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

FORM 10-Q

☒Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2015

☐ Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 000-53912

HARTMAN SHORT TERM INCOME PROPERTIES XX, INC.

(Exact name of registrant as specified in its charter)

Maryland	**26-3455189**
(State of Organization)	(I.R.S. Employer Identification Number)
2909 Hillcroft, Suite 420 Houston, Texas	**77057**
(Address of principal executive offices)	(Zip Code)

(713) 467-2222
(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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. 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. (Check one):

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

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

As of May 6, 2015 there were 9,937,616 shares of the Registrant's common shares issued and outstanding, 19,000 of which were held by an affiliate of the Registrant.

Hartman Short Term Income Properties XX, Inc. and Subsidiaries
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PART I

FINANCIAL INFORMATION

Item 1. Financial Statements

HARTMAN SHORT TERM INCOME PROPERTIES XX, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2015	December 31, 2014
ASSETS	(Unaudited)	
Real estate assets, at cost	$ 116,532,370	$ 115,927,596
Accumulated depreciation and amortization	(15,355,435)	(12,904,556)
Real estate assets, net	101,176,935	103,023,040
Cash and cash equivalents	11,525,349	4,428,594
Restricted cash	7,100,000	7,100,000
Accrued rent and accounts receivable, net	1,803,064	1,388,420
Deferred loan and leasing commission costs, net	2,792,923	2,802,175
Goodwill	249,686	249,686
Prepaid expenses and other assets	1,991,526	1,444,319
Total assets	$ 126,639,483	$ 120,436,234
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Notes payable	$ 59,334,452	$ 59,617,848
Accounts payable and accrued expenses	3,151,424	4,940,892
Due to related parties	213,760	507,604
Tenants' security deposits	784,335	797,842
Total liabilities	63,483,971	65,864,186
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, $0.001 par value, 200,000,000 convertible, non-voting shares authorized, 1,000 shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively	1	1
Common stock, $0.001 par value, 750,000,000 authorized, 9,229,353 shares and 8,047,132 shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively	9,229	8,047
Additional paid-in capital	85,978,097	74,996,481
Accumulated distributions and net loss	(22,831,815)	(20,432,481)
Total stockholders' equity	63,155,512	54,572,048
Total liabilities and total stockholders' equity	$ 126,639,483	$ 120,436,234

The accompanying notes are an integral part of these consolidated financial statements.

HARTMAN SHORT TERM INCOME PROPERTIES XX, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,			
	2015		**2014**	
Revenues				
Rental revenues	$	4,149,994	$	1,784,161
Tenant reimbursements and other revenues		728,334		269,418
Total revenues		4,878,328		2,053,579
Expenses				
Property operating expenses		1,210,019		552,665
Asset management and acquisition fees		201,218		450,778
Organization and offering costs		137,821		60,758
Real estate taxes and insurance		722,324		376,055
Depreciation and amortization		2,450,879		1,110,587
General and administrative		319,547		121,415
Interest expense		757,631		123,652
Total expenses		5,799,439		2,795,910
Net loss		(921,111)		(742,331)
Basic and diluted loss per common share:				
Net loss attributable to common stockholders	$	(0.11)	$	(0.11)
Weighted average number of common shares outstanding, basic and diluted		8,560,342		6,497,474

The accompanying notes are an integral part of these consolidated financial statements.

HARTMAN SHORT TERM INCOME PROPERTIES XX, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-In	Accumulated Distributions	
	Shares	Amount	Shares	Amount	Capital	and Net Loss	Total
Balance, December 31, 2014	1,000	$1	8,047,132	$8,047	$74,996,481	($20,432,481)	$54,572,048
Issuance of common shares (cash investment), net of redemptions	-	-	1,101,107	1,101	10,682,193	-	10,683,294
Issuance of common shares (non-cash)	-	-	81,114	81	773,498	-	773,579
Selling commissions	-	-	-	-	(474,075)	-	(474,075)
Dividends and distributions (stock)	-	-	-	-	-	(756,669)	(756,669)
Dividends and distributions (cash)	-	-	-	-	-	(721,554)	(721,554)
Net loss	-	-	-	-	-	(921,111)	(921,111)
Balance, March 31, 2015	1,000	$1	9,229,353	$9,229	$85,978,097	($22,831,815)	$63,155,512

The accompanying notes are an integral part of these consolidated financial statements.

HARTMAN SHORT TERM INCOME PROPERTIES XX, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Cash flows from operating activities:		
Net loss	$ (921,111)	$ (742,331)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Stock based compensation	15,000	35,000
Depreciation and amortization	2,450,879	1,110,587
Deferred loan and lease commission costs amortization	116,537	66,025
Bad debt (recovery) provision	(50,279)	6,719
Changes in operating assets and liabilities:		
Accrued rent and accounts receivable	(364,365)	(153,221)
Deferred leasing commissions	(82,269)	(285,162)
Prepaid expenses and other assets	522,750	(26,986)
Accounts payable and accrued expenses	(2,001,021)	287,592
Due to related parties	(293,844)	124,241
Tenants' security deposits	(13,507)	13,295
Net cash (used in) provided by operating activities	(621,230)	435,759
Cash flows from investing activities:		
Acquisition deposits	(700,000)	(1,000,000)
Additions to real estate	(604,774)	(14,291,392)
Net cash used in investing activities	(1,304,774)	(15,291,392)
Cash flows from financing activities:		
Distributions paid in cash	(703,281)	(568,290)
Payment of selling commissions	(474,075)	(251,861)
Payment of deferred loan costs	(25,016)	-
Repayment of insurance premium finance note	(72,933)	(21,891)
Proceeds from insurance premium finance note	268,124	137,550
Repayments under term loan notes	(283,396)	-
Proceeds from revolving credit advances	-	14,600,000
Repayment of revolving credit advances	-	(1,600,000)
Proceeds from issuance of common stock, net of redemptions	10,313,336	2,864,694
Net cash provided by financing activities	9,022,759	15,160,202
Net change in cash and cash equivalents	7,096,755	304,569
Cash and cash equivalents at the beginning of period	4,428,594	143,038
Cash and cash equivalents at the end of period	$ 11,525,349	$ 447,607
Supplemental cash flow information:		
Cash paid for interest	703,886	54,169
Supplemental disclosures of non-cash investing and financing activities:		
Increase in distribution payable	43,089	10,653
Distributions made to common stockholders through common stock issuances pursuant to the distribution reinvestment plan	713,580	535,309

The accompanying notes are an integral part of these consolidated financial statements.

As used herein, the terms "we," "our," "us," and "the Company" refers to Hartman Short Term Income Properties XX, Inc. and our consolidated subsidiaries, except where the context requires otherwise.

Note 1 — Organization and Business

Hartman Short Term Income Properties XX, Inc. (the "Company"), is a Maryland corporation formed on February 5, 2009. The Company elected to be treated as a real estate investment trust ("REIT") beginning with the taxable year ending December 31, 2011. Effective July 16, 2013, the Company is offering $200,000,000 of its common shares to the public in its follow-on offering (exclusive of $19,000,000 of its common shares available pursuant to the Company's distribution reinvestment plan) at a price of $10.00 per share. The offering price for shares offered in the follow-on offering was determined by the Company's board of directors. The Company's board of directors may change the price at which the Company offers shares to the public from time to time during the follow-on offering, but not more frequently than quarterly, to reflect changes in the Company's estimated per-share net asset value and other factors the Company's board of directors deems relevant.

The Company was originally a majority owned subsidiary of Hartman XX Holdings, Inc. Hartman XX Holdings, Inc. is a Texas corporation wholly owned by Allen R. Hartman. The Company sold 19,000 shares to Hartman XX Holdings, Inc. at a price of $10.00 per share. The Company has also issued 1,000 shares of convertible preferred shares to its advisor, Hartman Advisors LLC, at a price of $10.00 per share. Hartman Advisors LLC (the "Advisor") is the Company's advisor. The Advisor is owned 70% by Allen R. Hartman, the Company's Chief Executive Officer and Chairman of the Board of Directors and 30% by Hartman Income REIT Management, Inc. (the "Property Manager"). The Property Manager is a wholly owned subsidiary of Hartman Income REIT, Inc. of which approximately 20% is beneficially owned by Allen R. Hartman.

On April 11, 2014, we formed Hartman XX Limited Partnership, a Texas limited partnership (the "Operating Partnership"). On March 7, 2014, we formed Hartman XX REIT GP LLC, a Texas limited liability company, to serve as the sole general partner of the Operating Partnership. We are the sole limited partner of the Operating Partnership. Our single member interests in our limited liability company subsidiaries are owned by the Operating Partnership or its wholly owned subsidiaries.

As of March 31, 2015, we had issued 9,466,553 shares of our common stock in our initial and follow-on offerings, including 587,847 shares of our common stock pursuant to our distribution reinvestment plan, resulting in gross offering proceeds of $92,226,410. Total shares issued and outstanding as of March 31, 2015 include 36,875 shares of our common stock issued as non-employee compensation to members of our board of directors and certain executives of our Property Manager.

The management of the Company is through the Advisor. Management of the Company's properties is through the Property Manager. D.H. Hill Securities LLLP (the "Dealer Manager") serves as the dealer manager of the Company's public offering. These parties receive compensation and fees for services related to the offering and for the investment and management of the Company's assets. These parties will receive fees during the offering, acquisition, operational and liquidation stages.

As of March 31, 2015, we owned 9 commercial properties comprising approximately 1,377,422 square feet plus 3 pad sites. We own 4 properties located in Richardson, Arlington, and Dallas, Texas, 4 properties located in Houston, Texas and 1 property located in San Antonio, Texas. As of March 31, 2014, we owned 4 commercial properties located in Richardson, Arlington, and Dallas, Texas and 1 commercial property located in Houston, Texas, for a total of 5 commercial properties, comprising approximately 725,895 square feet plus 3 pad sites.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements included in this report are unaudited; however, amounts presented in the consolidated balance sheet as of December 31, 2014 are derived from our audited consolidated financial statements as of that date. The unaudited consolidated financial statements as of March 31, 2015 have been prepared by us in accordance with accounting principles generally accepted in the United States ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission, including Form 10-Q and Regulation S-X, on a basis consistent with the annual audited consolidated financial statements. The consolidated financial statements presented herein reflect all adjustments (consisting of normal recurring accruals and adjustments), which are, in the opinion of management, necessary to fairly present the financial position of the Company as of March 31, 2015, and the results of consolidated operations for the three months ended March 31, 2015 and 2014, the consolidated statements of stockholders' equity for the three months ended March 31, 2015 and the consolidated statements of cash flows for the three months ended March 31, 2015 and 2014. The results of the three months ended March 31, 2015 are not necessarily indicative of the results to be expected for the year ending December 31, 2015.

