COLUMBIA PROPERTY TRUST, INC.
Form 10-Q
July 26, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
x Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended June 30, 2018
OR
o Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transition period from ______ to ______
Commission file number 001-36113
COLUMBIA PROPERTY TRUST, INC.
(Exact name of registrant as specified in its charter)

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

1170 Peachtree Street NE, Suite 600
Atlanta, Georgia 30309
(Address of principal executive offices)
(Zip Code)
(404) 465-2200
(Registrant's telephone number, including area code)

(Former name, former address, and former fiscal year, if changed since last report)
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes x No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act (check one).

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

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

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

Number of shares outstanding of the registrant's
only class of common stock, as of July 20, 2018: 117,974,127 shares

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this quarterly report on Form 10-Q of Columbia Property Trust, Inc. ("Columbia Property Trust," "we," "our," or "us"), other than historical facts may constitute "forward-looking statements" within the meaning of the Private Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934). Columbia Property Trust intends for all such forward-looking statements presented in this quarterly report on Form 10-Q ("Form 10-Q"), or that management may make orally or in writing from time to time, to be covered by the applicable safe harbor provisions for forward-looking statements contained in those acts.

Such statements in this current Form 10-Q include, among other things, information about possible or assumed future results of the business and our financial condition, liquidity, results of operations, plans, strategies, prospects, and objectives. 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. As forward-looking statements, these statements 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. These risks, uncertainties, and other factors include, without limitation:

- risks affecting the real estate industry (such as the inability to enter into new leases, dependence on tenants' financial condition, and competition from other owners of real estate);
- risks relating to our ability to maintain and increase property occupancy rates and rental rates;
- adverse economic or real estate market developments in our target markets;
- risks relating to the use of debt to fund acquisitions;
- availability and terms of financing;
- ability to refinance indebtedness as it comes due;
- sensitivity of our operations and financing arrangements to fluctuations in interest rates;
- reductions in asset valuations and related impairment charges;
- risks associated with joint ventures;
- risks relating to repositioning our portfolio;
- risks relating to construction and redevelopment activities;
- risks relating to acquisition and disposition activities;
- risks associated with our ability to continue to qualify as a real estate investment trust ("REIT");
- potential liability for uninsured losses and environmental contamination;
- potential adverse impact of market interest rates on the market price for our securities; and
- risks associated with our dependence on key personnel whose continued service is not guaranteed.

For further discussion of these and additional risks and uncertainties that may cause actual results to differ from expectation, see Item 1A, Risk Factors, in our Form 10-K for the year ended December 31, 2017. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, we can give no assurances that our expectations will be achieved. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date this Form 10-Q is filed with the U.S. Securities and Exchange Commission ("SEC"). We do not intend to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The information furnished in the accompanying consolidated balance sheets and related consolidated statements of operations, comprehensive income, equity, and cash flows, reflects all normal and recurring adjustments that are, in management's opinion, necessary for a fair and consistent presentation of the aforementioned financial statements. The accompanying consolidated financial statements should be read in conjunction with the condensed notes to Columbia Property Trust's financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this Quarterly Report on Form 10-Q, and with audited consolidated financial statements and the related notes for the year ended December 31, 2017. Columbia Property Trust's results of operations for the three and six months ended June 30, 2018 are not necessarily indicative of the operating results expected for the full year.

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

	(Unaudited) June 30, 2018	December 31, 2017
Assets:		
Real estate assets, at cost:		
Land	$817,975	$825,208
Buildings and improvements, less accumulated depreciation of $364,262 and $388,796, as of June 30, 2018 and December 31, 2017, respectively	1,893,836	2,063,419
Intangible lease assets, less accumulated amortization of $81,040 and $94,065, as of June 30, 2018 and December 31, 2017, respectively	101,578	199,260
Construction in progress	49,135	44,742
Total real estate assets	2,862,524	3,132,629
Investments in unconsolidated joint ventures	1,053,092	943,242
Cash and cash equivalents	11,961	9,567
Tenant receivables, net of allowance for doubtful accounts of $0 as of June 30, 2018 and December 31, 2017	2,241	2,128
Straight-line rent receivable	77,519	92,235
Prepaid expenses and other assets	29,242	27,683
Intangible lease origination costs, less accumulated amortization of $61,810 and $57,465, as of June 30, 2018 and December 31, 2017, respectively	38,002	42,959
Deferred lease costs, less accumulated amortization of $25,606 and $26,464, as of June 30, 2018 and December 31, 2017, respectively	61,159	141,096
Investment in development authority bonds	120,000	120,000
Total assets	$4,255,740	$4,511,539
Liabilities:		
Line of credit and notes payable, net of unamortized deferred financing costs of $2,003 and $2,991, as of June 30, 2018 and December 31, 2017, respectively	$547,534	$971,185
Bonds payable, net of discounts of $1,394 and $1,484 and unamortized deferred financing costs of $4,455 and $4,760, as of June 30, 2018 and December 31, 2017, respectively	694,151	693,756
Accounts payable, accrued expenses, and accrued capital expenditures	50,729	125,002
Dividends payable	—	23,961
Deferred income	16,000	18,481
Intangible lease liabilities, less accumulated amortization of $19,280 and $19,660, as of June 30, 2018 and December 31, 2017, respectively	23,314	27,218
Obligations under capital lease	120,000	120,000
Total liabilities	1,451,728	1,979,603
Commitments and Contingencies (Note 7)	—	—
Equity:		
Common stock, $0.01 par value, 225,000,000 shares authorized, 117,974,127 and 119,789,106 shares issued and outstanding, as of June 30, 2018 and December 31, 2017, respectively	1,180	1,198
Additional paid-in capital	4,447,054	4,487,071
Cumulative distributions in excess of earnings	(1,648,577)	(1,957,236)
Cumulative other comprehensive income	4,355	903
Total equity	2,804,012	2,531,936

Total liabilities and equity	$4,255,740	$4,511,539

See accompanying notes.

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

	(Unaudited) Three Months Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues:				
Rental income	$66,263	$67,121	$131,080	$138,294
Tenant reimbursements	5,146	6,972	10,689	15,556
Hotel income	—	—	—	1,339
Asset and property management fee income	1,818	498	3,577	972
Other property income	2,143	266	3,734	852
	75,370	74,857	149,080	157,013
Expenses:				
Property operating costs	22,450	21,831	45,512	45,936
Hotel operating costs	—	9	—	2,085
Asset and property management fee expenses	205	260	413	529
Depreciation	20,681	20,423	41,516	42,028
Amortization	8,623	8,191	16,639	17,648
Impairment loss on real estate assets	30,812	—	30,812	—
General and administrative – corporate	8,282	9,201	16,076	17,969
General and administrative – unconsolidated joint ventures	736	—	1,467	—
	91,789	59,915	152,435	126,195
	(16,419)	14,942	(3,355)	30,818
Other Income (Expense):				
Interest expense	(14,314)	(14,462)	(30,209)	(29,577)
Interest and other income	1,814	2,477	3,617	4,827
Gain on sale of unconsolidated joint venture interests	—	—	762	—
Gain (loss) on extinguishment of debt	23,713	—	23,713	(45)
	11,213	(11,985)	(2,117)	(24,795)
Income (loss) before income taxes, unconsolidated joint ventures, and sales of real estate	(5,206)	2,957	(5,472)	6,023
Income tax benefit (expense)	(6)	(7)	(13)	381
Income (loss) from unconsolidated joint ventures	1,773	(1,817)	3,544	(3,702)
Income (loss) before sales of real estate	(3,439)	1,133	(1,941)	2,702
Gain on sales of real estate assets	—	—	—	73,153
Net income (loss)	$(3,439)	$1,133	$(1,941)	$75,855
Per-Share Information – Basic:				
Net income (loss)	$(0.03)	$0.01	$(0.02)	$0.62
Weighted-average common shares outstanding – basic	118,035	121,534	118,556	121,768
Per-Share Information – Diluted:				
Net income (loss)	$(0.03)	$0.01	$(0.02)	$0.62
Weighted-average common shares outstanding – diluted	118,462	121,909	118,960	122,115
Dividends per share	$0.20	$0.20	$0.40	$0.40

See accompanying notes.

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

	(Unaudited) Three Months Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2018	2017	2018	2017
Net income (loss)	$(3,439)	$1,133	$(1,941)	$75,855
Market value adjustments to interest rate swap	938	(636)	3,452	(2)
Comprehensive income (loss)	$(2,501)	$497	$1,511	$75,853

See accompanying notes.

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COLUMBIA PROPERTY TRUST, INC.
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017 (UNAUDITED)
(in thousands, except per-share amounts)

	Common Stock		Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Cumulative Other Comprehensive Income	Total Equity
	Shares	Amount				
Balance, December 31, 2017	119,789	$1,198	$4,487,071	$(1,957,236)	$ 903	$2,531,936
Cumulative-effect adjustment for the adoption of ASU 2017-05	—	—	—	357,755	—	357,755
Cumulative-effect adjustment for the adoption of ASU 2014-09	—	—	—	343	—	343
Repurchases of common stock	(1,954)	(19)	(41,770)	—	—	(41,789)
Common stock issued to employees and directors, and amortized (net of income tax withholdings)	139	1	1,753	—	—	1,754
Distributions to common stockholders ($0.40 per share)	—	—	—	(47,498)	—	(47,498)
Net loss	—	—	—	(1,941)	—	(1,941)
Market value adjustment to interest rate swap	—	—	—	—	3,452	3,452
Balance, June 30, 2018	117,974	$1,180	$4,447,054	$(1,648,577)	$ 4,355	$2,804,012

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

See accompanying notes.

