COLUMBIA PROPERTY TRUST, INC.
Form 10-Q
July 28, 2016
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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, 2016
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", and "smaller reporting 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

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 25, 2016: 123,471,082 shares

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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, 2015 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.

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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, 2015. Columbia Property Trust's results of operations for the three and six months ended June 30, 2016 are not necessarily indicative of the operating results expected for the full year.

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

	(Unaudited) June 30, 2016	December 31, 2015
Assets:		
Real estate assets, at cost:		
Land	$844,495	$ 896,467
Buildings and improvements, less accumulated depreciation of $603,088 and $613,639, as of June 30, 2016 and December 31, 2015, respectively	2,741,929	2,897,431
Intangible lease assets, less accumulated amortization of $235,121 and $250,085, as of June 30, 2016 and December 31, 2015, respectively	236,580	259,136
Construction in progress	14,176	31,847
Real estate assets held for sale, less accumulated depreciation and amortization of $9,897 as of June 30, 2016	43,246	—
Total real estate assets	3,880,426	4,084,881
Investment in unconsolidated joint venture	123,919	118,695
Cash and cash equivalents	23,803	32,645
Tenant receivables, net of allowance for doubtful accounts of $614 and $8 as of June 30, 2016 and December 31, 2015, respectively	11,210	11,670
Straight-line rent receivable	113,921	109,062
Prepaid expenses and other assets	35,230	35,848
Intangible lease origination costs, less accumulated amortization of $161,994 and $181,482, as of June 30, 2016 and December 31, 2015, respectively	65,775	77,190
Deferred lease costs, less accumulated amortization of $41,626 and $40,817, as of June 30, 2016 and December 31, 2015, respectively	87,182	88,127
Investment in development authority bonds	120,000	120,000
Other assets held for sale	10	—
Total assets	$4,461,476	$ 4,678,118
Liabilities:		
Line of credit and notes payable, net of unamortized deferred financing costs of $3,675 and $4,492, as of June 30, 2016 and December 31, 2015, respectively	$ 1,056,690	$ 1,130,571
Bonds payable, net of discounts of $870 and $1,020 and unamortized deferred financing costs of $3,311 and $3,721, as of June 30, 2016 and December 31, 2015, respectively	595,819	595,259
Accounts payable, accrued expenses, and accrued capital expenditures	86,010	98,759
Dividends payable	—	37,354
Deferred income	23,793	24,814
Intangible lease liabilities, less accumulated amortization of $85,547 and $81,496, as of June 30, 2016 and December 31, 2015, respectively	49,396	57,167
Obligations under capital leases	120,000	120,000
Liabilities held for sale	132	—
Total liabilities	1,931,840	2,063,924
Commitments and Contingencies (Note 7)	—	—
Equity:		
Common stock, $0.01 par value, 225,000,000 shares authorized, 123,463,608 and 124,363,073 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	1,234	1,243

Additional paid-in capital	4,564,729	4,588,303
Cumulative distributions in excess of earnings	(2,027,012)	(1,972,916)
Cumulative other comprehensive loss	(9,315)	(2,436)
Total equity	2,529,636	2,614,194
Total liabilities and equity	$4,461,476	$4,678,118

See accompanying notes.

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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,	
	2016	2015	2016	2015
Revenues:				
Rental income	$93,567	$112,916	$193,153	$225,725
Tenant reimbursements	18,708	26,519	38,461	54,768
Hotel income	6,551	6,964	11,214	11,957
Other property income	9,104	1,725	11,681	3,217
	127,930	148,124	254,509	295,667
Expenses:				
Property operating costs	40,242	48,083	81,578	97,837
Hotel operating costs	5,038	5,147	9,369	9,738
Asset and property management fees	341	503	671	900
Depreciation	28,450	33,813	57,739	67,820
Amortization	14,932	23,738	31,007	46,957
General and administrative	7,761	7,080	18,251	15,124
Acquisition expenses	—	—	—	1,995
	96,764	118,364	198,615	240,371
Real estate operating income	31,166	29,760	55,894	55,296
Other income (expense):				
Interest expense	(17,380)	(22,765)	(35,277)	(44,249)
Interest and other income	1,808	1,807	3,613	3,640
Loss on interest rate swaps	—	(2)	—	(8)
Loss on early extinguishment of debt	(92)	—	(92)	(477)
	(15,664)	(20,960)	(31,756)	(41,094)
Income before income taxes, unconsolidated joint venture, and loss on sale of real estate	15,502	8,800	24,138	14,202
Income tax benefit (expense)	(245)	(91)	(322)	105
Loss from unconsolidated joint venture	(1,952)	—	(3,504)	—
Income before loss on sale of real estate	13,305	8,709	20,312	14,307
Loss on sale of real estate	(19)	—	(329)	—
Net income	$13,286	$8,709	$19,983	$14,307
Per-share information – basic:				
Net income	$0.11	$0.07	$0.16	$0.11
Weighted-average common shares outstanding – basic	123,206	124,925	123,299	124,914
Per-share information – diluted:				
Net income	$0.11	$0.07	$0.16	$0.11
Weighted-average common shares outstanding – diluted	123,294	125,017	123,357	124,981
Dividends per share	$0.30	$0.30	$0.60	$0.60

See accompanying notes.

