COLUMBIA PROPERTY TRUST, INC.
Form 10-Q
July 27, 2017
Table of Contents

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

FORM 10-Q

(Mark One)
x Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended June 30, 2017
OR
o Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transition period from ______ to ______
Commission file number 001-36113
COLUMBIA PROPERTY TRUST, INC.
(Exact name of registrant as specified in its charter)

Maryland	20-0068852
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

One Glenlake Parkway, Suite 1200
Atlanta, GA 30328
(Address of principal executive offices)
(Zip Code)
(404) 465-2200
(Registrant's telephone number, including area code)

(Former name, former address, and former fiscal year, if changed since last report)
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 x No o
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 x No o
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 definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act (check one).

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o
		Emerging Growth Company	o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

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

Number of shares outstanding of the registrant's
only class of common stock, as of July 24, 2017: 121,235,494 shares

Table of Contents

FORM 10-Q
COLUMBIA PROPERTY TRUST, INC.
TABLE OF CONTENTS

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q of Columbia Property Trust, Inc. ("Columbia Property Trust," "the Company," "we," "our," or "us") other than historical facts may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend for all such forward-looking statements to be covered by the applicable safe harbor provisions for forward-looking statements contained in those acts. Such statements include, in particular, statements about our plans, strategies, and prospects and are subject to certain risks and uncertainties, including known and unknown risks, which could cause actual results to differ materially from those projected or anticipated. Therefore, such statements are not intended to be a guarantee of our performance in future periods. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue," or other similar words. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date this report is filed with the U.S. Securities and Exchange Commission ("SEC"). We make no representations or warranties (express or implied) about the accuracy of any such forward-looking statements contained in this Form 10-Q, and we do not intend to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Any such forward-looking statements are subject to risks, uncertainties, and other factors and are based on a number of assumptions involving judgments with respect to, among other things, future economic, competitive, and market conditions, all of which are difficult or impossible to predict accurately. To the extent that our assumptions differ from actual conditions, our ability to accurately anticipate results expressed in such forward-looking statements, including our ability to generate positive cash flow from operations, make distributions to stockholders, and maintain the value of our real estate properties, may be significantly hindered. See Item 1A in Columbia Property Trust's Annual Report on Form 10-K for the year ended December 31, 2016 for a discussion of some of the risks and uncertainties that could cause actual results to differ materially from those presented in our forward-looking statements. The risk factors described in our Annual Report are not the only ones we face, but do represent those risks and uncertainties that we believe are material to us. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also harm our business.

Table of Contents

PART I. FINANCIAL INFORMATION
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The information furnished in the accompanying consolidated balance sheets and related consolidated statements of operations, comprehensive income, equity, and cash flows, reflects all normal and recurring adjustments that are, in management's opinion, necessary for a fair and consistent presentation of the aforementioned financial statements. The accompanying consolidated financial statements should be read in conjunction with the condensed notes to Columbia Property Trust's financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this Quarterly Report on Form 10-Q, and with audited consolidated financial statements and the related notes for the year ended December 31, 2016. Columbia Property Trust's results of operations for the three and six months ended June 30, 2017 are not necessarily indicative of the operating results expected for the full year.

Table of Contents

COLUMBIA PROPERTY TRUST, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per-share amounts)

	(Unaudited) June 30, 2017	December 31, 2016
Assets:		
Real estate assets, at cost:		
Land	$751,351	$751,351
Buildings and improvements, less accumulated depreciation of $471,029 and $435,457, as of June 30, 2017 and December 31, 2016, respectively	2,117,880	2,121,150
Intangible lease assets, less accumulated amortization of $99,910 and $112,777, as of June 30, 2017 and December 31, 2016, respectively	182,428	193,311
Construction in progress	49,069	36,188
Real estate assets held for sale, less accumulated depreciation and amortization of $180,791, as of December 31, 2016	—	412,506
Total real estate assets	3,100,728	3,514,506
Investment in unconsolidated joint venture	125,584	127,346
Cash and cash equivalents	506,538	216,085
Tenant receivables, net of allowance for doubtful accounts of $31 as of December 31, 2016	4,002	7,163
Straight-line rent receivable	77,875	64,811
Prepaid expenses and other assets	39,815	24,275
Intangible lease origination costs, less accumulated amortization of $68,771 and $74,578, as of June 30, 2017 and December 31, 2016, respectively	48,586	54,279
Deferred lease costs, less accumulated amortization of $25,838 and $22,753, as of June 30, 2017 and December 31, 2016, respectively	129,849	125,799
Investment in development authority bonds	120,000	120,000
Other assets held for sale, less accumulated amortization of $34,152, as of December 31, 2016	—	45,529
Total assets	$4,152,977	$4,299,793
Liabilities:		
Line of credit and notes payable, net of unamortized deferred financing costs of $2,614 and $3,136, as of June 30, 2017 and December 31, 2016, respectively	$646,160	$721,466
Bonds payable, net of discounts of $1,574 and $1,664 and unamortized deferred financing costs of $5,062 and $5,364, as of June 30, 2017 and December 31, 2016, respectively	693,364	692,972
Accounts payable, accrued expenses, and accrued capital expenditures	140,151	131,028
Dividends payable	—	36,727
Deferred income	19,392	19,694
Intangible lease liabilities, less accumulated amortization of $39,939 and $44,564, as of June 30, 2017 and December 31, 2016, respectively	29,067	33,375
Obligations under capital lease	120,000	120,000
Liabilities held for sale, less accumulated amortization of $1,239, as of December 31, 2016	—	41,763
Total liabilities	1,648,134	1,797,025
Commitments and Contingencies (Note 7)	—	—
Equity:		
	1,211	1,221

Common stock, $0.01 par value, 225,000,000 shares authorized, 121,235,494 and 122,184,193 shares issued and outstanding, as of June 30, 2017 and December 31, 2016, respectively		
Additional paid-in capital	4,513,922	4,538,912
Cumulative distributions in excess of earnings	(2,009,405)	(2,036,482)
Cumulative other comprehensive loss	(885)	(883)
Total equity	2,504,843	2,502,768
Total liabilities and equity	$4,152,977	$4,299,793

See accompanying notes.

