TRAVELCENTERS OF AMERICA LLC
Form DEF 14A
April 23, 2008

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

SCHEDULE 14A

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

TRAVELCENTERS OF AMERICA LLC

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

TravelCenters of America LLC

24601 Center Ridge Road
Westlake, Ohio 44145

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 13, 2008**

To the Shareholders of TravelCenters of America LLC:

Notice is hereby given that the annual meeting of shareholders of TravelCenters of America LLC, a Delaware limited liability company, will be held at 9:30 a.m. on June 13, 2008, at the Sheraton Newton Hotel, 320 Washington Street, Newton, Massachusetts for the following purposes:

1. To elect one Independent Director to hold office for the term indicated and until his successor is duly elected or until his earlier death, resignation or removal ("proposal 1");

2. To elect one Managing Director to hold office for the term indicated and until his successor is duly elected or until his earlier death, resignation or removal ("proposal 2"); and

3. To consider and vote upon such other matters as may properly come before the meeting and at any adjournments or postponements thereof.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE NOMINEES FOR DIRECTORS IN PROPOSALS 1 AND 2.

We encourage you to contact the firm assisting us in the solicitation of proxies, Innisfree M&A Incorporated, or Innisfree, if you have any questions or need assistance in voting your shares. Banks and brokers may call Innisfree, collect at (212) 750-5833. Shareholders may call Innisfree, toll free at (877) 800-5182.

Shareholders of record at the close of business on January 14, 2008 are entitled to notice of, and to vote at, the meeting and at any adjournments or postponements thereof.

This year, new Securities and Exchange Commission rules allow us to furnish proxy materials to our shareholders on the internet. ***You can now access proxy materials and vote at www.proxyvote.com.*** You may also vote via internet or telephone by following the instructions on that website. In order to vote on the internet or by telephone you must have a shareholder identification number which is being mailed to you in a Notice Regarding the Availability of Proxy Materials.

By order of the Board of Directors,

Jennifer B. Clark, Secretary

Westlake, Ohio
April 23, 2008

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE READ THE PROXY STATEMENT AND COMPLETE AND RETURN A PROXY FOR YOUR SHARES AS SOON AS POSSIBLE. YOU MAY VOTE YOUR SHARES OVER THE INTERNET OR BY TELEPHONE BY FOLLOWING THE INSTRUCTIONS ON THE WEBSITE INDICATED IN THE NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS THAT YOU RECEIVED IN THE MAIL. YOU MAY ALSO REQUEST A PAPER PROXY AT ANY TIME PRIOR TO MAY 31, 2008 TO SUBMIT YOUR VOTE BY MAIL. IF YOU ATTEND THE MEETING AND VOTE IN PERSON, THAT VOTE WILL REVOKE ANY PROXY YOU PREVIOUSLY SUBMITTED. IF YOU HOLD SHARES IN THE NAME OF A BROKERAGE FIRM, BANK, NOMINEE OR OTHER INSTITUTION, YOU MUST PROVIDE A LEGAL PROXY FROM THAT INSTITUTION IN ORDER TO VOTE YOUR SHARES AT THE MEETING. YOUR VOTE IS IMPORTANT, NO MATTER HOW MANY OR HOW FEW SHARES YOU OWN.

TravelCenters of America LLC
24601 Center Ridge Road, Westlake, Ohio 44145

PROXY STATEMENT
FOR THE ANNUAL MEETING OF SHAREHOLDERS
To be held at 9:30 a.m. on June 13, 2008
at
Sheraton Newton Hotel
320 Washington Street
Newton, Massachusetts

INTRODUCTION

A notice of the annual meeting of shareholders of TravelCenters of America LLC, a Delaware limited liability company, or the company, is on the preceding page and a form of proxy solicited by our board of directors, or our board, accompanies this proxy statement. This proxy statement and a form of proxy, together with our annual report to shareholders for the year ended December 31, 2007 are first being made available, and a Notice Regarding the Availability of Proxy Materials, or the Notice of Internet Availability, is first being mailed, to shareholders on or about April 23, 2008.

The annual meeting record date is January 14, 2008. Only shareholders of record as of the close of business on January 14, 2008, are entitled to notice of, and to vote at, the meeting and at any postponement or adjournment thereof. We had 14,489,265 common shares, no par value, outstanding on the record date and entitled to vote at the meeting. Our common shares are listed on the American Stock Exchange, or AMEX. The holders of our outstanding common shares are entitled to one vote per common share.

A quorum of shareholders is required to take action at the meeting, except that shareholders entitled to vote at the meeting may adjourn the meeting if less than a quorum is present at the meeting. The presence, in person or by proxy, of a majority of our outstanding shares entitled to vote at the meeting will constitute a quorum. Common shares represented by valid proxies will count for the purpose of determining the presence of a quorum for the meeting. Abstentions and broker non-votes, if any, will be treated as shares present for purposes of determining whether a quorum is present. Failure of a quorum to be present at the meeting will necessitate adjournment of the meeting and will subject us to additional expense.

The affirmative vote of a majority of our outstanding common shares entitled to vote at the meeting is necessary to elect the director nominees in proposals 1 and 2.

The individuals named as proxies on a properly completed proxy will vote in accordance with your directions as indicated thereon. If you properly complete your proxy and give no voting instructions, your shares will be voted "FOR" the nominees for directors in proposals 1 and 2.

Shareholders of record may vote their shares over the internet or by telephone in the manner provided on the website indicated in the Notice of Internet Availability they received in the mail, or if they requested paper or email copies of proxy materials at any time prior to May 31, 2008, by completing and returning the proxy card, or by attending the meeting and voting in person. Votes provided over the internet or by telephone must be received by 11:59 p.m. eastern daylight time on June 12, 2008.

If your shares are held in the name of a brokerage firm, bank, nominee or other institution (commonly referred to as in "street name"), you will receive instructions from the street name holder that you must follow in order for you to specify how your shares will be voted. If you do not specify how you would like your shares to be voted, your shares held in street name may still be voted. Certain street name holders have the authority under applicable rules to vote shares for which their customers do not provide voting instructions on certain routine, uncontested items. In the case of non-routine or contested items, the institution holding street name shares cannot vote your shares if it has not received voting instructions from you. Shares held in street name for which the street name holder indicates that instructions have not been received from the beneficial owners or other persons entitled to vote those shares and with respect to which the street name holder does not have discretionary voting authority are considered to be "broker non-votes". Under applicable rules, proposals 1 and 2 are considered routine, uncontested items for which street name shareholders may vote shares without specific instructions from their customers; as such, there will be no broker non-votes on proposals 1 or 2 at the meeting. If your street name holder completes and returns a proxy on your behalf, but does not indicate how the common shares should be voted, the common shares represented on the proxy will be voted "FOR" the nominees for directors in proposals 1 and 2.

Abstentions and shares not voted will have the same effect as votes "AGAINST" the nominees for directors in proposals 1 and 2.

The record date for the meeting will apply to any adjournment or postponement of the meeting unless the board fixes a new record date for the adjourned or postponed meeting. If we adjourn the annual meeting, we will announce the time and place of the adjourned meeting at the original meeting, but we do not intend to deliver another notice of the meeting. At any subsequent reconvening of the annual meeting, all proxies will be voted in the same manner as they would have been at the original convening of the meeting (except for any proxies which have been effectively revoked or withdrawn).

IMPORTANT: If your shares are held in the name of a brokerage firm, bank, nominee or other institution, you should provide instructions to your broker, bank, nominee or other institution on how to vote your shares. Please contact the person responsible for your account and give instructions for a proxy to be completed for your shares. If you have any questions or need assistance in voting your shares, please call the firm assisting us in the solicitation of proxies:

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, New York 10022
Banks and Brokers Call Collect at (212) 750-5833
Shareholders Call Toll Free at (877) 800-5182

A shareholder of record who has given a proxy may revoke it any time prior to its exercise by delivering to our Secretary a written revocation or a duly executed proxy bearing a later date, by voting over the internet or by telephone at a later time in the manner provided on the website indicated in the Notice of Internet Availability, or by attending the meeting and voting his or her common shares in person. If a shareholder of record wants to receive a paper or email copy of the proxy card, he or she may request one at any time prior to May 31, 2008. Votes provided over the internet or by telephone must be received by 11:59 p.m. eastern daylight time on June 12, 2008. If your shares are held in the name of a brokerage firm, bank, nominee or other institution and you have instructed your brokerage firm, bank, nominee or other institution to vote your shares, you must follow the instructions received from your brokerage firm, bank, nominee or other institution to change those instructions. In addition, if you hold shares in the name of a brokerage firm, bank, nominee or other institution, you must provide a legal proxy from that institution in order to vote your shares at the meeting.

Our principal executive offices are located at 24601 Center Ridge Road, Westlake, Ohio 44145.

Our website address is included in this proxy statement as a textual reference only, and the information in the website is not incorporated by reference into this proxy statement.

Notice Regarding the Availability of Proxy Materials

In accordance with rules and regulations recently adopted by the Securities and Exchange Commission, or SEC, instead of mailing a printed copy of our proxy materials to each shareholder of record, we may now furnish proxy materials via the internet. Accordingly, all of our shareholders will receive a Notice of Internet Availability, which will be mailed on or about April 23, 2008.

On the date of mailing of the Notice of Internet Availability, shareholders will be able to access all of the proxy materials on the internet at www.proxyvote.com. The proxy materials will be available free of charge. The Notice of Internet Availability will instruct you as to how you may access and review all of the important information contained in the proxy materials (including our annual report to shareholders) over the internet or through other methods specified at the website designated in the Notice of Internet Availability. The website designated contains instructions as to how to vote by internet or over the telephone. The Notice of Internet Availability also instructs you as to how you may request a paper or email copy of the proxy card. If you received a Notice of Internet Availability and would like to receive printed copies of the proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability.

PROPOSALS 1 AND 2
ELECTION OF DIRECTORS

The number of our directors is currently fixed at five, and our board is currently divided into three groups, with two directors in Group I, two directors in Group II and one director in Group III. Directors in each group serve for three years and until their successors are duly elected, or until their earlier death, resignation or removal.

Our current directors are Barry M. Portnoy and Arthur G. Koumantzelis in Group I with a term of office expiring at the meeting to which this proxy statement relates, Thomas M. O'Brien and Barbara D. Gilmore in Group II with a term of office expiring at our 2009 annual meeting of shareholders, and Patrick F. Donelan in Group III with a term of office expiring at our 2010 annual meeting of shareholders. The term of the Group I directors elected at the meeting or holding over thereafter will expire at our 2011 annual meeting of shareholders.

Our directors are categorized as Independent Directors and Managing Directors. Our Independent Directors are directors who are not involved in our day to day operations and who qualify as independent under applicable rules of the AMEX and the SEC. Our Managing Directors are involved in our operations. Our board is currently composed of three Independent Directors and two Managing Directors. Messrs. Koumantzelis and Donelan and Ms. Gilmore are our Independent Directors, and Messrs. Portnoy and O'Brien are our Managing Directors. Biographical information relating to our directors and other information relating to our board appears elsewhere in this proxy statement.

PROPOSAL 1: ELECTION OF ONE INDEPENDENT DIRECTOR

Pursuant to a recommendation of our Nominating and Governance Committee, our board has nominated Mr. Koumantzelis for election as a Group I Independent Director. The term of the Group I Independent Director elected at the meeting or holding over thereafter will expire at our 2011 annual meeting of shareholders. The persons named in the accompanying proxy intend to exercise properly executed and delivered proxies "FOR" the election of Mr. Koumantzelis, except to the extent that proxy cards indicate that the votes should be withheld for Mr. Koumantzelis.

Mr. Koumantzelis has agreed to serve as an Independent Director if elected. However, if Mr. Koumantzelis becomes unable or unwilling to accept election to our board, the proxies will be voted for a substitute nominee designated by our present board. Our board has no reason to believe that Mr. Koumantzelis will be unable to serve.

OUR BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" THE ELECTION OF MR. KOUMANTZELIS AS AN INDEPENDENT DIRECTOR IN GROUP I.

PROPOSAL 2: ELECTION OF ONE MANAGING DIRECTOR

Pursuant to a recommendation of our Nominating and Governance Committee, our board has nominated Mr. Portnoy for election as a Group I Managing Director. The term of the Group I Managing Director elected at the meeting or holding over thereafter will expire at our 2011 annual meeting of shareholders. The persons named in the accompanying proxy intend to exercise properly executed and delivered proxies "FOR" the election of Mr. Portnoy, except to the extent that properly completed proxy cards indicate that the votes should be withheld for Mr. Portnoy.

Mr. Portnoy has agreed to serve as a Managing Director if elected. However, if Mr. Portnoy becomes unable or unwilling to accept election to our board, the proxies will be voted for a substitute nominee designated by our present board. Our board has no reason to believe that Mr. Portnoy will be unable to serve.

OUR BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" THE ELECTION OF MR. PORTNOY AS A MANAGING DIRECTOR IN GROUP I.

SOLICITATION OF PROXIES

We are paying the costs of this solicitation, including the preparation, printing, mailing and website hosting of proxy materials. We will request banks, brokers and other custodians, nominees and fiduciaries to forward proxy materials to the beneficial owners of our common shares and obtain their voting instructions. We will reimburse those firms for their expenses. In addition, we have retained Innisfree M&A Incorporated, or Innisfree, to assist in the solicitation of proxies for a fee not to exceed $20,000 plus reimbursement for out of pocket expenses. We have agreed to indemnify Innisfree against certain liabilities arising out of our agreement with Innisfree.

DIRECTORS AND EXECUTIVE OFFICERS

The following are the ages and recent principal occupations, as of April 7, 2008, of our nominees, directors and executive officers. Unless otherwise specified, the business address of our nominees, directors and executive officers is c/o TravelCenters of America LLC, 24601 Center Ridge Road, Westlake, Ohio 44145.

Independent Director Nominee for a Term Expiring in 2011

ARTHUR G. KOUMANTZELIS, Age: 77

Mr. Koumantzelis has served as one of our Independent Directors since January 2007. Mr. Koumantzelis serves as President and Chief Executive Officer of AGK Associates LLC, a private consulting services company. Mr. Koumantzelis was the President and Chief Executive Officer of Gainesborough Investments LLC, a private investment company, from 1998 until his retirement from that position in 2007. Mr. Koumantzelis also has been a director of Five Star Quality Care, Inc., or Five Star, since 2001. Mr. Koumantzelis was a trustee of Hospitality Properties Trust, or Hospitality Trust, from 1995 until his resignation in January 2007 prior to our spin off from Hospitality Trust. Mr. Koumantzelis has been a trustee of RMR Real Estate Fund, RMR Hospitality and Real Estate Fund, RMR F.I.R.E. Fund, RMR Preferred Dividend Fund, RMR Asia Pacific Real Estate Fund, RMR Asia Real Estate Fund, RMR Dividend Capture Fund and RMR Funds Series Trust, or collectively, the RMR Funds, since shortly after each of their respective foundings beginning in 2002. Mr. Koumantzelis was a trustee of Senior Housing Properties Trust, or Senior Housing, from 1999 until his resignation in 2003. Mr. Koumantzelis was formerly the chief financial officer of Cumberland Farms, Inc., a company engaged in the convenience store business and the sale of petroleum products principally under the name "Gulf Oil" and related trademarks. Mr. Koumantzelis is a Group I Independent Director, and, if elected at the meeting or holding over thereafter, his term will expire at our 2011 annual meeting of shareholders.

Managing Director Nominee for a Term Expiring in 2011

BARRY M. PORTNOY, Age: 62

Mr. Portnoy has served as one of our Managing Directors since October 2006. Mr. Portnoy has been a trustee of Hospitality Trust, HRPT Properties Trust, or HRPT Properties, and Senior Housing since 1995, 1986 and 1999, respectively, and a director of Five Star since 2001. Mr. Portnoy is the Chairman and majority owner of Reit Management & Research LLC, or Reit Management, and of RMR Advisors, Inc., or RMR Advisors, an SEC registered investment advisor. Mr. Portnoy has been the Chairman of Reit Management since 1986, and a director and Vice President of RMR Advisors since 2002. Mr. Portnoy has been a trustee of each of the RMR Funds and a portfolio manager of each of the RMR Funds, except for RMR Asia Pacific Real Estate Fund and RMR Asia Real Estate Fund, since their respective foundings beginning in 2002. Mr. Portnoy is a Group I Managing Director, and, if elected at the meeting or holding over thereafter, his term will expire at our 2011 annual meeting of shareholders.

Managing Director Continuing in Office

THOMAS M. O'BRIEN, Age: 41

Mr. O'Brien has served as one of our Managing Directors since October 2006 and as our President and Chief Executive Officer since February 2007. Mr. O'Brien has been a Senior Vice President of Reit Management since 2006 and was a Vice President of Reit Management prior to that time since 1996. Since April 2007, Mr. O'Brien has served as a director of the National Association of Truck Stop Operators, a not for profit trade association engaged in activities intended to support the travel center industry. Since July 2007, Mr. O'Brien has served as a director of VirnetX Holding Corporation, a publicly traded company engaged in developing communications technologies. Mr. O'Brien was the President and a Director of RMR Advisors from 2002 until May 2007 and President of each of the RMR Funds, except for RMR Asia Real Estate Fund, RMR Dividend Capture Fund and RMR Funds Series Trust, since their respective foundings beginning in 2002 until May 2007. From 2002 through 2003, Mr. O'Brien served as Executive Vice President of Hospitality Trust, where he had previously served as Treasurer and Chief Financial Officer since 1996. Mr. O'Brien is a Group II Managing Director whose term will expire at our 2009 annual meeting of shareholders.

Independent Directors Continuing in Office

BARBARA D. GILMORE, Age: 57

Ms. Gilmore has served as one of our Independent Directors since January 2007. Ms. Gilmore has served as a clerk to Judge Joel B. Rosenthal of the United States Bankruptcy Court, Western Division of the District of Massachusetts, since 2001. Ms. Gilmore was a partner of the law firm of Sullivan & Worcester LLP from 1993 to 2000. Ms. Gilmore has been a director of Five Star since 2004. Ms. Gilmore is a Group II Independent Director whose term will expire at our 2009 annual meeting of shareholders.

PATRICK F. DONELAN, Age: 66

Mr. Donelan has served as one of our Independent Directors since January 2007. Mr. Donelan has been principally employed as a private investor since December 2003. Mr. Donelan has been a trustee of HRPT Properties since 1998. Mr. Donelan was the Non-Executive Chairman and member of the advisory board from December 2002 until December 2003, and was Chairman and Chief Executive

Officer from July 2001 through December 2002, of eSecLending (Europe) Ltd, a London based privately owned company in the business of managing securities lending programs for institutional owners of publicly owned securities. Prior to its acquisition by Dresdner Bank in 1995, Mr. Donelan was Chairman of Kleinwort Benson (North America) Inc., the U.S. based subsidiary of Kleinwort Benson Limited, a United Kingdom based bank. At the time of his retirement in 2001, he was a Managing Director at Dresdner Kleinwort Wasserstein, a U.K. subsidiary of Dresdner Bank of Germany. Mr. Donelan is a Group III Independent Director whose term will expire at our 2010 annual meeting of shareholders.

