COLUMBIA PROPERTY TRUST, INC.
Form 10-Q
October 26, 2017
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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 September 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 October 23, 2017: 119,803,608 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, 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.

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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, 2016. Columbia Property Trust's results of operations for the three and nine months ended September 30, 2017 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) September 30, 2017	December 31, 2016
Assets:		
Real estate assets, at cost:		
Land	$609,110	$751,351
Buildings and improvements, less accumulated depreciation of $377,794 and $435,457, as of September 30, 2017 and December 31, 2016, respectively	1,704,630	2,121,150
Intangible lease assets, less accumulated amortization of $89,950 and $112,777, as of September 30, 2017 and December 31, 2016, respectively	164,699	193,311
Construction in progress	49,255	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	2,527,694	3,514,506
Investment in unconsolidated joint ventures	698,105	127,346
Cash and cash equivalents	382,730	216,085
Tenant receivables, net of allowance for doubtful accounts of $7 and $31, as of September 30, 2017 and December 31, 2016, respectively	2,814	7,163
Straight-line rent receivable	80,128	64,811
Prepaid expenses and other assets	75,802	24,275
Intangible lease origination costs, less accumulated amortization of $55,532 and $74,578, as of September 30, 2017 and December 31, 2016, respectively	28,067	54,279
Deferred lease costs, less accumulated amortization of $24,716 and $22,753, as of September 30, 2017 and December 31, 2016, respectively	127,940	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	$4,043,280	$4,299,793
Liabilities:		
Line of credit and notes payable, net of unamortized deferred financing costs of $2,611 and $3,136, as of September 30, 2017 and December 31, 2016, respectively	$520,367	$721,466
Bonds payable, net of discounts of $1,529 and $1,664 and unamortized deferred financing costs of $4,909 and $5,364, as of September 30, 2017 and December 31, 2016, respectively	693,562	692,972
Accounts payable, accrued expenses, and accrued capital expenditures	129,802	131,028
Dividends payable	—	36,727
Deferred income	15,756	19,694
Intangible lease liabilities, less accumulated amortization of $19,437 and $44,564, as of September 30, 2017 and December 31, 2016, respectively	9,891	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	1,489,378	1,797,025
Commitments and Contingencies (Note 7)	—	—
Equity:		

Common stock, $0.01 par value, 225,000,000 shares authorized, 119,803,608 and 122,184,193 shares issued and outstanding, as of September 30, 2017 and December 31, 2016, respectively	1,198	1,221
Additional paid-in capital	4,485,368	4,538,912
Cumulative distributions in excess of earnings	(1,931,927)	(2,036,482)
Cumulative other comprehensive loss	(737)	(883)
Total equity	2,553,902	2,502,768
Total liabilities and equity	$4,043,280	$4,299,793

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 September 30,		(Unaudited) Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues:				
Rental income	$55,015	$87,561	$193,309	$280,714
Tenant reimbursements	3,053	17,090	18,609	55,551
Hotel income	—	6,270	1,339	17,484
Asset and property management fee income	1,154	511	2,126	1,655
Other property income	1,140	1,834	1,992	12,371
	60,362	113,266	217,375	367,775
Expenses:				
Property operating costs	18,567	39,101	64,503	120,679
Hotel operating costs	—	4,946	2,085	14,315
Asset and property management fee expenses	188	387	717	1,058
Depreciation	18,501	26,778	60,529	84,517
Amortization	6,870	11,895	24,518	42,902
General and administrative - corporate	7,034	7,467	25,003	25,718
General and administrative - unconsolidated joint ventures	713	—	713	—
	51,873	90,574	178,068	289,189
Real estate operating income	8,489	22,692	39,307	78,586
Other income (expense):				
Interest expense	(14,731)	(17,138)	(44,308)	(52,415)
Interest and other income	2,841	1,839	7,668	5,452
Loss on early extinguishment of debt	(280)	(18,905)	(325)	(18,997)
	(12,170)	(34,204)	(36,965)	(65,960)
Income (loss) before income taxes, unconsolidated joint ventures, and sales of real estate:	(3,681)	(11,512)	2,342	12,626
Income tax benefit (expense)	(3)	(65)	378	(387)
Income (loss) from unconsolidated joint ventures	2,853	(1,937)	(849)	(5,441)
Income (loss) before sales of real estate:	(831)	(13,514)	1,871	6,798
Gain on sales of real estate assets	102,365	50,412	175,518	50,083
Net income	$101,534	$36,898	$177,389	$56,881
Per-share information – basic:				
Net income	$0.84	$0.30	$1.46	$0.46
Weighted-average common shares outstanding – basic	120,293	123,215	121,270	123,271
Per-share information – diluted:				
Net income	$0.84	$0.30	$1.46	$0.46
Weighted-average common shares outstanding – diluted	120,529	123,350	121,458	123,348
Dividends per share	$0.20	$0.30	$0.60	$0.90

See accompanying notes.

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

	(Unaudited) Three Months Ended September 30,		(Unaudited) Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	$101,534	$36,898	$177,389	$56,881
Market value adjustments to interest rate swap	148	1,250	146	(5,629)
Comprehensive income	$101,682	$38,148	$177,535	$51,252

See accompanying notes.

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COLUMBIA PROPERTY TRUST, INC.
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 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 Income (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	(2,682)	(26)	(57,602)	—	—	(57,628)
Common stock issued to employees and directors, and amortized (net of income tax withholdings)	302	3	4,058	—	—	4,061
Distributions to common stockholders ($0.60 per share)	—	—	—	(72,834)	—	(72,834)
Net income	—	—	—	177,389	—	177,389
Market value adjustment to interest rate swap	—	—	—	—	146	146
Balance, September 30, 2017	119,804	$1,198	$4,485,368	$(1,931,927)	$ (737)	$2,553,902

	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)	213	2	2,337	—	—	2,339
Distributions to common stockholders ($0.90 per share)	—	—	—	(111,120)	—	(111,120)
Net income	—	—	—	56,881	—	56,881
Market value adjustment to interest rate swap	—	—	—	—	(5,629)	(5,629)
Balance, September 30, 2016	123,471	$1,234	$4,565,651	$(2,027,155)	$ (8,065)	$2,531,665

See accompanying notes.