Table of Contents

COLUMBIA PROPERTY TRUST, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per-share amounts)

	(Unaudited) Three Months Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues:				
Rental income	$67,121	$93,567	$138,294	$193,153
Tenant reimbursements	6,972	18,708	15,556	38,461
Hotel income	—	6,551	1,339	11,214
Other property income	764	9,104	1,824	11,681
	74,857	127,930	157,013	254,509
Expenses:				
Property operating costs	21,831	40,242	45,936	81,578
Hotel operating costs	9	5,038	2,085	9,369
Asset and property management fees	260	341	529	671
Depreciation	20,423	28,450	42,028	57,739
Amortization	8,191	14,932	17,648	31,007
General and administrative	9,201	7,761	17,969	18,251
	59,915	96,764	126,195	198,615
Real estate operating income	14,942	31,166	30,818	55,894
Other income (expense):				
Interest expense	(14,462)	(17,380)	(29,577)	(35,277)
Interest and other income	2,477	1,808	4,827	3,613
Loss on early extinguishment of debt	—	(92)	(45)	(92)
	(11,985)	(15,664)	(24,795)	(31,756)
Income before income taxes, unconsolidated joint ventures, and sales of real estate:	2,957	15,502	6,023	24,138
Income tax benefit (expense)	(7)	(245)	381	(322)
Loss from unconsolidated joint venture	(1,817)	(1,952)	(3,702)	(3,504)
Income before sales of real estate:	1,133	13,305	2,702	20,312
Gain (loss) on sales of real estate assets	—	(19)	73,153	(329)
Net income	$1,133	$13,286	$75,855	$19,983
Per-share information – basic:				
Net income	$0.01	$0.11	$0.62	$0.16
Weighted-average common shares outstanding – basic	121,534	123,206	121,768	123,299
Per-share information – diluted:				
Net income	$0.01	$0.11	$0.62	$0.16
Weighted-average common shares outstanding – diluted	121,909	123,294	122,115	123,357
Dividends per share	$0.20	$0.30	$0.40	$0.60

See accompanying notes.

Table of Contents

COLUMBIA PROPERTY TRUST, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	(Unaudited) Three Months Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2017	2016	2017	2016
Net income	$1,133	$13,286	$75,855	$19,983
Market value adjustments to interest rate swap	(636)	(2,022)	(2)	(6,879)
Comprehensive income	$497	$11,264	$75,853	$13,104

See accompanying notes.

Table of Contents

COLUMBIA PROPERTY TRUST, INC.
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016 (UNAUDITED)
(in thousands, except per-share amounts)

	Common Stock		Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Cumulative Other Comprehensive Loss	Total Equity
	Shares	Amount				
Balance, December 31, 2016	122,184	$1,221	$4,538,912	$(2,036,482)	$ (883)	$2,502,768
Repurchases of common stock	(1,252)	(13)	(27,488)	—	—	(27,501)
Common stock issued to employees and directors, and amortized (net of income tax withholdings)	303	3	2,498	—	—	2,501
Distributions to common stockholders ($0.40 per share)	—	—	—	(48,778)	—	(48,778)
Net income	—	—	—	75,855	—	75,855
Market value adjustment to interest rate swap	—	—	—	—	(2)	(2)
Balance, June 30, 2017	121,235	$1,211	$4,513,922	$(2,009,405)	$ (885)	$2,504,843

	Common Stock		Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Cumulative Other Comprehensive Loss	Total Equity
	Shares	Amount				
Balance, December 31, 2015	124,363	$1,243	$4,588,303	$(1,972,916)	$ (2,436)	$2,614,194
Repurchases of common stock	(1,105)	(11)	(24,989)	—	—	(25,000)
Common stock issued to employees and directors, and amortized (net of income tax withholdings)	206	2	1,415	—	—	1,417
Distributions to common stockholders ($0.60 per share)	—	—	—	(74,079)	—	(74,079)
Net income	—	—	—	19,983	—	19,983
Market value adjustment to interest rate swap	—	—	—	—	(6,879)	(6,879)
Balance, June 30, 2016	123,464	$1,234	$4,564,729	$(2,027,012)	$ (9,315)	$2,529,636

See accompanying notes.

Table of Contents

COLUMBIA PROPERTY TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	(Unaudited) Six Months Ended June 30,	
	2017	2016
Cash Flows from Operating Activities:		
Net income	$75,855	$19,983
Adjustments to reconcile net income to net cash provided by operating activities:		
Straight-line rental income	(12,463)	(16,622)
Depreciation	42,028	57,739
Amortization	16,789	28,057
Noncash interest expense	1,491	1,927
Loss on early extinguishment of debt	45	92
Loss from unconsolidated joint venture	3,702	3,504
(Gain) loss on sales of real estate assets	(73,153)	329
Stock-based compensation expense	3,953	2,595
Changes in assets and liabilities, net of acquisitions and dispositions:		
Decrease in tenant receivables, net	3,712	2,035
Increase in prepaid expenses and other assets	(1,024)	(27)
Decrease in accounts payable and accrued expenses	(20,456)	(9,191)
Decrease in deferred income	(4,516)	(983)
Net cash provided by operating activities	35,963	89,438
Cash Flows from Investing Activities:		
Net proceeds from the sales of real estate	504,660	159,387
Prepaid earnest money and transaction costs	(12,341)	—
Capital improvements	(35,090)	(22,792)
Deferred lease costs paid	(10,432)	(13,692)
Investments in unconsolidated joint venture	(1,940)	(8,728)
Net cash provided by investing activities	444,857	114,175
Cash Flows from Financing Activities:		
Financing costs paid	(70)	(139)
Proceeds from lines of credit and notes payable	—	215,000
Repayments of lines of credit and notes payable	(75,830)	(289,697)
Distributions paid to stockholders	(85,505)	(111,433)
Redemptions of common stock	(28,962)	(26,186)
Net cash used in financing activities	(190,367)	(212,455)
Net increase (decrease) in cash and cash equivalents	290,453	(8,842)
Cash and cash equivalents, beginning of period	216,085	32,645
Cash and cash equivalents, end of period	$506,538	$23,803

See accompanying notes.

COLUMBIA PROPERTY TRUST, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017
(unaudited)

1. Organization

Columbia Property Trust, Inc. ("Columbia Property Trust") (NYSE: CXP) is a Maryland corporation that operates as a real estate investment trust ("REIT") for federal income tax purposes and owns and operates commercial real estate properties. Columbia Property Trust was incorporated in 2003, commenced operations in 2004, and conducts business primarily through Columbia Property Trust Operating Partnership, L.P. ("Columbia Property Trust OP"), a Delaware limited partnership. Columbia Property Trust is the general partner and sole owner of Columbia Property Trust OP and possesses full legal control and authority over its operations. Columbia Property Trust OP acquires, develops, owns, leases, and operates real properties directly, through wholly owned subsidiaries, or through unconsolidated joint ventures. Unless otherwise noted, references to Columbia Property Trust, "we," "us," or "our" herein shall include Columbia Property Trust and all subsidiaries of Columbia Property Trust, direct and indirect.