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

	(Unaudited) Six Months Ended June 30, 2018	2017
Cash Flows From Operating Activities:		
Net income (loss)	$(1,941)	$75,855
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Straight-line rental income	(17,207)	(12,463)
Depreciation	41,516	42,028
Amortization	15,440	16,789
Impairment loss on real estate assets	30,812	—
Noncash interest expense	1,708	1,491
(Gain) loss on extinguishment of debt	(23,713)	45
(Income) loss from unconsolidated joint ventures	(3,544)	3,702
Distributions of earnings from unconsolidated joint ventures	15,015	—
Gain on sale of unconsolidated joint venture interests	(762)	—
Gain on sales of real estate assets	—	(73,153)
Stock-based compensation expense	3,722	3,953
Changes in assets and liabilities, net of acquisitions and dispositions:		
Decrease (increase) in tenant receivables, net	(1,039)	3,712
Decrease (increase) in prepaid expenses and other assets	1,591	(1,024)
Decrease in accounts payable and accrued expenses	(39,934)	(20,456)
Decrease in deferred income	(2,481)	(4,516)
Net cash provided by operating activities	19,183	35,963
Cash Flows From Investing Activities:		
Net proceeds from the sales of real estate	284,608	504,660
Net proceeds from sale of investments in unconsolidated joint ventures	235,083	—
Prepaid earnest money and transaction costs	—	(12,341)
Capital improvement and development costs	(40,084)	(35,090)
Deferred lease costs paid	(7,510)	(10,432)
Investments in unconsolidated joint ventures	(2,460)	(1,940)
Distributions from unconsolidated joint ventures	4,585	—
Net cash provided by investing activities	474,222	444,857
Cash Flows From Financing Activities:		
Financing costs paid	(149)	(70)
Proceeds from lines of credit and notes payable	150,000	—
Repayments of lines of credit and notes payable	(525,639)	(75,830)
Distributions paid to stockholders	(71,459)	(85,505)
Redemptions of common stock	(43,764)	(28,962)
Net cash used in financing activities	(491,011)	(190,367)
Net increase in cash and cash equivalents	2,394	290,453
Cash and cash equivalents, beginning of period	9,567	216,085
Cash and cash equivalents, end of period	$11,961	$506,538

See accompanying notes.

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COLUMBIA PROPERTY TRUST, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018
(unaudited)

1. Organization

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

Columbia Property Trust typically invests in high-quality, income-generating office properties. As of June 30, 2018, Columbia Property Trust owned 18 operating properties and one property under redevelopment, of which 14 were wholly owned and five were owned through unconsolidated joint ventures. The operating properties are located primarily in New York, San Francisco, Washington, D.C., and Atlanta, contain a total of 8.8 million rentable square feet, and were approximately 97.1% leased as of June 30, 2018.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of Columbia Property Trust have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"), including the instructions to Form 10-Q and Article 10 of Regulation S-X, and do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements. In the opinion of management, the statements for the unaudited interim periods presented include all adjustments, which are of a normal and recurring nature, necessary for a fair and consistent presentation of the results for such periods. Results for these interim periods are not necessarily indicative of a full year's results. For additional information on Columbia Property Trust's unconsolidated joint ventures, which are accounted for using the equity method of accounting, see Note 4, Unconsolidated Joint Ventures. Columbia Property Trust's consolidated financial statements include the accounts of Columbia Property Trust, Columbia Property Trust OP, and any variable-interest entity in which Columbia Property Trust or Columbia Property Trust OP was deemed the primary beneficiary. With respect to entities that are not variable interest entities, Columbia Property Trust's consolidated financial statements also include the accounts of any entity in which Columbia Property Trust, Columbia Property Trust OP, or their subsidiaries own a controlling financial interest and any limited partnership in which Columbia Property Trust, Columbia Property Trust OP, or their subsidiaries own a controlling general partnership interest. All intercompany balances and transactions have been eliminated in consolidation. For further information, refer to the financial statements and footnotes included in Columbia Property Trust's Annual Report on Form 10-K for the year ended December 31, 2017 (the "2017 Form 10-K").

Fair Value Measurements

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

Level 1 – Assets or liabilities for which the identical term is traded on an active exchange, such as publicly traded instruments or futures contracts.
Level 2 – Assets or liabilities valued based on observable market data for similar instruments.
Level 3 – Assets or liabilities for which significant valuation assumptions are not readily observable in the market. Such assets or liabilities are valued based on the best available data, some of which may be internally developed. Significant assumptions may include risk premiums that a market participant would consider.

Real Estate Assets

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

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

Assets Held for Sale

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

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

As of June 30, 2018 and December 31, 2017, none of Columbia Property Trust's properties met the criteria to be classified as held for sale in the accompanying balance sheet.

Evaluating the Recoverability of Real Estate Assets

Columbia Property Trust continually monitors events and changes in circumstances that could indicate that the carrying amounts of its real estate and related intangible assets, of both operating properties and properties under redevelopment, may not be recoverable. When indicators of potential impairment are present that suggest that the carrying amounts of real estate assets and related intangible assets and liabilities may not be recoverable, Columbia Property Trust assesses the recoverability of these assets and liabilities by determining whether the respective carrying values will be recovered through the estimated undiscounted future cash flows expected from the use of the assets and their eventual disposition. In the event that such expected undiscounted future cash flows do not exceed the carrying values, Columbia Property Trust adjusts the carrying value of the real estate assets and related intangible assets and liabilities to the estimated fair values, pursuant to the property, plant, and equipment accounting standard for the impairment or disposal of long-lived assets, and recognizes an impairment loss. At such time that a property is required to be classified as held for sale, its carrying amount is adjusted to the lower of its depreciated book value or its estimated fair value, less costs to sell, and depreciation is no longer recognized.

Estimated fair values are calculated based on the following hierarchy of information: (i) recently quoted market prices, (ii) market prices for comparable properties, or (iii) the present value of future cash flows, including estimated residual value. Projections of expected future operating cash flows require that Columbia Property Trust estimate future market rental income amounts subsequent to the expiration of current lease agreements, property operating expenses, the number of months it takes to re-lease the property, and the number of years the property is held for investment, among other factors. Due to the inherent subjectivity of the assumptions used to project future cash flows, estimated fair values may differ from the values that would be realized in market transactions. Certain of Columbia Property Trust's assets may be carried at an amount that exceeds that which could be realized in a current disposition transaction.

In the second quarter of 2018, Columbia Property Trust recognized an impairment loss of $30.8 million in connection with changing the holding period expectations for 222 East 41st Street in New York. Columbia Property Trust widely marketed this property for sale during the second quarter and, as a result, entered into an agreement to sell this property on May 25, 2018 and closed on the sale on May 29, 2018. Upon entering into the sale agreement, Columbia Property Trust reduced 222 East 41st Street's carrying value to reflect its fair value, estimated based on the net contract price of $284.6 million (Level 1), by recording an impairment loss of $30.8 million in the second quarter of 2018.

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

Upon the acquisition of real properties, Columbia Property Trust allocates the purchase price of the properties to tangible assets, consisting of land, building, site improvements, and identified intangible assets and liabilities, including the value of in-place leases, based in each case on Columbia Property Trust's estimate of their fair values in accordance with ASC 820 (see Fair Value Measurements section above for additional detail). As of June 30, 2018 and December 31, 2017, Columbia Property Trust had the following intangible assets and liabilities, arising from in-place leases, excluding amounts held for sale, if applicable (in thousands):

		Intangible Lease Assets		Intangible Lease Origination Costs	Intangible Below-Market In-Place Lease Liabilities
		Above-Market In-Place Lease Assets	Absorption Period Costs		
June 30, 2018	Gross	$2,481	$148,467	$99,812	$ 42,594
	Accumulated Amortization	(934)	(77,779)	(61,810)	(19,280)
	Net	$1,547	$70,688	$38,002	$ 23,314
December 31, 2017	Gross	$2,481	$149,927	$100,424	$ 46,878
	Accumulated Amortization	(833)	(70,465)	(57,465)	(19,660)
	Net	$1,648	$79,462	$42,959	$ 27,218

For the three and six months ended June 30, 2018 and 2017, Columbia Property Trust recognized the following amortization of intangible lease assets and liabilities (in thousands):

	Intangible Lease Assets		Intangible Lease Origination Costs	Intangible Below-Market In-Place Lease Liabilities
	Above-Market In-Place Lease Assets	Absorption Period Costs		
For the Three Months Ended June 30, 2018	$51	$ 4,436	$ 2,538	$ 2,315
For the Three Months Ended June 30, 2017	$161	$ 4,189	$ 2,740	$ 1,911
For the Six Months Ended June 30, 2018	$102	$ 8,775	$ 4,957	$ 3,904
For the Six Months Ended June 30, 2017	$449	$ 9,257	$ 5,829	$ 4,316

The net intangible assets and liabilities remaining as of June 30, 2018 will be amortized as follows (in thousands):

	Intangible Lease Assets		Intangible Lease Origination Costs	Intangible Below-Market In-Place Lease Liabilities
	Above-Market In-Place Lease Assets	Absorption Period Costs		
For the remainder of 2018	$102	$ 8,358	$ 4,736	$ 2,918
For the years ending December 31:				
2019	203	14,586	8,575	5,507
2020	203	12,732	7,743	4,499
2021	203	8,079	3,713	1,591
2022	203	6,585	2,708	1,287
2023	203	5,944	2,480	1,264
Thereafter	430	14,404	8,047	6,248
	$1,547	$ 70,688	$ 38,002	$ 23,314

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

Columbia Property Trust is the lessee on certain in-place ground leases. Intangible above-market and below-market in-place lease values are recorded as intangible lease liabilities and assets, respectively, and are amortized as an adjustment to property operating cost over the remaining term of the respective leases. Columbia Property Trust had gross below-market lease assets of approximately

$31.7 million and $140.9 million as of June 30, 2018 and December 31, 2017, respectively, and recognized amortization of these assets of approximately $0.5 million and $0.6 million for the three months ended June 30, 2018 and 2017, respectively, and approximately $1.1 million and $1.3 million for the six months ended June 30, 2018 and 2017, respectively.