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

	(Unaudited) Nine Months Ended September 30,	
	2017	2016
Cash Flows from Operating Activities:		
Net income	$177,389	$56,881
Adjustments to reconcile net income to net cash provided by operating activities:		
Straight-line rental income	(20,964)	(15,470)
Depreciation	60,529	84,517
Amortization	24,115	39,271
Noncash interest expense	2,239	2,765
Loss on early extinguishment of debt	325	18,997
Loss from unconsolidated joint ventures	849	5,441
Gain on sales of real estate assets	(175,518)	(50,083)
Stock-based compensation expense	5,509	3,512
Changes in assets and liabilities, net of acquisitions and dispositions:		
Decrease in tenant receivables, net	3,957	4,646
Decrease in prepaid expenses and other assets	1,340	5,776
Decrease in accounts payable and accrued expenses	(25,488)	(3,799)
Decrease in deferred income	(7,167)	(2,750)
Net cash provided by operating activities	47,115	149,704
Cash Flows from Investing Activities:		
Net proceeds from the sales of real estate	737,631	482,089
Prepaid earnest money	(52,000)	—
Capital improvement and development costs	(59,022)	(34,447)
Deferred lease costs paid	(14,437)	(19,713)
Investments in unconsolidated joint ventures	(123,149)	(12,351)
Distributions from unconsolidated joint ventures	1,411	—
Net cash provided by investing activities	490,434	415,578
Cash Flows from Financing Activities:		
Financing costs paid	(628)	(3,111)
Prepayments to settle debt	—	(17,921)
Proceeds from lines of credit and notes payable	—	435,000
Repayments of lines of credit and notes payable	(201,625)	(745,070)
Proceeds from issuance of bonds payable	—	348,691
Repayment of bonds payable	—	(250,000)
Distributions paid to stockholders	(109,561)	(148,474)
Redemptions of common stock	(59,090)	(26,186)
Net cash used in financing activities	(370,904)	(407,071)
Net increase in cash and cash equivalents	166,645	158,211
Cash and cash equivalents, beginning of period	216,085	32,645
Cash and cash equivalents, end of period	$382,730	$190,856

See accompanying notes.

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COLUMBIA PROPERTY TRUST, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 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 September 30, 2017, Columbia Property Trust owned 16 operating properties, of which 12 were wholly owned and four were owned through unconsolidated joint ventures. These properties are located primarily in New York, San Francisco, Washington, D.C., and Atlanta, contain a total of 8.2 million rentable square feet, and were approximately 95.1% leased as of September 30, 2017. In October 2017, Columbia Property Trust acquired two wholly owned properties in New York and a 55.0% interest in an additional property in Washington, D.C. 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. For additional information on our unconsolidated joint ventures, which are accounted for using the equity method of accounting, see Note 4, Unconsolidated Joint Ventures. 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. To determine the appropriate useful life of an asset, Columbia Property Trust considers the period of future benefit of the asset. 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 an amount that exceeds that which 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 September 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 September 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 September 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			
		Above-Market In-Place Lease Assets	Absorption Period Costs	Intangible Lease Origination Costs	Intangible Below-Market In-Place Lease Liabilities
September 30, 2017	Gross	$1,588	$112,145	$83,599	$ 29,328
	Accumulated Amortization	(784)	(67,035)	(55,532)	(19,437)
	Net	$804	$45,110	$28,067	$ 9,891
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 nine months ended September 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 September 30, 2017	$22	$ 3,268	$ 1,957	$ 1,006
For the three months ended September 30, 2016	$594	$ 6,133	$ 3,757	$ 2,768
For the nine months ended September 30, 2017	$471	$ 12,525	$ 7,786	$ 5,322
For the nine months ended September 30, 2016	$2,014	$ 22,602	$ 13,811	$ 10,206

The net intangible assets and liabilities remaining as of September 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	$22	$ 2,936	$ 1,875	$ 898
For the years ending December 31:				
2018	89	11,083	7,315	3,278
2019	89	9,800	7,024	3,128
2020	89	7,880	5,979	1,992
2021	89	4,043	2,057	327
2022	89	2,664	1,079	94
Thereafter	337	6,704	2,738	174
	$804	$ 45,110	$ 28,067	$ 9,891

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 September 30, 2017 and December 31, 2016, and recognized amortization of these assets of approximately $0.6 million for the three months ended September 30, 2017 and 2016, and approximately $1.9 million for the nine months ended September 30, 2017 and 2016, respectively.

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

For the remainder of 2017	$637
For the years ending December 31:	
2018	2,549
2019	2,549
2020	2,549
2021	2,549
2022	2,549
Thereafter	105,403
	$118,785

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 September 30, 2017	December 31, 2016
Derivatives designated as hedging instruments:			
Interest rate contracts	Accounts payable	$(737)	$ (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 September 30, 2017	2016	Nine Months Ended September 30, 2017	2016
Market value adjustment to interest rate swaps designated as hedging instruments and included in other comprehensive income	$148	$1,250	$146	$(5,629)

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.

Prepaid Expenses and Other Assets

Prepaid expenses are recognized over the period to which the good or service relates. Other assets are written off when the asset no longer has future value, or when the company is no longer obligated for the corresponding liability. As of September 30, 2017, prepaid expenses and other assets included $52.0 million of earnest money deposits for acquisitions, of which $40.0 million was applied to the purchase prices for transactions that closed in October 2017. See Note 3, Real Estate Transactions, for additional detail.

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.

Reclassification

Certain prior period amounts may be reclassified to conform to the current-period financial statement presentation. Within revenues on the accompanying consolidated statements of operations, management fees earned from unconsolidated joint ventures have been reclassified from other property income to a dedicated line item, asset and property management fee income, for all periods presented.

Recent Accounting Pronouncements

In August 2017, the Financial Accounting Standards Board (the "FASB") issued Accounting Standard Update 2017-12, Targeted Improvements to Accounting for Hedging Activities ("ASU 2017-12"). ASU 2017-12 aligns reporting requirements for hedging relationships with risk management activities and simplifies the application of hedge accounting. ASU 2017-12 eliminates the concept of recognizing periodic hedge ineffectiveness for cash flow hedges and allows for ongoing qualitative, rather than quantitative, testing of hedge effectiveness. ASU 2017-12 will be effective for Columbia Property Trust on January 1, 2019, with early adoption permitted. Columbia Property Trust anticipates that the adoption of ASU 2017-12 will result in a simplified process to determine the ongoing effectiveness of its cash flow hedge with no material impact on its consolidated financial statements or other disclosures.