Columbia Property Trust typically invests in high-quality, income-generating office properties. As of June 30, 2017, Columbia Property Trust owned 15 operating properties, containing approximately 7.8 million square feet of commercial space, located primarily in New York, San Francisco, Washington, D.C. and Atlanta. All of the properties are wholly owned, except for one property, which is owned through an unconsolidated joint venture, as described in Note 4, Unconsolidated Joint Venture. As of June 30, 2017, the properties, including 51% of the Market Square buildings, which Columbia Property Trust owns through an unconsolidated joint venture, were approximately 95.3% leased. On July 6, 2017, Columbia Property Trust contributed two of its San Francisco properties to joint ventures and sold a 22.5% interest in each joint venture, and acquired a 49.5% interest in a property in Manhattan through another joint venture. See Note 3, Real Estate Transactions, for additional information.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of Columbia Property Trust have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"), including the instructions to Form 10-Q and Article 10 of Regulation S-X, and do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements. In the opinion of management, the statements for the unaudited interim periods presented include all adjustments, which are of a normal and recurring nature, necessary for a fair and consistent presentation of the results for such periods. Results for these interim periods are not necessarily indicative of a full year's results. Columbia Property Trust's consolidated financial statements include the accounts of Columbia Property Trust, Columbia Property Trust OP, and any variable interest entity in which Columbia Property Trust or Columbia Property Trust OP was deemed the primary beneficiary. With respect to entities that are not variable interest entities, Columbia Property Trust's consolidated financial statements also include the accounts of any entity in which Columbia Property Trust, Columbia Property Trust OP, or their subsidiaries own a controlling financial interest and any limited partnership in which Columbia Property Trust, Columbia Property Trust OP, or their subsidiaries own a controlling general partnership interest. All intercompany balances and transactions have been eliminated in consolidation. For further information, refer to the financial statements and footnotes included in Columbia Property Trust's Annual Report on Form 10-K for the year ended December 31, 2016 (the "2016 Form 10-K").

Fair Value Measurements

Columbia Property Trust estimates the fair value of its assets and liabilities (where currently required under GAAP) consistent with the provisions of Accounting Standard Codification 820, Fair Value Measurements ("ASC 820"). Under this standard, fair value is defined as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date, under current market conditions. While various techniques and assumptions can be used to estimate fair value depending on the nature of the asset or liability, the accounting standard for fair value measurements and disclosures provides the following fair value technique parameters and hierarchy, depending upon availability:

Level 1 – Assets or liabilities for which the identical term is traded on an active exchange, such as publicly traded instruments or futures contracts.

Level 2 – Assets or liabilities valued based on observable market data for similar instruments.

Level 3 – Assets or liabilities for which significant valuation assumptions are not readily observable in the market. Such assets or liabilities are valued based on the best available data, some of which may be internally developed. Significant assumptions may include risk premiums that a market participant would consider.

Real Estate Assets

Columbia Property Trust is required to make subjective assessments as to the useful lives of its depreciable assets. Columbia Property Trust considers the period of future benefit of the asset to determine the appropriate useful lives. These assessments have a direct impact on net income. The estimated useful lives of its assets by class are as follows:

Buildings	40-45 years
Building and site improvements	5-25 years
Tenant improvements	Shorter of economic life or lease term
Intangible lease assets	Lease term

Evaluating the Recoverability of Real Estate Assets

Columbia Property Trust continually monitors events and changes in circumstances that could indicate that the carrying amounts of its real estate and related intangible assets, of both operating properties and properties under construction, may not be recoverable. When indicators of potential impairment are present that suggest that the carrying amounts of real estate assets and related intangible assets and liabilities may not be recoverable, Columbia Property Trust assesses the recoverability of these assets and liabilities by determining whether the respective carrying values will be recovered through the estimated undiscounted future cash flows expected from the use of the assets and their eventual disposition. In the event that such expected undiscounted future cash flows do not exceed the carrying values, Columbia Property Trust adjusts the carrying value of the real estate assets and related intangible assets and liabilities to the estimated fair values, pursuant to the property, plant, and equipment accounting standard for the impairment or disposal of long-lived assets, and recognizes an impairment loss. Estimated fair values are calculated based on the following hierarchy of information, depending upon availability: (i) recently quoted market prices, (ii) market prices for comparable properties, or (iii) the present value of future cash flows, including estimated residual value. Certain of Columbia Property Trust's assets may be carried at more than an amount that could be realized in a current disposition transaction. Based on the assessment as described above, Columbia Property Trust has determined that the carrying values of all its real estate assets and related intangible assets are recoverable as of June 30, 2017.

Projections of expected future operating cash flows require that Columbia Property Trust estimate future market rental income amounts subsequent to the expiration of current lease agreements, property operating expenses, the number of months it takes to re-lease the property, and the number of years the property is held for investment, among other factors. Due to the inherent subjectivity of the assumptions used to project future cash flows, estimated fair values may differ from the values that would be realized in market transactions.

Assets Held for Sale

Columbia Property Trust classifies properties as held for sale according to Accounting Standard Codification 360, Accounting for the Impairment or Disposal of Long-Lived Assets ("ASC 360"). According to ASC 360, properties, having separately identifiable operations and cash flows, are considered held for sale when the following criteria are met:

- Management, having the authority to approve the action, commits to a plan to sell the property.
- The property is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property.
- An active program to locate a buyer and other actions required to complete the plan to sell the property have been initiated.
- The property is being actively marketed for sale at a price that is reasonable in relation to its current fair value.
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.
- The sale of the property is probable (i.e., typically subject to a binding sale contract with a non-refundable deposit), and transfer of the property is expected to qualify for recognition as a completed sale within one year.