As of June 30, 2018, the remaining net below-market intangible lease assets will be amortized as follows (in thousands):

For the remainder of 2018	$272
For the Years Ending December 31:	
2019	545
2020	545
2021	545
2022	545
2023	545
Thereafter	26,346
	$29,343

Interest Rate Swap Agreements

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

Instrument Type	Balance Sheet Classification	Estimated Fair Value as of June 30, 2018	December 31, 2017
Derivatives designated as hedging instruments:			
Interest rate contracts	Prepaid expenses and other assets	$4,355	$ 903

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Market value adjustment to interest rate swaps designated as hedging instruments and included in other comprehensive income	$938	$(636)	$3,452	$(2)

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

Income Taxes

Columbia Property Trust has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code") and has operated as such beginning with its taxable year ended December 31, 2003. To qualify as a REIT, Columbia Property Trust must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of its REIT taxable income, as defined by the Code, to its stockholders. As a REIT, Columbia Property Trust generally is not subject to income

tax on income it distributes to stockholders. Columbia Property Trust's stockholder distributions typically exceed its taxable income due to the inclusion of noncash expenses, such as depreciation, in taxable income. As a result, Columbia Property Trust typically does not incur federal income taxes other than as described in the following paragraph. Columbia Property Trust is, however, subject to certain state and local taxes related to the operations of properties in certain locations, which have been provided for in the accompanying consolidated financial statements.
Columbia Property Trust TRS, LLC, Columbia KCP TRS, LLC, and Columbia Energy TRS, LLC (collectively, the "TRS Entities") are wholly owned subsidiaries of Columbia Property Trust and are organized as Delaware limited liability companies. The TRS Entities, among other things, provide tenant services that Columbia Property Trust, as a REIT, cannot otherwise provide. Columbia Property Trust has elected to treat the TRS Entities as taxable REIT subsidiaries. Columbia Property Trust may perform certain additional, noncustomary services for tenants of its buildings through the TRS Entities; however, any earnings related to such services are subject to federal and state income taxes. In addition, for Columbia Property Trust to continue to qualify as a REIT, Columbia Property Trust must limit its investments in taxable REIT subsidiaries to 20% of the value of the total assets. The TRS Entities' deferred tax assets and liabilities represent temporary differences between the financial reporting basis and the tax basis of assets and liabilities based on the enacted rates expected to be in effect when the temporary differences reverse. If applicable, Columbia Property Trust records interest and penalties related to uncertain tax positions as general and administrative expense in the accompanying consolidated statements of operations.

Reclassification

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

Recent Accounting Pronouncements

In February 2017, the FASB issued Accounting Standard Update 2017-05, Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Non-Financial Assets ("ASU 2017-05"), which applies to the partial sale of non-financial assets, including real estate assets, to unconsolidated joint ventures. ASU 2017-05 requires Columbia Property Trust to measure its residual joint venture interest in properties transferred to unconsolidated joint ventures at fair value as of the transaction date by recognizing a gain or loss on 100% of the asset transferred (i.e., to fully step-up the basis of the residual investment in the joint venture). Columbia Property Trust adopted the new rule effective January 1, 2018 on a modified retrospective basis by recording a cumulative-effect adjustment to equity equal to the total gain on residual joint venture interests as of the transaction dates for the partial sales of Market Square, 333 Market Street, and University Circle, adjusted to reflect the impact of depreciating the additional step-ups through January 1, 2018. The adoption of this standard resulted in an increase to investments in unconsolidated joint ventures and equity of $357.8 million.

In February 2016, the FASB issued Accounting Standards Update 2016-02, Leases ("ASU 2016-02"), which amends the existing standards for lease accounting by requiring lessees to recognize most leases on their balance sheets and by making targeted changes to lessor accounting and reporting. The new standard will require lessees to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months, and classify such leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee, or not. This classification will determine whether the lease expense is recognized based on an effective interest method (finance leases) or on a straight-line basis over the term of the lease (operating leases). Leases with a term of 12 months or less will be accounted for using an approach that is similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance as applies to sales-type leases, direct financing leases, and operating leases. The new standard also requires lessors to capitalize and amortize only incremental direct leasing costs. Columbia Property Trust anticipates adopting ASU 2016-02 as of January 1, 2019 (the effective date for large accelerated filers), using a modified retrospective implementation approach, and is in the process of evaluating the financial impact of this accounting change.

In May 2014, the FASB issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"), which establishes a comprehensive model to account for revenues arising from contracts with customers. ASU 2014-09 applies to all contracts with customers, except those that are within the scope of other topics in the FASB's Accounting Standards Codification, such as real estate leases. ASU 2014-09 requires companies to perform a five-step analysis of transactions to determine when and how revenue is recognized. For Columbia Property Trust, the new standard applies primarily to fees earned from managing properties owned by its unconsolidated joint ventures and parking agreements with tenants. Given the structure of these agreements, the adoption of ASU 2014-09 has not materially impacted the timing or amount of Columbia Property Trust's revenues; however, Columbia Property Trust has included more extensive disclosures about its revenue streams and contracts with customers, which are presented in Note 11, Revenues. ASU 2014-09 was effective for Columbia Property Trust on January 1, 2018. Columbia Property Trust has applied the modified retrospective approach of adoption, which resulted in the recognition of a cumulative effect adjustment to equity of $0.3 million, with no retrospective adjustments to prior periods.

3. Real Estate Transactions

Acquisitions

Columbia Property Trust did not acquire any properties during the first six months of 2018. During 2017, Columbia Property Trust acquired the following properties and partial interests in properties:

Property	Location	Date	Percent Acquired		Purchase Price[(1)] (in thousands)
2017					
149 Madison Avenue	New York, NY	November 28, 2017	100.0	%	$87,700
1800 M Street	Washington, D.C.	October 11, 2017	55.0	%	$231,550[(2)]
249 West 17th Street & 218 West 18th Street	New York, NY	October 11, 2017	100.0	%	$514,100
114 Fifth Avenue	New York, NY	July 6, 2017	49.5	%	$108,900[(2)]

(1) Exclusive of transaction costs and price adjustments. See purchase price allocation table below for a breakout of the net purchase price for wholly owned properties.

(2) Purchase price is for Columbia Property Trust's partial interests in the properties. These properties are owned through unconsolidated joint ventures.

149 Madison Avenue

149 Madison Avenue is a 12-story, 127,000-square-foot office building, which was vacant at the time of acquisition. Columbia Property Trust acquired 149 Madison Avenue subject to a ground lease, which expired in January 2018. Columbia Property Trust is redeveloping this property.

1800 M Street Joint Venture

Columbia Property Trust acquired a 55% interest in 1800 M Street through a newly created joint venture partnership with Allianz Real Estate of America ("Allianz"). 1800 M Street is a 10-story, 581,000-square-foot office building in Washington, D.C., which was 94% leased at acquisition (the “1800 M Street Joint Venture”). The total gross purchase price for 1800 M Street was $421.0 million.

249 West 17th Street & 218 West 18th Street

249 West 17th Street is made up of two interconnected 12- and six-story towers, totaling 281,000 square feet of office and retail space and 218 West 18th Street is a 12-story, 166,000-square-foot office building. As of the acquisition date, 249 West 17th Street was 100% leased to four tenants, including Twitter, Inc. (76%) and Room & Board, Inc. (21%); and 218 West 18th Street was 100% leased to seven tenants, including Red Bull North America, Inc. (25%), Company 3 (18%), SY Partners (16%), and SAE (16%).

114 Fifth Avenue Joint Venture

Columbia Property Trust acquired a 49.5% equity interest in a joint venture that owns the 114 Fifth Avenue property from Allianz (the "114 Fifth Avenue Joint Venture"). 114 Fifth Avenue is a 19-story, 352,000-square-foot building located in Manhattan’s Flatiron District that was 100% leased at acquisition. The 114 Fifth Avenue Joint Venture is owned by Columbia Property Trust (49.5%), Allianz (49.5%), and L&L Holding Company (1.0%). L&L Holding Company is the general partner and performs asset and property management services for the property.

