Filed Pursuant to Rule 424(b)(3)
Registration No. 333-191106

HINES GLOBAL REIT II, INC.
SUPPLEMENT NO. 1, DATED AUGUST 24, 2016
TO THE PROSPECTUS, DATED AUGUST 2, 2016

This prospectus supplement ("Supplement") is part of and should be read in conjunction with the prospectus of Hines Global REIT II, Inc., dated August 2, 2016 (the "Prospectus"). Unless otherwise defined herein, capitalized terms used in this Supplement shall have the same meanings as in the Prospectus.

The purposes of this Supplement are as follows:

A. To describe the completion of the acquisition of Goodyear Crossing II;

B. To describe the terms of debt financing related to the acquisition of Goodyear Crossing II; and

C. To include our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016.

A. Acquisition of Goodyear Crossing II by Hines Global II

The following supplements the "Our Real Estate Investments" section of the Prospectus.

On August 18, 2016, we, through a wholly-owned subsidiary of our Operating Partnership, acquired Goodyear Crossing II. Goodyear Crossing II is a Class-A industrial warehouse located in Goodyear, Arizona, a submarket of Phoenix, Arizona. The contract purchase price for Goodyear Crossing II was $56.2 million, exclusive of transaction costs and working capital reserves. We funded the acquisition using proceeds from this Offering, an advance under our credit facility with Hines, and a $29.0 million loan, which is described more fully in section B of this Supplement. Goodyear Crossing II consists of 820,384 square feet of net rentable area that is 100% leased to Amazon.com, under a lease that expires in September 2019.

The estimated going-in capitalization rate for Goodyear Crossing II is approximately 8.5%. 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 tenant will perform under its lease agreement during the next 12 months.

In connection with this acquisition, we expect to pay our Advisor approximately $1.3 million in acquisition fees.

Our management currently has no plans for material renovations or other capital improvements at the property and believes the property is suitable for its intended purpose and adequately covered by insurance. The cost of Goodyear Crossing II (excluding the cost attributable to land) will be depreciated for tax purposes over a 40-year period on a straight-line basis.

The following table shows the weighted average occupancy rate, expressed as a percentage of net rentable square feet, and the average effective annual net rent per leased square foot, for Goodyear Crossing II during the past five years ended December 31:

Year	Weighted Average Occupancy	Average Effective Annual Net Rent per Leased Sq. Ft.[1]
2011	100%	$ 5.40
2012	100%	$ 5.40
2013	100%	$ 5.52
2014	100%	$ 5.64
2015	100%	$ 5.76

(1) Average effective annual net rent per leased square foot for each year is calculated by dividing such year's accrual basis total rent revenue (including operating expense recoveries) by the weighted average square footage under lease during such year.

The following table lists, on an aggregate basis, the approximate leasable square feet for the scheduled lease expiration for the period from August 18, 2016 through December 31, 2016, for each of the years ending December 31, 2017 through December 31, 2025 and the period thereafter for Goodyear Crossing II:

Year	Number of Leases	Approximate Square Feet	Percent of Total Leasable Area	Annual Base Rental Income of Expiring Leases	% of Total Annual Base Rental Income
August 18, 2016 through December 31, 2016	—	—	—%	—	—%
2017	—	—	—%	—	—%
2018	—	—	—%	—	—%
2019	1	820,384	100%	$ 5,984,407	100%
2020	—	—	—%	—	—%
2021	—	—	—%	—	—%
2022	—	—	—%	—	—%
2023	—	—	—%	—	—%
2024	—	—	—%	—	—%
2025	—	—	—%	—	—%
Thereafter	—	—	—%	—	—%

B. Description of Debt Related to the Acquisition of Goodyear Crossing II

The following supplements the "Our Real Estate Investments — Our Permanent Debt" section of the Prospectus.

On August 18, 2016, we, through a wholly-owned subsidiary of our Operating Partnership, entered into a loan agreement with SunTrust Bank, which we refer to as SunTrust, for a principal sum of $29.0 million to fund the acquisition of Goodyear Crossing II. SunTrust is not affiliated with us or our affiliates. The loan is secured by a first priority lien on our interest in Goodyear Crossing II and assignments of all of its leases and rents and the personal property on the premises of Goodyear Crossing II.

Interest accrued on the loan is due and payable on the fifth of each month commencing in October 2016. The loan has a floating interest rate of Libor + 2.00%. Repayment of principal is due upon maturity of the loan on the earlier of (i) August 18, 2021, or (ii) the date on which the principal amount of the loan has been declared or automatically has become due and payable. The loan may be prepaid at any time, in whole or in part, without premium or penalty, subject to certain conditions, including but not limited to providing 3 days' advance written notice to SunTrust.

The loan contains various customary events of default, with corresponding grace periods, including, without limitation, payment defaults and bankruptcy-related defaults. The loan also contains customary financial and other covenants, including, without limitation, covenants regarding the debt service coverage ratio, failure to maintain a property management agreement, limitations on the incurrence of debt and other customary covenants which are more fully described therein. Upon the occurrence of an event of default under the loan, SunTrust may declare all sums owed under the loan immediately due and payable. Our liability under the loan and the related loan documents is limited to our interest in Goodyear Crossing II, including its leases and rents and the personal property on its premises.

C. Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2016

On August 12, 2016, we filed our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 with the Securities and Exchange Commission. The report (without exhibits) is attached to this Supplement.

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, 2016
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 REIT II, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**80-0947092**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
2800 Post Oak Boulevard **Suite 5000** **Houston, Texas**	**77056-6118**
(Address of principal executive offices)	*(Zip code)*

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

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

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

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒
(Do not check if a smaller reporting company)

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

As of August 9, 2016, approximately 14.5 million shares of the registrant's Class A common stock and 4.8 million shares of the registrant's Class T common stock were outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. *Condensed Consolidated Financial Statements*

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

	June 30, 2016	December 31, 2015
ASSETS		
Investment property, net	$ 128,516,836	$ 72,426,072
Cash and cash equivalents	51,484,196	17,224,448
Restricted cash	1,620,123	1,565,083
Derivative instruments	2,200	6,344
Tenant and other receivables	1,964,471	3,890,367
Intangible lease assets, net	51,967,404	52,152,477
Deferred leasing costs, net	58,684	60,787
Deferred financing costs, net	8,324	17,342
Other assets	5,907,817	1,713,329
Total assets	$ 241,530,055	$ 149,056,249
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable and accrued expenses	$ 1,254,497	$ 920,657
Due to affiliates	7,433,192	3,186,210
Intangible lease liabilities, net	2,303,242	2,470,106
Other liabilities	2,260,208	1,866,926
Distributions payable	796,680	479,917
Notes payable, net	94,890,587	59,693,212
Total liabilities	$ 108,938,406	$ 68,617,028
Commitments and contingencies (Note 10)	—	—
Equity:		
Stockholders’ equity:		
Preferred shares, $0.001 par value per share; 500,000,000 preferred shares authorized, none issued or outstanding as of June 30, 2016 and December 31, 2015	—	—
Class A common stock, $0.001 par value per share; 600,000,000 authorized; 13,962,691 and 10,274,377 issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	13,963	10,275
Class T common stock, $0.001 par value per share; 900,000,000 authorized; 3,831,828 and 787,405 issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	3,832	787
Additional paid-in capital	149,198,840	91,576,720
Accumulated distributions in excess of earnings	(15,948,125)	(9,756,797)
Accumulated other comprehensive income (loss)	(676,861)	(1,391,764)
Total stockholders’ equity	132,591,649	80,439,221
Noncontrolling interests	—	—
Total equity	132,591,649	80,439,221
Total liabilities and equity	$ 241,530,055	$ 149,056,249

See notes to the condensed consolidated financial statements.

HINES GLOBAL REIT II, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three and Six Months Ended June 30, 2016 and 2015
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues:				
Rental revenue	$ 3,712,343	$ 2,654,563	$ 7,039,432	$ 3,888,368
Other revenue	152,715	40,827	244,341	52,349
Total revenues	3,865,058	2,695,390	7,283,773	3,940,717
Expenses:				
Property operating expenses	758,212	542,171	1,320,503	807,621
Real property taxes	148,563	74,480	274,265	148,961
Property management fees	66,861	36,481	120,949	55,921
Depreciation and amortization	2,360,226	1,211,059	4,310,794	1,837,837
Acquisition related expenses	357,087	105,527	439,944	2,667,536
Asset management and acquisition fees	—	251,841	1,336,257	2,579,556
General and administrative expenses	465,471	332,237	973,224	741,693
Total expenses	4,156,420	2,553,796	8,775,936	8,839,125
Income (loss) before other income (expenses)	(291,362)	141,594	(1,492,163)	(4,898,408)
Other income (expenses):				
Gain (loss) on derivative instruments	(1,320)	12,170	(4,261)	(14,511)
Foreign currency gains (losses)	(89,450)	—	49,026	(234)
Interest expense	(428,497)	(445,031)	(785,675)	(746,568)
Interest income	30,240	157	40,819	2,048
Net income (loss)	(780,389)	(291,110)	(2,192,254)	(5,657,673)
Net (income) loss attributable to noncontrolling interests	(3,051)	(3,026)	(6,078)	(6,020)
Net income (loss) attributable to common stockholders	$ (783,440)	$ (294,136)	$ (2,198,332)	$ (5,663,693)
Basic and diluted income (loss) per common share	$ (0.05)	$ (0.07)	$ (0.15)	$ (2.18)
Weighted average number of common shares outstanding	16,014,138	4,051,587	14,276,944	2,592,589
Cash distributions declared per Class A share	$ 0.14	$ 0.14	$ 0.29	$ 0.29
Cash distributions declared per Class T share	$ 0.12	$ —	$ 0.24	$ —
Comprehensive income (loss):				
Net income (loss)	$ (780,389)	$ (291,110)	$ (2,192,254)	$ (5,657,673)
Other comprehensive income (loss):				
Foreign currency translation adjustment	(912,211)	918,487	714,903	(679,147)
Comprehensive income (loss)	$ (1,692,600)	$ 627,377	$ (1,477,351)	$ (6,336,820)
Comprehensive (income) loss attributable to noncontrolling interests	(3,051)	—	(6,078)	—
Comprehensive income (loss) attributable to common stockholders	$ (1,695,651)	$ 627,377	$ (1,483,429)	$ (6,336,820)

See notes to the condensed consolidated financial statements.

HINES GLOBAL REIT II, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the Six Months Ended June 30, 2016 and 2015
(UNAUDITED)

	Hines Global REIT II, Inc. Stockholders								
	Common Shares								
	Class A		Class T						
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Distributions in Excess of Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)	Noncontrolling Interests
Balance as of January 1, 2016	10,274,377	$ 10,275	787,405	$ 787	$ 91,576,720	$ (9,756,797)	$ (1,391,764)	$ 80,439,221	$ —
Issuance of common shares	3,712,446	3,712	3,044,423	3,045	65,790,960	—	—	65,797,717	—
Distributions declared	—	—	—	—	—	(3,992,996)	—	(3,992,996)	(6,078)
Redemption of common shares	(24,132)	(24)	—	—	(233,740)	—	—	(233,764)	—
Selling commissions, dealer manager fees and distribution and stockholder servicing fees	—	—	—	—	(6,459,670)	—	—	(6,459,670)	—
Issuer costs	—	—	—	—	(1,475,430)	—	—	(1,475,430)	—
Net income (loss)	—	—	—	—	—	(2,198,332)	—	(2,198,332)	6,078
Foreign currency translation adjustment	—	—	—	—	—	—	714,903	714,903	—
Balance as of June 30, 2016	13,962,691	$ 13,963	3,831,828	$ 3,832	$149,198,840	$ (15,948,125)	$ (676,861)	$ 132,591,649	$ —

	Hines Global REIT II, Inc. Stockholders								
	Common Shares								
	Class A		Class T						
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Distributions in Excess of Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)	Noncontrolling Interests
Balance as of January 1, 2015	420,541	$ 421	—	$ —	$ 42,218	$ (1,182,941)	$ —	$ (1,140,302)	$ —
Issuance of common shares	4,898,666	4,898	—	—	48,833,704	—	—	48,838,602	—
Distributions declared	—	—	—	—	—	(717,057)	—	(717,057)	(6,020)
Selling commissions and dealer manager fees	—	—	—	—	(4,765,876)	—	—	(4,765,876)	—
Issuer costs	—	—	—	—	(2,213,213)	—	—	(2,213,213)	—
Net income (loss)	—	—	—	—	—	(5,663,693)	—	(5,663,693)	6,020
Foreign currency translation adjustment	—	—	—	—	—	—	(679,147)	(679,147)	—
Balance as of June 30, 2015	5,319,207	$ 5,319	—	$ —	$ 41,896,833	$ (7,563,691)	$ (679,147)	$ 33,659,314	$ —

See notes to the condensed consolidated financial statements.