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

	(Unaudited) Three Months Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2016	2015	2016	2015
Net income	$13,286	$8,709	$19,983	$14,307
Market value adjustments to interest rate swaps	(2,022)	436	(6,879)	595
Comprehensive income	$11,264	$9,145	$13,104	$14,902

See accompanying notes.

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COLUMBIA PROPERTY TRUST, INC.
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015 (UNAUDITED)
(in thousands, except per-share amounts)

	Equity 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 witholdings)	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

	Equity Common Stock		Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Cumulative Other Comprehensive Income (Loss)	Total Equity
	Shares	Amount				
Balance, December 31, 2014	124,973	$ 1,249	$4,601,808	$(1,867,611)	$ (1,968)	$2,733,478
Common stock issued to employees and directors, and amortized (net of income tax witholdings)	102	1	1,299	—	—	1,300
Distributions to common stockholders ($0.60 per share)	—	—	—	(75,046)	—	(75,046)
Net income	—	—	—	14,307	—	14,307
Market value adjustment to interest rate swap	—	—	—	—	595	595
Balance, June 30, 2015	125,075	$ 1,250	$4,603,107	$(1,928,350)	$ (1,373)	$2,674,634

See accompanying notes.

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

	(Unaudited) Six Months Ended June 30, 2016		2015	
Cash Flows from Operating Activities:				
Net income	$ 19,983		$ 14,307	
Adjustments to reconcile net income to net cash provided by operating activities:				
Straight-line rental income	(16,622	)	(5,884	)
Depreciation	57,739		67,820	
Amortization	28,057		42,005	
Noncash interest expense	1,927		1,986	
Loss on early extinguishment of debt	92		477	
Gain on interest rate swaps	—		(2,633	)
Loss from unconsolidated joint venture	3,504		—	
Loss on sale of real estate	329		—	
Stock-based compensation expense	2,595		2,029	
Changes in assets and liabilities, net of acquisitions:				
Decrease (increase) in tenant receivables, net	2,035		(2,526	)
Increase in prepaid expenses and other assets	(27	)	(1,231	)
Decrease in accounts payable and accrued expenses	(9,191	)	(6,019	)
Decrease in deferred income	(983	)	(1,393	)
Net cash provided by operating activities	89,438		108,938	
Cash Flows from Investing Activities:				

Net proceeds from the sale of real estate	159,387	—
Real estate acquisitions	—	(551,277)
Capital improvements	(22,792)	(41,653)
Deferred lease costs paid	(13,692)	(9,892)
Investments in unconsolidated joint venture	(8,728)	—
Net cash provided by (used in) investing activities	114,175	(602,822)
Cash Flows from Financing Activities:		
Financing costs paid	(139)	(4,025)
Proceeds from lines of credit and notes payable	215,000	710,000
Repayments of lines of credit and notes payable	(289,697)	(601,878)
Proceeds from issuance of bonds payable	—	349,507
Distributions paid to stockholders	(111,433)	(75,046)
Repurchases of common stock	(26,186)	(722)
Net cash provided by (used in) financing activities	(212,455)	377,836
Net decrease in cash and cash equivalents	(8,842)	(116,048)
Cash and cash equivalents, beginning of period	32,645	149,790
Cash and cash equivalents, end of period	$ 23,803	$ 33,742

See accompanying notes.

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COLUMBIA PROPERTY TRUST, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016
(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 joint ventures. 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, and any unconsolidated joint ventures.

Columbia Property Trust typically invests in high-quality, income-generating office properties. As of June 30, 2016, Columbia Property Trust owned 26 office properties and one hotel, containing approximately 13.3 million square feet of commercial space, located in 12 states and the District of Columbia. 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, 2016, the operational office properties, including Columbia Property Trust's share of the unconsolidated joint venture, were approximately 90.6% leased.

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 these 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, 2015 (the "2015 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 ("ASC") 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 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, in which Columbia Property Trust has an ownership interest, either directly or through investments in joint ventures, 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 information, in order of preference, 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. Columbia Property Trust has determined that there is no impairment in the carrying values of our real estate assets and related intangible assets as of June 30, 2016.

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. The subjectivity of assumptions used in the future cash flow analysis, including discount rates, could result in an incorrect assessment of the property's fair value and could result in the misstatement of the carrying value of Columbia Property Trust's real estate assets and related intangible assets and liabilities and net income.

Assets Held for Sale

Columbia Property Trust classifies assets as held for sale according to ASC 360, Accounting for the Impairment or Disposal of Long-Lived Assets ("ASC 360"). According to ASC 360, assets 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 sale of the property is probable, and transfer of the property is expected to qualify for recognition as a completed sale, within one year.
- 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.

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, 2016, the 800 North Frederick Property was subject to a binding sale contract and, thus, is classified as held for sale in the accompanying consolidated balance sheet as of that date. This transaction closed in the third quarter of 2016 (see Note 3, Real Estate Transactions).

