

COLUMBIA PROPERTY TRUST, INC.

Form 10-K

February 11, 2016

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(mark one)

☒ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the fiscal year ended December 31, 2015

OR

☐ 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, Georgia 30328

(Address of principal executive offices) (Zip Code)

(404) 465-2200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12 (b) of the Act:

Title of each class

Name of exchange on which registered

Common Stock

New York Stock Exchange

Securities registered pursuant to Section 12 (g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer o Non-accelerated filer o Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes o No x

As of June 30, 2015, the aggregate market value of the common stock of Columbia Property Trust, Inc. held by non-affiliates was \$2,717,276,000 based on the closing price as reported by the New York Stock Exchange.

As of January 31, 2016, 123,475,470 shares of common stock were outstanding.

Registrant incorporates by reference portions of the Columbia Property Trust, Inc. Definitive Proxy Statement for the 2016 Annual Meeting of Stockholders (Items 10, 11, 12, 13, and 14 of Part III) to be filed prior to April 30, 2016.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Form 10-K of Columbia Property Trust, Inc. and its subsidiaries ("Columbia Property Trust," "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. 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 do not intend to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. See Item 1A herein for a discussion of some of the risks and uncertainties, although not all risks and uncertainties that could cause actual results to differ materially from those presented in our forward-looking statements may be included therein.

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PART I

ITEM 1. BUSINESS

General

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

Columbia Property Trust typically invests in high-quality, income-generating office properties. As of December 31, 2015, Columbia Property Trust owned 27 office properties and one hotel, which contain approximately 14.0 million square feet of commercial space, located in 12 states and the District of Columbia. All of the office properties are wholly owned except for one property, which is owned through an unconsolidated joint venture, as described in Note 4, Unconsolidated Joint Venture. As of December 31, 2015, the office properties were approximately 93.2% leased.

Real Estate Investment Objectives

Columbia Property Trust seeks to invest in and manage a commercial real estate portfolio that provides the size, quality, and market specialization needed to deliver both income and long-term growth, as measured in the total return to our shareholders. Our value creation and growth strategies are founded in the following:

Targeted Market Strategy

Our portfolio consists of a combination of multi- and single-tenant office properties located in Central Business District ("CBD") and suburban areas. We focus our acquisition efforts in select primary markets with strong fundamentals and liquidity, including CBD and urban in-fill locations. We believe that the major U.S. office markets provide a greater propensity for producing increasing net income and property values over time. We maintain a long-term goal of increasing our market concentrations in order to leverage our scale, efficiency, and market knowledge.

New Investment Targets

We look to acquire strategic and premier office assets with quality tenants in our target markets, with an emphasis on value-added opportunities. We pursue high-quality assets that are competitive within the top tier of their markets or can be repositioned as such. Our asset selection criteria include the property's location attributes, physical quality, tenant/lease characteristics, competitive positioning, and pricing level in comparison to long-term, normalized value or replacement cost.

Strong and Flexible Balance Sheet

We are committed to maintaining an investment-grade balance sheet with a strong liquidity profile and proven access to capital. Our leverage level and other credit metrics provide the financial flexibility to pursue new acquisitions and other growth opportunities that will further our long-term performance objectives.

Capital Recycling

We consistently evaluate our existing portfolio to identify assets in which the value has been optimized and/or those that are considered nonstrategic, based on their market location or investment characteristics. The goal of our disposition efforts is to harvest capital from these mature and nonstrategic assets, and redeploy it into properties in our target markets to maximize growth in net operating income and long-term value.

Proactive Asset Management

We believe our team is well equipped to deliver operating results in all facets of the management process. Our leasing efforts are founded in understanding the varied and complex needs of tenants in the marketplace today. We pursue meeting those needs through new and renewal leases, as well as lease restructures that further our long-term goals. We are committed to prudent capital investment in our assets to ensure their competitive positioning and status, and

rigorously pursue efficient operations and cost containment at the property level.

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Transaction Activity

In connection with furthering our real estate investment objectives, we have executed the following real estate transactions in 2015 and 2014:

Acquisitions

| Property | Location | Rentable Square Footage | Acquisition Date | Purchase Price |
|--------------------------------|-------------------|-------------------------------|-------------------|----------------|
| 2015 | | | | |
| 229 West 43rd Street Building | New York, NY | 481,000 | August 4, 2015 | \$516,000 |
| 116 Huntington Avenue Building | Boston, MA | 271,000 | January 8, 2015 | \$152,000 |
| 315 Park Avenue South Building | New York, NY | 327,000 | January 7, 2015 | \$372,000 |
| 1881 Campus Commons Building | Reston, VA | 244,000 | January 7, 2015 | \$64,000 |
| 2014 | | | | |
| 650 California Street Building | San Francisco, CA | 477,000 | September 9, 2014 | \$310,200 |
| 221 Main Street Building | San Francisco, CA | 375,000 | April 22, 2014 | \$228,800 |

Dispositions

| Property | Location | Rentable Square Footage | Disposition Date | Purchase Price |
|--------------------------------------|------------------|-------------------------------|-------------------|----------------|
| 2015 | | | | |
| 1881 Campus Commons Building | Reston, VA | 244,000 | December 10, 2015 | \$65,000 |
| 11 Property Sale: | | 2,856,000 | July 1, 2015 | \$433,250 |
| 170 Park Avenue Building | Northern NJ | 145,000 | | |
| 180 Park Avenue Building | Northern NJ | 224,000 | | |
| 1580 West Nursery Road Buildings | Baltimore, MD | 315,000 | | |
| Axiom Buildings | Chicago, IL | 322,000 | | |
| Highland Landmark III Building | Chicago, IL | 273,000 | | |
| The Corridors III Building | Chicago, IL | 222,000 | | |
| 215 Diehl Road Building | Chicago, IL | 162,000 | | |
| 544 Lakeview Building | Chicago, IL | 139,000 | | |
| Bannockburn Lake III Building | Chicago, IL | 106,000 | | |
| Robbins Road Buildings | Boston, MA | 458,000 | | |
| 550 King Street Buildings | Boston, MA | 490,000 | | |
| 2014 | | | | |
| Lenox Park Property | Atlanta, GA | 1,040,000 | October 3, 2014 | \$290,000 |
| 9 Technology Drive Building | Westborough, MA | 251,000 | August 22, 2014 | \$47,000 |
| 7031 Columbia Gateway Drive Building | Columbia, MD | 248,000 | July 1, 2014 | \$59,500 |
| 200 South Orange Building | Orlando, FL | 128,000 | June 30, 2014 | \$18,800 |
| 160 Park Avenue Building | Florham Park, NJ | 240,000 | June 4, 2014 | \$10,200 |

Joint Venture

| Property Contributed to Joint Venture | Location | % Sold / Retained | Rentable Square Footage | Closing Date | Contributed Value |
|--|------------------|----------------------|-------------------------------|------------------|----------------------|
| 2015 | | | | | |
| Market Square Buildings | Washington, D.C. | 49%/51% | 687,000 | October 28, 2015 | \$595,000 |

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Employees

As of December 31, 2015, we employed 99 people.

Competition

Leasing real estate is highly competitive in the current market; as a result, we experience competition for high-quality tenants from owners and managers of competing projects. Therefore, we may experience delays in re-leasing vacant space, or we may have to provide rent concessions, incur charges for tenant improvements, or offer other inducements to enable us to timely lease vacant space, all of which may have an adverse impact on our results of operations. In addition, we are in competition with other potential buyers for the acquisition of the same properties, which may result in an increase in the amount we must pay to purchase a property. Further, at the time we elect to dispose of our properties, we will also be in competition with sellers of similar properties to locate suitable purchasers.

Concentration of Credit Risk

We are dependent upon the ability of our current tenants to pay their contractual rent amounts as they become due. The inability of a tenant to pay future rental amounts would have a negative impact on our results of operations. We are not aware of any reason why our current tenants will not be able to pay their contractual rental amounts as they become due in all material respects. Situations preventing our tenants from paying contractual rents could result in a material adverse impact on our results of operations. Based on our 2015 annualized lease revenue, no single tenant accounts for more than 10% of our portfolio.

Website Address

Access to copies of each of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and other documents filed with, or furnished to, the SEC, including amendments to such filings, may be obtained free of charge from our website, <http://www.columbiapropertytrust.com>, or through a link to the <http://www.sec.gov> website. The information contained on our website is not incorporated by reference herein. These filings are available promptly after we file them with, or furnish them to, the SEC.

ITEM 1A. RISK FACTORS

Below are some of the risks and uncertainties that could cause our actual results to differ materially from those presented in our forward-looking statements. The risks and uncertainties described below are not the only ones we face but do represent those risks and uncertainties that we believe are material to our business, operating results, prospects, and financial condition. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also harm our business.

Risks Related to Our Business and Properties

If we are unable to find suitable investments or pay too much for properties, we may not be able to achieve our investment objectives, and the returns on our investments will be lower than they otherwise would be.

We are competing for real estate investments with other REITs; real estate limited partnerships, pension funds and their advisors; bank and insurance company investment accounts; individuals; and other entities. The market for high-quality commercial real estate assets is highly competitive given how infrequently those assets become available for purchase. As a result, many real estate investors, including us, have built up their cash positions and face aggressive competition to purchase quality office real estate assets. A significant number of entities and resources competing for high-quality office properties support relatively high acquisition prices for such properties, which may reduce the number of acquisition opportunities available to, or affordable for, us and could put pressure on our profitability and our ability to pay distributions to stockholders. We cannot be sure that we will be successful in obtaining suitable investments on financially attractive terms or that, if we make investments, our objectives will be achieved.

Economic conditions may cause the creditworthiness of our tenants to deteriorate and occupancy and market rental rates to decline.

Although U.S. macroeconomic conditions have been relatively stable during 2015, several economic factors have adversely affected the financial condition and liquidity of many businesses, as well as the demand for office space generally. Should economic conditions worsen, our tenants' ability to honor their contractual obligations may suffer. Further, it may become increasingly difficult to maintain our occupancy rate and achieve future rental rates

comparable to the rental rates of our currently in-place leases as we seek to re-lease space and/or renew existing leases.

Our office properties were approximately 93.2% leased at December 31, 2015, and provisions for uncollectible tenant receivables, net of recoveries, were less than 0.1% of total revenues for the year then ended. As a percentage of 2015 annualized lease revenue,

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approximately 13% of leases expire in 2016, 10% of leases expire in 2017, and 8% of leases expire in 2018 (see Item 2, Properties). No assurances can be given that economic conditions will not have a material adverse effect on our ability to re-lease space at favorable rates or on our ability to maintain our current occupancy rate and our low provisions for uncollectible tenant receivables.

Changes in general economic conditions and regulatory matters germane to the real estate industry may cause our operating results to suffer and the value of our real estate properties to decline.

Our operating results are subject to risks generally incident to the ownership of real estate, including:

- changes in general or local economic conditions;
- changes in supply of or demand for similar or competing properties in an area;
- changes in interest rates and availability of permanent mortgage funds, which may render the sale of a property difficult or unattractive;
- changes in tax, real estate, environmental, and zoning laws; and
- periods of high interest rates and tight money supply.

In addition, market and economic conditions in the metropolitan areas in which we derive a substantial portion of our revenue such as San Francisco, California; New York City, New York; Houston, Texas; the greater Washington, D.C. area; and Atlanta, Georgia, may have a greater impact on our overall occupancy levels and rental rates and therefore our profitability. Furthermore, our business strategy involves continued focus on select core markets, which will increase the impact of the local economic conditions in such markets on our results of operations in future periods. These and other reasons may prevent us from being profitable or from realizing growth or maintaining the value of our real estate properties.

We depend on tenants for our revenue, and lease defaults or terminations could negatively affect our financial condition and results of operations and limit our ability to make distributions to our stockholders.

The success of our investments materially depends on the financial stability of our tenants. A default or termination by a significant tenant on its lease payments to us would cause us to lose the revenue associated with such lease and require us to find an alternative source of revenue to meet mortgage payments and prevent a foreclosure if the property is subject to a mortgage. In the event of a tenant default or bankruptcy, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re-letting our property. If a tenant defaults on or terminates a significant lease, we may be unable to lease the property for the rent previously received or sell the property without incurring a loss. In addition, significant expenditures for our properties, such as mortgage payments, real estate taxes, and insurance and maintenance costs are generally fixed and do not decrease when revenues at the related property decreases. Therefore, these events could have a material adverse effect on our results of operations or cause us to reduce the amount of distributions to stockholders.

Future acquisitions may fail to perform in accordance with our expectations, may require renovation costs exceeding our estimates or expose us to unknown liabilities, and may be located in new markets where we may face risks associated with investing in an unfamiliar market.

In the normal course of business, we typically evaluate potential acquisitions, enter into nonbinding letters of intent, and may, at any time, enter into contracts to acquire additional properties. Acquired properties may fail to perform in accordance with our expectations due to lease-up risk, renovation cost risks, and other factors. In addition, the renovation and improvement costs we incur in bringing an acquired property up to market standards may exceed our estimates. We may not have the financial resources to make suitable acquisitions or renovations on favorable terms or at all. The properties we acquire may be subject to liabilities for which we have no recourse, or only limited recourse, against the prior owners or other third parties with respect to unknown liabilities. As a result, if a liability were asserted against us based upon ownership of those properties, we might have to pay substantial sums to settle or contest it, which could adversely affect our results of operations and cash flow. Unknown liabilities with respect to acquired properties might include:

- liabilities for clean-up of undisclosed environmental contamination;
- claims by tenants, vendors, or other persons against the former owners of the properties;
- liabilities incurred in the ordinary course of business; and

claims for indemnification by general partners, directors, officers, and others indemnified by the former owners of the properties.

Furthermore, we may acquire properties located in markets in which we do not have an established presence. We may face risks associated with a lack of market knowledge or understanding of the local economy, forging new business relationships in the area, and unfamiliarity with local government and permitting procedures. As a result, the operating performance of properties acquired in new markets may be less than we anticipate, and we may have difficulty integrating such properties into our existing portfolio. In addition, the time and resources that may be required to obtain market knowledge and/or integrate such properties into our

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existing portfolio could divert our management's attention from our existing business or other attractive opportunities in our established markets.