HINES GLOBAL REIT II, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2016 and 2015
(UNAUDITED)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (2,192,254)	$ (5,657,673)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation and amortization	4,204,435	1,743,525
Foreign currency (gains) losses	(49,026)	234
(Gain) loss on derivative instruments	4,261	14,511
Changes in assets and liabilities:		
Change in other assets	134,065	28,118
Change in tenant and other receivables	(143,247)	(2,036,576)
Change in accounts payable and accrued expenses	296,249	896,744
Change in other liabilities	1,025	1,346,621
Change in due to affiliates	41,625	(254,916)
Net cash from operating activities	2,297,133	(3,919,412)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in acquired properties and lease intangibles	(56,518,873)	(102,689,457)
Capital expenditures at operating property	(53,247)	—
Deposits on investment property	(5,780,000)	—
Change in restricted cash	(24,235)	(87,984)
Net cash from investing activities	(62,376,355)	(102,777,441)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	66,022,622	48,421,015
Redemption of common shares	(233,764)	—
Payment of issuer costs	(2,837,067)	(2,580,038)
Reimbursement of issuer costs	4,049,963	—
Payment of selling commissions, dealer manager fees and distribution and stockholder servicing fees	(4,944,350)	(4,766,817)
Distributions paid to stockholders and noncontrolling interests	(1,826,202)	(279,449)
Proceeds from notes payable	34,300,000	61,768,800
Proceeds from related party note payable	3,000,000	50,300,000
Payments on related party note payable	(3,000,000)	(43,782,286)
Change in security deposit liability	19,683	(247)
Deferred financing costs paid	(252,864)	(625,876)
Payments related to interest rate contracts	—	(47,876)
Net cash from financing activities	94,298,021	108,407,226
Effect of exchange rate changes on cash	40,949	(81,886)
Net change in cash and cash equivalents	34,259,748	1,628,487
Cash and cash equivalents, beginning of period	17,224,448	2,726,742
Cash and cash equivalents, end of period	$ 51,484,196	$ 4,355,229
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 647,571	$ 445,077
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Distributions declared and unpaid	$ 796,680	$ 231,649
Distributions reinvested	$ 1,856,109	$ 230,350
Offering proceeds due from transfer agent	$ 868,560	$ 249,438
Non-cash net liabilities acquired	$ 100,238	$ 470,144
Offering costs payable to the Advisor	$ 1,339,612	$ 1,848,513
Distribution and stockholder servicing fees payable to the Dealer Manager	$ 1,825,776	$ —
Equipment acquired under capital lease	$ 214,748	$ —

See notes to the condensed consolidated financial statements.

HINES GLOBAL REIT II, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2016 and 2015

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 REIT II, Inc. as of June 30, 2016 and December 31, 2015, the results of operations for the three and six months ended June 30, 2016 and 2015 and cash flows for the six months ended June 30, 2016 and 2015 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 for the year ended December 31, 2015 included in Hines Global REIT II, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015.

Hines Global REIT II, Inc. (the "Company"), was formed as a Maryland corporation on July 31, 2013 for the purpose of engaging in the business of investing in and owning commercial real estate properties and other real estate investments. The Company intends to conduct substantially all of its operations through Hines Global REIT II Properties, LP (the "Operating Partnership"). Beginning with its taxable year ended December 31, 2015, the Company has operated and intends to continue to operate in a manner to qualify as a real estate investment trust ("REIT") for federal income tax purposes. The business of the Company is managed by Hines Global REIT II Advisors LP (the "Advisor"), an affiliate of Hines Interests Limited Partnership ("Hines"), pursuant to the Advisory Agreement between the Company, the Advisor and the Operating Partnership (defined below).

On August 20, 2014, the Company commenced an offering of up to $2.5 billion of its common stock (the "Offering") in any combination of Class A shares ("Class A Shares") and Class T shares ("Class T Shares") of the Company's common stock. The Company engaged Hines Securities, Inc. (the "Dealer Manager"), an affiliate of the Advisor, to serve as the dealer manager for the Offering and market its shares. As of August 9, 2016, the Company had received gross offering proceeds of $190.3 million from the sale of 19.4 million shares.

The Company intends to invest the net proceeds from the Offering in a diversified portfolio of quality commercial real estate properties and other real estate investments throughout the United States and internationally. As of June 30, 2016, the Company owned direct investments in three properties. These properties consist of 2819 Loker Avenue East, an industrial building located in Carlsbad, California, Bishop's Square, a Class A office building located in Dublin, Ireland, and the Domain Apartments, a multi-family community, located near Las Vegas in Henderson, Nevada. See Note 11 — Subsequent Events for additional information regarding the Company's acquisition of Cottonwood Corporate Center in July 2016.

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 REIT II, Inc. and the Operating Partnership (over which the Company exercises financial and operating control). All intercompany balances and transactions have been eliminated in consolidation. As a result of the adoption of ASU 2015-02, the Company has determined that the Operating Partnership is considered a variable interest entity ("VIE"). However, the Company meets the disclosure exemption criteria, as the Company is the primary beneficiary of the VIE and the Company's partnership interest is considered a majority voting interest. Additionally, the Company has retroactively changed, for the six months ended June 30, 2015, its classification of distributions in its consolidated balance sheet and statement of equity by reflecting such distributions as charges against "accumulated distributions in excess of earnings" to be consistent with the 2016 presentation. This presentation change had no impact on the balances in total equity in any of the periods presented.

Tenant and Other Receivables

As of June 30, 2016 and December 31, 2015, in addition to the straight-line rent receivable discussed below, tenant and other receivables also consisted of a receivable from the Company's transfer agent related to offering proceeds not yet received of $868,560 and $2.9 million, respectively.

Deferred Financing Costs

Deferred financing costs consist of direct costs incurred in obtaining debt financing. These costs are presented as a direct reduction from the related debt liability for permanent mortgages and presented as an asset for revolving credit arrangements. In total, deferred financing costs had a carrying value of $711,817 and $525,250 as of June 30, 2016 and December 31, 2015, respectively. These costs are amortized into interest expense on a straight-line basis, which approximates the effective interest method, over the terms of the obligations. For the three months ended June 30, 2016 and 2015, the Company had $40,361 and $26,798, respectively, of deferred financing costs amortized into interest expense in the accompanying condensed consolidated statement of operations. For the six months ended June 30, 2016 and 2015, the Company had $75,731 and $36,916, respectively, of deferred financing costs amortized into interest expense in the accompanying condensed consolidated statement of operations.

Other Assets

Other assets included the following:

	June 30, 2016	December 31, 2015
Deposits on investment property (1)(2)	$ 5,780,000	$ 1,500,000
Prepaid insurance	96,988	202,859
Other	30,829	10,470
Other assets	$ 5,907,817	$ 1,713,329

(1) As of June 30, 2016, this amount consisted of $4.8 million in earnest money deposits in connection with the acquisition of Cottonwood Corporate Center, which the Company acquired in July 2016, and a $1.0 million earnest money deposit in connection with the potential acquisition of Goodyear Crossing II. See Note 11 — Subsequent Events for additional information regarding Cottonwood Corporate Center and Note 3 — Investment Property for additional information regarding Goodyear Crossing II.

(2) As of December 31, 2015, this amount consisted of a deposit that had been paid related to the acquisition of the Domain Apartments, which was completed in January 2016.

Revenue Recognition

The Company recognizes rental revenue on a straight-line basis over the life of the lease including rent holidays, if any. Straight-line rent receivables were $968,930 and $627,875 as of June 30, 2016 and December 31, 2015, respectively. Straight-line rent receivables consist of the difference between the tenants' rents calculated on a straight-line basis from the date of acquisition or lease commencement over the remaining terms of the related leases and the tenants' actual rents due under the lease agreements and is included in tenant and other receivables in the accompanying condensed consolidated balance sheets. Revenues associated with operating expense recoveries are recognized in the period in which the expenses are incurred based upon the tenant lease provisions. Revenues relating to lease termination fees are recognized on a straight-line basis amortized from the time that a tenant's right to occupy the leased space is modified through the end of the revised lease term.

Issuer Costs

Subject to the limitations described below, the Company reimburses the Advisor and its affiliates for any issuer costs related to the Offering that it pays on the Company's behalf. Such costs consist of, among other costs, expenses of the Company's organization, actual legal, accounting, bona fide out-of-pocket itemized and detailed due diligence costs, printing, filing fees, transfer agent costs, postage, escrow fees, data processing fees, advertising and sales literature and other offering-related costs. Organizational issuer costs, such as expenses associated with the formation of the Company and its board of directors, are expensed as incurred, and offering-related issuer costs are recorded as an offset to additional paid-in capital. From inception to June 30, 2016, issuer costs incurred by the Advisor on the Company's behalf totaled $9.4 million, of which $45,914 related to organizational issuer costs.

The Advisory Agreement was amended, effective February 29, 2016, to reflect that the Company will not reimburse the Advisor for the cumulative issuer costs incurred in connection with the Company's organization and public offerings, in excess of 2.5% of gross offering proceeds from the Company's public offerings. On April 14, 2016, the Advisor reimbursed the Company for $4.0 million in issuer costs that the Company had previously reimbursed to the Advisor in excess of this new 2.5% cap. Despite the new 2.5% cap, the Company expects cumulative issuer costs to be less than 2.5% of gross offering proceeds at the conclusion of its public offerings. As the Company raises additional offering proceeds, the Company expects to reimburse the Advisor for the $4.0 million that the Advisor repaid to the Company in April 2016. As a result, the Company has recorded a liability equal to all unreimbursed issuer costs that have been incurred to date to reflect its expectation that all of these amounts will be reimbursed to the Advisor.

Distribution and Stockholder Servicing Fee

Per the terms of the Company's Third Amended and Restated Dealer Manager Agreement, the Company will pay a distribution and stockholder servicing fee of 1.0% per annum of the gross offering price per share (or, if the Company is no longer offering primary shares, the then-current estimated net asset value per share, if any has been disclosed) for Class T Shares sold in the Offering. The Company will cease paying the distribution and stockholder servicing fee with respect to any particular Class T Share and that Class T Share will convert into a number of Class A Shares on the earlier of: (i) a listing of the Class A Shares on a national securities exchange; (ii) a merger or consolidation of the Company with or into another entity, or the sale or other disposition of all or substantially all of the Company's assets; (iii) the end of the month in which the Dealer Manager determines that total underwriting compensation paid in the Offering including the distribution and stockholder servicing fee paid on all Class T Shares sold in the Offering is equal to 10.0% of the gross proceeds of the Offering from the sale of both Class A Shares and Class T Shares; (iv) the end of the month in which the transfer agent, on behalf of the Company, determines that underwriting compensation paid in the primary offering including the distribution and stockholder servicing fee paid with respect to the Class T Shares held by a stockholder within his or her particular account equals 10.0% of the gross offering price at the time of investment of the Class T Shares held in such account; and (v) on any Class T Share that is redeemed or repurchased. Although the Company cannot predict the length of time over which this fee will be paid due to potential changes in the offering price or estimated net asset value of the Company's Class T Shares, this fee would be paid over approximately 5.25 years from the date of purchase, assuming a constant per share offering price or estimated net asset value, as applicable.

The Company records distribution and stockholder servicing fees as a reduction to additional paid-in capital and the related liability in an amount equal to the maximum fees payable in relation to the Class T Shares on the date the shares are issued. The liability will be relieved over time, as the fees are paid to the Dealer Manager, or it will be adjusted if the fees are no longer payable pursuant to the conditions described above. As of June 30, 2016, the Company has recorded a $1.8 million liability related to these fees, which is included in due to affiliates on the condensed consolidated financial statements. See Note 7 — Related Party Transactions for additional information regarding this fee.

Recent Accounting Pronouncements

In September 2015, the FASB issued new guidance that eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. Instead, an acquirer will recognize a measurement-period adjustment during the period in which it determines the amount of the adjustment. This new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015 and early adoption is permitted. The adoption of this guidance did not have a material impact on the Company's financial statements.

3. INVESTMENT PROPERTY

Investment property consisted of the following amounts as of June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
Buildings and improvements [1]	$ 118,717,488	$ 66,683,711
Less: accumulated depreciation	(3,090,652)	(1,457,639)
Buildings and improvements, net	115,626,836	65,226,072
Land	12,890,000	7,200,000
Investment property, net	$ 128,516,836	$ 72,426,072

(1) Included in buildings and improvements is approximately $183,685 and $175,747 of construction-in-progress related to a planned expansion at Bishop's Square as of June 30, 2016 and December 31, 2015, respectively.

In January 2016, the Company acquired the Domain Apartments, a multi-family community located near Las Vegas in Henderson, Nevada. The net purchase price was $58.1 million, exclusive of transaction costs and working capital reserves. The Domain Apartments community was constructed in January 2014, and consists of 308 units that were 98% leased as of June 30, 2016. See Note 4 — Recent Acquisitions of Real Estate for additional information on the Domain Apartments.

In June 2016, the Company entered into a contract to acquire Goodyear Crossing II, a Class-A industrial warehouse located in Goodyear, Arizona, a submarket of Phoenix, Arizona. The contract purchase price is $56.2 million, exclusive of transaction costs and working capital reserves. Goodyear Crossing II was constructed during the period between 2008 and 2009 and consists of 820,384 square feet of net rentable area that is 100% leased to Amazon.com. The Company funded a $1.0 million earnest money deposit on June 27, 2016, which may not be refunded if the Company does not close on this acquisition. The Company expects the closing of this acquisition to occur in August 2016, subject to a number of closing conditions.

See Note 11 — Subsequent Events for additional information regarding the acquisition of Cottonwood Corporate Center in July 2016.