The consolidated financial statements herein are condensed and should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

These unaudited consolidated financial statements include the accounts of the Company, the Operating Partnership and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

We have reclassified certain prior period amounts in the accompanying consolidated financial statements in order to be consistent with the current period presentation. These reclassifications had no effect on net loss, total assets, total liabilities or stockholders' equity.

Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. Cash and cash equivalents as of March 31, 2015 and December 31, 2014 consisted of demand deposits at commercial banks.

Restricted Cash

Restricted cash represents cash for which the use of funds is restricted by certain loan documents. As of March 31, 2015 and December 31, 2014, the Company had a restricted cash balance of $7,100,000, respectively, which represents amounts set aside as impounds to be disbursed to the Company (i) upon its achieving incremental occupancy and gross income thresholds at the Richardson Heights Property and the Bent Tree Green Property, and (ii) the completion of certain agreed upon capital repairs at the Cooper Street Property and the Mitchelldale

Property. Restricted cash includes $6,500,000 of loan proceeds and $600,000 in cash, which have been deposited in an escrow account with a loan servicer.

Financial Instruments

The accompanying consolidated balance sheets include the following financial instruments: cash and cash equivalents, restricted cash, accrued rent and accounts receivable, accounts payable and accrued expenses and due from (to) related parties. The Company considers the carrying value to approximate the fair value of these financial instruments based on the short duration between origination of the instruments and their expected realization. Based on borrowing rates currently available to the Company for loans with similar terms, the carrying value of its notes payable approximates fair value.

Revenue Recognition

Our leases are accounted for as operating leases. Certain leases provide for tenant occupancy during periods for which no rent is due and/or for increases or decreases in the minimum lease payments over the terms of the leases. Revenue is recognized on a straight-line basis over the terms of the individual leases. Revenue recognition under a lease begins when the tenant takes possession of or controls the physical use of the leased space. When the Company acquires a property, the term of existing leases is considered to commence as of the acquisition date for the purposes of this calculation. Accrued rents are included in accrued rent and accounts receivable, net. In accordance with Accounting Standards Codification (“ASC”) 605-10-S99, Revenue Recognition, the Company will defer the recognition of contingent rental income, such as percentage rents, until the specific target that triggers the contingent rental income is achieved. Cost recoveries from tenants are included in tenant reimbursement and other revenues in the period the related costs are incurred.

Real Estate

Allocation of Purchase Price of Acquired Assets

Upon the acquisition of real properties, it is the Company’s policy to allocate the purchase price of properties to acquired tangible assets, consisting of land and buildings, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, other value of in-place leases and leasehold improvements and value of tenant relationships, based in each case on their fair values. The Company utilizes internal valuation methods to determine the fair values of the tangible assets of an acquired property (which includes land and buildings).

The fair values of above-market and below-market in-place lease values, including below-market renewal options for which renewal has been determined to be reasonably assured, are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (a) the contractual amounts to be paid pursuant to the in-place leases and (b) an estimate of fair market lease rates for the corresponding in-place leases and below-market renewal options, which is generally obtained from independent appraisals, measured over a period equal to the remaining non-cancelable term of the lease. The above-market and below-market lease and renewal option values are capitalized as intangible lease assets or liabilities and amortized as an adjustment of rental income over the remaining expected terms of the respective leases.

The fair values of in-place leases include direct costs associated with obtaining a new tenant, opportunity costs associated with lost rentals which are avoided by acquiring an in-place lease, and tenant relationships. Direct costs associated with obtaining a new tenant include commissions, tenant improvements, and other direct costs and are estimated based on independent appraisals and management’s consideration of current market costs to execute a similar lease. These direct costs are included in intangible lease assets and are amortized to expense over the remaining terms of the respective leases. The value of opportunity costs is calculated using the contractual amounts to be paid pursuant to the in-place leases over a market absorption period for a similar lease. Customer relationships are valued based on expected renewal of a lease or the likelihood of obtaining a particular tenant for other locations. These intangibles are included in real estate assets in the consolidated balance sheets and are being amortized to expense over the remaining term of the respective leases.

The determination of the fair values of the assets and liabilities acquired requires the use of significant assumptions with regard to the current market rental rates, rental growth rates, discount rates and other variables. The use of inappropriate estimates would result in an incorrect assessment of the purchase price allocations, which could impact the amount of the Company's reported net loss.

Depreciation and amortization

Depreciation is computed using the straight-line method over the estimated useful lives of 5 to 39 years for buildings and improvements. Tenant improvements are depreciated using the straight-line method over the lesser of the life of the improvement or the remaining term of the lease. In-place leases are amortized using the straight-line method over the weighted average years calculated on terms of all of the leases in-place when acquired.

Impairment

We review our real estate assets for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of the assets, including accrued rental income, may not be recoverable through operations. We determine whether an impairment in value has occurred by comparing the estimated future cash flows (undiscounted and without interest charges), including the estimated residual value of the property, with the carrying cost of the property. If impairment is indicated, a loss will be recorded for the amount by which the carrying value of the property exceeds its fair value. Management has determined that there has been no impairment in the carrying value of our real estate assets as of March 31, 2015.

Projections of expected future cash flows require management to estimate future market rental income amounts subsequent to the expiration of current lease agreements, property operating expenses, discount rates, the number of months it takes to release the property and the number of years the property is held for investment. The use of inappropriate assumptions in the future cash flow analysis would result in an incorrect assessment of the property's future cash flow and fair value and could result in the overstatement of the carrying value of our real estate and related intangible assets and net income.

Accrued Rent and Accounts Receivable

Included in accrued rent and accounts receivable are base rents, tenant reimbursements and receivables attributable to recording rents on a straight-line basis. An allowance for the uncollectible portion of accrued rent and accounts receivable is determined based upon customer credit-worthiness (including expected recovery of our claim with respect to any tenants in bankruptcy), historical bad debt levels, and current economic trends.

Deferred Loan and Leasing Commission Costs

Loan costs are amortized using the straight-line method over the terms of the loans, which approximates the interest method. Leasing commissions are amortized using the straight-line method over the term of the related lease agreements.

Goodwill

GAAP requires the Company to test goodwill for impairment at least annually or more frequently whenever events or circumstances occur indicating goodwill might be impaired. The Company has the option to perform a qualitative assessment to determine if it is more likely than not that the fair value is less than the carrying amount. If the qualitative assessment determines that it is more likely than not that the fair value is less than the carrying amount, or if the Company elects to bypass the qualitative assessment, the Company performs a two-step impairment test. In the first step, management compares its net book value of the Company to the carrying amount of goodwill at the balance sheet date. In the event net book value of the Company is less than the carrying amount of goodwill, the Company proceeds to step two and assesses the need to record an impairment charge. No goodwill impairment has been recognized in the accompanying consolidated financial statements.

Organization and Offering Costs

The Company has incurred certain expenses in connection with organizing the Company. These costs principally relate to professional and filing fees. For the three months ended March 31, 2015 and 2014, such costs totaled $137,821 and $60,758, respectively.

Organization and offering costs will be reimbursed by the Advisor to the extent that organization and offering costs ultimately exceed 1.5% of gross offering proceeds. As of March 31, 2015 and December 31, 2014, respectively, the amount of offering and organizational expenses incurred in excess of 1.5% of gross offering proceeds was cumulatively $512,596 and $535,023 for the Company's initial and follow-on offerings. No demand has been made of the Advisor for reimbursement as of March 31, 2015 and no receivable has been recorded with respect to the excess costs as of that date. The Company expects the excess cost to diminish as additional offering proceeds are received. Selling commissions in connection with the offering are recorded and charged to additional paid-in capital.

Stock-Based Compensation

The Company follows ASC 718, Compensation-Stock Compensation (ASC 718) with regard to issuance of stock in payment of services. ASC 718 requires that compensation cost relating to share-based payment transactions be recognized in the consolidated financial statements. The compensation cost is measured based on the fair value of the equity or liability instruments issued.

Stock-based compensation expense is included in general and administrative expense in the accompanying consolidated statements of operations.

Advertising

The Company expenses advertising costs as incurred and such costs are included in general and administrative expenses in the accompanying consolidated statements of operations. Advertising costs totaled $28,630 and $4,601 for the three months ended March 31, 2015 and 2014, respectively.

Income Taxes

We have elected to be treated as a REIT under the Internal Revenue Code of 1986, as amended, beginning with our taxable year ended December 31, 2011. To qualify as a REIT, the Company must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of the Company's annual REIT taxable income to stockholders (which is computed without regard to the dividends-paid deduction or net capital gain and which does not necessarily equal net income as calculated in accordance with GAAP). As a REIT, the Company generally will not be subject to federal income tax on income that it distributes as dividends to its stockholders. If the Company fails to qualify as a REIT in any taxable year, it will be subject to federal income tax on its taxable income at regular corporate income tax rates and generally will not be permitted to qualify for treatment as a REIT for federal income tax purposes for the four taxable years following the year during which qualification is lost, unless the Internal Revenue Service grants the Company relief under certain statutory provisions. Such an event could materially and adversely affect the Company's net income and net cash available for distribution to stockholders. However, the Company believes that it is organized and will operate in such a manner as to qualify for treatment as a REIT.

For the three months ended March 31, 2015 and 2014, the Company incurred a net loss of $921,111 and $742,331, respectively. The Company does not currently anticipate forming any taxable REIT subsidiaries or otherwise generating future taxable income which may be offset by the net loss carry forward. The Company considers that any deferred tax benefit and corresponding deferred tax asset which may be recorded in light of the net loss carry forward would be properly offset by an equal valuation allowance in that no future taxable income is expected. Accordingly no deferred tax benefit or deferred tax asset has been recorded in the accompanying consolidated financial statements.