Executive Officers

THOMAS M. O'BRIEN

Mr. O'Brien has served as our President and Chief Executive Officer since February 2007, in addition to being one of our Managing Directors and having other experience as described above.

ANDREW J. REBHOLZ, Age: 43

Mr. Rebholz has served as our Chief Financial Officer, Treasurer and Executive Vice President since November 2007. Mr. Rebholz has been Senior Vice President of Reit Management since November 2007. Previously, Mr. Rebholz served as our Senior Vice President and Controller since January 2007. Prior to that time, he served as Vice President and Controller of TravelCenters of America, Inc., our predecessor, since 2002, and as Corporate Controller prior to that since 1997.

JOHN R. HOADLEY, Age: 36

Mr. Hoadley has served as our Executive Vice President since January 2007. From January 2007 to November 2007, Mr. Hoadley also served as our Chief Financial Officer and Treasurer. Mr. Hoadley has been a Senior Vice President of Reit Management since 2006 and was a Vice President prior to that time since 2001. Mr. Hoadley was Treasurer and Chief Financial Officer of Senior Housing from 2001 to 2007. From 1999 to 2001, Mr. Hoadley served as the Controller of Hospitality Trust.

LARRY W. DOCKRAY, Age: 57

Mr. Dockray has served as our Executive Vice President of Operations since January 2007. Mr. Dockray served our predecessor in this capacity since 2006 and previously as a Regional Vice President since 1993. Prior to joining our predecessor, Mr. Dockray spent nine years as a district manager first with The Standard Oil Company of Ohio, or Sohio, and then with The British Petroleum Company plc, or BP, after it acquired Sohio.

MICHAEL J. LOMBARDI, Age: 56

Mr. Lombardi has served as our Executive Vice President of Sales since January 2007. Mr. Lombardi served our predecessor in this capacity since January 2007 and previously as Senior Vice President of Sales since June 2006. Prior to joining our predecessor, Mr. Lombardi was employed for seven years in senior positions in the global marketing and customer service divisions of Ford Motor Company and 13 years in the retail marketing division of BP.

JOSEPH A. SZIMA, Age: 56

Mr. Szima has served as our Executive Vice President of Marketing since January 2007. Mr. Szima served our predecessor in this capacity since January 2007, as Senior Vice President since 2004 and as a Regional Vice President since 1996. Prior to joining our predecessor, Mr. Szima was employed for ten years by BP in various management positions. Mr. Szima is expected to retire in 2008.

MARK R. YOUNG, Age: 45

Mr. Young has served as our Executive Vice President and General Counsel since August 2007. Previously, Mr. Young served as Vice President of Leasing and Associate General Counsel of Reit Management from November 2006 to July 2007. Prior to that time, he served as Assistant Vice President and Associate General Counsel of Reit Management since November 2001.

ARA A. BAGDASARIAN, Age: 51

Mr. Bagdasarian has served as our Senior Vice President of Shop since January 2007. Mr. Bagdasarian served our predecessor in this and other capacities since 2000.

Each of our executive officers is elected by, and serves at the discretion of, our board. Each of our executive officers generally devotes his full time to our affairs, although Messrs. O'Brien, Rebholz and Hoadley may from time to time devote some of their business time to Reit Management.

Reit Management, RMR Advisors, Hospitality Trust, Senior Housing, HRPT Properties, Five Star and each of the RMR Funds may be deemed to be affiliates of us.

BOARD OF DIRECTORS

Our business is conducted under the general direction of our board as provided by our limited liability company agreement and the laws of the State of Delaware, the state in which we were organized on October 10, 2006.

Three of our directors, Messrs. Koumantzelis and Donelan and Ms. Gilmore, are our Independent Directors within the meaning of our limited liability company agreement that is, directors who qualify as independent directors under the applicable rules of AMEX and the SEC. Two of our directors, Messrs. Portnoy and O'Brien, are our Managing Directors and are involved in our operations.

Our limited liability company agreement requires that a majority of our board of directors be Independent Directors. In determining the status of those directors who qualify as Independent Directors, each year our board affirmatively determines whether the directors have a direct or indirect material relationship with us, including our subsidiaries. When assessing a director's relationship with us, our board considers all relevant facts and circumstances, not merely from the director's standpoint but also from that of the persons or organizations with which the director has an affiliation. Our board has determined that Messrs. Koumantzelis and Donelan and Ms. Gilmore currently qualify as Independent Directors under our limited liability company agreement, including applicable AMEX rules. In making that determination, our board considered the directors' service in other enterprises and on the boards of other publicly traded companies managed by Reit Management and its affiliates. Our board has concluded that none of these directors possessed or currently possesses any relationship that could impair his or her judgment in connection with his or her duties and responsibilities as a director or that could otherwise be a direct or indirect material relationship under AMEX standards.

During 2007, our board held 12 meetings, our Audit Committee held nine meetings, our Compensation Committee held four meetings, and our Nominating and Governance Committee held one meeting. During 2007, each director attended 75% or more of the total number of meetings of our board and any committee of which he or she was a member during the time in which he or she served on our board or such committee. In accordance with our limited liability company agreement, the meeting will be our first annual meeting of shareholders since we became a public company; accordingly, we cannot state whether our directors attended prior annual meetings of shareholders.

Pursuant to our Governance Guidelines, our Independent Directors meet at least once each year without management. The presiding director at these meetings is the Chair of our Audit Committee, unless the Independent Directors in attendance select another Independent Director to preside.

On February 1, 2008, a purported holder of our shares, Alan R. Kahn, filed a purported derivative action in the Delaware Court of Chancery on behalf of us against members of our board of directors, Reit Management and Hospitality Trust. The action alleges that our directors breached their fiduciary duties in connection with our May 30, 2007 acquisition of Petro Stopping Centers, L.P., which we refer to as the Petro Acquisition, and seeks an award of unspecified damages and/or reformation of the lease we entered with Hospitality Trust in connection with the Petro Acquisition. This action also appears to allege that Reit Management and Hospitality Trust aided and abetted our directors. Under our limited liability company agreement and agreements with Reit Management and Hospitality Trust, we may be liable to indemnify our directors, Hospitality Trust and Reit Management for liabilities, costs and expenses incurred by them in connection with this litigation. We believe this action is without merit, and have moved to dismiss it.

BOARD COMMITTEES

We have an Audit Committee, a Compensation Committee and a Nominating and Governance Committee, each of which has a written charter. Each of the above committees is comprised of Mr. Koumantzelis, Ms. Gilmore and Mr. Donelan, who are independent under applicable AMEX listing standards and each committee's respective charter, and, in the case of our Audit Committee, the applicable independence requirements of the SEC.

The primary function of our Audit Committee is to select our independent registered public accounting firm and to assist our board in fulfilling its responsibilities for oversight of: (1) the integrity of our financial statements; (2) our compliance with legal and regulatory requirements; (3) our independent registered public accounting firm's qualifications and independence; and (4) the performance of our internal audit function. Our board has determined that Mr. Koumantzelis is our Audit Committee financial expert and is "independent" as defined by the rules of the SEC and the AMEX. Our board's determination that Mr. Koumantzelis is an Audit Committee financial expert was based on his experience as: (i) a member of the audit committees of other publicly owned companies; (ii) the chief financial officer of a company which was required to file reports with the SEC; and (iii) a certified public accountant who was responsible for auditing companies which filed SEC reports.

Our Compensation Committee's primary responsibilities include: (1) determining the compensation paid by us to our President and Chief Executive Officer; (2) determining the compensation paid by us to our Director of Internal Audit; (3) recommending to our board the compensation paid by us to individuals who serve as our other executive officers; (4) recommending to our board the compensation paid to other officers and key employees of ours; (5) reviewing, evaluating and approving our management and shared services agreement with Reit Management and payments made under that agreement; and (6) the approval of grants under our equity compensation plan.

The responsibilities of our Nominating and Governance Committee include: (1) identification of individuals qualified to become members of our board and recommending to our board the director nominees for each annual meeting of shareholders or when board vacancies occur; (2) development, and recommendation to our board, of governance guidelines; and (3) evaluation of the performance of our board.

The charter of each of our standing committees provides that the committee may form and delegate authority to subcommittees of one or more members when appropriate. Subcommittees are subject to the provisions of the applicable committee's charter.

Our policy with respect to board members' attendance at our annual meetings of shareholders can be found in our Governance Guidelines, the full text of which appears at our website at www.tatravelcenters.com. In addition to our Governance Guidelines, copies of the charters of our Audit, Compensation and Nominating and Governance Committees, as well as our Code of Business Conduct and Ethics, may be obtained free of charge by writing to our Secretary, TravelCenters of America LLC, 24601 Center Ridge Road, Westlake, OH 44145 or at our website, www.tatravelcenters.com.

COMMUNICATIONS WITH DIRECTORS

Any shareholder or other interested person who desires to communicate with our Independent Directors or any directors, individually or as a group, may do so by visiting our website (www.tatravelcenters.com), by calling our toll free confidential message system at (800) 758-9705, or by writing to the party for whom the communication is intended, care of our Director of Internal Audit, 400 Centre Street, Newton, MA 02458. Our Director of Internal Audit will then deliver any communication to the appropriate party or parties.

SELECTION OF CANDIDATES FOR DIRECTORS; SHAREHOLDER RECOMMENDATIONS, NOMINATIONS AND OTHER PROPOSALS

Our board has established Governance Guidelines which, among other matters, set forth the qualifications for service on our board. These guidelines may be changed from time to time by our board upon the recommendation of our Nominating and Governance Committee. Our board makes nominations of persons to be elected by shareholders as directors. Our board also elects directors to fill vacancies which may occur from time to time. In both these circumstances, our board will act upon recommendations made by our Nominating and Governance Committee.

Nominees for directors are selected on the basis of their integrity, experience, achievements, judgment, intelligence, personal character, ability to make independent analytical inquiries, willingness to devote adequate time to board duties and likelihood that they will be able to serve on our board for a sustained period. In connection with the selection of nominees for directors, due consideration is given to our board's overall balance of diversity of perspectives, backgrounds and experiences. Also, depending on whether the position to be filled is that of an Independent Director or a Managing Director, the qualifications of the candidate to meet the criteria for each such category of director is considered. In seeking candidates for directors who have not previously served as our directors, our Nominating and Governance Committee may use the business, professional and personal contacts of its members, it may accept recommendations from other directors, and, if it considers it appropriate, the Nominating and Governance Committee may engage a professional search firm.

In 2007, we did not pay any third party to identify or to assist in the evaluation of any candidate for election to our board. We did not receive any shareholder recommendations or nominations for our board for the 2008 annual meeting of shareholders, except nominations made by our board which includes board members who are shareholders of record and two purported nominations made by a shareholder which were determined by the Delaware Court of Chancery to be not properly made.

Shareholder recommendations for nominees. A responsibility of our Nominating and Governance Committee is to consider candidates for election as directors who are properly recommended by shareholders. To be considered by our Nominating and Governance Committee a shareholder recommendation for a nominee must be made (i) by a shareholder who is entitled under our limited liability company agreement and applicable state and federal laws to nominate the nominee at the meeting, and (ii) by written notice to the Chair of our Nominating and Governance Committee and our Secretary given within the 30 day period ending on the last date on which shareholders may give a timely notice of nomination for such meeting under our limited liability company agreement, which notice must be accompanied by the information and documents with respect to the recommended nominee which the recommending shareholder would have been required to provide in order to nominate such nominee for election at the shareholders meeting in accordance with our limited liability company agreement, including those described below, and applicable state and federal laws. Our Nominating and Governance Committee may request additional information about the shareholder nominee or about a recommending shareholder. Shareholder recommendations which meet the requirements set forth above will be considered using the same criteria as other candidates considered by our Nominating and Governance Committee.

The preceding paragraph applies only to shareholder recommendations for nominees. To be considered by our Nominating and Governance Committee, a shareholder nomination must be made in accordance with the provisions of our limited liability company agreement, including the procedures discussed below.

Shareholder nominations and other proposals at annual meetings. Our limited liability company agreement requires compliance with certain procedures for a shareholder to properly propose a nomination for election to our board or other business If a shareholder who is entitled to do so under our limited liability company agreement wishes to propose a person for election to our board or other business, that shareholder must provide a written notice to our Secretary. The shareholder giving notice must be a shareholder of record at the time of giving notice, be a shareholder of record entitled to vote at the meeting, be a shareholder of record at the time of the meeting and be present at the meeting to answer questions about the nomination or business, and must have complied in all respects with the advance notice provisions for shareholder nominations and other business set forth in our limited liability company agreement as in effect from time to time and in any bylaws which may be adopted by our board.

The notice must set forth specified information about the nominee, the shareholder making the nomination and associates of that shareholder, and provide to the extent known by the shareholder giving the notice, the name and address of any other shareholder supporting the shareholder's nomination or proposal. In addition, at the same time as or prior to the submission of a shareholder proposal for consideration at a meeting of our shareholders that, if approved and implemented by us, would cause us to be in breach of any covenant in any existing or proposed debt instrument of ours or agreement of ours with any lender or if approved cannot be implemented by us without obtaining the consent or approval of a regulatory body, the shareholder must submit to our Secretary (i) evidence satisfactory to our board of the lender's willingness to waive the breach of covenant or that the required regulatory notices, consents or approvals have been given or obtained, as applicable, or (ii) a plan for repayment of the applicable indebtedness and related amounts or a plan to make the requisite notices or obtain the requisite consents or approvals, as applicable, and in each case to our board's satisfaction.

Under our limited liability company agreement, in order for a shareholder's notice of nominations for director or other business to be properly brought before an annual meeting of shareholders, the shareholder must deliver the notice to our Secretary at our principal executive offices not later than the close of business on the 90th day, and not earlier than the close of business on the 120th day, prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting. If the date of mailing of the notice for an annual meeting is more than 30 days before or after the first anniversary of the date of mailing of notice for the preceding year's annual meeting, other time requirements may be applicable to shareholder notices, as specified in our limited liability company agreement as in effect from time to time. In addition, no shareholder may give notice to nominate or propose other business unless the shareholder holds a certificate for all our shares owned by the shareholder, and a copy of each certificate held by the shareholder must accompany the shareholder's notice. Also, we may request that any shareholder proposing a nominee for election to our board or other business at a meeting of our shareholders provide, within three business days of such request, written verification of the information submitted by the shareholder.

The foregoing description of the procedures for a shareholder to propose a nomination for election to our board or other business for consideration at an annual meeting is only a summary and is not complete. Copies of our limited liability company agreement (as well as copies of our bylaws, if any are adopted), including the provisions which concern the requirements for shareholder nominations and proposals, may be obtained by writing to our Secretary at 24601 Center Ridge Road, Westlake, Ohio 44145. Any shareholder considering making a nomination or other proposals should carefully review and comply with those provisions.

2009 Annual Meeting Deadlines. Shareholder proposals intended to be presented pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, or Exchange Act, at our 2009 annual meeting of shareholders must be received at our principal executive offices on or before December 24, 2008 in order to be considered for inclusion in our proxy statement for our 2009 annual meeting of shareholders. Our limited liability company agreement currently requires that shareholder nominations and proposals made outside of Rule 14a-8 under the Exchange Act must be submitted, in accordance with the requirements of our limited liability company agreement, not later than January 23, 2009 (which is also the date, after which, shareholder nominations and proposals made outside of Rule 14a-8 under the Exchange Act would be considered "untimely" within the meaning of Rule 14a-4(c) under the Exchange Act) and not earlier than December 24, 2008.

COMPENSATION DISCUSSION AND ANALYSIS

On January 31, 2007, Hospitality Trust acquired our predecessor, TravelCenters of America, Inc., restructured this acquired business and distributed all of our then outstanding common shares to the shareholders of Hospitality Trust. In this proxy statement, these transactions are sometimes referred to as the HPT Transaction.

We did not pay any compensation to our executive officers prior to the HPT Transaction, but our predecessor did pay its executive officers in 2006 and in January 2007.

Since January 2007, there has been a transition in our management team from executive officers of our predecessor to our current executive officers. Our five highest paid executive officers during 2007 who continue to be employed by us consist of Thomas M. O'Brien, President and Chief Executive Officer, Andrew J. Rebholz, Chief Financial Officer, Treasurer and Executive Vice President, Larry W. Dockray, Executive Vice President of Operations, Joseph A. Szima, Executive Vice President of Marketing and John R. Hoadley, Executive Vice President. Messrs. Rebholz, Dockray and Szima were executive officers of our predecessor. Mr. Rebholz served as Senior Vice President and Controller of our predecessor and of us until November 2007 when he became our Chief Financial Officer, Treasurer and Executive Vice President. Messrs. Dockray and Szima each served our predecessor in the same capacity that they now serve us. Several former executive officers of our predecessor and of us, who were among our five highest paid executives in 2006 or 2007, are no longer employed by us. Timothy L. Doane was President and Chief Executive Officer of our predecessor and of us until February 27, 2007. James W. George was Executive Vice President and Chief Financial Officer of our predecessor and of us until February 27, 2007. Mr. George was succeeded as our Executive Vice President and Chief Financial Officer by Mr. Hoadley, who in turn served in that position until November 26, 2007. Peter P. Greene was Executive Vice President of Real Estate Acquisitions and Development of our predecessor and of us until January 25, 2008. Michael H. Hinderliter served our predecessor and us as Senior Vice President of Sales until March 31, 2007. Additional biographical information about our executive officers appears elsewhere in this proxy statement.

The compensation of our executive officers who were employees of our predecessor was set largely by reference to the historical level of compensation paid to them by our predecessor, and, in the case of certain executives who had employment contracts in place at the time of the HPT Transaction, by reference to their employment contracts. The compensation of Messrs. O'Brien and Hoadley was set largely by reference to the historical levels of compensation paid to them by Reit Management. Also, because at least 80% of Messrs. O'Brien's, Rebholz's and Hoadley's business time is devoted to services to us and they are also officers and employees of Reit Management, for the time period when each of Messrs. O'Brien, Rebholz and Hoadley were employees of ours and of Reit Management, 80% of Messrs. O'Brien's, Rebholz's and Hoadley's total cash compensation (that is, the combined cash compensation paid by us and Reit Management) was paid by us and the remainder was paid by Reit Management.

In September 2007, the Chair of our Compensation Committee met with our Managing Director who is not also an executive officer of us and the chairs of the compensation committees of the other public companies for which Reit Management provides services. The purpose of this meeting was to discuss compensation philosophy and factors which may affect compensation decisions, to provide a comparative understanding of potential share grants by us and the other affected companies and to hear and consider recommendations from Reit Management concerning potential share grants. Subsequent to this meeting, the members of our Compensation Committee held a meeting at which the Chair provided a report of the information discussed at the aforesaid meeting and made recommendations to our Compensation Committee for share grants to our executive officers and others who provide services to us. Our Compensation Committee then discussed these recommendations and other factors and determined the amount of the share awards. Our Compensation Committee reviewed data provided to us by a third party compensation consultant but did not engage compensation consultants to participate in the determination or recommendation of the amount or form of executive compensation. Mr. O'Brien, our President and Chief Executive Officer, and Mr. Hoadley, our former Treasurer and Chief Financial Officer, participated in the Compensation Committee meeting with regard to consideration of compensation to our other officers, but they left that meeting and did not participate in the Compensation Committee's determination and recommendation of their compensation.