As of June 30, 2016, the cost basis and accumulated amortization related to lease intangibles are as follows:

	Lease Intangibles		
	In-Place Leases	Out-of-Market Lease Assets	Out-of-Market Lease Liabilities
Cost	$ 57,004,025	$ 421,952	$ (2,866,118)
Less: accumulated amortization	(5,384,174)	(74,399)	562,876
Net	$ 51,619,851	$ 347,553	$ (2,303,242)

As of December 31, 2015, the cost basis and accumulated amortization related to lease intangibles were as follows:

	Lease Intangibles		
	In-Place Leases	Out-of-Market Lease Assets	Out-of-Market Lease Liabilities
Cost	$ 54,447,775	$ 414,428	$ (2,815,011)
Less: accumulated amortization	(2,664,151)	(45,575)	344,905
Net	$ 51,783,624	$ 368,853	$ (2,470,106)

Amortization expense of in-place leases was $1.5 million and $792,768 for the three months ended June 30, 2016 and 2015, respectively. Net amortization of out-of-market leases resulted in an increase to rental revenue of $93,412 and $96,260 for the three months ended June 30, 2016 and 2015, respectively.

Amortization expense of in-place leases was $2.7 million and $1.2 million for the six months ended June 30, 2016 and 2015, respectively. Net amortization of out-of-market leases resulted in an increase to rental revenue of $184,648 and $129,578 for the six months ended June 30, 2016 and 2015, respectively.

Anticipated amortization of the Company's in-place leases and out-of-market leases, net for the period from July 1, 2016 through December 31, 2016 and for each of the years ending December 31, 2017 through December 31, 2020 are as follows:

	In-Place Lease	Out-of-Market Leases, Net
July 1, 2016 through December 31, 2016	$ 1,494,934	$ (162,163)
2017	2,759,497	(267,210)
2018	2,364,467	(168,931)
2019	2,005,504	(168,931)
2020	1,503,616	(168,931)

Leases

The Company has entered into non-cancelable lease agreements with tenants for space. As of June 30, 2016, the approximate fixed future minimum rentals for the period from July 1, 2016 through December 31, 2016, for each of the years ending December 31, 2017 through 2020 and thereafter are as follows:

	Fixed Future Minimum Rentals
July 1, 2016 through December 31, 2016	$ 4,102,374
2017	8,470,398
2018	8,171,209
2019	7,438,462
2020	6,293,417
Thereafter	38,411,004
Total	$ 72,886,864

Of the Company's total rental revenue for the six months ended June 30, 2016, approximately 34% was earned from the Commissioner of Public Works in Ireland, a state agency of Ireland, whose lease expires in 2028, 17% was earned from Acushnet, a tenant in the manufacturing industry, whose lease expires in 2019, and approximately 12% was earned from International Financial Data Services, an investor record-keeping and transfer agency provider, whose lease expires in 2024.

Capital Lease Obligations

In May 2016, the Company entered into a lease agreement for equipment at Bishop's Square which is being treated as a capital lease that expires in May 2017. This leased asset with a value of approximately $220,000 has been recorded in buildings and improvements in the Company's condensed consolidated balance sheet as of June 30, 2016. The following schedule provides the future minimum lease payments together with the present value of the net minimum lease payments under the Company's capital lease obligation for the period from July 1, 2016 through December 31, 2016 and for the year ending December 31, 2017:

July 1, 2016 through December 31, 2016	$	61,295
2017		146,350
Total	$	207,645
Less: amount representing interest (1)	$	(1,797)
Present value of net minimum lease payments (2)	$	205,848

(1) Amount necessary to reduce net minimum lease payments to present value calculated at the incremental borrowing rate at lease inception.
(2) Included in the condensed consolidated balance sheet under the caption, other liabilities, as of June 30, 2016.

4. RECENT ACQUISITIONS OF REAL ESTATE

The amounts recognized for major assets acquired as of the acquisition date were determined by allocating the purchase price of each property acquired in 2016 and 2015 as follows:

Property Name	Acquisition Date	Building and Improvements (1)	Land (1)	In-place Lease Intangibles (1)	Out-of-Market Lease Intangibles, Net (1)	Total (1)
2016						
Domain Apartments	1/29/2016	$ 50,789,500	$ 5,690,000	$ 1,640,000	$ —	$ 58,119,500
2015						
Bishop's Square	3/3/2015	$ 53,643,075	$ — (2)	$ 51,994,603	$ (2,478,077)	$ 103,159,601

(1) For Bishop's Square, which was denominated in Euros, amounts have been translated at an exchange rate based on the rate in effect on the acquisition date.

(2) The land at Bishop's Square is subject to a 999-year ground lease with the local municipality in Ireland. Since the Company does not have title to the land, approximately $33.4 million has been recorded to in-place lease intangibles and will be amortized over the remaining term of the ground lease.

The purchase price allocation for the acquisition of the Domain Apartments is preliminary and subject to change until the Company finalizes the allocation, which will be no later than twelve months from the acquisition date.

The weighted average amortization period for the intangible assets and liabilities acquired in connection with the 2016 and 2015 acquisitions, as of the date of the respective acquisition, was as follows (in years):

	In-Place Leases	Above-Market Lease Assets	Below-Market Lease Liabilities
2016 Acquisition:			
Domain Apartments	0.6	—	—
2015 Acquisition:			
Bishop's Square (1)	10.7	7.5	8.3

(1) Excludes the effect of the ground lease, which significantly increases the weighted average useful life for these intangibles.

The table below includes the amounts of revenue and net income (loss) of the acquisition completed during the six months ended June 30, 2016, which are included in the Company's condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2016:

2016 Acquisitions		For the Three Months Ended June 30, 2016		For the Six Months Ended June 30, 2016	
Domain Apartments	Revenue	$	1,160,027	$	1,934,432
	Net income (loss)	$	(658,281)	$	(1,332,571)

The following unaudited consolidated information is presented to give effect to the Company's 2016 acquisition as if the acquisition had occurred on January 1, 2015. The pro forma net income (loss) was adjusted to exclude acquisition-related fees and expenses of $357,087 and $1.7 million for the three and six months ended June 30, 2016, respectively. For the six months ended June 30, 2015, the pro forma net loss was adjusted to include acquisition fees and expenses of $1.9 million, relating to the 2016 acquisition, as if these fees and expenses had been incurred as of January 1, 2015. There were $105,527 of acquisition fees and expenses excluded for the three months ended June 30, 2015.

The information below is not necessarily indicative of what the actual results of operations would have been had the Company completed this acquisition on January 1, 2015, nor does it purport to represent the Company's future operations:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	Pro Forma 2016		Pro Forma 2015		Pro Forma 2016		Pro Forma 2015	
Revenues	$	3,865,058	$	3,838,463	$	7,635,488	$	6,226,864
Net income (loss) attributable to stockholders	$	(426,353)	$	(965,534)	$	(639,102)	$	(8,752,056)

The table below includes the amounts of revenue and net income (loss) of the acquisition completed during the six months ended June 30, 2015, which are included in the Company's condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2015:

2015 Acquisitions		For the Three Months Ended June 30, 2015		For the Six Months Ended June 30, 2015	
Bishop's Square	Revenue	$	2,094,817	$	2,744,411
	Net income (loss)	$	307,973	$	(2,518,060)

The following unaudited consolidated information is presented to give effect to the Company's 2015 acquisition as if the acquisition had occurred on January 1, 2014. The pro forma net income (loss) was adjusted to exclude acquisition-related fees and expenses of $105,527 and $5.0 million for the three and six months ended June 30, 2015, respectively. For the three and six months ended June 30, 2014, the pro forma net income (loss) was adjusted to include acquisition fees and expenses of zero and $4.9 million, respectively, relating to the 2015 acquisition, as if these fees and expenses had been incurred as of January 1, 2014.

The information below is not necessarily indicative of what the actual results of operations would have been had the Company completed this acquisition on January 1, 2014, nor does it purport to represent the Company's future operations:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	Pro Forma 2015		Pro Forma 2014		Pro Forma 2015		Pro Forma 2014	
Revenues	$	2,695,390	$	2,081,178	$	5,335,793	$	4,139,487
Net income (loss) attributable to stockholders	$	(185,583)	$	195,076	$	(2,263,417)	$	(4,541,049)

5. DEBT FINANCING

As of June 30, 2016 and December 31, 2015, the Company had approximately $95.6 million and $60.2 million of debt outstanding with a weighted average interest rate of 1.57% and 1.30%, respectively. The following table provides additional information regarding the Company's debt outstanding at June 30, 2016 and December 31, 2015:

Description	Origination or Assumption Date	Maturity Date	Maximum Capacity in Functional Currency	Interest Rate Description	Interest Rate as of June 30, 2016	Principal Outstanding at June 30, 2016	Principal Outstanding at December 31, 2015
Secured Mortgage Debt							
Bishop's Square	3/3/2015	3/2/2022	€ 55,200,000	Euribor + 1.30% (1)	1.30%	$ 61,294,080	$ 60,201,120
Domain Apartments	1/29/2016	1/29/2020	$ 34,300,000	Libor + 1.60%	2.07%	34,300,000	—
Notes Payable						$ 95,594,080	$ 60,201,120
Affiliate Note Payable							
Credit Facility with Hines	12/15/2014	12/15/2016 (2)	$ 75,000,000	Variable	N/A	—	—
Total Note Payable to Affiliate						$ —	$ —
Total Principal Outstanding						$ 95,594,080	$ 60,201,120
Unamortized financing fees						(703,493)	(507,908)
Total						$ 94,890,587	$ 59,693,212

(1) The Company entered into a 2.0% Euribor interest rate cap agreement at the loan origination date as an economic hedge against the variability of future interest rates on this borrowing.

(2) Each advance under the credit facility with Hines (the "Hines Credit Facility") must be repaid within six months, subject to one six-month extension at the option of the Company and subject to the satisfaction of certain conditions. Notwithstanding that each advance under the Hines Credit Facility matures six months after it is made, the Company is required to repay each advance under the Hines Credit Facility with proceeds from its public offering as such proceeds are raised, unless the Company, through the Operating Partnership, enters into a revolving credit facility (the "OP Facility"), at which point the Company may use such proceeds from its public offering to repay the OP Facility, if any, prior to repaying any advances under its credit facility with Hines. The Hines Credit Facility also permits voluntary prepayment of principal and accrued interest.

Domain Apartments Facility

In connection with the acquisition of the Domain Apartments, the Company entered into a loan agreement with Wells Fargo Bank, National Association for a principal sum of $34.3 million. Interest accrued on the loan is due and payable on the first business day of each month commencing in February 2016. The loan has a floating interest rate of Libor + 1.60%. Repayment of principal is due upon the maturity of the loan on January 29, 2020. The Company has the option to extend the term for an additional one-year period, subject to the satisfaction of certain conditions. The loan may be prepaid at any time on or after July 29, 2017, subject to certain conditions, including but not limited to, providing 30 days' advance notice to Wells Fargo.

Hines Credit Facility

For the period from January 2016 through June 2016, the Company made draws of $3.0 million and payments of $3.0 million under the Hines Credit Facility. Additionally, from July 1, 2016 through August 12, 2016, the Company made draws and repayments of $8.0 million under the Hines Credit Facility, which resulted in the Company continuing to have no outstanding balance under the Hines Credit Facility as of August 12, 2016.

Financial Covenants

The Company's loan documents for the debt described in the table above contain customary events of default, with corresponding grace periods, including payment defaults, bankruptcy-related defaults, and customary covenants, including limitations on liens and indebtedness and maintenance of certain financial ratios. The Company is not aware of any instances of noncompliance with financial covenants as of June 30, 2016.

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, 2016 through December 31, 2016, for each of the years ending December 31, 2017 through December 31, 2020 and for the period thereafter.

	Payments Due by Year					
	July 1, 2016 through December 31, 2016	2017	2018	2019	2020	Thereafter
Principal payments	$ —	$ —	$ —	$ —	$ 34,300,000	$ 61,294,080

6. DISTRIBUTIONS

With the authorization of its board of directors, the Company declared distributions with respect to Class A Shares of the Company's common stock for the period from October 1, 2014 through August 31, 2016. For the period from October 1, 2014 through April 30, 2016, distributions for Class A Shares were calculated based on stockholders of record each day in an amount equal to $0.001575342 per share, per day. The distribution rate per share, per day was increased effective May 1, 2016. As a result, with respect to the period from May 1, 2016 through August 31, 2016, distributions for Class A Shares were or will be calculated based on stockholders of record each day in an amount equal to $0.001594766 per share, per day. Also, with the authorization of the board of directors, the Company declared distributions with respect to Class T Shares of the Company's common stock for the period from August 24, 2015 through August 31, 2016. For the period from August 24, 2015 through April 30, 2016, distributions for Class T Shares were calculated based on stockholders of record each day in an amount equal to $0.001575342 per share, per day less the distribution and stockholder servicing fees that were payable with respect to such Class T Shares (as calculated on a daily basis). The distribution rate per share, per day was increased effective May 1, 2016. As a result, with respect to the period from May 1, 2016 through August 31, 2016, distributions for Class T Shares were or will be calculated based on stockholders of record each day in an amount equal to $0.001594766 per share, per day less the distribution and stockholder servicing fees that are payable with respect to such Class T Shares (as calculated on a daily basis).

All distributions were or will be paid in cash or reinvested in shares of the Company's common stock for those participating in the Company's distribution reinvestment plan and have been or will be paid or issued, respectively, on the first business day following the completion of the month to which they relate. Distributions reinvested pursuant to the distribution reinvestment plan were or will be reinvested in shares of the same class as the shares on which the distributions are being 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 distributions declared to stockholders and noncontrolling interests (HALP II) for each of the quarters ended during 2016 and 2015, including the breakout between the distributions declared in cash and those reinvested pursuant to the Company's distribution reinvestment plan.