The Company is required to recognize in its consolidated financial statements the financial effects of a tax position only if it is determined that it is more likely than not that the tax position will not be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Management has reviewed the Company's tax positions and is of the opinion that material positions taken by the Company would more likely than not be sustained upon examination. Accordingly, the Company has not recognized a liability related to uncertain tax positions.

Loss Per Share

The computations of basic and diluted loss per common share are based upon the weighted average number of common shares outstanding and potentially dilutive securities. The Company's potentially dilutive securities include preferred shares that are convertible into the Company's common stock. As of March 31, 2015 and 2014, there were no shares issuable in connection with these potentially dilutive securities. These potentially dilutive securities were excluded from the computations of diluted net loss per share for the three months ended March 31, 2015 and 2014 because no shares are issuable and inclusion of such potentially dilutive securities would have been anti-dilutive.

Concentration of Risk

We maintain cash accounts in one U.S. financial institution. The terms of these deposits are on demand to minimize risk. The balances of these accounts may exceed the federally insured limits. No losses have been incurred in connection with these deposits.

The geographic concentration of the Company's real estate assets makes it susceptible to adverse economic developments in the State of Texas. Any adverse economic or real estate developments in these markets, such as business layoffs or downsizing, relocations of businesses, increased competition or any other changes, could adversely affect the Company's operating results and its ability to make distributions to stockholders

The sole tenant of the Gulf Plaza property represents 14.4% of rental revenues for the year ended March 31, 2015.

Note 3 — Real Estate

Real estate assets consisted of the following:

	March 31, 2015	December 31, 2014
Land	$ 26,829,000	$ 26,829,000
Buildings and improvements	61,292,632	60,687,858
In-place lease value intangible	28,410,738	28,410,738
	116,532,370	115,927,596
Less accumulated depreciation and amortization	(15,355,435)	(12,904,556)
Total real estate assets	$ 101,176,935	$ 103,023,040

Depreciation expense for the three months ended March 31, 2015 and 2014 was $792,154 and $389,827, respectively. Amortization expense of in-place lease value intangible was $1,658,725 and $720,760 for the three months ended March 31, 2015 and 2014, respectively.

Acquisition fees paid to Advisor were $0 and $348,750 for the three months ended March 31, 2015 and 2014, respectively. Asset management fees paid to Advisor were $201,218 and $102,028 for the three months ended March 31, 2015 and 2014, respectively. Asset management and acquisition fees are captioned as such in the accompanying consolidated statements of operations for the three months ended March 31, 2015 and 2014, respectively.

On March 11, 2014, the Company acquired an office building comprising approximately 120,651 square feet located in Houston, Texas, commonly known as Gulf Plaza (the “Gulf Plaza Property”) through Hartman Gulf Plaza LLC (“Gulf Plaza LLC”), a wholly owned subsidiary of the Operating Partnership. The Gulf Plaza Property was acquired for $13,950,000, exclusive of closing costs, from fourteen tenant-in-common investors, including Hartman Gulf Plaza Acquisitions, LP (“Acquisitions”) which owned 1% of the Gulf Plaza Property. Acquisitions is an affiliate of our Property Manager, which indirectly owns approximately 15% of Acquisitions. The Gulf Plaza Property was 100% occupied at the acquisition date. An acquisition fee of $348,750 was earned by the Advisor in connection with the purchase of the Gulf Plaza Property.

The following table summarizes the fair value of the Gulf Plaza Property assets acquired and liabilities assumed based upon our initial purchase price allocations as of the respective acquisition dates:

Assets acquired:	
Real estate assets	$ 13,950,000
Other assets	112,316
Total assets acquired	14,062,316
Liabilities assumed:	
Accounts payable and accrued expenses	292,347
Security deposits	-
Total liabilities assumed	292,347
Fair value of net assets acquired	$ 13,769,969

We identify and record the value of acquired lease intangibles at the property acquisition date. Such intangibles include the value of acquired in-place leases and above and below-market leases. Acquired lease intangibles are amortized over the leases' remaining terms. With respect to all properties owned by the Company, we consider all of the in-place leases to be market rate leases.

The amount of total in-place lease intangible asset and the respective accumulated amortization are as follows:

	March 31, 2015	December 31, 2014
In-place lease value intangible	$ 28,410,738	$ 28,410,738
In-place leases – accumulated amortization	(10,254,324)	(8,595,599)
Acquired lease intangible assets, net	$ 18,156,414	$ 19,815,139

Note 4 — Accrued Rent and Accounts Receivable, net

Accrued rent and accounts receivable, net, consisted of the following:

	March 31, 2015		December 31, 2014	
Tenant receivables	$	429,567	$	361,373
Accrued rent		1,540,156		1,243,985
Allowance for uncollectible accounts		(166,659)		(216,938)
Accrued rents and accounts receivable, net	$	1,803,064	$	1,388,420

As of March 31, 2015 and December 31, 2014, we had an allowance for uncollectible accounts of $166,659 and $216,938, respectively. For the three months ended March 31, 2015 and 2014, we recorded bad debt (recovery) expense in the amount of ($50,279) and $6,719, respectively, related to tenant receivables that we have specifically identified as potentially uncollectible based on our assessment of each tenant's credit-worthiness. Bad debt expense and any related recoveries are included in property operating expenses in the accompanying consolidated statements of operations.

Note 5 — Deferred Loan and Leasing Commission Costs, net

Costs which have been deferred consist of the following:

	March 31, 2015		December 31, 2014	
Deferred loan and leasing commission costs	$	3,236,801	$	3,129,516
Less: accumulated amortization		(443,878)		(327,341)
Total cost, net of accumulated amortization	$	2,792,923	$	2,802,175

Note 6 — Notes Payable

The Company is a party to a $30.0 million revolving credit agreement (the "Credit Facility") with a bank. The borrowing base of the Credit Facility may be adjusted from time to time subject to the lender's underwriting with respect to real property collateral. The Credit Facility was secured by the Richardson Heights Property, the Cooper Street Property, the Bent Tree Green Property and the Parkway Property. On June 13, 2014, the Company entered into a modification agreement pursuant to which the Richardson Heights Property, the Cooper Street Property, and the Bent Tree Green Property were released as collateral for the Credit Facility. On July 2, 2014, the Company entered into a further modification agreement of the Credit Facility to add the Gulf Plaza Property as collateral and the borrowing base of the Credit Facility, as further modified, was increased to $7.0 million. On January 23, 2015, the Credit Facility was modified to add the Timbercreek and Copperfield properties as collateral and the borrowing base of the Credit Facility was increased to $9.9 million. The Credit Facility note bears interest at greater of 4.5% per annum or the bank's prime rate plus 1% per annum. The interest rate was 4.5% per annum as of March 31, 2015. The loan matures on May 9, 2016.

The outstanding balance under the Credit Facility was $0 as of March 31, 2015 and December 31, 2014, respectively. As of March 31, 2015 the amount available to be borrowed is $9.9 million. As of March 31, 2015, we were in compliance with all loan covenants.

The following is a summary of the mortgage notes payable as of March 31, 2015:

Collateral Property Name	Payment Type	Maturity	Rate	Principal Balance
Richardson Heights Property (1)(2)	Principal and interest	July 1, 2041	4.61%	$ 19,912,113
Cooper Street Property (1)(3)	Principal and interest	July 1, 2041	4.61%	8,280,285
Bent Tree Green Property (1)(2)	Principal and interest	July 1, 2041	4.61%	8,280,285
Mitchelldale Property (1)(3)	Principal and interest	July 1, 2041	4.61%	12,543,646
Energy Plaza I & II	Principal and interest	June 10, 2021	5.30%	10,318,123
				$ 59,334,452

(1) Each promissory note contains a call option wherein the holder of the promissory note may declare the outstanding balance due and payable on either July 1, 2024, July 1, 2029, July 1, 2034, or July 1, 2039.

(2) In connection with the loans secured by the Richardson Heights Property and the Bent Tree Green Property, we entered into a reserve agreement with the lender which requires that loan proceeds of $5,525,000 and $975,000, respectively, be deposited with the loan servicer. The escrowed loan proceeds will be released to us upon satisfactory showing of increased annualized rental income from new lease agreements as set forth in the reserve agreement. Under the terms of the reserve agreement, we may draw upon the escrow reserve funds until December 31, 2016. Thereafter, the lender shall have the right to draw any remaining escrow reserve funds and apply such funds to one or more of the loans as the lender may determine in its sole discretion.

(3) In connection with the loans secured by the Cooper Street Property and the Mitchelldale Property, we entered into a post-closing agreement with the lender requiring the short term escrow of $600,000 for certain capital repairs to be completed during 2014 together with the delivery of certain other documents as set forth in the post-closing agreement. The lender has extended the time for completing certain capital repairs and matters related to the post-closing agreement until March 27, 2015. As of March 31, 2015, the lender has been advised of post-closing matters covered by the extension agreement which remain incomplete.

Loan proceeds and other reserve funds held pursuant to the reserve agreement and the post-closing agreement are recorded as restricted cash on the accompanying consolidated balance sheets.

On June 13, 2014, the Company, through the Operating Partnership, entered into four term loan agreements with an insurance company, each loan being secured by a collateral property. Each of the loans secured by the Richardson Heights Property, the Cooper Street Property, the Bent Tree Green Property and the Mitchelldale Property require monthly payments of principal and interest due and payable on the first day of each month. Monthly payments are based on a 27 year loan amortization. Each of the loan agreements are subject to customary covenants, representations and warranties which must be maintained during the term of the loan agreements. As of March 31, 2015, we were in compliance with all loan covenants. Each of the loan agreements are secured by a deed of trust, assignment of licenses, permits and contracts, assignment and subordination of the management agreements and assignment of rents. The terms of the security instruments provide for the cross collateralization/cross default of the each of the loans.