In February 2017, 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 Columbia Property Trust to measure its residual joint venture interest in the properties transferred to unconsolidated joint ventures at fair value as of the transaction date by recognizing a gain or loss on 100% of the asset transferred (i.e. to fully step-up the basis of our residual investment in the joint venture). This ASU will apply to Columbia Property Trust's partial sales of the following real estate assets: Market Square, 333 Market Street, and University Circle. We expect to implement ASU 2017-05 effective January 1, 2018 using the modified-retrospective approach by recording a cumulative-effect adjustment to equity, and are in the process of evaluating the impact to the financial statements.

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 acquisitions. As a result, under the new standard, many acquisitions that previously qualified as business combinations will be treated as asset acquisitions. For asset acquisitions, unlike business combinations, transaction costs may be capitalized, and purchase price may be allocated on a relative fair-value basis. Columbia Property Trust expects the adoption of ASU 2017-01 to simplify purchase price allocations for future acquisitions. ASU 2017-01 is effective for Columbia Property Trust prospectively on January 1, 2018, with early adoption permitted. Columbia Property Trust plans to adopt ASU 2017-01 in the fourth quarter of 2017, in connection with the acquisition of 245-249 West 17th Street and 218 West 18th Street.

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 revenues 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, such as 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. Columbia Property Trust expects that the new standard to apply primarily to fees earned from managing properties owned by its unconsolidated joint ventures. Given the structure of the asset and property management agreements currently in place with our unconsolidated joint ventures, we do not expect the ASU to materially impact the timing or amount of our revenues; however, we will be required to provide more extensive disclosures about our revenue streams and contracts with customers. ASU 2014-09 is effective for Columbia Property Trust on January 1, 2018, with early adoption permitted.

3. Real Estate Transactions

Acquisitions

During 2016 and 2017, Columbia Property Trust acquired the following properties and partial interests in properties:

Property	Location	Date	Percent Acquired		Purchase Price (in thousands)[1]
1800 M Street[2]	Washington, D.C.	October 11, 2017	55.0	%	$ 231,550
245-249 West 17th Street & 218 West 18th Street[3]	New York, NY	October 11, 2017	100.0	%	$ 514,100
114 Fifth Avenue[4]	New York, NY	July 6, 2017	49.5	%	$ 108,900

(1) Exclusive of transaction costs and price adjustments.

(2) On October 11, 2017, Columbia Property Trust entered a new joint venture partnership with Allianz Real Estate ("Allianz"), which simultaneously acquired 1800 M Street, a 10-story, 581,000-square-foot office building in Washington, D.C., that is 94% leased, for a total of $421.0 million (the “1800 M Street Joint Venture”). Columbia Property Trust owns a 55% interest in the 1800 M Street Joint Venture, and Allianz owns the remaining 45%. As of September 30, 2017, Columbia Property Trust had deposited $15.0 million in earnest money related to 1800 M Street, which is included in prepaid expenses and other assets on the accompanying consolidated balance sheet.

(3) 245-249 West 17th Street is made up of two interconnected 12- and 6-story towers, totaling 281,000 square feet of office and retail space; and 218 West 18th Street is a 12-story, 166,000-square-foot office building. The buildings are located in New York, 100% leased, and unencumbered by debt. As of September 30, 2017, Columbia Property Trust had deposited $25.0 million in earnest money related to this transaction, which is included in prepaid expenses and other assets on the accompanying consolidated balance sheet.

(4) Columbia Property Trust acquired a 49.5% equity interest in a joint venture that owns the 114 Fifth Avenue property 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 that is 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.

149 Madison Avenue Contract

In February 2017, Columbia Property Trust deposited $12.0 million of 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.

Dispositions

During 2016 and 2017, Columbia Property Trust sold the following properties:

Property	Location	Date	Sales Price(1) (in thousands)	Gain (Loss) on Sale (in thousands)
2017				
University Circle & 333 Market Street(2)	San Francisco, CA	July 6, 2017	$ 234,000	$ 102,365
Key Center Tower & Marriott(3)	Cleveland, OH	January 31, 2017	$ 267,500	$ 9,500
Houston Properties(4)	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	$ — (5)
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) Exclusive of transaction costs and price adjustments.

(2) 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 for $234.0 million to Allianz Real Estate ("Allianz"), an unrelated third party (collectively, 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 the 114 Fifth Avenue building described above), 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 made during the intervening period at the properties. The $600.0 million investment hurdle has been reduced by the aggregate adjusted purchase price for the 1800 M Street acquisition described above.

(3) Key Center Tower & Marriott were sold in one transaction for $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 $9.6 million for the first nine months of 2016, and a net loss of $1.9 million for the first 31 days of 2017, excluding the gain on sale.

(4) 5 Houston Center, Energy Center I, and 515 Post Oak were sold in one transaction. These properties generated net income of $10.8 million for the first nine months of 2016, and a net loss of $14.9 thousand for the first six days of 2017, excluding the gain on sale.

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

4. Unconsolidated Joint Ventures

As of September 30, 2017, Columbia Property Trust owns interests in the following properties through joint ventures, which are accounted for using the equity method of accounting:

Joint Venture	Property Name	Geographic Market	Ownership Interest	Carrying Value of Investment September 30, 2017	December 31, 2016
Market Square Joint Venture	Market Square	Washington, D.C.	51.0 %	$126,638	$ 127,346
University Circle Joint Venture(1)	University Circle	San Francisco	77.5 % (2)	170,712	—
333 Market Street Joint Venture(1)	333 Market Street	San Francisco	77.5 % (2)	288,405	—
114 Fifth Avenue Joint Venture(1)	114 Fifth Avenue	New York	49.5 %	112,350	—
				$698,105	$ 127,346

(1) See Note 3, Real Estate Transactions, for a description of the formation of these joint ventures in the current period.

(2) 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 Avenue), Allianz will acquire from Columbia Property Trust an additional 22.5% interest in each of the University Circle Joint Venture and the 333 Market Street Joint Venture, thereby reducing Columbia Property Trust's equity interest in each joint venture to 55.0%. The $600.0 million investment hurdle has been reduced by the aggregate adjusted purchase price for the 1800 M Street acquisition described in Note 3, Real Estate Transactions.