	Stockholders			Noncontrolling Interests
Distributions for the Three Months Ended	**Cash Distributions**	**Distributions Reinvested**	**Total Declared**	**Total Declared**
2016				
June 30, 2016	$ 1,106,860	$ 1,128,377	$ 2,235,237	$ 3,052
March 31, 2016	871,004	886,755	1,757,759	3,026
Total	$ 1,977,864	$ 2,015,132	$ 3,992,996	$ 6,078
2015				
December 31, 2015	$ 603,936	$ 655,664	$ 1,259,600	$ 3,059
September 30, 2015	457,698	489,796	947,494	3,060
June 30, 2015	279,432	287,799	567,231	3,027
March 31, 2015	91,135	58,691	149,826	2,993
Total	$ 1,432,201	$ 1,491,950	$ 2,924,151	$ 12,139

7. RELATED PARTY TRANSACTIONS

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

	Incurred					
	Three Months Ended June 30,		Six Months Ended June 30,		Unpaid as of	
Type and Recipient	2016	2015	2016	2015	June 30, 2016	December 31, 2015
Selling Commissions- Dealer Manager	$ 1,427,053	$ 1,938,836	$ 2,761,308	$ 3,319,480	$ 57,508	$ 276,686
Dealer Manager Fee- Dealer Manager	1,022,301	837,296	1,836,765	1,446,395	7,168	98,451
Distribution & Stockholder Servicing Fee- Dealer Manager	1,861,597	—	1,861,597	—	1,825,776	7,246
Issuer Costs- the Advisor (1)	874,348	883,010	1,475,430	1,848,513	5,389,575	2,701,249
Acquisition Fee- the Advisor and affiliates of Hines	—	—	1,307,689	2,327,715	—	—
Asset Management Fee- the Advisor and affiliates of Hines (2)	—	251,841	—	251,841	—	(119,781)
Other- the Advisor (3)	193,942	119,724	363,780	449,150	94,427	180,488
Interest Expense- Hines (4)	—	206,321	2,020	431,337	—	—
Property Management Fee- Hines	11,929	11,600	23,859	23,200	—	—
Expense Reimbursement- Hines (with respect to management and operations of the Company's properties)	86,100	85,812	170,982	120,308	58,738	41,871
Total	$ 5,477,270	$ 4,334,440	$ 9,803,430	$ 10,217,939	$ 7,433,192	$ 3,186,210

(1) See Note 2 — Summary of Significant Accounting Policies – Issuer Costs for additional information on the amendment to the Company’s Advisory Agreement regarding the reimbursement of issuer costs to the Advisor.

(2) The Advisor waived all of the $376,550 and $740,423 in asset management fees payable to it during the three and six months ended June 2016, respectively. The Advisor also waived $129,524 in asset management fees payable to it during the three months ended March 31, 2015. However, since MFFO exceeded distributions declared to the Company’s stockholders during the three months ended June 30, 2015, no asset management fees were waived by the Advisor for that period.

(3) 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.

(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.

As of June 30, 2016, the Company estimated that the fair value of its notes payable, excluding deferred financing costs, which had a book value of $94.9 million, was $95.3 million. As of December 31, 2015, the Company estimated that the book value of its note payable, excluding deferred financing costs, approximates its fair value since its variable interest rate approximated the then current lending rate for loans with similar maturities and credit quality. Management has utilized available market information such as interest rate and spread assumptions of notes payable with similar terms and remaining maturities, to estimate the amounts required to be disclosed. Although the Company has determined that the majority of the inputs used to value its notes payable fall within Level 2 of the fair value hierarchy, the credit quality adjustments associated with its fair value of notes payable utilize Level 3 inputs. However, the Company has assessed the significance of the impact of the credit quality adjustments on the overall valuations of the fair market value of its notes payable and has determined they are not significant. Other financial instruments not measured at fair value on a recurring basis include cash and cash equivalents, restricted cash, tenant and other receivables, accounts payable and accrued expenses, other liabilities, due to affiliates and distributions payable. The carrying value of these items reasonably approximates their fair value based on their highly-liquid nature and/or short-term maturities. Due to the short-term nature of these instruments, Level 1 inputs are utilized to estimate the fair value of the cash and cash equivalents and restricted cash and Level 2 inputs are utilized to estimate the fair value of the remaining financial instruments.

9. REPORTABLE SEGMENTS

As described previously, the Company intends to invest the net proceeds from the Offering in a diversified portfolio of quality commercial real estate properties and other real estate investments throughout the United States and internationally. The Company’s current business consists of owning, operating, acquiring, developing, investing in, and disposing of real estate assets. All of the Company’s consolidated revenues and property operating expenses as of June 30, 2016 are from the Company’s three consolidated real estate properties owned as of that date. As a result, the Company’s operating segments have been classified into one of three reportable segments: domestic multi-family investments, domestic other investments, and international office investments.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Total Revenue				
Domestic multi-family investments	$ 1,160,027	$ —	$ 1,934,432	$ —
Domestic other investments	600,662	600,573	1,208,329	1,196,306
International office investments	2,104,369	2,094,817	4,141,012	2,744,411
Total Revenue	$ 3,865,058	$ 2,695,390	$ 7,283,773	$ 3,940,717

For the three and six months ended June 30, 2016 and 2015, the Company’s total revenue was attributable to the following countries:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Total Revenue				
United States	46%	22%	43%	30%
Ireland	54%	78%	57%	70%

For the three and six months ended June 30, 2016 and 2015, the Company's property revenues in excess of expenses by segment were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Property revenues in excess of expenses [(1)]				
Domestic multi-family investments	$ 697,622	$ —	$ 1,226,415	$ —
Domestic other investments	460,033	449,628	908,390	849,746
International office investments	1,733,767	1,592,630	3,433,251	2,078,468
Property revenues in excess of expenses	$ 2,891,422	$ 2,042,258	$ 5,568,056	$ 2,928,214

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

As of June 30, 2016 and December 31, 2015, the Company's total assets by segment were as follows:

	June 30, 2016	December 31, 2015
Total Assets		
Domestic multi-family investments	$ 56,549,931	$ —
Domestic other investments	23,916,392	24,294,382
International office investments	105,590,438	105,076,935
Corporate-level accounts	55,473,294	19,684,932
Total Assets	$ 241,530,055	$ 149,056,249

As of June 30, 2016 and December 31, 2015, the Company's total assets were attributable to the following countries:

	June 30, 2016	December 31, 2015
Total Assets		
United States	56%	30%
Ireland	44%	70%

For the three and six months ended June 30, 2016 and 2015 the Company's reconciliation of the Company's property revenues in excess of expenses to the Company's net loss is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Reconciliation to net income (loss)				
Total property revenues in excess of expenses	$ 2,891,422	$ 2,042,258	$ 5,568,056	$ 2,928,214
Depreciation and amortization	(2,360,226)	(1,211,059)	(4,310,794)	(1,837,837)
Acquisition related expenses	(357,087)	(105,527)	(439,944)	(2,667,536)
Asset management and acquisition fees	—	(251,841)	(1,336,257)	(2,579,556)
General and administrative expenses	(465,471)	(332,237)	(973,224)	(741,693)
Gain (loss) on derivatives	(1,320)	12,170	(4,261)	(14,511)
Foreign currency gains (losses)	(89,450)	—	49,026	(234)
Interest expense	(428,497)	(445,031)	(785,675)	(746,568)
Interest income	30,240	157	40,819	2,048
Net income (loss)	$ (780,389)	$ (291,110)	$ (2,192,254)	$ (5,657,673)

10. COMMITMENTS AND CONTINGENCIES

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

11. SUBSEQUENT EVENTS

Cottonwood Corporate Center

In July 2016, the Company acquired Cottonwood Corporate Center, a four-building, Class-A office project located in Cottonwood, Utah, a submarket of Salt Lake City, Utah. The net purchase price was $139.2 million, exclusive of transaction costs and working capital reserves. Cottonwood Corporate Center was constructed during the period between in 1997 and 2000 and consists of 490,030 square feet of net rentable area that is 93% leased. The Company has not concluded its accounting for this recent acquisition, but it expects that the purchase price will primarily be allocated to building, land, in-place leases and out-of-market lease intangibles.

The Company entered into a loan agreement with Principal Life Insurance Company ("Principal Life") for a principal sum of $78.0 million to fund the acquisition of Cottonwood Corporate Center. The loan is secured by a first priority lien on the Company's interest in Cottonwood Corporate Center and assignments of all of its leases and rents and the personal property on the premises of Cottonwood Corporate Center. Principal and interest accrued on the loan are due and payable on the first day of each month commencing in September 2016. The note has a fixed interest rate per annum equal to 2.98% and matures on August 1, 2023. The loan may be prepaid at any time on or after April 1, 2023, subject to certain conditions, including but not limited to providing 30 days' advance written notice to Principal Life and, in the event of prepayment of the loan prior to April 1, 2023, the payment of a prepayment penalty.

Amendment to the Dealer Manager Agreement, Update to Primary Share Offering Prices and Dividend Reinvestment Plan Prices

On July 25, 2016, the Company, the Dealer Manager and the Advisor entered into the Third Amended and Restated Dealer Manager Agreement, effective as of August 2, 2016 (the "Amended Dealer Manager Agreement"). Pursuant to the Amended Dealer Manager Agreement, the Advisor will pay a portion of the dealer manager fees payable to the dealer manager in an amount equal to 1.5% of the gross offering proceeds with respect to Class A Shares and Class T Shares sold in the primary Offering on and after August 2, 2016. The Advisor will not be reimbursed by the Company in any way for the payment of such dealer manager fees.

In conjunction with the entry into the Amended Dealer Manager Agreement, the Company's board of directors determined new primary offering prices of $9.96 per Class A Share and $9.411 per Class T Share, effective as of August 2, 2016. These new primary offering prices reflect a reduction equal to the per share amount of dealer manager fees the Company's Advisor has agreed to pay with respect to the Class A Shares and Class T Shares sold in the primary Offering on and after August 2, 2016.

In addition, effective August 5, 2016, the Company's board of directors adopted the fourth amended and restated distribution reinvestment plan (the "Amended DRP") to reflect a new offering price for the Class A Shares to be issued pursuant to the distribution reinvestment plan. The offering price for the Class T Shares to be issued pursuant to the plan did not change. The offering prices under the Amended DRP are $9.46 per Class A Share and $9.08 per Class T Share. The new offering price of the Class A Shares under the Amended DRP will first be applied to distributions declared for the month of August 2016, which will be reinvested on September 1, 2016.

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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, 2015.

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:

— Our current offering is a best efforts offering and as such, the risk that we will not be able to accomplish our business objectives and that the poor performance of a single investment will materially adversely affect our overall investment performance, will increase if only a small number of shares are purchased in the offering;

— Whether we will have the opportunity to invest offering and distribution reinvestment plan proceeds to acquire properties or other investments or whether such proceeds will be needed to redeem shares 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 Hines Global REIT, Inc. and other programs sponsored by or affiliated with Hines Interests Limited Partnership ("Hines");

— Our reliance on our Advisor, Hines and affiliates of Hines for our day-to-day operations and the selection of real estate investments, and our Advisor's ability to attract and retain high-quality personnel who can provide service at a level acceptable to us;

— Risks associated with conflicts of interests that result from our relationship with our Advisor and Hines, as well as conflicts of interests certain of our officers and directors face relating to the positions they hold with other entities;

— The potential need to fund tenant improvements, lease-up costs or other capital expenditures, as well as increases in property operating expenses and costs of compliance with environmental matters or discovery of previously undetected environmentally hazardous or other undetected adverse conditions at our properties;

— The availability and timing of distributions we may pay is uncertain and cannot be assured;

— Our distributions have been paid using cash flows from financing activities, including proceeds from our public offering, as well as cash from the waiver of fees by our Advisor, and some or all of the distributions we pay in the future may be paid from similar sources or sources such as cash advances by our Advisor, cash resulting from a waiver or deferral of fees, borrowings and/or proceeds from the offering. When we pay distributions from sources other than our cash flow from operations, we will have less funds available for the acquisition of properties, and your overall return may be reduced;

— Risks associated with debt and our ability to secure financing;

— Risks associated with adverse changes in general economic or local market conditions, including terrorist attacks and other acts of violence, which may affect the markets in which we and our tenants operate;

— Catastrophic events, such as hurricanes, earthquakes, tornadoes and terrorist attacks; and our ability to secure adequate insurance at reasonable and appropriate rates;

— The failure of any bank in which we deposit our funds could reduce the amount of cash we have available to pay distributions and make additional investments;

— Changes in governmental, tax, real estate and zoning laws and regulations and the related costs of compliance and increases in our administrative operating expenses, including expenses associated with operating as a public company;

— International investment risks, including the burden of complying with a wide variety of foreign laws and the uncertainty of such laws, the tax treatment of transaction structures, political and economic instability, foreign currency fluctuations, and inflation and governmental measures to curb inflation may adversely affect our operations and our ability to make distributions;

— The lack of liquidity associated with our assets; and

— Our ability to qualify as a real estate investment trust ("REIT") for federal income tax purposes.

These risks are more fully discussed in, and all forward-looking statements should be read in light of, all of the risk factors discussed in "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015.