Purchase Price Allocations for Consolidated Property Acquisitions:

	149 Madison Avenue	249 West 17th Street	218 West 18th Street
Location	New York, NY	New York, NY	New York, NY
Date Acquired	November 28, 2017	October 11, 2017	October 11, 2017
Purchase Price (in thousands):			
Land	$ 59,112	$113,149	$43,836
Building and improvements	28,989	194,109	126,957
Intangible lease assets	—	27,408	12,120
Intangible lease origination costs	—	13,062	4,168
Intangible below market lease liability	—	(7,131)	(11,757)
Total purchase price	$ 88,101	$340,597	$175,324

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

Pro Forma Financial Information

The following unaudited pro forma statements of operations for the three and six months ended June 30, 2017, have been prepared for Columbia Property Trust to give effect to the acquisitions of 249 West 17th Street, 218 West 18th Street, and 149 Madison Avenue as if the acquisitions had occurred on January 1, 2016. Columbia Property Trust owned 249 West 17th Street, 218 West 18th Street, and 149 Madison Avenue for the entirety of the six months ended June 30, 2018. The following unaudited pro forma financial results for Columbia Property Trust have been prepared for informational purposes only and are not necessarily indicative of future results or of actual results that would have been achieved had these acquisitions been consummated as of January 1, 2016 (in thousands):

	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017
Revenues	$84,485	$176,270
Net income	$3,460	$80,508
Net income per share – basic	$0.03	$0.66
Net income per share – diluted	$0.03	$0.66

Dispositions

During 2017 and the first six months of 2018, Columbia Property Trust disposed of the following properties or partial interests in properties of unconsolidated joint ventures:

Property	Location	Date	% Sold	Sales Price[1] (in thousands)	Gain on Sale (in thousands)
2018					
222 East 41st Street[2]	New York, NY	May 29, 2018	100.0%	$332,500	$ —
263 Shuman Boulevard[3]	Chicago, IL	April 13, 2018	100.0%	$49,000 [3]	$ 24,000 [3]
University Circle & 333 Market Street Joint Ventures[4]	San Francisco, CA	February 1, 2018	22.5 %[4]	$235,300[4]	$ 762 [4]
2017					
University Circle & 333 Market Street[5]	San Francisco, CA	July 6, 2017	22.5 %[5]	$234,000[5]	$ 102,400 [5]
Key Center Tower & Marriott[6]	Cleveland, OH	January 31, 2017	100.0%	$267,500	$ 9,500
Houston Properties[7]	Houston, TX	January 6, 2017	100.0%	$272,000	$ 63,700

(1) Exclusive of transaction costs and price adjustments.

(2) On May 29, 2018, Columbia Property Trust closed on the sale of 222 East 41st Street in New York, for $332.5 million, exclusive of transaction costs. Columbia Property Trust recognized an impairment loss of $30.8 million related to this property in the second quarter of 2018, as further described in Note 2, Summary of Significant Accounting Policies.

The proceeds from this transaction were used to fully repay the $180 million remaining balance on the $300 Million Bridge Loan, as described in Note 5, Line of Credit and Notes Payable.

(3) On April 13, 2018, Columbia Property Trust transferred 263 Shuman Boulevard to the lender in extinguishment of the loan principal of $49.0 million, accrued interest expense, and accrued property operating costs, which resulted in a gain on extinguishment of debt of $24.0 million in the second quarter of 2018.

(4) Sales price is for the partial interests in the unconsolidated joint ventures that were sold. As previously agreed, Columbia Property Trust sold an additional 22.5% interest in the University Circle property and 333 Market Street building to its joint venture partner, Allianz, for $235.3 million, which resulted in a $0.8 million gain on sale of unconsolidated joint venture interests (the "February 2018 Allianz Transaction"). The gain on sale is calculated as the net sales price over the adjusted carrying value of the joint venture interest sold. In connection with implementing ASU 2017-05, effective January 1, 2018, the joint venture carrying value was increased to its estimated fair value as of the joint venture formation date, July 6, 2017, less depreciation through January 1, 2018.

The proceeds from this transaction were used to reduce the balance on the $300 Million Bridge Loan and the Revolving Credit Facility, as described in Note 5, Line of Credit and Notes Payable.

(5) Sales price is for the partial interests in the properties that were sold. Columbia Property Trust contributed the 333 Market Street building and the University Circle property to unconsolidated joint ventures, and simultaneously sold a 22.5% interest in those joint ventures to Allianz, an unrelated third party, for $234.0 million, which resulted in a $102.4 million gain on sale of real estate assets (collectively, the "San Francisco Joint Ventures"). The gain on sale is calculated as the net sales price over the depreciated net book value of the assets sold.

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

(7) 5 Houston Center, Energy Center I, and 515 Post Oak were sold in one transaction. These properties generated a net loss of $14,900 for the first six days of 2017, excluding the gain on sale.

4. Unconsolidated Joint Ventures

As of June 30, 2018 and December 31, 2017, Columbia Property Trust owned interests in the following properties through joint ventures, which are accounted for using the equity method of accounting:

Joint Venture	Property Name	Geographic Market	Ownership Interest	Carrying Value of Investment[1] June 30, 2018	December 31, 2017
Market Square Joint Venture	Market Square	Washington, D.C.	51.0 %	$ 134,298	$ 128,411
University Circle Joint Venture	University Circle	San Francisco	55.0 % [2]	296,756	173,798
333 Market Street Joint Venture	333 Market Street	San Francisco	55.0 % [2]	275,897	288,236
114 Fifth Avenue Joint Venture	114 Fifth Avenue	New York	49.5 %	105,567	110,311
1800 M Street Joint Venture	1800 M Street	Washington, D.C.	55.0 %	240,574	242,486
				$ 1,053,092	$ 943,242

(1) Includes basis differences. Columbia Property Trust adopted ASU 2017-05 effective January 1, 2018, which requires Columbia Property Trust to measure its residual joint venture interest in the properties transferred to unconsolidated joint ventures at fair value as of the transaction date (i.e., to fully step-up the basis of the residual investment in the joint venture). The new rule was adopted on a modified retrospective basis by recording a cumulative-effect adjustment to equity equal to the original gain or loss as of the respective transaction dates, adjusted to reflect the impact of depreciating the additional step-ups through January 1, 2018. The adoption of this standard resulted in an increase to investments in unconsolidated joint ventures and equity by $357.8 million on January 1, 2018, for the previous partial sales of interest in the Market Square, 333 Market Street, and University Circle properties.

(2) On February 1, 2018, Allianz acquired from Columbia Property Trust an additional 22.5% interest in each of the University Circle Joint Venture and the 333 Market Street Joint Venture, thereby reducing Columbia Property Trust's equity interest in each joint venture to 55.0%. See the Dispositions section of Note 3, Real Estate Transactions, for more information.

Columbia Property Trust has determined that none of the joint ventures qualify as variable interest entities. However, Columbia Property Trust and its partners have substantive participation rights in the joint ventures, including management selection and termination, and the approval of operating and capital decisions. As such, Columbia Property Trust uses the equity method of accounting to record its investment in these joint ventures. Under the equity method, the investment in the joint venture is recorded at cost and adjusted for cash contributions and distributions, and allocations of income or loss.

Columbia Property Trust evaluates the recoverability of its investments in unconsolidated joint ventures in accordance with accounting standards for equity investments by first reviewing the investment for any indicators of impairment. If indicators are present, Columbia Property Trust estimates the fair value of the investment. If the carrying value of the investment is greater than the estimated fair value, management makes an assessment of whether the impairment is "temporary" or "other-than-temporary." In making this assessment, management considers the following: (1) the length of time and the extent to which fair value has been less than cost and (2) Columbia Property Trust's intent and ability to retain its interest long enough for a recovery in market value. Based on the assessment as described above, Columbia Property Trust has determined that none of its investments in joint ventures are other than temporarily impaired as of June 30, 2018.

Mortgage Debt and Related Guaranty

The Market Square joint venture is the only joint venture with mortgage debt. As of June 30, 2018 and December 31, 2017, the outstanding balance on the interest-only Market Square mortgage note is $325.0 million, bearing interest at 5.07%. The Market Square mortgage note matures on July 1, 2023. Columbia Property Trust guarantees a portion of the Market Square mortgage note, the amount of which has been reduced to $9.4 million as of June 30, 2018 from

$11.2 million as of December 31, 2017, as a result of leasing at Market Square. The amount of the guaranty will continue to be reduced as space is leased.