The major classes of assets and liabilities classified as held for sale as of June 30, 2016, are provided below (in thousands):

	June 30, 2016
Real estate assets held for sale:	
Real estate assets, at cost:	
Land	$20,195
Buildings and improvements, less accumulated depreciation of $9,897	23,051
Total real estate assets held for sale	$43,246
Other assets held for sale:	
Prepaid expenses and other assets	$10
Total other assets held for sale, net	$10
Liabilities held for sale:	
Accounts payable, accrued expenses, and accrued capital expenditures	$132
Total liabilities held for sale	$132

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, 2016 and December 31, 2015, Columbia Property Trust had the following gross intangible in-place lease assets and liabilities (in thousands):

		Intangible Lease Assets Above-Market In-Place Lease Assets	Intangible Lease Assets Absorption Period Costs	Intangible Lease Origination Costs	Intangible Below-Market In-Place Lease Liabilities
June 30, 2016	Gross	$47,513	$283,270	$227,769	$ 134,943
	Accumulated Amortization	(36,441)	(179,737)	(161,994)	(85,547)
	Net	$11,072	$103,533	$65,775	$ 49,396
December 31, 2015	Gross	$50,463	$317,841	$258,672	$ 138,663
	Accumulated Amortization	(37,971)	(194,446)	(181,482)	(81,496)
	Net	$12,492	$123,395	$77,190	$ 57,167

For the three and six months ended June 30, 2016 and 2015, Columbia Property Trust recognized the following amortization of intangible lease assets and liabilities (in thousands):

	Intangible Lease Assets Above-Market In-Place Lease Assets	Intangible Lease Assets Absorption Period Costs	Intangible Lease Origination Costs	Intangible Below-Market In-Place Lease Liabilities
For the three months ended June 30, 2016	$626	$ 7,918	$ 4,772	$ 3,745
For the three months ended June 30, 2015	$1,388	$ 12,436	$ 8,121	$ 5,145
For the six months ended June 30, 2016	$1,420	$ 16,447	$ 10,041	$ 7,426
For the six months ended June 30, 2015	$2,755	$ 24,798	$ 16,278	$ 10,556

The remaining net intangible assets and liabilities, as of June 30, 2016, 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 2016	$1,133	$ 12,136	$ 7,480	$ 5,502
For the years ending December 31:				
2017	1,370	18,503	12,315	8,237
2018	1,028	14,732	10,099	6,309
2019	1,028	12,904	9,134	5,632
2020	1,028	10,974	8,085	4,495
2021	1,028	7,089	4,143	2,831
Thereafter	4,457	27,195	14,519	16,390
	$11,072	$ 103,533	$ 65,775	$ 49,396

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, 2016 and December 31, 2015, and recognized amortization of these assets of approximately $0.6 million for the three months ended June 30, 2016 and 2015, and approximately $1.3 million for the six months ended June 30, 2016 and 2015.

As of June 30, 2016, the remaining net below-market intangible lease assets will be amortized as follows (in thousands):

For the remainder of 2016	$1,274
For the years ending December 31:	
2017	2,549
2018	2,549
2019	2,549
2020	2,549
2021	2,549
Thereafter	107,956
	$121,975

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 (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 (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, 2016	December 31, 2015
Derivatives designated as hedging instruments:			
Interest rate contracts	Accounts payable	$(9,315)	$ (2,436)

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,		Six Months Ended June 30,	
	2016	2015	2016	2015
Market value adjustment to interest rate swaps designated as hedging instruments and included in other comprehensive income	$(2,022)	$436	$(6,879)	$595
Loss on interest rate swap recognized through earnings	$—	$(2)	$—	$(8)

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 Property Trust TRS"), Columbia KCP TRS, LLC ("Columbia KCP TRS"), and Columbia Energy TRS, LLC ("Columbia Energy TRS") (collectively, the "TRS Entities") are wholly owned subsidiaries of Columbia Property Trust, are organized as Delaware limited liability companies, and operate, among other things, office properties that Columbia Property Trust does not intend to hold long term and a full-service hotel. 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 Pronouncement

In February 2016, the Financial Accounting Standards Board issued ASU 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 making targeted changes to lessor accounting and reporting. 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. 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 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 supersedes previous leasing standards. ASU 2016-02 is effective for Columbia Property Trust for reporting periods beginning after December 15, 2018, with early adoption permitted. Columbia Property Trust is evaluating the impact ASU 2016-02 will have on its financial position and results of operations.

3. Real Estate Transactions

Acquisitions

During the six months ended June 30, 2016, Columbia Property Trust did not acquire any properties. During 2015, Columbia Property Trust acquired the following properties (in thousands):

	315 Park Avenue South Building	1881 Campus Commons Building	116 Huntington Avenue Building	229 West 43rd Street Building
Location	New York, NY	Reston, VA	Boston, MA	New York, NY
Date Acquired	January 7, 2015	January 7, 2015	January 8, 2015	August 4, 2015
Purchase price:				
Land	$119,633	$7,179	$—	$207,233
Building and improvements	232,598	49,273	108,383	265,952
Intangible lease assets	16,912	4,643	7,907	27,039
Intangible below market ground lease assets	—	—	30,244	—
Intangible lease origination costs	4,148	1,603	2,669	10,059
Intangible below market lease liability	(7,487)	(97)	(1,878)	—
Total purchase price	$365,804	$62,601	$147,325	$510,283

Note 2, Summary of Significant Accounting Policies, provides a discussion of the estimated useful life for each asset class.