You are cautioned not to place undue reliance on any forward-looking statements included in this Quarterly Report on Form 10-Q. All forward-looking statements are made as of the date of this Quarterly Report on Form 10-Q and the risk that actual results will differ materially from the expectations expressed in this Quarterly Report on Form 10-Q may increase with the passage of time. In light of the significant uncertainties inherent in the forward-looking statements included in this Quarterly Report on Form 10-Q, the inclusion of such forward-looking statements should not be regarded as a representation by us or any other person that the objectives and plans set forth in this Quarterly Report on Form 10-Q will be achieved. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. Each forward-looking statement speaks only as of the date of the particular statement, and we do not undertake to update any forward-looking statement.

Executive Summary

Hines Global REIT II, Inc. ("Hines Global II" and, together with its consolidated subsidiaries, "we," "us" or the "Company") was formed in July 2013 to invest in a diversified portfolio of quality commercial real estate properties and other real estate investments located throughout the United States and internationally. In August 2014, we commenced an offering of up to $2.5 billion of our common stock (the "Offering") in any combination of Class A shares ("Class A Shares") and Class T shares ("Class T Shares") of our common stock. We engaged Hines Securities, Inc. (the "Dealer Manager"), an affiliate of our Advisor, to serve as the dealer manager for the Offering and market our shares. As of August 9, 2016, we have received gross offering proceeds of $190.3 million from the sale of 19.4 million shares.

On April 13, 2016, our board of directors unanimously approved an estimated net asset value, or NAV, per share of our common stock of $9.03, based on the number of shares issued and outstanding as of February 29, 2016. The estimated NAV per share reflects a 6.1% increase in the aggregate appraised value of our real estate investments when compared to the purchase price of our real estate investments excluding closing costs, transaction fees and additional capital investments since acquisition. This 6.1% net increase resulted from a 7.9% appreciation in the aggregate appraised values of our real estate investments since their purchase, which was offset by 1.8% dilution resulting from the devaluation of the Euro against the U.S dollar. See our Current Report on Form 8-K filed with the SEC on April 15, 2016 for more information on the methodologies used to determine, and the limitations of, our estimated NAV per share.

Our cash flow from operations has been and may continue to be insufficient to fund distributions to stockholders. We may choose to use advances, deferrals or waivers of fees, if available, from our Advisor or affiliates, borrowings and/or proceeds of the Offering or other sources to fund distributions to our stockholders. Commencing with the quarter ended December 31, 2014, our Advisor agreed to waive the asset management fees for each quarter through September 30, 2016, to the extent that our modified funds from operations ("MFFO"), for a particular quarter is less than our distributions declared for such quarter, as disclosed in each Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as applicable. As a result of these waivers, our Advisor waived all of the $376,550 and $740,423 in asset management fees payable to it for the three and six months ended June 30, 2016, respectively. Further, our Advisor waived $129,524 of the asset management fees payable to it for the six months ended June 30, 2015. However, since MFFO exceeded distributions declared during the three months ended June 30, 2015, no asset management fees were waived by our Advisor for that period. There can be no assurances that our Advisor will continue this waiver, and if not, cash available to pay distributions in future periods may be reduced.

We intend to meet our primary investment objectives by investing in a portfolio of real estate properties and other real estate investments that relate to properties that are generally diversified by geographic area, lease expirations and tenant industries. The following table provides additional information regarding each of the properties in which we owned an interest as of June 30, 2016 and includes the effect of Cottonwood Corporate Center, which we acquired on July 5, 2016.

Property (1)	**Location**	**Investment Type**	**Date Acquired/ Net Purchase Price (in millions)** (2)	**Estimated Going-in Capitalization Rate** (3)	**Leasable Square Feet**	**Percent Leased**
2819 Loker Avenue East	Carlsbad, California	Industrial	12/2014; $25.4	6.5%	161,310	100%
Bishop's Square	Dublin, Ireland	Office	3/2015; $103.2	6.1%	153,569	100%
Domain Apartments	Las Vegas, Nevada	Multi-family	1/2016; $58.1	5.5%	331,038	98%
Cottonwood Corporate Center	Salt Lake City, Utah	Office	7/2016; $139.2	6.9%	490,030	93%
Total for All Investments					1,135,947	96%

(1) We effectively owned a 99.9% interest in the properties we had acquired as of June 30, 2016 through our ownership interest in the Operating Partnership as its sole general partner. Hines Global REIT II Associates Limited Partnership ("HALP II"), an affiliate of Hines, owned the remaining 0.1% interest in the Operating Partnership as of that date.

(2) The net purchase price for Bishop's Square was denominated in Euros and has been translated at an exchange rate based on the rate in effect on the acquisition date.

(3) The estimated going-in capitalization rate is determined as of the date of acquisition by dividing the projected property revenues in excess of expenses for the first fiscal year 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.

In June 2016, we entered into a contract to acquire Goodyear Crossing II, a Class-A industrial warehouse located in Goodyear, Arizona, a submarket of Phoenix, Arizona. The contract purchase price is $56.2 million, exclusive of transaction costs and working capital reserves. Goodyear Crossing II was constructed during the period between 2008 and 2009 and consists of 820,384 square feet of net rentable area that is 100% leased to Amazon.com. We funded a $1.0 million earnest money deposit on June 27, 2016, which may not be refunded if we do not close on this acquisition. We expect the closing of this acquisition to occur in August 2016, subject to a number of closing conditions.

Critical Accounting Policies

Each of our critical accounting policies involves the use of estimates that require management to make assumptions that are subjective in nature. Management relies on its experience, collects historical and current market data, and analyzes these assumptions in order to arrive at what it believes to be reasonable estimates. In addition, application of these accounting policies involves the exercise of judgments regarding assumptions as to future uncertainties. Actual results could materially differ from these estimates. For a discussion of recent accounting pronouncements, see Note 2 — Summary of Significant Accounting Policies, to the accompanying condensed consolidated financial statements. Also, a disclosure of our critical accounting policies is included in our Annual Report on Form 10-K for the year ended December 31, 2015 in Management's Discussion and Analysis of Financial Condition and Results of Operations. Unless described below, there have been no significant changes to our policies during 2016.

Distribution and Stockholder Servicing Fee

Per the terms of our Amended Dealer Manager Agreement, we will pay a distribution and stockholder servicing fee of 1.0% per annum of the gross offering price per share (or, if we are no longer offering primary shares, the then-current estimated net asset value per share, if any has been disclosed) for Class T Shares sold in the Offering. The distribution and stockholder servicing fees are ongoing fees that are not paid at the time of purchase. We will cease paying the distribution and stockholder servicing fee with respect to any particular Class T Share and that Class T Share will convert into a number of Class A Shares on the earlier of: (i) a listing of the Class A Shares on a national securities exchange; (ii) a merger or consolidation of us with or into another entity, or the sale or other disposition of all or substantially all of our assets; (iii) the end of the month in which the Dealer Manager determines that total underwriting compensation paid in the Offering including the distribution and stockholder servicing fee paid on all Class T Shares sold in the Offering is equal to 10.0% of the gross proceeds of the Offering from the sale of both Class A Shares and Class T Shares; (iv) the end of the month in which the transfer agent, on behalf of the us, determines that underwriting compensation paid in the primary offering including the distribution and stockholder servicing fee paid with respect to the Class T Shares held by a stockholder within his or her particular account equals 10.0% of the gross offering price at the time of investment of the Class T Shares held in such account; and (v) on any Class T Share that is redeemed or repurchased. Although we cannot predict the length of time over which this fee will be paid due to potential changes in the offering price or estimated net asset value of our Class T Shares, this fee would be paid over approximately 5.25 years from the date of purchase, assuming a constant per share offering price or estimated net asset value, as applicable.

We record distribution and stockholder servicing fees as a reduction to additional paid-in capital and the related liability in an amount equal to the maximum fees payable in relation to the Class T Shares on the date the shares are issued. The liability will be relieved over time, as the fees are paid to the Dealer Manager, or it will be adjusted if the fees are no longer payable pursuant to the conditions described above.

Financial Condition, Liquidity and Capital Resources

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

We expect that once we have fully invested the proceeds of the Offering and other potential subsequent offerings, our debt financing, including our pro rata share of the debt financing of entities in which we invest, will be in the range of approximately 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 and other working capital needs. Additionally, the amount of debt placed on an individual property or related to a particular investment, including our pro rata share of the amount of debt incurred by an individual entity in which we invest, may be less than 40% or more than 60% of the value of such property/investment or the value of the assets owned by such entity, depending on market conditions and other factors. Our aggregate borrowings, secured and unsecured, must be reasonable in relation to our net assets and must be reviewed by our board of directors at least quarterly.

Our charter limits our borrowing to 300% of our net assets (which approximates 75% of the cost of our assets) unless any excess borrowing is approved by a majority of our independent directors and is disclosed to our stockholders in our next quarterly report along with justification for the excess. Our independent directors approved borrowings in excess of these limitations in connection with our first two investments, since we are in the early stages of raising capital through the Offering. As of June 30, 2016, our portfolio was approximately 38% leveraged, based on the most recent appraised values of our real estate investments.

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

The discussions below provide additional details regarding our cash flows.

Cash Flows from Operating Activities

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

Net cash provided by operating activities was $2.3 million for the six months ended June 30, 2016 compared to net cash used in operating activities of $3.9 million for the six months ended June 30, 2015. Net cash provided by operating activities increased as a result of the acquisition of the Domain Apartments in January 2016 and the operation of Bishop's Square (acquired March 2015) for the entire six months ended June 30, 2016, as well as a reduction of acquisition fees and acquisition-related expenses paid during the six months ended June 30, 2016. We paid acquisition fees and acquisition-related expenses totaling $1.6 million and $5.2 million for the six months ended June 30, 2016 and 2015, respectively. Under accounting principles generally accepted in the United States ("*GAAP*"), acquisition fees and expenses and acquisition-related expenses are expensed and therefore reduce cash flows from operating activities. However, we fund these expenses with proceeds from the Offering and/or acquisition-related indebtedness.

Cash Flows from Investing Activities

Net cash used in investing activities for the six months ended June 30, 2016 and 2015 were primarily due to the following:

Six months ended June 30, 2016

- Payment of $56.5 million related to the acquisition of the Domain Apartments.
- Payment of $4.8 million in earnest money deposits in connection with the acquisition of Cottonwood Corporate Center, which we acquired in July 2016, and payment of a $1.0 million earnest money deposit in connection with the potential acquisition of Goodyear Crossing II, an industrial property located near Phoenix, Arizona.

Six months ended June 30, 2015

- Payment of $102.7 million related to the acquisition of Bishop's Square.

Cash Flows from Financing Activities

Initial Public Offering

We commenced the Offering in August 2014 and met our minimum offering requirements for every state, except Washington and Pennsylvania, in September 2014 (the minimum offering requirements were met in March 2015 with respect to the state of Washington and December 2015 with respect to the state of Pennsylvania). During the six months ended June 30, 2016 and 2015, we raised gross proceeds of $66.0 million and $48.4 million, respectively, from the Offering, excluding proceeds from the distribution reinvestment plan. In addition, during the six months ended June 30, 2016, we redeemed $233,764 in shares of common stock pursuant to our redemption program. No shares of our common stock were redeemed pursuant to our share redemption program for the six months ended June 30, 2015.

In addition to the investing activities described previously, we use proceeds from the Offering to make certain payments to our Advisor, our Dealer Manager and Hines and their affiliates during the various phases of our organization and operation. During the organization and offering stage, these 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 issuer costs. During the six months ended June 30, 2016 and 2015, we made payments of $7.8 million and $7.3 million, respectively, for selling commissions, dealer manager fees, distribution and shareholder servicing fees and issuer costs related to the Offering.

Our Advisory Agreement was amended, effective February 29, 2016, to cap the amount which we will reimburse our Advisor for the cumulative issuer costs incurred in connection with our organization and our public offerings. As a result of the cap on reimbursement as a percentage of gross offering proceeds, on April 14, 2016, our Advisor reimbursed us for $4.0 million in issuer costs that we had previously reimbursed in excess of this new 2.5% cap. As we raise additional offering proceeds, we expect to reimburse our Advisor for the $4.0 million in issuer costs they recently repaid to us to the extent such costs do not exceed 2.5% of gross offering proceeds from our public offerings.

Distributions

With the authorization of the board of directors, we declared distributions with respect to Class A Shares of our common stock for the period from October 1, 2014 through August 31, 2016. For the period from October 1, 2014 through April 30, 2016, distributions for Class A Shares were calculated based on stockholders of record each day in an amount equal to $0.001575342 per share, per day. The distribution rate per share, per day was increased effective May 1, 2016. As a result, with respect to the period from May 1, 2016 through August 31, 2016, distributions for Class A Shares were or will be calculated based on stockholders of record each day in an amount equal to $0.001594766 per share, per day.

Also, with the authorization of the board of directors, we declared distributions with respect to Class T Shares of our common stock for the period from August 24, 2015 through August 31, 2016. For the period from August 24, 2015 through April 30, 2016, distributions for Class T Shares were calculated based on stockholders of record each day in an amount equal to $0.001575342 per share, per day less the distribution and stockholder servicing fees that were payable with respect to such Class T Shares (as calculated on a daily basis). The distribution rate per share, per day was increased effective May 1, 2016. As a result, with respect to the period from May 1, 2016 through August 31, 2016, distributions for Class T Shares were or will be calculated based on stockholders of record each day in an amount equal to $0.001594766 per share, per day less the distribution and stockholder servicing fees that are payable with respect to such Class T Shares (as calculated on a daily basis).