Condensed Combined Financial Information

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

	Total Assets		Total Debt		Total Equity[1]	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Market Square Joint Venture	$583,207	$ 590,115	$324,735	$ 324,708	$243,107	$ 244,506
University Circle Joint Venture	227,102	227,368	—	—	221,363	221,154
333 Market Street Joint Venture	380,797	385,297	—	—	365,384	368,994
114 Fifth Avenue Joint Venture	384,783	392,486	—	—	161,744	170,525
1800 M Street Joint Venture	454,930	458,964	—	—	434,863	438,227
	$2,030,819	$ 2,054,230	$324,735	$ 324,708	$1,426,461	$ 1,443,406

(1) Excludes basis differences. There is an aggregate net basis difference of $283.4 million and $32.0 million as of June 30, 2018 and December 31, 2017, respectively, between the historical costs recorded at the joint venture level, and Columbia Property Trust's investment in the joint ventures. The differences result from the basis step-up in accordance with ASU 2017-05, as described in Note 2, Summary of Significant Accounting Policies, and the differences in the timing of each partner's interest acquisition and formation costs incurred by Columbia Property Trust. The basis differences are being amortized to income (loss) from unconsolidated joint ventures over the lives of the underlying assets or liabilities.

Summarized income statement information for the unconsolidated joint ventures for the three months ended June 30, 2018 and June 30, 2017 is as follows (in thousands):

	Total Revenues		Net Income (Loss)		Columbia Property Trust's Share of Net Income (Loss)[1]	
	2018	2017	2018	2017	2018	2017
Market Square Joint Venture	$11,249	$10,428	$(2,998)	$(3,563)	$(1,529)	$(1,817)
University Circle Joint Venture	10,003	—	5,243	—	2,885	—
333 Market Street Joint Venture	6,675	—	3,558	—	1,957	—
114 Fifth Avenue Joint Venture	10,489	—	(2,362)	—	(1,169)	—
1800 M Street Joint Venture	9,571	—	1,436	—	790	—
	$47,987	$10,428	$4,877	$(3,563)	$2,934	$(1,817)

(1) Excludes the amortization of basis differences described above.

Summarized income statement information for the unconsolidated joint ventures for the six months ended June 30, 2018 and June 30, 2017 is as follows (in thousands):

	Total Revenues		Net Income (Loss)		Columbia Property Trust's Share of Net Income (Loss)[1]	
	2018	2017	2018	2017	2018	2017
Market Square Joint Venture	$22,264	$20,562	$(6,007)	$(7,259)	$(3,063)	$(3,702)
University Circle Joint Venture	20,344	—	10,748	—	6,314	—
333 Market Street Joint Venture	13,343	—	7,115	—	4,184	—
114 Fifth Avenue Joint Venture	20,789	—	(4,693)	—	(2,323)	—
1800 M Street Joint Venture	18,467	—	1,679	—	923	—
	$95,207	$20,562	$8,842	$(7,259)	$6,035	$(3,702)

(1) Excludes the amortization of basis differences described above.

Property and Asset Management Fees

Columbia Property Trust provides property and asset management services to the Market Square Joint Venture, the University Circle Joint Venture, the 333 Market Street Joint Venture, and the 1800 M Street Joint Venture. Under these agreements, Columbia Property Trust oversees the day-to-day operations of these joint ventures and their properties, including property management, property accounting, and other administrative services. During the three and six months ended June 30, 2018 and 2017, Columbia Property Trust earned the following fees from these unconsolidated joint ventures (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Market Square Joint Venture	$552	$498	$1,075	$972
University Circle Joint Venture	563	—	1,092	—
333 Market Street Joint Venture	196	—	393	—
1800 M Street Joint Venture	507	—	1,017	—
	$1,818	$498	$3,577	$972

Columbia Property Trust also received reimbursements of property operating costs of $1.1 million and $0.2 million for the three months ended June 30, 2018 and 2017, respectively, and $2.1 million and $0.3 million for the six months ended June 30, 2018 and 2017, respectively. These reimbursements are included in other property income revenues in the accompanying consolidated statements of operations. Property and asset management fees of $0.8 million and $0.4 million were due to Columbia Property Trust from the joint ventures and are included in prepaid expenses and other assets on the accompanying consolidated balance sheets as of June 30, 2018 and December 31, 2017, respectively.

5. Line of Credit and Notes Payable

As of June 30, 2018 and December 31, 2017, Columbia Property Trust had the following line of credit and notes payable indebtedness (excluding bonds payable; see Note 6, Bonds Payable) (in thousands):

Facility	June 30, 2018	December 31, 2017
$300 Million Term Loan	$300,000	$ 300,000
$150 Million Term Loan	150,000	150,000
Revolving Credit Facility	78,000	152,000
One Glenlake mortgage note	21,537	23,176
$300 Million Bridge Loan	—	300,000
263 Shuman Boulevard mortgage note	—	49,000
Less: Deferred financing costs related to term loans and notes payable, net of accumulated amortization	(2,003)	(2,991)
	$547,534	$ 971,185

Fair Value of Debt

The estimated fair value of Columbia Property Trust's line of credit and notes payable as of June 30, 2018 and December 31, 2017, was approximately $550.3 million and $975.3 million, respectively. The related carrying value of the line of credit and notes payable as of June 30, 2018 and December 31, 2017, was $549.5 million and $974.2 million, respectively. Columbia Property Trust estimated the fair value of the $300 Million Term Loan (the "$300 Million Term Loan"), the $300 Million Bridge Loan (the $300 Million Bridge Loan"), and the Revolving Credit Facility (the "Revolving Credit Facility") by obtaining estimates for similar facilities from multiple market participants as of the respective reporting dates. Therefore, the fair values determined are considered to be based on observable market data for similar instruments (Level 2). The fair values of all other debt instruments were estimated based on discounted cash flow analyses using the current incremental borrowing rates for similar types of borrowing arrangements as of the respective reporting dates. The discounted cash flow method of assessing fair value results in a general approximation of value, and such value may never actually be realized.

Interest Paid and Capitalized and Debt Covenants

During the six months ended June 30, 2018 and 2017, Columbia Property Trust made interest payments totaling approximately $12.0 million and $11.2 million, respectively, of which approximately $1.9 million and $0.3 million, respectively, were capitalized.

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As of June 30, 2018, Columbia Property Trust believes it is in compliance with the restrictive financial covenants on its term loans, the Revolving Credit Facility, and notes payable obligations.

Debt Repayments & Extinguishment

On May 30, 2018, Columbia Property Trust repaid the remaining $180.0 million outstanding balance on the $300 Million Bridge Loan, using a portion of the proceeds from the sale of 222 East 41st Street, as described in Note 3, Real Estate Transactions. As a result, Columbia Property Trust recognized a loss on extinguishment of debt of $0.3 million related to unamortized deferred financing costs.

On April 13, 2018, Columbia Property Trust transferred 263 Shuman Boulevard to the lender in extinguishment of the $49.0 million loan principal, accrued interest expense, and accrued property operating expenses, which resulted in a gain on extinguishment of debt of $24.0 million in the second quarter of 2018. In 2018, Columbia Property Trust accrued related interest expense of $1.5 million at the default rate of 10.55% and property operating expenses of $0.6 million, primarily related to property taxes and repairs and maintenance.

On February 2, 2018, Columbia Property Trust repaid $120.0 million of the outstanding balance on the $300 Million Bridge Loan, using a portion of the proceeds from the February 2018 Allianz Transaction, as described in Note 3, Real Estate Transactions.

6. Bonds Payable

Columbia Property Trust has two series of bonds outstanding as of June 30, 2018 and December 31, 2017: $350.0 million of 10-year, unsecured 3.650% senior notes issued at 99.626% of their face value (the "2026 Bonds Payable"); and $350.0 million of 10-year, unsecured 4.150% senior notes issued at 99.859% of their face value (the "2025 Bonds Payable"). Both series of bonds require semi-annual interest payments. The principal amount of the 2026 Bonds Payable is due and payable on August 15, 2026, and the principal amount of the 2025 Bonds Payable is due and payable on April 1, 2025.

Interest payments of $13.7 million and $13.8 million were made on the bonds payable during the six months ended June 30, 2018 and 2017, respectively. Columbia Property Trust is subject to substantially similar covenants under the 2026 Bonds Payable and the 2025 Bonds Payable. As of June 30, 2018, Columbia Property Trust believes it was in compliance with the restrictive financial covenants on the 2026 Bonds Payable and the 2025 Bonds Payable.

As of June 30, 2018 and December 31, 2017, the estimated fair value of the bonds payable was approximately $667.6 million and $702.8 million, respectively. The related carrying value of the bonds payable, net of discounts, as of June 30, 2018 and December 31, 2017 was $698.6 million and $698.5 million, respectively. The fair value of the bonds payable was estimated based on discounted cash flow analyses using the current incremental borrowing rates for similar types of borrowings as the bonds as of the respective reporting dates (Level 2). The discounted cash flow method of assessing fair value results in a general approximation of value, which may differ from the price that could be achieved in a market transaction.

7. Commitments and Contingencies

Commitments Under Existing Lease Agreements

Certain lease agreements include provisions that, at the option of the tenant, may obligate Columbia Property Trust to expend capital to expand an existing property or provide other expenditures for the benefit of the tenant. As of June 30, 2018, no tenants have exercised such options that have not been materially satisfied or recorded as a liability on the accompanying consolidated balance sheet.

Guaranty of Debt of Unconsolidated Joint Venture

Upon entering into the Market Square Joint Venture in October 2015, Columbia Property Trust entered into a guaranty of a $25.0 million portion of the Market Square mortgage note, the amount of which is reduced as space is leased. As a result of leasing, the guaranty has been reduced to $9.4 million as of June 30, 2018. Columbia Property Trust believes that the likelihood of making a payment under this guaranty is remote; therefore, no liability has been recorded related to this guaranty as of June 30, 2018.

