, the Purchaser cannot give any commitment to the Vendor that the Purchaser will do so nor can the

Vendor issue proceedings against the OPW for non-payment of rent under the OPW Lease without the express agreement of the Purchaser.

- 34.9. In the event that the Vendor makes any payment to the Purchaser pursuant to the Undertaking and/or the Indemnity and/or payments are released to the Purchaser pursuant to the Rent Retention which amounts are subsequently recovered by the Purchaser from the OPW the Purchaser shall repay such amounts to the Vendor (less the Purchaser's reasonable and vouched costs attributable to recovering such amounts). During the period when the Indemnity has effect the Purchaser will notify the Vendor as and when rent is received by the Purchaser from the OPW pursuant to the OPW Lease.
- 34.10. If by the end of May 2021 the OPW Issues List has not been resolved and/or the OPW are in arrears of rent under the OPW Lease then the Purchaser shall be entitled to take such steps as it may determine in its absolute discretion to achieve a commercially negotiated full and final settlement with the OPW of all issues arising from or relating to the OPW Issues List including without prejudice to the generality of the forgoing undertaking any remaining works specified on the OPW Issues List and or granting additional rent free and which settlement the Vendor agrees and acknowledges shall be fully covered by the terms of the Indemnity notwithstanding the Time Bar.
- 34.11. The Vendor undertakes with the Purchaser (having regard to the Indemnity) that the Vendor shall retain on deposit for the benefit of the sub-fund to which the Sale relates the sum of €5,000,000 (less the aggregate of the initial amount of the Rent Retention and any amounts transferred to the Purchaser's Solicitors from time to time to be held as part of the Rent Retention) over and above all and any other amounts which it is necessary for the Vendor to retain to meet any other financial liabilities of the relevant sub-fund until the arrangements contemplated by this Special Condition 35 have been satisfied and in particular that any amount to which the Purchaser may be entitled has been discharged (the "Deposit"). In pursuance of the forgoing the Vendor shall (i) place the Deposit on deposit with a licensed bank in a separate identifiable account in the name of the Vendor and shall provide written evidence of this to the Purchaser no later than three (3) Working Days following Completion (ii) notify in writing the Depositary of the relevant sub-fund that the Purchaser has entered into this arrangement and shall request an acknowledgement thereof (iii) provide evidence of notification thereof to the Purchaser on completion of the Sale and a copy of any acknowledgement when received and (iv) provide up-to-date bank statements confirming the amount of the Deposit from time to time upon request by the Purchaser. Notwithstanding the forgoing the Vendor may nominate an alternative entity to take over the obligations of the Vendor contained in this Special Condition 35 subject to the Purchaser's approval and the Purchaser shall act reasonably in considering any alternative entity nominated by the Vendor for this purpose.
- 34.12. The Purchaser agrees and acknowledges that the maximum aggregate amount payable by the Vendor pursuant to this Special Condition 35 is €5,000,000 (five million euro) plus any costs incurred by the Vendor in complying with the Undertaking which are not reasonable and vouched direct costs.

NON-TITLE INFORMATION

| Query | Reply | | (Please tick and / or insert comments as appropriate) COMMENT |
|--|-------|----|--|
| | YES | NO | |
| 1. SERVICES | | | |
| 1.1. How is the Subject Property serviced as to: 1.1.1. drainage; 1.1.2. water supply; 1.1.3. electricity; 1.1.4. gas; and 1.1.5. otherwise. | | | |
| 1.2. Have the services (including roads, lanes, footpaths, sewers and drains) abutting or servicing the Subject Property been taken over by the Local Authority? Will a letter from the Local Authority or a solicitor's certificate to vouch the position be furnished on or before closing? If services are not in charge, are there appropriate | | | |
| 1.3. Is the Subject Property serviced by: 1.3.1. septic tank; or, 1.3.2. private drainage scheme. | | | |
| 1.4. Is the Subject Property serviced for television and if so is it by; 1.4.1. Cable TV; 1.4.2. Satellite Dish; 1.4.3. MMDF; 1.4.4. TV aerial owned by Vendor; or 1.4.5. TV aerial owned by another. If 1.4.2 or 1.4.4 applies, will it be included in the Purchase Price? | | | |
| 1.5. Is there a telephone line to be supplied with the Subject Property? | | | |
| 1.6. Is there an ISDN line to be supplied with the Subject Property? | | | |
| 2. CONTENTS | | | |
| 2.1. Are there any contents included in the Purchase Price? If so, give Vendor's estimate of value. | | | € |

| Query | Reply | (Please tick and / or insert comments as appropriate) |
|--|-------|---|
| <p>2.2. Are there any fixtures, fittings or chattels included in this Sale which are the subject of any Lease, Rent, Hire Purchase Agreement or Chattel Mortgage?</p> <p>If so, furnish now the Agreement and on closing proof of payment to date or discharge thereof.</p> | | |
| <p>3. OUTGOINGS</p> | | |
| <p>3.1. What is the Rateable Valuation of:</p> <p>3.1.1. Lands;</p> <p>3.1.2. Buildings.</p> | | <p>€</p> <p>€</p> |
| <p>3.2. Give particulars of any other periodic or annual charge which affects the Subject Property or any</p> | | |
| <p>3.3. Is the Vendor or any predecessor in title liable for any payments under the Local Government (Charges) Act 2009 in respect of the Subject Property?</p> <p>If so, a letter of clearance from the local authority confirming no outstanding payment will be required on closing.</p> <p>If not, please state why not.</p> | | |
| <p>4. BUILDING ENERGY RATING ("BER")</p> | | |
| <p>Furnish a copy of a valid BER certificate and related advisory report in respect of the Subject Property</p> | | |

Appendix 1

Map showing part of the public pavement within the title boundary

Appendix 2

Deposit Undertaking of A&L Goodbody

Appendix 3

Retention Undertaking of A&L Goodbody

Appendix 4

Part 1

Snag List B

Appendix 4

Part 2

Snag List C

Appendix 5

Rent Retention Undertaking

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

I, Jeffrey C. Hines, 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.

August 14, 2020

By: /s/ Jeffrey C. Hines
Jeffrey C. Hines
Chief Executive Officer

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

I, J. Shea Morgenroth, 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.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 14, 2020

By: /s/ J. Shea Morgenroth

J. Shea Morgenroth
Chief Financial Officer

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

Pursuant to 18 U.S.C. Section 1350, as adopted 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”), 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 June 30, 2020 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.

August 14, 2020

/s/ Jeffrey C. Hines

Jeffrey C. Hines

Chief Executive Officer

August 14, 2020

/s/ J. Shea Morgenroth

J. Shea Morgenroth

Chief Financial Officer