315 Park Avenue South Building & 1881 Campus Commons Building

On January 7, 2015, Columbia Property Trust acquired two assets, 315 Park Avenue South, a 327,000-square-foot office building in New York, New York (the "315 Park Avenue South Building"), and 1881 Campus Commons, a 244,000-square-foot office building in Reston, Virginia (the "1881 Campus Commons Building"). This portfolio was acquired for $436.0 million, exclusive of transaction costs and purchase price adjustments, using proceeds from the issuance of $350.0 million bonds payable due in 2025, proceeds from the Revolving Credit Facility, as described in Note 5, Line of Credit and Notes Payable, and cash on hand.

As of the acquisition date, the 315 Park Avenue South Building was 94.9% leased to nine tenants, including Credit Suisse (74%). For the period from January 7, 2015 to June 30, 2015, Columbia Property Trust recognized revenues of $12.9 million and a net loss of $2.6 million from the 315 Park Avenue South Building. The net loss includes acquisition expenses of $1.2 million.

As of the acquisition date, the 1881 Campus Commons Building was 78.0% leased to 15 tenants, including SOS International (15%) and Siemens (12%). For the period from January 7, 2015 to June 30, 2015, Columbia Property Trust recognized revenues of $3.0 million and a net loss of $1.1 million from the 1881 Campus Commons Building. The net loss includes acquisition expenses of $0.5 million.

116 Huntington Avenue Building

On January 8, 2015, Columbia Property Trust acquired a 271,000-square-foot office building in Boston, Massachusetts (the "116 Huntington Avenue Building"), for $152.0 million, inclusive of capital credits, using proceeds from the issuance of $350.0 million bonds payable due in 2025, proceeds from the Revolving Credit Facility, and cash on hand. As of the acquisition date, the 116 Huntington Avenue Building was 78.0% leased to 17 tenants, including American Tower (21%), GE Healthcare (13%), and Brigham and Women's (12%). For the period from January 8, 2015 to June 30, 2015, Columbia Property Trust recognized revenues of $5.6 million and a net loss of $0.4

million from the 116 Huntington Avenue Building. The net loss includes acquisition expenses of $0.3 million.
229 West 43rd Street Building
On August 4, 2015, Columbia Property Trust acquired the 481,000-square-foot office portion of the 229 West 43rd Street building, a 16-story,732,000-square-foot building located in the Times Square sub-market of Manhattan in New York, New York (the "229 West 43rd Street Building"), for $516.0 million, exclusive of transaction costs and purchase price adjustments. This acquisition was funded with the $300 Million Bridge Loan, as described in Note 5, Line of Credit and Notes Payable, and borrowings on the

Revolving Credit Facility. As of the acquisition date, the 229 West 43rd Street Building was 98% leased to nine tenants, including Yahoo! (40%), Snapchat (13%), Collective, Inc. (12%), and MongoDB (10%).

Proforma Financial Information

The following unaudited pro forma statements of operations presented for the three and six months ended June 30, 2015, have been prepared for Columbia Property Trust to give effect to the acquisitions of the 315 Park Avenue South Building, the 1881 Campus Commons Building, the 116 Huntington Avenue Building, and the 229 West 43rd Street Building as if the acquisitions occurred on January 1, 2014. Other than 1881 Campus Commons, which was sold in December 2015, Columbia Property Trust owned these buildings for the entirety of the three and six months ended June 30, 2016. The following unaudited pro forma financial results for Columbia Property Trust have been prepared for informational purposes only and are not necessarily indicative of future results or of actual results that would have been achieved had these acquisitions been consummated as of January 1, 2014 (in thousands).

	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015
Revenues	$154,831	$309,795
Net income	$7,936	$14,659
Net income per share - basic	$0.06	$0.12
Net income per share - diluted	$0.06	$0.12

Dispositions

During 2016 and 2015, Columbia Property Trust closed on the following transactions:

800 North Frederick Property

On July 8, 2016, Columbia Property Trust sold the 800 North Frederick Property in suburban Maryland for $48.0 million, before purchase price adjustments, and will recognize a gain of approximately $2.1 million on the sale in the third quarter of 2016. The net sale proceeds of $45.4 million were used to reduce the outstanding balance of the Revolving Credit Facility.

100 East Pratt Property

On March 31, 2016, Columbia Property Trust sold the 100 East Pratt Property in Baltimore, Maryland, for $187.0 million, before purchase price adjustments, and recognized a $0.3 million loss on the sale. The net sale proceeds of $159.4 million were used to repay $119.0 million remaining on the $300 Million Bridge Loan on April 1, 2016, and to reduce the outstanding balance of the Revolving Credit Facility.

1881 Campus Commons Building

On December 10, 2015, Columbia Property Trust sold the 1881 Campus Commons Building in Reston, Virginia, for $65.0 million, exclusive of purchase price adjustments and closing costs, yielding a gain of $0.5 million. The proceeds from the sale of the 1881 Campus Commons Building were used to reduce the outstanding balance of the $300 Million Bridge Loan.

Market Square Buildings - Partial Sale

On October 28, 2015, Columbia Property Trust transferred the Market Square Buildings and the related $325.0 million mortgage note to a joint venture (the "Market Square Joint Venture") and sold a 49% interest in the Market Square Joint Venture to Blackstone Property Partners ("Blackstone") for approximately $120.0 million of net proceeds, which were used to repay a portion of the $300 Million Bridge Loan. As a result of this transaction, Columbia Property Trust recognized a gain on real estate of $3.1 million and retains a 51% interest in the Market Square Joint Venture. The Market Square Joint Venture owns and operates the Market Square Buildings through a REIT ("Market Square REIT East & West, LLC"). See Note 4, Unconsolidated Joint Venture, for additional information.