The loan secured by the Energy Plaza I & II Property requires monthly payments of principal and interest due and payable on the tenth day of each month. Monthly payments are based on a 30 year loan amortization. The loan agreement is subject to customary covenants, representations and warranties which must be maintained during the term of the loan agreement. As of March 31, 2015, we were in compliance with all loan covenants. The loan agreement is secured by a deed of trust, assignment of licenses, permits and contracts, assignment and subordination of the management agreements and assignment of rents.

Note 7 — Loss Per Share

Basic loss per share is computed using net loss attributable to common stockholders and the weighted average number of common shares outstanding. Diluted earnings per share reflect common shares issuable from the assumed conversion of convertible preferred stock into common shares. Only those items that have a dilutive impact on basic earnings per share are included in the diluted earnings per share.

	Three months ended March 31,	
	2015	**2014**
Numerator:		
Net loss attributable to common stockholders	$ (921,111)	$ (742,331)
Denominator:		
Basic and diluted weighted average shares outstanding	8,560,342	6,497,474
Basic and diluted loss per common share:		
Net loss attributable to common stockholders	$ (0.11)	$ (0.11)

Note 8 — Income Taxes

Federal income taxes are not provided for because we qualify as a REIT under the provisions of the Internal Revenue Code and because we have distributed and intend to continue to distribute all of our taxable income to our stockholders. Our stockholders include their proportionate taxable income in their individual tax returns. As a REIT, we must distribute at least 90% of our real estate investment trust taxable income to our stockholders and meet certain income sources and investment restriction requirements. In addition, REITs are subject to a number of organizational and operational requirements. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate tax rates.

Taxable income (loss) differs from net income (loss) for financial reporting purposes principally due to differences in the timing of recognition of interest, real estate taxes, depreciation and rental revenue.

Note 9 — Related Party Transactions

Hartman Advisors LLC is a Texas limited liability company owned 70% by Allen R. Hartman individually and 30% by the Property Manager. The Advisor is a variable interest entity which consolidates for financial reporting purposes with Hartman Income REIT, Inc. and subsidiaries, of which approximately 20% is beneficially owned by Allen R. Hartman, our Chief Executive Officer and Chairman of the Board of Directors.

For the three months ended March 31, 2015 and 2014 we paid the Advisor $201,218 and $102,028, respectively, for asset management fees. Acquisition fees paid to Advisor were $0 and $348,750 for the three months ended March 31, 2015 and 2014, respectively.

Property operating expenses include property management fees paid to our Property Manager of $189,538 and $81,054 for the three months ended March 31, 2015 and 2014, respectively. For the three months ended March 31, 2015 and 2014, respectively, we paid our Property Manager $82,269 and $285,162 for leasing commissions and $35,244 and $27,410 for construction management fees. Lease commissions and construction management fees are included in deferred loan and leasing commission costs and real estate assets, respectively, in the consolidated balance sheets.

As of March 31, 2015 and December 31, 2014, respectively, the Company had a net balance due to the Property Manager and the Advisor of $245,877 and $538,970.

The Company had a net balance due from an affiliate, Hartman Short Term Income Properties XIX, Inc. ("Hartman XIX"), of $32,117 and $31,366 as of March 31, 2015 and December 31, 2014, respectively. The balance due to Hartman XIX represents amounts due pursuant to the property and company management agreements among Hartman Income REIT Management and Hartman XIX and its subsidiaries.

Note 10 – Stockholders' Equity

Common Stock

Shares of common stock entitle the holders to one vote per share on all matters which stockholders are entitled to vote, to receive dividends and other distributions as authorized by the Company's board of directors in accordance with the Maryland General Corporation Law and to all rights of a stockholder pursuant to the Maryland General Corporation Law. The common stock has no preferences or preemptive, conversion or exchange rights.

Under our articles of incorporation, we have authority to issue 750,000,000 common shares, $0.001 par value per share, and 200,000,000 preferred shares, $0.001 par value per share.

As of March 31, 2015, the Company has accepted investors' subscriptions for and issued 9,466,553 shares of the Company's common stock in its initial and follow-on public offerings, resulting in gross proceeds to the Company of $92,226,410.

Preferred Stock

Under our articles of incorporation the Company's board of directors has the authority to issue one or more classes or series of preferred stock, and prior to the issuance of such stock, the board of directors shall have the power to classify or reclassify, in one or more series, any unissued shares and designate the preferences, rights and privileges of such shares. As of March 31, 2015 and December 31, 2014, respectively, we have issued 1,000 shares of convertible preferred shares to Hartman Advisors LLC at a price of $10.00 per share.

Common Stock Issuable Upon Conversion of Convertible Preferred Stock

The convertible preferred stock will convert to shares of common stock if (1) the Company has made total distributions on then outstanding shares of the Company's common stock equal to the issue price of those shares plus a 6% cumulative, non-compounded, annual return on the issue price of those outstanding shares, (2) the Company lists its common stock for trading on a national securities exchange if the sum of prior distributions on then outstanding shares of our common stock plus the aggregate market value of our common stock (based on the 30-day average closing price) meets the same 6% performance threshold, or (3) the Company's advisory agreement with Hartman Advisors, LLC expires without renewal or is terminated (other than because of a material breach by Advisor), and at the time of such expiration or termination the Company is deemed to have met the foregoing 6% performance threshold based on the Company's enterprise value and prior distributions and, at or subsequent to the expiration or termination, the stockholders actually realize such level of performance upon listing or through total distributions. In general, the convertible stock will convert into shares of common stock with a value equal to 15% of the excess of the Company's enterprise value plus the aggregate value of distributions paid to date on then outstanding shares of common stock over the aggregate issue price of those outstanding shares plus a 6% cumulative, non-compounded, annual return on the issue price of those outstanding shares. With respect to conversion in connection with the termination of the advisory agreement, this calculation is made at the time of termination even though the actual conversion may occur later, or not at all.

Stock-Based Compensation

We award vested restricted common shares to non-employee directors as compensation in part for their service as members of the board of directors of the Company. These shares are fully vested when granted. These shares may not be sold while an independent director is serving on the board of directors. For the three months ended March 31, 2015 and 2014, respectively, the Company granted 1,500 and 1,500 shares of restricted common stock to independent directors as compensation for services. We recognized $15,000 as stock-based compensation expense for the three months ended March 31, 2015 and 2014, respectively, based upon the estimated fair value per share. Stock-based compensation expense is included in general and administrative expenses in the accompanying consolidated statements of operations.

Distributions

The following table reflects the total distributions we have paid, including the total amount paid and amount paid per common share, in each indicated quarter:

Quarter Paid	Distributions per Common Share	Total Distributions Paid
2015		
1st Quarter	$ 0.175	$ 1,416,861
2014		
4th Quarter	$ 0.175	$ 1,306,367
3rd Quarter	0.175	1,237,568
2nd Quarter	0.175	1,191,153
1st Quarter	0.175	1,103,599
Total	$ 0.700	$ 4,838,687

Note 11 – Incentive Awards Plan

The Company has adopted an incentive plan (the “Omnibus Stock Incentive Plan” or the “Incentive Plan”) that provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, deferred stock awards, restricted stock awards, dividend equivalent rights and other stock-based awards within the meaning of Internal Revenue Code Section 422, or any combination of the foregoing. We have initially reserved 5,000,000 shares of our common stock for the issuance of awards under our stock incentive plan, but in no event may we grant awards with respect to more than ten (10%) percent of our issued and outstanding shares. The number of shares reserved under our stock incentive plan is also subject to adjustment in the event of a stock split, stock dividend or other change in our capitalization. Generally, shares that are forfeited or canceled from awards under our stock incentive plan also will be available for future awards. The Compensation Committee of the Board of Directors approved an award of 1,000 shares of restricted common stock issued to each of two executives of the Property Manager during the three months ended March 31, 2014. We recognized stock-based compensation expense of $0 and $20,000 with respect to these awards based on the offering price of $10 per share for the three months ended March 31, 2015 and 2014, respectively. Incentive plan compensation expense is included in general and administrative expenses in the accompanying consolidated statements of operations.

Note 12 – Commitments and Contingencies

Economic Dependency

The Company is dependent on the Advisor and the Dealer Manager for certain services that are essential to the Company, including the sale of the Company's shares of common stock and preferred stock available for issue; the identification, evaluation, negotiation, purchase and disposition of properties, management of the daily operations of the Company's real estate portfolio, and other general and administrative responsibilities. In the event that these companies are unable to provide the respective services, the Company will be required to obtain such services from other providers.

Litigation

The Company is subject to various claims and legal actions that arise in the ordinary course of business. Management of the Company believes that the final disposition of such matters will not have a material adverse effect on the financial position of the Company.

Note 13 – Subsequent Events

On May 1, 2015, we acquired a nine office building complex containing approximately 203,688 square feet of office space located in Dallas, Texas, for $11,400,000. The property is commonly referred to as Commerce Plaza Hillcrest (the "Hillcrest Property"). The Hillcrest Property was 74% occupied by 92 tenants as of the acquisition date. The Hillcrest Property was acquired with funds from our ongoing public offering.

On May 8, 2015, we acquired an office building containing approximately 230,872 square feet of office space located in Houston, Texas, for $10,150,000. The property is commonly referred to as 400 North Belt (the "North Belt Building"). The North Belt Building was 64% occupied by 12 tenants as of the acquisition date. The North Belt Building was acquired with funds from our ongoing public offering and loan advance proceeds of $5,000,000 provided under our Credit Facility.

In accordance with Financial Accounting Standards Board ASC Topic 855, Subsequent Events, the Company has evaluated subsequent events through May 15, 2015, which is the date these consolidated financial statements were issued. All subsequent events requiring recognition as of May 15, 2015, have been incorporated into these notes to consolidated financial statements.

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

Unless the context otherwise requires, all references in this report to the "Company," "we," "us" or "our" are to Hartman Short Term Income Properties XX, Inc.

Forward-Looking Statements

This Form 10-Q contains forward-looking statements, including discussion and analysis of our financial condition, anticipated capital expenditures required to complete projects, amounts of anticipated cash distributions to our stockholders in the future and other matters, which are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are not historical facts but are the intent, belief or current expectations of our management based on its knowledge and understanding of our business and industry. Forward-looking statements are typically identified by the use of terms such as "may," "will," "should," "potential," "predicts," "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates" or the negative of such terms and variations of these words and similar expressions. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements.