At such time that a property is determined to be held for sale, its carrying amount is adjusted to the lower of its depreciated book value or its estimated fair value, less costs to sell, and depreciation is no longer recognized; and assets and liabilities are required to be classified as held for sale on the accompanying consolidated balance sheet. As of June 30, 2017, none of Columbia Property Trust's properties met the criteria to be classified as held for sale in the accompanying balance sheet. As of December 31, 2016, Key Center Tower, Key Center Marriott, 5 Houston Center, Energy Center I, and 515 Post Oak were subject to binding sale contracts and met the other aforementioned criteria;

thus, these properties are classified as held for sale in the accompanying consolidated balance sheet as of that date. The sale of 5 Houston Center, Energy Center I, and 515 Post Oak closed on January 6, 2017, and the sale of Key Center Tower and Key Center Marriott closed on January 31, 2017 (see Note 3, Real Estate Transactions).

The major classes of assets and liabilities classified as held for sale as of December 31, 2016, are provided below (in thousands):

	December 31, 2016	
Real estate assets held for sale:		
Real estate assets, at cost:		
Land	$	30,243
Buildings and improvements, less accumulated depreciation of $152,246	366,126	
Intangible lease assets, less accumulated amortization of $28,545	13,365	
Construction in progress	2,772	
Total real estate assets held for sale, net	$	412,506
Other assets held for sale:		
Tenant receivables, net of allowance for doubtful accounts	$	1,722
Straight-line rent receivable	20,221	
Prepaid expenses and other assets	3,184	
Intangible lease origination costs, less accumulated amortization of $22,949	1,815	
Deferred lease costs, less accumulated amortization of $11,203	18,587	
Total other assets held for sale, net	$	45,529
Liabilities held for sale:		
Accounts payable, accrued expenses, and accrued capital expenditures	$	34,812
Deferred income	4,214	
Intangible lease liabilities, less accumulated amortization of $1,239	2,737	
Total liabilities held for sale, net	$	41,763

Intangible Assets and Liabilities Arising from In-Place Leases Where Columbia Property Trust Is the Lessor

Upon the acquisition of real properties, Columbia Property Trust allocates the purchase price of the properties to tangible assets, consisting of land, building, site improvements, and identified intangible assets and liabilities, including the value of in-place leases, based in each case on Columbia Property Trust's estimate of their fair values in accordance with ASC 820 (see Fair Value Measurements section above for additional detail). As of June 30, 2017 and December 31, 2016, Columbia Property Trust had the following intangible in-place lease assets and liabilities, excluding amounts held for sale (in thousands):

		Intangible Lease Assets		Intangible Lease Origination Costs	Intangible Below-Market In-Place Lease Liabilities
		Above-Market In-Place Lease Assets	Absorption Period Costs		
June 30, 2017	Gross	$1,689	$139,732	$117,357	$ 69,006
	Accumulated Amortization	(796)	(77,622)	(68,771)	(39,939)
	Net	$893	$62,110	$48,586	$ 29,067
December 31, 2016	Gross	$10,589	$154,582	$128,857	$ 77,939
	Accumulated Amortization	(9,305)	(83,254)	(74,578)	(44,564)
	Net	$1,284	$71,328	$54,279	$ 33,375

For the three and six months ended June 30, 2017 and 2016, Columbia Property Trust recognized the following amortization of intangible lease assets and liabilities (in thousands):

	Intangible Lease Assets In-Place Lease Assets	Intangible Lease Assets Above-Market Absorption Period Costs	Intangible Lease Origination Costs	Intangible Below-Market In-Place Lease Liabilities
For the three months ended June 30, 2017	$161	$ 4,189	$ 2,740	$ 1,911
For the three months ended June 30, 2016	$626	$ 7,918	$ 4,772	$ 3,745
For the six months ended June 30, 2017	$449	$ 9,257	$ 5,829	$ 4,316
For the six months ended June 30, 2016	$1,420	$ 16,447	$ 10,041	$ 7,426

The net intangible assets and liabilities remaining as of June 30, 2017 will be amortized as follows (in thousands):

	Intangible Lease Assets In-Place Lease Assets	Intangible Lease Assets Above-Market Absorption Period Costs	Intangible Lease Origination Costs	Intangible Below-Market In-Place Lease Liabilities
For the remainder of 2017	$47	$ 7,232	$ 5,053	$ 3,312
For the years ending December 31:				
2018	97	12,834	9,540	5,649
2019	97	11,247	8,974	4,972
2020	97	9,318	7,925	3,836
2021	97	5,432	3,984	2,171
2022	97	4,054	3,006	1,938
Thereafter	361	11,993	10,104	7,189
	$893	$ 62,110	$ 48,586	$ 29,067

Intangible Assets and Liabilities Arising from In-Place Leases Where Columbia Property Trust Is the Lessee

Columbia Property Trust is the lessee on certain in-place ground leases. Intangible above-market and below-market in-place lease values are recorded as intangible lease liabilities and assets, respectively, and are amortized as an adjustment to property operating cost over the remaining term of the respective leases. Columbia Property Trust had gross below-market lease assets of approximately
$140.9 million as of June 30, 2017 and December 31, 2016, and recognized amortization of these assets of approximately $0.6 million for the three months ended June 30, 2017 and 2016, and approximately $1.3 million for the six months ended June 30, 2017 and 2016, respectively.

As of June 30, 2017, the remaining net below-market intangible lease assets will be amortized as follows (in thousands):

For the remainder of 2017	$1,274
For the years ending December 31:	
2018	2,549
2019	2,549
2020	2,549
2021	2,549
2022	2,549
Thereafter	105,406
	$119,425

Interest Rate Swap Agreements

Columbia Property Trust enters into interest rate swap contracts to mitigate its interest rate risk on the related financial instruments. Columbia Property Trust does not enter into derivative or interest rate swap transactions for speculative purposes; however, certain of its derivatives may not qualify for hedge accounting treatment. Columbia Property Trust records the fair value of its interest rate swaps either as prepaid expenses and other assets or as accounts payable, accrued expenses, and accrued capital expenditures. Changes in the fair value of the effective portion of interest rate swaps that are designated as cash flow hedges are recorded as other comprehensive income, while changes in the fair value of the ineffective portion of a cash flow hedge, if any, are recognized currently in earnings. All changes in the fair value of interest rate swaps that do not qualify for hedge accounting treatment are recorded as gain or loss on interest rate swaps. Amounts received or paid under interest rate swap agreements are recorded as interest expense for contracts that qualify for hedge accounting treatment and as gain or loss on interest rate swaps for contracts that do not qualify for hedge accounting treatment. The following tables provide additional information related to Columbia Property Trust's interest rate swaps (in thousands):

Instrument Type	Balance Sheet Classification	Estimated Fair Value as of June 30, 2017	Estimated Fair Value as of December 31, 2016
Derivatives designated as hedging instruments:			
Interest rate contracts	Accounts payable	$(885)	$ (882)

Columbia Property Trust applied the provisions of ASC 820 in recording its interest rate swaps at fair value. The fair values of the interest rate swaps, classified under Level 2, were determined using a third-party proprietary model that is based on prevailing market data for contracts with matching durations, current and anticipated London Interbank Offered Rate ("LIBOR") information, and reasonable estimates about relevant future market conditions. Columbia Property Trust has determined that the fair value, as determined by the third party, is reasonable.

