COLUMBIA PROPERTY TRUST, INC.
Form 10-Q
October 25, 2018

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

FORM 10-Q

(Mark One)
x Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended September 30, 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 every Interactive Data File required to be submitted 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 such files).
Yes x No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act (check one).

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

Number of shares outstanding of the registrant's
only class of common stock, as of October 22, 2018: 117,984,195 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 nine months ended September 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) September 30, 2018	December 31, 2017
Assets:		
Real estate assets, at cost:		
Land	$817,975	$825,208
Buildings and improvements, less accumulated depreciation of $384,068 and $388,796, as of September 30, 2018 and December 31, 2017, respectively	1,897,284	2,063,419
Intangible lease assets, less accumulated amortization of $84,323 and $94,065, as of September 30, 2018 and December 31, 2017, respectively	97,199	199,260
Construction in progress	39,599	44,742
Total real estate assets	2,852,057	3,132,629
Investments in unconsolidated joint ventures	1,045,044	943,242
Cash and cash equivalents	15,596	9,567
Tenant receivables, net of allowance for doubtful accounts of $0 as of September 30, 2018 and December 31, 2017	2,815	2,128
Straight-line rent receivable	83,023	92,235
Prepaid expenses and other assets	31,316	27,683
Intangible lease origination costs, less accumulated amortization of $63,953 and $57,465, as of September 30, 2018 and December 31, 2017, respectively	35,626	42,959
Deferred lease costs, less accumulated amortization of $26,990 and $26,464, as of September 30, 2018 and December 31, 2017, respectively	66,258	141,096
Investment in development authority bonds	120,000	120,000
Total assets	$4,251,735	$4,511,539
Liabilities:		
Line of credit and notes payable, net of unamortized deferred financing costs of $1,800 and $2,991, as of September 30, 2018 and December 31, 2017, respectively	$557,900	$971,185
Bonds payable, net of discounts of $1,349 and $1,484 and unamortized deferred financing costs of $4,306 and $4,760, as of September 30, 2018 and December 31, 2017, respectively	694,345	693,756
Accounts payable, accrued expenses, and accrued capital expenditures	52,725	125,002
Dividends payable	—	23,961
Deferred income	15,724	18,481
Intangible lease liabilities, less accumulated amortization of $20,753 and $19,660, as of September 30, 2018 and December 31, 2017, respectively	21,841	27,218
Obligations under capital lease	120,000	120,000
Total liabilities	1,462,535	1,979,603
Commitments and Contingencies (Note 7)	—	—
Equity:		
Common stock, $0.01 par value, 225,000,000 shares authorized, 117,984,195 and 119,789,106 shares issued and outstanding, as of September 30, 2018 and December 31, 2017, respectively	1,180	1,198
Additional paid-in capital	4,448,688	4,487,071
Cumulative distributions in excess of earnings	(1,665,745)	(1,957,236)
Cumulative other comprehensive income	5,077	903

Total equity	2,789,200	2,531,936
Total liabilities and equity	$4,251,735	$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 September 30,		(Unaudited) Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues:				
Rental income	$64,476	$55,015	$195,556	$193,309
Tenant reimbursements	5,261	3,053	15,950	18,609
Hotel income	—	—	—	1,339
Asset and property management fee income	1,825	1,154	5,402	2,126
Other property income	1,778	1,140	5,512	1,992
	73,340	60,362	222,420	217,375
Expenses:				
Property operating costs	21,000	18,567	66,512	64,503
Hotel operating costs	—	—	—	2,085
Asset and property management fee expenses	206	188	619	717
Depreciation	19,878	18,501	61,394	60,529
Amortization	7,920	6,870	24,559	24,518
Impairment loss on real estate assets	—	—	30,812	—
General and administrative – corporate	8,303	7,034	24,379	25,003
General and administrative – unconsolidated joint ventures	746	713	2,213	713
	58,053	51,873	210,488	178,068
	15,287	8,489	11,932	39,307
Other Income (Expense):				
Interest expense	(13,051)	(14,731)	(43,260)	(44,308)
Gain (loss) on extinguishment of debt	—	(280)	23,713	(325)
Interest and other income	1,803	2,841	5,420	7,668
Gain on sale of unconsolidated joint venture interests	—	—	762	—
	(11,248)	(12,170)	(13,365)	(36,965)
Income (loss) before income taxes, unconsolidated joint ventures, and sales of real estate	4,039	(3,681)	(1,433)	2,342
Income tax benefit (expense)	(3)	(3)	(16)	378
Income (loss) from unconsolidated joint ventures	2,393	2,853	5,937	(849)
Income (loss) before sales of real estate	6,429	(831)	4,488	1,871
Gain on sales of real estate assets	—	102,365	—	175,518
Net income	$6,429	$101,534	$4,488	$177,389
Per-Share Information – Basic:				
Net income	$0.05	$0.84	$0.04	$1.46
Weighted-average common shares outstanding – basic	117,609	120,293	118,237	121,270
Per-Share Information – Diluted:				
Net income	$0.05	$0.84	$0.04	$1.46
Weighted-average common shares outstanding – diluted	118,207	120,529	118,749	121,458
Dividends per share	$0.20	$0.20	$0.60	$0.60

