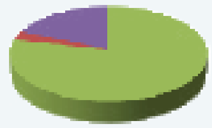
CLOSED REIT

Nontraded REIT Industry Review: First Quarter 2014

BlueVault PARTNERS, LLC

Hines Real Estate Investment Trust, Inc.

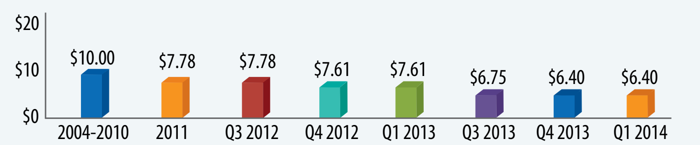
Total Assets......................... $2,625.8 Million
Real Estate Assets .... $2,053.0 Million
Cash ....$82.3 Million
Securities ....$0.0 Million
Other ....$490.4 Million



Initial Offering Date: ....June 18, 2004
Offering Close Date: .... December 31, 2009
Current Price per Share: $6.40
Reinvestment Price per Share: $6.40
Cumulative Capital Raised during Offering (including DRP)....................................$2,562.1 Million

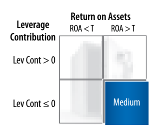
Cash to Total Assets Ratio: 3.1%
Asset Type: ....Office
Number of Properties: 39
Square Feet / Units / Rooms / Acres: .... 19,788,861 Sq. Ft.
Percent Leased: 85%
Weighted Average Lease Term Remaining:...................Not Available
LifeStage:...Maturing
Investment Style: .... Core
Weighted Average Shares Outstanding: 227,765,000

Historical Price



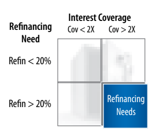
Performance Profiles

Operating Performance



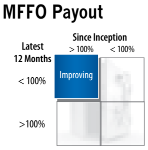
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is not increasing returns to shareholders.

Financing Outlook



Interest coverage ratio is above the 2.0X benchmark but more than 20% of the REIT's debt matures within two years or is at unhedged variable rates. The REIT may face difficulties in refinancing its borrowings or interest rate risk from increasing rates, but earnings currently provide coverage of interest expense.

Cumulative MFFO Payout



The REIT has not achieved a level of MFFO in excess of cash distributions since inception and the latest 12-month results indicate cash distributions exceed MFFO, a trend which must be eventually reversed for distribution sustainability.

Summary

The REIT's return on assets for the last four quarters was 2.32%, not much above the yield on 10-Year Treasuries of 1.87%, and it had a negative leverage contribution due to its 4.00% average cost of debt and 45.2% debt ratio. With 34.5% of the REIT's debt maturing within two years and 45% at unhedged variable rates, there are significant refinancing requirements and interest rate risk in the short term. Its interest coverage ratio for the last four quarters at 4.8X was well above the 2.0X benchmark. Since inception the REIT has paid out 125% of estimated MFFO in cash distributions (excluding DRP), including the special distribution in 2013, but this rate was an estimated 82% for the last four quarters when the special distribution is excluded.

Contact Information

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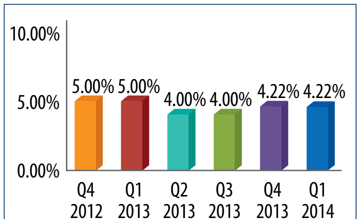
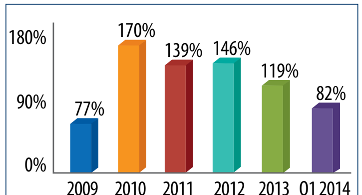
Historical Distribution

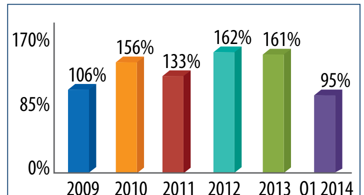


Historical FFO Payout Ratio



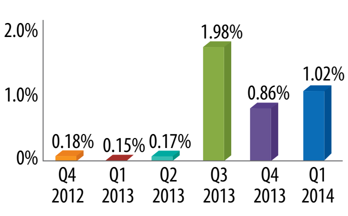
2014 YTD Dist. Paid:......$15,597,000
2014 YTD FFO:...............$18,924,000
*See Note

Historical MFFO Payout Ratio

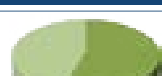


2014 YTD Dist. Paid:......$15,597,000
2014 YTD MFFO:............$16,394,000
Company reported MFFO – see notes

Redemptions

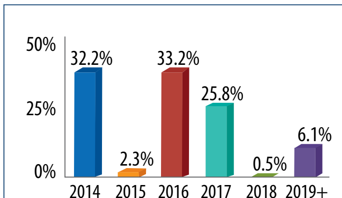


Debt Breakdown

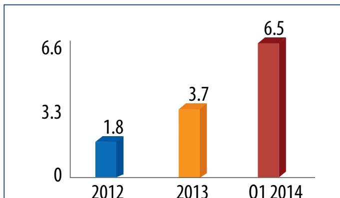


Debt to Total Assets Ratio:...............45.2%
Total: .... $1,185.6 Million
Fixed: .... $649.7 Million
Variable .... $535.9 Million
Avg. Wtd. Rate: 4.00%
Loan Term: .... 2 – 4 yrs

Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- During 1Q 2014 the Company acquired one property, the Howard Hughes Center, for $510.7 million. In March 2014, the Company sold a building in its Minneapolis Office/Flex Portfolio for a contract sales price of $8.1 million.
- As of March 31, 2014, the Company owned direct and indirect investments in 39 properties. These properties consisted of 30 U.S. office properties, one industrial property in Dallas, Texas and a portfolio of eight grocery-anchored shopping centers located in four states primarily in the southeastern United States.
- In January 2014, the Company dissolved its joint venture with Weingarten Realty Investors, through which the Company and Weingarten held a portfolio of 12 grocery-anchored shopping centers. As a result of the dissolution of the joint venture, eight of the properties were distributed to the Company and the remaining four properties were distributed to Weingarten and an additional $0.4 million in cash was paid to the Company by Weingarten.
- In May 2014, the Company sold the remaining buildings in the Minneapolis Office/Flex Portfolio. The Minneapolis Office/Flex Portfolio is a portfolio of nine office/flex buildings located in the southwest and midway submarkets of Minneapolis, Minnesota. The contract sales price of the entire portfolio, including the building sold in March 2014, which the Company acquired in September 2007 for a net contract purchase price of $87.0 million, was $75.5 million.
- The REIT's Cash to Total Assets ratio decreased to 3.1% as of 1Q 2014 compared to 11.5% as of 1Q 2013
- The REIT's Debt to Total Assets ratio increased to 45.2% as of 1Q 2014 compared to 43.1% as of 1Q 2013.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- For the three months ended March 31, 2014, the Company funded cash distributions with cash flows from operating activities (100%). Cash distributions of $15.165 million declared in 1Q 2014 included $5.613 million reinvested via the DRP.