Our inability to sell a property when we plan to do so could limit our operational and financial flexibility, including our ability to pay cash distributions to our stockholders.

Purchasers may not be willing to pay acceptable prices for properties that we wish to sell. General economic conditions, availability of financing, interest rates, and other factors, including supply and demand, all of which are beyond our control, affect the real estate market. Therefore, we may be unable to sell a property for the price, on the terms, or within the time frame that we want. That inability could reduce our cash flow and cause our results of operations to suffer, limiting our ability to make distributions to our stockholders. Furthermore, our properties' market values depend principally upon the value of the properties' leases. A property may incur vacancies either by the default of tenants under their leases or the expiration of tenant leases. If vacancies occur and continue for a prolonged period of time, it may become difficult to locate suitable buyers for any such property, and property resale values may suffer, which could result in lower returns for our stockholders.

Uninsured losses relating to real property or excessively expensive premiums for insurance coverage could reduce our net income, or materially and adversely affect our business or financial condition.

We may incur losses from time to time that are uninsurable or not economically feasible to insure, or may be insured subject to limitations, such as large deductibles or co-payments. Some of these losses could be catastrophic in nature, such as losses due to earthquakes, acts of terrorism, fire, floods, tornadoes, hurricanes, pollution, wars, or environmental matters. For example, we have properties located in San Francisco, California, an area especially susceptible to earthquakes, and collectively, these properties represent approximately 22% of our 2015 Annualized Lease Revenue, as described in Item 2, Properties. Because these properties are located in close proximity to one another, an earthquake in the San Francisco area could materially damage, destroy, or impair the use by tenants of all of these properties. Furthermore, insurance risks associated with potential terrorist acts could sharply increase the premiums we pay for coverage against property and casualty claims. Additionally, mortgage lenders in some cases insist that commercial property owners purchase coverage against terrorism as a condition of providing mortgage loans. Such insurance policies may not be available at a reasonable cost, if at all, which could inhibit our ability to finance or refinance our properties. In such instances, we may be required to provide other financial support, either through financial assurances or self-insurance, to cover potential losses. In addition, we may not have adequate coverage for losses. If any of our properties incur a loss that is not fully insured, the value of that asset will be reduced by such uninsured loss. Furthermore, other than any working capital reserves or other reserves that we may establish, or our existing line of credit, we do not have sources of funding specifically designated for repairs or reconstruction of any of our properties. To the extent we incur significant uninsured losses, or are required to pay unexpectedly large amounts for insurance, our results of operations or financial condition could be adversely effected.

For example, we plan to undertake a project to make significant repairs to our property located in suburban Pittsburgh, Pennsylvania. The project relates to the initial construction of the property and involves repairing the outer building walls. Repairs are expected to commence in 2016, to take two to three years to complete, and to cost between \$30 million to \$35 million. While we continue to evaluate insurance coverage and other potential sources of recovery for the repairs, no assurances can be made that any amounts will be recovered.

If we are unable to fund the future capital needs of our properties, cash distributions to our stockholders and the value of our investments could decline.

When tenants do not renew their leases or otherwise vacate their space, we often need to expend substantial funds for tenant improvements to the vacated space in order to attract replacement tenants. In addition, although we expect that our leases with tenants will require tenants to pay routine property maintenance costs, we will likely be responsible for any major structural repairs, such as repairs to the foundation, exterior walls, and rooftops.

If we need significant capital in the future to improve or maintain our properties or for any other reason, we will have to obtain financing from sources such as cash flow from operations, borrowings, property sales, or future equity offerings. These sources of funding may not be available on attractive terms or at all. If we cannot procure the necessary funding for capital improvements, our investments may generate lower cash flows or decline in value, or

both, which would limit our ability to make distributions to our stockholders.

We have incurred and are likely to continue to incur mortgage and other indebtedness, which may increase our business risks.

As of January 31, 2016, our total indebtedness was approximately \$1.8 billion, which includes a \$150.0 million term loan, \$599.0 million of bonds, and \$318.6 million of mortgage loans, all with fixed interest rates, or with interest rates that are effectively fixed when considered in connection with an interest rate swap agreement; and a \$300.0 million term loan, a \$119.0 million balance

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on a bridge loan, and \$307.0 million outstanding on our variable-rate line of credit. We are likely to incur additional indebtedness to acquire properties, to fund property improvements and other capital expenditures, to pay our distributions, and for other purposes.

Significant borrowings by us increase the risks of an investment in us. If there is a shortfall between the cash flow from properties and the cash flow needed to service our indebtedness, then the amount available for distributions to stockholders may be reduced. In addition, incurring mortgage debt increases the risk of loss since defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. In that case, we could lose the property securing the loan that is in default. For tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but we would not receive any cash proceeds. We may give full or partial guarantees to lenders of mortgage debt on behalf of the entities that own our properties. When we give a guaranty on behalf of an entity that owns one of our properties, we are responsible to the lender for satisfaction of the debt if it is not paid by such entity.

If any mortgages or other indebtedness contain cross-collateralization or cross-default provisions, a default on a single loan could affect multiple properties. Our unsecured credit facility (the "Revolving Credit Facility"), our two unsecured term loan facilities with an aggregate value of \$450 million, and our bridge loan (the "\$300 Million Bridge Loan"), each includes a cross-default provision that provides that a payment default under any recourse obligation of \$50 million or more by us, Columbia Property Trust OP, or any of our subsidiaries, constitutes a default under the line of credit and term loan facilities. If any of our properties are foreclosed due to a default, our ability to pay cash distributions to our stockholders will be limited.

Increases in interest rates could increase the amount of our debt payments and make it difficult for us to finance or refinance properties, which could reduce the number of properties we can acquire, our net income, and the amount of cash distributions we can make.

We expect to incur additional indebtedness in the future, which may include mortgages, unsecured bonds, term loans, or borrowings under a credit facility. Increases in interest rates will increase interest costs on our variable-interest debt instruments, which would reduce our cash flows and our ability to pay distributions. If mortgage debt is unavailable at reasonable interest rates, we may not be able to finance the purchase of properties. If we place mortgage debt on properties, we run the risk of being unable to refinance the properties when the loans become due, or of being unable to refinance on favorable terms. In addition, if we need to repay existing debt during periods of higher interest rates, we may need to sell one or more of our investments in order to repay the debt, which sale at that time might not permit realization of the maximum return on such investments. If any of these events occur, our cash flow would be reduced. This, in turn, would reduce cash available for distribution to our stockholders and may hinder our ability to raise capital in the future through additional borrowings or debt or equity offerings. For additional information, please refer to Item 7A, Quantitative and Qualitative Disclosures About Market Risk, for additional information regarding interest rate risk.

Lenders may require us to enter into restrictive covenants relating to our operations, which could limit our ability to make distributions to our stockholders.

When providing financing, a lender may impose restrictions on us that affect our distribution and operating policies and our ability to incur additional debt. Loan documents we enter into may contain covenants that limit our ability to further mortgage the property or discontinue insurance coverage. These or other limitations may limit our flexibility and our ability to execute on our operating plans.

A downgrade in the credit rating of our debt could materially adversely affect our business and financial condition. Our senior unsecured debt is rated investment grade by Standard & Poor's Corporation and Moody's Investors Service. In determining our credit ratings, the rating agencies consider a number of both quantitative and qualitative factors, including earnings, fixed charges, cash flows, total debt outstanding, total secured debt, off balance sheet obligations, total capitalization, and various ratios calculated from these factors. The rating agencies also consider predictability of cash flows, business strategy, property development risks, industry conditions, and contingencies. Therefore, any

deterioration in our operating performance could cause our investment-grade rating to come under pressure. Our corporate credit rating at Standard & Poor's Ratings Service is currently BBB with a stable outlook, and our corporate credit rating at Moody's Investor Service is currently Baa2 with a stable outlook. There can be no assurance that our credit ratings will not be lowered or withdrawn in their entirety. A negative change in our ratings outlook or any downgrade in our current investment-grade credit ratings by rating agencies could adversely affect our cost and access to sources of liquidity and capital. Additionally, a downgrade could, among other things, increase the costs of borrowing under our credit facility and term loan, adversely impact our ability to obtain unsecured debt or refinance our unsecured debt on competitive terms in the future, or require us to take certain actions to support our obligations, any of which would adversely affect our business and financial condition.

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A breach of our privacy or information security systems could materially adversely affect our business and financial condition.

Privacy and information security risks have generally increased in recent years because of the proliferation of new technologies and the increased sophistication and activities of perpetrators of cyber attacks. As our reliance on technology has increased, so have the risks posed to our systems, both internal and those we have outsourced. Risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to our relationships with our tenants, potential errors from misstated financial reports, missed reporting deadlines, and private data exposure, among others. Any or all of the preceding risks could have a material adverse effect on our results of operations, financial condition, and cash flows. Although we make efforts to maintain the security and integrity of these types of information technology networks and related systems, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. As cyber threats continue to evolve, we may be required to expend additional resources to continue to enhance our information security measures and to investigate and remediate any information security vulnerabilities.

We are and may continue to be subject to litigation, which could have a material adverse effect on our financial condition.

We currently are, and are likely to continue to be, subject to a variety of claims arising in the ordinary course of business, including contract claims and claims alleging violations of federal and state law regarding workplace and employment matters, discrimination, and similar matters. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. Although we defend ourselves against any such claims, we cannot be certain of the ultimate outcomes of currently asserted claims or of those that arise in the future. Resolution of these types of matters against us may result in our having to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, would adversely impact our earnings and cash flows, thereby impacting our ability to service debt and make distributions to our stockholders.

Costs of complying with governmental laws and regulations may reduce our net income and the cash available for distributions to our stockholders.

All real property and the operations conducted on real property are subject to federal, state, and local laws and regulations relating to environmental protection and human health and safety. Some of these laws and regulations may impose joint and several liability on tenants, owners, or operators for the costs to investigate or remediate contaminated properties, regardless of fault or whether the acts causing the contamination were legal. In addition, the presence of hazardous substances, or the failure to properly remediate these substances, may hinder our ability to sell, rent, or pledge such property as collateral for future borrowings.

Compliance with new laws or regulations, or stricter interpretation of existing laws may require us to incur material expenditures. Future laws, ordinances, or regulations may impose material environmental liability. Additionally, our tenants' operations, the existing condition of land when we buy it, operations in the vicinity of our properties, such as the presence of underground storage tanks or activities of unrelated third parties may affect our properties.

Furthermore, there are various local, state, and federal regulatory requirements, such as fire, health, life-safety, and similar regulations, and the Americans with Disabilities Act, with which we may be required to comply, and which may subject us to liability in the form of fines or damages for noncompliance. Any material expenditures, fines, or damages we must pay will reduce our ability to make distributions.

Discovery of previously undetected environmentally hazardous conditions may decrease our revenues and limit our ability to make distributions.

Under various federal, state, and local environmental laws, ordinances, and regulations, a current or previous real property owner or operator may be liable for the cost to remove or remediate hazardous or toxic substances on, under, or in such property. These costs could be substantial. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated, and these

restrictions may require substantial expenditures or prevent us from entering into leases with prospective tenants that may be impacted by such laws. Environmental laws provide for sanctions for noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental laws and common law principles could be used to impose liability for release of and exposure to hazardous substances, including asbestos-containing materials. Third parties may seek recovery from real property owners or operators for personal injury or property damage associated with exposure to released hazardous substances. The cost of defending against claims of liability, of complying with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury claims could have an adverse impact on our business and results of operations. Property ownership through joint ventures may limit our ability to act exclusively in our interest. We recently entered into a joint venture arrangement for one of our properties and in the future may acquire properties in or contribute properties to joint ventures with other persons or entities when we believe circumstances warrant the use of such

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structures. We could become engaged in a dispute with one or more of our joint venture partners, which might affect our ability to operate a jointly-owned property. Moreover, joint venture partners may have business, economic, or other objectives that are inconsistent with our objectives, including objectives that relate to the appropriate timing and terms of any sale or refinancing of a property. In some instances, joint venture partners may have competing interests in our markets that could create conflicts of interest. Also, our joint venture partners might refuse to make capital contributions when due and we may be responsible to our partners for indemnifiable losses. We and our partners may each have the right to trigger a buy-sell arrangement, which could cause us to sell our interest, or acquire our partners' interest, at a time when we otherwise would not have initiated such a transaction and may result in the valuation of our interest in the joint venture (if we are the seller) or of the other partner's interest in the joint venture (if we are the buyer) at levels which may not be representative of the valuation that would result from an arm's length marketing process. We are also subject to risk in cases where an institutional owner is our joint venture partner, including (i) a deadlock if we and our joint venture partner are unable to agree upon certain major and other decisions, (ii) the limitation of our ability to liquidate our position in the joint venture without the consent of the other joint venture partner, and (iii) the requirement to provide guarantees in favor of lenders with respect to the indebtedness of the joint venture.

If we sell properties and provide financing to purchasers, defaults by the purchasers would decrease our cash flows and limit our ability to make distributions.

In some instances we may sell our properties by providing financing to purchasers. When we provide financing to purchasers, we will bear the risk that the purchaser may default, which could negatively impact our liquidity and results of operations. Even in the absence of a purchaser default, the distribution of the proceeds of sales to our stockholders, or the reinvestment of proceeds in other assets, will be delayed until the promissory notes or other property we may accept upon a sale are actually paid, sold, refinanced, or otherwise disposed.

We are dependent on our executive officers and employees.

We rely on a small number of persons, particularly E. Nelson Mills and James A. Fleming, to carry out our business and investment strategies. Any of our senior management, including Messrs. Mills and Fleming, may cease to provide services to us at any time. The loss of the services of any of our key management personnel or our inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business and financial results. As we expand, we will continue to try to attract and retain qualified additional senior management and other employees, but may not be able to do so on acceptable terms.

Our operating results may suffer because of potential development and construction risks and delays and resultant increased costs.