See accompanying notes.

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

	(Unaudited) Three Months Ended September 30,		(Unaudited) Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income	$6,429	$101,534	$4,488	$177,389
Market value adjustments to interest rate swap	722	148	4,174	146
Comprehensive income	$7,151	$101,682	$8,662	$177,535

See accompanying notes.

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COLUMBIA PROPERTY TRUST, INC.
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 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)	149	1	3,387	—	—	3,388
Distributions to common stockholders ($0.60 per share)	—	—	—	(71,095)	—	(71,095)
Net income	—	—	—	4,488	—	4,488
Market value adjustment to interest rate swap	—	—	—	—	4,174	4,174
Balance, September 30, 2018	117,984	$1,180	$4,448,688	$(1,665,745)	$ 5,077	$2,789,200

	Common Stock		Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Cumulative Other Comprehensive Income (Loss)	Total Equity
	Shares	Amount				
Balance, December 31, 2016	122,184	$1,221	$4,538,912	$(2,036,482)	$ (883)	$2,502,768
Repurchases of common stock	(2,682)	(26)	(57,602)	—	—	(57,628)
Common stock issued to employees and directors, and amortized (net of income tax withholdings)	302	3	4,058	—	—	4,061
Distributions to common stockholders ($0.60 per share)	—	—	—	(72,834)	—	(72,834)
Net income	—	—	—	177,389	—	177,389
Market value adjustment to interest rate swap	—	—	—	—	146	146
Balance, September 30, 2017	119,804	$1,198	$4,485,368	$(1,931,927)	$ (737)	$2,553,902

See accompanying notes.

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

	(Unaudited) Nine Months Ended September 30,	
	2018	2017
Cash Flows From Operating Activities:		
Net income	$4,488	$177,389
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Straight-line rental income	(22,262)	(20,964)
Depreciation	61,394	60,529
Amortization	22,340	24,115
Impairment loss on real estate assets	30,812	—
Noncash interest expense	2,427	2,239
(Gain) loss on extinguishment of debt	(23,713)	325
(Income) loss from unconsolidated joint ventures	(5,937)	849
Distributions of earnings from unconsolidated joint ventures	21,464	—
Gain on sale of unconsolidated joint venture interests	(762)	—
Gain on sales of real estate assets	—	(175,518)
Stock-based compensation expense	5,352	5,509
Changes in assets and liabilities, net of acquisitions and dispositions:		
Decrease (increase) in tenant receivables, net	(2,061)	3,957
Decrease in prepaid expenses and other assets	6,533	1,340
Decrease in accounts payable and accrued expenses	(36,281)	(25,488)
Decrease in deferred income	(2,757)	(7,167)
Net cash provided by operating activities	61,037	47,115
Cash Flows From Investing Activities:		
Net proceeds from the sales of real estate	284,608	737,631
Net proceeds from sale of investments in unconsolidated joint ventures	235,083	—
Prepaid earnest money and transaction costs	(7,300)	(52,000)
Capital improvement and development costs	(56,379)	(59,022)
Deferred lease costs paid	(12,687)	(14,437)
Investments in unconsolidated joint ventures	(4,432)	(123,149)
Distributions from unconsolidated joint ventures	10,549	1,411
Net cash provided by investing activities	449,442	490,434
Cash Flows From Financing Activities:		
Financing costs paid	(154)	(628)
Proceeds from lines of credit and notes payable	186,000	—
Repayments of lines of credit and notes payable	(551,476)	(201,625)
Distributions paid to stockholders	(95,056)	(109,561)
Redemptions of common stock	(43,764)	(59,090)
Net cash used in financing activities	(504,450)	(370,904)
Net increase in cash and cash equivalents	6,029	166,645
Cash and cash equivalents, beginning of period	9,567	216,085
Cash and cash equivalents, end of period	$15,596	$382,730