11 Property Sale

On July 1, 2015, Columbia Property Trust sold 11 properties to an unaffiliated third party for $433.3 million, exclusive of closing costs (the "11 Property Sale"), which resulted in a gain of $20.2 million. The proceeds for 10 of the properties were available on July 1, 2015, and the remaining proceeds were available on August 3, 2015. For the period from January 1, 2015 through July 1, 2015, the aggregate net income, excluding the gain on sale, for the properties included in the 11 Property Sale was $6.5 million. The following properties make up the 11 Property Sale:

170 Park Avenue	Bannockburn Lake III	Acxiom
180 Park Avenue	544 Lakeview	215 Diehl Road
Robbins Road	Highland Landmark III	1580 West Nursery
550 King Street	The Corridors III	

4. Unconsolidated Joint Venture

Columbia Property Trust owns a majority interest of 51% in the Market Square Joint Venture, and Blackstone owns the remaining 49% interest in the joint venture. 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. 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 (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.

As of June 30, 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. On October 28, 2015, Columbia Property Trust entered into a guaranty of a $25.0 million portion of the Market Square mortgage note, the amount of which has been reduced to $23.3 million as of June 30, 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, 2016	December 31, 2015
Total assets	$578,416	$573,073
Total debt	$324,629	$324,603
Total equity	$238,156	$230,060
Columbia Property Trust's investment	$123,919	$118,695

Condensed income statement information for the Market Square Joint Venture is as follows (in thousands). The Market Square Joint Venture was formed subsequent to June 30, 2015.

	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
Total revenues	$9,776	$21,439
Net loss	$(3,827)	$(6,870)
Columbia Property Trust's share	$(1,952)	$(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. During the three and six months ended June 30, 2016, Columbia Property Trust earned $0.6 million and $1.3 million, respectively, in fees related to these asset and property management services, which are included in other property income on the accompanying consolidated statement of operations. The Market Square Joint Venture was formed in October 2015, so similar fees were not earned during the six months ended June 30, 2015. As of June 30, 2016, $0.1 million in property management fees were due from the Market Square Joint Venture, and included in prepaid expenses and other assets on the accompanying consolidated balance sheet.

5. Line of Credit and Notes Payable

As of June 30, 2016 and December 31, 2015, 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, 2016	December 31, 2015
Revolving Credit Facility	$333,000	$247,000
$300 Million Term Loan	300,000	300,000
$150 Million Term Loan	150,000	150,000
650 California Street Building mortgage note	127,547	128,785
221 Main Street Building mortgage note	73,000	73,000
263 Shuman Boulevard Building mortgage note	49,000	49,000
One Glenlake Building mortgage note	27,818	29,278
$300 Million Bridge Loan	—	119,000
SanTan Corporate Center mortgage notes	—	39,000
Less: Deferred financing costs related to term loans and notes payable, net of accumulated amortization	(3,675)	(4,492)
Total indebtedness	$1,056,690	$1,130,571

Fair Value of Debt

The estimated fair value of Columbia Property Trust's line of credit and notes payable as of June 30, 2016 and December 31, 2015, was approximately $1,065.4 million and $1,140.1 million, respectively. The related carrying value of the line of credit and notes payable as of June 30, 2016 and December 31, 2015, was $1,060.4 million and $1,135.1 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, 2016 and 2015, Columbia Property Trust made interest payments totaling approximately $15.2 million and $30.7 million, respectively, of which approximately $0.1 million and $0.2 million were capitalized during the six months ended June 30, 2016 and 2015, respectively. As of June 30, 2016, Columbia Property Trust believes it was in compliance with the restrictive financial covenants on its term loans, the Revolving Credit Facility, and notes payable obligations.

Debt Repayments

On June 30, 2016, Columbia Property Trust used borrowings on the Revolving Credit Facility to repay the $39.0 million SanTan Corporate Center mortgage notes, which were scheduled to mature on October 11, 2016. In the second quarter of 2016, Columbia Property Trust wrote-off approximately $10,000 of related unamortized financing costs, which are included in loss on early extinguishment in the accompanying statements of operations.

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On April 1, 2016, Columbia Property Trust repaid the $119.0 million remaining on its $300 million, six-month unsecured loan, which was used to finance a portion of the 229 West 43rd Street Building acquisition in August of 2015 (the "$300 Million Bridge Loan"). The $300 Million Bridge Loan was scheduled to mature on August 4, 2016. Columbia Property Trust recognized a loss on early extinguishment of debt of $82,000 related to unamortized deferred financing costs.

6. Bonds Payable

In March 2015, Columbia Property Trust OP issued $350.0 million of ten-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 will be 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.

In 2011, Columbia Property Trust OP issued $250.0 million of seven-year, unsecured 5.875% senior notes at 99.295% of their face value (the "2018 Bonds Payable"), which are guaranteed by Columbia Property Trust. Columbia Property Trust OP received proceeds from the 2018 Bonds Payable, net of fees, of $246.7 million. The 2018 Bonds Payable require semi-annual interest payments in April and October based on a contractual annual interest rate of 5.875%, which is subject to adjustment in certain circumstances. In the accompanying consolidated balance sheets, the 2018 Bonds Payable are shown net of the initial issuance discount of approximately $1.8 million, which is amortized to interest expense over the term of the 2018 Bonds Payable using the effective interest method. The principal amount of the 2018 Bonds Payable is due and payable on the maturity date, April 1, 2018.