Forward-looking statements that were true at the time made may ultimately prove to be incorrect or false. You are cautioned to not place undue reliance on forward-looking statements, which reflect our management's view only as of the date of this Form 10-Q. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results. Factors that could cause actual results to differ materially from any forward-looking statements made in this Form 10-Q include:

- our ability to raise proceeds in our ongoing public offering;
- our ability to effectively deploy the proceeds raised in our ongoing public offering;
- the imposition of federal taxes if we fail to qualify as a REIT in any taxable year or forego an opportunity to ensure REIT status;
- uncertainties related to the national economy, the real estate industry in general and in our specific markets;
- legislative or regulatory changes, including changes to laws governing REITS;
- construction costs that may exceed estimates or construction delays;
- increases in interest rates;
- availability of credit or significant disruption in the credit markets;
- the fact we pay fees and expenses to our advisor and its affiliates that were not negotiated on an arm's length basis and the payment of these fees and expenses increases the risk that our stockholders will not earn a profit on their investment in us;
- litigation risks;
- lease-up risks;
- inability to obtain new tenants upon the expiration of existing leases;
- inability to generate sufficient cash flows due to market conditions, competition, uninsured losses, changes in tax or other applicable laws;
- changes to generally accepted accounting principles, or GAAP; and
- the potential need to fund tenant improvements or other capital expenditures out of operating cash flow.

The forward-looking statements should be read in light of these factors and the factors identified in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC on March 30, 2015.

The following discussion and analysis should be read in conjunction with the accompanying interim consolidated financial information.

Overview

We are a Maryland corporation formed on February 5, 2009, to acquire and invest in income-producing commercial properties, including office buildings, shopping centers, other retail and commercial properties. We have made and expect to continue to make our investments in real estate assets located in the United States, with a strategic focus on real estate properties located in Texas, based on our view of existing market conditions. As used herein, the terms "we," "our," and "us" refer to Hartman Short Term Income Properties XX, Inc. and, as required by context, Hartman XX Limited Partnership, a Texas limited partnership, which we refer to as our "Operating Partnership," and to its respective subsidiaries. References to "shares" and "our common stock" refer to the shares of our common stock. We own, and in the future intend to own, substantially all of our assets and conduct our operations through our Operating Partnership, of which our wholly-owned subsidiary is the sole general partner. We have elected to be treated as a real estate investment trust, or REIT, for federal income tax purposes beginning with the taxable year ended December 31, 2011.

On February 9, 2010, we commenced our initial public offering to sell a maximum of $250,000,000 in shares of our common stock to the public in our initial public offering at a price of $10 per share and up to $23,750,000 in shares of common stock to our stockholders pursuant to our distribution reinvestment plan at $9.50 per share. On April 25, 2013, we terminated our initial public offering. As of the termination our initial public offering on April 25, 2013, we had accepted subscriptions for and issued 4,455,678 shares of our common stock, including 162,561 shares of our common stock issued pursuant to our distribution reinvestment plan, resulting in offering proceeds of $43,943,731.

On July 16, 2013, we commenced our follow-on offering of up to $200,000,000 in shares of our common stock to the public at a price of $10.00 per share and up to $19,000,000 in shares of our common stock to our stockholders pursuant to our distribution reinvestment plan at a price of $9.50 per share. Our board of directors may change the price at which we offer our shares to the public in our follow-on offering, but not more than quarterly, to reflect changes in our estimated per-share net asset and other factors our board of directors deems relevant.

As of March 31, 2015, we had accepted subscriptions for, and issued, 9,466,553 shares of our common stock in our initial and follow-on public offerings, including 587,847 shares of our common stock issued pursuant to our distribution reinvestment plan, resulting in gross proceeds of $92,226,410.

We intend to use substantially all of the net proceeds from our public offering to continue to invest in a diversified portfolio of real properties. As of March 31, 2015, our portfolio consists of nine commercial properties comprising approximately 1.38 million square feet.

We operate under the direction of our board of directors, the members of which are accountable to us and our stockholders. We are externally managed by Hartman Advisors, LLC, which we refer to as our "advisor," pursuant to an advisory agreement by and among us and our advisor, which we refer to as the "Advisory Agreement." Subject to certain restrictions and limitations, our advisor manages our day-to-day operations and our portfolio of properties and real estate related assets. Our advisor sources and presents investment opportunities to our board of directors. Our advisor also provides investment management, marketing, investor relations and other administrative services on our behalf. The key personnel of our advisor are involved in the selection, acquisition, financing and disposition of our properties, and raising the capital to purchase. The key personnel of our advisor have extensive experience in selecting and operating commercial real estate and in operating investment entities that acquire commercial real estate. Our affiliated property manager is Hartman Income REIT Management, Inc. which we refer to as "HIR Management" or the "Property Manager," which is responsible for operating, leasing and maintaining our properties. HIR Management is the wholly owned subsidiary of Hartman Income REIT, Inc. which we refer to as "HIREIT", a real estate investment trust that has investment objectives that are similar to those that we employ.

Investment Objectives and Strategy: Hartman Advantage

Our primary investment objectives are to:

- realize growth in the value of our investments;
- preserve, protect and return stockholders' capital contributions; and
- grow net cash from operations and pay regular cash distributions to our stockholders.

We cannot assure our stockholders that we will achieve these objectives.

The cornerstone of our investment strategy is our advisor's discipline in acquiring a portfolio of real estate properties, specifically properties that are located in Texas, that offer a blend of current and potential income based on in place occupancy plus relatively significant potential for growth in income and value from re-tenanting; repositioning or redevelopment. We refer to this strategy as "value add" or the "Hartman Advantage."

We rely upon the value add or Hartman Advantage strategy to evaluate hundreds of potential commercial real estate acquisition and investment opportunities per completed acquisition or investment.

We do not anticipate that there will be any market for our shares of common stock unless they are listed on a national securities exchange. In the event that our shares of common stock are not listed or traded on an established securities exchange prior to the tenth anniversary of the completion or termination of our initial public offering, our charter requires that the board of directors must seek the approval of our stockholders of a plan to liquidate our assets, unless the board of directors has obtained the approval of our stockholders (1) to defer the liquidation of our assets or (2) of an alternate strategy.

Critical Accounting Policies and Estimates

Our results of operations and financial condition, as reflected in the accompanying consolidated financial statements and related notes, require us to make estimates and assumptions that are subject to management's evaluation and interpretation of business conditions, changing capital market conditions and other factors related to the ongoing viability of our customers. With different estimates or assumptions, materially different amounts could be reported in our consolidated financial statements. A summary of our critical accounting policies is included in our Annual Report on Form 10-K for the year ended December 31, 2014, under "Management's Discussion and Analysis of Financial Condition and Results of Operations." There have been no significant changes to these policies during the three months ended March 31, 2015. See also Note 2 to our consolidated financial statements in this Quarterly Report on Form 10-Q for a discussion of our significant accounting policies.

RESULTS OF OPERATIONS

As of March 31, 2015, we owned nine commercial properties comprising approximately 1,377,422 square feet, plus three pad sites. We own four properties located in Richardson, Arlington, and Dallas, Texas, four properties located in Houston, Texas and one property located in San Antonio, Texas. As of March 31, 2014, we owned a total of five commercial properties, comprised of four commercial properties located in Richardson, Arlington, and Dallas, Texas and one commercial property located in Houston, Texas, comprising approximately 725,895 square feet, plus three pad sites.

Comparison of the three months ended March 31, 2015 versus the three months ended March 31, 2014:

For purposes of the following discussion, our reference to "same property" means the Richardson Heights, Cooper Street, Bent Tree Green and Parkway properties. Our reference to "2014 acquisitions" means the Gulf Plaza, Mitchelldale, Energy Plaza, Timbercreek and Copperfield properties. The Gulf Plaza property was acquired on March 11, 2014. The Mitchelldale property was acquired on June 13, 2014. The Energy Plaza, Timbercreek and Copperfield properties were acquired on December 30, 2014.

Revenues – The primary source of our revenue is rental revenues and tenant reimbursements. For the three months ended March 31, 2015 and 2014, we had total rental revenues and tenant reimbursements and other revenues of $4,878,328 and $2,053,579, respectively. The following table presents a summary of the changes in total revenues for the three months ended March 31, 2015 and 2014:

	Three months ending March 31,				Change	
	2015		2014			
Total revenue:						
Same property	$	2,202,404	$	1,919,612	$	282,792
2014 acquisitions		2,675,924		133,967		2,541,957
Total revenue	$	4,878,328	$	2,053,579	$	2,824,749

The increase in same property revenues of $282,792 is attributable to revenue increases due to increased occupancy and rent increases for Richardson Heights, Cooper Street, Bent Tree Green and Parkway properties.

Property operating expenses – Property operating expenses consists of contract services, repairs and maintenance, utilities and property management fees. For the three months ended March 31, 2015 and 2014, we had total property operating expenses of $1,210,019 and $552,665, respectively. The following table presents a summary of the changes in total property operating expenses for the three months ended March 31, 2015 and 2014:

	Three months ending March 31,				Change	
	2015		2014			
Total property operating expenses:						
Same property	$	511,548	$	513,270	$	(1,722)
2014 acquisitions		698,471		39,395		659,076
Total property operating expenses	$	1,210,019	$	552,665	$	657,354

Asset management and acquisition fees – Asset management and acquisition fees are fees payable to our Advisor in connection with the management of the Company and the acquisition of our properties. For the three months ended March 31, 2015 and 2014, we paid the Advisor $201,218 and $102,028, respectively, for asset management fees. For the three months ended March 31, 2015 and 2014, we paid the Advisor $0 and $348,750, respectively, for asset acquisition fees. We had no acquisitions during the three months ended March 31, 2015 versus one acquisition, the Gulf Plaza Property, during the three months ended March 31, 2014.