See accompanying notes.

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COLUMBIA PROPERTY TRUST, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 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 September 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 97.3% leased as of September 30, 2018. On October 3, 2018, Columbia Property Trust acquired a 49.7% interest in a newly formed joint venture that will develop a 12-story, 182,000-square-foot office building at 799 Broadway in New York.

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 September 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 net carrying amounts of its real estate and related intangible assets and liabilities, of both operating properties and properties under redevelopment, may not be recoverable. When indicators of potential impairment are present that suggest that the net carrying amounts of real estate assets and related intangible assets and liabilities may not be recoverable, Columbia Property Trust assesses the recoverability of these net assets by determining whether the respective carrying values will be recovered through the estimated undiscounted future cash flows expected from the use of the net 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 values 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 net 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 September 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		
September 30, 2018	Gross	$2,481	$147,371	$99,579	$ 42,594
	Accumulated Amortization	(985)	(80,876)	(63,953)	(20,753)
	Net	$1,496	$66,495	$35,626	$ 21,841
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 nine months ended September 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 September 30, 2018	$51	$ 4,193	$ 2,376	$ 1,473
For the Three Months Ended September 30, 2017	$22	$ 3,268	$ 1,957	$ 1,006
For the Nine Months Ended September 30, 2018	$153	$ 12,968	$ 7,333	$ 5,377
For the Nine Months Ended September 30, 2017	$471	$ 12,525	$ 7,786	$ 5,322

The net intangible assets and liabilities remaining as of September 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	$51	$ 4,165	$ 2,360	$ 1,445
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
	$1,496	$ 66,495	$ 35,626	$ 21,841

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 September 30, 2018 and December 31, 2017, respectively, and recognized amortization of these assets of approximately $0.1 million and $0.6 million for the three months ended September 30, 2018 and 2017, respectively, and approximately $1.2 million and $1.9 million for the nine months ended September 30, 2018 and 2017, respectively.

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

For the remainder of 2018	$137
For the Years Ending December 31:	
2019	545
2020	545
2021	545
2022	545
2023	545
Thereafter	26,346
	$29,208

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 September 30, 2018	December 31, 2017
Derivatives designated as hedging instruments:			
Interest rate contracts	Prepaid expenses and other assets	$5,077	$ 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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017

Market value adjustment to interest rate swaps designated as hedging instruments and included in other comprehensive income	$722	$148	$4,174	$146

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.

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. Columbia Property Trust expects to adopt ASU 2016-02 effective January 1, 2019, and is in the process of evaluating the financial impact of the following key lessee and lessor accounting changes:

- The new standard requires 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. Columbia Property Trust anticipates recognizing a right of use asset and lease liability for its ground leases, corporate office lease, and various equipment leases.
- 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; however, under ASU 2016-02,

lessors are only permitted to capitalize and amortize initial direct costs associated with obtaining a lease.

In July 2018, the FASB issued ASU 2018-11 Targeted Improvements Leasing, ("ASU 2018-11"), which provides "practical expedient" options (a) to implement ASU 2016-02 prospectively by only applying the new rules to leases that are in place as of the effective date on a go-forward basis, and (b) for lessors to combine revenues from lease and non-lease components. Columbia Property Trust anticipates using both of the practical expedients.

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

During 2018 and 2017, Columbia Property Trust acquired the following properties and partial interests in properties:

Property	Location	Date	Percent Acquired		Purchase Price[1] (in thousands)	
2018						
799 Broadway	New York, NY	October 3, 2018	49.7	%	$30,200	[2]
Lindbergh Center – Retail	Atlanta, GA	October 24, 2018	100.0	%	$23,000	
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, which are owned through unconsolidated joint ventures.