In addition to the consideration of compensation as described in the preceding two paragraphs and by reference to the historical practices and to assumed contracts, our compensation plans are formed by using a combination of data regarding historical pay and available compensation data for public companies that are engaged in our industry, in related industries, or that possess size or other characteristics which are similar to ours. We engaged a third party compensation consultant to construct a peer group of public companies in the specialty retail; hotels, restaurants and leisure; food retail; and food and staples retailing industries. Other factors also considered with reference to the compensation of individual officers, include but are not limited to:

- the individual's background, training, education and experience;
- the individual's role with us and the compensation paid to individuals in similar roles in the companies that our Compensation Committee considers to have characteristics similar to ours;
- the market demand for specific expertise possessed by the individual;
- the goals and expectations for the individual's position and his success in achieving these goals; and
- a comparison of the individual's pay to that of other individuals within our company and the relative responsibilities, titles, roles, experiences and capabilities of such other individuals.

Compensation components

The mix of base salary, cash bonus and equity compensation that we pay to our executive officers varies depending on the officer's position and responsibilities with us. Our Compensation Committee generally does not follow a set formula or specific guidelines in determining how to allocate among the compensation components.

The components of the compensation packages of our executive officers are as follows:

Base salary

Base salaries are reviewed annually and adjusted, if appropriate, based upon each executive officer's past and expected future contributions to us. We also adjust base salaries, as warranted, for promotions and other changes in the executive officer's role which may occur from time to time.

Annual bonus and equity incentive plan

Each of our executive officers is eligible to receive an annual performance based cash bonus.

Mr. O'Brien's annual bonus is determined by our Compensation Committee, composed solely of Independent Directors, who base their decision upon their consideration and evaluation of his performance during the year. Considerations may include, but may not be limited to, our financial performance, our growth and our success in achieving strategic initiatives and objectives.

Our Compensation Committee awarded Mr. O'Brien a bonus of $1,670,000 in cash, 30,000 common shares that will vest over a five year period and 200,000 common shares that will vest over a ten year period from the grant date. The shares awarded had a value at the grant date of $3,447,700 of which the vested portion was $389,740 as of the grant date. In making this cash bonus and these share awards, our Compensation Committee considered Mr. O'Brien's performance in bringing the HPT Transaction to completion, transitioning operations from our predecessor, consummating the Petro Acquisition in May 2007 and integrating that business operation with ours. The Compensation Committee determined that the share awards would vest over the five and ten year terms, respectively, to ensure a continuing commonality of interest between Mr. O'Brien and our shareholders and to provide Mr. O'Brien with an incentive to remain with us to earn the unvested portions of the awards. The foregoing description of share awards to Mr. O'Brien during 2007 do not include share awards granted to him in his capacity as a director of us.

Annual cash bonuses for our other executive officers were recommended by our Compensation Committee and approved by our board based upon the consideration and evaluation of each executive's performance. These considerations included, but were not limited to, our financial performance, our growth and our success in achieving strategic initiatives and objectives.

Our predecessor had historically set annual bonus targets by establishing various objectives for each individual, including objectives related to company financial performance, capital expenditures, vendor, customer and industry relations, safety measures, product improvement and others. Actual bonuses often differed from target bonuses based upon the level of achievement of individual objectives.

No target cash bonus for 2008 has been established for our executive officers, except for Messrs. Szima and Dockray, whose respective target bonuses are set by the terms of their employment contracts at 75% of their annual base salaries.

We have adopted the TravelCenters of America LLC 2007 Equity Compensation Plan. We have made and expect to make future equity awards under this plan to our executive officers and others based upon factors that our Compensation Committee deems relevant to align the interests of the persons to whom awards are made with our business objectives. In addition to the awards of common shares made to Mr. O'Brien during 2007, our Compensation Committee awarded common shares to each of our other continuing executive officers who were in our employ at the grant date. These awards ranged in size and value from 2,500 shares, having a grant date value of $37,475, to 7,500 shares, having a grant date value of $112,425. In determining the size of each share award, the Compensation

Committee considered the responsibilities of the executive, the number of months during the year that he held the position and the relation of the size of the award to the size of the share award made to Mr. O'Brien. In each case, the Compensation Committee determined that the share awards would vest over a five year term to ensure a continuing commonality of interest between the recipients and our shareholders and to provide our executives with an incentive to remain with us to earn the unvested portion of the award.

Perquisites and other benefits

Our executive officers are entitled to participate in our benefit plans on the same terms as our other employees. These plans include medical, dental and life insurance plans and a defined contribution retirement plan. Our predecessor's practice of extending non-cash benefits such as automobile allowances, club membership reimbursements and the like to certain employees was eliminated during 2007.

All other payments

The summary compensation table below includes amounts described as "All Other Payments". These payments for 2007 include $61.7 million paid by our predecessor in connection with its sale in the HPT Transaction for bonuses, stock option cancellation payments and debt forgiveness and, as discussed more fully below, our payments of $6.0 million for severance payments made pursuant to assumed employment contracts originally adopted by our predecessor and $1.2 million for a retention plan which was adopted by our predecessor.

Employment contracts

Our predecessor had employment agreements with three of our former officers, Messrs. Timothy L. Doane, James W. George and Steven C. Lee, and two of our current officers, Messrs. Szima and Dockray. As of the date of the HPT Transaction, we assumed these employment agreements. The assumed employment agreements with Messrs. Doane, George and Lee have been replaced with revised agreements as set forth below.

In February 2007, Mr. Doane, our former President and Chief Executive Officer, and Mr. George, our former Executive Vice President, Chief Financial Officer and Secretary, resigned as officers. Each of Messrs. Doane and George terminated his existing employment agreement and entered into a new employment agreement with us. Messrs. Doane and George remained in our employ and devoted all of their business time and effort to our affairs through August 31, 2007. Messrs. Doane and George have agreed to make themselves reasonably available to us on an as needed basis through August 31, 2008, and have agreed not to compete with us through August 31, 2010. Mr. Doane was paid his base salary at the time of his resignation, at a rate of $700,000 per year, through August 31, 2007, plus an additional $4.2 million (including payments of $3.8 million on August 31, 2007, and $350,000 on December 31, 2007) and received certain other benefits from us. Mr. George was paid his base salary at the time of his resignation, at a rate of $450,000 per year, through August 31, 2007, plus an additional $2.4 million (including payments of $2.1 million on August 31, 2007, and $225,000 on December 31, 2007) and received certain other benefits from us.

In April 2007, Mr. Lee, our former Senior Vice President and General Counsel, resigned as our officer. Mr. Lee terminated his existing employment agreement and entered into a new employment agreement with us. Mr. Lee remained in our employ and devoted all of his business time and effort to our affairs through July 31, 2007. Mr. Lee agreed not to compete with us for a period which ends August 31, 2010. Mr. Lee was paid his base salary at the time of his resignation, at a rate of $300,000 per year, through July 31, 2007, plus an additional $1.6 million (including payments of $1.4 million on July 31, 2007, and $150,000 on December 31, 2007) and received certain other benefits from us.

We believe that payments and other benefits to Messrs. Doane, George and Lee are substantially similar to the compensation they would have received under their previous employment agreements.

Pursuant to his employment agreement, Mr. Szima is eligible to receive an annual base salary, currently $345,000, and a target cash bonus equal to 75% of his annual base salary. Mr. Szima's agreement provides for an initial two year term with automatic one year extensions at the end of each year through age 65. Notice of non-renewal given to the employee before December 31 of any year will result in expiration of the employment agreement effective December 31 of the year following the year in which notice was given. Based upon the change of control provisions of this agreement, which were implicated by the HPT Transaction, notice of non-renewal cannot result in expiration of the employment agreement sooner than December 31, 2009. In the case of certain types of separations from the company, the employment agreement contains terms which provide for payments to Mr. Szima, including the continued payment of his base salary for the 24 month period following such separation and payments totaling two times his then target bonus. Mr. Szima has agreed to refrain from competing with us during his employment and during any period during which he is receiving payments following his termination.

Under his employment agreement, Mr. Dockray is eligible to receive a target cash bonus equal to 75% of his annual base salary, currently $301,000. In addition, under his employment agreement, Mr. Dockray is entitled to receive certain relocation payments from us. Mr. Dockray's employment agreement provides for a two year term, beginning on November 1, 2006.

Retention plan

Some of the persons listed in the summary compensation table found elsewhere in this proxy statement are participants in an employee retention plan of ours which contemplates payments designed to encourage their continued employment by us. As of December 31, 2007, we paid approximately $1.2 million under this plan to these persons. We will also make additional payments of up to an aggregate of approximately $1.8 million to certain of these persons who remain in our employ as of January 31, 2009 (the two year anniversary of the date of our spin off from Hospitality Trust). Additional payment amounts which otherwise would have been payable to a plan participant who ceases to be employed with us through January 31, 2009 will be allocated and paid proportionally to those plan participants who remain employed with us through January 31, 2009, resulting in increased additional payment amounts payable to those plan participants, who may include the persons listed below. Information regarding persons listed in the summary compensation table found elsewhere in this proxy statement who are participating in the retention plan is set forth in the table below.

	Payments as of December 31, 2007 ($)	**Additional payments for continued employment through January 31, 2009 ($)**
Andrew J. Rebholz	145,000	281,850
Larry W. Dockray	200,000	863,699
Joseph A. Szima	162,500	663,699
Timothy L. Doane(1)	350,000	
James W. George(1)	225,000	
Peter P. Greene(2)	112,500	
Michael H. Hinderliter(3)		

(1) As described above in " Employment Contracts" Mr. Doane, our former President and Chief Executive Officer, and Mr. George, our former Executive Vice President, Chief Financial Officer and Secretary, resigned as officers on February 27, 2007. As part of the compensation to Messrs. Doane and George under their revised employment agreements, we agreed to pay them the amounts shown above on December 31, 2007.

(2) Mr. Greene separated from us effective January 25, 2008 and is not eligible to receive future payments under the retention plan.

(3) In connection with Mr. Hinderliter's early retirement in March 2007, we agreed that he would retain the right to receive a $244,000 retention payment. We paid this amount in 2008.

Other than pursuant to the employment agreements and retention plan described above, we have no obligation for severance or retirement benefits for our executive officers.

COMPENSATION TABLES

The following tables provide (1) summary 2006 and 2007 compensation information relating to our Chief Executive Officer, Chief Financial Officer, the next three most highly compensated executive officers in our company and certain former executive officers of our predecessor and us, whose compensation is required to be reported herein under the rules of the SEC, (2) information with respect to incentive share awards made to, or held by, these persons during 2007 and (3) compensation information relating to our directors for 2007. Because we paid no compensation to any officer or director prior to January 31, 2007, the 2006 compensation information in the table below consists of compensation paid by our predecessor to the concerned individuals.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)(4)	Total ($)
Thomas M. O'Brien President and Chief Executive Officer(5)	2007	$ 200,000	$ 1,670,000	$ 439,720			$4,035	$2,313,755
Andrew J. Rebholz Executive Vice President, Treasurer and Chief Financial Officer	2007	$ 182,252	$125,000	$14,990			$2,219,806	$2,542,048
Larry W. Dockray Executive Vice President of Operations	2007	$ 288,000	$175,000	$22,485			$4,404,168	$4,889,653
Joseph A. Szima Executive Vice President of Marketing	2007	$ 332,177	$150,000	$14,990			$6,153,848	$6,651,015
	2006	$ 306,800			$614,018	$ 243,750	$20,775	$1,185,343
John R. Hoadley Executive Vice President and Former Chief Financial Officer(6)	2007	$ 200,000	$180,000	$22,485			$4,100	$406,585
Timothy L. Doane Former President and Chief Executive Officer(6)	2007	$ 466,667					$20,609,810	$21,076,477
	2006	$ 650,000			$ 1,582,162	$ 700,000	$33,357	$2,965,519
James W. George Former Executive Vice President and Chief Financial Officer(6)	2007	$ 300,000					$17,419,111	$17,719,111
	2006	$ 431,167			$ 1,449,173	$ 337,500	$35,072	$2,252,912
Peter P. Greene Former Executive Vice President of Real Estate Acquisitions and Development(6)	2007	$ 255,875	$125,000	$7,495			$5,293,538	$5,681,908
Michael H. Hinderliter Former Senior Vice President of Sales(6)	2007	$ 82,500					$11,638,477	$11,720,982
	2006	$ 321,250			$ 1,197,729	$ 211,250	$35,999	$1,766,228

(1)

Represents the value based upon the closing price on the date of grant in 2007 of shares that vested in 2007. This is also the compensation expense recognized by us in the applicable year for financial reporting purposes pursuant to the Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment", or FAS 123R. No assumptions are used in this calculation.

(2)
The assumptions used to calculate the fair value of the option awards are set forth in Note 16 to the audited consolidated financial statements of TravelCenters of America, Inc. as of and for the year ended December 31, 2006, which are included in the prospectus filed by us with the SEC on June 29, 2007 pursuant to Rule 424(b)(1) promulgated under the Securities Act of 1933, as amended (File No. 333-143814). There were no forfeitures of granted options during 2006. We granted no stock options during 2007.

(3)
Amounts represent incentive bonuses earned during 2006 that were paid in 2007.

(4)
All Other Compensation for 2007 totals $67.7 million for the persons listed in the summary compensation table and includes $60.5 million paid by our predecessor in connection with its sale in the HPT Transaction for bonuses, stock option cancellation payments and debt forgiveness and our payments of $6.0 million for severance pursuant to assumed employment contracts, $1.2 million for the retention plan and $37,000 for matching contribution payments to our 401(k) plan. Also included is $10,000 for automobile allowances and $24,000 for club membership allowances; payments of these items were discontinued in 2007. All Other Compensation for 2006 totals $125,000 and includes $17,000 for matching contribution payments to our 401(k) plan, $28,000 for life insurance premiums, $17,000 for automobile allowances and $63,000 for club membership allowances.

(5)
Mr. O'Brien's stock awards include $49,980 of compensation received for services as a director and $389,740 for services as an executive officer.

(6)
Mr. Hoadley was our Executive Vice President and Chief Financial Officer from February 27, 2007 until November 26, 2007. Mr. Doane was President and Chief Executive Officer of our predecessor and us until February 27, 2007. Mr. George was Executive Vice President and Chief Financial Officer of our predecessor and us until February 27, 2007. Mr. Greene was Executive Vice President of Real Estate Acquisitions and Development of our predecessor and of us until January 25, 2008. Mr. Hinderliter served as Senior Vice President of Sales of our predecessor and us until March 31, 2007.

GRANTS OF PLAN BASED AWARDS FOR 2007

(Shares granted in 2007, including vested and unvested grants)

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#)[1]	Grant Date Fair Value of Stock and Option Awards[2]	
Thomas M. O'Brien	8/20/07	1,500 Common Shares[3]	$	49,980
Thomas M. O'Brien	11/26/07	200,000 Common Shares[4]	$	2,998,000
Thomas M. O'Brien	11/26/07	30,000 Common Shares	$	449,700
Andrew J. Rebholz	11/26/07	5,000 Common Shares	$	74,950
Larry W. Dockray	11/26/07	7,500 Common Shares	$	112,425
Joseph A. Szima	11/26/07	5,000 Common Shares	$	74,950
John R. Hoadley	11/26/07	7,500 Common Shares	$	112,425
Peter P. Greene	11/26/07	2,500 Common Shares[5]	$	37,475
Timothy L. Doane			$	
James W. George			$	
Michael H. Hinderliter			$	

(1)
Unless noted otherwise below, incentive share awards granted by us to our executive officers provide that one fifth of each award vests on the grant date and one fifth vests on each of the next four anniversaries of the grant date. At our option, in the event a recipient granted an incentive share award ceases to perform duties for us or ceases to be an officer or an employee of Reit Management or any company which Reit Management manages during the vesting period, the recipient shall forfeit all or a portion of the shares which have not yet vested.

(2) Represents the value based upon the closing price of our shares on the grant date, which is also the grant date fair value under FAS 123R. No assumptions are used in this calculation.

(3) Shares granted in Mr. O'Brien's capacity as a director vested fully on the grant date.

(4) This incentive share award provides that one tenth of the award vested on the grant date and one tenth vests on each of the next nine anniversaries of the grant date.

(5) Mr. Greene forfeited 2,000 of these shares in connection with his separation from us in 2008.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END FOR 2007

(Shares granted in 2007, which have not yet vested)

		Stock Awards		
Name	**Year Granted**	**Number of Shares or Units of Stock That Have Not Vested (#)[1]**	**Market Value of Shares or Units of Stock That Have Not Vested ($)[2]**	
Thomas M. O'Brien	2007	24,000 Common Shares	$	300,000
Thomas M. O'Brien	2007	180,000 Common Shares[3]	$	2,250,000
Andrew J. Rebholz	2007	4,000 Common Shares	$	50,000
Larry W. Dockray	2007	6,000 Common Shares	$	75,000
Joseph A. Szima	2007	4,000 Common Shares	$	50,000
John R. Hoadley	2007	6,000 Common Shares	$	75,000
Peter P. Greene	2007	2,000 Common Shares[4]	$	25,000
Timothy L. Doane			$	
James W. George			$	
Michael H. Hinderliter			$	

(1) Unless noted otherwise below, incentive share awards granted by us to our executive officers provide that one fifth of each award vests on the grant date and one fifth vests on each of the next four anniversaries of the grant date. At our option, in the event a recipient granted an incentive share award ceases to perform duties for us or ceases to be an officer or an employee of Reit Management or any company which Reit Management manages during the vesting period, the recipient shall forfeit all or a portion of the shares which have not yet vested.

(2) Represents the value based upon the final 2007 closing price of our shares, which was $12.50 on December 31, 2007.

(3) This incentive share award provides that one tenth of the award vested on the grant date and one tenth vests on each of the next nine anniversaries of the grant date.

(4) Mr. Greene forfeited these shares in connection with his separation from us in 2008.

OPTION EXERCISES AND STOCK VESTED FOR 2007

(Share grants which vested in 2007)

	Stock Awards	
Name	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)[1]
Thomas M. O'Brien	27,500	$ 439,720
Andrew J. Rebholz	1,000	$ 14,990
Larry W. Dockray	1,500	$ 22,485
Joseph A. Szima	1,000	$ 14,990
John R. Hoadley	1,500	$ 22,485
Peter P. Greene	500	$ 7,495
Timothy L. Doane		$
James W. George		$
Michael H. Hinderliter		$

(1) Represents the value based upon the closing price of our shares on the 2007 dates of vesting of grants made in 2007.