Litigation

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

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

8. Stockholders' Equity

Common Stock Repurchase Program

Columbia Property Trust's board of directors authorized a stock repurchase program to purchase up to an aggregate of $200.0 million of its common stock, par value $0.01 per share, from September 4, 2017 through September 4, 2019 (the "2017 Stock Repurchase Program"). During the six months ended June 30, 2018, Columbia Property Trust repurchased 2.0 million shares at an average price of $21.35 per share, for aggregate purchases of $41.8 million. As of June 30, 2018, $153.0 million remains available for repurchases under the 2017 Stock Repurchase Program. Common stock repurchases are charged against equity as incurred, and the repurchased shares are retired. Columbia Property Trust will continue to evaluate the purchase of shares, primarily through open market transactions, which are subject to market conditions and other factors.

Long-Term Incentive Compensation

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

Employee Awards

Under the LTI Plan, Columbia Property Trust grants time-based stock awards and performance-based restricted stock unit awards to its employees.

On January 1, 2018, Columbia Property Trust granted 128,486 shares of time-based stock awards to employees, which will vest ratably on each anniversary of the grant over the next four years. On January 1, 2018, Columbia Property Trust granted 176,702 performance-based restricted stock unit awards, of which 75% will vest at the conclusion of a three-year performance period, and the remaining 25% will vest one year later (the "Performance-Based RSUs"). Consistent with the 2017 plan, the payout of the 2018 Performance-Based RSUs will be determined based on Columbia Property Trust’s total shareholder return relative to the FTSE NAREIT Equity Office Index. Upon reaching a predefined performance threshold, the payout of Performance-Based RSUs will range from 50% to 150%. A rollforward of unvested employee stock awards and Performance-Based RSUs granted under the LTI Plan for the six months ended June 30, 2018 follows:

	For the Six Months Ended June 30, 2018	
	Shares (in thousands)	Weighted-Average Grant-Date Fair Value[(1)]
Unvested awards – beginning of period	718	$ 20.45
Granted	375	$ 17.50
Vested	(275)	$ 16.00

Forfeited	(11)	$	18.60
Unvested awards – end of period[2]	807	$	20.62

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

(2) As of June 30, 2018, Columbia Property Trust expects approximately 774,155 of the 807,000 unvested awards to ultimately vest, assuming a weighted average forfeiture rate of 4.1%, which was determined based on historical forfeiture rates.

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Director Awards

Columbia Property Trust grants equity retainers to its directors under the LTI Plan. Such grants vest immediately. Beginning in May 2017, these grants are made annually. Prior to this time, the independent directors' equity retainers were paid quarterly. During the six months ended June 30, 2018 and June 30, 2017, Columbia Property Trust paid the following equity retainers:

Date of Grant	Shares	Grant-Date Fair Value
2018		
May 14, 2018	31,743	$ 22.20
2017		
January 3, 2017	8,279	$ 21.58
May 2, 2017	33,581	$ 22.57

Stock-Based Compensation Expense

For the three and six months ended June 30, 2018 and 2017, Columbia Property Trust incurred the stock-based compensation expense related to the following events (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Amortization of awards granted under the LTI Plan	$873	$887	$1,909	$1,804
Amortization of future awards under the LTI Plan[(1)]	616	617	1,108	1,212
Issuance of shares to independent directors	705	758	705	937
Total stock-based compensation expense	$2,194	$2,262	$3,722	$3,953

(1) Reflects amortization of awards made under the LTI Plan for service during the current period, for which shares will be issued in future periods.

These expenses are included in general and administrative expenses in the accompanying consolidated statements of operations. As of June 30, 2018 and December 31, 2017, there were $11.0 million and $8.1 million, respectively, of unrecognized compensation costs related to unvested awards under the LTI Plan, which will be amortized over the respective vesting period, ranging from one to four years at the time of grant. In 2017, Columbia Property Trust changed from a one-year performance period to a three-year performance period and granted additional shares to bridge the vesting gap created as a result.

9. Supplemental Disclosures of Noncash Investing and Financing Activities

Outlined below are significant noncash investing and financing activities for the six months ended June 30, 2018 and 2017 (in thousands):

	Six Months Ended June 30,	
	2018	2017
Investments in real estate funded with other assets	$—	$311
Deposits applied to sales of real estate	$—	$10,000
Extinguishment of 263 Shuman Boulevard mortgage note by transferring property to lender	$49,000	$—
Amortization of net discounts on debt	$90	$90
Accrued capital expenditures and deferred lease costs	$16,771	$28,547
Market value adjustments to interest rate swaps that qualify for hedge accounting treatment	$3,452	$(2)
Cumulative-effect adjustment to equity for the adoption of ASU 2017-05 and ASU 2014-09	$358,098	$—
Common stock issued to employees and directors, and amortized (net of income tax withholdings)	$1,754	$2,501

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10. Earnings Per Share

For the three and six months ended June 30, 2018 and 2017, in computing the basic and diluted earnings per share, net income has been reduced for the dividends paid on unvested shares granted under the LTI Plan. The following table reconciles the numerator for the basic and diluted earnings-per-share computations shown on the consolidated statements of operations for the three and six months ended June 30, 2018 and 2017 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income (loss)	$(3,439)	$1,133	$(1,941)	$75,855
Distributions paid on unvested shares	(73)	(85)	(146)	(168)
Net income (loss) used to calculate basic and diluted earnings per share	$(3,512)	$1,048	$(2,087)	$75,687

The following table reconciles the denominator for the basic and diluted earnings-per-share computations shown on the consolidated statements of operations for the three and six months ended June 30, 2018 and 2017, respectively (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Weighted-average common shares – basic	118,035	121,534	118,556	121,768
Plus incremental weighted-average shares from time-vested conversions, less assumed share repurchases:				
Previously granted awards, unvested	72	90	70	75
Future period LTI Plan awards	355	285	334	272
Weighted-average common shares – diluted	118,462	121,909	118,960	122,115

11. Revenues

Columbia Property Trust derives most of its revenues, rental income, and tenant reimbursements from leases. All leases on real estate assets held by Columbia Property Trust are classified as operating leases, and the related base rental income is generally recognized on a straight-line basis over the terms of the respective leases. Tenant reimbursements are recognized as revenue in the period that the related operating costs are incurred and are billed to tenants pursuant to the terms of the underlying leases. Rental income and tenant reimbursements collected in advance are recorded as deferred income in the accompanying consolidated balance sheets. Lease termination fees are recorded as other income and recognized on a straight-line basis from when Columbia Property Trust receives notification of termination through the date the tenant loses the right to lease the space and Columbia Property Trust has satisfied all obligations under the related lease or lease termination agreement. For the three months ended June 30, 2018, Columbia Property Trust earned lease termination revenues of $0.8 million; and for the six months ended June 30, 2018 and 2017, Columbia Property Trust earned lease termination revenues of $1.2 million and $0.2 million, respectively.

On January 1, 2018, Columbia Property Trust adopted ASU 2014-09 using the modified retrospective approach. ASU 2014-09 applies to all open contracts with customers, except those that are within the scope of other topics in the FASB's Accounting Standards Codification, such as real estate leases. ASU 2014-09 requires companies to perform a five-step analysis of transactions to determine when and how revenue is recognized. For Columbia Property Trust, the new standard applies primarily to the following revenues:

Asset and Property Management Fee Income

Under asset and property management agreements in place with certain of its unconsolidated joint ventures, Columbia Property Trust earns revenue for performing asset and property management functions for properties owned through its joint ventures, as further described in Note 4, Unconsolidated Joint Ventures. For the three months ended June 30, 2018 and 2017, Columbia Property Trust earned revenues of $1.8 million and $0.5 million, respectively, under these agreements; and for the six months ended June 30, 2018 and 2017, Columbia Property Trust earned revenues of $3.6 million and $1.0 million, respectively, under these agreements. Asset and property management services are ongoing and routine, and are provided on a recurring basis. Therefore, under ASU 2014-09, such fees are recognized ratably over the service period, usually a period of three months, which is consistent with the accounting method used prior to January 1, 2018. Columbia Property Trust receives payments quarterly for asset management fees and monthly for property management fees.

Leasing Override Fees

Under the asset management agreements for certain properties owned through unconsolidated joint ventures, Columbia Property Trust is eligible to earn leasing override fees equal to a percentage of the total rental payments to be made by the tenant over the term of the lease. ASU 2014-09 requires such fees to be recognized when Columbia Property Trust's obligation to perform is complete, typically upon execution of the lease. Prior to January 1, 2018, such fees were not recognized until billable to the applicable joint venture, typically upon commencement of the lease. Upon implementing ASU 2014-09 effective January 1, 2018, Columbia Property Trust accelerated the recognition of lease override fees related to a lease that had been executed but not yet commenced, by recording $0.3 million of lease override fees receivable as prepaid expenses and other assets and a cumulative-effect adjustment to increase equity by the same amount. For the three and six months ended June 30, 2018, Columbia Property Trust earned leasing override fees of $38,000, which are included in asset and property management fee income on the accompanying consolidated statements of operations. For the three and six months ended June 30, 2017, Columbia Property Trust did not earn any leasing override fees.