Columbia Property Trust and its partners have substantive participation rights in the joint ventures, including management selection and termination, and the approval of operating and capital decisions. As such, Columbia Property Trust uses the equity method of accounting to record its investment in these joint ventures. 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.

Columbia Property Trust evaluates the recoverability of its investment in unconsolidated joint ventures 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 none of its investments in joint ventures are other than temporarily impaired as of September 30, 2017.

Mortgage Debt and Related Guaranty

The Market Square joint venture is the only joint venture with mortgage debt. As of September 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 $11.2 million as of September 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 Combined Financial Information

Summarized balance sheet information for each of the unconsolidated joint ventures is as follows (in thousands):

	Total Assets		Total Debt		Total Equity	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
Market Square Joint Venture	$582,664	$ 587,344	$324,682	$324,656	$239,207	$242,802
University Circle Joint Venture	225,434	—	—	—	217,138 [(1)]	—
333 Market Street Joint Venture	385,930	—	—	—	369,177 [(1)]	—
114 Fifth Avenue Joint Venture	388,786	—	—	—	174,246 [(1)]	—
	$1,582,814	$ 587,344	$324,682	$324,656	$999,768	$242,802

(1) There is an aggregate basis difference of $30.8 million related to the University Circle Joint Venture, the 333 Market Street Joint Venture and the 114 Fifth Avenue Joint Venture. Such difference represents the differences between the historical costs reflected at the joint venture level, and Columbia Property Trust's investment in the joint ventures. The basis differences result from the timing of each partner's acquisition of an interest in the joint venture and formation costs incurred by Columbia Property Trust, and will be amortized to income (loss) from unconsolidated joint ventures over the life of the related assets.

Summarized income statement information for the unconsolidated joint ventures for the three months ended September 30, 2017 and September 30, 2016 is as follows (in thousands):

	Total Revenues		Net Income (Loss)		Columbia Property Trust's Share of Net Income (Loss)	
	2017	2016	2017	2016	2017	2016
Market Square Joint Venture	$10,474	$9,787	$(4,089)	$(3,799)	$(2,086)	$(1,937)
University Circle Joint Venture	9,448	—	4,810	—	3,701	—
333 Market Street Joint Venture	6,306	—	3,381	—	2,593	—
114 Fifth Avenue Joint Venture	9,832	—	(2,332)	—	(1,355)	—
	$36,060	$9,787	$1,770	$(3,799)	$2,853	$(1,937)

Summarized income statement information for the unconsolidated joint ventures for the nine months ended September 30, 2017 and September 30, 2016 is as follows (in thousands):

	Total Revenues		Net Income (Loss)		Columbia Property Trust's Share of Net Income (Loss)	
	2017	2016	2017	2016	2017	2016
Market Square Joint Venture	$31,036	$31,226	$(11,348)	$(10,669)	$(5,788)	$(5,441)
University Circle Joint Venture	9,448	—	4,810	—	3,701	—
333 Market Street Joint Venture	6,306	—	3,381	—	2,593	—
114 Fifth Avenue Joint Venture	9,832	—	(2,332)	—	(1,355)	—
	$56,622	$31,226	$(5,489)	$(10,669)	$(849)	$(5,441)

Property and Asset Management Fees

Columbia Property Trust provides property and asset management services to the Market Square Joint Venture, the University Circle Joint Venture, and the 333 Market Street Joint Venture. Under these agreements, Columbia Property Trust oversees the day-to-day operations of these joint ventures and their properties, including property management, property accounting, and other administrative services. During the three and nine months ended September 30, 2017 and 2016, Columbia Property Trust earned the following fees from these unconsolidated joint ventures:

For the three months ended September 30,		For the nine months ended September 30,	
2017	2016	2017	2016

Market Square Joint Venture	$496	$511	$1,468	$1,655
University Circle Joint Venture	480	—	480	—
333 Market Street Joint Venture	178	—	178	—
	$1,154	$511	$2,126	$1,655

Columbia Property Trust also received reimbursements of property operating costs of $0.9 million and $0.1 million for the three months ended September 30, 2017 and 2016, respectively, and $1.2 million and $0.4 million for the nine months ended September 30, 2017 and 2016, respectively, which are included in other property income revenues in the accompanying consolidated statements of operations. Property management fees of $0.3 million and $0.1 million, respectively, were due to Columbia Property Trust from the joint ventures and are included in prepaid expenses and other assets on the accompanying consolidated balance sheets as of September 30, 2017 and December 31, 2016, respectively.

5. Line of Credit and Notes Payable

As of September 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	September 30, 2017	December 31, 2016
$300 Million Term Loan	$ 300,000	$ 300,000
$150 Million Term Loan	150,000	150,000
263 Shuman Boulevard building mortgage note[1]	49,000	49,000
One Glenlake building mortgage note	23,978	26,315
650 California Street building mortgage note	—	126,287
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	(2,611)	(3,136)
	$ 520,367	$ 721,466

(1) The OfficeMax lease expired in May 2017, and the mortgage note matured in July 2017. Columbia Property Trust is working with the special-servicer to effect the transfer of the property to the lender in settlement of the loan principal, accrued interest expense and accrued property operating expenses. In the third quarter of 2017, Columbia Property Trust accrued related interest expense of $1.3 million at the default rate of 10.55%, and property operating expenses of $0.2 million, primarily related to property taxes.

Fair Value of Debt

The estimated fair value of Columbia Property Trust's line of credit and notes payable as of September 30, 2017 and December 31, 2016, was approximately $524.2 million and $728.5 million, respectively. The related carrying value of the line of credit and notes payable as of September 30, 2017 and December 31, 2016, was $523.0 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 nine months ended September 30, 2017 and 2016, Columbia Property Trust made interest payments totaling approximately $15.6 million and $21.7 million, respectively, of which approximately $0.4 million and $0.2 million, respectively, was capitalized. As of September 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 August 17, 2017, Columbia Property Trust repaid the $124.8 million balance of the 650 California Street building mortgage note, which was originally scheduled to mature on July 1, 2019. Columbia Property Trust recognized a loss on early extinguishment of debt of $0.3 million related to unamortized deferred financing costs.

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.