DIRECTOR COMPENSATION FOR 2007

(2007 compensation; all share grants to Directors vest at the time of grant)

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[1]	Total ($)
Barbara D. Gilmore	$ 39,500	$ 49,980	$ 89,480
Arthur G. Koumantzelis	$ 44,500	$ 49,980	$ 94,480
Patrick F. Donelan	$ 39,000	$ 49,980	$ 88,980
Barry M. Portnoy		$ 49,980	$ 49,980
Thomas M. O'Brien		$ 49,980[2]	$ 49,980

(1) Represents the value based upon the closing price of our shares on the grant date.

(2) Since he is our Chief Executive Officer, the value of Mr. O'Brien's director share award is also included in the summary compensation table.

Each Independent Director receives an annual fee of $25,000 for services as a director, plus a fee of $500 for each meeting attended. Up to two $500 fees are paid if a board meeting and one or more board committee meetings are held on the same date. The Chairpersons of our Audit Committee, Compensation Committee and Nominating and Governance Committee receive an additional $7,500, $2,500 and $2,500, respectively, each year. In addition, each director received a grant of 1,500 of our common shares in 2007. We generally reimburse all our directors for travel expenses incurred in connection with their duties as directors.

Our board believes it is important to align the interests of directors with those of our shareholders and for directors to hold equity ownership positions in us. Accordingly, our board believes that a portion of each director's compensation should be paid in shares. In determining the amount and composition of such compensation, our board considers the total compensation of our directors and directors of other comparable enterprises, both with respect to size and industry.

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In 2007 our board reviewed the compensation paid to our directors and determined both the amount of such compensation and the allocation of such compensation between equity based awards and cash. Our Managing Directors do not receive any compensation for their services as directors, other than common share grants. Mr. O'Brien receives compensation for services as our President and Chief Executive Officer.

COMPENSATION COMMITTEE REPORT

The undersigned members of our Compensation Committee have reviewed and discussed the Compensation Discussion and Analysis with our management. Based upon this review and discussion, our Compensation Committee recommended to our board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated into our Annual Report on Form 10-K for the year ended December 31, 2007.

COMPENSATION COMMITTEE
Barbara D. Gilmore, Chair
Patrick F. Donelan
Arthur G. Koumantzelis

AUDIT COMMITTEE REPORT

In the course of our oversight of the company's financial reporting process, we have: (i) reviewed and discussed with management the audited financial statements for the year ended December 31, 2007; (ii) discussed with Ernst & Young LLP, the company's independent registered public accounting firm, the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as amended; (iii) received the written disclosures and the letter from the independent registered public accounting firm required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*; (iv) discussed with the independent registered public accounting firm its independence; and (v) considered whether the provision of non-audit services by the independent registered public accounting firm is compatible with maintaining its independence and concluded that it is compatible at this time.

Based on the foregoing review and discussions, the Audit Committee recommended to the board that the audited financial statements be included in the company's Annual Report on Form 10-K for the year ended December 31, 2007, for filing with the SEC.

AUDIT COMMITTEE
Arthur G. Koumantzelis, Chair
Patrick F. Donelan
Barbara D. Gilmore

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Unless otherwise indicated, the information set forth below is as of April 1, 2008. The following table sets forth information regarding the beneficial ownership of our common shares by (1) each person or entity known to us to be the beneficial owner of more than 5% of our outstanding common shares, (2) each of our directors and the persons listed in the summary compensation table found elsewhere in this proxy statement, and (3) our directors and executive officers as a group (not including any fractional shares which may be beneficially owned by an executive officer or director). Unless otherwise indicated, we believe that each owner named below has sole voting and investment power for all our common shares shown to be beneficially owned by that person or entity, subject to the matters set forth in the footnotes to the table below.

Name and address of beneficial owner(1)	Amount and nature of beneficial ownership(2)	Percent of share class(2)
Beneficial Owners of More Than 5% of our Common Shares		
Nader Tavakoli and related entities(3)	1,376,277	9.50%
River Road Asset Management, LLC(4)	1,237,855	8.54%
Morgan Stanley entities(5)	1,190,443	8.22%
Spencer Capital Management, LLC and Kenneth H. Shubin Stein(6)	1,142,189	7.88%
Contrarian Capital Management, L.L.C.(7)	1,031,969	7.12%
Directors and Executive Officers		
Thomas M. O'Brien	255,190	1.76%
Barry M. Portnoy(8)	23,910	*
John R. Hoadley	7,760	*
Larry W. Dockray	7,500	*
Andrew J. Rebholz	5,000	*
Joseph A. Szima	5,000	*
Arthur G. Koumantzelis	2,061	*
Patrick F. Donelan	1,500	*
Barbara D. Gilmore	1,500	*
Peter P. Greene**	500	*
Timothy L. Doane***	0	*
James W. George****	0	*
Michael H. Hinderliter*****	0	*
All directors and executive officers as a group (12 persons)	324,936	2.24%

*   Less than 1%.

**   Our former Executive Vice President of Real Estate Acquisitions and Development. Mr. Greene separated from us on January 25, 2008.

***   Our former President and Chief Executive Officer. Mr. Doane resigned on February 27, 2007.

****   Our former Executive Vice President, Chief Financial Officer and Secretary. Mr. George resigned on February 27, 2007.

*****   Our former Senior Vice President of Sales. Mr. Hinderliter resigned on March 31, 2007.

(1) Unless otherwise indicated, the address of each identified person or entity is: c/o TravelCenters of America LLC, 24601 Center Ridge Road, Westlake, Ohio 44145.

(2) Our limited liability company agreement and other agreements to which we are a party place restrictions on the ability of any person or group to acquire beneficial ownership of more than 9.8% of any class or series of our shares. The percentages indicated are based upon the number of shares shown divided by the 14,489,265 of our common shares outstanding as of April 1, 2008.

(3) This information is as of April 10, 2008, and is based solely on a Schedule 13G filed with the SEC on April 11, 2008, by Nader Tavakoli and EagleRock Capital Management, LLC. Based on the information provided in that Schedule 13G, the address of Nader Tavakoli and EagleRock Capital Management, LLC is 24 West 40th St., 10th Floor, New York, New York 10018. In that Schedule 13G, EagleRock Capital Management, LLC reported that it beneficially owns and has

sole voting and dispositive power over 892,195 shares. In addition, in that same Schedule 13G, Nader Tavakoli reported that he beneficially owns and has sole voting and dispositive power over 1,376,277 shares, including the 892,195 shares reported as beneficially owned by EagleRock Capital Management, LLC on account of Mr. Tavakoli being the manager of that entity and 484,032 shares reported in that Schedule 13G as being held by Mountain Special Situations Fund, LLC of which Mr. Tavakoli is the sole member and manager, as reported in that Schedule 13G. In that Schedule 13G, Mr. Tavakoli reported beneficial ownership of 1,376,277 shares, but the sum of the shares listed in that Schedule 13G total 1,376,227 shares, 50 fewer than the total number of shares reported as beneficially owned by Mr. Tavakoli in that Schedule 13G.

(4)

This information is as of December 31, 2007, and is based solely on a Schedule 13G filed with the SEC on February 13, 2008, by River Road Asset Management, LLC. Based on the information provided in that Schedule 13G, the address of River Road Asset Management, LLC is 462 S. 4th St., Ste 1600, Louisville, Kentucky 40202. Based solely upon the information in that Schedule 13G, River Road Asset Management, LLC beneficially owns and has sole dispositive power over 1,237,855 shares. Of these shares, River Road Asset Management, LLC has sole voting power over 927,625 shares.

(5)

This information is as of December 31, 2007, and is based solely on a Schedule 13G filed with the SEC on February 14, 2008, by Morgan Stanley and Morgan Stanley Capital Services Inc. and on a Schedule 13F filed with the SEC on February 15, 2008, by Morgan Stanley with respect to itself and others, including Morgan Stanley Capital Services Inc. Based on the information provided in that Schedule 13G, the address of Morgan Stanley and Morgan Stanley Capital Services Inc. is 1585 Broadway, New York, New York 10036. In that Schedule 13G, Morgan Stanley reported that it beneficially owns and has sole dispositive power over 1,183,268 shares, of which it has sole voting power over 1,182,803 shares and shared voting power over 465 shares. In addition, in that same Schedule 13G, Morgan Stanley Capital Services Inc. reported that it beneficially owns and has sole voting and dispositive power over 969,902 shares. Based upon the information in that Schedule 13F, Morgan Stanley includes in its total reported ownership of 1,183,268 shares, the shares that were separately reported as owned by Morgan Stanley Capital Services Inc. in that Schedule 13G. Further, the information provided in that Schedule 13F indicates that Morgan Stanley beneficially owns an additional 7,175 shares that were not reported in that Schedule 13G.

(6)

This information is as of February 13, 2008, and is based solely on a Schedule 13G/A filed with the SEC on February 27, 2008, by Spencer Capital Management, LLC and Kenneth H. Shubin Stein. Based on the information provided in that Schedule 13G/A, the address of Spencer Capital Management, LLC and Kenneth H. Shubin Stein is 1995 Broadway, Suite 1801, New York, New York 10023. Based solely upon the information in that Schedule 13G/A, Spencer Capital Management, LLC and Kenneth H. Shubin Stein have shared voting and dispositive power over 1,142,189 shares.

(7)

This information is as of December 31, 2007, and is based solely on a Schedule 13G/A filed with the SEC on February 1, 2008, by Contrarian Capital Management, L.L.C. and Contrarian Equity Fund, L.P. and on a Schedule 13F filed with the SEC on February 14, 2008, by Contrarian Capital Management, L.L.C. with respect to itself and Contrarian Equity Fund, L.P. Based on the information provided in that Schedule 13G/A, the address of Contrarian Capital Management, L.L.C. and Contrarian Equity Fund, L.P. is 411 West Putnam Avenue, Suite 225, Greenwich, Connecticut 06830. Based solely upon the information in that Schedule 13G/A, Contrarian Capital Management, L.L.C. beneficially owns 1,031,969 shares. Of these shares, Contrarian Capital Management, L.L.C. has sole voting and sole dispositive power over 431,485 shares and shared voting and shared dispositive power over 600,484 shares. Based solely upon the information in that Schedule 13G/A, Contrarian Equity Fund, L.P. beneficially owns and has shared voting and shared dispositive power over 600,484 shares. Based upon the information in that Schedule 13F, Contrarian Capital Management, L.L.C. includes in its total reported ownership of 1,031,969 shares, the shares that were reported as owned by Contrarian Equity Fund, L.P. in that Schedule 13G/A.

(8)

Includes 16,314 common shares owned by a corporation of which Mr. Portnoy is the sole stockholder.

On February 7, 2008, Lazard Asset Management LLC, or Lazard, filed a Schedule 13G with the SEC in which it reported that it beneficially owns and has sole dispositive power over 722,010 of our shares and that of these shares, it has sole voting power over 663,510 of these shares. In that Schedule 13G, Lazard reported that its beneficial ownership represented 5.10% of our outstanding shares. However, based on the 14,489,265 common shares outstanding as of April 1, 2008, Lazard's beneficial ownership actually represents 4.98% of our outstanding common shares.

RELATED PERSON TRANSACTIONS AND COMPANY REVIEW OF SUCH TRANSACTIONS

We were created as a 100% subsidiary of Hospitality Trust. On January 31, 2007, Hospitality Trust purchased our predecessor for approximately $1.9 billion. Simultaneously with this purchase, Hospitality Trust restructured our predecessor's business as follows: (i) Hospitality Trust retained the real estate of 146 of the 163 travel centers then operated or franchised by our predecessor and other assets; (ii) our predecessor's operating business and all its assets not retained by Hospitality Trust, plus approximately $200 million of net working capital, were contributed to us; (iii) we entered a long term lease for our predecessor's real estate retained by Hospitality Trust; and (iv) all of our shares were spun off to Hospitality Trust's shareholders on January 31, 2007 and we became a separate public company.

One of our Independent Directors, Arthur Koumantzelis, was a trustee of Hospitality Trust at the time we were created, and one of our Managing Directors, Barry Portnoy, was a trustee of Hospitality Trust at the time we were created. Mr. Koumantzelis resigned and ceased to be a trustee of Hospitality Trust shortly before he joined our board. Mr. Portnoy remains a trustee of Hospitality Trust.

In addition to our spin off from Hospitality Trust on January 31, 2007, we completed another transaction together with Hospitality Trust in 2007. On May 30, 2007, we purchased Petro Stopping Centers, L.P. for $63.6 million and Hospitality Trust purchased Petro Stopping Centers Holdings, L.P. for approximately $655.0 million. Simultaneously with these purchases, we leased 40 Petro travel centers from Hospitality Trust pursuant to our Petro lease.

We have two leases with Hospitality Trust pursuant to which we lease 185 travel centers from Hospitality Trust. One lease, which we refer to as our TA lease, is for 145 travel centers we operate under the "TravelCenters of America" or "TA" brand names. The TA lease became effective on January 31, 2007. The other lease, which we refer to as our Petro lease, is for 40 travel centers we operate under the "Petro" brand name. The Petro lease became effective on May 30, 2007. The TA lease expires on December 31, 2022. The Petro lease expires on June 30, 2024, and may be extended by us for up to two additional periods of 15 years each. Both the TA lease and the Petro lease are so called "triple net" leases, which require us to pay all costs incurred in the operation of the leased travel centers, including personnel, utilities, acquiring inventories, services to customers, insurance, real estate and personal property taxes and ground lease payments, if any. The minimum rent payable by us to Hospitality Trust under the TA lease increases annually during the first six years of the lease term from $153.5 million to $175.0 million and may increase if Hospitality Trust funds or reimburses the cost in excess of $125.0 million (see below) for improvements to the leased TA travel centers. The Petro lease requires us to pay minimum annual rent of $62.2 million to Hospitality Trust. Starting in 2012 and 2013, respectively, the TA lease and Petro lease require us to pay Hospitality Trust additional rent equal to 3% of increases in nonfuel gross revenues and 0.3% of increases in gross fuel revenues at the leased travel centers over base amounts. The increases in percentage rents attributable to fuel revenues are subject to a maximum each year calculated by reference to changes in the consumer price index.

Hospitality Trust has agreed to provide up to $25.0 million of funding annually for the first five years of the TA lease for certain improvements to the leased properties. This funding is cumulative, meaning if some portion of the $25.0 million is not spent in one year it may be drawn by us from Hospitality Trust in subsequent years; provided, however, none of the $125.0 million of funding is available to be drawn after December 31, 2015. All improvements purchased with this funding are owned by Hospitality Trust. There will be no adjustment in our rent as these amounts are funded by Hospitality Trust. We may request that Hospitality Trust fund approved amounts for renovations, improvements and equipment at the leased travel centers, in addition to the $125.0 million described above, in return for minimum annual rent increases according to a formula: the minimum rent per year will be increased by an amount equal to the amount funded by Hospitality Trust times the greater of (i) 8.5% or (ii) a benchmark U.S. Treasury interest rate plus 3.5%. We also are required to generally indemnify Hospitality Trust for certain environmental matters and for liabilities which arise during the terms of the leases from ownership or operation of the leased travel centers. During 2007, we paid cash rent of $177.1 million under our leases with Hospitality Trust, we received $25.0 million of cash tenant allowance payments from Hospitality Trust and we sold $1.4 million of leasehold improvements to Hospitality Trust for increased rent of $122,000 annually. At December 31, 2007, other current liabilities on our consolidated balance sheet included $18.0 million for accrued rent due to Hospitality Trust. U.S. generally accepted accounting principles provide for complex accounting treatment for our two leases with Hospitality Trust, which has various impacts on our financial statements. For a further description of our accounting for our leases with Hospitality Trust, see our audited 2007 financial statements and the notes accompanying those financial statements which are included in our annual report to shareholders and our Annual Report on Form 10-K filed with the SEC, in each case for the year ended December 31, 2007.

At the time we became a separate publicly owned company as a result of the distribution of our shares to Hospitality Trust's shareholders, we entered a management and shared services agreement with Reit Management. Reit Management also provides management services to Hospitality Trust. One of our Managing Directors, Barry Portnoy, is the chairman and majority owner of Reit Management. Mr. O'Brien, our other Managing Director and our President and Chief Executive Officer, Mr. Rebholz, our Executive Vice President, Treasurer and Chief Financial Officer, and Mr. Hoadley, our Executive Vice President, are each a Senior Vice President of Reit Management. Mr. Portnoy devotes the majority of his time to Reit Management; Messrs. O'Brien, Rebholz and Hoadley devote the majority of their time to our business, but may devote some business time to Reit Management. Reit Management has approximately 500 employees and provides management services to other publicly owned companies in addition to us and Hospitality Trust, and an affiliate of Reit Management is a registered investment advisor which manages eight mutual funds. Pursuant to this agreement, Reit Management oversees and assists us with various aspects of our business, which may include, but are not limited to, compliance with various laws and rules applicable to our status as a publicly owned company, maintenance of our travel centers, site selection for properties on which new travel centers may be developed, identification of, and purchase negotiation for, travel centers and travel center companies, accounting and financial reporting, capital markets and financing activities, investor relations and general oversight of our daily business activities, including legal and tax matters, human resources, insurance programs, management information systems and the like. Under our management and shared services agreement, we pay Reit Management an annual fee equal to 0.6% of the sum of our gross fuel margin (which is our fuel sales revenues less our cost of fuel purchased) plus our total non-fuel revenues. The fee is payable monthly based on the prior month's margins and revenues. During 2007, this fee totaled $7.1 million. In addition, Reit Management provides internal audit services to us in return for our pro rata share of the total internal audit costs incurred by Reit Management for us and other publicly owned companies managed by Reit Management and its affiliates, which amounts are subject to determination by our Compensation Committee. In 2007, the total amount we paid Reit Management for internal audit services was $113,000.

The terms of our agreements with Hospitality Trust and Reit Management require that we afford Hospitality Trust a right of first refusal to purchase, lease, mortgage or otherwise finance any interest we own in a travel center before we sell, lease, mortgage or otherwise finance that travel center with another party, and that we afford Hospitality Trust and any other company managed by Reit Management a right of first refusal to acquire or finance any real estate of the types in which they invest before we do. We also agreed under these agreements to not permit: the acquisition by any person or group of beneficial ownership of 9.8% or more of the voting shares or the power to direct the management and policies of us or any of our subsidiary tenants or guarantors under our leases with Hospitality Trust; the sale of a material part of the assets of us or any such tenant or guarantor; or the cessation of certain continuing directors constituting a majority of the board of directors of us or any such tenant or guarantor.

The foregoing descriptions of our agreements with Hospitality Trust and Reit Management are summaries and are qualified in their entirety by the terms of the agreements. A further description of the terms of those agreements is included in our annual report to shareholders and our Annual Report on Form 10-K filed with the SEC, in each case for the year ended December 31, 2007. In addition, copies of those agreements are filed with the SEC and may be obtained from the SEC's website at www.sec.gov.