Salary and Other Reimbursement Revenue

Under the property management agreements for certain properties owned through unconsolidated joint ventures, Columbia Property Trust receives reimbursements for salaries and property operating costs for ongoing and routine services that are provided by Columbia Property Trust employees on a recurring basis. Under ASU 2014-09, such revenues are recognized ratably over the service period, usually a period of one month, three months, or one year, which is consistent with the accounting method used prior to January 1, 2018. For the three months ended June 30, 2018 and 2017, Columbia Property Trust earned salary and other reimbursement revenue of $1.2 million and $0.2 million, respectively; and for the six months ended June 30, 2018 and 2017, Columbia Property Trust earned salary and other reimbursement revenue of $2.2 million and $0.4 million, respectively. These amounts are included in other property income on the accompanying consolidated statements of income.

Miscellaneous Revenue

Columbia Property Trust also receives revenues for services provided to its tenants through the TRS Entities, including fitness centers, shuttles, and cafeterias, which are included in other property income on the accompanying consolidated statements of income. Such services are ongoing and routine, and are provided on a recurring basis. Under ASU 2014-09, these revenues are recognized ratably over the service period, usually a period of one month or one quarter, which is consistent with the accounting method used prior to January 1, 2018.

12. Segment Information

Columbia Property Trust establishes operating segments at the property level and aggregates individual properties into reportable segments for high-barrier-to-entry markets and for geographic locations in which Columbia Property Trust has significant investments. Columbia Property Trust considers geographic location when evaluating its portfolio composition and in assessing the ongoing operations and performance of its properties. As of June 30, 2018, Columbia Property Trust had the following reportable segments: New York, San Francisco, Atlanta, Washington, D.C., Boston, Los Angeles, and all other office markets. The all other office markets reportable segment consists of properties in similar low-barrier-to-entry geographic locations in which Columbia Property Trust does not have a substantial presence and does not plan to make further investments. During the periods presented, there have been no material intersegment transactions.

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

Asset information and capital expenditures by segment are not reported because Columbia Property Trust does not use these measures to assess performance. Depreciation and amortization expense, along with other expense and income items, are not allocated among segments.

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The following table presents operating revenues included in NOI by geographic reportable segment for Columbia Property Trust's respective ownership interests (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
New York[(1)]	$40,349	$25,524	$81,258	$53,110
San Francisco[(2)]	26,088	27,593	49,608	54,775
Atlanta	10,283	9,510	20,141	18,838
Washington, D.C.[(3)]	14,411	7,745	28,383	15,128
Boston	3,158	2,720	6,528	5,624
Los Angeles	1,910	1,857	3,830	3,635
All other office markets	3,905	4,856	7,841	14,447
Total office segments	100,104	79,805	197,589	165,557
Hotel	—	5	—	1,223
Corporate	894	(133)	1,575	(253)
Total operating revenues	$100,998	$79,677	$199,164	$166,527

(1) Includes operating revenues for one unconsolidated property, 114 Fifth Avenue, based on Columbia Property Trust's ownership interest: 49.5% from January 1, 2018 through June 30, 2018. 114 Fifth Avenue was acquired on July 6, 2017.

(2) Includes operating revenues for two unconsolidated properties, 333 Market Street and University Circle, based on Columbia Property Trust's ownership interests: 100.0% from January 1, 2017 through June 30, 2017; 77.5% from January 1, 2018 through January 31, 2018; and 55.0% from February 1, 2018 through June 30, 2018.

(3) Includes operating revenues for two unconsolidated properties, Market Square and 1800 M Street, based on Columbia Property Trust's ownership interests: 51.0% for the Market Square for all periods presented; 55.0% for 1800 M Street from January 1, 2018 through June 30, 2018. 1800 M Street was acquired on October 11, 2017.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Total revenues	$75,370	$74,857	$149,080	$157,013
Operating revenues included in income (loss) from unconsolidated joint ventures[(1)]	27,446	5,318	53,661	10,486
Less: asset and property management fee income[(2)]	(1,818)	(498)	(3,577)	(972)
Total operating revenues	$100,998	$79,677	$199,164	$166,527

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

(2) See Note 11, Revenues, of the accompanying consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
New York[(1)]	$24,369	$16,259	$48,548	$33,875
San Francisco[(2)]	19,396	19,701	38,950	39,567
Atlanta	9,084	8,285	17,838	16,578
Washington, D.C.[(3)]	8,802	3,565	17,132	6,843
Boston	1,545	1,192	3,313	2,601
Los Angeles	1,154	1,202	2,362	2,284
All other office markets	3,869	4,597	7,160	11,527
Total office segments	68,219	54,801	135,303	113,275
Hotel	—	(14)	—	(890)
Corporate	(170)	(103)	(395)	(125)
Total NOI	$68,049	$54,684	$134,908	$112,260

(1) Includes NOI for one unconsolidated property, 114 Fifth Avenue, based on Columbia Property Trust's ownership interest: 49.5% from January 1, 2018 through June 30, 2018. 114 Fifth Avenue was acquired on July 6, 2017.

(2) Includes NOI for two unconsolidated properties, 333 Market Street and University Circle, based on Columbia Property Trust's ownership interests: 100.0% from January 1, 2017 through June 30, 2017; 77.5% from January 1, 2018 through January 31, 2018; and 55.0% from February 1, 2018 through June 30, 2018.

(3) Includes NOI for two unconsolidated properties, Market Square and 1800 M Street, based on Columbia Property Trust's ownership interests: 51.0% for the Market Square for all periods presented; 55.0% for 1800 M Street from January 1, 2018 through June 30, 2018. 1800 M Street was acquired on October 11, 2017.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income (loss)	$(3,439)	$1,133	$(1,941)	$75,855
Depreciation	20,681	20,423	41,516	42,028
Amortization	8,623	8,191	16,639	17,648
General and administrative – corporate	8,282	9,201	16,076	17,969
General and administrative – joint ventures	736	—	1,467	—
Net interest expense	14,300	13,785	30,192	28,350
Interest income from development authority bonds	(1,800)	(1,800)	(3,600)	(3,600)
Gain on sale of unconsolidated joint venture interests	—	—	(762)	—
Loss (gain) on extinguishment of debt	(23,713)	—	(23,713)	45
Income tax expense (benefit)	6	7	13	(381)
Asset and property management fee income	(1,818)	(498)	(3,577)	(972)
Adjustments included in income (loss) from unconsolidated joint ventures	15,379	4,242	31,786	8,471
Gain on sales of real estate assets	—	—	—	(73,153)
Impairment loss	30,812	—	30,812	—
NOI	$68,049	$54,684	$134,908	$112,260

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

The 2026 Bonds Payable and the 2025 Bonds Payable (see Note 6, Bonds Payable) were issued by Columbia Property Trust OP, and are guaranteed by Columbia Property Trust. In accordance with SEC Rule 3-10(c), Columbia Property Trust includes herein condensed consolidating financial information in lieu of separate financial statements of the subsidiary issuer (Columbia Property Trust OP), as defined in the bond indentures, because all of the following criteria are met:

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

(2) The guarantee is full and unconditional; and

(3) No other subsidiary of the parent company guarantor (Columbia Property Trust) guarantees the 2026 Bonds Payable or the 2025 Bonds Payable.

Columbia Property Trust uses the equity method with respect to its investment in subsidiaries included in its condensed consolidating financial statements. Set forth below are Columbia Property Trust's condensed consolidating balance sheets as of June 30, 2018 and December 31, 2017, as well as its condensed consolidating statements of operations and its condensed consolidating statements of comprehensive income for the three and six months ended June 30, 2018 and 2017; and its condensed consolidating statements of cash flows for the six months ended June 30, 2018 and 2017.

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Condensed Consolidating Balance Sheets (in thousands):

	As of June 30, 2018				
	Columbia Property Trust (Parent) (Guarantor)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Assets:					
Real estate assets, at cost:					
Land	$—	$—	$817,975	$—	$ 817,975
Buildings and improvements, net	—	1,952	1,891,884	—	1,893,836
Intangible lease assets, net	—	—	101,578	—	101,578
Construction in progress	—	—	49,135	—	49,135
Total real estate assets	—	1,952	2,860,572	—	2,862,524
Investments in unconsolidated joint ventures	—	1,053,092	—	—	1,053,092
Cash and cash equivalents	188	6,606	5,167	—	11,961
Investment in subsidiaries	2,663,479	1,495,545	—	(4,159,024)	—
Tenant receivables, net of allowance	—	30	2,211	—	2,241
Straight-line rent receivable	—	—	77,519	—	77,519
Prepaid expenses and other assets	141,076	339,001	18,194	(469,029)	29,242
Intangible lease origination costs, net	—	—	38,002	—	38,002
Deferred lease costs, net	—	—	61,159	—	61,159
Investment in development authority bonds	—	—	120,000	—	120,000
Total assets	$2,804,743	$2,896,226	$3,182,824	$(4,628,053)	$ 4,255,740
Liabilities:					
Line of credit and notes payable, net	$—	$526,077	$488,801	$(467,344)	$ 547,534
Bonds payable, net	—	694,151	—	—	694,151
Accounts payable, accrued expenses, and accrued capital expenditures	731	9,055	40,949	(6)	50,729
Due to affiliates	—	—	1,679	(1,679)	—
Deferred income	—	81	15,919	—	16,000
Intangible lease liabilities, net	—	—	23,314	—	23,314
Obligations under capital lease	—	—	120,000	—	120,000
Total liabilities	731	1,229,364	690,662	(469,029)	1,451,728
Equity:					
Total equity	2,804,012	1,666,862	2,492,162	(4,159,024)	2,804,012
Total liabilities and equity	$2,804,743	$2,896,226	$3,182,824	$(4,628,053)	$ 4,255,740