We may acquire and develop properties, including unimproved real estate, upon which we will construct improvements. We will be subject to uncertainties associated with rezoning for development and our ability to obtain required permits and authorizations; environmental concerns of governmental entities and/or community groups; and our builders' ability to build in conformity with plans, specifications, budgeted costs, and timetables. If a builder fails to perform, we may resort to legal action to rescind the purchase or the construction contract or to compel performance. A builder's performance may also be affected or delayed by conditions beyond the builder's control, and we may incur additional risks when we make periodic progress payments or other advances to builders before they complete construction. Delays in completing construction could also give tenants the right to terminate preconstruction leases. These and other factors can result in increased costs of a project or loss of our investment. In addition, we will be subject to normal lease-up risks relating to newly constructed projects. We must rely on rental income and expense projections and estimates of the fair market value of property upon completion of construction when agreeing upon a purchase price at the time we acquire the property. If our projections are inaccurate, we may pay too much for a property, and our return on our investment could suffer.

If our disclosure controls or internal control over financial reporting are not effective, investors could lose confidence in our reported financial information, which could adversely affect the perception of our business and the trading price of our common stock.

Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"), requires that we evaluate the effectiveness of our internal control over financial reporting as of the end of each fiscal year, and to include a management report assessing the effectiveness of our internal control over financial reporting. Deficiencies, including any material weakness, in our internal control over financial reporting that may occur in the future could result in misstatements of our results of operations, restatements of our financial statements, a decline in the trading price of our common stock, or otherwise materially adversely affect our business, reputation, results of operations, financial condition, or liquidity.

Risks Related to Ownership of Our Common Stock

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We may be unable to pay or maintain cash distributions or increase distributions over time, which could reduce the funds we have available for investment and the return to our investors.

There are many factors that can affect the availability and timing of distributions to stockholders. We expect to continue to fund distributions principally from cash flow from operations; however, from time to time, we may elect to fund a portion of our distributions from borrowings. If we fund distributions from financings, we will have fewer funds available for the investment in, and acquisition of, properties; thus, the overall return to our investors may be reduced. Further, to the extent distributions exceed cash flow from operations, a stockholder's basis in our stock will be reduced and, to the extent distributions exceed a stockholder's basis, the stockholder may recognize capital gain. We can give no assurance that we will be able to pay or maintain cash distributions or increase distributions over time. Our stock price may be volatile or may decline regardless of our operating performance, and you may not be able to sell your shares at a desirable price.

The market price of our common stock may fluctuate significantly in response to a number of factors, most of which we cannot control, including those described under this section and the following:

- changes in capital market conditions that could affect valuations of real estate companies in general or other adverse economic conditions;
- our failure to meet any earnings estimates or expectations;
- future sales of our common stock by our officers, directors, and significant stockholders;
- global economic, legal, and regulatory factors unrelated to our performance;
- investors' perceptions of our prospects;
- announcements by us or our competitors of significant contracts, acquisitions, joint ventures, or capital commitments; and
- investor perceptions of the investment opportunity associated with our common stock relative to other investment alternatives.

In addition, the stock markets, and in particular The New York Stock Exchange, have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many real estate companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were involved in securities litigation, we could incur substantial costs, and our resources and the attention of management could be diverted from our business. Furthermore, we currently have limited research coverage by securities and industry analysts. If additional securities or industry analysts do not commence coverage of our company, the long-term trading price for our common stock could be negatively impacted. If one or more of present or future analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which could cause our stock price and trading volume to decline.

Our common stock has experienced and may continue to experience low trading volumes, which may make it more difficult for you to sell your shares at any given time at prevailing prices.

The daily trading volumes for our common stock are, and may continue to be, relatively small compared to many other publicly traded securities. For example, since our listing, our average daily trading volume per month has been as low as 441,000 shares. If our stock continues to experience low trading volumes, it may be difficult for individuals to sell their shares when they want and at a price that is desirable to them. Furthermore, low trading volumes for our common stock may cause the price of our stock to be highly volatile.

Our charter limits the number of shares a person may own, which may discourage a takeover that could otherwise result in a premium price to our stockholders.

Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by our board of directors, no person may own more than 9.8% of our outstanding common stock. This restriction may have the effect of delaying, deferring, or preventing a change in control, including an extraordinary transaction (such as a merger, tender offer, or sale of all or substantially all of our assets) that might provide a premium price for holders of our common stock.

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Our organizational documents contain provisions that may discourage a takeover of us and could depress the price of our shares of common stock.

Our organizational documents contain provisions that may discourage a takeover of us and could depress the price of our common stock. Our organizational documents contain provisions that may have an anti-takeover effect, inhibit a change of our management, or inhibit in certain circumstances, tender offers for our common stock or proxy contests to change our board. These provisions include: ownership limits and restrictions on transferability that are intended to enable us to continue to qualify as a REIT; broad discretion of our board to take action, without stockholder approval, to issue new classes of securities that may discourage a third party from acquiring us; the ability, through board action or bylaw amendment to opt-in to certain provisions of Maryland law that may impede efforts to effect a change in control of us; advance notice requirements for stockholder proposals and stockholder nominations of directors; and the absence of cumulative voting rights.

In addition, our board of directors may classify or reclassify any unissued preferred stock and establish the preferences; conversion; or other rights, voting powers, restrictions, or limitations as to distributions, qualifications, and terms or conditions of redemption of any such stock. Thus, our board of directors could authorize the issuance of preferred stock with terms and conditions that could have priority as to distributions and amounts payable upon liquidation over the rights of the holders of our common stock. Such preferred stock could also have the effect of delaying, deferring, or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer, or sale of all or substantially all of our assets) that might provide a premium price to holders of our common stock.

Maryland General Corporation Law provides certain protections relating to deterring or defending hostile takeovers, which may discourage others from trying to acquire control of us and may prevent our stockholders from receiving a premium price for their stock in connection with a business combination.

Under Maryland law, "business combinations" between a Maryland corporation and certain interested stockholders or affiliates of interested stockholders are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. Also under Maryland law, control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquirer, an officer of the corporation, or an employee of the corporation who is also a director of the corporation are excluded from the vote on whether to accord voting rights to the control shares. These provisions may therefore discourage others from trying to acquire control of us and increase the difficulty of consummating any offer. Similarly, provisions of Title 3, Subtitle 8 of the Maryland General Corporation Law, commonly referred to as the "Maryland Unsolicited Takeover Act," could provide similar anti-takeover protection. Our board of directors has determined to opt out of these provisions of Maryland law; in the case of the business combination provisions of Maryland law, by resolution of our board of directors; in the case of the control share provisions of Maryland law, pursuant to a provision in our bylaws; and in the case of certain provisions of the Maryland Unsolicited Takeover Act, pursuant to Articles Supplementary. Only upon the approval of our stockholders, our board of directors may repeal the foregoing opt-outs from the anti-takeover provisions of Maryland General Corporation Law.

Federal Income Tax Risks

Failure to qualify as a REIT would reduce our net income and cash available for distributions.

Our qualification as a REIT depends upon our ability to meet requirements regarding our organization and ownership, distributions of our income, the nature and diversification of our income and assets, and other tests imposed by the Internal Revenue Code (the "Code"). If we fail to qualify as a REIT for any taxable year, we will be subject to federal and state income tax on our taxable income at corporate rates and/or penalties. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year of losing our REIT status. Losing our REIT status would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability. In addition, distributions to stockholders would no longer qualify for the dividends-paid

deduction, and we would no longer be required to make distributions. If this occurs, we might be required to borrow funds or liquidate some investments in order to pay the applicable tax.

Recharacterization of sale-leaseback transactions may cause us to lose our REIT status, which would reduce the return to our stockholders.

We may purchase properties and lease them back to the sellers of such properties. While we will use our best efforts to structure any such sale-leaseback transaction such that the lease will be characterized as a "true lease," thereby allowing us to be treated as the owner of the property for federal income tax purposes, we can give no assurance that the Internal Revenue Service will not challenge such characterization. In the event that any such sale-leaseback transaction is challenged and recharacterized as a

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financing transaction or loan for federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed. If a sale-leaseback transaction was so recharacterized, we might fail to satisfy the REIT qualification asset tests or income tests and, consequently, lose our REIT status. Alternatively, the amount of our REIT taxable income could be recalculated, which might also cause us to fail to meet the distribution requirement for a taxable year.

Even if we qualify as a REIT for federal income tax purposes, we may be subject to other tax liabilities that reduce our cash flow and our ability to make distributions to our stockholders.

Even if we remain qualified as a REIT for federal income tax purposes, we may be subject to some federal, state, and local taxes on our income or property. For example:

In order to qualify as a REIT, we must distribute annually at least 90% of our REIT taxable income to our stockholders (which is determined without regard to the dividends-paid deduction or net capital gain). To the extent that we satisfy the distribution requirement but distribute less than 100% of our REIT taxable income, we will be subject to federal and state corporate income tax on the undistributed income.

We will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions we pay in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gains net income, and 100% of our undistributed income from prior years.

If we have net income from the sale of foreclosure property that we hold primarily for sale to customers in the ordinary course of business or other nonqualifying income from foreclosure property, we must pay a tax on that income at the highest corporate income tax rate.

If we sell a property, other than foreclosure property, that we hold primarily for sale to customers in the ordinary course of business, our gain would be subject to the 100% "prohibited transaction" tax.

We may perform additional, noncustomary services for tenants of our buildings through our taxable REIT subsidiary, including real estate or non-real-estate-related services; however, any earnings related to such services are subject to federal and state income taxes.

To maintain our REIT status, we may be forced to borrow funds during unfavorable market conditions to make distributions to our stockholders, which could increase our operating costs and decrease the value of an investment in us.

To qualify as a REIT, we must distribute to our stockholders each year 90% of our REIT taxable income (which is determined without regard to the dividends-paid deduction or net capital gains). At times, we may not have sufficient funds to satisfy these distribution requirements and may need to borrow funds to maintain our REIT status and avoid the payment of income and excise taxes. These borrowing needs could result from (i) differences in timing between the actual receipt of cash and inclusion of income for federal income tax purposes, (ii) the effect of nondeductible capital expenditures, (iii) the creation of reserves, or (iv) required debt or amortization payments. We may need to borrow funds at times when market conditions are unfavorable. Such borrowings could increase our costs and reduce the value of our common stock.

To maintain our REIT status, we may be forced to forego otherwise attractive opportunities, which could delay or hinder our ability to meet our investment objectives and lower the return to our stockholders.

To qualify as a REIT, we must satisfy tests on an ongoing basis concerning, among other things, the sources of our income, the nature of our assets, and the amounts we distribute to our stockholders. We may be required to make distributions to stockholders at times when it would be more advantageous to reinvest cash in our business or when we do not have funds readily available for distribution. Compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

Because of the ownership structure of our hotel property, we face potential adverse effects from changes to the applicable tax laws.

We own one hotel property. However, under the Code, REITs are not allowed to operate hotels directly or indirectly. Accordingly, we lease our hotel property to our taxable REIT subsidiary, or TRS. As lessor, we are entitled to a percentage of the gross receipts from the operation of the hotel property. Marriott Hotel Services, Inc. manages the hotel under the Marriott® name pursuant to a management contract with the TRS as lessee. While the TRS structure

allows the economic benefits of ownership to flow to us, the TRS is subject to tax on its income from the operations of the hotel at the federal and state levels. In addition, the TRS is subject to detailed tax regulations that affect how it may be capitalized and operated. If the tax laws applicable to our TRS are changed, we may be forced to modify the structure for owning our hotel property or selling our hotel property, which may adversely affect our cash flows. In addition, the Internal Revenue Service, the U. S. Department of the Treasury, and Congress frequently review federal income tax legislation, and we cannot predict whether, when, or to what extent new federal tax laws, regulations, interpretations, or rulings will be adopted. Any of such actions may prospectively or retroactively modify the tax treatment of the TRS and, therefore, may adversely affect our after-tax returns from our hotel property.

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Legislative or regulatory action could adversely affect investors.

In recent years, numerous legislative, judicial, and administrative changes have been made in the provisions of federal and state income tax laws applicable to investments similar to an investment in shares of Columbia Property Trust. Additional changes to tax laws are likely to continue to occur in the future, and we cannot assure you that any such changes will not adversely affect the taxation of our stockholders. Any such changes could have an adverse effect on an investment in shares or on the market value or the resale potential of our properties. You are urged to consult with your own tax advisor with respect to the impact of recent legislation on your ownership of shares and the status of legislative, regulatory, or administrative developments and proposals, and their potential effect on ownership of shares.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Overview

As of December 31, 2015, we owned interests in 27 office properties and one hotel located in 12 states and the District of Columbia. All of the properties are wholly owned except for one, which is owned through an unconsolidated joint venture. As of December 31, 2015, our office properties were approximately 93.2% leased.

Property Statistics

The tables below include statistics for properties that we own directly and our pro-rata share (51%) of the Market Square Buildings, which are owned through an unconsolidated joint venture. Annualized Lease Revenue is (i) annualized rental payments (defined as base rent plus operating expense reimbursements, excluding rental abatements) for executed and commenced leases, as well as leases executed but not yet commenced for vacant space, and (ii) annualized parking revenues, payable either under the terms of an executed lease or vendor contract. Annualized Lease Revenue excludes rental payments for executed leases that have not yet commenced for space covered by an existing lease.