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Market value adjustment to interest rate swaps designated as hedging instruments and included in other comprehensive income	$(636)	$(2,022)	$(2)	$(6,879)

During the periods presented, there was no hedge ineffectiveness required to be recognized into earnings on the interest rate swaps that qualified for hedge accounting treatment.

Income Taxes

Columbia Property Trust has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code") and has operated as such beginning with its taxable year ended December 31, 2003. To qualify as a REIT, Columbia Property Trust must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of its REIT taxable income, as defined by the Code, to its stockholders. As a REIT, Columbia Property Trust generally is not subject to income tax on income it distributes to stockholders. Columbia Property Trust's stockholder distributions typically exceed its taxable income due to the inclusion of noncash expenses, such as depreciation, in taxable income. As a result, Columbia Property Trust typically does not incur federal income taxes other than as described in the following paragraph. Columbia Property Trust is, however, subject to certain state and local taxes related to the operations of properties in certain locations, which have been provided for in the accompanying consolidated financial statements.

Columbia Property Trust TRS, LLC, Columbia KCP TRS, LLC, and Columbia Energy TRS, LLC (collectively, the "TRS Entities") are wholly owned subsidiaries of Columbia Property Trust and are organized as Delaware limited liability companies. The TRS Entities, among other things, provide tenant services that Columbia Property Trust, as a REIT, cannot otherwise provide. Columbia Property Trust has elected to treat the TRS Entities as taxable REIT subsidiaries. Columbia Property Trust may perform certain additional, noncustomary services for tenants of its buildings through the TRS Entities; however, any earnings related to such services are subject to federal and state income taxes. In addition, for Columbia Property Trust to continue to qualify as a REIT, Columbia Property Trust must limit its investments in taxable REIT subsidiaries to 25% of the value of the total assets. The TRS Entities' deferred tax assets and liabilities represent temporary differences between the financial reporting basis and the tax basis of assets and liabilities based on the enacted rates expected to be in effect when the temporary differences reverse. If applicable, Columbia Property Trust records interest and penalties related to uncertain tax positions as general and administrative expense in the accompanying consolidated statements of operations.

Recent Accounting Pronouncements

In February 2017, the Financial Accounting Standards Board (the "FASB") issued Accounting Standard Update 2017-05, Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Non-Financial Assets ("ASU 2017-05"), which will apply to the partial sale of non-financial assets, including real estate assets, to unconsolidated joint ventures. ASU 2017-05 will require that 100% of the gain be recognized for non-financial assets transferred to an unconsolidated joint venture and any non-controlling interest received in such non-financial assets be measured at fair value. ASU 2017-05 is to be implemented at the same time as Accounting Standards Update 2014-09, Revenue from Contracts with Customers (as described below), and is effective for Columbia Property Trust on January 1, 2018, with early adoption permitted. Columbia Property Trust anticipates adopting ASU 2017-05 retrospectively with a cumulative-effect adjustment booked to retained earnings at adoption. This adjustment will (1) mark investments in unconsolidated joint ventures to fair value as of the date of contribution to the unconsolidated joint ventures, and (2) recognize the remainder of the gain associated with transferring the assets to the unconsolidated joint venture. Columbia Property Trust is evaluating the impact of ASU 2017-05 and anticipates applying the modified-retrospective approach of implementation by recording a cumulative-effect adjustment to equity for investments in unconsolidated joint ventures in which Columbia Property Trust had previously contributed property and recognized a gain on a partial property sale (see Note 4, Unconsolidated Joint Venture).

In January 2017, the FASB issued Accounting Standards Update 2017-01, Clarifying the Definition of a Business ("ASU 2017-01"), which provides a more narrow definition of a business to be used in determining the accounting treatment of an acquisition, and, as a result, many acquisitions that previously qualified as business combinations will be treated as asset acquisitions. For asset acquisitions, acquisition costs may be capitalized, and purchase price may be allocated on a relative fair-value basis. ASU 2017-01 is effective prospectively for Columbia Property Trust on January 1, 2018, with early adoption permitted. For real estate acquisitions completed subsequent to its adoption, Columbia Property Trust anticipates that ASU 2017-01 will result in simplified purchase price allocations and the capitalization of associated acquisition costs.

In February 2016, the FASB issued Accounting Standards Update 2016-02, Leases ("ASU 2016-02"), which amends the existing standards for lease accounting by requiring lessees to recognize most leases on their balance sheets and by making targeted changes to lessor accounting and reporting, including the classification of lease components and nonlease components, such as services provided to tenants. The new standard will require lessees to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months, and classify such leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee, or not. This classification will determine whether the lease expense is recognized based on an effective interest method (finance leases) or on a straight-line basis over the term of the lease (operating leases). Leases with a term of 12 months or less will be accounted for using an approach that is similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance as applies to sales-type leases, direct financing leases, and operating leases. ASU 2016-02 will be effective for Columbia Property Trust on January 1, 2019 and supersedes previous leasing standards. Once effective, Columbia Property Trust anticipates separating lease components from nonlease components, which will be evaluated under ASU 2014-09, as described below.

In May 2014, the FASB issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"), which establishes a comprehensive model to account for revenue arising from contracts with customers. ASU 2014-09 applies to all contracts with customers, except those that are within the scope of other topics in the FASB's Accounting Standards Codification, including real estate leases. ASU 2014-09 will require companies to perform a five-step analysis of transactions to determine when and how revenue is recognized. ASU 2014-09 will be effective retrospectively for Columbia Property Trust beginning on January 1, 2018, and early adoption is permitted. Columbia Property Trust is continuing to evaluate the impact that ASU 2014-09 will have on its financial statements and disclosures; however, Columbia Property Trust primarily derives revenue from real estate leases, which are excluded from ASU 2014-09. Columbia Property Trust is in the process of evaluating the criteria of ASU 2014-09 and determining what impact the new standard will have on revenue streams generated from activities other than leasing, including asset management fees. At adoption, Columbia Property Trust anticipates applying the modified-retrospective approach of implementation as of the effective date and providing more extensive disclosures around our revised revenue recognition policy. Columbia Property Trust also anticipates that, upon the adoption of ASU 2016-02, as described above, nonlease components of revenue will also be evaluated under ASU 2014-09.