Interest payments of $14.6 million were made on the 2018 Bonds Payable and the 2025 Bonds Payable during the six months ended June 30, 2016; and interest payments of $7.3 million were made on the 2018 Bonds Payable during the six months ended June 30, 2015. Columbia Property Trust is subject to substantially similar covenants under the 2025 Bonds Payable and the 2018 Bonds Payable. As of June 30, 2016, Columbia Property Trust believes it was in compliance with the restrictive financial covenants on the 2025 Bonds Payable and the 2018 Bonds Payable.

As of June 30, 2016 and December 31, 2015, the estimated fair value of the 2025 Bonds Payable and the 2018 Bonds Payable was approximately $602.1 million and $602.3 million, respectively. The related carrying value of the bonds payable, net of discounts, as of June 30, 2016 and December 31, 2015, was $599.1 million and $599.0 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 2025 Bonds Payable and the 2018 Bonds Payable arrangements as of the respective reporting dates (Level 2). The discounted cash flow method of assessing fair value results in a general approximation of value, and such value may never actually be realized.

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, 2016, Columbia Property Trust is committed, under a recently signed lease, to contribute approximately $70.1 million toward leasehold improvements at our 222 East 41st Street Property, which is expected to be paid during 2016 and 2017.

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 to date, the guaranty has been reduced to $23.3 million as of June 30, 2016. 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, 2016.

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. 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

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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 spent a total of $41.3 million to acquire 1.8 million shares at an average price of $22.60 per share. As of June 30, 2016, $158.7 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 2.0 million shares of stock to be made to certain employees and independent directors of Columbia Property Trust (the "LTIP"). On January 21, 2016, Columbia Property Trust granted 231,015 shares of common stock to employees, net of 20,842 shares repurchased to fund income tax witholdings, under the LTIP (the "2015 LTIP Employee Grant"), of which 25% vested upon grant, and the remaining shares will vest in three equal increments on January 31, 2017, 2018, and 2019. 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, 2016 follows:

	For the Six Months Ended June 30, 2016	
	Shares (in thousands)	Weighted-Average Grant-Date Fair Value[(1)]
Unvested shares - beginning of period	151	$ 24.59
Granted	247	$ 21.79
Vested	(138)	$ 23.32
Forfeited	(3)	$ 21.90
Unvested shares - end of period[(2)]	257	$ 22.62

(1) Columbia Property Trust determined the weighted-average grant-date fair value using the market closing price on the date of the respective grants.

(2) As of June 30, 2016, we expect approximately 244,000 of the 257,000 unvested shares to ultimately vest, assuming a forfeiture rate of 5.0%, which was determined based on peer company data, adjusted for the specifics of the LTIP.

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During the six months ended June 30, 2016 and 2015, Columbia Property Trust paid quarterly installments of the independent directors' annual equity retainers by granting shares to the independent directors, which vested at the time of grant. A summary of these grants, made under the LTIP, follows:

Date of Grant	Shares	Grant-Date Fair Value
2016 Director Grants:		
January 4, 2016	7,439	$ 23.00
April 1, 2016	8,120	$ 21.89
2015 Director Grants:		
January 2, 2015	5,850	$ 25.75
April 1, 2015	4,995	$ 27.16

For the three and six months ended June 30, 2016 and 2015, Columbia Property Trust incurred the stock-based compensation expense related to the following events (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Amortization of unvested LTIP awards	$689	$364	$1,540	$927
Future employee awards[(1)]	346	516	706	816
Issuance of shares to independent directors	178	135	349	286
Total stock-based compensation expense	$1,213	$1,015	$2,595	$2,029

(1) These future employee awards relate to service during the period, to be granted in January of the subsequent year, with 25% vesting on the date of grant, and the remaining 75% vesting ratably on January 31st of each of the following three years.

These expenses are included in general and administrative expenses in the accompanying consolidated statements of operations. As of June 30, 2016 and December 31, 2015, there was $4.4 million and $2.2 million, respectively, of unrecognized compensation costs related to unvested awards under the LTIP. This amount will be amortized over the respective vesting period, ranging from one to three years at the time of grant.

9. Supplemental Disclosures of Noncash Investing and Financing Activities

Outlined below are significant noncash investing and financing activities for the six months ended June 30, 2016 and 2015 (in thousands):

	Six Months Ended June 30,	
	2016	2015
Investments in real estate funded with other assets	$—	$27,000
Other assets assumed at acquisition	$—	$6,119
Other liabilities assumed at acquisition	$—	$3,572
Discount on issuance of bonds payable	$—	$494
Amortization of net discounts (premiums) on debt	$151	$(169)
Market value adjustments to interest rate swaps that qualify for hedge accounting treatment	$(6,879)	$595
Accrued capital expenditures and deferred lease costs	$7,505	$15,218
Accrued deferred financing costs	$—	$19
Common stock issued to employees and directors, and amortized (net of income tax witholdings)	$1,417	$1,300

10. Earnings Per Share

For the three and six months ended June 30, 2016 and 2015, in computing the basic and diluted earnings-per-share, net income has been reduced for the dividends paid on unvested shares related to unvested awards under the LTIP. The following table reconciles