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Term Loan Amendment
On July 25, 2017, Columbia Property Trust amended the terms of its $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 $20.1 million were made on the 2026 Bonds Payable and 2025 Bonds Payable during the nine months ended September 30, 2017, and $20.8 million in interest payments were made on the 2025 Bonds Payable or the 2018 Bonds Payable during the nine months ended September 30, 2016. Columbia Property Trust is subject to substantially similar covenants under the 2026 Bonds Payable and the 2025 Bonds Payable. As of September 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 September 30, 2017 and December 31, 2016, the estimated fair value of the 2026 Bonds Payable and the 2025 Bonds Payable was approximately $702.9 million and $703.1 million, respectively. The related carrying value of the bonds payable, net of discounts, as of September 30, 2017 and December 31, 2016, was $698.5 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 September 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 $11.2 million as of September 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 September 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. 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 authorized the repurchase of up to an aggregate of $200 million of its common stock, par value $0.01 per share, from September 4, 2015 through September 4, 2017 (the "2015 Stock Repurchase Program"). Under the 2015 Stock Repurchase Program, Columbia Property Trust acquired 5.6 million shares at an average price of $21.85 per share, for aggregate purchases of $121.4 million. Columbia Property Trust's board of directors authorized a second stock repurchase program to purchase up to an aggregate of $200.0 million of its common stock, par value $0.01 per share, from September 4, 2017 through September 4, 2019 (the "2017 Stock Repurchase Program"). During the three months ended September 30, 2017, Columbia Property Trust repurchased an additional 1.4 million shares at an average price of $21.02 per share, for aggregate purchases of $30.1 million under the 2015 Stock Repurchase Program and 2017 Stock Repurchase Program. As of September 30, 2017, $194.8 million remains available for repurchases under the 2017 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 (the "LTIP") 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.

In 2017, Columbia Property Trust has granted 139,825 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 330,880 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.

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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 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 nine months ended September 30, 2017 follows:

	For the Nine Months Ended September 30, 2017	
	Shares (in thousands)	Weighted-Average Grant-Date Fair Value[1]
Unvested shares – beginning of period	256	$ 22.62
Granted	664	$ 20.20
Vested	(161)	$ 22.67
Forfeited	(9)	$ 21.12
Unvested shares – end of period[2]	750	$ 20.48

(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 September 30, 2017, we expect approximately 694,928 of the 750,000 unvested shares to ultimately vest, assuming a weighted average forfeiture rate of 4.7%, which was determined based on peer company data, adjusted for the specifics of the LTIP.

During the nine months ended September 30, 2017 and 2016, Columbia Property Trust paid equity retainers to its independent directors under the LTIP by granting the following shares, all of which vested immediately:

Date of Grant	Shares	Grant-Date Fair Value
2017 Director Grants:		
January 3, 2017	8,279	$ 21.58
May 2, 2017	33,581[1]	$ 22.57
2016 Director Grants:		
January 4, 2016	7,439	$ 23.00
April 1, 2016	8,120	$ 21.89
July 1, 2016	8,158	$ 21.52

(1) On May 2, 2017, the independent directors' equity retainers were paid for the ensuing annual period. Prior to this time, the independent directors' equity retainers were paid quarterly.

For the three and nine months ended September 30, 2017 and 2016, Columbia Property Trust incurred the stock-based compensation expense related to the following events (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Amortization of LTIP awards	$917	$650	$2,721	$2,190
Amortization of future LTIP awards[1]	639	91	1,851	797
Issuance of shares to independent directors	—	176	937	525
Total stock-based compensation expense	$1,556	$917	$5,509	$3,512

(1)

Reflects amortization of LTIP awards for service during the current period, for which shares will be issued in future periods.

These expenses are included in general and administrative expenses in the accompanying consolidated statements of operations. As of September 30, 2017 and December 31, 2016, there was $9.9 million and $3.2 million, respectively, of unrecognized compensation costs related to unvested awards under the LTIP, which will be amortized over the respective vesting period, ranging from one to four years at the time of grant. Effective in 2017, Columbia Property Trust changed from an LTIP measured over a one-year performance period to an LTIP measured over a three-year performance period and, as a result, has issued additional unvested shares this year.

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9. Supplemental Disclosures of Noncash Investing and Financing Activities

Outlined below are significant noncash investing and financing activities for the nine months ended September 30, 2017 and 2016 (in thousands):

	Nine Months Ended September 30,	
	2017	2016
Investments in real estate funded with other assets	$311	$1,442
Real estate assets transferred to unconsolidated joint ventures	$558,122	$—
Other assets transferred to unconsolidated joint ventures	$43,670	$—
Other liabilities transferred to unconsolidated joint ventures	$21,347	$—
Discount on issuance of bonds payable	$—	$1,309
Deposits applied to sales of real estate	$10,000	$—
Amortization of net discounts on debt	$135	$222
Market value adjustments to interest rate swaps that qualify for hedge accounting treatment	$146	$(5,629)
Accrued capital expenditures and deferred lease costs	$25,866	$16,074
Accrued deferred financing costs	$—	$12
Common stock issued to employees and directors, and amortized (net of income tax withholdings)	$4,061	$2,339

10. Earnings Per Share

For the three and nine months ended September 30, 2017 and 2016, 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 the numerator for the basic and diluted earnings-per-share computations shown on the consolidated statements of operations for the three and nine months ended September 30, 2017 and 2016 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	$101,534	$36,898	$177,389	$56,881
Distributions paid on unvested shares	(84)	(77)	(253)	(237)
Net income used to calculate basic and diluted earnings per share	$101,450	$36,821	$177,136	$56,644

The following table reconciles the denominator for the basic and diluted earnings-per-share computations shown on the consolidated statements of operations for the three and nine months ended September 30, 2017 and 2016, respectively (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Weighted-average common shares – basic	120,293	123,215	121,270	123,271
Plus incremental weighted-average shares from time-vested conversions, less assumed share repurchases:				
Previously granted LTIP awards, unvested	116	82	89	46
Future LTIP awards	120	53	99	31
Weighted-average common shares – diluted	120,529	123,350	121,458	123,348

11. Segment Information

Columbia Property Trust establishes operating segments at the property level and aggregates individual properties into reportable segments for geographic locations in which Columbia Property Trust has significant investments. Columbia Property Trust considers geographic location when evaluating its portfolio composition and in assessing the ongoing operations and performance

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of its properties. As of September 30, 2017, Columbia Property Trust had the following reportable segments: New York, San Francisco, Atlanta, Washington, D.C., Boston, Los Angeles, and all other office markets. The all other office markets reportable segment consists of properties in similar, low-barrier-to-entry geographic locations in which Columbia Property Trust does not plan to make further investments. During the periods presented, there have been no material inter-segment transactions.