Organizational and offering costs - We incur certain expenses in connection with our organization the registration and sale of common shares. These costs principally relate to professional and filing fees. For the three months ended March 31, 2015 and 2014, organization and offering costs were $137,821 and $60,758, respectively. The increase is attributable to the substantial increase in funds raised for the three months ended March 31, 2015 versus the three months ended March 31, 2014.

Real estate taxes and insurance – Real estate taxes and insurance were $722,324 and $376,055 for the three months ended March 31, 2015 and 2014, respectively. The increase in real estate taxes and insurance expense is a result of the increase in the value of assets under management as a result of property acquisitions.

General and administrative expense - General and administrative expenses were $319,547 and $121,415 for the three months ended March 31, 2015 and 2014, respectively. General and administrative expenses consist primarily of audit fees, transfer agent fees, other professional fees, independent director compensation and other share based compensation. For the three months ended March 31, 2015, corporate level general and administrative expenses increased a net $84,638 including accounting fees which increased $46,700 as a result of fees incurred for property acquisition audits and progress billings with respect to our annual audit and other professional fees and expenses which increased $37,938, net. For the three months ended March 31, 2015, property level general and administrative expenses increased $113,494 including advertising and promotions expense which increased $24,029, property tax litigation costs which increased $16,766, non-capital leasing costs which increased $33,745 and all other property general and administrative expenses which increased $38,954. We expect general and administrative expenses to increase only modestly in future periods as we acquire additional real estate and real estate related assets. We expect general and administrative expenses to decrease substantially as a percentage of total revenue.

Interest expense – Interest expense was $757,631 and $123,652 for the three months ended March 31, 2015 and 2014, respectively. Interest expense increased as a result of the increase in notes payable from $15.3 million as of March 31, 2014 to $59.3 million as of March 31, 2015.

Fees to affiliates **–** In addition to asset management and acquisition fees paid to Advisor and property management fees paid to the Property Manager, we pay leasing commissions and construction management fees to the Property Manager. For the three months ended March 31, 2015 and 2014, respectively, we paid our Property Manager $189,538 and $81,054 for property management fees, $82,269 and $285,162 for leasing commissions and $35,244 and $27,410 for construction management fees. The increase in property management fees, which are based on revenues, is substantially attributable to revenues for the three months ended March 31, 2015 for the 2014 acquisitions. Construction management fees are based on building and tenant improvement managed by the Property Manager. The $7,834 increase in construction management fees for the three month ended March 31, 2015 versus the three months ended March 31, 2014 is attributable to an increase in applicable capital expenditures of $156,680. Lease commissions and construction management fees are included in deferred loan and lease commission costs and real estate assets, respectively, in the consolidated balance sheets.

Funds From Operations and Modified Funds From Operations

Funds From Operations (“FFO”) is a non-GAAP financial measure defined by the National Association of Real Estate Investment Trusts ("NAREIT"), an industry trade group, which the Company believes is an appropriate supplemental measure to reflect the operating performance of a real estate investment trust, or REIT. FFO is used by the REIT industry as a supplemental performance measure. FFO is not equivalent to the Company’s net income or loss as determined under GAAP.

The Company defines FFO, a non-GAAP measure, consistent with the standards established by the White Paper on FFO approved by the Board of Governors of NAREIT, as revised in February 2004 (the "White Paper"). The White Paper defines FFO as net income or loss computed in accordance with GAAP, excluding gains or losses from sales of property and asset impairment write-downs, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO. The Company’s FFO calculation complies with NAREIT’s policy described above.

The historical accounting convention used for real estate assets requires straight-line depreciation of buildings and improvements, which implies that the value of real estate assets diminishes predictably over time, especially if such assets are not adequately maintained or repaired and renovated as required by relevant circumstances and/or is requested or required by lessees for operational purposes in order to maintain the value disclosed. The Company believes that, since real estate values historically rise and fall with market conditions, including inflation, interest rates, the business cycle, unemployment and consumer spending, presentations of operating results for a REIT using historical accounting for depreciation may be less informative. Additionally, the Company believes it is appropriate to disregard impairment charges, as this is a fair value adjustment that is largely based on market fluctuations and assessments regarding general market conditions which can change over time. An asset will only be evaluated for impairment if certain impairment indications exist and if the carrying, or book value, exceeds the total estimated undiscounted future cash flows (including net rental and lease revenues, net proceeds on the sale of the property, and any other ancillary cash flows at a property or group level under GAAP) from such asset. Investors should note, however, that determinations of whether impairment charges have been incurred are based partly on anticipated operating performance, because estimated undiscounted future cash flows from a property, including estimated future net rental and lease revenues, net proceeds on the sale of the property, and certain other ancillary cash flows, are taken into account in determining whether an impairment charge has been incurred. While impairment charges are excluded from the calculation of FFO as described above, investors are cautioned that due to the fact that impairments are based on estimated future undiscounted cash flows and the relatively limited term of the Company's operations, it could be difficult to recover any impairment charges.

Historical accounting for real estate involves the use of GAAP. Any other method of accounting for real estate such as the fair value method cannot be construed to be any more accurate or relevant than the comparable methodologies of real estate valuation found in GAAP. Nevertheless, the Company believes that the use of FFO, which excludes the impact of real estate related depreciation and amortization and impairments, provides a more complete understanding of the Company's performance to investors and to management, and when compared year over year, reflects the impact on the Company's operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses, and interest costs, which may not be immediately apparent from net income. However, FFO and MFFO, as described below, 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 the operating performance of the Company. The method utilized to evaluate the value and performance of real estate under GAAP should be construed as a more relevant measure of operational performance and considered more prominently than the non-GAAP FFO and MFFO measures and the adjustments to GAAP in calculating FFO and MFFO.

Changes in the accounting and reporting promulgations under GAAP (for acquisition fees and expenses from a capitalization/depreciation model to an expensed-as-incurred model) that were put into effect in 2009 and other changes to GAAP accounting for real estate subsequent to the establishment of NAREIT's definition of FFO have prompted an increase in cash-settled expenses, specifically acquisition fees and expenses for all industries as items that are expensed under GAAP, that are typically accounted for as operating expenses. Management believes these fees and expenses do not affect the Company's overall long-term operating performance. 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 operation. While other start up entities may also experience significant acquisition activity during their initial years, the Company believes that non-listed REITs are unique in that they have a limited life with targeted exit strategies within a relatively limited time frame after the acquisition activity ceases. As disclosed in the prospectus for the Company's offering (the "Prospectus"), the Company will use the proceeds raised in the offering to acquire properties, and intends to begin the process of achieving a liquidity event (i.e., listing of its common stock on a national exchange, a merger or sale of the Company or another similar transaction) within five to ten years of the completion of the offering. The Investment Program Association ("IPA"), an industry trade group, has standardized a measure known as Modified Funds From Operations ("MFFO"), which the IPA has recommended as a supplemental measure for publicly registered non-listed REITs and which the Company believes to be another appropriate supplemental measure to reflect the operating performance of a non-listed REIT having the characteristics described above. MFFO is not equivalent to the Company's net income or loss as determined under GAAP, and MFFO may not be a useful measure of the impact of long-term operating performance on value if the Company does not continue to operate with a limited life and targeted exit strategy, as currently intended. The Company believes that, because MFFO excludes costs that the Company considers more reflective of investing activities and other non-operating items included in FFO and also excludes acquisition fees and expenses that affect the Company's operations only in periods in which properties are acquired, MFFO can provide, on a going forward basis, an indication of the sustainability (that is, the capacity to continue to be maintained) of the Company's operating performance after the period in which the Company is acquiring its properties and once the Company's portfolio is in place. By providing MFFO, the Company believes it is presenting useful information that assists investors and analysts to better assess the sustainability of the Company's operating performance after the Company's offering has been completed and the Company's properties have been acquired. The Company also believes that MFFO is a recognized measure of sustainable operating performance by the non-listed REIT industry. Further, the Company believes MFFO is useful in comparing the sustainability of the Company's operating performance after the Company's offering and acquisitions are completed with the sustainability of the operating performance of other real estate companies that are not as involved in acquisition activities. Investors are cautioned that MFFO should only be used to assess the sustainability of the Company's operating performance after the Company's offering has been completed and properties have been acquired, as it excludes acquisition costs that have a negative effect on the Company's operating performance during the periods in which properties are acquired.

The Company defines MFFO, a non-GAAP measure, consistent with the IPA's Guideline 2010-01, Supplemental Performance Measure for Publicly Registered, Non-Listed REITs: Modified Funds from Operations, or the Practice Guideline, issued by the IPA in November 2010. The Practice Guideline defines MFFO as FFO further adjusted for the following items, as applicable, included in the determination of GAAP net income: acquisition fees and expenses; amounts relating to deferred rent receivables and amortization of above and below market leases and liabilities (which are adjusted in order to reflect such payments from a GAAP accrual basis to a cash basis of disclosing the rent and lease payments); accretion of discounts and amortization of premiums on debt investments; mark-to-market adjustments included in net income; nonrecurring gains or losses included in net income from the extinguishment or sale of debt, hedges, foreign exchange, derivatives or securities holdings where trading of such holdings is not a fundamental attribute of the business plan, unrealized gains or losses resulting from consolidation from, or deconsolidation to, equity accounting, and after adjustments for consolidated and unconsolidated partnerships and joint ventures, with such adjustments calculated to reflect MFFO on the same basis. The accretion of discounts and amortization of premiums on debt investments, nonrecurring unrealized gains and losses on hedges, foreign exchange, derivatives or securities holdings, unrealized gains and losses resulting from consolidations, as well as other listed cash flow adjustments are adjustments made to net income in calculating the cash flows provided by operating activities and, in some cases, reflect gains or losses which are unrealized and may not ultimately be realized.