We believe that our agreements with Hospitality Trust and Reit Management are on commercially reasonable terms which are beneficial to us. Nonetheless, because of our various relationships with Hospitality Trust and Reit Management it is possible that some investors may assert that we might have obtained more favorable terms but for these relationships. In fact, a purported shareholder derivative action has been commenced against us, our directors, Hospitality Trust and Reit Management which alleges, among other matters, that the rent we agreed to pay in the Petro transaction described above is too high. The terms of our limited liability company agreement and of our agreements with Hospitality Trust and Reit Management may require that we indemnify our directors, Hospitality Trust and Reit Management for liabilities, costs and expenses incurred by them in connection with this litigation. This litigation is in the early stages and we believe the allegations are without merit.

We have adopted written Governance Guidelines which address, among other things, the considerations and approvals of any related person transaction between us and any related party, including Hospitality Trust and Reit Management. We have not and shall not enter into any transaction in which any director or executive officer or any member of the immediate family of any director or executive officer, has or will have a direct or indirect material interest unless that transaction has been disclosed or made known to our board and our board authorizes, approves or ratifies the transaction by the affirmative vote of a majority of our disinterested directors, even if our disinterested directors constitute less than a quorum. All related person transactions described above were reviewed, approved or ratified by a majority of the disinterested directors.

Prior to 2006, certain members of our predecessor's senior management purchased shares of our predecessor's common stock. As a result of such purchases, our predecessor had notes and related interest receivable from the management shareholders totaling $1.7 million at December 31, 2006. These notes and the related interest receivable were cancelled in January 2007.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of our Compensation Committee members is or has been an officer or employee of ours, any of our subsidiaries or Reit Management or any of its affiliates.

Until January 11, 2007, Mr. Koumantzelis was a trustee and a member of the compensation committee of Hospitality Trust, which is our primary landlord. Members of our Compensation Committee serve as trustees or directors and compensation committee members of other public companies managed by or affiliated with Reit Management. None of our executive officers serves on the board of directors (or related governing body) or compensation committee of another entity which has an executive officer who serves on our board or Compensation Committee.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires that our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities file reports of ownership and changes in ownership of securities with the SEC and AMEX. Our executive officers and directors and greater than 10% shareholders are required to furnish us with copies of all forms they file pursuant to Section 16(a). Based solely on review of the copies of these reports furnished or written representations that no such reports were required, we believe that, during 2007, all filing requirements under Section 16(a) of the Exchange Act applicable to our executive officers, directors, and persons who own more than 10% of a registered class of our equity securities were timely met.

INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

On March 26, 2007, our Audit Committee approved the dismissal of PricewaterhouseCoopers LLP as our independent registered public accounting firm, as of that date. In connection with the acquisition and restructuring of our predecessor, we engaged PricewaterhouseCoopers LLP as our independent registered public accounting firm. The report of PricewaterhouseCoopers LLP on our consolidated balance sheet as of December 31, 2006 did not contain an adverse opinion or a disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope or accounting principle. PricewaterhouseCoopers LLP had been the independent registered public accounting firm for our predecessor for the years ended December 31, 2006 and 2005. The reports of PricewaterhouseCoopers LLP on our predecessor's consolidated financial statements as of and for the years ended December 31, 2006 and 2005 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principle. During the fiscal years ended December 31, 2006 and 2005 and through March 26, 2007, neither we nor our predecessor had any disagreements with PricewaterhouseCoopers LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of PricewaterhouseCoopers LLP, would have caused PricewaterhouseCoopers LLP to make reference to the subject matter of the disagreement in connection with its reports on our or our predecessor's financial statements for such years. During the fiscal years ended December 31, 2006 and 2005 and through March 26, 2007, there were no reportable events related to us or our predecessor as defined in Item 304(a)(1)(v) of Regulation S-K, except for a material weakness related to our predecessor's accounting for stock based compensation expense as of September 30, 2006, that was discussed in the Risk Factors section of our Registration Statement on Form S-1 of the Company filed with the SEC on January 26, 2007. The management of our predecessor believed that it remediated this material weakness as of December 31, 2006. The foregoing disclosure was previously provided in a Form 8-K we filed with the SEC on March 30, 2007. At that time, PricewaterhouseCoopers LLP furnished us with a letter dated March 30, 2007, addressed to the SEC stating that it agreed with the statements made by us in that Form 8-K. A copy of that PricewaterhouseCoopers LLP letter was attached to that Form 8-K as Exhibit 16.1.

On March 26, 2007, our Audit Committee voted to appoint Ernst & Young LLP as our new independent registered public accounting firm for the fiscal year ending December 31, 2007. During the fiscal years ended December 31, 2006 and 2005 and through March 26, 2007, we did not consult with Ernst & Young LLP regarding either (1) the application of accounting principles to any specific completed or proposed transaction, (2) the type of audit opinion that might be rendered on our financial statements or (3) any matters or reportable events as set forth in Item 304(a)(1)(iv) and (v) of Regulation S-K. The foregoing disclosure was previously provided in a Form 8-K we filed with the SEC on March 30, 2007.

A representative of Ernst & Young LLP is expected to be present at the meeting, with the opportunity to make a statement if he or she desires to do so. This representative will be available to respond to appropriate questions from shareholders who are present at the meeting.

The fees for services provided by PricewaterhouseCoopers LLP to our predecessor for the 2006 fiscal year (each of our, and our predecessor's, fiscal year being a calendar year) and provided by PricewaterhouseCoopers LLP to our predecessor and us and provided by Ernst & Young LLP to us for the 2007 fiscal year that we have paid were as follows:

	2006(1)	**2007**(1)	**2007**(2)
Audit fees	$528,000	$ 220,352	$ 1,055,313
Audit related fees	1,552,143		
Tax fees	8,876	173,118	
All other fees			
Total fees	$ 2,089,019	$ 393,470	$ 1,055,313

(1) Fees for services provided to our predecessor and us by PricewaterhouseCoopers LLP.

(2) Fees for services provided to us by Ernst & Young LLP. This amount is based on the fees estimate previously provided by Ernst & Young LLP to and accepted by us for services provided to us by Ernst & Young LLP in connection with the audit of our 2007 financial statements. The final fees amount for the rendering of those services by Ernst & Young LLP may be more than the amount reflected in the table.

Our Audit Committee has established policies and procedures which are intended to control the services provided by our independent registered public accounting firm and to monitor their continuing independence. Under these policies, no services may be undertaken by our independent registered public accounting firm unless the engagement is specifically approved by our Audit Committee or the services are included within a category which has been pre-approved by our Audit Committee. The maximum charge for services is established by our Audit Committee when the specific engagement or the category of services is approved or pre-approved. In certain circumstances, our management is required to notify our Audit Committee when pre-approved services are undertaken and the committee or its Chairperson may approve amendments or modifications to the engagement or the maximum fees. Our Director of Internal Audit is responsible to report to our Audit Committee regarding compliance with these policies.

Our Audit Committee will not approve engagements of our independent registered public accounting firm to perform non-audit services for us if doing so will cause our independent registered public accounting firm to cease to be independent within the meaning of applicable SEC or AMEX rules. In other circumstances, our Audit Committee considers, among other things, whether our independent registered public accounting firm is able to provide the required services in a more or less effective and efficient manner than other available service providers and whether the services are consistent with the Public Company Accounting Oversight Board Rules.

Because our Audit Committee was not formed until January 2007 and the acquisition of our predecessor by Hospitality Trust was not completed until January 31, 2007, our Audit Committee did not approve the engagement of PricewaterhouseCoopers LLP to perform the services provided to our predecessor summarized in the table above for 2006. The fees described in the table above for 2006 were approved by our predecessor.

Audit related fees for 2006 related to services provided in connection with the filing of our registration statement, consultations regarding the accounting for the Hospitality Trust lease and certain procedures performed as our predecessor marketed itself for sale. The aggregate amount of fees billed with respect to the registration statement and the lease accounting consultation of $1,540,143 was billed to and originally paid by our predecessor, but was the responsibility of Hospitality Trust pursuant to the merger agreement. Tax fees for 2006 were for services provided with respect to preparing Canadian tax returns. Tax fees for 2007 were for tax compliance and tax planning services provided by PricewaterhouseCoopers LLP with respect to our predecessor.

All services in 2007 for which we engaged our independent registered public accounting firm were approved by our Audit Committee. The total fees for audit and non-audit services provided by Ernst & Young LLP in 2007 are set forth above.

Ernst & Young LLP has been engaged to perform quarterly reviews for our first three quarterly periods in 2008. Our Audit Committee expects to appoint our independent registered public accounting firm for 2008 later this year after it has considered relevant factors.

HOUSEHOLDING OF ANNUAL MEETING MATERIALS

Some banks, brokers and other record holders of our common shares may participate in the practice of "householding" proxy statements, annual reports and notices of internet availability of those documents. This means that, unless shareholders give contrary instructions, only one copy of our proxy statement, annual report or notice of internet availability may be sent to multiple shareholders in each household. We will promptly deliver a separate copy of any of those documents to you if you call or write to us at the following address or telephone number: Investor Relations, TravelCenters of America LLC, 400 Centre Street, Newton, MA 02458, telephone (617) 332-3990. If you want to receive separate copies of our proxy statement, annual report or notice of internet availability in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker or other record holder, or you may contact us at the above address or telephone number.

OTHER MATTERS

At this time, our board knows of no other matters which are to be brought before the meeting. However, if other matters properly come before the meeting or any postponement or adjournment thereof, and if discretionary authority to vote with respect thereto has been conferred by the proxy, the persons named on the proxy will vote the proxy in accordance with their discretion on those matters.

By order of the Board,

Jennifer B. Clark, Secretary

Westlake, Ohio
April 23, 2008

IMPORTANT

If your shares are held in your own name, please complete a proxy over the internet or by telephone in the manner provided on the website indicated in the Notice of Internet Availability that you received in the mail; alternatively, please request, complete and return a proxy card, today. If your shares are held in "street name", you should provide instructions to your broker, bank, nominee or the other institution holding your shares on how to vote your shares. You may provide instructions to your broker, bank, nominee or other institution over the internet or by telephone if your broker, bank, nominee or other institution offers these options, or you may return a proxy card to your broker, bank, nominee or other institution and contact the person responsible for your account to ensure that a proxy is voted on your behalf.

If you have any questions or need assistance in voting your shares, please call the firm assisting us in the solicitation of proxies:

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, New York 10022
Brokers and Banks Call Collect at (212) 750-5833
Shareholders Call Toll Free at (877) 800-5182

24601 CENTER RIDGE ROAD
WESTLAKE, OHIO 44145

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Daylight Time on June 12, 2008. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE SHAREHOLDER COMMUNICATIONS
If you would like to reduce the costs incurred by TravelCenters of America LLC in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Daylight Time on June 12, 2008. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postagepaid envelope we have provided or return it to TravelCenters of America LLC, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: TRVCN1

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

TRAVELCENTERS OF AMERICA LLC

The Board of Directors Recommends a Vote FOR Proposals 1 and 2.

		For	**Withhold**
1.	To elect one Group I Independent Director to our board.		
Nominee:			
	01) Arthur G. Koumantzelis	o	o

2.	To elect one Group I Managing Director to our board.	**For**	**Withhold**
Nominee:			
	02) Barry M. Portnoy	o	o

3. In their discretion, the Proxies are authorized to vote and otherwise represent the undersigned on such other matters as may properly come before the meeting or at any adjournment or postponement thereof.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED "FOR" THE NOMINEES FOR DIRECTORS IN PROPOSALS 1 AND 2. IN THEIR DISCRETION, THE PROXIES ARE AUTHORIZED TO VOTE AND OTHERWISE REPRESENT THE UNDERSIGNED ON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING OR AT ANY ADJOURNMENT OR POSTPONEMENT THEREOF.

NOTE: Please sign exactly as your name(s) appears(s) on the proxy. If held in joint tenancy, all persons should sign. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. If a corporation, please sign in full corporate name, by authorized officer indicating title. If a partnership, please sign in partnership name by authorized person indicating title.

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

TravelCenters of America LLC
ANNUAL MEETING OF SHAREHOLDERS
Friday, June 13, 2008
9:30 a.m.
Sheraton Newton Hotel
320 Washington Street
Newton, Massachusetts

TravelCenters of America LLC
24601 Center Ridge Road
Westlake, Ohio 44145

Proxy

Important Notice Regarding Internet Availability of Proxy Materials: The proxy materials for the TravelCenters of America LLC Annual Meeting of Shareholders, including our annual report and the proxy statement, are available over the internet. To view the proxy materials or vote online or by telephone, please follow the instructions on the Notice Regarding the Availability of Proxy Materials.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF TRAVELCENTERS OF AMERICA LLC

The undersigned shareholder of TravelCenters of America LLC, a Delaware limited liability company, or the company, hereby appoints Barry M. Portnoy, Thomas M. O Brien and Jennifer B. Clark, or any of them, as proxies for the undersigned, with full power of substitution in each of them, to attend the annual meeting of shareholders of the company to be held at the Sheraton Newton Hotel, 320 Washington Street, Newton, Massachusetts, on Friday, June 13, 2008, at 9:30 a.m. Eastern Daylight Time, and any adjournment or postponement thereof, to cast on behalf of the undersigned all the votes that the undersigned is entitled to cast at the meeting and otherwise to represent the undersigned at the meeting with all powers possessed by the undersigned if personally present at the meeting. The undersigned hereby acknowledges receipt of the notice of annual meeting of shareholders and the accompanying proxy statement, each of which is incorporated herein by reference, and revokes any proxy heretofore given with respect to the meeting.

THE VOTES ENTITLED TO BE CAST BY THE UNDERSIGNED WILL BE CAST AS INSTRUCTED ON THE REVERSE SIDE HEREOF. IF THIS PROXY IS EXECUTED, BUT NO INSTRUCTION IS GIVEN, THE VOTES ENTITLED TO BE CAST BY THE UNDERSIGNED WILL BE CAST FOR THE NOMINEES FOR DIRECTORS IN PROPOSALS 1 AND 2. ADDITIONALLY, THE VOTES ENTITLED TO BE CAST BY THE UNDERSIGNED WILL BE CAST IN THE DISCRETION OF THE PROXIES ON ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF.

See reverse for voting instructions.

QuickLinks

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We may purchase properties and lease them back to the sellers of such properties. While we will use our best efforts to structure any such sale-leaseback transaction such that the lease will be characterized as a "true lease," thereby allowing us to be treated as the owner of the property for federal income tax purposes, we can give no assurance that the Internal Revenue Service will not challenge such characterization. In the event that any such sale-leaseback transaction is challenged and recharacterized as a financing transaction or loan for federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed. If a sale-leaseback transaction were so recharacterized, we might fail to satisfy the REIT qualification asset tests or income tests and, consequently, lose our REIT status. Alternatively, the amount of our REIT taxable income could be recalculated, which might also cause us to fail to meet the distribution requirement for a taxable year.

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

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

- In order to qualify as a REIT, we must distribute annually at least 90% of our REIT taxable income to our stockholders (which is determined without regard to the dividends-paid deduction or net capital gain). To the extent that we satisfy the distribution requirement but distribute less than 100% of our REIT taxable income, we will be subject to federal and state corporate income tax on the undistributed income.
- We will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions we pay in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gains net income, and 100% of our undistributed income from prior years.
- If we have net income from the sale of foreclosure property that we hold primarily for sale to customers in the ordinary course of business or other nonqualifying income from foreclosure property, we must pay a tax on that income at the highest corporate income tax rate.
- If we sell a property, other than foreclosure property, that we hold primarily for sale to customers in the ordinary course of business, our gain would be subject to the 100% "prohibited transaction" tax.
- We may perform additional, noncustomary services for tenants of our buildings through our taxable REIT subsidiary, including real estate or non-real-estate-related services; however, any earnings related to such services are subject to federal and state income taxes.

Legislative or regulatory action could adversely affect investors.

In recent years, numerous legislative, judicial, and administrative changes have been made in the provisions of federal and state income tax laws applicable to investments similar to an investment in our shares. In particular, H.R. 1, which generally takes effect for taxable years beginning on or after January 1, 2018 (subject to certain exceptions), makes many significant changes to the U.S. federal income tax laws that will profoundly impact the taxation of individuals and corporations (including both regular C corporations and corporations that have elected to be taxed as REITs). A number of changes that affect noncorporate taxpayers will expire at the end of 2025 unless Congress acts to extend them. These changes will impact us and our shareholders in various ways, some of which are adverse or potentially adverse compared to prior law. To date, the IRS has issued only limited guidance with respect to certain of the new provisions, and there are numerous interpretive issues that will require guidance. It is highly likely that technical corrections legislation will be needed to clarify certain aspects of the new law and give proper effect to Congressional intent. There can be no assurance, however, that technical clarifications or changes needed to prevent unintended or unforeseen tax consequences will be enacted by Congress in the near future. Additional changes to tax laws are likely to continue to occur in the future, and we cannot assure investors that any such changes will not adversely affect the taxation of our stockholders. Any such changes could have an adverse effect on an investment in shares or on the market value or the resale potential of our properties. Investors are urged to consult with their own tax advisor with respect to the impact of recent legislation on ownership of shares and the status of legislative, regulatory, or administrative developments and proposals, and their potential effect on ownership of shares.

To maintain our REIT status, we may be forced to borrow funds or dispose of assets during unfavorable market conditions to make distributions to our stockholders, which could increase our operating costs and decrease the value

of an investment in us.
We intend to make distributions to our stockholders to comply with the requirements of the Code for REITs and to minimize or eliminate our corporate tax obligations; however, differences between the recognition of taxable income and the actual receipt of cash could require us to sell assets or borrow funds on a short-term or long-term basis to meet the distribution requirements of the Code. Certain types of assets generate substantial disparity between taxable income and available cash, such as real estate that has been financed through financing structures which require some or all of available cash flows to be used to service borrowings. In addition, changes made by H.R. 1 will require us to accrue certain income for U.S. federal income tax purposes no later than when such income is taken into account as revenue on our financial statements (subject to an exception for certain income that is already

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subject to a special method of accounting under the Internal Revenue Code). This could cause us to recognize taxable income prior to the receipt of the associated cash. H.R. 1 also includes limitations on the deductibility of certain compensation paid to our executives, certain interest payments, and certain net operating loss carryforwards, each of which could potentially increase our taxable income and our required distributions. As a result, the requirement to distribute a substantial portion of our taxable income could cause us to: (1) sell assets in adverse market conditions, (2) borrow on unfavorable terms, or (3) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures, or repayment of debt, in order to comply with REIT requirements. Any such actions could increase our costs and reduce the value of our common stock. Further, we may be required to make distributions to our stockholders when it would be more advantageous to reinvest cash in our business or when we do not have funds readily available for distribution. Compliance with REIT qualification requirements may, therefore, hinder our ability to operate solely on the basis of maximizing profits.

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Overview

As of December 31, 2017, we owned 19 operating properties, of which 14 were wholly owned and five were owned through unconsolidated joint ventures. These properties are located primarily in New York, San Francisco, Washington, D.C., and Atlanta and were approximately 96.2% leased as of December 31, 2017.