All distributions were or will be paid in cash or reinvested in shares of our common stock for those participating in our distribution reinvestment plan 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 the distribution reinvestment plan have been or will be reinvested in shares of the same class as the shares on which the distributions are being made. Distributions paid to stockholders during the three months ended June 30, 2016 and 2015 were $2.1 million and $425,152, respectively, including those reinvested in shares pursuant to our distribution reinvestment plan. Distributions paid to stockholders during the six months ended June 30, 2016 and 2015 were $3.7 million and $503,716, respectively, including those reinvested in shares pursuant to our distribution reinvestment plan.

We have not generated 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 from other sources, such as proceeds from our debt financings, proceeds from the Offering, cash advances by our Advisor, cash resulting from a waiver or deferral of fees and/or proceeds from the sale of assets. We have not placed a cap on the amount of our distributions that may be paid from any of these sources. For example, for the six months ended June 30, 2016, we funded 44% of total distributions with cash flows from financing activities, which included offering proceeds. For the six months ended June 30, 2015, we funded 21% of total distributions with cash flows from financing activities, which includes offering proceeds. Commencing with the quarter ended December 31, 2014, our Advisor agreed to waive the asset management fees for each quarter through September 30, 2016, to the extent that our MFFO, for a particular quarter, as disclosed in our Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as applicable, amounts to less than the aggregate distributions declared to our stockholders for such quarter. As a result of these waivers, our Advisor waived all of the $376,550 and $740,423 in asset management fees payable to it for the three and six months ended June 30, 2016, respectively. Further, our Advisor waived $129,524 of the asset management fees payable to it for the six months ended June 30, 2015. However, since MFFO exceeded distributions declared during the three months ended June 30, 2015, no asset management fees were waived by our Advisor for that period. Also, as a result of these waivers, cash flows from operations that would have been paid to our Advisor for asset management fees may be available to pay distributions to stockholders. These fee waivers are not deferrals and accordingly, any fees that are waived will not be paid to our Advisor in cash at any time in the future.

The following table outlines our total distributions declared to stockholders and noncontrolling interests (HALP II) for each of the quarters during 2016 and 2015, including the breakout between the distributions declared in cash and those reinvested pursuant to our distribution reinvestment plan.

	Stockholders			Noncontrolling Interests	Sources			
Distributions for the Three Months Ended	Cash Distributions	Distributions Reinvested	Total Declared	Total Declared	Cash Flows From Operating Activities		Cash Flows From Financing Activities	
2016								
June 30, 2016	$ 1,106,860	$ 1,128,377	$ 2,235,237	$ 3,052	$ 2,238,289	100%	$ —	—%
March 31, 2016	871,004	886,755	1,757,759	3,026	—	—%	1,760,785	100%
Total	$ 1,977,864	$ 2,015,132	$ 3,992,996	$ 6,078	$ 2,238,289	56%	$ 1,760,785	44%
2015								
December 31, 2015	$ 603,936	$ 655,664	$ 1,259,600	$ 3,059	$ 754,717	60%	$ 507,942	40%
September 30, 2015	457,698	489,796	947,494	3,060	950,554	100%	—	—%
June 30, 2015	279,432	287,799	567,231	3,027	570,258	100%	—	—%
March 31, 2015	91,135	58,691	149,826	2,993	—	—%	152,819	100%
Total	$ 1,432,201	$ 1,491,950	$ 2,924,151	$ 12,139	$ 2,275,529	77%	$ 660,761	23%

Debt Financings

As mentioned previously, our portfolio was approximately 38% leveraged as of June 30, 2016 (based on the most recent appraised values of our real estate investments) with a weighted average interest rate of 1.57%. Below is additional information regarding our loan activity for the six months ended June 30, 2016 and 2015. See Note 5 — Debt Financing for additional information regarding our outstanding debt.

2016

- We entered into $34.3 million of permanent mortgage financing related to the acquisition of the Domain Apartments.
- We borrowed $3.0 million under the Hines Credit Facility and made payments of $3.0 million on this facility. No amounts were outstanding under this facility as of June 30, 2016.
- We made payments of $252,864 for financing costs primarily related to our mortgage loan on the Domain Apartments.

2015

- We entered into $61.8 million of permanent mortgage financing related to the acquisition of Bishop’s Square.
- We borrowed $50.3 million under the Hines Credit Facility and made payments of $43.8 million on this facility.
- We made payments of $625,876 for financing costs related to our loans and $47,876 for an interest rate cap related to the mortgage loan secured by Bishop’s Square.

Results of Operations

We owned three properties that were 99% leased as of June 30, 2016 compared to two properties that were 99% leased as of June 30, 2015. As we are currently in the acquisition phase of our life cycle, changes in our results of operations related to our properties are primarily due to the acquisition of properties. Amounts recorded in our condensed consolidated statements of operations for the three and six months ended June 30, 2016 and 2015 are due to the following:

- Total revenues, property operating expenses, real property taxes, property management fees, depreciation and amortization, and interest expense relate to the operation of 2819 Loker Avenue East (acquired in December 2014), Bishop’s Square (acquired in March 2015), and the Domain Apartments (acquired in January 2016).

- Acquisition-related expenses represent costs related to the acquisition of our real estate investments, including those properties which we may acquire in future periods.

- We expect to pay monthly asset management fees to our Advisor based on an annual fee equal to 0.75% of (i) the cost of our real estate investments or (ii) with respect to our real estate investments included in our board of directors' most recent determination of an estimated net asset value per share, the most recently determined value of such real estate investments. As described previously, our Advisor agreed to waive asset management fees for each of the quarters ended June 30, 2016 and 2015, to the extent that our MFFO, for a particular quarter, is less than our distributions declared for such quarter. As a result of these waivers, our Advisor waived all of the $376,550 and $740,423 in asset management fees payable to it for the three and six months ended June 30, 2016, respectively. Further, our Advisor waived $129,524 of the asset management fees payable to it for the six months ended June 30, 2015. However, since MFFO exceeded distributions declared during the three months ended June 30, 2015, no asset management fees were waived by our Advisor for that period.

- We pay our Advisor acquisition fees equal to 2.25% of the purchase price of our real estate investments. Acquisition fees for the six months ended June 30, 2016 and 2015 are comprised of the $1.3 million acquisition fee incurred in relation to our acquisition of the Domain Apartments in January 2016 and the $2.3 million acquisition fee incurred in relation to our acquisition of Bishop's Square in March 2015.

- General and administrative expenses for the six months ended June 30, 2016 and 2015 primarily consist of legal and accounting fees, costs and expenses associated with our board of directors, transfer agent costs and insurance costs. Certain of these costs are variable and will increase in the future as we continue to raise capital and make additional real estate investments.

- Foreign currency gains (losses) reflect the effect of changes in foreign currency exchange rates on transactions that were denominated in currencies other than our functional currencies. During the six months ended June 30, 2016 and 2015, these foreign currency gains (losses) were primarily related to the change in the U.S. dollar against the Euro.

Funds from Operations and Modified Funds from Operations

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

In addition to FFO, management uses MFFO, as defined by the Investment Program Association, (the "IPA"), as a non-GAAP supplemental financial performance measure to evaluate our operating performance. The IPA has recommended the use of MFFO as a supplemental measure for publicly registered, non-listed REITs to enhance the assessment of the operating performance of a non-listed REIT. MFFO is not equivalent to our net income or loss as determined under GAAP, and MFFO may not be useful as a measure of the long-term operating performance of our investments or as a comparative measure to other publicly registered, non-listed REITs if we do not continue to operate with a limited life and targeted exit strategy, as currently intended and described herein. MFFO includes funds generated by the operations of our real estate investments and funds used in our corporate-level operations. MFFO is based on FFO, but includes certain additional adjustments which we believe are appropriate. Such items include reversing the effects of straight-line rent revenue recognition, fair value adjustments to derivative instruments that do not qualify for hedge accounting treatment and certain other items as described below. Some of these adjustments are necessary to address changes in the accounting and reporting rules under GAAP such as the accounting for acquisition-related expenses from a capitalization/depreciation model to an expensed-as-incurred model that were put into effect in 2009 and other changes to GAAP rules for real estate subsequent to the establishment of NAREIT's definition of FFO. These changes in the accounting and reporting rules under GAAP affected all industries, and as a result of these changes, acquisition fees and expenses are typically accounted for as operating expenses under GAAP. Management believes these fees and expenses do not affect our overall long-term operating performance. These changes also have prompted a significant increase in the magnitude of non-cash and non-operating items included in FFO, as defined. Such items include amortization of out-of-market lease intangible assets and liabilities and certain tenant incentives.

Other adjustments included in MFFO are necessary to address issues that are common to publicly registered, non-listed REITs. Publicly registered, non-listed REITs typically have a significant amount of acquisition activity and are substantially more dynamic during their initial years of investment and operations. While other start-up entities may also experience significant acquisition activity during their initial years, we believe that non-listed REITs like us are unique in that they have a limited life with targeted exit strategies within a relatively limited time frame after the acquisition activity ceases. We will use the proceeds raised in our offerings to make real estate investments, and intend to begin the process of considering our alternatives for the execution of a Liquidity Event (i.e., a sale of our assets, our sale or merger, a listing of our shares on a national securities exchange, or another similar transaction) five to eight years following the end of the Offering. Thus, as a limited life REIT we will not continuously purchase assets and will have a limited life.

The purchase of properties, and the corresponding expenses associated with that process, including acquisition fees and expenses, is a key operational feature of our business plan to generate operational income and cash flows in order to make distributions to our stockholders. MFFO excludes acquisition fees payable to our Advisor and acquisition expenses. Under GAAP, acquisition fees and expenses are characterized as operating expenses in determining operating net income. These expenses are paid in cash by us, and therefore such funds will not be available to distribute to our stockholders. All paid and accrued acquisition fees and expenses with respect to the acquisition of a property negatively impact our operating performance during the period in which the property is acquired and will have negative effects on returns to our stockholders, the potential for future distributions, and future cash flows, unless earnings from operations or net sales proceeds from the disposition of other properties are generated to cover the purchase price of the property, the related acquisition fees and expenses and other costs related to such property. In addition, if we acquire a property after all offering proceeds from the Offering have been invested, there will not be any offering proceeds to pay the corresponding acquisition-related costs. Accordingly, unless our Advisor determines to waive the payment of any then-outstanding acquisition-related costs otherwise payable to our Advisor, such costs will be paid from additional debt, operational earnings or cash flow, net proceeds from the sale of properties, or ancillary cash flows. Therefore, MFFO may not be an accurate indicator of our operating performance, especially during periods in which properties are being acquired. Since MFFO excludes acquisition fees and expenses, MFFO would only be comparable to the operations of non-listed REITs that have completed their acquisition activity and have other similar operating characteristics.

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

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

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

- As we are currently in the acquisition phase of our life cycle, acquisition costs and other adjustments that are increases to MFFO are, and may continue to be, a significant use of cash and dilutive to the value of an investment in our shares.

- MFFO excludes acquisition fees payable to our Advisor and acquisition expenses. Although these amounts reduce net income, we generally fund such costs with proceeds from the Offering and/or acquisition-related indebtedness and do not consider these fees and expenses in the evaluation of our operating performance and determining MFFO.

- We use an interest rate cap as an economic hedge against the variability of interest rates on one of our variable interest rate borrowings. Although we expect to hold this instrument to maturity, if we were to settle this instrument currently, it would have an impact on our operating performance. Additionally, this derivative instrument is measured at fair value on a quarterly basis in accordance with GAAP. MFFO excludes gains (losses) related to changes in the estimated value of our derivative instrument because such adjustments may not be reflective of ongoing operations and may reflect unrealized impacts on our operating performance.

- We utilize the definition of FFO as set forth by NAREIT and the definition of MFFO as set forth by the IPA. Our FFO and MFFO as presented may not be comparable to amounts calculated by other REITs, if they use different approaches.

- Our business is subject to volatility in the real estate markets and general economic conditions, and adverse changes in those conditions could have a material adverse impact on our business, results of operations and MFFO. Accordingly, the predictive nature of MFFO is uncertain and past performance may not be indicative of future results.

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

The following section presents our calculation of FFO and MFFO attributable to common stockholders and provides additional information related to our operations for the three and six months ended June 30, 2016 and 2015 and the period from inception through June 30, 2016. As we are in the capital raising and acquisition phase of our operations, FFO and MFFO are not useful in comparing operations for the periods presented below. We expect revenues and expenses to increase in future periods as we raise additional offering proceeds and use them to make additional real estate investments.