3. Real Estate Transactions

Dispositions

During 2016 and the first six months of 2017, Columbia Property Trust closed the following transactions:

Property	Location	Date	Purchase Price[1] (in thousands)	Gain (Loss) on Sale (in thousands)
2017				
Key Center Tower & Marriott[2]	Cleveland, OH	January 31, 2017	$ 267,500	$9,500
Houston Properties Sale[3]	Houston, TX	January 6, 2017	$ 272,000	$63,700
2016				
SanTan Corporate Center	Phoenix, AZ	December 15, 2016	$ 58,500	$9,800
Sterling Commerce	Dallas, TX	November 30, 2016	$ 51,000	$12,500
9127 South Jamaica Street	Denver, CO	October 12, 2016	$ 19,500	$— [4]
80 Park Plaza	Newark, NJ	September 30, 2016	$ 174,500	$21,600
9189, 9191 & 9193 South Jamaica Street	Denver, CO	September 22, 2016	$ 122,000	$27,200
800 North Frederick	Suburban, MD	July 8, 2016	$ 48,000	$2,100
100 East Pratt	Baltimore, MD	March 31, 2016	$ 187,000	$(300)

(1) Purchase price, as shown, is before purchase price adjustments.

(2) Key Center Tower & Marriott were sold in one transaction on January 31, 2017. At closing, Columbia Property Trust received $254.5 million of gross proceeds and a $13.0 million, 10-year accruing note receivable from the principal of the buyer. As a result, Columbia Property Trust has applied the installment method to account for this transaction, and deferred $13.0 million of the total $22.5 million gain on sale. The Key Center Tower and Key Center Marriott generated net income of $5.4 million for the first six months of 2016, and a net loss of $1.9 million for the first 31 days of 2017, excluding the gain on sale.

(3) 5 Houston Center, Energy Center I, and 515 Post Oak were sold in one transaction on January 6, 2017 (the "Houston Properties Sale"). The properties included in the Houston Properties Sale generated net income of $7.1 million for the first six months of 2016, and a net loss of $14.9 thousand for the first six days of 2017, excluding the gain on sale.

(4) Columbia Property Trust recorded a de minimus loss on the sale of 9127 South Jamaica Street.

Acquisitions

Columbia Property Trust did not acquire any properties during 2016 or the six months ended June 30, 2017. In February 2017, Columbia Property Trust deposited $12.0 million in earnest money, upon entering a firm contract to purchase 149 Madison Avenue, a 12-story, 127,000-square-foot office building in New York. Closing is expected to occur later this year.

Allianz Joint Ventures

On July 6, 2017, Columbia Property Trust contributed the 333 Market Street Building and the University Circle Property to joint ventures, and simultaneously sold a 22.5% interest in those joint ventures to Allianz Real Estate ("Allianz"), an unrelated third party, for a total of $234.0 million (the "San Francisco Joint Ventures"). Upon the earlier of July 6, 2018, or when Columbia Property Trust and Allianz jointly invest $600.0 million in additional assets acquisitions (excluding 114 Fifth Ave described below), Allianz will acquire another 22.5% interest in each of the San Francisco Joint Ventures at the same aggregate price, $234.0 million, adjusted for any capital expenditures at the properties made during the intervening period. At that point, Columbia Property Trust will hold a 55.0% equity interest in each of the San Francisco Joint Ventures.

On July 6, 2017, Columbia Property Trust acquired a 49.5% equity interest in a joint venture that owns the 114 Fifth Avenue property for $108.9 million from Allianz (the "114 Fifth Avenue Joint Venture"). 114 Fifth Avenue is a 19-story, 352,000-square-foot building located in Manhattan’s Flatiron District which is currently 100% leased and is unencumbered by debt. The 114 Fifth Avenue Joint Venture is owned by Columbia Property Trust (49.5%), Allianz (49.5%) and L&L Holding Company (1.0%). L&L Holding Company is the general partner, and will continue to perform asset and property management services for the property.

4. Unconsolidated Joint Venture

Columbia Property Trust owns 51% of an unconsolidated joint venture that owns the Market Square buildings (the "Market Square Joint Venture"), and Blackstone Property Partners ("Blackstone") owns the remaining 49% interest. The Market Square Joint Venture owns and operates the Market Square buildings through Market Square REIT East & West, LLC, which operates as a

REIT. The Market Square buildings are two, 13-story office buildings containing 698,000 square feet of office space in Washington, D.C. (the "Market Square Buildings"). Columbia Property Trust shares substantive participation rights with Blackstone, including management selection and termination, and the approval of material operating and capital decisions. As such, Columbia Property Trust uses the equity method of accounting to record its investment in the Market Square Joint Venture. Under the equity method, the investment in the joint venture is recorded at cost and adjusted for cash contributions and distributions, and allocations of income or loss. Cash distributions and earnings are allocated according to the provisions of the joint venture agreement, which are consistent with the ownership percentages for the Market Square Joint Venture.

Columbia Property Trust evaluates the recoverability of its investment in unconsolidated joint venture in accordance with accounting standards for equity investments by first reviewing the investment for any indicators of impairment. If indicators are present, Columbia Property Trust estimates the fair value of the investment. If the carrying value of the investment is greater than the estimated fair value, management makes an assessment of whether the impairment is "temporary" or "other-than-temporary." In making this assessment, management considers the following: (1) the length of time and the extent to which fair value has been less than cost, and (2) Columbia Property Trust's intent and ability to retain its interest long enough for a recovery in market value. Based on the assessment as described above, Columbia Property Trust has determined that the carrying value of its investment in unconsolidated joint venture is recoverable as of June 30, 2017.

As of June 30, 2017 and December 31, 2016, the outstanding balance on the interest-only Market Square mortgage note is $325.0 million, bearing interest at 5.07%. The Market Square mortgage note matures on July 1, 2023. Columbia Property Trust guarantees a portion of the Market Square mortgage note, the amount of which has been reduced to $12.6 million as of June 30, 2017 from $16.1 million as of December 31, 2016, as a result of leasing at the Market Square Buildings. The amount of the guaranty will continue to be reduced as space is leased.