799 Broadway Joint Venture

On October 3, 2018, Columbia Property Trust formed a joint venture with Normandy Real Estate Partners (“Normandy”) for the purpose of developing a 12-story, 182,000-square-foot office building at 799 Broadway in New York (the “799 Broadway Joint Venture”). Columbia Property Trust made an initial equity contribution of $30.2 million in the 799 Broadway Joint Venture for a 49.7% interest therein. At inception, the 799 Broadway Joint Venture acquired the property located at 799 Broadway for $145.5 million, exclusive of transaction costs and development costs, and borrowed $97.0 million under a construction loan with total capacity of $187.0 million. Pursuant to a joint and several guaranty agreement with the construction loan lender, Columbia Property Trust and Normandy are required to make aggregate additional equity contributions to the joint venture based on the initial expected project costs, less the amount of equity contributions made to date. As of October 3, 2018, Columbia Property Trust and Normandy are required to make aggregate additional equity contributions of $57.6 million, of which $28.6 million reflects Columbia Property Trust's allocated share.

Lindbergh Center – Retail

On October 24, 2018, Columbia Property Trust acquired the 147,000 square feet of ancillary retail and office space surrounding its existing property, Lindbergh Center, for a gross purchase price of $23.0 million.

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% equity 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 nine months ended September 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 nine months ended September 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, except per-share amounts):

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
Revenues	$ 69,990	$ 246,260
Net income	$ 103,861	$ 184,369
Net income per share – basic	$ 0.86	$ 1.52
Net income per share – diluted	$ 0.86	$ 1.52

Dispositions

During 2017 and the first nine 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 University Circle and 333 Market Street 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 University Circle and 333 Market Street 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 September 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] September 30, 2018	December 31, 2017
Market Square Joint Venture	Market Square	Washington, D.C.	51.0 %	$ 134,975	$ 128,411
University Circle Joint Venture	University Circle	San Francisco	55.0 % [2]	295,368	173,798
333 Market Street Joint Venture	333 Market Street	San Francisco	55.0 % [2]	274,791	288,236
114 Fifth Avenue Joint Venture	114 Fifth Avenue	New York	49.5 %	101,648	110,311
1800 M Street Joint Venture	1800 M Street	Washington, D.C.	55.0 %	238,262	242,486
				$ 1,045,044	$ 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 amortizing 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 September 30, 2018.

Mortgage Debt and Related Guaranty

The Market Square joint venture has a mortgage note on the property. As of September 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 $5.8 million as of September 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]	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Market Square Joint Venture	$583,858	$ 590,115	$324,748	$ 324,708	$243,833	$ 244,506
University Circle Joint Venture	227,321	227,368	—	—	221,264	221,154
333 Market Street Joint Venture	377,968	385,297	—	—	363,011	368,994
114 Fifth Avenue Joint Venture	378,658	392,486	—	—	154,234	170,525
1800 M Street Joint Venture	447,469	458,964	—	—	430,682	438,227
	$2,015,274	$ 2,054,230	$324,748	$ 324,708	$1,413,024	$ 1,443,406

(1) Excludes basis differences. There is an aggregate net difference of $282.4 million and $32.0 million as of September 30, 2018 and December 31, 2017, respectively, between the historical costs recorded at the joint venture level, and Columbia Property Trust's investments in unconsolidated joint ventures. Such basis differences result from the basis adjustments recorded pursuant to ASU 2017-05, as described in Note 2, Summary of Significant Accounting Policies; differences in the timing of each partner's joint venture interest acquisition; and formation costs incurred by Columbia Property Trust. Basis differences are 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 September 30, 2018 and 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	$10,996	$10,474	$(3,120)	$(4,089)	$(1,592)	$(2,086)
University Circle Joint Venture	11,577	9,448	6,601	4,810	3,630	3,701
333 Market Street Joint Venture	6,677	6,306	3,602	3,381	1,981	2,593
114 Fifth Avenue Joint Venture	10,210	9,832	(2,740)	(2,332)	(1,357)	(1,355)
1800 M Street Joint Venture	9,482	—	1,422	—	782	—
	$48,942	$36,060	$5,765	$1,770	$3,444	$2,853