The following table shows lease expirations of our office properties as of December 31, 2015, during each of the next 10 years and thereafter. This table assumes no exercise of renewal options or termination rights.

| Year of Lease Expiration | 2015 Annualized Lease Revenue (in thousands) | Rentable Square Feet (in thousands) | Percentage of 2015 Annualized Lease Revenue | |
|--------------------------|--|---|---|---|
| Vacant | \$— | 908 | — | % |
| 2016 | 64,150 | 1,321 | 13 | % |
| 2017 | 48,386 | 1,188 | 10 | % |
| 2018 | 37,191 | 786 | 8 | % |
| 2019 | 16,671 | 300 | 3 | % |
| 2020 | 32,934 | 844 | 7 | % |
| 2021 | 58,135 | 1,763 | 12 | % |
| 2022 | 32,671 | 786 | 7 | % |
| 2023 | 26,291 | 673 | 5 | % |
| 2024 | 11,868 | 225 | 2 | % |
| 2025 | 35,725 | 1,160 | 7 | % |
| Thereafter | 123,014 | 3,406 | 26 | % |
| | \$487,036 | 13,360 | 100 | % |

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The following table shows the geographic locations of our office properties as of December 31, 2015.

| Location | 2015 Annualized Lease Revenue (in thousands) | Leased Square Feet (in thousands) | Percentage of 2015 Annualized Lease Revenue | |
|----------------------|--|---|---|---|
| San Francisco | \$105,012 | 1,901 | 22 | % |
| New York | 82,822 | 1,114 | 17 | % |
| Houston | 45,163 | 1,062 | 9 | % |
| Washington, D.C. | 37,020 | 548 | 8 | % |
| Atlanta | 36,286 | 1,562 | 7 | % |
| Cleveland | 35,386 | 1,101 | 7 | % |
| Baltimore | 25,835 | 643 | 5 | % |
| Northern New Jersey | 24,030 | 617 | 5 | % |
| Other ⁽¹⁾ | 95,482 | 3,904 | 20 | % |
| | \$487,036 | 12,452 | 100 | % |

⁽¹⁾ No more than 4% is attributable to any individual geographic location.

The following table shows the industry breakdown of our office tenants as of December 31, 2015.

| Industry | 2015 Annualized Lease Revenue (in thousands) | Leased Square Feet (in thousands) | Percentage of 2015 Annualized Lease Revenue | |
|------------------------------------|--|---|---|---|
| Legal Services | \$79,100 | 1,490 | 16 | % |
| Business Services | 69,870 | 1,199 | 14 | % |
| Depository Institutions | 60,967 | 1,673 | 13 | % |
| Security & Commodity Brokers | 48,952 | 954 | 10 | % |
| Electric, Gas, & Sanitary Services | 39,953 | 1,690 | 8 | % |
| Communication | 30,509 | 1,124 | 6 | % |
| Engineering & Management Services | 28,689 | 897 | 6 | % |
| Industrial Machinery & Equipment | 13,823 | 533 | 3 | % |
| Miscellaneous Retail | 13,338 | 587 | 3 | % |
| Nondepository Institutions | 13,328 | 366 | 3 | % |
| Other ⁽¹⁾ | 88,507 | 1,939 | 18 | % |
| | \$487,036 | 12,452 | 100 | % |

⁽¹⁾ No more than 3% is attributable to any individual industry.

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The following table shows the major tenants of our office properties as of December 31, 2015.

| Tenant | 2015 Annualized Lease Revenue (in thousands) | Percentage of 2015 Annualized Lease Revenue | |
|----------------------|--|---|---|
| Wells Fargo | \$28,538 | 6 | % |
| Jones Day | 28,124 | 6 | % |
| AT&T | 22,003 | 5 | % |
| PSEG Services | 21,849 | 4 | % |
| Credit Suisse | 19,675 | 4 | % |
| Pershing | 18,278 | 4 | % |
| Westinghouse | 15,565 | 3 | % |
| T. Rowe Price | 15,411 | 3 | % |
| Yahoo! | 13,616 | 3 | % |
| Keybank | 13,248 | 3 | % |
| Foster Wheeler | 12,850 | 3 | % |
| Other ⁽¹⁾ | 277,879 | 56 | % |
| | \$487,036 | 100 | % |

⁽¹⁾ No more than 3% is attributable to any individual tenant.

The following table shows certain information related to significant properties as of December 31, 2015.

| Property & Location | Number of Buildings | Leased Square Feet (in thousands) | Total Real Estate, Net (in thousands) | % of Total Assets | 2015 Annualized Lease Revenue (in thousands) | Average Annualized Lease Revenue per Square Foot | % Leased | |
|--------------------------------------|---------------------------|--|---|-------------------------|--|--|----------|---|
| 229 West 43rd Street, New York | 1 | 470 | \$493,664 | 12.1 | % \$32,385 | \$68.9 | 97.7 | % |

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are party to legal proceedings, which arise in the ordinary course of our business. We are not currently involved in any legal proceedings of which the outcome is reasonably likely to have a material adverse effect on our results of operations or financial condition, nor are we aware of any such legal proceedings contemplated by governmental authorities.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND

5. ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Holders

Our common stock was listed on the New York Stock Exchange (the "NYSE") on October 10, 2013, under the symbol "CXP." Prior to October 10, 2013, none of our common stock was listed on a national securities exchange and there was no established public trading market for such shares. As of January 31, 2016, we had approximately 123.5 million shares of common stock outstanding held by a total of 80,031 stockholders of record.

The closing high and low prices for our stock and dividends declared during 2015 and 2014 were as follows:

| | High | Low | Dividends |
|----------------|---------|---------|-----------|
| 2015 Quarters: | | | |
| First | \$27.67 | \$24.08 | \$0.30 |
| Second | \$27.45 | \$24.55 | \$0.30 |
| Third | \$25.30 | \$21.16 | \$0.30 |
| Fourth | \$25.97 | \$23.21 | \$0.30 |
| 2014 Quarters: | | | |
| First | \$27.73 | \$23.12 | \$0.30 |
| Second | \$29.13 | \$26.01 | \$0.30 |
| Third | \$26.09 | \$23.85 | \$0.30 |
| Fourth | \$25.79 | \$23.80 | \$0.30 |

Distributions

We intend to make distributions each taxable year (not including a return of capital for federal income tax purposes) equal to at least 90% of our taxable income. One of our primary goals is to pay regular quarterly distributions to our stockholders. The amount of distributions paid and the taxable portion thereof in prior periods are not necessarily indicative of amounts anticipated in future periods.

The amount of distributions to common stockholders is determined by our board of directors and is dependent upon a number of factors, including funds deemed available for distribution based principally on our current and future projected operating cash flows, reduced by capital requirements necessary to maintain our existing portfolio. In determining the amount of distributions to common stockholders, we also consider our future capital needs and future sources of liquidity, as well as the annual distribution requirements necessary to maintain our status as a REIT under the Code. Investments in new property acquisitions and first-generation capital improvements, as well as equity repurchases, are generally funded with recycled capital proceeds from property sales, debt, or cash on hand.

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Performance Graph

The following graph compares the cumulative total return of our common stock with the S&P 500, Morgan Stanley REIT Index, and the FTSE NAREIT US Real Estate Index for the period beginning on October 10, 2013 (the date of our initial listing on the NYSE) through December 31, 2015. The graph assumes a \$100 investment in each of the indices on October 10, 2013, and the reinvestment of all dividends.

| Index | October 10, 2013 | December 31, 2013 | December 31, 2014 | December 31, 2015 |
|----------------------------------|------------------|-------------------|-------------------|-------------------|
| Columbia Property Trust | \$100.00 | \$112.10 | \$119.00 | \$115.70 |
| S&P 500 Index | \$100.00 | \$109.70 | \$124.70 | \$126.40 |
| Morgan Stanley REIT Index | \$100.00 | \$97.70 | \$127.38 | \$130.60 |
| FTSE NAREIT US Real Estate Index | \$100.00 | \$97.68 | \$127.40 | \$131.30 |

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Share Repurchases

On September 4, 2015, our board of directors approved a stock repurchase program, which authorizes us to buy up to \$200 million of our common stock over a two-year period, ending on September 4, 2017 (the "Stock Repurchase Program"). During the quarter ended December 31, 2015, we purchased and retired the following shares in accordance with the Stock Repurchase Program:

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plan | Maximum Approximate Dollar Value Available for Future Purchase ⁽²⁾ |
|------------------------------|----------------------------------|------------------------------|---|---|
| October 2015 | — | \$— | — | \$— |
| November 2015 | — | \$— | — | \$— |
| December 2015 ⁽¹⁾ | 151,727 | \$23.228 | 151,727 | \$183,683,000 |

⁽¹⁾ All activity for December 2015 relates to the Stock Repurchase Program, as described above.

⁽²⁾ Amounts available for future purchase relate only to our Stock Repurchase Program and represent the remainder of the \$200 million authorized by our board of directors for share repurchases.

Unregistered Issuance of Securities

During the years 2013, 2014, and 2015, we did not issue any securities that were not registered under the Securities Act of 1933.

Securities Authorized for Issuance under Equity Compensation Plans

We have reserved 2,000,000 shares of common stock for issuance under our long term incentive plan (the "LTIP") and 25,000 shares of common stock under the a director stock option plan (the "Independent Director Stock Option Plan"). See Note 8, Stockholders' Equity, to the accompanying consolidated financial statements, for more information about these plans. The LTIP was approved by our stockholders in 2013, and the Independent Director Stock Option Plan was approved by our stockholders in 2003, before we commenced our initial public offering. The following table provides summary information about securities issuable under our equity compensation plans as of December 31, 2015:

| Plan category | Number of securities to be issued upon exercise of outstanding options, warrants, and rights | Weighted-average exercise price of outstanding options, warrants, and rights | Common stock issued under the LTIP | Number of securities remaining available for future issuance under equity compensation plans ⁽¹⁾ |
|--|--|--|------------------------------------|---|
| Equity compensation plans approved by security holders | 1,875 | \$48.00 | 307,595 | 1,710,030 |
| Equity compensation plans not approved by security holders | — | — | — | — |
| Total | 1,875 | \$48.00 | 307,595 | 1,710,030 |

⁽¹⁾ Includes 1,692,405 shares reserved for issuance under the LTIP and 17,625 shares reserved for issuance under the Independent Director Stock Option Plan.

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ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data for 2015, 2014, 2013, 2012, and 2011 should be read in conjunction with the accompanying consolidated financial statements and related notes in Item 8, Financial Statements and Supplementary Data, hereof (amounts in thousands, except per-share data).

| | As of December 31, | | | | |
|---|--------------------------|---------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Total assets ⁽¹⁾ | \$4,678,118 | \$4,734,240 | \$4,587,301 | \$5,724,652 | \$5,773,090 |
| Total stockholders' equity | \$2,614,194 | \$2,733,478 | \$2,787,823 | \$3,163,980 | \$3,346,655 |
| Outstanding debt | \$1,735,063 | \$1,680,066 | \$1,489,179 | \$1,650,296 | \$1,469,486 |
| Outstanding long-term debt | \$1,577,063 | \$1,469,245 | \$1,477,563 | \$1,621,541 | \$1,433,295 |
| Obligations under capital leases | \$120,000 | \$120,000 | \$120,000 | \$586,000 | \$646,000 |
| | Years Ended December 31, | | | | |
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Total revenues ⁽²⁾ | \$566,065 | \$540,797 | \$526,578 | \$494,271 | \$492,887 |
| Loss from unconsolidated joint venture | \$(1,142) |) \$— | \$— | \$— | \$— |
| Net income | \$44,619 | \$92,635 | \$15,720 | \$48,039 | \$56,642 |
| Net cash provided by operating activities | \$223,080 | \$236,906 | \$218,329 | \$252,839 | \$279,158 |
| Net cash provided by (used in) investing activities | \$(576,699) |) \$(23,788) |) \$495,389 | \$31,047 | \$(666,090) |
| Net cash provided by (used in) financing activities | \$236,474 | \$(163,183) |) \$(667,417) |) \$(269,729) |) \$387,610 |
| Distributions paid | \$112,570 | \$149,962 | \$191,473 | \$256,020 | \$270,720 |
| Net proceeds raised through issuance of our common stock ⁽³⁾ | \$— | \$— | \$46,402 | \$118,388 | \$130,289 |
| Net debt proceeds (repayments) ⁽³⁾ | \$29,488 | \$(11,739) |) \$(160,940) |) \$(28,191) |) \$375,222 |
| Acquisitions, earnest money paid, and investments in real estate ⁽³⁾ | \$(1,145,402) |) \$(416,991) |) \$(44,856) |) \$(233,798) |) \$(638,783) |
| Per weighted-average common share data: | | | | | |
| Net income – basic ⁽⁴⁾ | \$0.36 | \$0.74 | \$0.12 | \$0.35 | \$0.42 |
| Net income – diluted ⁽⁴⁾ | \$0.36 | \$0.74 | \$0.12 | \$0.35 | \$0.42 |
| Distributions declared ⁽⁴⁾ | \$1.20 | \$1.20 | \$1.44 | \$1.88 | \$2.00 |
| Weighted-average common shares outstanding – basic ⁽⁴⁾ | 124,757 | 124,860 | 134,085 | 136,672 | 135,680 |
| Weighted-average common shares outstanding – diluted ⁽⁴⁾ | 124,847 | 124,918 | 134,085 | 136,672 | 135,680 |

The amounts for 2014 through 2011 have been adjusted to conform with current period presentation by reclassifying debt issuance costs on the accompanying consolidated balance sheets, other than those related to our revolving credit facility, from a deferred financing costs asset to an offset to line of credit, term loans, and notes payable liability and bonds payable.

The amounts for 2012 and 2011 have been adjusted to conform with current-period presentation, including classifying revenues generated by sold properties as discontinued operations (see Note 13, Discontinued Operations, to the accompanying consolidated financial statements).

⁽³⁾ Activity is presented on a cash basis. Please refer to our accompanying consolidated statements of cash flows.

Where applicable, share and per-share amounts have been retroactively adjusted to reflect the impact of the August
(4) 14, 2013, four-for-one reverse stock split for all periods presented (See Note 8, Stockholders' Equity, to the
accompanying consolidated financial statements).

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ITEM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
7. OPERATIONS

The following discussion and analysis should be read in conjunction with the Selected Financial Data in Item 6, Selected Financial Data, above and our accompanying consolidated financial statements and notes thereto. See also Cautionary Note Regarding Forward-Looking Statements preceding Part I.

Overview

Executive Summary

We continue to focus on generating long-term shareholder returns through growth in net asset value with an emphasis on high-barrier to entry markets. Capital recycling initiatives are enabling us to improve our concentration in key markets and central business districts, as well as to reduce our exposure to single-tenant assets. During 2015, we invested \$1.0 billion in New York and Boston acquisitions, and sold a total of 12 properties situated in outlying markets for \$0.5 billion. In September, we announced a plan to further reduce our exposure to non-target markets by selling three additional assets totaling 2.9 million square feet in Cleveland, Baltimore, and Newark. We will continue to seek opportunities to increase our portfolio allocation to central business district properties, multi-tenant buildings, and primary, high barrier markets and, at the same time, optimize the allocation between our traditional, stabilized core investments, and growth-oriented, value-add investments. While transitioning the portfolio to more growth-oriented, value-add properties is likely to cause some dilution in earnings for a period of time, we believe that it will improve the opportunity for growth over the longer term.