Condensed balance sheet information for the Market Square Joint Venture is as follows (in thousands):

	June 30, 2017	December 31, 2016
Total assets	$582,664	$ 587,344
Total debt	$324,682	$ 324,656
Total equity	$239,207	$ 242,802
Columbia Property Trust's investment	$125,584	$ 127,346

Condensed income statement information for the Market Square Joint Venture is as follows (in thousands):

	For the Three Months Ended June 30, 2017		For the Six Months Ended June 30, 2017	
	2017	2016	2017	2016
Total revenues	$10,428	$9,776	$20,562	$21,439
Net loss	$(3,563)	$(3,827)	$(7,259)	$(6,870)
Columbia Property Trust's share of net loss	$(1,817)	$(1,952)	$(3,702)	$(3,504)

Columbia Property Trust provides property and asset management services to the Market Square Joint Venture. Under these agreements, Columbia Property Trust oversees the day-to-day operations of the Market Square Joint Venture and the Market Square Buildings, including property management, property accounting, and other property services. Columbia Property Trust receives property management fees equal to 3.0% of the gross revenue of the Market Square Buildings and reimbursements of property operating costs, payable monthly, and receives asset management fees of $1.0 million annually, payable in equal quarterly installments. Columbia Property Trust earned fees related to these asset and property management services of $0.7 million and $0.6 million for the three months ended June 30, 2017 and 2016, respectively, and $1.3 million for each of the six month periods ended June 30, 2017 and 2016. Such fees are included in other property income on the accompanying consolidated statements of operations.

As of June 30, 2017 and December 31, 2016, property management fees of $0.1 million were due from the Market Square Joint Venture and are included in prepaid expenses and other assets on the accompanying consolidated balance sheets.

5. Line of Credit and Notes Payable

As of June 30, 2017 and December 31, 2016, Columbia Property Trust had the following line of credit and notes payable indebtedness (excluding bonds payable; see Note 6, Bonds Payable) in thousands:

Facility	June 30, 2017	December 31, 2016
$300 Million Term Loan	$300,000	$ 300,000
$150 Million Term Loan	150,000	150,000
650 California Street building mortgage note	125,005	126,287
263 Shuman Boulevard building mortgage note[(1)]	49,000	49,000
One Glenlake building mortgage note	24,769	26,315
221 Main Street building mortgage note	—	73,000
Revolving Credit Facility	—	—
Less: Deferred financing costs related to term loans and notes payable, net of accumulated amortization	(2,614)	(3,136)
	$646,160	$ 721,466

(1) In January 2017, the lender put this loan into default because the full-building lease with OfficeMax was not renewed, as required by the loan agreement. OfficeMax vacated the property in 2015, and the lease expired in May 2017. Columbia Property Trust is in the process of working to transfer this property to the lender.

Fair Value of Debt

The estimated fair value of Columbia Property Trust's line of credit and notes payable as of June 30, 2017 and December 31, 2016, was approximately $651.7 million and $728.5 million, respectively. The related carrying value of the line of credit and notes payable as of June 30, 2017 and December 31, 2016, was $648.8 million and $724.6 million, respectively. Columbia Property Trust estimated the fair value of the $300 Million Term Loan (the "$300 Million Term Loan") and the Revolving Credit Facility (the "Revolving Credit Facility") by obtaining estimates for similar facilities from multiple market participants as of the respective reporting dates. Therefore, the fair values determined are considered to be based on observable market data for similar instruments (Level 2). The fair values of all other debt instruments were estimated based on discounted cash flow analyses using the current incremental borrowing rates for similar types of borrowing arrangements as of the respective reporting dates. The discounted cash flow method of assessing fair value results in a general approximation of value, and such value may never actually be realized.

Interest Paid and Capitalized and Debt Covenants

During the six months ended June 30, 2017 and 2016, Columbia Property Trust made interest payments totaling approximately $11.2 million and $15.2 million, respectively, of which approximately $0.3 million and $0.1 million, respectively, was capitalized. As of June 30, 2017, Columbia Property Trust believes it is in compliance with the restrictive financial covenants on its term loans, the Revolving Credit Facility, and notes payable obligations.

Debt Repayments

On March 10, 2017, Columbia Property Trust repaid the $73.0 million balance of the 221 Main Street building mortgage note, which was originally scheduled to mature on May 10, 2017. Columbia Property Trust recognized a loss on early extinguishment of debt of $45,000 related to unamortized deferred financing costs.

Table of Contents

Term Loan Amendment
On July 25, 2017, Columbia Property Trust amended the terms of it $150 Million Term Loan, to reduce the current interest rate from 3.52% to 3.07% per annum. The amendment reduced the interest rate from LIBOR, plus an applicable margin ranging from 1.40% to 2.35%, to LIBOR, plus an applicable margin ranging from 0.90% to 1.75%. The maturity date, debt covenants, and other terms of the $150 Million Term Loan are unchanged. The interest rate is effectively fixed with an interest rate swap agreement, which is designated as a cash flow hedge.

6. Bonds Payable

On August 12, 2016, Columbia Property Trust OP issued $350.0 million of 10-year, unsecured 3.650% senior notes at 99.626% of their face value (the "2026 Bonds Payable"), which are guaranteed by Columbia Property Trust. Columbia Property Trust OP received net proceeds from the 2026 Bonds Payable of $346.4 million, which were used to redeem $250.0 million of seven-year, unsecured 5.875% senior notes (the "2018 Bonds Payable"). The 2026 Bonds Payable require semi-annual interest payments in February and August based on a contractual annual interest rate of 3.650%. In the accompanying consolidated balance sheets, the 2026 Bonds Payable are shown net of the initial issuance discount of approximately $1.3 million, which is being amortized to interest expense over the term of the 2026 Bonds Payable using the effective interest method. The principal amount of the 2026 Bonds Payable is due and payable on the maturity date, August 15, 2026.

In March 2015, Columbia Property Trust OP issued $350.0 million of 10-year, unsecured 4.150% senior notes at 99.859% of their face value (the "2025 Bonds Payable"), which are guaranteed by Columbia Property Trust. Columbia Property Trust OP received proceeds from the 2025 Bonds Payable, net of fees, of $347.2 million. The 2025 Bonds Payable require semi-annual interest payments in April and October based on a contractual annual interest rate of 4.150%. In the accompanying consolidated balance sheets, the 2025 Bonds Payable are shown net of the initial issuance discount of approximately $0.5 million, which is being amortized to interest expense over the term of the 2025 Bonds Payable using the effective interest method. The principal amount of the 2025 Bonds Payable is due and payable on the maturity date, April 1, 2025.