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

Summarized income statement information for the unconsolidated joint ventures for the nine months ended September 30, 2018 and 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	$33,260	$31,036	$(9,127)	$(11,348)	$(4,655)	$(5,788)
University Circle Joint Venture	31,921	9,448	17,349	4,810	9,944	3,701
333 Market Street Joint Venture	20,020	6,306	10,717	3,381	6,165	2,593
114 Fifth Avenue Joint Venture	30,999	9,832	(7,433)	(2,332)	(3,680)	(1,355)
1800 M Street Joint Venture	27,949	—	3,101	—	1,705	—
	$144,149	$56,622	$14,607	$(5,489)	$9,479	$(849)

(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 nine months ended September 30, 2018 and 2017, Columbia Property Trust earned the following fees from these unconsolidated joint ventures (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Market Square Joint Venture	$521	$496	$1,596	$1,468
University Circle Joint Venture	565	480	1,657	480
333 Market Street Joint Venture	193	178	586	178
1800 M Street Joint Venture	546	—	1,563	—
	$1,825	$1,154	$5,402	$2,126

Columbia Property Trust also received reimbursements of property operating costs of $1.1 million and $0.9 million for the three months ended September 30, 2018 and 2017, respectively, and $3.2 million and $1.2 million for the nine months ended September 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 $0.5 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 September 30, 2018 and December 31, 2017, respectively.

5. Line of Credit and Notes Payable

As of September 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	September 30, 2018	December 31, 2017
$300 Million Term Loan	$ 300,000	$ 300,000
$150 Million Term Loan	150,000	150,000
Revolving Credit Facility[(1)]	89,000	152,000
One Glenlake mortgage note	20,700	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	(1,800)	(2,991)
	$ 557,900	$ 971,185

(1) The Revolving Credit Facility matures on July 31, 2019, and provides two, six-month extension options to Columbia Property Trust as the borrower. Columbia Property Trust intends to extend this facility, and is in the process of negotiating the terms of an amended credit facility.

Fair Value of Debt

The estimated fair value of Columbia Property Trust's line of credit and notes payable as of September 30, 2018 and December 31, 2017, was approximately $560.1 million and $975.3 million, respectively. The related carrying value of the line of credit and notes payable as of September 30, 2018 and December 31, 2017, was $559.7 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.

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Interest Paid and Capitalized and Debt Covenants

During the nine months ended September 30, 2018 and 2017, Columbia Property Trust made interest payments totaling approximately $16.7 million and $15.6 million, respectively, of which approximately $2.9 million and $0.4 million, respectively, were capitalized. Columbia Property Trust capitalizes interest on development and improvement projects owned directly and through unconsolidated joint ventures, using the weighted-average interest rate of its consolidated borrowings for the period. For the nine months ended September 30, 2018, the weighted average interest rate on Columbia Property Trust's outstanding borrowings was 3.57%.

Debt Covenants

As of September 30, 2018, Columbia Property Trust was in compliance with all of its debt covenants on its term loans, the Revolving Credit Facility, and notes payable obligations.

Debt Repayments and Extinguishment

During 2018, Columbia Property Trust has made the following repayments:

- On October 10, 2018, Columbia Property Trust repaid the $20.7 million outstanding balance on the One Glenlake mortgage note two months prior to its original maturity date.
- 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.
- 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. 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 has recognized a loss on extinguishment of debt of $0.3 million related to unamortized deferred financing costs.

6. Bonds Payable

Columbia Property Trust has two series of bonds outstanding as of September 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 $20.0 million and $20.1 million were made on the bonds payable during the nine months ended September 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 September 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 September 30, 2018 and December 31, 2017, the estimated fair value of the bonds payable was approximately $678.0 million and $702.8 million, respectively. The related carrying value of the bonds payable, net of discounts, as of September 30, 2018 and December 31, 2017 was $698.7 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 September 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.

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Guaranties of Debt of Unconsolidated Joint Ventures

Columbia Property Trust guarantees portions of the debt at two of its unconsolidated joint ventures.