We are continuing to actively manage our debt capital, with a particular focus on our allocation to unsecured borrowings. During 2015, we refinanced approximately \$1.0 billion of unsecured debt and repaid \$332.5 million of mortgage loans. As a result, during the second half of the year, we extended our weighted average debt maturity from 4.1 years to 4.8 years; decreased our weighted-average cost of borrowing from 3.75% per annum to 3.45% per annum; and increased our unencumbered pool of assets as a percentage of gross real estate assets from 72.7% to 81.2%. Further, in September of 2015, we launched a stock repurchase program, which authorizes us to purchase up to \$200.0 million of our common stock through September of 2017. We believe a stock repurchase program will enable us to benefit from market downturns, which may cause our stock to be undervalued from time to time. As of December 31, 2015, we had purchased \$16.3 million of common stock at an average price of \$22.62 per share.

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Key Performance Indicators

Our operating results depend primarily upon the level of income generated by the leases at our properties. Occupancy and rental rates are critical drivers of our lease income. Historically, we have maintained portfolio occupancy above 90% and within a fairly narrow range. During 2014 and 2015, our average portfolio percentage leased ranged from 92.1% to 93.5%. The following table sets forth details related to recent leasing activities, which drive changes in our rental revenues.

| | Years Ended December 31, | | | |
|--|--------------------------|-------------|---|--|
| | 2015 | 2014 | | |
| Total number of leases | 75 | 61 | | |
| Weighted-average lease term (months) | 163 | 143 | | |
| Square feet of leasing - renewal | 757,283 | (1) 740,583 | | |
| Square feet of leasing - new | 486,572 | (2) 359,239 | | |
| Total square feet of leasing | 1,243,855 | 1,099,822 | | |
| Rent leasing spread - renewal ⁽³⁾ | 13.3 | % 3.9 | % | |
| Rent leasing spread - new ⁽⁴⁾ | 49.9 | % 37.0 | % | |
| Rent leasing spread - all leases ⁽³⁾⁽⁴⁾ | 27.4 | % 7.3 | % | |
| Tenant improvements, per square foot - renewal | \$27.91 | \$55.81 | | |
| Tenant improvements, per square foot - new | \$76.20 | \$50.01 | | |
| Tenant improvements, per square foot - all leases | \$49.70 | \$54.18 | | |
| Leasing commissions, per square foot - renewal | \$12.46 | \$23.74 | | |
| Leasing commissions, per square foot - new | \$40.06 | \$21.93 | | |
| Leasing commissions, per square foot - all leases | \$24.91 | \$23.23 | | |

(1) Includes our pro-rata share (51%) of total leased at Market Square (6,000 square feet of renewal leasing) from October 28, 2015 through December 31, 2015.

(2) Includes our pro-rata share (51%) of total leased at Market Square (22,000 square feet of new leasing) from October 28, 2015 through December 31, 2015.

(3) Rent leasing spreads for renewal leases are calculated based on the change in base rental income measured on a straight-line basis.

(4) Rent leasing spreads for new leases are calculated only for properties that have been vacant less than one year, and are measured on a straight-line basis.

In 2015, rent leasing spreads were positive primarily due to a lease with Docusign, Inc. at 221 Main Street and a lease with Equinox at 315 Park Avenue South, partially offset by the impact of a lease with CH2M at South Jamaica Street. In February 2015, we executed an expansion and extension with Docusign, Inc., the anchor tenant at our 221 Main Street Building in San Francisco, which will triple Docusign Inc.'s presence at the property and extend the term of their lease through March 2024. In December 2015, we executed a new lease with Equinox for 45,000 square feet at 315 Park Avenue South through December 2035. In October 2015, we executed an extension and contraction with CH2M, the sole tenant at our South Jamaica Street Property in Denver, Colorado, which will reduce CH2M's occupancy to three of the four buildings at the property and extend the term of their lease through September 2032. Over the next twelve months, approximately 1,321,000 square feet of our leases (approximately 13% of our office portfolio based on annualized lease revenue) are scheduled to expire. Approximately 393,000 of this total relates to one tenant at our 800 North Fredrick Building, which is currently being marketed for sale. The remainder of the near-term expirations primarily relate to our properties in San Francisco, New York, and Washington, D.C. Overall, we expect to replace these leases with rates above those currently in place at the properties.

Liquidity and Capital Resources

Overview

Cash flows generated from the operation of our properties are primarily used to fund recurring expenditures and stockholder dividends. Our board of directors elected to maintain the quarterly stockholder distribution rate of \$0.30 per share for the fourth quarter of 2015. The amount of distributions to common stockholders is determined by our

board of directors and is dependent upon a number of factors, including funds deemed available for distribution based principally on our current and future projected operating cash flows, reduced by capital requirements necessary to maintain our existing portfolio. In determining the amount of distributions to common stockholders, we also consider our future capital needs and future sources of liquidity, as well as the annual distribution requirements necessary to maintain our status as a REIT under the Code. Investments in new property

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acquisitions and first-generation capital improvements are generally funded with capital proceeds from property sales, debt, or cash on hand.

During 2015, we generated net cash flows from operating activities of \$223.1 million, which consists primarily of receipts from tenants for rent and reimbursements, reduced by payments for operating costs, administrative expenses, and interest expense. During the same period, we paid total distributions to stockholders of \$112.6 million.

During 2015, we acquired four properties for an aggregate gross purchase price of \$1,104.0 million with a combination of cash and unsecured borrowings, which included bonds payable, bridge loans, and draws on our Revolving Credit Facility, as described below. We also sold 12 properties for a total of \$498.3 million, and sold a portion of our Market Square Buildings to a joint venture (the "Market Square Joint Venture") for \$120 million in net proceeds. We used the sale proceeds to repay two mortgage notes and to reduce the outstanding balance of our Revolving Credit Facility and \$300 Million Bridge Loan, as described below. Additionally, in September, we launched a stock repurchase program which allows the company to repurchase up to \$200.0 million of its common stock over the next two years. During 2015, we repurchased \$16.3 million of our common stock using borrowings under our Revolving Credit Facility.

Over the short-term, we expect our primary sources of capital to be operating cash flows, select property dispositions, and future debt financings. We expect that our principal demands for funds will be operating expenses, distributions to stockholders, capital improvements to our existing assets, stock repurchases, property acquisitions, and interest and principal payments on current and maturing debt. We believe that we have adequate liquidity and capital resources to meet our current obligations as they come due. As of January 31, 2016, we had access to \$193 million of the borrowing capacity under the Revolving Credit Facility. We expect to repay the \$119.0 million balance remaining on the \$300 Million Bridge Loan, which matures in August of 2016, with proceeds from properties currently being marketed for sale.

\$300 Million Bridge Loan

Our \$300 Million Bridge Loan matures on August 4, 2016, after the exercise of a six-month extension option in December 2015, and may be prepaid at any time without premium or penalty. As of December 31, 2015, the outstanding balance on the \$300 Million Bridge Loan is \$119.0 million. At our option, borrowings under the \$300 Million Bridge Loan bear interest at either (i) an alternate base rate, plus an applicable margin based on five stated pricing levels ranging from 0.00% to 0.75% or (ii) the London Interbank Offered Rate ("LIBOR"), plus an applicable margin based on five stated pricing levels ranging from 0.90% to 1.75%, in each case based on our credit rating.

Long-term Liquidity and Capital Resources

Over the long term, we expect that our primary sources of capital will include operating cash flows, select property dispositions, and proceeds from secured or unsecured borrowings. We expect that our primary uses of capital will continue to include stockholder distributions; acquisitions; capital expenditures, such as building improvements, tenant improvements, and leasing costs; and repaying or refinancing debt.

Consistent with our financing objectives and operational strategy, we continue to maintain debt levels historically less than 40% of the cost of our assets. This conservative leverage goal could reduce the amount of current income we can generate for our stockholders, but it also reduces their risk of loss. We believe that preserving investor capital while generating stable current income is in the best interest of our stockholders. Our debt-to-real-estate-asset ratio is calculated using the outstanding debt balance and real estate at cost. As of December 31, 2015, our debt-to-real-estate-asset ratio, including our pro-rata share (51%) of the Market Square Joint Venture, was approximately 35.6%.

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Contractual Commitments and Contingencies

As of December 31, 2015, our contractual obligations will become payable in the following periods (in thousands):

| Contractual Obligations | Total | 2016 | 2017-2018 | 2019-2020 | Thereafter |
|--|-------------|-----------|-----------|-----------|-------------|
| Debt obligations ⁽¹⁾ | \$1,900,813 | \$163,460 | \$403,587 | \$668,016 | \$665,750 |
| Interest obligations on debt ⁽¹⁾⁽²⁾ | 344,286 | 68,335 | 111,374 | 73,477 | 91,100 |
| Capital lease obligations ⁽³⁾ | 120,000 | — | — | — | 120,000 |
| Operating lease obligations | 213,518 | 2,557 | 5,433 | 5,462 | 200,066 |
| Total | \$2,578,617 | \$234,352 | \$520,394 | \$746,955 | \$1,076,916 |

Reflects debt and interest obligations on debt, including our pro-rata share (51%) of the Market Square Buildings

⁽¹⁾ note payable. We guarantee \$25.0 million of the Market Square Buildings note payable (see Footnote 7, Commitments & Contingencies, to the accompanying financial statements).

Interest obligations on variable-rate debt are measured at the rate at which they are effectively fixed with interest rate swap agreements (where applicable), a portion of which is reflected as loss on interest rate swaps in our

⁽²⁾ consolidated statements of operations of the accompanying consolidated financial statements. Interest obligations on all other debt instruments are measured at the contractual rate. See Item 7A, Quantitative and Qualitative Disclosure About Market Risk, for more information regarding our interest rate swaps.

Amounts include principal obligations only. We made interest payments on these obligations of \$7.2 million

⁽³⁾ during 2015, all of which was funded with interest income earned on the corresponding investments in development authority bonds.

Revolving Credit Facility

Our Revolving Credit Facility has a capacity of \$500.0 million and matures in July 2019, with two, six-month extension options. As of December 31, 2015, we had an outstanding balance of \$247.0 million on the Revolving Credit Facility. Amounts outstanding under the Revolving Credit Facility bear interest at LIBOR, plus an applicable margin ranging from 0.875% to 1.55% for LIBOR borrowings, or an alternate base rate, plus an applicable margin ranging from 0.00% to 0.55% for base rate borrowings, based on our applicable credit rating. The per annum facility fee on the aggregate revolving commitment (used or unused) ranges from 0.125% to 0.30%, also based on our applicable credit rating. Additionally, we have the ability to increase the capacity of the Revolving Credit Facility, along with the \$300 Million Term Loan, which provides for four accordion options for an aggregate amount of up to \$400 million, subject to certain limitations.

The Revolving Credit Facility contains the following restrictive covenants:

- limits the ratio of secured debt to total asset value, as defined therein, to 40% or less;

- requires the fixed charge coverage ratio, as defined therein, to be at least 1.50:1.00;

- limits the ratio of debt to total asset value, as defined therein, to 60% or less;

- requires the ratio of unencumbered adjusted net operating income, as defined therein, to unsecured interest expense, as defined therein, to be at least 1.75:1.00;

- requires the ratio of unencumbered asset value, as defined therein, to total unsecured debt, as defined therein, to be at least 1.66:1.00; and

- requires maintenance of certain minimum tangible net worth balances.

As of December 31, 2015, we believe we were in compliance with the restrictive covenants on our outstanding debt obligations.

Term Loans

We have a \$300.0 million unsecured, single-draw term loan, which matures in July 2020 (the "\$300 Million Term Loan"), and, along with the Revolving Credit Facility, provides for four accordion options for an aggregate amount of up to \$400 million, subject to certain conditions. The \$300 Million Term Loan bears interest, at our option, at either (i) LIBOR plus an applicable margin ranging from 0.90% to 1.75% for LIBOR loans, or (ii) an alternate base rate, plus an applicable margin ranging from 0.00% to 0.75% for base rate loans, based on our applicable credit rating.

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We have a \$150.0 million unsecured, single-draw term loan, which matures in July 2022 (the "\$150 Million Term Loan"). The \$150 Million Term Loan bears interest, at our option, at either (i) LIBOR plus an applicable margin ranging from 1.40% to 2.35% for LIBOR loans, or (ii) base rate, plus an applicable margin ranging from 0.40% to 1.35% for base rate loans. The interest rate on the \$150 Million Term Loan is effectively fixed with an interest rate swap agreement. Based on the terms of the interest rate swap and our current credit rating, the interest rate on the \$150 Million Term Loan is effectively fixed at 3.52%.

Bonds Payable

In March 2015, we issued \$350.0 million of ten-year, unsecured 4.150% senior notes at 99.859% of their face value under our Universal Shelf Registration Statement (the "2025 Bonds Payable"). We received proceeds from the 2025 Bonds Payable, net of fees, of \$347.2 million, a portion of which was used to repay a bridge loan, which was originated in January. The 2025 Bonds Payable require semi-annual interest payments in April and October based on a contractual annual interest rate of 4.150%. The principal amount of the 2025 Bonds Payable is due and payable on the maturity date, April 1, 2025.

Also, in 2011, we issued \$250.0 million of seven-year, unsecured 5.875% senior notes at 99.295% of their face value (the "2018 Bonds Payable"). We received proceeds from the 2018 Bonds Payable, net of fees, of \$246.7 million. The 2018 Bonds Payable require semi-annual interest payments in April and October based on a contractual annual interest rate of 5.875%, which is subject to adjustment in certain circumstances. The principal amount of the 2018 Bonds Payable is due and payable on the maturity date, April 1, 2018.