	Three months ended June 30,		Six months ended June 30,		Period from July 31, 2013 (date of inception) through June 30, 2016
	2016	2015	2016	2015	
Net income (loss)	$ (780,389)	$ (291,110)	$(2,192,254)	$(5,657,673)	$ (9,157,493)
Depreciation and amortization [(1)]	2,360,226	1,211,059	4,310,794	1,837,837	8,566,682
Adjustments for noncontrolling interests [(2)]	(5,848)	(439)	(6,658)	38,901	214,030
Funds From Operations attributable to common stockholders	1,573,989	919,510	2,111,882	(3,780,935)	(376,781)
Loss (gain) on derivative instruments [(3)]	1,320	(12,170)	4,261	14,511	44,796
Loss (gain) on foreign currency [(4)]	82,870	—	(45,320)	—	(34,920)
Other components of revenues and expenses [(5)]	(255,857)	(269,660)	(515,238)	(409,645)	(1,459,464)
Acquisition fees and expenses [(6)]	357,087	105,527	1,747,194	4,995,251	7,692,087
Adjustments for noncontrolling interests [(2)]	(220)	83	(1,731)	(39,560)	(74,505)
Modified Funds From Operations attributable to common stockholders	$ 1,759,189	$ 743,290	$ 3,301,048	$ 779,622	$ 5,791,213
Basic and diluted loss per common share	$ (0.05)	$ (0.07)	$ (0.15)	$ (2.18)	$ (2.05)
Funds From Operations attributable to common stockholders per common share	$ 0.10	$ 0.23	$ 0.15	$ (1.46)	$ (0.09)
Modified Funds From Operations attributable to common stockholders per common share	$ 0.11	$ 0.18	$ 0.23	$ 0.30	$ 1.32
Weighted average shares outstanding	16,014,138	4,051,587	14,276,944	2,592,589	4,386,114

Notes to the table:

(1) Represents the depreciation and amortization of real estate assets. Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, we believe that such depreciation and amortization may be of limited relevance in evaluating current operating performance and, as such, these items are excluded from our determination of FFO.

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

(3) Represents components of net income (loss) related to the estimated changes in the values of our interest rate contract derivative. We have excluded this change in value from our evaluation of our operating performance and MFFO because such adjustments may not be reflective of our ongoing performance and may reflect unrealized impacts on our operating performance.

(4) Represents components of net income (loss) primarily resulting from transactions that are denominated in currencies other than our functional currencies. We have excluded these changes in value from our evaluation of our operating performance and MFFO because such adjustments may not be reflective of our ongoing performance and may reflect unrealized impacts on our operating performance.

(5) Includes the following components of revenues and expenses that we do not consider in evaluating our operating performance and determining MFFO for the three and six months ended June 30, 2016 and 2015 and the period from inception through June 30, 2016:

	Three months ended June 30,		Six months ended June 30,		Period from July 31, 2013 (date of inception) through June 30, 2016
	2016	2015	2016	2015	
Straight-line rent adjustment [(a)]	$ (163,739)	$ (173,400)	$ (333,148)	$ (280,067)	$ (966,027)
Amortization of lease incentives [(b)]	1,294	—	2,558	—	3,394
Amortization of out-of-market leases [(b)]	(93,412)	(96,260)	(184,648)	(129,578)	(496,831)
	$ (255,857)	$ (269,660)	$ (515,238)	$ (409,645)	$ (1,459,464)

(a) Represents the adjustments to rental revenue as required by GAAP to recognize minimum lease payments on a straight-line basis over the respective lease terms. We have excluded these adjustments from our evaluation of our operating performance and in determining MFFO because we believe that the rent that is billable during the current period is a more relevant measure of our operating performance for such period.

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

(6) Represents acquisition expenses and acquisition fees paid to our Advisor that are expensed in our condensed consolidated statements of operations. We fund such costs with proceeds from the Offering and/or acquisition-related indebtedness, and therefore do not consider these expenses in evaluating our operating performance and determining MFFO.

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

- For the three and six months ended June 30, 2016, we incurred $66,211 and $94,779, respectively, in distribution and stockholder servicing fees.

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 our debt financings, proceeds from the Offering, cash advances from our Advisor, cash resulting from a waiver or deferral of fees and/or proceeds from the sale of assets to fund distributions to our stockholders. For the six months ended June 30, 2016, we funded 44% of total distributions with cash flows from financing activities, which includes offering proceeds. For the six months ended June 30, 2015, we funded 21% of total distributions with cash flows from financing activities, which includes offering proceeds. Additionally, our Advisor waived $740,423 and $129,524 in asset management fees payable to it for the six months ended June 30, 2016 and 2015, respectively. 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 the Offering, cash advances by our Advisor and cash resulting from a waiver or deferral of fees.

From inception through June 30, 2016, we declared $7.0 million of cash distributions to our stockholders (including those reinvested in shares pursuant to our distribution reinvestment plan), compared to our total aggregate FFO loss of $376,781. During the Offering and investment stages, we incur acquisition fees and expenses in connection with our real estate investments, which are recorded as reductions to net income (loss) and FFO. From inception through June 30, 2016, we incurred acquisition fees and expenses totaling $7.7 million. For the six months ended June 30, 2016, we declared $4.0 million of cash distributions to our stockholders (including those reinvested in shares pursuant to our distribution reinvestment plan), compared to our total aggregate FFO of $2.1 million. For the six months ended June 2015, we declared $717,057 of cash distributions to our stockholders (including those reinvested in shares pursuant to our distribution reinvestment plan), compared to our total aggregate FFO loss of $3.8 million.

Related Party Transactions and Agreements

We have entered into agreements with our Advisor, Dealer Manager and Hines and its affiliates, whereby we pay certain fees and reimbursements to these entities during the various phases of our organization and operation. During the organization and offering stage, these include payments to our Dealer Manager for selling commissions, the dealer manager fee, distribution and stockholder servicing fees, and payments to our Advisor for reimbursement of issuer costs. During the acquisition and operational stages, these include payments for certain services related to acquisitions, financing and management of our investments and operations provided to us by our Advisor and Hines and its affiliates pursuant to various agreements we have entered into with these entities. See Note 7 — Related Party Transactions and Note 11 — Subsequent Events in this Quarterly Report on Form 10-Q for additional information concerning our related party transactions and agreements.

Off-Balance Sheet Arrangements

As of June 30, 2016 and December 31, 2015, 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

Cottonwood Corporate Center

In July 2016, we acquired Cottonwood Corporate Center, a four-building, Class-A office project located in Cottonwood, Utah, a submarket of Salt Lake City, Utah. The net purchase price was $139.2 million, exclusive of transaction costs and working capital reserves. Cottonwood Corporate Center was constructed during the period between in 1997 and 2000 and consists of 490,030 square feet of net rentable area that is 93% leased. We have not concluded our accounting for this recent acquisition, but we expect that the purchase price will primarily be allocated to building, land, in-place leases and out-of-market lease intangibles.

We entered into a loan agreement with Principal Life Insurance Company for a principal sum of $78.0 million to fund the acquisition of Cottonwood Corporate Center. The loan is secured by a first priority lien on our interest in Cottonwood Corporate Center and assignments of all of its leases and rents and the personal property on the premises of Cottonwood Corporate Center. Principal and interest accrued on the loan are due and payable on the first day of each month commencing in September 2016. The note has a fixed interest rate per annum equal to 2.98% and matures on August 1, 2023. The loan may be prepaid at any time on or after April 1, 2023, subject to certain conditions, including but not limited to providing 30 days' advance written notice to Principal Life and, in the event of prepayment of the loan prior to April 1, 2023, the payment of a prepayment penalty.

Amendment to the Dealer Manager Agreement, Update to Primary Share Offering Prices and Dividend Reinvestment Plan Prices

On July 25, 2016, we, the Dealer Manager and our Advisor entered into the Third Amended and Restated Dealer Manager Agreement, effective as of August 2, 2016 (the "Amended Dealer Manager Agreement"). Pursuant to the Amended Dealer Manager Agreement, our Advisor will pay a portion of the dealer manager fees payable to the dealer manager in an amount equal to 1.5% of the gross offering proceeds with respect to Class A Shares and Class T Shares sold in the primary Offering on and after August 2, 2016. Our Advisor will not be reimbursed by us in any way for the payment of such dealer manager fees.

In conjunction with the entry into the Amended Dealer Manager Agreement, our board of directors determined new primary offering prices of $9.96 per Class A Share and $9.411 per Class T Share, effective as of August 2, 2016. These new primary offering prices reflect a reduction equal to the per share amount of dealer manager fees our Advisor has agreed to pay with respect to the Class A Shares and Class T Shares sold in the primary Offering on and after August 2, 2016.

In addition, on July 25, 2016, our board of directors adopted the fourth amended and restated distribution reinvestment plan to reflect a new offering price for the Class A Shares to be issued pursuant to the distribution reinvestment plan. The offering price for the Class T Shares to be issued pursuant to the distribution reinvestment plan did not change. The fourth amended and restated distribution reinvestment plan will take effect on August 5, 2016, with offering prices of $9.46 per Class A Share and $9.08 per Class T Share. Distributions are reinvested pursuant to our distribution reinvestment plan on the first day of each month. Accordingly, since the fourth amended and restated distribution reinvestment plan takes effect on August 5, 2016, the new offering price of the Class A Shares under the distribution reinvestment plan will first be applied to distributions declared for the month of August 2016, which will be reinvested on September 1, 2016.

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

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market-sensitive instruments. In pursuing our business plan, we believe that interest rate risk, currency risk and real estate valuation risk are the primary market risks to which we are exposed. As of June 30, 2016, we were exposed to the market risks listed below.

Interest Rate Risk

We are exposed to the effects of interest rate changes primarily as a result of debt used to maintain liquidity and fund expansion of our real estate investment portfolio and operations. As of June 30, 2016, we had $95.6 million of variable-rate debt outstanding. If interest rates were to increase by 1%, we would incur an additional $955,941 in interest expense. Additionally, in March 2015, we entered into an interest rate cap to limit our exposure to rising interest rates related to our mortgage loan secured by Bishop's Square. See Note 5 — Debt Financing in the Notes to the Condensed Consolidated Financial Statements for more information concerning our outstanding debt.

Foreign Currency Risk

Our investment in Bishop's Square is subject to the effects of exchange rate movements between the Euro 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 a mortgage loan denominated in Euros for this investment, which provides a natural hedge with regard to changes in exchange rates between the Euro and U.S. dollar and reduces our exposure to exchange rate differences. Additionally, we are typically a net receiver of Euros, and, as a result, our foreign operations benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar. Based upon our analysis, a 10% immediate, unfavorable change in the exchange rate between the Euro and U.S. dollar would have decreased the net book value of our investment in Bishop's Square by approximately $3.8 million and would have reduced the quarterly net income (loss) of Bishop's Square by $123,432.

Other Risks

As described elsewhere in this Quarterly Report on Form 10-Q, our Advisor has agreed to waive the asset management fee otherwise payable to it pursuant to our Advisory Agreement for each of the quarters ended March 31, 2016, June 30, 2016, and September 30, 2016, to the extent that our MFFO, for each respective quarter, as disclosed in each Quarterly Report on Form 10-Q, for such quarter, amounts to less than 100% of the aggregate distributions declared for such quarter. There can be no assurances that our Advisor will continue this waiver subsequent to the third quarter of 2016, and if not, cash available to pay distributions in future periods may be reduced.

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, 2016, to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Change in Internal Controls

No changes have occurred in our internal controls over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarter ended June 30, 2016 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. *Legal Proceedings*

From time to time in the ordinary course of business, we or our subsidiaries may become subject to legal proceedings, claims or disputes. As of August 12, 2016, neither we nor any of our subsidiaries were a party to any material pending legal proceedings.

Item 1A. *Risk Factors*

We are subject to a number of risks and uncertainties, which are discussed in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015. With the exception of the risk factors set forth below, there have been no material changes from the risk factors set forth under Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015.

We have disclosed an estimated NAV per share of our common stock and the current purchase price our stockholders pay for shares of each class of our common stock in the Offering is higher than such estimated NAV per share. Neither the estimated NAV per share nor the offering price may be an accurate reflection of the fair market value of our assets and liabilities and likely will not represent the amount of net proceeds that would result if we liquidated or dissolved or the amount you would receive upon the sale of your shares.

Due to rules of the Financial Industry Regulatory Authority, or FINRA, and due to contractual obligations in the selling agreements between our participating broker dealers and our Dealer Manager, we may from time to time disclose an estimated NAV per share of our common stock. The price at which we sell shares of our common stock is likely to be in excess of such estimated NAV per share. For example, the estimated NAV per share of our common stock determined by our board of directors on April 13, 2016 of $9.03 per share is lower than the primary offering prices with respect to our Class A Shares and Class T Shares. National Association of Securities Dealers, or “NASD,” Conduct Rule 2340, which took effect on April 11, 2016, sets forth the obligations of FINRA members to provide per share values in customer account statements calculated in a certain manner. In accordance with this rule, the customer account statements that we issue to our stockholders will reflect the estimated NAV per share determined by our board of directors. In addition, we expect to use the estimated NAV per share as the deemed estimated per share value for purposes of reports to fiduciaries of retirement plans. Because we have used a portion of the proceeds from this offering to pay selling commissions, dealer manager fees and issuer costs in connection with our organization and the Offering, which reduce the amount of funds available for investment, unless our aggregate investments increase in value to compensate for these up-front fees and expenses, the estimated NAV per share, which will be the “value” shown on our stockholders’ account statements, will be lower than the purchase price paid by our stockholders in the Offering.

The estimated NAV per share and the primary offering price per share of each class of our common stock are likely to differ from the price that you would receive upon a resale of your shares or upon our liquidation because: (i) there is no public trading market for the shares at this time; (ii) the primary offering price involves the payment of underwriting compensation and other offering-related costs, which are likely to produce a higher purchase price than could otherwise be obtained; (iii) the estimated NAV per share and the primary offering price per share do not take into account how market fluctuations affect the value of our investments, including how disruptions in the financial and real estate markets may affect the values of our investments; and (v) the estimated NAV per share and the primary offering price per share do not take into account how developments related to individual assets may have increased or decreased the value of our portfolio.