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Condensed Consolidating Balance Sheets (in thousands):

	As of December 31, 2017				
	Columbia Property Trust (Parent) (Guarantor)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Assets:					
Real estate assets, at cost:					
Land	$—	$—	$825,208	$—	$ 825,208
Building and improvements, net	—	2,110	2,061,309	—	2,063,419
Intangible lease assets, net	—	—	199,260	—	199,260
Construction in progress	—	—	44,742	—	44,742
Total real estate assets	—	2,110	3,130,519	—	3,132,629
Investments in unconsolidated joint ventures	—	943,241	1	—	943,242
Cash and cash equivalents	692	5,079	3,796	—	9,567
Investment in subsidiaries	2,238,577	1,186,594	—	(3,425,171)	—
Tenant receivables, net of allowance	—	30	2,098	—	2,128
Straight-line rent receivable	—	—	92,235	—	92,235
Prepaid expenses and other assets	317,364	336,598	19,375	(645,654)	27,683
Intangible lease origination costs, net	—	—	42,959	—	42,959
Deferred lease costs, net	—	—	141,096	—	141,096
Investment in development authority bonds	—	—	120,000	—	120,000
Total assets	$2,556,633	$2,473,652	$3,552,079	$(4,070,825)	$ 4,511,539
Liabilities:					
Lines of credit and notes payable, net	$—	$899,168	$715,327	$(643,310)	$ 971,185
Bonds payable, net	—	693,756	—	—	693,756
Accounts payable, accrued expenses, and accrued capital expenditures	732	10,325	113,949	(4)	125,002
Dividends payable	23,961	—	—	—	23,961
Due to affiliates	—	—	2,340	(2,340)	—
Deferred income	4	81	18,396	—	18,481
Intangible lease liabilities, net	—	—	27,218	—	27,218
Obligations under capital leases	—	—	120,000	—	120,000
Total liabilities	24,697	1,603,330	997,230	(645,654)	1,979,603
Equity:					
Total equity	2,531,936	870,322	2,554,849	(3,425,171)	2,531,936
Total liabilities and equity	$2,556,633	$2,473,652	$3,552,079	$(4,070,825)	$ 4,511,539

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Consolidating Statements of Operations (in thousands):

	For the Three Months Ended June 30, 2018				
	Columbia Property Trust (Parent) (Guarantor)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Revenues:					
Rental income	$—	$—	$ 66,263	$ —	$ 66,263
Tenant reimbursements	—	—	5,146	—	5,146
Asset and property management fee income	930	—	888	—	1,818
Other property income	—	—	2,143	—	2,143
	930	—	74,440	—	75,370
Expenses:					
Property operating costs	—	—	22,450	—	22,450
Asset and property management fees	—	—	205	—	205
Depreciation	—	166	20,515	—	20,681
Amortization	—	—	8,623	—	8,623
Impairment loss on real estate assets	—	—	30,812	—	30,812
General and administrative – corporate	193	2,512	5,577	—	8,282
General and administrative – unconsolidated joint ventures	—	—	736	—	736
	193	2,678	88,918	—	91,789
Real estate operating income (loss)	737	(2,678)	(14,478)	—	(16,419)
Other income (expense):					
Interest expense	—	(11,983)	(8,651)	6,320	(14,314)
Interest and other income	2,842	3,478	1,814	(6,320)	1,814
Gain (loss) on extinguishment of debt	—	(326)	24,039	—	23,713
	2,842	(8,831)	17,202	—	11,213
Income (loss) before income taxes and unconsolidated entities:	3,579	(11,509)	2,724	—	(5,206)
Income tax expense	—	—	(6)	—	(6)
Income (loss) from unconsolidated entities	(7,018)	5,823	(2)	2,970	1,773
Net income (loss)	$(3,439)	$(5,686)	$ 2,716	$ 2,970	$ (3,439)

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Consolidating Statements of Operations (in thousands):

	For the Three Months Ended June 30, 2017				
	Columbia Property Trust (Parent) (Guarantors)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Revenues:					
Rental income	$—	$—	$ 67,216	$ (95)	$ 67,121
Tenant reimbursements	—	(100)	7,072	—	6,972
Asset and property management fee income	245	—	253	—	498
Other property income	—	—	266	—	266
	245	(100)	74,807	(95)	74,857
Expenses:					
Property operating costs	—	(45)	21,971	(95)	21,831
Hotel operating costs	—	—	9	—	9
Asset and property management fees	—	—	260	—	260
Depreciation	—	152	20,271	—	20,423
Amortization	—	—	8,191	—	8,191
General and administrative – corporate	56	2,739	6,406	—	9,201
	56	2,846	57,108	(95)	59,915
Real estate operating income (loss)	189	(2,946)	17,699	—	14,942
Other income (expense):					
Interest expense	—	(10,568)	(8,668)	4,774	(14,462)
Interest and other income	4,228	1,220	1,803	(4,774)	2,477
	4,228	(9,348)	(6,865)	—	(11,985)
Income (loss) before income taxes and unconsolidated entities:	4,417	(12,294)	10,834	—	2,957
Income tax expense	—	—	(7)	—	(7)
Income (loss) from unconsolidated entities	(3,284)	6,187		(4,720)	(1,817)
Net income (loss)	$1,133	$(6,107)	$ 10,827	$ (4,720)	$ 1,133

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	For the Six Months Ended June 30, 2018				
	Columbia Property Trust (Parent) (Guarantor)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Revenues:					
Rental income	$—	$—	$131,080	$ —	$ 131,080
Tenant reimbursements	—	—	10,689	—	10,689
Asset and property management fee income	1,834	—	1,743	—	3,577
Other property income	—	—	3,734	—	3,734
	1,834	—	147,246	—	149,080
Expenses:					
Property operating costs	—	—	45,512	—	45,512
Asset and property management fees	—	—	413	—	413
Depreciation	—	332	41,184	—	41,516
Amortization	—	—	16,639	—	16,639
Impairment loss on real estate assets	—	—	30,812	—	30,812
General and administrative – corporate	389	4,820	10,867	—	16,076
General and administrative – unconsolidated joint ventures	—	—	1,467	—	1,467
	389	5,152	146,894	—	152,435
Real estate operating income (loss)	1,445	(5,152)	352	—	(3,355)
Other income (expense):					
Interest expense	—	(24,417)	(19,145)	13,353	(30,209)
Interest and other income	6,397	6,956	3,617	(13,353)	3,617
Gain on sale of unconsolidated joint venture interests	—	762	—	—	762
Gain (loss) on extinguishment of debt	—	(326)	24,039	—	23,713
	6,397	(17,025)	8,511	—	(2,117)
Income (loss) before income taxes and unconsolidated entities:	7,842	(22,177)	8,863	—	(5,472)
Income tax expense	—	—	(13)	—	(13)
Income (loss) from unconsolidated entities	(9,783)	12,838	—	489	3,544
Net income (loss)	$(1,941)	$(9,339)	$8,850	$ 489	$ (1,941)

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Consolidating Statements of Operations (in thousands):

	For the Six Months Ended June 30, 2017				
	Columbia Property Trust (Parent) (Guarantor)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Revenues:					
Rental income	$ —	$ 51	$ 138,438	$ (195)	$ 138,294
Tenant reimbursements	—	(66)	15,622	—	15,556
Hotel income	—	—	1,339	—	1,339
Asset and property management fee income	490	—	482	—	972
Other property income	—	—	870	(18)	852
	490	(15)	156,751	(213)	157,013
Expenses:					
Property operating costs	—	128	46,003	(195)	45,936
Hotel operating costs	—	—	2,085	—	2,085
Asset and property management fee expenses:					
Related-party	—	3	—	(3)	—
Other	—	—	529	—	529
Depreciation	—	234	41,794	—	42,028
Amortization	—	5	17,643	—	17,648
General and administrative	96	5,256	12,632	(15)	17,969
	96	5,626	120,686	(213)	126,195
Real estate operating income (loss)	394	(5,641)	36,065	—	30,818
Other income (expense):					
Interest expense	—	(20,851)	(19,133)	10,407	(29,577)
Interest and other income	8,330	3,297	3,607	(10,407)	4,827
Loss on extinguishment of debt	—	—	(45)	—	(45)
	8,330	(17,554)	(15,571)	—	(24,795)
Income (loss) before income taxes and unconsolidated entities and sales of real estate:	8,724	(23,195)	20,494	—	6,023
Income tax benefit	—	—	381	—	381
Income (loss) from unconsolidated entities	67,131	69,283	—	(140,116)	(3,702)
Income before sale of real estate assets:	75,855	46,088	20,875	(140,116)	2,702