The restrictive covenants on the 2025 Bonds Payable and the 2018 Bonds Payable as defined pursuant to an indenture include:

- a limitation on the ratio of debt to total assets, as defined, to 60%;
- limits to our ability to incur debt if the consolidated income available for debt service to annual debt service charge, as defined, for four previous consecutive fiscal quarters is less than 1.5:1 on a pro forma basis;
- limits to our ability to incur liens if, on an aggregate basis for us, the secured debt amount would exceed 40% of the value of the total assets; and
- a requirement that the ratio of unencumbered asset value, as defined, to total unsecured debt be at least 150% at all times.

As of December 31, 2015, we believe we were in compliance with the restrictive covenants on the 2025 Bonds Payable and the 2018 Bonds Payable.

Debt Repayments, Maturities, and Interest Payments

On January 6, 2015, we entered into a \$300.0 million, six-month, unsecured loan to finance a portion of the real estate assets purchased in January 2015. On March 12, 2015, we fully repaid the loan with proceeds from the 2025 Bonds Payable, at which time we recognized a loss on early extinguishment of debt of \$0.5 million as a result of writing off the unamortized deferred financing costs. The loan was set to mature on July 6, 2015.

On June 1, 2015, we repaid the mortgage note for the 333 Market Street Building for \$206.5 million and the related interest rate swap agreement expired. The maturity date for the 333 Market Street Building mortgage note was July 1, 2015.

On July 1, 2015, in connection with the 11 Property Sale, as described in Note 3, Real Estate and Other Transactions, to the accompanying financial statements, we repaid the mortgage note for the 215 Diehl Road Building, one of the properties included in the 11 Property Sale, for \$21.0 million. As a result, we recognized a loss on early extinguishment of debt of \$2.1 million, primarily as a result of a prepayment premium. The maturity date for the 215 Diehl Road Building mortgage note was July 1, 2017.

On July 13, 2015, we repaid the \$105.0 million mortgage note on the 100 East Pratt Street Building at par. The maturity date for the 100 East Pratt Street Building mortgage note was June 11, 2017.

On October 8, 2014, we repaid the mortgage note for the 544 Lakeview Building for \$9.1 million, resulting in a loss on early extinguishment of debt of \$23,000. The original maturity date for the 544 Lakeview Building mortgage note was December 1, 2014.

During 2015 and 2014, we made interest payments of approximately \$54.0 million and \$56.1 million, respectively, related to our line of credit and notes payable. Interest payments on the 2025 Bonds Payable began in October 2015. Interest payments of \$22.7 million were made on the 2025 Bonds Payable and the 2018 Bonds Payable during 2015, and interest payments of \$14.7 million were made on the 2018 Bonds Payable during 2014.

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Universal Shelf Registration Statement

We have on file a universal shelf registration statement on Form S-3 (No. 333-198764) with the Securities and Exchange Commission (the "Universal Shelf Registration Statement"), which was effective upon filing in September 2014. The Universal Shelf Registration Statement provides us with flexibility to offer, from time to time and in one or more offerings, debt securities, common stock, preferred stock, depositary shares, warrants, or any combination thereof. The terms of any such future offerings would be established at the time of an offering.

Results of Operations

Overview

As of December 31, 2015, we owned 27 office properties, which were approximately 93.2% leased, including our share of the Market Square Joint Venture, and one hotel. All of our properties are wholly owned except the Market Square Buildings, which are owned through an unconsolidated joint venture. Our operating results are impacted by recent acquisition and disposition activity, as set forth in the Transaction Activity section of Item 1, Business, and the partial disposition of the Market Square Buildings in October 2015. In the near term, we expect real estate operating income to fluctuate primarily based on acquisitions, dispositions, and leasing activity.

Comparison of the year ended December 31, 2015 versus the year ended December 31, 2014

Continuing Operations

Rental income was \$436.0 million for 2015, which represents an increase from \$414.5 million for 2014. The increase includes \$74.3 million of additional rental income from properties acquired in 2014 and 2015, partially offset by a reduction of \$51.1 million due to selling properties during the same periods, and transferring the Market Square Buildings to a joint venture on October 28, 2015. Rental income related to our joint venture interest in the Market Square Buildings (51%) is included in loss from unconsolidated joint venture on the accompanying consolidated statement of operations. We expect future rental income to fluctuate primarily based on leasing, acquisition, and disposition activity.

Tenant reimbursements were relatively stable at \$99.7 million and \$95.4 million for 2015 and 2014, respectively. Property operating costs were \$188.1 million for 2015, which represents an increase as compared with \$163.7 million for 2014, primarily due to an increase of \$32.2 million from properties acquired during 2014 and 2015, partially offset by a decrease of \$14.0 million due to selling properties during the same periods, and transferring the Market Square Buildings to a joint venture on October 28, 2015. Tenant reimbursements and property operating costs related to our joint venture interest in the Market Square Buildings (51%) are included in loss from unconsolidated joint venture on the accompanying consolidated statement of operations. Tenant reimbursements did not increase at the same pace as property operating costs primarily due to a lease contraction at one of our properties, and a prior year property tax refund received in the current year. Tenant reimbursements and property operating costs are expected to fluctuate with acquisitions, dispositions and leasing activity.

Hotel income, net of hotel operating costs, was \$4.7 million for 2015, which represents an increase as compared with \$4.1 million for 2014, due to additional group bookings and meetings at the hotel. Hotel income and hotel operating costs are primarily driven by the local economic conditions and, as a result, are expected to fluctuate in the future primarily based on changes in the supply of, and demand for, hotel and banquet space in Cleveland, Ohio, similar to that offered by the Key Center Marriott hotel.

Other property income was \$6.1 million for 2015, which represents a decrease as compared with \$8.0 million for 2014, primarily due to fluctuations in lease termination activity. Future other property income is expected to fluctuate primarily as a result of lease restructuring and termination activities.

Asset and property management fees were \$1.8 million for 2015, which represents a decrease as compared with \$2.3 million for 2014, primarily as a result of bringing asset and property management services in house during 2015 for properties in San Francisco (\$1.1 million reduction), partially offset by incurring additional property management and asset management fees for properties acquired in 2015 (\$0.7 million increase). Future asset and property management fees are expected to fluctuate with future acquisition, disposition, and joint venture activity.

Depreciation was \$131.5 million for 2015, which represents an increase as compared with \$117.8 million for 2014, primarily due to the \$25.8 million impact of recent acquisitions, partially offset by the \$15.4 million impact of recent

dispositions and transferring the Market Square Buildings to a joint venture on October 28, 2015. Depreciation related to our joint venture interest in the Market Square Buildings (51%) is included in loss from unconsolidated joint venture on the accompanying consolidated statement of operations. Excluding the impact of changes in our portfolio, depreciation is expected to increase in future periods due to ongoing capital improvements at our existing properties.

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Amortization was \$87.1 million for 2015, which represents an increase as compared with \$78.8 million for 2014, primarily due to the \$25.5 million impact of recent acquisitions, partially offset by the \$13.8 million impact of properties sold and transferring the Market Square Buildings to a joint venture on October 28, 2015, and the \$2.4 million impact of prior-period write offs at our existing properties. Amortization related to our joint venture interest in the Market Square Buildings (51%) is included in loss from unconsolidated joint venture on the accompanying consolidated statement of operations. We expect future amortization to fluctuate primarily as a result of future leasing activity, acquisitions, and dispositions.

In 2014, we recognized the following impairment losses in connection with changing our investment strategy and disposition expectations for the following assets: \$13.6 million on the 160 Park Avenue Building in Florham Park, New Jersey, in the first quarter of 2014 (sold in June 2014); \$1.4 million on the 200 South Orange Building in Orlando, Florida, in the second quarter of 2014 (sold in June 2014); and \$10.1 million on the Bannockburn Lake III Building in Bannockburn, Illinois, in the fourth quarter of 2014 (sold in July 2015). In 2015, we did not recognize any impairment losses. We have recently begun to market for sale several properties, which are located in Baltimore, Cleveland and Newark. Future impairment losses will depend primarily on the disposition strategies evaluated and, ultimately, pursued for these assets, and our holding period intentions for our other assets.

General and administrative expenses were \$29.7 million for 2015, which represents a decrease from \$31.3 million for 2014. The decrease is primarily due to the full period impact of savings related to changing transfer agents in the third quarter of 2014 (\$1.5 million). In addition, reductions related to non-recurring professional fees incurred in 2014 (\$2.6 million) are largely offset by costs incurred in 2015 to develop our regional investment platform (\$1.5 million) and for vesting under our stock-based incentive compensation plan (\$1.0 million). We expect general and administrative expenses to fluctuate somewhat in the near-term as we continue to develop our regionalized investment and asset management platform.

We incurred acquisition expenses of \$3.7 million for 2015, in connection with acquiring three properties in January 2015 and the 229 West 43rd Street Building, in New York, in August 2015. We incurred acquisition expenses of \$14.1 million for 2014, in connection with acquiring the 221 Main Street Building and the 650 California Street Building in San Francisco, in 2014. See Note 3, Real Estate and Other Transactions, to the accompanying financial statements for additional details. We expect future acquisition expenses to fluctuate with acquisition activity.

Interest expense was \$85.3 million for 2015, which represents an increase as compared with \$75.7 million for 2014, primarily due to \$11.6 million of additional interest incurred on the 2025 Bonds Payable issued in March 2015 and \$4.1 million related to the full year impact of the notes payable assumed with the properties acquired in 2014, partially offset by a \$5.6 million reduction related to the mortgages settled during 2015. See Note 5, Line of Credit, Term Loans, and Notes Payable, to the accompanying financial statements for additional details. Interest expense is expected to remain at similar levels in the near-term until we execute our near-term plans to sell properties and repay short-term debt.

Interest and other income was stable at \$7.3 million for 2015 and 2014. Interest income is expected to remain at comparable levels in future periods, as the majority of this income is earned on investments in development authority bonds with a remaining term of approximately six years as of December 31, 2015. Interest income earned on investments in development authority bonds is entirely offset by interest expense incurred on the corresponding capital leases.

We recognized a loss on interest rate swaps that do not qualify for hedge accounting treatment of approximately \$1.1 million for 2015, as compared with \$0.4 million for 2014. The \$1.1 million loss in 2015 is primarily due to the settlement of the swap related to the \$450 Million Term Loan, which was replaced with other unsecured borrowings in July 2015. We anticipate that future gains and losses on interest rate swaps that do not qualify for hedge accounting treatment will fluctuate, primarily due to changes in the estimated fair value of our interest rate swaps relative to then-current market conditions. Market value adjustments to swaps that qualify for hedge accounting treatment are recorded directly to equity and therefore do not impact net income.

We recognized a loss on early extinguishment of debt of \$3.1 million in 2015, primarily due to prepayment fees incurred to settle the 215 Diehl Building mortgage note in connection with selling the property as part of the 11

Property Sale, and writing off deferred financing costs in association with repaying a bridge loan in March 2015, 4.3 months prior to its original maturity date. We recognized a loss of \$23,000 in 2014 related to the early repayment of the \$9.1 million mortgage note for the 544 Lakeview Building. This note was originally due on December 1, 2014, and fully repaid on October 8, 2014. We expect future gains or losses on early extinguishments of debt to fluctuate with financing activities.

We recognized a loss from unconsolidated joint venture of \$1.1 million for 2015, as income from operations at the Market Square Buildings is offset by interest expense related to the \$325 million mortgage note on the property. Future income or loss from unconsolidated joint venture will fluctuate with operating activity at the Market Square Buildings.

We recognized gains on sales of real estate assets of \$23.9 million in 2015. In July 2015, we sold 11 Properties for \$433.3 million, exclusive of transaction costs, yielding a gain on sale of real estate assets of \$20.2 million; in October 2015, we sold a 49% interest in the Market Square Buildings for a gross sales price of \$120.0 million, resulting in a gain on sale of real estate assets of \$3.1

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million; and in December 2015, we sold the 1881 Campus Commons Building for \$65.0 million, exclusive of transaction costs, yielding a gain on sale of real estate assets of \$0.5 million. We recognized a gain on sale of real estate assets of \$75.3 million in 2014. In July 2014, we sold the 7031 Columbia Gateway Drive Building in Columbia, Maryland, for \$59.5 million, exclusive of transaction costs, yielding a gain on sale of real estate assets of \$7.7 million; in August 2014, we sold the 9 Technology Drive Building in Westborough, Massachusetts, for \$47.0 million, exclusive of purchase price adjustments and transaction costs, yielding a gain on sale of real estate assets of \$11.1 million; and in October 2014, we sold the Lenox Park Property in Atlanta, Georgia, for \$290.0 million, exclusive of transaction costs, yielding a gain on sale of real estate assets of approximately \$56.5 million. We expect future gains on sales of real estate assets will fluctuate with disposition activity.

Discontinued Operations

Loss from discontinued operations was \$2.0 million for 2014. Effective April 1, 2014, we adopted Accounting Standards Update 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components on an Entity ("ASU 2014-08"), which requires only dispositions representing a strategic shift in our operations to be reclassified to discontinued operations. Therefore, the operating results of properties disposed subsequent to our adoption date have not been reclassified to discontinued operations. As further explained in Note 13, Discontinued Operations, to the accompanying consolidated financial statements, prior to our adoption of ASU 2014-08, properties meeting certain criteria for disposal were classified as "discontinued operations" in the accompanying consolidated statements of operations.

Net Income

Net income was \$44.6 million, or \$0.36 per basic and diluted share, for 2015, which represents a decrease from \$92.6 million, or \$0.74 per share, for 2014, primarily due to recognizing a \$56.5 million gain on the sale of the Lenox Park Property in October 2014. This decrease is partially offset by \$15.6 million of additional real estate operating income from the \$0.5 billion of net real estate acquisitions made in 2015 and leasing activity, reduced by \$9.6 million of additional interest expense to fund such acquisitions. We expect future earnings to fluctuate as a result of leasing activity at our existing properties and acquisition and disposition activity.

Comparison of the year ended December 31, 2014 versus the year ended December 31, 2013

Rental income was \$414.5 million for 2014, which represents an increase from \$406.9 million for 2013, due to the \$19.3 million impact of the acquisition of the 221 Main Street Building and the 650 California Street Building in April 2014 and September 2014, respectively, partially offset by the \$13.6 million impact of 2014 dispositions.