Property Statistics

The tables below include statistics for the 14 operating properties that we own directly and our proportional share of the annualized lease revenue and rentable square feet for the five properties we own through unconsolidated joint ventures. Annualized lease revenue is an operating metric, calculated as (i) annualized rental payments (defined as base rent plus operating expense reimbursements, excluding rental abatements) for executed and commenced leases as of December 31, 2017, as well as leases executed but not yet commenced for vacant space, and (ii) annualized parking revenues, payable either under the terms of an executed lease or vendor contract ("Annualized Lease Revenue"). Annualized Lease Revenue excludes rental payments for executed leases that have not yet commenced for space covered by an existing lease.

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The following table shows lease expirations of our office properties as of December 31, 2017, during each of the next 10 years and thereafter. This table assumes no exercise of renewal options or termination rights.

Year of Lease Expiration	Rentable Square Feet (in thousands)	2017 Annualized Lease Revenue (in thousands)	Percentage of 2017 Annualized Lease Revenue	
Vacant	307	$ —	—	%
2018	94	6,315	2	%
2019	167	12,583	3	%
2020	532	25,317	7	%
2021	1,787	64,317	17	%
2022	475	24,978	7	%
2023	529	31,631	8	%
2024	256	18,701	5	%
2025	783	56,036	15	%
2026	786	35,399	9	%
2027	185	13,777	4	%
Thereafter	2,257	94,123	23	%
	8,158	$ 383,177	100	%

The following table shows the geographic locations of our office properties as of December 31, 2017. For more information about our geographic locations, see Note 14, Segment Information, of the accompanying consolidated financial statements.

Location	Leased Square Feet (in thousands)	2017 Annualized Lease Revenue (in thousands)	Percentage of 2017 Annualized Lease Revenue	
New York	$ 2,388	147,318	38	%
San Francisco	1,663	106,747	28	%
Washington, D.C.	846	53,696	14	%
Atlanta	1,656	40,509	11	%
Boston	225	12,081	3	%
Los Angeles	249	8,256	2	%
Other	824	14,570	4	%
	$ 7,851	383,177	100	%

The following table shows the industry breakdown of our office tenants as of December 31, 2017.

Industry	Leased Square Feet (in thousands)	2017 Annualized Lease Revenue (in thousands)	Percentage of 2017 Annualized Lease Revenue	
Business Services	$ 1,281	88,033	23	%
Depository Institutions	1,021	42,242	11	%
Engineering & Management Services	495	28,591	8	%

Communications	1,010	26,135	7	%
Legal Services	303	23,305	6	%
Nondepository Institutions	388	22,752	6	%
Health Services	476	21,395	6	%
Electric, Gas, and Sanitary Services	877	17,954	5	%
Security & Commodity Brokers	160	11,594	3	%
Real Estate	200	11,062	3	%
Other[1]	1,640	90,114	22	%
	$ 7,851	383,177	100	%

(1) No more than 2% is attributable to any individual industry.

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The following table shows the major tenants of our operating properties as of December 31, 2017.

Tenant	2017 Annualized Lease Revenue (in thousands)	Percentage of 2017 Annualized Lease Revenue
AT&T	$ 22,579	6 %
Wells Fargo	20,522	5 %
Pershing	18,251	5 %
Twitter	15,894	4 %
NYU	15,277	4 %
Westinghouse Electric	14,570	4 %
Yahoo!	14,556	4 %
Other[1]	261,528	68 %
	$ 383,177	100 %

[1] No more than 2% is attributable to any individual tenant.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Holders

Our common stock was listed on the NYSE, on October 10, 2013 under the symbol "CXP." Prior to October 10, 2013, our common stock was not listed on a national securities exchange, and there was no established public trading market for our shares. As of January 31, 2018, we had approximately 119.9 million shares of common stock outstanding held by approximately 54,000 stockholders of record.

The closing high and low prices for our stock and dividends declared during 2017 and 2016 were as follows:

	High	Low	Dividends
2017 Quarters:			
First	$23.43	$21.20	$ 0.20
Second	$23.13	$21.45	$ 0.20
Third	$22.63	$20.62	$ 0.20
Fourth	$23.16	$20.94	$ 0.20
2016 Quarters:			
First	$23.20	$19.81	$ 0.30
Second	$22.77	$20.20	$ 0.30
Third	$24.63	$21.24	$ 0.30
Fourth	$22.22	$20.47	$ 0.30

Distributions

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

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

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Performance Graph

The following graph compares the cumulative total return of our common stock with the S&P 500 Index, Morgan Stanley REIT Index, and the FTSE NAREIT US Real Estate Index for the period beginning on October 10, 2013 (the date of our initial listing on the NYSE) through December 31, 2016. Beginning with the year-ended December 31, 2017, we have selected the FTSE NAREIT Equity Office Index to replace the FTSE NAREIT US Real Estate Index to measure our relative total stockholder return. The FTSE NAREIT Equity Office Index is used as the basis for measuring our equity compensation. The graph assumes a $100 investment in each of the indices on October 10, 2013, and the reinvestment of all dividends.

Index	October 10, 2013	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Columbia Property Trust	$100.00	$ 112.10	$ 119.00	$ 115.70	$ 112.50	$ 124.00
S&P 500 Index	$100.00	$ 109.70	$ 124.70	$ 126.40	$ 141.50	$ 172.40
Morgan Stanley REIT Index	$100.00	$ 97.70	$ 127.38	$ 130.60	$ 141.90	$ 149.00
FTSE NAREIT US Real Estate Index	$100.00	$ 97.68	$ 127.40	$ 131.30	$ 141.60	$ 147.10
FTSE NAREIT Equity Office Index	$100.00	$ 99.42	$ 125.13	$ 125.49	$ 142.01	$ 149.46

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Share Repurchases

Our board of directors approved a stock repurchase program, which authorized us to buy up to $200 million of our common stock from September 4, 2015 through September 4, 2017 (the "2015 Stock Repurchase Program"); and our board of directors authorized a second stock repurchase program to purchase up to an aggregate of $200.0 million of our common stock from September 4, 2017 through September 4, 2019 (the "2017 Stock Repurchase Program"). During the quarter ended December 31, 2017, we did not purchase or retire any shares in accordance with the 2017 Stock Repurchase Program. Activity relates to the remittance of shares for income taxes associated with accelerated vesting under the LTIP (see Note 8, Equity, to the accompanying consolidated financial statements).

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Approximate Dollar Value Available for Future Purchase[2]
October 2017	—	$ —	—	$194,826,742
November 2017[1]	336	$ 22.77	—	$194,826,742
December 2017[1]	15,885	$ 22.95	—	$194,826,742

(1) All activity for November and December 2017 relates to the remittance of shares for income taxes associated with accelerated vesting of certain stock grants made under the LTIP (See Note 8, Equity, to the accompanying consolidated financial statements).

(2) Amounts available for future purchase relate only to our 2017 Stock Repurchase Program and represent the remainder of the $200 million authorized by our board of directors for share repurchases.

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ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data for 2017, 2016, 2015, 2014, and 2013 should be read in conjunction with the accompanying consolidated financial statements and related notes in Item 8, Financial Statements and Supplementary Data, hereof (amounts in thousands, except per-share data).

	As of December 31,				
	2017	2016	2015	2014	2013
Total assets[1]	$4,511,539	$4,299,793	$4,678,118	$4,734,240	$ 4,587,301
Total stockholders' equity	$2,531,936	$2,502,768	$2,614,194	$2,733,478	$ 2,787,823
Outstanding debt	$1,674,176	$1,424,602	$1,735,063	$1,680,066	$ 1,489,179
Outstanding long-term debt	$1,302,000	$1,302,602	$1,577,063	$1,469,245	$ 1,477,563
Obligations under capital leases	$120,000	$120,000	$120,000	$120,000	$ 120,000

	Years Ended December 31,				
	2017	2016	2015	2014	2013
Total revenues[2]	$289,000	$473,543	$566,065	$540,797	$ 526,578
Revenues from discontinued operations[2]	$—	$—	$—	$119	$ 60,046
Income (loss) from unconsolidated joint venture	$2,651	$(7,561)	$(1,142)	$—	$ —
Net income	$176,041	$84,821	$44,619	$92,635	$ 15,720
Net cash provided by operating activities	$61,924	$193,091	$223,080	$236,906	$ 218,329
Net cash provided by (used in) investing activities	$(347,723)	$525,613	$(576,699)	$(23,788)	$ 495,389
Net cash provided by (used in) financing activities	$79,281	$(535,264)	$263,474	$(163,183)	$ (667,417)
Distributions paid[3]	$109,561	$148,474	$112,570	$149,962	$ 191,473
Net proceeds raised through issuance of our common stock[3]	$—	$—	$—	$—	$ 46,402
Stock repurchases[3][4]	$(59,462)	$(53,986)	$(17,057)	$—	$ (349,843)
Net debt and bond proceeds (repayments)[3]	$249,573	$(311,769)	$378,995	$(11,739)	$ (160,940)
Acquisitions, earnest money paid, and investments in real estate[3]	$(691,574)	$(39,521)	$(1,145,402)	$(416,991)	$ (44,856)
Per Weighted-Average Common Share Data:					
Net income – basic	$1.45	$0.68	$0.36	$0.74	$ 0.12
Net income – diluted	$1.45	$0.68	$0.36	$0.74	$ 0.12
Distributions declared	$0.80	$1.20	$1.20	$1.20	$ 1.44
Weighted-average common shares outstanding – basic	120,795	123,130	124,757	124,860	134,085
Weighted-average common shares outstanding – diluted	121,159	123,228	124,847	124,918	134,085

(1) The amounts for 2014 and 2013 have been adjusted to conform with 2017, 2016, and 2015 presentation by reclassifying debt issuance costs, other than those related to our revolving credit facility, from total assets to an offset to outstanding debt.

(2) The amounts for 2014 and 2013 have been adjusted to classify revenues generated by certain sold properties as discontinued operations.

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

(4) Stock repurchases in 2013 relate to redemptions under a tender offer and a redemption plan in place prior to our listing. Stock repurchases in 2017, 2016, and 2015 were made under board-approved stock repurchase plans or in settlement of taxes related to stock compensation.

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

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

Executive Summary

Our primary strategic objective is to generate long-term shareholder returns from a combination of growing cash flows and appreciation in the values of our properties, by owning and operating high-quality office properties principally located in high-barrier-to-entry markets. We concentrate on office buildings that are competitive within the top tier of their markets or that will be repositioned as such through value-add initiatives. In addition, our investment objectives include optimizing our portfolio allocation between stabilized investments and more growth-oriented, value-add investments, with an emphasis on central business districts and multi-tenant buildings.

We recently completed a multi-year capital recycling program that involved selling more than 50 properties in geographically dispersed markets for aggregate proceeds of $3.6 billion, and reinvested this capital in New York, San Francisco, Washington, D.C., and Boston. During the second half of 2017, we executed the following transactions:

- On July 6, 2017, we formed a strategic partnership with Allianz Real Estate of America LLC ("Allianz") to increase our operating scale in key markets by freeing-up capital for additional investment. We consummated the partnership by simultaneously selling a 22.5% interest in two of our San Francisco properties, 333 Market Street and University Circle, to Allianz for $234.0 million, and by acquiring a 49.5% interest in 114 Fifth Avenue in Manhattan from Allianz for $108.9 million. In February 2018, we sold an additional 22.5% interest in 333 Market Street and University Circle to Allianz for $235.3 million.
- On October 11, 2017, we acquired a 55% interest in 1800 M Street, a 10-story office building in Washington, D.C., for $231.6 million through a joint venture with Allianz.
- On October 11, 2017, we acquired 245-249 West 17th Street, two interconnected 12- and six-story towers totaling 281,000 square feet of office and retail space, and 218 West 18th Street, a 12-story, 166,000-square-foot office building, in New York for $514.1 million.
- On November 28, 2017, we acquired 149 Madison Avenue in New York, a 12-story, 127,000-square-foot office building for $87.7 million, subject to a ground lease that expired in January 2018. We are planning to redevelop this property.

We will continue to pursue strategic investment opportunities in our target markets, as well as selective property dispositions.

Leasing continues to be a key area of focus for both vacant space and upcoming expirations. During 2017, we have leased over 2.0 million square feet of space and addressed some of our most significant near-term expirations and vacancies:

- At University Circle, we executed a five-year, 119,000-square-foot lease renewal with DLA Piper to extend the lease to June 2023 and address our most significant 2018 expiration. At 650 California Street, we executed an eight-year, 86,000-square-foot lease with Affirm; a 22,000-square-foot renewal and expansion with an existing tenant; and a 12-year, 61,000-square-foot lease with WeWork.
- In New York, at 229 West 43rd Street, we expanded Snap Inc.'s leased space by 58,000 square feet to a total of 154,000 square feet, and extended the lease to 2032; and at 315 Park Avenue South, executed 68,000 square feet of new leasing, and a 17,000-square-foot lease expansion with Bustle Media Group.
- In Atlanta, at One Glenlake, we executed a 10-year, 66,000-square-foot lease, and an 11-year, 40,000-square-foot lease renewal and expansion along with several smaller leases. At Three Glenlake, we executed a 12-year, 161,000-square-foot lease with Arby's. This lease is for a portion of the space vacated by the exisiting tenant, whose lease is expiring in December 2018. As a result of this leasing activity, the One & Three Glenlake property is 99.3% leased at year end.
- In Pittsburgh, at Cranberry Woods, we executed a lease renewal and extension with Westinghouse, extending the 824,000-square-foot lease to 2032.

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We continue to maintain a strong and flexible balance sheet with a weighted-average cost of borrowing of 3.35%[(1)] per annum as of December 31, 2017. Our debt capital allocation favors unsecured borrowings with 92%[(1)] of our portfolio unencumbered by mortgages. Our debt maturities are well-laddered over the next nine years, and $752.0 million of the borrowings outstanding at year-end may be repaid prior to maturity, in part or in full, without penalty. Our stock repurchase program allows us to take advantage of market opportunities from time to time when we believe our stock is undervalued. During 2017, we repurchased $57.6 million of our common stock (2.7 million shares at an average price of $21.46 per share). Since September 2015, under our stock repurchase programs, we have repurchased an aggregate of $121.4 million of common stock at an average price of $21.85 per share.

(1) Statistics include our ownership interest in the gross real estate assets and debt at properties held through unconsolidated joint ventures as described in Note 4, Unconsolidated Joint Ventures, of the accompanying financial statements; and exclude the 263 Shuman mortgage note, as the note matured in July 2017 and we are in the process of transferring the property to the lender.

Key Performance Indicators

Our operating results depend primarily upon the level of income generated by the leases at our properties. Occupancy and rental rates are critical drivers of our lease income. Over the last year, our portfolio percentage leased ranged from 90.6% at December 31, 2016 to 96.2% at December 31, 2017. The following table sets forth details related to recent leasing activities, which drive changes in our rental revenues:

	Years Ended December 31,	
	2017	2016
Total number of leases	62	54
Square feet of leasing – renewal[(1)]	1,288,056	275,653
Square feet of leasing – new[(1)]	716,513	746,290
Total square feet of leasing	2,004,569	1,021,943
Average lease term (months)	103	316
Tenant improvements, per square foot – renewal	$20.17	$35.75
Tenant improvements, per square foot – new	$85.55	$162.03
Tenant improvements, per square foot – all leases	$55.09	$155.16
Leasing commissions, per square foot – renewal	$12.37	$14.31
Leasing commissions, per square foot – new	$27.76	$41.91
Leasing commissions, per square foot – all leases	$20.59	$40.41
Rent leasing spread – renewal[(2)]	28.2 %	27.4 %
Rent leasing spread – new[(3)]	63.3 %	18.5 %
Rent leasing spread – all leases[(2)(3)]	43.6 %	19.0 %

(1) Includes our proportionate share of renewal and new leasing at properties owned through unconsolidated joint ventures.

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

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

In 2017, rent leasing spreads have been significantly positive (43.6%) due to extending the 119,000-square-foot lease with DLA Piper at University Circle in San Francisco and leasing 230,000 square feet at 650 California Street in San Francisco. The leasing at 650 California Street has required significant tenant improvements; however, the net economic impact of leasing at 650 California Street is favorable. Positive rent leasing spreads for renewal leases are partially offset by a slight rent roll-down for the 824,000-square-foot lease extension and amendment executed with Westinghouse at Cranberry Woods in Pittsburgh in the fourth quarter of 2017. In 2016, we executed a new 390,000-square-foot, 30-year lease at our 222 East 41st Street property with NYU Langone Medical, which resulted in

positive rent leasing spreads of 14.4%, tenant improvements of $180.10 per square foot, and leasing commissions of $44.90 per square foot. Over the next 12 months, approximately 94,000 square feet of our leases (approximately 2% of our office portfolio based on revenues) are scheduled to expire.
Liquidity and Capital Resources
Overview
Cash flows generated from the operation of our properties are primarily used to fund recurring expenditures and stockholder dividends. The amount of distributions to common stockholders is determined by our board of directors and is dependent upon a

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number of factors, including funds deemed available for distribution based principally on our current and future projected operating cash flows, reduced by capital requirements necessary to maintain our existing portfolio. In determining the amount of distributions to common stockholders, we also consider our future capital needs and future sources of liquidity, as well as the annual distribution requirements necessary to maintain our status as a REIT under the Code. We have transformed the composition of our portfolio by selling suburban assets and reinvesting in assets in high-barrier-to-entry markets that offer lower initial yields and higher potential for growth over time. As a result, our board of directors elected to adjust our payout level to be consistent with our current investment objectives, by reducing the quarterly stockholder distribution rate from $0.30 per share to $0.20 per share beginning with the first quarter of 2017. This rate has been maintained through the first quarter of 2018. We believe this dividend rate is sustainable over the near and medium term and offers the potential for growth over the long term.

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

Short-Term Liquidity and Capital Resources

During 2017, we generated net cash flows from operating activities of $61.9 million, which consists primarily of receipts from tenants for rent and reimbursements, reduced by payments for operating costs, administrative expenses, interest expense, and lease inducements. During the same period, we paid total distributions to stockholders of $109.6 million, which included dividend payments for four quarters ($36.7 million for the fourth quarter of 2016 and an aggregate of $72.9 million for the first three quarters of 2017). Distributions to stockholders exceeded net cash flow from operating activities for 2017 primarily due to the impact of timing differences between selling assets and redeploying capital, and of new and renewal leases in free rent periods. Properties acquired in 2017 and recent leases are expected to contribute to additional cash flow from operations in future periods.

During 2017, we sold five wholly owned properties and partial interests in two additional properties for net proceeds of $737.6 million. We used these proceeds, along with a $300.0 million bridge loan and borrowings on our line of credit, to fund acquisitions of three wholly owned properties for $604.8 million and partial interests in two properties for $353.6 million; the repayment of $197.8 million of mortgage notes; leasing and capital projects at our consolidated and joint venture-owned properties of $129.0 million; and share repurchases of $59.5 million.