- As of September 30, 2018, Columbia Property Trust guaranteed $5.8 million of the $325.0 million Market Square mortgage loan. This guarantee will continue to be reduced as additional leases are executed at the Market Square property. Columbia Property Trust believes that the likelihood of making a payment under this guaranty is remote; therefore, no liability has been recorded related to this guaranty as of September 30, 2018.
- On October 3, 2018, Columbia Property Trust formed the 799 Broadway Joint Venture, in which it owns a 49.7% interest, for the purpose of developing a 12-story, 182,000-square-foot office building. At inception, the joint venture borrowed $97.0 million under a construction loan with total capacity of $187.0 million. Pursuant to a joint and several guaranty agreement with the construction loan lender, Columbia Property Trust and Normandy are required to make aggregate additional equity contributions to the joint venture based on the initial expected project costs, less the amount of equity contributions made to date. As of October 3, 2018, Columbia Property Trust and Normandy are required to make aggregate additional equity contributions of $57.6 million, of which $28.6 million reflects Columbia Property Trust's allocated share.

Litigation

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

8. Stockholders' Equity

Common Stock Repurchase Program

Columbia Property Trust's board of directors authorized 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 nine months ended September 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 September 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.

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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 nine months ended September 30, 2018 follows:

	For the Nine Months Ended September 30, 2018	
	Shares (in thousands)	Weighted-Average Grant-Date Fair Value[(1)]
Unvested awards – beginning of period	718	$ 20.45
Granted	397	$ 17.81
Vested	(275)	$ 16.00
Forfeited	(11)	$ 18.60
Unvested awards – end of period[(2)]	829	$ 20.69

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

(2) As of September 30, 2018, Columbia Property Trust expects approximately 795,000 of the 829,000 unvested awards to ultimately vest, assuming a weighted average forfeiture rate of 4.1%, which was determined based on historical forfeiture rates.

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 nine months ended September 30, 2018 and 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

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Stock-Based Compensation Expense

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Amortization of awards granted under the LTI Plan	$948	$917	$2,857	$2,721
Amortization of future awards under the LTI Plan(1)	682	639	1,790	1,851
Issuance of shares to independent directors	—	—	705	937
Total stock-based compensation expense	$1,630	$1,556	$5,352	$5,509

(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 – corporate in the accompanying consolidated statements of operations. As of September 30, 2018 and December 31, 2017, there were $10.0 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 nine months ended September 30, 2018 and 2017 (in thousands):

	Nine Months Ended September 30,	
	2018	2017
Investments in real estate funded with other assets	$617	$311
Real estate assets transferred to unconsolidated joint ventures	$—	$558,122
Other assets transferred to unconsolidated joint ventures	$—	$43,670
Other liabilities transferred to unconsolidated joint ventures	$—	$21,347
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	$135	$135
Accrued capital expenditures and deferred lease costs	$14,299	$25,866
Market value adjustments to interest rate swaps that qualify for hedge accounting treatment	$—	$146
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)	$3,388	$4,061

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10. Earnings Per Share

For the three and nine months ended September 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 nine months ended September 30, 2018 and 2017 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income	$6,429	$101,534	$4,488	$177,389
Distributions paid on unvested shares	(75)	(84)	(221)	(253)
Net income used to calculate basic and diluted earnings per share	$6,354	$101,450	$4,267	$177,136

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Weighted-average common shares – basic	117,609	120,293	118,237	121,270
Plus incremental weighted-average shares from time-vested conversions, less assumed stock repurchases:				
Previously granted awards, unvested	126	116	88	89
Future period LTI Plan awards	472	120	424	99
Weighted-average common shares – diluted	118,207	120,529	118,749	121,458

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 September 30, 2018, Columbia Property Trust earned lease termination revenues of $0.5 million; and for the nine months ended September 30, 2018 and 2017, Columbia Property Trust earned lease termination revenues of $1.7 million and $0.3 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 September 30, 2018 and 2017, Columbia Property Trust earned revenues of $1.8 million and $1.2 million, respectively, under these agreements; and for the nine months ended September 30, 2018 and 2017, Columbia Property Trust earned revenues of $5.4 million and $2.1 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

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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 nine months ended September 30, 2018, Columbia Property Trust earned leasing override fees of $24,000 and $62,000, respectively, which are included in asset and property management fee income on the accompanying consolidated statements of operations. For the three and nine months ended September 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 September 30, 2018 and 2017, Columbia Property Trust earned salary and other reimbursement revenue of $1.1 million and $0.9 million, respectively; and for the nine months ended September 30, 2018 and 2017, Columbia Property Trust earned salary and other reimbursement revenue of $3.2 million and $1.2 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 September 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.