Tenant reimbursements and property operating costs were \$95.4 million and \$163.7 million, respectively, for 2014, which represents a slight increase as compared with \$90.9 million and \$154.6 million, respectively, for 2013, as the \$7.4 million impact of recently acquired properties and the \$3.3 million impact of increased property taxes resulting from annual assessments were partially offset by the \$2.6 million impact of the disposition of properties in late 2013 and 2014.

Hotel income, net of hotel operating costs, was \$4.1 million for 2014, which represents a decrease as compared with \$5.4 million for 2013, primarily due to unfavorable weather in Cleveland, Ohio, and renovations at the Key Center Marriott, which resulted in lower occupancy during the first quarter of 2014.

Other property income was \$8.0 million for 2014, which represents an increase from \$5.0 million for 2013, primarily due to fees earned in connection with a lease termination at one of the Market Square Buildings and the 222 East 41st Street Building in 2014.

Asset and property management fees were \$2.3 million for 2014, which represents a decrease from \$6.4 million for 2013, due to the termination of the Advisory Agreement effective February 28, 2013. See Note 11, Related-Party Transactions and Agreements, to the accompanying consolidated financial statements, for additional information. Depreciation was \$117.8 million for 2014, which represents an increase from \$108.1 million for 2013, due to the \$9.4 million impact of 2014 and 2013 acquisitions, partially offset by the \$3.4 million impact of 2014 and 2013 dispositions, and the \$3.0 million impact of the completion of capital improvements at certain of our existing properties.

Amortization was stable at \$78.8 million and \$78.7 million for 2014 and 2013, respectively, as the impact of 2014 acquisitions was offset by the impact of 2013 and 2014 dispositions.

In 2014, we recognized the following impairment losses in connection with changing our investment strategy and disposition expectations for the following assets: \$13.6 million on the 160 Park Avenue Building in Florham Park, New Jersey, in the first quarter of 2014 (sold in June 2014); \$1.4 million on the 200 South Orange Building in Orlando, Florida, in the second quarter of 2014 (sold in June 2014); and \$10.1 million on the Bannockburn Lake III Building in Bannockburn, Illinois, in the fourth quarter of 2014 (sold in July 2015).

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General and administrative expenses were \$31.3 million for 2014, which represents a decrease as compared with \$61.9 million for 2013, primarily due to the impact of transitioning to a self-managed structure and the expiration of contracts related thereto. See Note 11, Related-Party Transactions and Agreements, to the accompanying financial statements for details.

We incurred \$4.1 million in listing costs during 2013 in connection with listing our shares on the New York Stock Exchange on October 10, 2013, and no listing costs in 2014.

We incurred total acquisition expenses of \$14.1 million for 2014 in connection with acquiring two properties in San Francisco, California, and no acquisition expenses in 2013. See Note 3, Real Estate and Other Transactions, to the accompanying financial statements for additional details.

Interest expense was \$75.7 million for 2014, which represents a decrease as compared with \$101.9 million for 2013, primarily due to settling \$466.0 million of our \$586.0 million total capital lease obligations, and the related and offsetting development authority bond investments, in December 2013.

Interest and other income was \$7.3 million for 2014, which represents a decrease from \$34.0 million for 2014, due to the December 2013 settlement of \$466.0 million of the \$586.0 million total development authority bonds, and the related and offsetting obligations under capital leases. Interest income earned on investments in development authority bonds is entirely offset by interest expense incurred on the corresponding capital leases.

We recognized a loss on interest rate swaps that do not qualify for hedge accounting treatment of approximately \$0.4 million for 2014, as compared with \$0.3 million for 2013.

We recognized a loss on early extinguishment of debt of \$23,000 in 2014, related to the early repayment of the \$9.1 million mortgage note for the 544 Lakeview Building. This note was originally due on December 1, 2014, and fully repaid on October 8, 2014.

We recognized gains on sales of real estate assets of \$75.3 million in 2014. In July 2014, we sold the 7031 Columbia Gateway Drive Building in Columbia, Maryland, for \$59.5 million, exclusive of transaction costs, yielding a gain on sale of real estate assets of \$7.7 million; in August 2014, we sold the 9 Technology Drive Building in Westborough, Massachusetts, for \$47.0 million, exclusive of purchase price adjustments and transaction costs, yielding a gain on sale of real estate assets of \$11.1 million; and in October 2014, we sold the Lenox Park Property in Atlanta, Georgia, for \$290.0 million, exclusive of transaction costs, yielding a gain on sale of real estate assets of approximately \$56.5 million.

Discontinued Operations

Loss from discontinued operations was \$2.0 million for 2014, as compared with \$10.1 million for 2013. The decrease in loss from discontinued operations is due to our adoption of ASU 2014-08, which requires only dispositions that represent a strategic shift in our operations be reclassified to discontinued operations. Therefore, the operating results of properties disposed of subsequent to April 1, 2014, were not reclassified to discontinued operations. As further explained in Note 13, Discontinued Operations, to the accompanying consolidated financial statements, prior to our adoption of ASU 2014-08, properties meeting certain criteria for disposal were classified as "discontinued operations" in the accompanying consolidated statements of operations for all periods presented.

Net Income

Net income attributable to Columbia Property Trust was \$92.6 million, or \$0.74 per share, for 2014, which represents an increase from \$15.7 million, or \$0.12 per share, for 2013, primarily due to gains recognized on 2014 property sales.

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Supplemental Performance Measures

In addition to net income, we measure the performance of the company using certain non-GAAP supplemental performance measures, including: (i) Funds From Operations ("FFO"), (ii) Net Operating Income ("NOI"), and (iii) Same Store Net Operating Income ("Same Store NOI"). These non-GAAP metrics are commonly used by industry analysts and investors as supplemental operation performance measures of REITs and are viewed by management to be useful indicators of operating performance. Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, many industry analysts and investors have considered presentation of operating results for real estate companies using historical cost accounting alone to be insufficient. Management believes that the use of FFO, NOI, and Same Store NOI, combined with net income, improves the understanding of operating results of REITs among the investing public and makes comparisons of REIT operating results more meaningful.

Net income is the most comparable GAAP measure to FFO, NOI, and Same Store NOI. Each of these supplemental performance measures exclude expenses that materially impact our overall results of operations and, therefore, should not be considered as a substitute for net income, income from continuing operations before income taxes, or any other measures derived in accordance with GAAP. Furthermore, these metrics may not be comparable to other similarly titled measures used by other companies.

Funds From Operations

FFO is a non-GAAP measure used by many investors and analysts who follow the real estate industry to measure the performance of an equity REIT. We consider FFO a useful measure of our performance because it principally adjusts for the effects of GAAP depreciation and amortization of real estate assets, which assumes that the value of real estate diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, we believe that FFO provides a meaningful supplemental measure of our performance. We believe that the use of FFO, combined with the required GAAP presentations, is beneficial in improving our investors' understanding of our operating results and allowing for comparisons among other companies who define FFO as we do.

FFO, as defined by the National Association of Real Estate Investment Trusts ("NAREIT"), represents net income (computed in accordance with GAAP), excluding gains (losses) on sales of real estate and impairments of real estate assets, plus real estate-related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures, for both continuing and discontinued operations. We compute FFO in accordance with NAREIT's definition, which may differ from the methodology for calculating FFO, or similarly titled measures, used by other companies, and this may not be comparable to those presentations.

FFO does not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations, or other commitments and uncertainties, nor is it indicative of funds available to fund our cash needs, including our ability to make distributions. Our presentation of FFO should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of financial performance.

Reconciliations of net income to FFO (in thousands):

| | Years Ended December 31, | | |
|---|--------------------------|----------|----------|
| | 2015 | 2014 | 2013 |
| Reconciliation of Net Income to Funds From Operations: | | | |
| Net income | \$44,619 | \$92,635 | \$15,720 |
| Adjustments: | | | |
| Depreciation of real estate assets | 131,490 | 117,766 | 119,835 |
| Amortization of lease-related costs | 87,128 | 78,843 | 86,300 |
| Depreciation and amortization included in loss from unconsolidated joint venture ⁽¹⁾ | 1,606 | — | — |
| Impairment loss on real estate assets | — | 25,130 | 29,737 |
| Gain on sale of real estate assets – continuing operations | (23,860) | (75,275) | — |
| Gain (loss) on sale of real estate assets – discontinued operations | — | 1,627 | (11,225) |

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| | | | |
|---|-----------|-----------|-----------|
| Total Funds From Operations adjustments | 196,364 | 148,091 | 224,647 |
| Funds From Operations | \$240,983 | \$240,726 | \$240,367 |

(1) Reflects our pro-rata share (51%) of depreciation and amortization for the Market Square Joint Venture, which was created on October 28, 2015.

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Net Operating Income

As set forth below, NOI is calculated by deducting property operating costs from rental and other property revenues for continuing operations. As a performance metric consisting of only revenues and expenses directly related to ongoing real estate rental operations, which have been or will be settled in cash, NOI is narrower in scope than FFO. NOI, as we calculate it, may not be directly comparable to similarly titled, but differently calculated, measures for other REITs. We believe that NOI is another useful supplemental performance measure, as it is an input in many REIT valuation models and it provides a means by which to evaluate the performance of the properties. The major factors influencing our NOI are property acquisitions and dispositions, occupancy levels, rental rate increases or decreases, and the recoverability of operating expenses.

Same Store Net Operating Income

We also evaluate the performance of our properties, on a "same store" basis, using a metric referred to as Same Store NOI. We view Same Store NOI as a useful supplemental performance measure because it improves comparability between periods by eliminating the effects of changes in the composition of our portfolio.

Same Store NOI is computed in a consistent manner as NOI on an individual property basis. For the periods presented, our same store portfolio includes all properties that have been owned and operated from January 1, 2014 through December 31, 2015, including the operating revenues and expenses related to our current share of the Market Square Buildings (51%). On October 28, 2015, we sold a 49% interest in the Market Square Buildings by transferring the property to a joint venture. NOI and Same Store NOI are calculated as follows for 2015 and 2014 (in thousands):

| | Years Ended December 31, | |
|--------------------------------------|--------------------------|-----------|
| | 2015 | 2014 |
| Revenues: | | |
| Rental income | \$309,755 | \$312,763 |
| Tenant reimbursements | 76,319 | 75,744 |
| Hotel income | 24,309 | 22,885 |
| Other property income | 1,686 | 1,431 |
| Total revenues | 412,069 | 412,823 |
| Operating expenses: | | |
| Property operating costs | (133,939) | (129,891) |
| Hotel operating costs | (19,615) | (18,792) |
| Total operating expenses | (153,554) | (148,683) |
| Same Store NOI | 258,515 | 264,140 |
| NOI from acquisitions ⁽¹⁾ | 62,461 | 12,239 |
| NOI from dispositions ⁽²⁾ | 33,358 | 74,035 |
| Net operating income total | \$354,334 | \$350,414 |

(1) Reflects activity for the following properties acquired since January 1, 2014, for all periods presented: 229 West 43rd Street, 315 Park Avenue South, 116 Huntington Avenue, 650 California Street, and 221 Main Street.

Reflects activity for the following properties sold since January 1, 2014, for all periods presented: 1881 Campus Commons, 49% of the Market Square Buildings, 170 Park Avenue, 180 Park Avenue, 1580 West Nursery Road,

(2) Acxiom, Highland Landmark III, The Corridors III, 215 Diehl Road, 544 Lakeview, Bannockburn Lake III, 550 King Street, Robbins Road, Lenox Park Buildings, 9 Technology Drive, 7031 Columbia Gateway Drive, 200 South Orange, and 160 Park Avenue.

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A reconciliation of Net Income to NOI and Same Store NOI is presented below (in thousands):

| | Years Ended December 31, | |
|--|--------------------------|-----------|
| | 2015 | 2014 |
| Net income | \$44,619 | \$92,635 |
| Net interest expense | 86,738 | 75,681 |
| Interest income from development authority bonds | (7,200) | (7,200) |
| Income tax expense | 378 | 662 |
| Depreciation | 132,625 | 117,766 |
| Amortization | 87,599 | 78,843 |
| Real estate acquisition costs | 3,675 | 14,142 |
| Gain on sale of real estate assets | (23,860) | (75,275) |
| Impairment loss | — | 25,130 |
| Loss on disposition of discontinued operations | — | 1,627 |
| Loss on early extinguishment of debt | 3,149 | 23 |
| General and administrative | 29,738 | 31,275 |
| Interest rate swap valuation adjustment | (2,634) | (4,946) |
| Interest expense associated with interest rate swaps | 2,642 | 5,317 |
| Settlement of interest rate swap | 1,102 | — |
| Lease termination income ⁽¹⁾ | (4,237) | (6,291) |
| Operating loss from discontinued operations | — | 1,025 |
| Less: Net Operating Income | \$354,334 | \$350,414 |
| NOI from Acquisitions ⁽²⁾ | (62,461) | (12,239) |
| NOI from Dispositions ⁽³⁾ | (33,358) | (74,035) |
| Same Store NOI | \$258,515 | \$264,140 |

⁽¹⁾ Lease termination income includes adjustments for straight-line rent related to lease terminations.

⁽²⁾ Reflects activity for the following properties acquired since January 1, 2014, for all periods presented: 229 West 43rd Street, 315 Park Avenue South, 116 Huntington Avenue, 650 California Street, and 221 Main Street.

Reflects activity for the following properties sold since January 1, 2014, for all periods presented: 1881 Campus Commons, 49% of the Market Square Buildings, 170 Park Avenue, 180 Park Avenue, 1580 West Nursery Road,

⁽³⁾ Acxiom, Highland Landmark III, The Corridors III, 215 Diehl Road, 544 Lakeview, Bannockburn Lake III, 550 King Street, Robbins Road, Lenox Park Buildings, 9 Technology Drive, 7031 Columbia Gateway Drive, 200 South Orange, and 160 Park Avenue.