The Company's MFFO calculation complies with the IPA's Practice Guideline described above. In calculating MFFO, the Company excludes acquisition related expenses. The Company does not currently exclude amortization of above and below market leases, fair value adjustments of derivative financial instruments, deferred rent receivables and the adjustments of such items related to noncontrolling interests. Under GAAP, acquisition fees and expenses are characterized as operating expenses in determining operating net income. These expenses are paid in cash by the Company, and therefore such funds will not be available to distribute to investors. All paid and accrued acquisition fees and expenses negatively impact the Company's operating performance during the period in which properties are acquired and will have negative effects on returns to investors, the potential for future distributions, and cash flows generated by the Company, unless earnings from operations or net sales proceeds from the disposition of other properties are generated to cover the purchase price of the property, these fees and expenses and other costs related to such property. Accordingly, MFFO may not be an accurate indicator of the Company's operating performance, especially during periods in which properties are being acquired. MFFO that excludes such costs and expenses would only be comparable to non-listed REITs that have completed their acquisition activities and have similar operating characteristics as the Company. Further, under GAAP, certain contemplated non-cash fair value and other non-cash adjustments are considered operating non-cash adjustments to net income in determining cash flow from operating activities. In addition, the Company views fair value adjustments of derivatives and gains and losses from dispositions of assets as non-recurring items or items which are unrealized and may not ultimately be realized, and which are not reflective of on-going operations and are therefore typically adjusted for when assessing operating performance. As disclosed elsewhere in the Prospectus, the purchase of properties, and the corresponding expenses associated with that process, is a key operational feature of the Company's business plan to generate operational income and cash flows in order to make distributions to investors. Acquisition fees and expenses will not be reimbursed by the advisor if there are no further proceeds from the sale of shares in this offering, and therefore such fees and expenses will need to be paid from either additional debt, operational earnings or cash flows, net proceeds from the sale of properties or from ancillary cash flows.

The Company's management uses MFFO and the adjustments used to calculate it in order to evaluate the Company's performance against other non-listed REITs which have limited lives with short and defined acquisition periods and targeted exit strategies shortly thereafter. As noted above, MFFO may not be a useful measure of the impact of long-term operating performance on value if the Company does not continue to operate in this manner. The Company believes that its use of MFFO and the adjustments used to calculate it allow the Company to present its performance in a manner that reflects certain characteristics that are unique to non-listed REITs, such as their limited life, limited and defined acquisition period and targeted exit strategy, and hence that the use of such measures is useful to investors. For example, acquisitions costs are funded from the proceeds of the Company's offering and other financing sources and not from operations. By excluding expensed acquisition costs, the use of MFFO provides information consistent with management's analysis of the operating performance of the properties. Additionally, fair value adjustments, which are based on the impact of current market fluctuations and underlying assessments of general market conditions, but can also result from operational factors such as rental and occupancy rates, may not be directly related or attributable to the Company's current operating performance. By excluding such changes that may reflect anticipated and unrealized gains or losses, the Company believes MFFO provides useful supplemental information.

Presentation of this information is intended to provide useful information to investors as they compare the operating performance of different REITs, although it should be noted that not all REITs calculate FFO and MFFO the same way, so comparisons with other REITs may not be meaningful. FFO and MFFO are not necessarily indicative of cash flow available to fund cash needs and should not be considered as an alternative to net income (loss) or income (loss) from continuing operations as an indication of the Company's performance, as an alternative to cash flows from operations as an indication of its liquidity, or indicative of funds available to fund its cash needs including its ability to make distributions to its stockholders. FFO and MFFO should be reviewed in conjunction with other GAAP measurements as an indication of the Company's performance. MFFO has limitations as a performance measure in an offering such as the Company's 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 of operating performance in future operating periods, and in particular, after the offering and acquisition stages are complete and net asset value is disclosed. FFO and MFFO are not useful measures in evaluating net asset value because impairments are taken into account in determining net asset value but not in determining FFO or MFFO.

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

The following table summarizes our calculation of FFO and MFFO for three months ended March 31, 2015 and 2014 including a reconciliation of such non-GAAP financial measures to our net loss:

	Three months ended March 31,	
	2015	**2014**
Net loss	$ (921,111)	$ (742,331)
Depreciation and amortization of real estate assets	2,450,879	1,110,587
Funds from operations (FFO)	1,529,768	368,256
Acquisition related expenses	-	348,750
Modified funds from operations (MFFO)	$ 1,529,768	$ 717,006

Distributions

The following table summarizes the quarterly distributions we paid in cash and pursuant to our distribution reinvestment plan (DRIP) for the period from January 2014 through March 2015:

Period	Cash (1)	DRIP (1) (2)	Total	Net Cash Provided by (used in) Operating Activities
First Quarter 2014	$ 568,290	$ 535,309	$ 1,103,599	$ 435,759
Second Quarter 2014	614,018	577,135	1,191,153	588,753
Third Quarter 2014	632,275	605,293	1,237,568	637,047
Fourth Quarter 2014	664,962	641,405	1,306,367	1,280,608
2014 Total	$ 2,479,545	$ 2,359,142	$ 4,838,687	$ 2,942,167
First Quarter 2015	$ 703,281	$ 713,580	$ 1,416,861	$ (621,230)

(1) Distributions are paid on a monthly basis. Distributions for all record dates of a given month are paid approximately 20 days following the end of such month.

(2) Amount of distributions paid in shares of common stock pursuant to our distribution reinvestment plan.

For the three months ended March 31, 2015 and 2014, we paid aggregate distributions of $1,416,861 and $1,103,599, respectively. During the same periods, cash (used in) provided by operating activities was ($621,230) and $435,759, respectively. Of the $1,416,861 and $1,103,599 we paid to our stockholders for the three months ended March 31, 2015 and 2014, 0% and 39%, respectively, was attributable to cash provided by operating activities.

Liquidity and Capital Resources

As of March 31, 2015, the Company had issued 9,466,553 shares of the Company's common stock in its ongoing public offering, resulting in gross proceeds to the Company of $92,226,410.

Our principal demands for funds will be for real estate and real estate-related acquisitions, for the payment of operating expenses and distributions, and for the payment of interest on our outstanding indebtedness. Generally, we expect to meet cash needs for items other than acquisitions from our cash flow from operations, and we expect to meet cash needs for acquisitions from the net proceeds of our ongoing public offering and from financings.

There may be a delay between the sale of our shares and the purchase of properties or other investments, which could result in a delay in our ability to make distributions to our stockholders. Some or all of our distributions will be paid from other sources, such as from the net proceeds of our ongoing public offering, cash advances to us by our advisor, cash resulting from a waiver of asset management fees and borrowings secured by our assets in anticipation of future operating cash flow, until such time as we have sufficient cash flow from operations to fund fully the payment of distributions. We expect to have limited cash flow from operations available for distribution until we make substantial investments. In addition, to the extent our investments are in development or redevelopment projects or in properties that have significant capital requirements, our ability to make distributions may be negatively impacted, especially during our early periods of operation.

We use, and intend to use in the future, secured and unsecured debt to acquire properties and make other investments. As of March 31, 2015, our outstanding secured debt is $59,334,452. There is no limitation on the amount we may invest in any single property or other asset or on the amount we can borrow for the purchase of any individual property or other investment. Under our charter, we are prohibited from borrowing in excess of 300% of our "net assets" (as defined by our charter) as of the date of any borrowing; however, we may exceed that limit if approved by a majority of our independent directors and if such excess is disclosed to the stockholders in the next quarterly report along with the explanation for such excess borrowings. Our board of directors has adopted a policy to limit our aggregate borrowings to approximately 50% of the aggregate value of our assets unless substantial justification exists that borrowing a greater amount is in our best interests. Such limitation, however, does not apply to individual real estate assets and only will apply once we have ceased raising capital in our public offering and invested substantially all of our capital. As a result, we expect to borrow more than 50% of the contract purchase price of each real estate asset we acquire to the extent our board of directors determines that borrowing these amounts is prudent.

Our advisor may, but is not required to, establish capital reserves from gross offering proceeds, out of cash flow generated by operating properties and other investments or out of non-liquidating net sale proceeds from the sale of our properties and other investments. Capital reserves are typically utilized for non-operating expenses such as tenant improvements, leasing commissions and major capital expenditures. Alternatively, a lender may require its own formula for escrow of capital reserves.

Potential future sources of capital include proceeds from secured or unsecured financings from banks or other lenders, proceeds from the sale of properties and undistributed funds from operations. If necessary, we may use financings or other sources of capital in the event of unforeseen significant capital expenditures.

Cash Flows from Operating Activities

As of March 31, 2015 we owned nine commercial real estate properties. During the three months ended March 31, 2015, net cash (used in) operating activities was ($621,230) versus net cash provided by operating activities of $435,759 for the three months ended March 31, 2014. Net cash used in operating activities for the three months ending March 31, 2015 included $1,825,382 net disbursement of 2014 ad valorem taxes paid in January 2015. Property taxes disbursed for 2014 ad valorem taxes paid in January 2015 were for nine properties versus four properties for 2013 ad valorem taxes paid in January 2014. We expect cash flows from operating activities to increase in future periods as a result of the 2014 additions as well as properties acquired in 2015.

Cash Flows from Investing Activities

During the three months ended March 31, 2015, net cash used in investing activities was $1,304,774 versus $15,291,392 for the three months ended March 31, 2014. Additions to real estate for the three months ended March 31, 2014 included $13,950,000 used to acquire the Gulf Plaza property on March 11, 2014.

Cash Flows from Financing Activities

Cash flows from financing activities consisted primarily of net proceeds from our term loan financing and proceeds from our ongoing public offering. Net cash provided by financing activities for the three months ended March 31, 2015 and 2014 was $9,022,759 versus $15,160,202, respectively, and consisted primarily of the following:

- $9,839,261 and $2,612,833, respectively, of cash provided by offering proceeds related to our public offering, net of payments of commissions on sales of common stock fees of $474,075 and $251,861, respectively;
- $187,429 and $136,521, respectively, of cash used to redeem common stock pursuant to our share redemption plan;
- $703,281 and $568,290, respectively, of net cash distributions;
- $170,175 and $115,659, respectively, of cash provided by net term loan proceeds and insurance premium financing; and
- ($283,396) cash used to pay term loan principal amortization versus $13,000,000 net cash provided by revolving credit advances.