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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
New York[(1)]	$37,990	$30,488	$119,248	$83,598
San Francisco[(2)]	26,548	25,337	76,156	80,112
Atlanta	10,485	9,401	30,626	28,239
Washington, D.C.[(3)]	14,347	8,494	42,730	23,622
Boston	3,457	2,734	9,985	8,358
Los Angeles	1,962	1,899	5,792	5,534
All other office markets	3,941	2,772	11,782	17,219
Total office segments	98,730	81,125	296,319	246,682
Hotel	—	(24)	—	1,199
Corporate	780	526	2,355	273
Total operating revenues	$99,510	$81,627	$298,674	$248,154

(1) Includes operating revenues for one unconsolidated property, 114 Fifth Avenue, based on Columbia Property Trust's ownership interest: 49.5% from July 6, 2017 through September 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 July 5, 2017; 77.5% from July 6, 2017 through January 31, 2018; and 55.0% from February 1, 2018 through September 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 September 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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Total revenues	$73,340	$60,362	$222,420	$217,375
Operating revenues included in income (loss) from unconsolidated joint ventures[(1)]	27,995	22,419	81,656	32,905
Less: asset and property management fee income[(2)]	(1,825)	(1,154)	(5,402)	(2,126)
Total operating revenues	$99,510	$81,627	$298,674	$248,154

(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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
New York[(1)]	$23,145	$16,536	$71,693	$50,411
San Francisco[(2)]	19,925	18,166	58,875	57,733
Atlanta	9,245	8,500	27,083	25,078
Washington, D.C.[(3)]	8,844	4,209	25,976	11,052
Boston	1,890	1,196	5,203	3,797
Los Angeles	1,119	1,155	3,481	3,439
All other office markets	3,989	4,071	11,149	15,598
Total office segments	68,157	53,833	203,460	167,108
Hotel	—	(24)	—	(914)
Corporate	(204)	(364)	(599)	(489)
Total NOI	$67,953	$53,445	$202,861	$165,705

(1) Includes operating revenues for one unconsolidated property, 114 Fifth Avenue, based on Columbia Property Trust's ownership interest: 49.5% from July 6, 2017 through September 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 July 5, 2017; 77.5% from July 6, 2017 through January 31, 2018; and 55.0% from February 1, 2018 through September 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 September 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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income	$6,429	$101,534	$4,488	$177,389
Depreciation	19,878	18,501	61,394	60,529
Amortization	7,920	6,870	24,559	24,518
General and administrative – corporate	8,303	7,034	24,379	25,003
General and administrative – unconsolidated joint ventures	746	713	2,213	713
Net interest expense	13,049	13,690	43,241	42,040
Interest income from development authority bonds	(1,800)	(1,800)	(5,400)	(5,400)
Gain on sale of unconsolidated joint venture interests	—	—	(762)	—
Loss (gain) on extinguishment of debt	—	280	(23,713)	325
Income tax expense (benefit)	3	3	16	(378)
Asset and property management fee income	(1,825)	(1,154)	(5,402)	(2,126)
Adjustments included in income (loss) from unconsolidated joint ventures	15,250	10,139	47,036	18,610
Gain on sales of real estate assets	—	(102,365)	—	(175,518)
Impairment loss	—	—	30,812	—
NOI	$67,953	$53,445	$202,861	$165,705

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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 September 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 nine months ended September 30, 2018 and 2017; and its condensed consolidating statements of cash flows for the nine months ended September 30, 2018 and 2017.

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Condensed Consolidating Balance Sheets (in thousands):

	As of September 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	—	1,846	1,895,438	—	1,897,284
Intangible lease assets, net	—	—	97,199	—	97,199
Construction in progress	—	—			