Net operating income ("NOI") is a non-GAAP financial measure. NOI is the primary performance measure reviewed by management to assess operating performance of properties and is calculated by deducting operating expenses from operating revenues. Operating revenues include rental income, tenant reimbursements, hotel income, and other property income; and operating expenses include property and hotel operating costs. The NOI performance metric consists of only revenues and expenses directly related to real estate rental operations. NOI reflects property acquisitions and dispositions, occupancy levels, rental rate increases or decreases, and the recoverability of operating expenses. NOI, as Columbia Property Trust calculates it, may not be directly comparable to similarly titled, but differently calculated, measures for other REITs.

When assessing ongoing performance of our reportable segments, management does not evaluate assets or capital expenditures by reportable segment. Additionally, expenses, such as depreciation and amortization and others included in the reconciliation of GAAP net income to NOI, are reviewed by management on a consolidated basis, rather than by reportable segment.

The following table presents operating revenues included in NOI by geographic reportable segment (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
New York[(1)]	$30,488	$23,996	$83,598	$89,683
San Francisco[(2)]	25,337	26,407	80,112	82,310
Atlanta	9,401	9,192	28,239	27,625
Washington, D.C.[(3)]	8,494	7,689	23,622	25,602
Boston	2,734	2,879	8,358	8,782
Los Angeles	1,899	1,635	5,534	5,526
All other office markets	2,772	39,558	17,219	124,383
Total office segments	81,125	111,356	246,682	363,911
Hotel	(24)	6,343	1,199	17,705
Corporate	526	48	273	430
Total operating revenues	$81,627	$117,747	$248,154	$382,046

(1) Includes operating revenues for 49.5% of 114 Fifth Avenue based on our ownership interest, from July 6, 2017 through September 30, 2017, which are included in equity in income (loss) of unconsolidated joint ventures in the accompanying consolidated statements of operations.

(2) Includes operating revenues for 100.0% of 333 Market Street and University Circle through July 5, 2017. Includes operating revenues for 77.5% of 333 Market Street and University Circle based on our ownership interest, from July 6, 2017 through September 30, 2017, which are included in equity in income (loss) of unconsolidated joint ventures in the accompanying consolidated statements of operations.

(3) Includes operating revenues for 51.0% of the Market Square buildings based on our ownership interest, for all periods presented.

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The following table presents NOI by geographic reportable segment (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
New York[(1)]	$16,536	$11,380	$50,411	$52,515
San Francisco[(2)]	18,166	20,095	57,733	60,547
Atlanta	8,500	8,249	25,078	24,756
Washington, D.C.[(3)]	4,209	3,632	11,052	13,303
Boston	1,196	1,425	3,797	4,111
Los Angeles	1,155	894	3,439	3,336
All other office markets	4,071	23,723	15,598	76,111
Total office segments	53,833	69,398	167,108	234,679
Hotel	(24)	1,301	(914)	3,171
Corporate	(364)	(59)	(489)	(137)
Total	$53,445	$70,640	$165,705	$237,713

(1) Includes NOI for 49.5% of 114 Fifth Avenue based on our ownership interest, from July 6, 2017 through September 30, 2017, which is included in equity in income (loss) of unconsolidated joint ventures in the accompanying consolidated statements of income.

(2) Includes NOI for 100.0% of 333 Market Street and University Circle through July 5, 2017. Includes NOI for 77.5% of 333 Market Street and University Circle based on our ownership interest, from July 6, 2017 through September 30, 2017, which is included in equity in income (loss) of unconsolidated joint ventures in the accompanying consolidated statements of income.

(3) Includes NOI for 51.0% of the Market Square buildings based on our ownership interest, for all periods presented.

A reconciliation of GAAP revenues to operating revenues is presented below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Total revenues	$60,362	$113,266	$217,375	$367,775
Operating revenues included in income (loss) from unconsolidated joint ventures[(1)]	22,419	4,992	32,905	15,926
Asset and property management fee income[(2)]	(1,154)	(511)	(2,126)	(1,655)
Total operating revenues	$81,627	$117,747	$248,154	$382,046

(1) Columbia Property Trust records its interest in properties held through unconsolidated joint ventures using the equity method of accounting, and reflects its interest in the operating revenues of these properties in income (loss) from unconsolidated joint ventures in the accompanying consolidated statements of operations.

(2) See Note 4, Unconsolidated Joint Ventures, of the accompanying consolidated financial statements.

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A reconciliation of GAAP net income to NOI is presented below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	$101,534	$36,898	$177,389	$56,881
Depreciation	18,501	26,778	60,529	84,517
Amortization	6,870	11,895	24,518	42,902
General and administrative - corporate	7,034	7,467	25,003	25,718
General and administrative - joint ventures	713	—	713	—
Net interest expense	13,690	17,116	42,040	52,380
Interest income from development authority bonds	(1,800)	(1,800)	(5,400)	(5,400)
Loss on early extinguishment of debt	280	18,905	325	18,997
Income tax expense (benefit)	3	65	(378)	387
Asset and property management fee income	(1,154)	(511)	(2,126)	(1,655)
Adjustments included in income (loss) from unconsolidated joint ventures	10,139	4,239	18,610	13,069
Gain on sales of real estate assets	(102,365)	(50,412)	(175,518)	(50,083)
NOI	$53,445	$70,640	$165,705	$237,713

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

The 2026 Bonds Payable and the 2025 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 2026 Bonds Payable or the 2025 Bonds Payable.

Columbia Property Trust uses the equity method with respect to its investment in subsidiaries included in its condensed consolidating financial statements. We have corrected the presentation of intercompany cash transfers between the REIT Parent and its subsidiaries in the consolidating statements of cash flow. Instead of showing one amount for intercompany transfers between each entity group, intercompany transfers are broken out by cash flow type (i.e. operating, investing, and financing) for all periods presented, consistent with the equity method of accounting. All such changes are eliminated in consolidation, and therefore do not impact Columbia Property Trust's consolidated financial statement totals. Management has concluded that the effect of this correction is not material to the consolidated financial statements. This change had the following impact to the condensed consolidating statement of cash flows for the nine months ended September 30, 2016: increase to operating cash flows for the parent and issuer of $33.2 million and $102.4 million, respectively; and increase (decrease) in investing cash flows for the parent, issuer, and non-guarantors of $(172.8) million, $464.2 million and $482.1 million, respectively; and increase (decrease) in financing cash flows for the parent, issuer, and non-guarantors of $139.6 million, $(566.6) million and $(482.1) million, respectively. The impact to individual financial statement captions within the condensed consolidating statement of cash flows is footnoted below.