Over the short-term, we expect our primary sources of capital to be operating cash flows and debt. We expect that our principal demands for funds will be property acquisitions, capital improvements to our existing portfolio, stock repurchases, stockholder distributions, operating expenses, and interest and principal payments on current and maturing debt. On February 1, 2018, we sold a second 22.5% interest in University Circle and 333 Market Street to our joint venture partner, Allianz, for $235.3 million. We used the proceeds from this transaction to reduce borrowing on our Revolving Credit Facility and the $300 Million Bridge Loan, both described below. We believe that we have adequate liquidity and capital resources to meet our other current obligations as they come due, including our remaining 2018 debt maturities of $202.9 million. As of February 2, 2018, we had access to $440 million of the borrowing capacity under the Revolving Credit Facility.

Long-Term Liquidity and Capital Resources

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

Consistent with our financing objectives and operational strategy, we have generally maintained debt levels less than 40% of the cost of our assets. We believe that preserving investor capital while generating stable current income is in the best interest of our stockholders. Our debt-to-real-estate-asset ratio is calculated using the outstanding debt balance and real estate at cost. As of December 31, 2017, our debt-to-real-estate-asset ratio, including 51% of the debt and real estate at the Market Square Joint venture, which we own through an unconsolidated joint venture, was approximately 38.7%.

Bridge Loan

We have a $300.0 million, one-year, unsecured loan (the "$300 Million Bridge Loan"), which is set to mature on November 27, 2018. The $300 Million Bridge Loan bears interest at either (ii) LIBOR, plus an applicable margin ranging from 0.90% to 1.75% for LIBOR loans, or (ii) an alternate base rate, plus an applicable margin ranging from 0.00% to 0.75%. The $300 Million Bridge Loan provides for one six-month extension option to May 24, 2019, subject to certain fees and the satisfaction of certain other conditions.

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Revolving Credit Facility

Our Revolving Credit Facility has a capacity of $500.0 million and matures in July 2019, with two six-month extension options. As of December 31, 2017, we had $152.0 million in outstanding borrowings on the Revolving Credit Facility. Amounts outstanding under the Revolving Credit Facility bear interest at the London Interbank Office Rate ("LIBOR"), plus an applicable margin ranging from 0.875% to 1.55% for LIBOR borrowings, or an alternate base rate, plus an applicable margin ranging from 0.00% to 0.55% for base rate borrowings, based on our applicable credit rating. The per annum facility fee on the aggregate revolving commitment (used or unused) ranges from 0.125% to 0.30%, also based on our applicable credit rating. Additionally, we have the ability to increase the capacity of the Revolving Credit Facility, along with the $300 Million Term Loan, which provides for four accordion options for an aggregate additional amount of up to $400 million, subject to certain limitations.

Term Loans

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

We have a $150.0 million unsecured term loan, which matures in July 2022 (the "$150 Million Term Loan"). The $150 Million Term Loan bears interest, at our option, at either (i) LIBOR, plus an applicable margin ranging from 0.90% to 1.75% for LIBOR loans, or (ii) alternative base rate, plus an applicable margin ranging from 0.00% to 0.75% for base rate loans. The interest rate on the $150 Million Term Loan is effectively fixed with an interest rate swap agreement, which is designated as a cash flow hedge. Based on the terms of the interest rate swap and our current credit rating, the interest rate on the $150 Million Term Loan is effectively fixed at 3.07%.

Debt Covenants

The $300 Million Term Loan, $300 Million Bridge Loan, the $150 Million Term Loan, and the Revolving Credit Facility contain the following restrictive covenants:

- limits the ratio of secured debt to total asset value, as defined therein, to 40% or less;
- requires the fixed charge coverage ratio, as defined therein, to be at least 1.50:1.00;
- limits the ratio of debt to total asset value, as defined therein, to 60% or less;
- requires the ratio of unencumbered adjusted net operating income, as defined therein, to unsecured interest expense, as defined therein, to be at least 1.75:1.00;
- requires the ratio of unencumbered asset value, as defined therein, to total unsecured debt, as defined therein, to be at least 1.66:1.00; and
- requires maintenance of certain minimum tangible net worth balances.

As of December 31, 2017, we believe we were in compliance with the restrictive covenants on these outstanding debt obligations.

Bonds Payable

In August 2016, we issued $350.0 million of 10-year, unsecured 3.650% senior notes at 99.626% of their face value (the "2026 Bonds Payable"). We received proceeds from the 2026 Bonds Payable, net of fees, of $346.4 million, which were used to prepay our $250 million bonds payable, originally due in April of 2018. The 2026 Bonds Payable require semi-annual interest payments in February and August based on a contractual annual interest rate of 3.650%. The principal amount of the 2026 Bonds Payable is due and payable on the maturity date, August 15, 2026.

In March 2015, we issued $350.0 million of 10-year, unsecured 4.150% senior notes at 99.859% of their face value (the "2025 Bonds Payable"). We received proceeds from the 2025 Bonds Payable, net of fees, of $347.2 million, a portion of which was used to repay a bridge loan, which was originated in January 2015. The 2025 Bonds Payable require semi-annual interest payments in April and October based on a contractual annual interest rate of 4.150%. The principal amount of the 2025 Bonds Payable is due and payable on the maturity date, April 1, 2025.

The restrictive covenants on the 2026 Bonds Payable and the 2025 Bonds Payable as defined pursuant to an indenture include:

- a limitation on the ratio of debt to total assets, as defined, to 60%;
- limits to our ability to incur debt if the consolidated income available for debt service to annual debt service charge, as defined, for four previous consecutive fiscal quarters is less than 1.5:1 on a pro forma basis;

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- limits to our ability to incur liens if, on an aggregate basis for us, the secured debt amount would exceed 40% of the value of the total assets; and
- a requirement that the ratio of unencumbered asset value, as defined, to total unsecured debt be at least 150% at all times.

As of December 31, 2017, we believe we were in compliance with the restrictive covenants on the 2026 Bonds Payable and the 2025 Bonds Payable.

Debt Repayments, Maturities, and Interest Payments

During 2017 and 2016, we made the following debt repayments:

- On August 17, 2017, we repaid the $124.8 million balance of the 650 California Street building mortgage note, which was originally scheduled to mature on July 1, 2019. Columbia Property Trust recognized a loss on early extinguishment of debt of $0.3 million related to unamortized deferred financing costs.
- On March 10, 2017, we repaid the $73.0 million balance of the 221 Main Street building mortgage note, which was originally scheduled to mature on May 10, 2017. Columbia Property Trust recognized a loss on early extinguishment of debt of $45,000 related to unamortized deferred financing costs.
- On October 3, 2016, a portion of the proceeds from the sale of the 80 Park Plaza Property was used to repay the $99.0 million remaining outstanding balance on our Revolving Credit Facility.
- On September 2, 2016, the proceeds from the 2026 Bonds Payable, as described above, were used to redeem $250.0 million of seven-year, unsecured 5.875% senior notes due April 2018, including a $17.9 million make-whole payment recorded as an early loss on extinguishment of debt in the accompanying consolidated statement of operations.
- On June 30, 2016, we used borrowings on the Revolving Credit Facility to repay the $39.0 million SanTan Corporate Center mortgage notes, which were scheduled to mature on October 11, 2016, resulting in the write-off of approximately $10,000 of related unamortized financing costs, which are included in loss on early extinguishment in the accompanying statements of operations.
- On April 1, 2016, we repaid the $119.0 million remaining on a $300 million, six-month, unsecured loan, which was used to finance a portion of the 229 West 43rd Street Building acquisition in August of 2015 (the "2015 Bridge Loan"). The 2015 Bridge Loan was scheduled to mature on August 4, 2016. We recognized a loss on early extinguishment of debt of $82,000 related to unamortized deferred financing costs.

During 2017 and 2016, we made interest payments of approximately $21.5 million and $27.8 million, respectively, related to our term loans, line of credit, and notes payable. During 2017 and 2016, we made interest payments of $27.4 million and $28.0 million, respectively, on our bonds payable.

Contractual Commitments and Contingencies

As of December 31, 2017, our contractual obligations will become payable in the following periods (in thousands):

Contractual Obligations	Total	2018	2019-2020	2021-2022	Thereafter
Debt obligations[(1)(2)]	$1,790,926	$323,176	$452,000	$150,000	$865,750
Interest obligations on debt[(1)(3)]	319,920	60,577	95,856	78,698	84,789
Capital lease obligations[(4)]	120,000	—	—	120,000	—
Operating lease obligations[(5)]	1,389,662	9,222	18,622	18,872	1,342,946
Total	$3,620,508	$392,975	$566,478	$367,570	$2,293,485

(1) Includes 51% of the debt and interest obligations for the Market Square Joint Venture, which we own through an unconsolidated joint venture. The Market Square Joint Venture has a $325 million mortgage loan on the Market Square Buildings, which bears interest at 5.07% and matures on July 1, 2023. We guarantee $11.2 million of the Market Square Buildings mortgage loan (see Note 7, Commitments & Contingencies, to the accompanying financial statements).

(2) Debt obligations exclude the $49.0 million 263 Shuman Boulevard mortgage note, which matured in July 2017. We are in the process of working to transfer this property to the lender in settlement of the mortgage note.

(3) Interest obligations on variable-rate debt are measured at the rate at which they are effectively fixed with interest rate swap agreements (where applicable) or the rate in effect as of December 31, 2017. Interest obligations on all other debt instruments are measured at the contractual rate. See Item 7A, Quantitative and Qualitative Disclosure

About Market Risk, for more information regarding our interest rate swaps.

(4) Amounts include principal obligations only. We made interest payments on these obligations of $7.2 million during 2017, all of which was funded with interest income earned on the corresponding investments in development authority bonds.

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(5) These obligations are related to ground leases at certain properties, including 49.5% of the ground lease obligation at 114 Fifth Avenue, based on our ownership interest in the unconsolidated joint venture that owns that property, and our corporate office lease. In addition to the amounts shown, certain lease agreements include provisions that, at the option of the tenant, may obligate us to expend capital to expand an existing property or provide other expenditures for the benefit of the tenant, including a commitment to contribute $54.7 million toward remaining leasehold improvements at our 222 East 41st Street property.

Results of Operations

Overview

As of December 31, 2017, Columbia Property Trust owned 19 operating properties, of which 14 were wholly owned and five were owned through unconsolidated joint ventures. These properties are located primarily in New York, San Francisco, Washington, D.C., and Atlanta, and were approximately 96.2% leased as of December 31, 2017. Our period-over-period operating results are heavily impacted by the real estate activities set forth in the Transaction Activity section of Item 1, Business, including acquisitions and dispositions made directly and through unconsolidated joint ventures. Other than real estate transactions, we expect real estate operating income to vary, primarily based on leasing activity over the near term.

Comparison of the Year Ended December 31, 2017 Versus the Year Ended December 31, 2016

Rental income was $257.1 million for 2017, which represents a decrease from $366.2 million for 2016. The decrease is primarily due to dispositions ($94.3 million) and transferring University Circle and 333 Market Street to unconsolidated joint ventures ($24.4 million), partially offset by the acquisitions in the fourth quarter of 2017 ($8.4 million). We expect future rental income to vary based on recent and future investing and leasing activities.

Tenant reimbursements and property operating costs were $23.5 million and $87.8 million, respectively, for 2017, which represents a decrease from $69.8 million and $155.0 million, respectively, for 2016. The decrease in tenant reimbursements is primarily due to dispositions ($35.5 million), transferring University Circle and 333 Market Street to unconsolidated joint ventures ($4.9 million), and the new net lease at 222 East 41st Street ($3.3 million). The decrease in property operating costs is primarily due to dispositions ($58.3 million), the new net lease at 222 East 41st Street ($9.9 million), and transferring University Circle and 333 Market Street to unconsolidated joint ventures ($5.5 million), partially offset by the acquisitions in the fourth quarter of 2017 ($2.2 million). Tenant reimbursements and property operating costs are expected to vary with future leasing activities and other changes in our portfolio.

Hotel income, net of hotel operating costs, was $(0.8) million for 2017, which represents a decrease as compared with $4.0 million for 2016, due to the sale of the Key Center Marriott on January 31, 2017.

Asset and property management fee income was $3.8 million for 2017, which represents an increase as compared with $2.1 million for 2016. The increase is due to the asset and property management services we began to provide to several properties owned in unconsolidated joint ventures in 2017, including 333 Market Street, University Circle, and 1800 M Street. Asset and property management fees have also been earned for services provided to the Market Square Joint Venture since its inception in the fourth quarter of 2015. We anticipate future asset and property management fee income to increase as we earn fees from the newly established joint ventures for full periods (see Note 4, Unconsolidated Joint Ventures).

Other property income was $3.3 million for 2017, which represents a decrease as compared with $12.8 million for 2016, primarily due to earning an early termination fee of $6.8 million at 222 East 41st Street in June 2016 and $4.0 million for other lease terminations in 2016. The terminated lease at 222 East 41st Street was replaced with a full-building lease, which commenced in the fourth quarter of 2016. Other property operating income is expected to vary in the future, based on additional lease restructuring activities.

Asset and property management fee expenses were $0.9 million for 2017, which represents a decrease as compared with $1.4 million for 2016, primarily due to the sale of the Key Center Marriott in January 2017 ($0.4 million). Future asset and property management fee expenses are expected to remain stable in the near term and may increase as a result of future investing activities.

Depreciation was $80.4 million for 2017, which represents a decrease as compared with $108.5 million for 2016. The decrease is primarily due to dispositions ($24.5 million) and transferring University Circle and 333 Market Street to

unconsolidated joint ventures ($6.6 million), partially offset by acquisitions in the fourth quarter of 2017 ($2.3 million). Depreciation is expected to vary based on recent and future investing activities.
Amortization was $32.4 million for 2017, which represents a decrease as compared with $56.8 million for 2016. The decrease is primarily due to intangibles written off due to the early termination or expiration of leases ($11.1 million), dispositions ($10.9 million), and transferring University Circle and 333 Market Street to unconsolidated joint ventures ($2.5 million). We expect future amortization to vary based on recent and future investing activities.

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Effective July 1, 2017, we began to specifically identify general and administrative costs incurred to manage assets owned by our unconsolidated joint ventures. The method for measuring aggregate general and administrative expenses has not changed. Aggregate general and administrative expenses were $36.4 million for 2017, which represents an increase as compared to $33.9 million for 2016, primarily due to additional vesting under our stock-based incentive plan ($3.0 million) and expenses incurred for managing unconsolidated joint ventures ($1.5 million), partially offset by prior-year costs incurred related to the development of our regional management platform ($1.2 million), prior-year lease termination activity ($0.5 million), and prior period bad debt expenses ($0.2 million). General and administrative expenses – corporate are expected to remain at similar levels over the near term; and general and administrative expenses – unconsolidated joint ventures are expected to vary as a result of future joint venture activity.

Interest expense was $60.5 million for 2017, which represents a decrease as compared with $67.6 million for 2016, primarily due to mortgage note payoffs ($5.4 million), bond interest savings resulting from the issuance of the 2026 Bonds Payable and redemption of the 2018 Bonds Payable in 2016 ($2.1 million), and an overall reduction in borrowings on our Revolving Credit Facility in the current period ($1.5 million). We expect interest expense to increase in the near term, due to borrowings to fund recent investing activities.

Interest and other income was $9.5 million for 2017, which represents an increase as compared with $7.3 million for 2016. The increase is due to earning interest on our large cash balance for the first nine months of 2017 ($2.2 million). The majority of our interest income is earned on investments in development authority bonds with a remaining term of approximately four years as of December 31, 2017. Interest income earned on investments in development authority bonds is entirely offset by interest expense incurred on the corresponding capital leases. We expect interest and other income to decrease slightly over the near term as cash deposits were applied to recent investing activities.

We recognized a loss on early extinguishment of debt of $0.3 million and $19.0 million in 2017 and 2016, respectively. In 2017, we repaid two mortgage notes. resulting in the write-off of the related deferred financing costs. In 2016, we incurred an early redemption premium on the settlement of the 2018 Bonds Payable of $17.9 million, and write-offs of deferred financing costs in connection with other early repayments. We expect future gains or losses on early extinguishments of debt to vary with financing activities.

We recognized income from unconsolidated joint ventures of $2.7 million for 2017, which represents an increase from a loss on unconsolidated joint ventures of $(7.6) million for 2016. The increase is due to the July 2017 transfer of University Circle and 333 Market Street to unconsolidated joint ventures, in which we retained a 77.5% ownership interest; the July 2017 acquisition of a 49.5% interest in 114 Fifth Avenue; and the October 2017 acquisition of a 55.0% interest in 1800 M Street. Future income or loss from unconsolidated joint ventures will vary as a result of future investing activities and leasing at the properties held in unconsolidated joint ventures.

We recognized gains on sales of real estate assets of $175.5 million in 2017, as a result of selling three properties in Houston, Texas, and the Key Center Tower and Marriott in Cleveland, Ohio in January 2017; and selling a 22.5% interest in each of the University Circle property and the 333 Market Street building in July 2017. We recognized gains on sales of real estate assets of $72.3 million in 2016, as a result of selling seven properties in separate transactions during the the year. See Note 3, Real Estate Transactions, of the accompanying financial statements, for additional details of these dispositions. We expect future gains on sales of real estate assets will vary with disposition activity.

Net income was $176.0 million, or $1.45 per basic and diluted share, for 2017, which represents an increase from $84.3 million, or $0.68 per basic and diluted share, for 2016. The increase is due to gains on sale of real estate ($103.2 million) and financing activities resulting in interest savings in the current year and losses on early extinguishment of debt in the prior year ($25.8 million), partially offset by lost income from sold properties ($38.4 million). See the "Supplemental Performance Measures" section below for our same-store results compared with the prior year. We expect future earnings to vary as a result of leasing activity at our existing properties and investing activities.

Comparison of the Year Ended December 31, 2016 Versus the Year Ended December 31, 2015

Rental income was $366.2 million for 2016, which represents a decrease from $436.0 million for 2015. The decrease is primarily due to current-year and prior-year dispositions ($53.0 million); transferring the Market Square Buildings to a joint venture in the fourth quarter of 2015 ($30.9 million); and vacancy at our 222 East 41st Street property for a portion of 2016 ($7.4 million) while the building was being prepared for NYU's Langone Medical lease to commence, partially offset by additional rental income from the acquisition of the 229 West 43rd Street Building in August 2015 ($19.9 million).

Tenant reimbursements and property operating costs were $69.8 million and $155.0 million, respectively, for 2016, which represents an increase from $99.7 million and $188.1 million, respectively, for 2015. The decrease in property operating costs is due to dispositions ($23.4 million) and the transfer of the Market Square Buildings to a joint venture ($16.4 million), partially offset by

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additional property operating costs from the acquisition of the 229 West 43rd Street Building ($6.6 million). The proportional decrease in tenant reimbursements is also due to dispositions ($17.3 million) and the transfer of the Market Square Buildings to a joint venture ($9.4 million), partially offset by additional tenant reimbursements from the acquisition of the 229 West 43rd Street Building ($2.9 million).

Hotel income, net of hotel operating costs, was $4.0 million for 2016, which represents a decrease as compared with $4.7 million for 2015, due to additional group bookings and meetings at the hotel.

Asset and property management fee income was $2.1 million for 2016, which represents an increase as compared with $0.6 million for 2015. We began earning such fees in October 2015, upon the formation of the Market Square Joint Venture.