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the numerator for the basic and diluted earnings-per-share computations shown on the consolidated statements of income for the three and six months ended June 30, 2016 and 2015 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income	$13,286	$8,709	$19,983	$14,307
Distributions paid on unvested shares	(77)	(45)	(159)	(94)
Net income used to calculate basic and diluted earnings per share	$13,209	$8,664	$19,824	$14,213

The following table reconciles the denominator for the basic and diluted earnings-per-share computations shown on the consolidated statements of income for the three and six months ended June 30, 2016 and 2015, respectively (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Weighted-average common shares - basic	123,206	124,925	123,299	124,914
Plus incremental weighted-average shares from time-vested conversions, less assumed share repurchases:				
Previously granted LTIP awards, unvested	43	37	26	26
Future LTIP awards for the current year	45	55	32	41
Weighted-average common shares - diluted	123,294	125,017	123,357	124,981

11. Financial Information for Parent Guarantor, Issuer Subsidiary, and Non-Guarantor Subsidiaries

The 2025 Bonds Payable and the 2018 Bonds Payable (see Note 6, Bonds Payable) were issued by Columbia Property Trust OP, and are guaranteed by Columbia Property Trust. In accordance with SEC Rule 3-10(c), Columbia Property Trust includes herein condensed consolidating financial information in lieu of separate financial statements of the subsidiary issuer (Columbia Property Trust OP), as defined in the bond indentures, because all of the following criteria are met:

(1) The subsidiary issuer (Columbia Property Trust OP) is 100% owned by the parent company guarantor (Columbia Property Trust);

(2) The guarantee is full and unconditional; and

(3) No other subsidiary of the parent company guarantor (Columbia Property Trust) guarantees the 2025 Bonds Payable or the 2018 Bonds Payable.

Columbia Property Trust uses the equity method with respect to its investment in subsidiaries included in its condensed consolidating financial statements. Set forth below are Columbia Property Trust's condensed consolidating balance sheets as of June 30, 2016 and December 31, 2015 (in thousands), as well as its condensed consolidating statements of operations and its condensed consolidating statements of comprehensive income for the three and six months ended June 30, 2016 and 2015 (in thousands); and its condensed consolidating statements of cash flows for the six months ended June 30, 2016 and 2015 (in thousands).

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Condensed Consolidating Balance Sheets (in thousands)

	As of June 30, 2016				
	Columbia Property Trust (Parent) (Guarantor)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating adjustments	Columbia Property Trust (Consolidated)
Assets:					
Real estate assets, at cost:					
Land	$—	$6,241	$838,254	$—	$ 844,495
Buildings and improvements, net	—	28,927	2,713,002	—	2,741,929
Intangible lease assets, net	—	—	236,580	—	236,580
Construction in progress	—	396	13,780	—	14,176
Real estate assets held for sale, net	—	—	43,246	—	43,246
Total real estate assets	—	35,564	3,844,862	—	3,880,426
Investment in unconsolidated joint venture	—	123,919	—	—	123,919
Cash and cash equivalents	1,270	10,441	12,092	—	23,803
Investment in subsidiaries	2,211,139	2,018,419	—	(4,229,558)	—
Tenant receivables, net of allowance	—	28	11,182	—	11,210
Straight-line rent receivable	—	1,471	112,450	—	113,921
Prepaid expenses and other assets	317,228	263,543	26,360	(571,901)	35,230
Intangible lease origination costs, net	—	—	65,775	—	65,775
Deferred lease costs, net	—	1,992	85,190	—	87,182
Investment in development authority bonds	—	—	120,000	—	120,000
Other assets held for sale	—	—	10	—	10
Total assets	$2,529,637	$2,455,377	$4,277,921	$(4,801,459)	$ 4,461,476
Liabilities:					
Line of credit and notes payable	$—	$780,366	$845,767	$(569,443)	$ 1,056,690
Bonds payable, net	—	595,819	—	—	595,819
Accounts payable, accrued expenses, and accrued capital expenditures	1	19,687	66,322	—	86,010
Due to affiliates	—	31	2,427	(2,458)	—
Deferred income	—	69	23,724	—	23,793
Intangible lease liabilities, net	—	—	49,396	—	49,396
Obligations under capital leases	—	—	120,000	—	120,000
Liabilities held for sale	—	—	132	—	132
Total liabilities	1	1,395,972	1,107,768	(571,901)	1,931,840
Equity:					
Total equity	2,529,636	1,059,405	3,170,153	(4,229,558)	2,529,636
Total liabilities and equity	$2,529,637	$2,455,377	$4,277,921	$(4,801,459)	$ 4,461,476

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Condensed Consolidating Balance Sheets (in thousands)