Set forth below are Columbia Property Trust's condensed consolidating balance sheets as of September 30, 2017 and December 31, 2016, as well as its condensed consolidating statements of operations and its condensed consolidating statements of comprehensive income for the three and nine months ended September 30, 2017 and 2016; and its condensed consolidating statements of cash flows for the nine months ended September 30, 2017 and 2016.

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Condensed Consolidating Balance Sheets (in thousands)

	As of September 30, 2017				
	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	$—	$—	$609,110	$—	$ 609,110
Buildings and improvements, net	—	58	1,704,572	—	1,704,630
Intangible lease assets, net	—	—	164,699	—	164,699
Construction in progress	—	—	49,255	—	49,255
Total real estate assets	—	58	2,527,636	—	2,527,694
Investment in unconsolidated joint ventures	—	698,105	—	—	698,105
Cash and cash equivalents	359,813	16,800	6,117	—	382,730
Investment in subsidiaries	1,824,737	1,007,852	—	(2,832,589)	—
Tenant receivables, net of allowance	—	31	2,783	—	2,814
Straight-line rent receivable	—	—	80,128	—	80,128
Prepaid expenses and other assets	369,358	123,064	15,735	(432,355)	75,802
Intangible lease origination costs, net	—	—	28,067	—	28,067
Deferred lease costs, net	—	—	127,940	—	127,940
Investment in development authority bonds	—	—	120,000	—	120,000
Total assets	$2,553,908	$1,845,910	$2,908,406	$(3,264,944)	$ 4,043,280
Liabilities:					
Line of credit and notes payable, net	$—	$447,588	$503,542	$(430,763)	$ 520,367
Bonds payable, net	—	693,562	—	—	693,562
Accounts payable, accrued expenses, and accrued capital expenditures	2	11,049	118,751	—	129,802
Due to affiliates	—	—	1,592	(1,592)	—
Deferred income	4	81	15,671	—	15,756
Intangible lease liabilities, net	—	—	9,891	—	9,891
Obligations under capital lease	—	—	120,000	—	120,000
Total liabilities	6	1,152,280	769,447	(432,355)	1,489,378
Equity:					
Total equity	2,553,902	693,630	2,138,959	(2,832,589)	2,553,902
Total liabilities and equity	$2,553,908	$1,845,910	$2,908,406	$(3,264,944)	$ 4,043,280

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Condensed Consolidating Balance Sheets (in thousands)

	As of December 31, 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	$—	$—	$751,351	$—	$ 751,351
Building and improvements, net	—	219	2,120,931	—	2,121,150
Intangible lease assets, net	—	—	193,311	—	193,311
Construction in progress	—	—	36,188	—	36,188
Real estate assets held for sale, net	—	34,956	377,550	—	412,506
Total real estate assets	—	35,175	3,479,331	—	3,514,506
Investment in unconsolidated joint ventures	—	127,346	—	—	127,346
Cash and cash equivalents	174,420	16,509	25,156	—	216,085
Investment in subsidiaries	2,047,922	1,782,752	—	(3,830,674)	—
Tenant receivables, net of allowance	—	—	7,163	—	7,163
Straight-line rent receivable	—	—	64,811	—	64,811
Prepaid expenses and other assets	317,153	262,216	15,593	(570,687)	24,275
Intangible lease origination costs, net	—	—	54,279	—	54,279
Deferred lease costs, net	—	—	125,799	—	125,799
Investment in development authority bonds	—	—	120,000	—	120,000
Other assets held for sale, net	—	3,767	41,814	(52)	45,529
Total assets	$2,539,495	$2,227,765	$3,933,946	$(4,401,413)	$ 4,299,793
Liabilities:					
Lines of credit and notes payable, net	$—	$447,643	$704,585	$(430,762)	$ 721,466
Bonds payable, net	—	692,972	—	—	692,972
Accounts payable, accrued expenses, and accrued capital expenditures	—	10,395	120,633	—	131,028
Dividends payable	36,727	—	—	—	36,727
Due to affiliates	—	58	1,534	(1,592)	—
Deferred income	—	—	19,694	—	19,694
Intangible lease liabilities, net	—	—	33,375	—	33,375
Obligations under capital leases	—	—	120,000	—	120,000
Liabilities held for sale	—	2,651	177,497	(138,385)	41,763
Total liabilities	36,727	1,153,719	1,177,318	(570,739)	1,797,025
Equity:					
Total equity	2,502,768	1,074,046	2,756,628	(3,830,674)	2,502,768
Total liabilities and equity	$2,539,495	$2,227,765	$3,933,946	$(4,401,413)	$ 4,299,793

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Consolidating Statements of Operations (in thousands)

	For the Three Months Ended September 30, 2017				
	Columbia Property Trust (Parent) (Guarantor)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Revenues:					
Rental income	$—	$—	$55,113	$(98)	$55,015
Tenant reimbursements	—	7	3,046	—	3,053
Asset and property management fee income	569	—	585	—	1,154
Other property income	—	—	1,140	—	1,140
	569	7	59,884	(98)	60,362
Expenses:					
Property operating costs	—	113	18,552	(98)	18,567
Asset and property management fees	—	—	188	—	188
Depreciation	—	310	18,191	—	18,501
Amortization	—	—	6,870	—	6,870
General and administrative - corporate	39	1,758	5,237	—	7,034
General and administrative - unconsolidated joint ventures	—	—	713	—	713
	39	2,181	49,751	(98)	51,873
Real estate operating income (loss)	530	(2,174)	10,133	—	8,489
Other income (expense):					
Interest expense	—	(10,702)	(8,803)	4,774	(14,731)
Interest and other income	4,593	1,220	1,802	(4,774)	2,841
Loss on early extinguishment of debt	—	—	(280)	—	(280)
	4,593	(9,482)	(7,281)	—	(12,170)
Income (loss) before income taxes and unconsolidated entities:	5,123	(11,656)	2,852	—	(3,681)
Income tax expense	—	(1)	(2)	—	(3)
Income (loss) from unconsolidated entities	96,411	109,630	(1)	(203,187)	2,853
Income (loss) before sales of real estate assets:	101,534	97,973	2,849	(203,187)	(831)
Gain on sales of real estate assets	—	—	102,365	—	102,365
Net income	$101,534	$97,973	$105,214	$(203,187)	$101,534