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Portfolio Information

As of December 31, 2015, we owned 27 office properties and one hotel. These properties contain approximately 14.0 million square feet of commercial space located in 12 states and the District of Columbia. All of our office properties are wholly owned except for one, which is owned through an unconsolidated joint venture. As of December 31, 2015, including our 51% interest in the Market Square Joint Venture, the office properties were approximately 93.2% leased. Annualized Lease Revenue is defined in Item 2, Properties.

As of December 31, 2015, our five highest geographic concentrations were as follows:

| Location | 2015 Annualized Lease Revenue (in thousands) | Leased Square Feet (in thousands) | Percentage of 2015 Annualized Lease Revenue | |
|------------------|--|---|---|---|
| San Francisco | \$105,012 | 1,901 | 22 | % |
| New York | 82,822 | 1,114 | 17 | % |
| Houston | 45,163 | 1,062 | 9 | % |
| Washington, D.C. | 37,020 | 548 | 8 | % |
| Atlanta | 36,286 | 1,562 | 7 | % |
| | \$306,303 | 6,187 | 63 | % |

As of December 31, 2015, our five highest tenant industry concentrations were as follows:

| Industry | 2015 Annualized Lease Revenue (in thousands) | Leased Square Feet (in thousands) | Percentage of 2015 Annualized Lease Revenue | |
|------------------------------------|--|---|---|---|
| Legal Services | \$79,100 | 1,490 | 16 | % |
| Business Services | 69,870 | 1,199 | 14 | % |
| Depository Institutions | 60,967 | 1,673 | 13 | % |
| Security & Commodity Brokers | 48,952 | 954 | 10 | % |
| Electric, Gas, & Sanitary Services | 39,953 | 1,690 | 8 | % |
| | \$298,842 | 7,006 | 61 | % |

As of December 31, 2015, our five highest tenant concentrations were as follows:

| Tenant | 2015 Annualized Lease Revenue (in thousands) | Percentage of 2015 Annualized Lease Revenue | |
|---------------|--|---|---|
| Wells Fargo | \$28,538 | 6 | % |
| Jones Day | 28,124 | 6 | % |
| AT&T | 22,003 | 5 | % |
| PSEG Services | 21,849 | 4 | % |
| Credit Suisse | 19,675 | 4 | % |
| | \$120,189 | 25 | % |

For more information on our portfolio, see Item 2, Properties.

Election as a REIT

We have elected to be taxed as a REIT under the Code, and have operated as such beginning with our taxable year ended December 31, 2003. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our adjusted taxable income, as defined in the Code, to our stockholders, computed without regard to the dividends-paid deduction and by excluding our net capital gain. As a REIT, we generally will not be subject to federal income tax on income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will then be subject to federal income taxes on our taxable income for that year and for the four years following the year during which qualification is lost, unless the Internal Revenue Service grants us relief under certain statutory provisions. Such an event could materially affect our net income and net cash available for distribution to our stockholders. However, we believe that we are organized and operate in such a manner as to qualify for treatment as a REIT for federal income tax purposes.

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Columbia Property Trust TRS, LLC ("Columbia TRS"), Columbia KCP TRS, LLC ("Columbia KCP TRS"), and Columbia Energy TRS, LLC ("Columbia Energy TRS") (collectively, the "TRS Entities") are wholly owned subsidiaries of Columbia Property Trust, are organized as Delaware limited liability companies, and operate, among other things, office properties that we do not intend to hold long term and a full-service hotel. We have elected to treat the TRS Entities as taxable REIT subsidiaries. We may perform certain additional, noncustomary services for tenants of our buildings through the TRS Entities; however, any earnings related to such services are subject to federal and state income taxes. In addition, for us to continue to qualify as a REIT, we must limit our investments in taxable REIT subsidiaries to 25% of the value of our total assets. Deferred tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of assets and liabilities at the enacted rates expected to be in effect when the temporary differences reverse.

No provisions for federal income taxes have been made in our accompanying consolidated financial statements, other than the provisions relating to the TRS Entities, as we made distributions in excess of taxable income for the periods presented. We are subject to certain state and local taxes related to property operations in certain locations, which have been provided for in our accompanying consolidated financial statements.

Inflation

We are exposed to inflation risk, as income from long-term leases is the primary source of our cash flows from operations. There are provisions in the majority of our tenant leases that are intended to protect us from, and mitigate the risk of, the impact of inflation. These provisions include rent steps, reimbursement billings for operating expense pass-through charges, real estate tax and insurance reimbursements on a per-square-foot basis, or in some cases, annual reimbursement of operating expenses above a certain per-square-foot allowance. However, due to the long-term nature of the leases, the leases may not reset frequently enough to fully cover inflation.

Application of Critical Accounting Policies

Our accounting policies have been established to conform with GAAP. The preparation of financial statements in conformity with GAAP requires management to use judgment in the application of accounting policies, including making estimates and assumptions. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If our judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied, thus resulting in a different presentation of the financial statements. Additionally, other companies may utilize different estimates that may impact the comparability of our results of operations to those of companies in similar businesses.

Investment in Real Estate Assets

We are required to make subjective assessments as to the useful lives of our depreciable assets. We consider the period of future benefit of the asset to determine the appropriate useful lives. These assessments have a direct impact on net income. The estimated useful lives of our assets by class are as follows:

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

Evaluating the Recoverability of Real Estate Assets

We continually monitor events and changes in circumstances that could indicate that the carrying amounts of the real estate and related intangible assets of both operating properties and properties under construction, in which we have an ownership interest, either directly or through investments in joint ventures, may not be recoverable. When indicators of potential impairment are present that suggest that the carrying amounts of real estate assets and related intangible assets (liabilities) may not be recoverable, we assess the recoverability of these assets by determining whether the respective carrying values will be recovered through the estimated undiscounted future operating 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, we adjust the carrying value of the real estate assets and related

intangible assets to the estimated fair values, pursuant to the property, plant, and equipment accounting standard for the impairment or disposal of long-lived assets, and recognize an impairment loss. Estimated fair values are calculated based on the following information, in order of preference, depending upon availability: (Level 1) recently quoted market prices; (Level

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2) market prices for comparable properties; or (Level 3) the present value of future cash flows, including estimated salvage value. Certain of our assets may be carried at more than an amount that could be realized in a current disposition transaction. We have determined that there is no impairment in the carrying values of our real estate assets and related intangible assets for the year ended December 31, 2015.

Projections of expected future operating cash flows require that we estimate future market rental income amounts subsequent to the expiration of current lease agreements, property operating expenses, the number of months it takes to re-lease the property, and the number of years the property is held for investment, among other factors. The subjectivity of assumptions used in the future cash flow analysis, including discount rates, could result in an incorrect assessment of the property's fair value and could result in the misstatement of the carrying value of our real estate assets and related intangible assets and net income.

In connection with furthering our portfolio repositioning efforts, in the first quarter of 2013, we began to market 18 properties for sale. Pursuant to the accounting policy outlined above, we evaluated the recoverability of the carrying values of each of these properties and determined that the 120 Eagle Rock property in East Hanover, New Jersey, and the 333 & 777 Republic Drive property in Allen Park, Michigan, were no longer recoverable due to shortening the respective expected property holding periods in connection with these repositioning efforts. As a result, we reduced the carrying value of the 120 Eagle Rock property and the 333 & 777 Republic Drive property to reflect their respective fair values estimated, based on projected discounted future cash flows (Level 3) and recorded corresponding property impairment losses of \$11.7 million and \$5.2 million, respectively, in the first quarter of 2013, which are included in operating income (loss) from discontinued operations in the accompanying statement of operations. In connection with finalizing the terms of the sale agreement for these 18 properties (the "18 Property Sale") in November of 2013, we reduced the aggregate carrying value of the assets therein to fair value, as estimated based on the approximate contract price (Level 1) of \$500 million, by recognizing an additional impairment loss of \$12.9 million in the third quarter of 2013, which is included in operating income (loss) from discontinued operations in the accompanying statement of operations.

In the first quarter of 2014, we revised our investment strategy for the 160 Park Avenue Building (formerly known as the 180 Park Avenue, #103 Building) in Florham Park, New Jersey, to sell the property to a user in the near-term. As a result, management reduced its intended holding period for the building and reevaluated the property's carrying value as of March 31, 2014, pursuant to the accounting policy outlined above. We concluded that the 160 Park Avenue Building was not recoverable and reduced its carrying value to reflect its fair value, estimated based on recently quoted market prices (Level 2), by recording an impairment loss of approximately \$13.6 million in the first quarter of 2014. The sale of the 160 Park Avenue Building closed on June 4, 2014, for \$10.2 million, exclusive of transaction costs.

In the second quarter of 2014, we decided to pursue a near-term sale of the 200 South Orange Building (formerly known as the SunTrust Building) in Orlando, Florida. As a result, management reduced its intended holding period for the building and reevaluated the property's carrying value in the second quarter of 2014. In connection with negotiating the terms of the sale, we reduced the carrying value of the 200 South Orange Building to reflect fair value, estimated based on an approximate net contract price of \$18.4 million (Level 1), by recording an impairment loss of \$1.4 million in the second quarter. The sale of the 200 South Orange Building closed on June 30, 2014, for \$18.4 million, net of transaction costs.

In the fourth quarter of 2014, we identified \$500 million to \$600 million of properties in our portfolio that fell outside of our targeted investment strategy. In connection with initiating the sales process for these assets, we evaluated the recoverability of the carrying values of each of these properties and determined that the carrying value of the Bannockburn Lake III property, a vacant property located in Bannockburn, Illinois, was no longer recoverable due to reducing its expected property holding period to less than one year. As a result, in the fourth quarter of 2014, we reduced the carrying value of the Bannockburn Lake III property to \$5.0 million, estimated based on current projected discounted future cash flows (Level 3), by recording an impairment loss of \$10.1 million.

The fair value measurements used in this evaluation of nonfinancial assets are considered to be Level 3 valuations within the fair value hierarchy outlined above, as there are significant unobservable inputs. Examples of inputs that

were utilized in the fair value calculations include estimated holding periods, discount rates, market capitalization rates, expected lease rental rates, and potential sales prices. The table below represents the detail of the adjustments recognized, using Level 3 inputs.

| Property | Net Book Value | Impairment Loss Recognized | Fair Value |
|--------------------------|----------------|----------------------------|------------|
| 2014 | | | |
| Bannockburn Lake III | \$15,148 | \$(10,148 |) \$5,000 |
| 2013 | | | |
| 120 Eagle Rock | \$23,808 | \$(11,708 |) \$12,100 |
| 333 & 777 Republic Drive | \$13,359 | \$(5,159 |) \$8,200 |

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Allocation of Purchase Price of Acquired Assets

Upon the acquisition of real properties, we allocate the purchase price of properties to tangible assets, consisting of land and building, site improvements, and identified intangible assets and liabilities, including the value of in-place leases, based in each case on our estimate of their fair values.

The fair values of the tangible assets of an acquired property (which includes land and building) are determined by valuing the property as if it were vacant, and the "as-if-vacant" value is then allocated to land and building based on our determination of the relative fair value of these assets. We determine the as-if-vacant fair value of a property using methods similar to those used by independent appraisers. Factors we consider in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases, including leasing commissions and other related costs. In estimating carrying costs, we include real estate taxes, insurance, and other operating expenses during the expected lease-up periods based on current market demand.

Intangible Assets and Liabilities Arising from In-Place Leases Where We Are the Lessor

As further described below, in-place leases where we are the lessor may have values related to direct costs associated with obtaining a new tenant, opportunity costs associated with lost rentals that are avoided by acquiring an in-place lease, tenant relationships, and effective contractual rental rates that are above or below market rates:

Direct costs associated with obtaining a new tenant, including commissions, tenant improvements, and other direct costs, are estimated based on management's consideration of current market costs to execute a similar lease. Such direct costs are included in intangible lease origination costs in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases.

The value of opportunity costs associated with lost rentals avoided by acquiring an in-place lease is calculated based on the contractual amounts to be paid pursuant to the in-place leases over a market absorption period for a similar lease. Such opportunity costs are included in intangible lease assets in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases.

The value of tenant relationships is calculated based on expected renewal of a lease or the likelihood of obtaining a particular tenant for other locations. Values associated with tenant relationships are included in intangible lease assets in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases.

The value of effective rental rates of in-place leases that are above or below the market rates of comparable leases is calculated based on the present value (using a discount rate that reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be received pursuant to the in-place leases and (ii) management's estimate of fair market lease rates for the corresponding in-place leases. This calculation includes significantly below-market renewal options for which exercise of the renewal option appears to be reasonably assured. These intangible assets or liabilities are measured over the actual or assumed (in the case of renewal options) remaining lease terms. The capitalized above-market and below-market lease values are recorded as intangible lease assets or liabilities and amortized as an adjustment to rental income over the remaining terms of the respective leases.

Evaluating the Recoverability of Intangible Assets and Liabilities

The values of intangible lease assets and liabilities are determined based on assumptions made at the time of acquisition and have defined useful lives, which correspond with the lease terms. There may be instances in which intangible lease assets and liabilities become impaired, and we are required to write off the remaining asset or liability immediately or over a shorter period of time. Lease restructurings, including lease terminations and lease extensions, may impact the value and useful life of in-place leases. In-place leases that are terminated, partially terminated, or modified will be evaluated for impairment if the original in-place lease terms have been modified. In the event that the discounted cash flows of the original in-place lease stream do not exceed the discounted modified in-place lease stream, we adjust the carrying value of the intangible lease assets to the discounted cash flows and recognize an impairment loss. For in-place lease extensions that are executed more than one year prior to the original in-place lease expiration date, the useful life of the in-place lease will be extended over the new lease term with the exception of those in-place lease components, such as lease commissions and tenant allowances, which

have been renegotiated for the extended term. Renegotiated in-place lease components, such as lease commissions and tenant allowances, will be amortized over the shorter of the useful life of the asset or the new lease term.

Intangible Assets and Liabilities Arising from In-Place Leases Where We Are the Lessee

In-place ground leases where we are the lessee may have value associated with effective contractual rental rates that are above or below market rates. Such values are calculated based on the present value (using a discount rate that reflects the risks associated

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