	As of December 31, 2015				
	Columbia Property Trust (Parent) (Guarantor)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating adjustments	Columbia Property Trust (Consolidated)
Assets:					
Real estate assets, at cost:					
Land	$—	$6,241	$890,226	$—	$ 896,467
Building and improvements, net	—	28,913	2,868,518	—	2,897,431
Intangible lease assets, net	—	—	259,136	—	259,136
Construction in progress	—	917	30,930	—	31,847
Total real estate assets	—	36,071	4,048,810	—	4,084,881
Investment in unconsolidated joint venture	—	118,695	—	—	118,695
Cash and cash equivalents	989	14,969	16,687	—	32,645
Investment in subsidiaries	2,333,408	1,901,581	—	(4,234,989)	—
Tenant receivables, net of allowance	—	52	11,618	—	11,670
Straight-line rent receivable	—	1,311	107,751	—	109,062
Prepaid expenses and other assets	317,151	265,615	26,153	(573,071)	35,848
Intangible lease origination costs, net	—	—	77,190	—	77,190
Deferred lease costs, net	—	2,055	86,072	—	88,127
Investment in development authority bonds	—	—	120,000	—	120,000
Total assets	$2,651,548	$2,340,349	$4,494,281	$(4,808,060)	$ 4,678,118
Liabilities:					
Lines of credit, term loans, and notes payable	$—	$812,836	$888,340	$(570,605)	$ 1,130,571
Bonds payable, net	—	595,259	—	—	595,259
Accounts payable, accrued expenses, and accrued capital expenditures	—	13,313	85,446	—	98,759
Distributions payable	37,354	—	—	—	37,354
Due to affiliates	—	21	2,445	(2,466)	—
Deferred income	—	200	24,614	—	24,814
Intangible lease liabilities, net	—	—	57,167	—	57,167
Obligations under capital leases	—	—	120,000	—	120,000
Total liabilities	37,354	1,421,629	1,178,012	(573,071)	2,063,924
Equity:					
Total equity	2,614,194	918,720	3,316,269	(4,234,989)	2,614,194
Total liabilities and equity	$2,651,548	$2,340,349	$4,494,281	$(4,808,060)	$ 4,678,118

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Consolidating Statements of Operations (in thousands)

	For the Three Months Ended June 30, 2016				
	Columbia Property Trust (Parent) (Guarantors)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating adjustments	Columbia Property Trust (Consolidated)
Revenues:					
Rental income	$—	$ 863	$ 92,796	$ (92)	$ 93,567
Tenant reimbursements	—	455	18,253	—	18,708
Hotel income	—	—	6,551	—	6,551
Other property income	245	—	8,955	(96)	9,104
	245	1,318	126,555	(188)	127,930
Expenses:					
Property operating costs	—	731	39,603	(92)	40,242
Hotel operating costs	—	—	5,038	—	5,038
Asset and property management fees:					
Related-party	—	42	—	(42)	—
Other	—	—	341	—	341
Depreciation	—	723	27,727	—	28,450
Amortization	—	77	14,855	—	14,932
General and administrative	38	2,087	5,690	(54)	7,761
	38	3,660	93,254	(188)	96,764
Real estate operating income (loss)	207	(2,342)	33,301	—	31,166
Other income (expense):					
Interest expense	—	(11,825)	(12,933)	7,378	(17,380)
Interest and other income	3,555	3,824	1,807	(7,378)	1,808
Loss on early extinguishment of debt	—	(82)	(10)	—	(92)
	3,555	(8,083)	(11,136)	—	(15,664)
Income before income taxes, equity method investments, and loss on sale of real estate	3,762	(10,425)	22,165	—	15,502
Income tax expense	—	(5)	(240)	—	(245)
Income from subsidiaries	9,524	17,804	—	(27,328)	—
Loss from unconsolidated joint venture	—	(1,952)	—	—	(1,952)
Income before on loss of real estate assets	13,286	5,422	21,925	(27,328)	13,305
Loss on sale of real estate assets	—	—	(19)	—	(19)
Net income	$ 13,286	$ 5,422	$ 21,906	$ (27,328)	$ 13,286

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Consolidating Statements of Operations (in thousands)

	For the Three Months Ended June 30, 2015				
	Columbia Property Trust (Parent) (Guarantors)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating adjustments	Columbia Property Trust (Consolidated)
Revenues:					
Rental income	$—	$ 622	$ 112,384	$ (90)	$ 112,916
Tenant reimbursements	—	286	26,233	—	26,519
Hotel income	—	—	6,964	—	6,964
Other property income	—	—	1,814	(89)	1,725
	—	908	147,395	(179)	148,124
Expenses:					
Property operating costs	—	720	47,453	(90)	48,083
Hotel operating costs	—	—	5,147	—	5,147
Asset and property management fees:					
Related-party	—	26	—	(26)	—
Other	—	—	503	—	503
Depreciation	—	632	33,181	—	33,813
Amortization	—	57	23,681	—	23,738
General and administrative	36	2,193	4,914	(63)	7,080
Acquisition expenses	—	11	(11)	—	—
	36	3,639	114,868	(179)	118,364
Real estate operating income (loss)	(36)	(2,731)	32,527	—	29,760
Other income (expense):					
Interest expense	—	(11,242)	(19,296)	7,773	(22,765)
Interest and other income	5,127	2,646	1,807	(7,773)	1,807
Loss on interest rate swaps	—	—	(2)	—	(2)
Income from subsidiaries	3,618	13,114	—	(16,732)	—
	8,745	4,518	(17,491)	(16,732)	(20,960)
Income before income tax benefit (expense)	8,709	1,787	15,036	(16,732)	8,800
Income tax benefit (expense)	—	(6)	(85)	—	(91)
Net income	$ 8,709	$ 1,781	$ 14,951	$ (16,732)	$ 8,709

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Consolidating Statements of Operations (in thousands)