Further, the estimated NAV per share and the primary offering price of each class of our common stock may not be an accurate reflection of the fair value of our assets and liabilities in accordance with GAAP, may not reflect the price at which we would be able to sell all or substantially all of our assets or the outstanding shares of our common stock in an arm’s-length transaction, may not represent the value that stockholders could realize upon a sale of the company or upon the liquidation of our assets and settlement of our liabilities, and may not be indicative of the prices at which Class A Shares or Class T Shares would trade if they were listed on a national securities exchange. In addition, any estimated NAV per share that we disclose may not be the equivalent of the disclosure of a market price by an open-ended real estate fund.

The methodology used to determine the estimated NAV per share of our common stock may be based upon assumptions, estimates and judgments that may not be accurate or complete, such that, if different property-specific and general real estate and capital market assumptions, estimates and judgments were used, it could result in an estimated NAV per share that is significantly different.

The U.S. Department of Labor, or DOL, has adopted certain amendments, including an amendment to the definition of "fiduciary" under the Employee Retirement Income Security Act of 1974, as amended, or ERISA, and the Code, which could impact our ability to raise significant additional capital in the Offering.

The DOL has adopted certain amendments, including an amendment to the definition of "fiduciary" under ERISA and the Code. The amendments have broadened the definition of "fiduciary" and have changed the prohibited transaction exemptions relating to investments by employee benefit plans subject to Title I of ERISA or retirement plans or accounts subject to Section 4975 of the Code (including individual retirement accounts). The amendments take effect between April 10, 2017 and January 1, 2018. The ultimate impact of the amendments is not yet known, but when they take effect, they could have a significantly negative effect on the sale of shares of our common stock to such plans or accounts.

Geographic concentration of our portfolio may make us particularly susceptible to adverse economic developments in the real estate markets of those areas.

In the event that we have a concentration of properties in, or real estate investments that invest in properties located in, a particular geographic area, our operating results and ability to make distributions are likely to be impacted by economic changes affecting the real estate markets in that area. Therefore, an investment in our common stock will be subject to greater risk to the extent that we lack a geographically diversified portfolio. As of June 30, 2016 and including the effect of our acquisition of Cottonwood Corporate Center on July 5, 2016, based on the estimated aggregate value of our real estate investments, approximately 8% of our portfolio consists of a property located in Carlsbad, California, approximately 34% consists of a property located in Dublin Ireland, approximately 17% consists of a property located near Las Vegas in Henderson, Nevada, and approximately 41% consists of a property located near Salt Lake City in Cottonwood Heights, Utah.

Industry concentration of our tenants may make us particularly susceptible to adverse economic developments in these industries.

In the event we have a concentration of tenants in a particular industry, our operating results and ability to make distributions may be adversely affected by adverse developments in those industries and we will be subject to a greater risk to the extent that our tenants are not diversified by industry. For example, based on leased square footage of our commercial real estate properties, as of June 30, 2016 and including the effect of our acquisition of Cottonwood Corporate Center on July 5, 2016, approximately 24% is leased to tenants in the manufacturing industry, approximately 22% is leased to tenants in the information industry, approximately 14% is leased to tenants in the government sector, approximately 12% is leased to tenants in the real estate industry, and approximately 11% is leased to tenants in the finance and insurance industry.

We will depend on tenants for our revenue, and therefore our revenue will be dependent on the success and economic viability of our tenants. Our reliance on single or significant tenants in certain buildings may decrease our ability to lease vacated space.

We expect that rental income from real property will, directly or indirectly, constitute a significant portion of our income. Delays in collecting accounts receivable from tenants could adversely affect our cash flows and financial condition. In addition, the inability of a single major tenant or a number of smaller tenants to meet their rental obligations would adversely affect our income. Therefore, our financial success will be indirectly dependent on the success of the businesses operated by the tenants in our properties or in the properties securing loans we may own. Of our total rental revenue for the six months ended June 30, 2016, approximately 34% was earned from the Commissioner of Public Works in Ireland, a state agency of Ireland, whose lease expires in 2028, 17% was earned from Acushnet, a tenant in the manufacturing industry, whose lease expires in 2019, and approximately 12% was earned from International Financial Data Services, an investor record-keeping and transfer agency provider, whose lease expires in 2024. The weakening of the financial condition or the bankruptcy or insolvency of a significant tenant or a number of smaller tenants and vacancies caused by defaults of tenants or the expiration of leases, may adversely affect our operations and our ability to pay distributions.

Generally, under U.S. bankruptcy law, a debtor tenant has 120 days to exercise the option of assuming or rejecting the obligations under any unexpired lease for nonresidential real property, which period may be extended once by the bankruptcy court. If the tenant assumes its lease, the tenant must cure all defaults under the lease and may be required to provide adequate assurance of its future performance under the lease. If the tenant rejects the lease, we will have a claim against the tenant's bankruptcy estate. Although rent owing for the period between filing for bankruptcy and rejection of the lease may be afforded administrative expense priority and paid in full, pre-bankruptcy arrears and amounts owing under the remaining term of the lease will be afforded general unsecured claim status (absent collateral securing the claim). Moreover, amounts owing under the remaining term of the lease will be capped. Other than equity and subordinated claims, general unsecured claims are the last claims paid in a bankruptcy and therefore funds may not be available to pay such claims in full. In addition, while the specifics of the bankruptcy laws of international jurisdictions may differ from the U.S. bankruptcy laws described herein, the bankruptcy or insolvency of a significant tenant or a number of smaller tenants at any of the international properties we may acquire, may similarly adversely impact our operations and our ability to pay distributions.

One of our properties is and in the future, we may invest in additional properties that are leased to a single or significant tenant and, accordingly, may be suited to the particular or unique needs of such tenant. We may have difficulty replacing such a tenant if the floor plan of the vacant space limits the types of businesses that can use the space without major renovation. In addition, the resale value of the property could be diminished because the market value of a particular property will depend principally upon the value of the leases of such property.

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

During the three months ended June 30, 2016, we did not sell or issue any equity securities that were not registered under the Securities Act of 1933, as amended (the “Securities Act”).

Use of Proceeds from Registered Securities

On August 20, 2014, the Registration Statement on Form S-11 (File No. 333-191106) for the Offering was declared effective under the Securities Act. The Offering commenced on August 20, 2014 and is currently expected to terminate on or before August 20, 2017, unless extended by our board of directors.

From August 20, 2014 through June 30, 2016, we received gross proceeds of approximately $138.8 million through the sale of 14.0 million Class A Shares and $36.4 million through the sale of 3.8 million Class T Shares to the public in connection with the Offering. Since August 20, 2014, we have used proceeds from the Offering to pay $14.4 million of selling commissions and dealer manager fees, as well as $4.1 million of issuer costs related to the Offering. See Note 7 — Related Party Transactions for additional information regarding the amendment to our Advisory Agreement executed in April 2016 and effective February 29, 2016, which has reduced the amount of issuer costs payable to our Advisor as a percentage of gross offering proceeds. As a result of the amendment to our Advisory Agreement, our Advisor reimbursed us for $4.0 million in issuer costs that we had previously reimbursed to our Advisor. The selling commissions and dealer manager fees were not paid with respect to the shares sold through our distribution reinvestment plan. The selling commissions and dealer manager fees were paid to our dealer manager, which is an affiliate of Hines and is wholly-owned, indirectly, by, or for the benefit of, our Chairman, Jeffrey C. Hines and his father, Gerald D. Hines.

Net proceeds available for investment after the payment of the costs described above were approximately $152.7 million. A portion of these proceeds, along with proceeds from debt financing, were used to make approximately $104.3 million of investments in real estate, including the purchase price of our investments, deposits paid for future acquisitions, acquisition fees and expenses, and costs of leveraging each real estate investment. We had approximately $48.8 million in uninvested offering proceeds as of June 30, 2016 which were used to acquire Cottonwood Corporate Center in July 2016.

Additionally, we have not generated sufficient cash flow from operations to fully fund distributions paid. From inception through June 30, 2016, a portion of our distributions have been funded with cash flows from financing activities, which includes offering proceeds. See "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition, Liquidity and Capital Resources — Distributions" for a description of the sources that have been used to fund our distributions.

Issuer Redemptions of Equity Securities

All eligible requests for redemptions that were received for the three months ended June 30, 2016 were redeemed using proceeds from our distribution reinvestment plan. The following table lists shares we redeemed under our share redemption program during the period covered by this report, including the average price paid per share.

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, 2016 to April 30, 2016	10,031	$ 10.00	10,031	34,356
May 1, 2016 to May 31, 2016	4,061	$ 9.99	4,061	35,591
June 1, 2016 to June 30, 2016	—	$ —	—	40,475
Total	14,092		14,092	

(1) This amount represents the number of shares available for redemption on June 30, 2016. Our share redemption program was first announced at the commencement of our initial public offering in August 2014. Our share redemption program does not have a fixed expiration date, but it is subject to significant restrictions and limitations and our board of directors may terminate, suspend or amend the program without stockholder approval. We may redeem shares on a monthly basis if the shares were held for at least one year and meet certain other conditions. Any such redemptions will be limited to the amount required to redeem 5% of the shares outstanding as of the same date in the prior calendar year, and unless our board of directors determines otherwise, redemptions will be further limited to the amount of proceeds received from our distribution reinvestment plan in the month prior to the month in which the redemption request was received. Per the terms of our share redemption program, we may waive the one-year holding requirement and limitations described above for share redemption requests made in connection with the bankruptcy, death or disability of a stockholder.

Item 3. *Defaults Upon Senior Securities*

Not applicable.

Item 4. *Mine Safety Disclosures*

Not applicable.

Item 5. *Other Information*

Not applicable.

Item 6. *Exhibits*

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

SIGNATURES

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

HINES GLOBAL REIT II, INC.

August 12, 2016	By:	/s/ Sherri W. Schugart
		Sherri W. Schugart
		President and Chief Executive Officer
August 12, 2016	By:	/s/ Ryan T. Sims
		Ryan T. Sims
		Chief Financial Officer and Secretary

INDEX TO EXHIBITS

Exhibit No.	Description
3.1	Articles of Amendment and Restatement of Hines Global REIT 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 “Registration Statement”) on August 15, 2014 and incorporated by reference herein)
3.2	Articles Supplementary of Hines Global REIT II, Inc. (filed as Exhibit 3.1 to Post-Effective Amendment No. 1 to the Registration Statement on December 12, 2014 and incorporated by reference herein)
3.3	Amended and Restated Bylaws of Hines Global REIT II, Inc. (filed as Exhibit 3.2 to Pre-Effective Amendment No. 5 to the Registration Statement on August 15, 2014 and incorporated by reference herein)
3.4	Articles Supplementary of Hines Global REIT II, Inc. (filed as Exhibit 3.1 to Post-Effective Amendment No. 6 to the Registration Statement on August 12, 2015 and incorporated by reference herein)
3.5	Amendment No. 1 to Amended and Restated Bylaws of Hines Global REIT II, Inc., dated September 23, 2015 (filed as Exhibit 3.5 to Post-Effective Amendment No. 7 to the Registration Statement on November 17, 2015 and incorporated by reference herein)
4.1	Forms of Subscription Agreement (filed as Appendix B-1 and Appendix B-2 to the Prospectus filed on August 12, 2015 and incorporated by reference herein)
4.2	Hines Global REIT II, Inc. Fourth Amended and Restated Distribution Reinvestment Plan, effective August 5, 2016 (filed as Appendix C to the Prospectus filed on August 2, 2016 and incorporated by reference herein)
10.1	Amendment No. 2 to Advisory Agreement, dated as of April 13, 2016 and effective as of February 29, 2016, among Hines Global REIT II Advisors LP, Hines Global REIT II Properties LP, and Hines Global REIT II, Inc. (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on April 15, 2016 and incorporated by reference herein)
10.2	Loan Agreement, dated as of January 29, 2016 by and between Wells Fargo Bank, National Association, as Lender and Hines Global REIT II 891 Coronado LLC, as Borrower (filed as Exhibit 10.5 to the Registrant's Current Report on Form 8-K on February 4, 2016 and incorporated by reference herein)
10.3	Promissory Note, dated as of January 29, 2016 by and between Hines Global REIT II 891 Coronado LLC, as borrower, and Wells Fargo Bank, National Association, as lender (filed as Exhibit 10.6 to the Registrant's Current Report on Form 8-K on February 4, 2016 and incorporated by reference herein)
10.4	Amendment No. 3 to Selected Dealer Agreement, dated April 12, 2016, by and among Hines Global REIT II, Inc., Hines Securities, Inc., Hines Global REIT II Advisors LP and Ameriprise Financial Services, Inc. (filed as Exhibit 10.23 to Post-Effective Amendment No. 8 to the Registration Statement on April 15, 2016 and incorporated by reference herein)
10.5	Sale, Purchase and Escrow Agreement, dated as of May 13, 2016, by and between NOP Cottonwood Holdings, LLC, HGREIT II Cottonwood Center LLC, Commonwealth Land Title Insurance Company, Hines Global REIT II Properties LP and National Office Partners LLC (filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed May 19, 2016 and incorporated by reference herein)
10.6*	Agreement of Purchase and Sale, dated as of June 24, 2016, by and between RT GOODYEAR, LLC and HGREIT II Goodyear Crossing LLC
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.”
101*	The following materials from Hines Global REIT II, Inc.’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, filed on August 12, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Equity (Deficit), (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements.

*	Filed herewith