

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

March 24, 2017

Hines Global REIT II, Inc.

(Exact name of registrant as specified in its charter)

Commission file number: 000-55599

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)

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 Other Events.

On March 24, 2017, Hines Global REIT II, Inc. (“Hines Global II”), through a wholly-owned subsidiary of its operating partnership, acquired the Montrose Student Residences (“Montrose”), a Class-A student housing asset located in Dublin, Ireland. The contract purchase price for Montrose was €37.7 million (approximately \$40.6 million assuming a rate of \$1.08 per EUR as of the contract date), exclusive of transaction costs, acquisition fees and expenses, and working capital reserves. Montrose, originally developed as a hotel in 1964, was completely renovated between 2013 and 2015 and converted into student housing. Montrose consists of 205 beds and is 100% leased. Ziggurat Montrose Ireland, the seller of Montrose, is not affiliated with Hines Global II or its affiliates.

On March 24, 2017, Hines Global II, through a wholly-owned subsidiary of its operating partnership, entered into a secured facility agreement (the “Facility”) with Wells Fargo Bank, National Association London Branch (“Wells Fargo”), for a principal sum of €22.6 million (approximately \$24.4 million assuming a rate of \$1.08 per EUR as of the transaction date) to fund the acquisition of Montrose. Wells Fargo is not affiliated with Hines Global II or its affiliates. Commencing on May 1, 2017, interest payments are due and payable each quarter and repayment of principal is due upon the maturity of the Facility on March 23, 2022. The Facility has a floating interest rate of EURIBOR plus 1.85% through September 2019. Commencing in October 2019, the Facility will have a floating interest rate of EURIBOR plus 1.85% or 2%, depending upon certain debt yield metrics. The Facility may be prepaid in full, or in part, subject to a prepayment fee if it is prepaid in the first two years. In addition, pursuant to the terms of the Facility, Hines Global II entered into a €17.0 million (approximately \$18.3 million assuming a rate of \$1.08 per EUR as of the date of the agreement) five-year interest rate cap agreement, which effectively caps the EURIBOR interest rate on the Facility to 1.25%, to limit exposure to interest rate fluctuations.

The estimated going-in capitalization rate for Montrose is approximately 5.5%. The estimated going-in capitalization rate is determined 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 current tenants will perform under their lease agreements during the next 12 months.

Item 7.01 Regulation FD Disclosure.

On March 28, 2017, Hines issued a press release relating to Hines Global II’s acquisition of Montrose. A copy of such press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K. Pursuant to the rules and regulations of the Securities and Exchange Commission, such exhibit and the information set forth therein are deemed to have been furnished and shall not be deemed to be “filed” under the Securities Exchange Act of 1934.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

99.1 Press Release of Hines, dated March 28, 2017

Statements in this Current Report on Form 8-K, including but not limited to intentions, beliefs, expectations or projections relating to the estimated going-in capitalization rate for the property described herein, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based on current expectations and assumptions with respect to, among other things, tenant performance, future economic, competitive and market conditions and future business decisions that may prove incorrect or inaccurate. Important factors that could cause actual results to differ materially from those in the forward-looking statements include the risks associated with the ability and willingness of the current tenants to continue to make rental payments pursuant to their lease agreements and other risks described in the “Risk Factors” section of Hines Global II’s Annual Report on Form 10-K for the year ended December 31, 2015, as updated by its other filings with the SEC. You are cautioned not to place undue reliance on any forward-looking statements.

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 hereunto duly authorized.

Hines Global REIT II, Inc.

March 28, 2017

By: /s/ J. Shea Morgenroth
Name: J. Shea Morgenroth
Title: Chief Accounting Officer and Treasurer

Exhibit Index

99.1 Press Release of Hines, dated March 28, 2017

Hines

News Release

For Immediate Release
March 28, 2017

For Further Information, Contact:
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George.lancaster@hines.com

HINES GLOBAL REIT II ACQUIRES MONTROSE STUDENT RESIDENCES IN DUBLIN

HOUSTON, TX – Hines, the international real estate firm, announced today that Hines Global REIT II, Inc. has acquired the Montrose Student Residences. The property was originally developed as a hotel in 1964 and was fully renovated and converted into student housing between 2013 and 2015. It achieved 100% occupancy within a year of completion.

The Montrose Student Residences is a 200 unit, Class-A asset located directly adjacent to The University College Dublin, Ireland's largest university with more than 21,000 full-time students. The property is a five-minute walk to the center of campus and is the only private student housing asset within a two-mile radius.

"Ireland continues to be an exciting growth market, so we are pleased not only to add to our holdings there but to further diversify our portfolio with our first student housing acquisition," said Sherri Schugart, president and CEO of Hines Global REIT II. In March 2015, Hines Global REIT II purchased Bishop's Square, a 153,387 sq ft Class-A office building in central Dublin.

Alex Knapp, Hines' managing director responsible for student housing investment and development, noted that Dublin is home to 11 universities and 73,000 students, with a potential rise to 80,000 students by 2020, which would represent 2.3% annual growth. "The Dublin student housing market is significantly under-supplied given the city's current and anticipated student population," said Knapp.

Brian Moran, senior managing director and head of Hines Ireland, said: "Thanks to Dublin's vibrant and dynamic educational environment, demand for high-quality, well-located accommodation is increasing. We are very active in helping to solve the area's housing supply issues and are pleased to add this asset to other student housing properties that Hines affiliates have recently acquired in Dublin."

The Montrose Student Residences represents Hines Global REIT II's seventh portfolio acquisition. Savills Ireland represented the seller in the transaction.

About Hines Global REIT II

Hines Global REIT II is a public, non-listed real estate investment trust sponsored by Hines. It commenced operations in 2014 and invests in commercial real estate investments located in the United States and internationally. For additional information about Hines Global REIT II, visit www.hinessecurities.com/reits/hines-global-reit-2/.

About Hines

Hines is a privately owned global real estate investment firm founded in 1957 with a presence in 189 cities in 20 countries. Hines has approximately \$96.5 billion of assets under management, including \$48.5 billion for which Hines provides fiduciary investment management services, and \$48 billion for which Hines provides third-party property-level services. Historically, Hines has developed, redeveloped or acquired 1,205 properties, totaling more than 389 million square feet. The firm's current property and asset management portfolio includes 533 properties, representing over 213 million square feet. With extensive experience in investments across the risk spectrum and all property types, and a pioneering commitment to sustainability, Hines is one of the largest and most-respected real estate organizations in the world.

-30-

Forward-Looking Statements

Statements in this press release, including intentions, beliefs, expectations or projections relating to the acquisition described herein, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based on current expectations and assumptions with respect to, among other things, tenant performance, future economic, competitive and market conditions and future business decisions that may prove to be incorrect or inaccurate. Important factors that could cause actual results to differ materially from those in the forward-looking statements including the risks associated with the ability and willingness of the current tenants to continue to make rental payments pursuant to their lease agreements and other risks described in the "Risk Factors" section of Hines Global II's Annual Report on Form 10-K for the year ended December 31, 2015, as updated by its other filings with the Securities and Exchange Commission. You are cautioned not to place undue reliance on any forward-looking statements.