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Consolidating Statements of Operations (in thousands)

	For the Three Months Ended September 30, 2016				
	Columbia Property Trust (Parent) (Guarantor)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Revenues:					
Rental income	$ —	$ 956	$ 86,702	$ (97)	$ 87,561
Tenant reimbursements	—	564	16,526	—	17,090
Hotel income	—	—	6,270	—	6,270
Asset and property management fee income	245	—	266	—	511
Other property income	—	—	1,930	(96)	1,834
	245	1,520	111,694	(193)	113,266
Expenses:					
Property operating costs	—	860	38,338	(97)	39,101
Hotel operating costs	—	—	4,946	—	4,946
Asset and property management fee expenses:					
Related-party	—	40	—	(40)	—
Other	—	—	387	—	387
Depreciation	—	745	26,033	—	26,778
Amortization	—	86	11,809	—	11,895
General and administrative - corporate	38	2,297	5,188	(56)	7,467
	38	4,028	86,701	(193)	90,574
Real estate operating income (loss)	207	(2,508)	24,993	—	22,692
Other income (expense):					
Interest expense	—	(12,249)	(12,256)	7,367	(17,138)
Interest and other income	3,571	3,813	1,822	(7,367)	1,839
Loss on early extinguishment of debt	—	(18,905)	—	—	(18,905)
	3,571	(27,341)	(10,434)	—	(34,204)
Income (loss) before income taxes and unconsolidated entities:	3,778	(29,849)	14,559	—	(11,512)
Income tax expense	—	—	(65)	—	(65)
Income from subsidiaries	33,120	61,442	—	(94,562)	—
Loss from unconsolidated joint venture	—	(1,937)	—	—	(1,937)
Income (loss) before sale of real estate assets:	36,898	29,656	14,494	(94,562)	(13,514)
Gain on sale of real estate assets	—	—	50,412	—	50,412
Net income	$ 36,898	$ 29,656	$ 64,906	$ (94,562)	$ 36,898

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Consolidating Statements of Operations (in thousands)

	For the Nine Months Ended September 30, 2017				
	Columbia Property Trust (Parent) (Guarantor)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Revenues:					
Rental income	$—	$51	$193,551	$(293)	$193,309
Tenant reimbursements	—	(59)	18,668	—	18,609
Hotel income	—	—	1,339	—	1,339
Asset and property management fee income	1,059	—	1,067	—	2,126
Other property income	—	—	2,010	(18)	1,992
	1,059	(8)	216,635	(311)	217,375
Expenses:					
Property operating costs	—	241	64,555	(293)	64,503
Hotel operating costs	—	—	2,085	—	2,085
Asset and property management fee expenses:					
Related-party	—	3	—	(3)	—
Other	—	—	717	—	717
Depreciation	—	544	59,985	—	60,529
Amortization	—	5	24,513	—	24,518
General and administrative - corporate	135	7,013	17,870	(15)	25,003
General and administrative - unconsolidated joint ventures	—	—	713	—	713
	135	7,806	170,438	(311)	178,068
Real estate operating income (loss)	924	(7,814)	46,197	—	39,307
Other income (expense):					
Interest expense	—	(31,554)	(27,935)	15,181	(44,308)
Interest and other income	12,923	4,517	5,409	(15,181)	7,668
Loss on early extinguishment of debt	—	—	(325)	—	(325)
	12,923	(27,037)	(22,851)	—	(36,965)
Income (loss) before income taxes, unconsolidated entities, and sales of real estate:	13,847	(34,851)	23,346	—	2,342
Income tax benefit (expense)	—	(1)	379	—	378
Income (loss) from unconsolidated entities	163,542	188,832	—	(353,223)	(849)
Income before sales of real estate assets:	177,389	153,980	23,725	(353,223)	1,871
Gains on sales of real estate assets	—	11,050	164,468	—	175,518
Net income	$177,389	$165,030	$188,193	$(353,223)	$177,389

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	For the Nine Months Ended September 30, 2016				
	Columbia Property Trust (Parent) (Guarantors)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Revenues:					
Rental income	$—	$2,669	$278,330	$(285)	$280,714
Tenant reimbursements	—	1,421	54,130	—	55,551
Hotel income	—	—	17,484	—	17,484
Asset and property management fee income	735	—	920	—	1,655
Other property income	—	—	12,651	(280)	12,371
	735	4,090	363,515	(565)	367,775
Expenses:					
Property operating costs	—	2,360	118,604	(285)	120,679
Hotel operating costs	—	—	14,315	—	14,315
Asset and property management fee expenses:					
Related-party	—	112	—	(112)	—
Other	—	—	1,058	—	1,058
Depreciation	—	2,166	82,351	—	84,517
Amortization	—	239	42,663	—	42,902
General and administrative - corporate	116	6,575	19,195	(168)	25,718
	116	11,452	278,186	(565)	289,189
Real estate operating income (loss)	619	(7,362)	85,329	—	78,586
Other income (expense):					
Interest expense	—	(36,479)	(38,071)	22,135	(52,415)
Interest and other income	10,680	11,471	5,436	(22,135)	5,452
Loss on early extinguishment of debt	—	(18,987)	(10)	—	(18,997)
	10,680	(43,995)	(32,645)	—	(65,960)
Income (loss) before income taxes, unconsolidated entities, and sales of real estate:	11,299	(51,357)	52,684	—	12,626
Income tax expense	—	(12)	(375)	—	(387)
Income from unconsolidated entities	45,582	89,972	—	(135,554)	—
Loss from unconsolidated joint venture	—	(5,441)	—	—	(5,441)
Income before sales of real estate assets:	56,881	33,162	52,309	(135,554)	6,798
Gain on sales of real estate assets	—	—	50,083	—	50,083
Net income	$56,881	$33,162	$102,392	$(135,554)	$56,881