Interest payments of $13.8 million were made on the 2026 Bonds Payable and 2025 Bonds Payable during the six months ended June 30, 2017, and $14.6 million in interest payments were made on the 2025 Bonds Payable or the 2018 Bonds Payable during the six months ended June 30, 2016. Columbia Property Trust is subject to substantially similar covenants under the 2026 Bonds Payable and the 2025 Bonds Payable. As of June 30, 2017, Columbia Property Trust believes it was in compliance with the restrictive financial covenants on the 2026 Bonds Payable and the 2025 Bonds Payable.

As of June 30, 2017 and December 31, 2016, the estimated fair value of the 2026 Bonds Payable and the 2025 Bonds Payable was approximately $703.0 million and $703.1 million, respectively. The related carrying value of the bonds payable, net of discounts, as of June 30, 2017 and December 31, 2016, was $698.4 million and $698.3 million, respectively. The fair value of the bonds payable was estimated based on discounted cash flow analyses using the current incremental borrowing rates for similar types of borrowings as the bonds as of the respective reporting dates (Level 2). The discounted cash flow method of assessing fair value results in a general approximation of value, which may differ from the price that could be achieved in a market transaction.

7. Commitments and Contingencies

Commitments Under Existing Lease Agreements
Certain lease agreements include provisions that, at the option of the tenant, may obligate Columbia Property Trust to expend capital to expand an existing property or provide other expenditures for the benefit of the tenant. As of June 30, 2017, no tenants have exercised such options that have not been materially satisfied or recorded as a liability on the accompanying consolidated balance sheet.

Guaranty of Debt of Unconsolidated Joint Venture
Upon entering into the Market Square Joint Venture in October 2015, Columbia Property Trust entered into a guaranty of a $25.0 million portion of the Market Square mortgage note, the amount of which is reduced as space is leased. As a result of leasing, the guaranty has been reduced to $12.6 million as of June 30, 2017. Columbia Property Trust believes that the likelihood of making a payment under this guaranty is remote; therefore, no liability has been

recorded related to this guaranty as of June 30, 2017.

Litigation

Columbia Property Trust is subject to various legal proceedings, claims, and administrative proceedings arising in the ordinary course of business, some of which are expected to be covered by liability insurance. Management makes assumptions and estimates concerning the likelihood and amount of any reasonably possible loss relating to these matters using the latest information available.

Table of Contents

Columbia Property Trust records a liability for litigation if an unfavorable outcome is probable and the amount of loss or range of loss can be reasonably estimated. If an unfavorable outcome is probable and a reasonable estimate of the loss is a range, Columbia Property Trust accrues the best estimate within the range. If no amount within the range is a better estimate than any other amount, Columbia Property Trust accrues the minimum amount within the range. If an unfavorable outcome is probable but the amount of the loss cannot be reasonably estimated, Columbia Property Trust discloses the nature of the litigation and indicates that an estimate of the loss or range of loss cannot be made. If an unfavorable outcome is reasonably possible and the estimated loss is material, Columbia Property Trust discloses the nature and estimate of the possible loss of the litigation. Columbia Property Trust does not disclose information with respect to litigation where the possibility of an unfavorable outcome is considered to be remote. Based on current expectations, such matters, both individually and in the aggregate, are not expected to have a material adverse effect on the liquidity, results of operations, business, or financial condition of Columbia Property Trust. Columbia Property Trust is not currently involved in any legal proceedings of which management would consider the outcome to be reasonably likely to have a material adverse effect on the results of operations, liquidity, or financial condition of Columbia Property Trust.

8. Stockholders' Equity

Common Stock Repurchase Program

Columbia Property Trust's board of directors has authorized the repurchase of up to an aggregate of $200 million of its common stock, par value $0.01 per share, through September 4, 2017 (the "Stock Repurchase Program"). Since this program commenced on September 4, 2015, Columbia Property Trust has acquired 4.4 million shares at an average price of $22.08, for aggregate purchases of $96.5 million. During the three months ended June 30, 2017, Columbia Property Trust repurchased 1.3 million shares at an average price of $21.95, for aggregate purchases of $27.5 million. As of June 30, 2017, $103.5 million remains available for repurchases under the Stock Repurchase Program. Common stock repurchases are charged against equity as incurred, and the repurchased shares are retired. Columbia Property Trust will continue to evaluate the purchase of shares, primarily through open market transactions, which are subject to market conditions and other factors.

Long-Term Incentive Plan

Columbia Property Trust maintains a shareholder-approved, long-term incentive plan that provides for grants of up to 4.8 million shares of stock to be made to certain employees and independent directors of Columbia Property Trust (the "LTIP").

In 2017, Columbia Property Trust has granted 138,938 shares of common stock to employees under the LTIP for 2017. Such awards are time-based and will vest ratably on each anniversary of the grant over the next four years. Performance-based stock unit awards representing 330,541 shares were also made in 2017. The payout of these performance-based awards can range from 0% to 150%, depending on total shareholder return relative to the FTSE NAREIT Equity Office Index, over a three-year performance period. At the conclusion of the three-year performance period, 75% of the shares earned will vest, and the remaining 25% vest one year later. The performance-based awards also include one- and two-year transitional awards, which will vest at the end of the respective performance periods. The awards will be expensed over the vesting period, using the estimated fair value for each award. Time-based awards will be expensed using the grant-date fair value or closing price of the award on the grant date. Performance-based awards will be expensed over the vesting period at the estimated fair value of the grant date, as determined by the Monte Carlo valuation method.

Table of Contents

Additionally, on January 20, 2017, Columbia Property Trust granted 193,535 shares of common stock to employees, net of 17,938 shares withheld to settle the related tax liability, under the LTIP for 2016 performance, of which 25% vested upon grant; the remaining shares will vest ratably, with the passage of time, on January 31, 2018, 2019, and 2020. Employees will receive quarterly dividends related to their entire grant, including the unvested shares, on each dividend payment date. A summary of the activity for the employee stock grants under the LTIP for the six months ended June 30, 2017 follows:

For the Six Months Ended June 30, 2017	
Shares (in thousands)	Weighted-Average Grant-Date Fair Value[1]