Contractual Commitments and Contingencies

We use, and intend to use in the future, secured and unsecured debt, as a means of providing additional funds for the acquisition of our properties and our real estate-related assets. We believe that the careful use of borrowings will help us achieve our diversification goals and potentially enhance the returns on our investments. Under our charter, we are prohibited from borrowing in excess of 300% of our net assets, which generally approximates to 75% of the aggregate cost of our assets. We may borrow in excess of this amount if such excess is approved by a majority of the independent directors and disclosed to stockholders in our next quarterly report, along with a justification for such excess. In such event, we will monitor our debt levels and take action to reduce any such excess as practicable. Our aggregate borrowings are reviewed by our board of directors at least quarterly. As of March 31, 2015, our borrowings were not in excess of 300% of the value of our net assets.

In addition to using our capital resources for investing purposes and meeting our debt obligations, we expect to use our capital resources to make certain payments to our advisor. We expect to make payments to our advisor or its affiliates in connection with the selection and origination or purchase of real estate and real estate-related investments, the management of our assets, the management of the development or improvement of our assets and costs incurred by our advisor in providing services to us.

As of March 31, 2015, we had notes payable totaling an aggregate principal amount of $59,334,452. For more information on our outstanding indebtedness, see Note 6 (Notes Payable) to the consolidated financial statements included in this quarterly report.

The following is a summary of our contractual obligations as of March 31, 2015:

Contractual Obligations	Total	2015	2016-2017	2018-2019	Thereafter
Long-term debt obligations (1)	$ 59,334,452	$ 862,859	$ 2,459,635	$ 2,704,667	$ 53,307,291
Interest payments on outstanding debt obligations(2)	39,597,322	2,802,874	5,438,623	5,193,591	26,162,234
Purchase obligations(3)	-	-	-	-	-
Total	$ 98,931,774	$ 3,665,733	$ 7,898,258	$ 7,898,258	$ 79,469,525

(1) Amounts include principal payments only.
(2) Projected interest payments are based on the outstanding principal amounts and weighted-average interest rates at March 31, 2015.
(3) Purchase obligations were excluded from contractual obligations as there were no binding purchase obligations as of March 31, 2015.

Off-Balance Sheet Arrangements

As of March 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.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective accounting standards, if currently adopted, would have a material effect on the accompanying consolidated financial statements (See Note 2 to the consolidated financial statements included in Item 1 to this quarterly report).

Subsequent Events

On May 1, 2015, we acquired a nine office building complex containing approximately 203,688 square feet of office space located in Dallas, Texas, for $11,400,000. The property is commonly referred to as Commerce Plaza Hillcrest (the “Hillcrest Property”). The Hillcrest property was 74% occupied by 92 tenants as of the acquisition date. The Hillcrest Property was acquired with funds from our ongoing public offering.

On May 8, 2015, we acquired an office building containing approximately 230,872 square feet of office space located in Houston, Texas, for $10,150,000. The property is commonly referred to as 400 North Belt (the “North Belt Building”). The North Belt Building was 64% occupied by 12 tenants as of the acquisition date. The North Belt Building was acquired with funds from our ongoing public offering and loan advance proceeds of $5,000,000 provided under our revolving credit facility.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We will be exposed to interest rate changes primarily as a result of long-term debt used to acquire properties and make loans and other permitted investments. Our interest rate risk management objectives will be to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve these objectives, we expect to borrow primarily at fixed rates or variable rates with the lowest margins available and, in some cases, with the ability to convert variable rates to fixed rates. With regard to variable rate financing, we will assess interest rate cash flow risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this Form 10-Q, as of March 31, 2015, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 13d-15(e) under the Exchange Act). In performing this evaluation, management reviewed the selection, application and monitoring of our historical accounting policies. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of March 31, 2015, these disclosure controls and procedures were effective and designed to ensure that the information required to be disclosed in our reports filed with the SEC under the Exchange Act is recorded, processed, summarized and reported as and when required.

Changes in Internal Control over Financial Reporting

There have been no changes during the quarter ended March 31, 2015, in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financing reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

None.

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

During the three months ended March 31, 2015, we did not sell any equity securities that were not registered under the Securities Act of 1933, as amended.

During the three months ended March 31, 2015, we fulfilled redemption requests and redeemed shares of our common stock pursuant to our share redemption program as follows:

	Total Number of Shares Requested to be Redeemed (1)	**Total Number of Shares Redeemed**	**Average Price Paid per Share (2)**	**Approximate Dollar Value of Shares Available That May Yet Be Redeemed Under the Program**
January 2015	-	20,016	$9.36	(3)
February 2015	-	-	-	(3)
March 2015	-	-	-	(3)
	-	20,016	$9.36	

(1) We generally redeem shares in the month following the end of the fiscal quarter in which requests were received.

(2) Pursuant to the share redemption program, we currently redeem shares at prices determined as follows:

a. For shares that have been held at least one year, the lesser of 90.0% of the price paid to acquire the shares or 90.0% of the offering price of shares in our most recent offering;
b. For shares that have been held at least two years, the lesser of 92.5% of the price paid to acquire the shares or 92.5% of the offering price of shares in our most recent offering;
c. For shares that have been held at least three years, the lesser of 95.0% of the price paid to acquire the shares or 95.0% of the offering price of shares in our most recent offering;
d. For shares that have been held at least four years, the lesser of 97.5% of the price paid to acquire the shares or 97.5% of the offering price of shares in our most recent offering;
e. Thereafter, the lesser of 100.0% of the price paid to acquire the shares or 90.0% of the net asset value per share, as determined by the board of directors.

Notwithstanding the foregoing, the redemption price for redemptions sought upon a stockholder's death or disability or upon confinement to a long-term care facility, is available only for stockholders who purchased their shares directly from us or the persons specifically set forth in the share redemption program.

(3) The number of shares that may be redeemed pursuant to our share redemption program will not exceed (i) 5% of the weighted-average number of shares outstanding during the 12-month period immediately prior to the effective

date of the redemption and (ii) those share redemptions that can be funded with proceeds from our distribution reinvestment plan plus, if we had positive net operating cash flow for the previous fiscal year, 1% of all operating cash flow from the previous fiscal year.

On February 9, 2010, our Registration Statement on Form S-11 (File No. 333-154750), registering a public offering of up to $273,750,000 in shares of our common stock, was declared effective by the SEC and we commenced our initial public offering. In our initial public offering we offered up to 25,000,000 shares of our common stock to the public at $10.00 per share with discounts available to certain categories of purchasers and up to 2,500,000 shares of our common stock to our stockholders pursuant to our distribution reinvestment plan at a price of $9.50 per share. We issued a total of 4,455,678 shares of our common stock in our initial public offering, including 162,561 shares of our common stock pursuant to our distribution reinvestment plan, resulting in gross offering proceeds of $43,943,731. On July 16, 2013, our Registration Statement on Form S-11 (File No. 333-185336), registering our follow-on public offering of up to $219,000,000 in shares of our common stock, was declared effective by the SEC. In our follow-on offering, we are offering up to 20,000,000 shares of our common stock to the public at $10.00 per share and up to 2,000,000 common shares pursuant to our distribution reinvestment plan at $9.50 per share.

As of March 31, 2015, we had accepted subscriptions for and issued 9,466,553 shares of our common stock in our initial and follow-on offerings, including 587,847 shares of our common stock pursuant to our distribution reinvestment plan, resulting in gross offering proceeds of $92,226,410. As of the termination of our initial public offering, we had accepted investors' subscriptions for and issued 4,455,678 shares of our common stock in the initial public offering, including 162,561 shares of our common stock pursuant to our DRIP, resulting in offering proceeds of $43,943,731. Total shares issued and outstanding as of March 31, 2015 include 30,875 shares of our common stock issued as non-employee compensation to members of our board of directors and certain executives of our Property Manager.

As of March 31, 2015, we incurred selling commissions and other organization and offering costs in our initial and follow-on offerings in the amounts set forth in the table below. The dealer manager reallowed all of the selling commissions and a portion of the dealer manager fees to participating broker dealers.

Type of Expense	**Amount**	**Estimated/Actual**
Selling commissions and dealer manager fees	5,926,347	Actual
Other organization and offering expenses	1,333,886	Actual
Total expenses	7,260,233	

As of March 31, 2015, the net offering proceeds to us from our initial public offering and our follow-on offering, after deducting the total expenses incurred as described above, were $79,381,630, excluding $5,584,547 in offering proceeds from shares of our common stock issued pursuant to our distribution reinvestment plan.

We intend to use substantially all of the net proceeds from our public offerings to invest in a portfolio of real properties. As of March 31, 2015, we had used $79,381,630 of the net proceeds from our public offerings, plus debt financing, to purchase our nine investments in commercial properties. As of March 31, 2015, we had paid $2,682,900 of acquisition fees to our advisor.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit	Description
3.1	First Articles of Amendment to Third Amended and Restated Articles of Incorporation of Hartman Short Term Income Properties XX, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Form 10-K filed on April 12, 2012)
3.2	Third Amended and Restated Articles of Incorporation of Hartman Short Term Income Properties XX, Inc. (incorporated by reference to Exhibit 1 to the Company's registration statement on Form 8-A (SEC File No. 000-53912) filed on March 22, 2010)
3.3	Bylaws of Hartman Short Term Income Properties XX, Inc. (incorporated by reference to Exhibit 2 to the Company's registration statement on Form 8-A (SEC File No. 000-53912) filed on March 22, 2010)
10.1	Purchase and Sales Agreement, dated as of March 24, 2015 by and between PKY 400 North Belt, LLC and Hartman XX Limited Partnership (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 16, 2015.)
10.2	Purchase and Sales Agreement, dated as of March 24, 2015 by and between PKY 400 North Belt, LLC and Hartman XX Limited Partnership (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 26, 2015.)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 **(FILED HEREWITH)**
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 **(FILED HEREWITH)**
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **(FILED HEREWITH)**
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **(FILED HEREWITH)**
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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.

HARTMAN SHORT TERM INCOME PROPERTIES XX, INC.

Date: May 15, 2015
By: /s/ Allen R. Hartman
Allen R. Hartman,
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2015
By: /s/ Louis T. Fox, III
Louis T. Fox, III,
Chief Financial Officer,
(Principal Financial and Principal Accounting Officer)