Other property income was $12.8 million for 2016, which represents an increase as compared with $5.4 million for 2015, primarily due to an early termination at our 222 East 41st Street property ($6.8 million).

Asset and property management fees were $1.4 million for 2016, which represents a decrease as compared with $1.8 million for 2015, primarily due to transferring Market Square to a joint venture in the fourth quarter of 2015.

Depreciation was $108.5 million for 2016, which represents a decrease as compared with $131.5 million for 2015, primarily due to dispositions ($16.3 million) and transferring Market Square to a joint venture ($11.6 million), partially offset by additional depreciation from the acquisition of 229 West 43rd Street in August 2015 ($5.4 million).

Amortization was $56.8 million for 2016, which represents a decrease as compared with $87.1 million for 2015. The decrease is primarily due to dispositions ($16.1 million); intangibles written off related to the expiration or termination of leases ($9.8 million); and transferring Market Square to a joint venture ($5.9 million); partially offset by additional amortization from the acquisition of 229 West 43rd Street in August 2015 ($2.6 million).

General and administrative expenses – corporate was $33.9 million for 2016, which represents an increase from $29.7 million for 2015. The increase is due to costs incurred to develop our regional management and investment platform ($2.9 million), and additional vesting under our stock-based incentive compensation plan ($1.0 million).

We incurred acquisition expenses of $3.7 million for 2015 in connection with acquiring three properties in January 2015 and the 229 West 43rd Street Building in New York in August 2015. See Note 3, Real Estate Transactions, to the accompanying financial statements for additional details. We adopted Accounting Standards Update 2017-01, Clarifying the Definition of a Business, in the fourth quarter of 2017. (See Note 2, Summary of Significant Accounting Policies, of the accompanying consolidated financial statements.) As a result, we capitalized acquisition costs related to fourth quarter 2017 acquisitions and do not anticipate incurring future expenses related to acquisitions of properties.

Interest expense was $67.6 million for 2016, which represents a decrease as compared with $85.3 million for 2015, primarily due to transferring the Market Square mortgage note to a joint venture ($13.6 million) and repaying mortgage loans ($5.4 million), partially offset by the 2025 Bonds Payable outstanding for the entire year ($3.0 million).

Interest and other income was stable at $7.3 million for 2016 and 2015.

We recognized a loss on interest rate swaps that do not qualify for hedge accounting treatment of approximately $1.1 million for 2015, primarily due to the settlement of the swap related to a $450 million term loan, which was replaced with other unsecured borrowings in July 2015.

We recognized a loss on early extinguishment of debt of $19.0 million and $3.1 million in 2016 and 2015, respectively. In 2016, we incurred an early redemption premium on the settlement of the 2018 Bonds Payable of $17.9 million, and write-offs of deferred financing costs in connection with other early repayments. In 2015, we incurred a prepayment premium of $2.1 million related to the early repayment of the 215 Diehl Building mortgage note, approximately two years prior to its maturity and write-offs of deferred financing costs in connection with other early repayments.

We recognized a loss from unconsolidated joint ventures of $7.6 million for 2016, which represents an increase as compared with a loss of $1.1 million for 2015. The Market Square Joint Venture was formed on October 28, 2015. Since inception, real estate operating income from Market Square has been reduced by interest incurred on the property's $325 million mortgage note, and Market Square experienced reduced occupancy levels throughout 2016 due to lease expirations.

We recognized gains on sales of real estate assets of $72.3 million in 2016, as a result of selling six properties in separate transactions for an aggregate of $660.5 million, exclusive of transaction costs. We recognized gains on sales of real estate assets of $23.9 million in 2015, as a result of selling 12 properties for an aggregate of $498.3 million, exclusive of transaction costs, and the sale

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of a 49% interest in Market Square for a gross sales price of $120.0 million. See Note 3, Real Estate Transactions, of the accompanying financial statements, for additional details of these dispositions.

Net income was $84.3 million, or $0.68 per basic and diluted share, for 2016, which represents an increase from $44.6 million, or $0.36 per basic and diluted share, for 2015. The increase is due to additional year-over-year gains on sales of real estate ($48.5 million) and a decrease in interest expense and other financing costs ($17.7 million), partially offset by additional year-over-year losses on early extinguishment of debt ($15.8 million), lower earnings due to property sales ($5.3 million), and increase in equity in loss of unconsolidated joint ventures ($6.4 million) due to reduced occupancy at Market Square. See "Supplemental Performance Measures" section below for our same-store results compared with the prior year period.

NOI by Geographic Segment

We consider geographic location when evaluating our portfolio composition, and in assessing the ongoing operations and performance of our properties. As of December 31, 2017, we aggregated our properties into the following geographic segments: New York, San Francisco, Atlanta, Washington, D.C., Boston, Los Angeles, and all other office markets. All other office markets consists of properties in low-barrier-to-entry geographic locations, in which we do not have a substantial presence and do not plan to make further investments. See Note 14, Segment Information, to the accompanying consolidated financial statements.

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

	For the Years Ended December 31,		
	2017	2016	2015
New York	$73,893	$70,038	$54,692
San Francisco	76,163	80,529	83,826
Atlanta	33,603	32,939	31,912
Washington, D.C.	18,496	16,372	36,958
Boston	5,380	5,114	12,519
Los Angeles	4,529	4,523	4,853
All other office markets	18,550	92,756	129,199
Total office segments	230,614	302,271	353,959
Hotel	(913)	3,988	4,593
Corporate	(826)	(158)	(586)
Total	$228,875	$306,101	$357,966

Comparison of the Year Ended December 31, 2017 Versus the Year Ended December 31, 2016

San Francisco

NOI has decreased during 2017 due to the sale of a 22.5% interest in both University Circle and 333 Market Street. San Francisco NOI is expected to decrease in the near term as a result of the sale of an additional 22.5% interest in each of these properties, as described in Note 3, Real Estate Transactions, of the accompanying consolidated financial statements.

Washington, D.C.

NOI has increased during 2017 due to the October 2017 acquisition of a 55% interest in 1800 M Street, as described in Note 3, Real Estate Transactions, of the accompanying consolidated financial statements, which is partially offset by decreased occupancy at 80 M Street and Market Square earlier in the current year. Over the near term, Washington, D.C. NOI is expected to increase as a result of recent leasing activity at 80 M Street and Market Square and recognizing a full period for our interest in 1800 M Street.

All other office markets

NOI has decreased significantly year over year as a result of asset sales, as described in Note 3, Real Estate Transactions, of the accompanying consolidated financial statements.

Hotel

The Key Center Marriott, our only hotel, was sold on January 31, 2017.

Comparison of the Year Ended December 31, 2016 versus the Year Ended December 31, 2015

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New York
NOI increased year over year as a result of the acquisition of 229 West 43rd Street in August of 2015.
San Francisco
NOI decrease year over year as a result of decreased occupancy at 650 California Street.
Washington, D.C.
NOI decreased year over year as a result of selling a 49% interest in Market Square in October of 2015.
Boston
NOI decreased year over year as a result of selling 550 King Street and Robbins Road in the 11 Property Sale, as described in Note 3, Real Estate Transactions, of the accompanying consolidated financial statements.
All other office markets
NOI has decreased significantly year over year as a result of asset sales, as described in Note 3, Real Estate Transactions, of the accompanying consolidated financial statements.
Supplemental Performance Measures
In addition to net income, we measure the performance of the company using certain non-GAAP supplemental performance measures, including: (i) Funds From Operations ("FFO"), (ii) Net Operating Income ("NOI"), and (iii) Same Store Net Operating Income ("Same Store NOI"). These non-GAAP metrics are commonly used by industry analysts and investors as supplemental operation performance measures of REITs and are viewed by management to be useful indicators of operating performance. Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, many industry analysts and investors have considered presentation of operating results for real estate companies using historical cost accounting alone to be insufficient. Management believes that the use of FFO, NOI, and Same Store NOI, combined with net income, improves the understanding of operating results of REITs among the investing public and makes comparisons of REIT operating results more meaningful.
Net income is the most comparable GAAP measure to FFO, NOI, and Same Store NOI. Each of these supplemental performance measures exclude expenses that materially impact our overall results of operations and, therefore, should not be considered as a substitute for net income, income from continuing operations before income taxes, or any other measures derived in accordance with GAAP. Furthermore, these metrics may not be comparable to other similarly titled measures used by other companies.
Funds From Operations
FFO is a non-GAAP measure used by many investors and analysts who follow the real estate industry to measure the performance of an equity REIT. We consider FFO a useful measure of our performance because it principally adjusts for the effects of GAAP depreciation and amortization of real estate assets, which assumes that the value of real estate diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, we believe that FFO provides a meaningful supplemental measure of our performance. We believe that the use of FFO, combined with the required GAAP presentations, is beneficial in improving our investors' understanding of our operating results and allowing for comparisons among other companies who define FFO as we do.
FFO, as defined by the National Association of Real Estate Investment Trusts ("NAREIT"), represents net income (computed in accordance with GAAP), excluding gains or losses on sales of real estate and impairments of real estate assets, plus real estate-related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures, for both continuing and discontinued operations. We compute FFO in accordance with NAREIT's definition, which may differ from the methodology for calculating FFO, or similarly titled measures, used by other companies, and this may not be comparable to those presentations.
FFO does not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations, or other commitments and uncertainties, nor is it indicative of funds available to fund our cash needs, including our ability to make distributions. Our presentation of FFO should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of financial performance.

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Net income reconciles to FFO as follows (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Reconciliation of Net Income to Funds From Operations:			
Net income	$176,041	$84,281	$44,619
Adjustments:			
Depreciation of real estate assets	80,394	108,543	131,490
Amortization of lease-related costs	32,403	56,775	87,128
Depreciation and amortization included in loss from unconsolidated joint venture(1)	21,288	8,776	1,606
Gains on sales of real estate assets	(175,518)	(72,325)	(23,860)
Total funds from operations adjustments	(41,433)	101,769	196,364
Funds from operations	$134,608	$186,050	$240,983

(1) Reflects our ownership interest in depreciation and amortization for investments in unconsolidated joint ventures.

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Net Operating Income

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

The major factors influencing our NOI are property acquisitions and dispositions, occupancy levels, rental rate increases or decreases, and the recoverability of operating expenses.

Same Store Net Operating Income

We also evaluate the performance of our properties, on a "same store" basis, using a metric referred to as Same Store NOI. We view Same Store NOI as a useful supplemental performance measure because it improves comparability between periods by eliminating the effects of changes in the composition of our portfolio. On an individual property basis, Same Store NOI is computed in a consistent manner as NOI (as described in the previous section). For the periods presented, we have defined our same store portfolio as those properties that have been continuously owned and operating since January 1, 2016. NOI and Same Store NOI are calculated as follows for the years ended December 31, 2017 and 2016 (in thousands):

	Years Ended December 31,	
	2017	2016
Same-Store NOI - wholly-owned properties:		
Revenues:		
Rental income	$217,615	$213,161
Tenant reimbursements	18,221	22,868
Other property income	3,242	12,052
Total revenues	239,078	248,081
Operating expenses	(79,508)	(83,742)
Same Store NOI – wholly-owned properties[1]	159,570	164,339
Same Store NOI – joint-venture owned properties[2]	51,665	49,522
Total Same-Store NOI	211,235	213,861
NOI from acquisitions[3]	10,793	—
NOI from dispositions[4]	6,847	92,240
NOI	$228,875	$306,101

(1) Reflects NOI from properties that were wholly owned for the entirety of the periods presented.

(2) For all periods presented, reflects our ownership interest in NOI for properties owned through unconsolidated joint ventures as of December 31, 2017 (Market Square, University Circle, 333 Market Street, 114 Fifth Avenue, and 1800 M Street). The NOI for properties held through unconsolidated joint ventures is included in income (loss) from unconsolidated joint ventures in our accompanying consolidated statements of operations. See Note 4, Unconsolidated Joint Ventures, of the accompanying consolidated financial statements, for more information.

(3) Reflects activity for the following properties acquired since January 1, 2016: 55% of 1800 M Street, 218 West 18th Street, and 245-249 West 17th Street, and 49.5% of 114 Fifth Avenue.

(4) Reflects activity for the following properties sold since January 1, 2016: 22.5% of University Circle, and 22.5% of 333 Market Street, Key Center Tower, Key Center Marriott, 515 Post Oak, Energy Center, 5 Houston Center, SanTan Corporate Center, Sterling Commerce, 80 Park Plaza, 9127, 9189, 9191 & 9193 South Jamaica Street, 800 North Frederick, and 100 East Pratt.

The slight decline in Same Store NOI is due to a temporary decline in occupancy at 650 California Street in San Francisco and at 315 Park Avenue South in New York. Anticipated lease expirations at 650 California Street and at 315 Park Avenue South allowed us to roll below-market leases up to market rates with recent leasing activities. As a result, future Same Store NOI is expected to increase at these properties and across the portfolio. The slight decline in Same Store NOI from prior year is also impacted by a lease expiration at 263 Shuman Boulevard, which is in the process of being returned to the lender in settlement of the mortgage note.

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

	Years Ended December 31,	
	2017	2016
Net income	$176,041	$84,281
Depreciation	80,394	108,543
Amortization	32,403	56,775
General and administrative – corporate	34,966	33,876
General and administrative – joint venture	1,454	—
Net interest expense	58,187	67,538
Interest income from development authority bonds	(7,200)	(7,200)
Loss on early extinguishment of debt	325	18,997
Income tax expense	(213)	445
Asset and property management fee income	(3,782)	(2,122)
Adjustment included in loss from unconsolidated joint venture	31,818	17,293
Gains on sales of real estate assets	(175,518)	(72,325)
Net operating income	$228,875	$306,101
Same Store NOI – joint venture owned properties(1)	(51,665)	(49,522)
NOI from acquisitions(2)	(10,793)	—
NOI from dispositions(3)	(6,847)	(92,240)
Same Store NOI - wholly owned properties(4)	$159,570	$164,339

(1) For all periods presented, reflects our ownership interest in NOI for properties owned through unconsolidated joint ventures as of December 31, 2017 (Market Square, University Circle, 333 Market Street, 114 Fifth Avenue, and 1800 M Street). The NOI for properties held through unconsolidated joint ventures is included in income (loss) from unconsolidated joint ventures in our accompanying consolidated statements of operations. See Note 4, Unconsolidated Joint Ventures, of the accompanying consolidated financial statements, for more information.

(2) Reflects activity for the following properties acquired since January 1, 2016: 55% of 1800 M Street, 218 West 18th Street, and 245-249 West 17th Street, and 49.5% of 114 Fifth Avenue.

(3) Reflects activity for the following properties sold since January 1, 2016: 22.5% of University Circle, and 22.5% of 333 Market Street, Key Center Tower, Key Center Marriott, 515 Post Oak, Energy Center, 5 Houston Center, SanTan Corporate Center, Sterling Commerce, 80 Park Plaza, 9127, 9189, 9191 & 9193 South Jamaica Street, 800 North Frederick, and 100 East Pratt.

(4) Reflects NOI from properties that were wholly owned for the entirety of the periods presented.

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Portfolio Information

As of December 31, 2017, we owned 19 operating properties, of which 14 were wholly owned and five were owned through unconsolidated joint ventures. These properties are located primarily in New York, San Francisco, Washington, D.C., and Atlanta, contain a total of 9.2 million rentable square feet, and were approximately 96.2% leased as of December 31, 2017.

As of December 31, 2017, our five highest geographic reportable segments, based on Annualized Lease Revenue, were as follows. For more information about our reportable segments, see Note 14, Segment Information, to the accompanying consolidated financial statements.

Location	Leased Square Feet (in thousands)	2017 Annualized Lease Revenue (in thousands)	Percentage of 2017 Annualized Lease Revenue	
New York	$ 2,388	147,318	38	%
San Francisco	1,663	106,747	28	%
Washington, D.C.	846	53,696	14	%
Atlanta	1,656	40,509	11	%
Boston	225	12,081	3	%
	$ 6,778	360,351	94	%

As of December 31, 2017, our five highest tenant industry concentrations, based on Annualized Lease Revenue, were as follows:

Industry	Leased Square Feet (in thousands)	2017 Annualized Lease Revenue (in thousands)	Percentage of 2017 Annualized Lease Revenue	
Business Services	$ 1,281	88,033	23	%
Depository Institutions	1,021	42,242	11	%
Engineering & Management Services	495	28,591	8	%
Communications	1,010	26,135	7	%
Legal Services	303	23,305	6	%
	$ 4,110	208,306	55	%

As of December 31, 2017, our five highest tenant concentrations, based on Annualized Lease Revenue, were as follows:

Tenant	2017 Annualized Lease Revenue (in thousands)	Percentage of 2017 Annualized Lease Revenue	
AT&T	$ 22,579	6	%
Wells Fargo	20,522	5	%
Pershing	18,251	5	%
Twitter	15,894	4	%
NYU	15,277	4	%
	$ 92,523	24	%

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

Election as a REIT

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

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Columbia Property Trust TRS, LLC, Columbia 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. We have elected to treat the TRS Entities as taxable REIT subsidiaries. We may perform certain additional, noncustomary services for tenants of our buildings through the TRS Entities; however, any earnings related to such services are subject to federal and state income taxes. In addition, for us to continue to qualify as a REIT, we must limit our investments in taxable REIT subsidiaries to 25% of the value of our total assets.
Deferred tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of assets and liabilities at the enacted rates expected to be in effect when the temporary differences reverse.
No provisions for federal income taxes have been made in our accompanying consolidated financial statements, other than the provisions relating to the TRS Entities, as we made distributions in excess of taxable income for the periods presented. We are subject to certain state and local taxes related to property operations in certain locations, which have been provided for in our accompanying consolidated financial statements.

Inflation

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

Application of Critical Accounting Policies

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

Investment in Real Estate Assets

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

Buildings	40-45 years
Building and site improvements	5-25 years
Tenant improvements	Shorter of economic life or lease term
Intangible lease assets	Lease term

Evaluating the Recoverability of Real Estate Assets

We continually monitor events and changes in circumstances that could indicate that the carrying amounts of the real estate and related intangible assets of both operating properties and properties under construction, may not be recoverable. When indicators of potential impairment are present that suggest that the carrying amounts of real estate assets and related intangible assets (liabilities) may not be recoverable, we assess the recoverability of these assets by determining whether the respective carrying values will be recovered through the estimated undiscounted future operating cash flows expected from the use of the assets and their eventual disposition. In the event that such expected undiscounted future cash flows do not exceed the carrying values, we adjust the carrying value of the real estate assets and related intangible assets to the estimated fair values, pursuant to the property, plant, and equipment accounting standard for the impairment or disposal of long-lived assets, and recognize an impairment loss. Estimated fair values are calculated based on the following hierarchy of information, depending upon availability: (Level 1) recently quoted market prices; (Level 2) market prices for comparable properties; or (Level 3) the present value of future cash flows, including estimated residual value. Certain of our assets may be carried at an amount that exceeds that which could be realized in a current disposition

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transaction. We have determined that there is no impairment in the carrying values of our real estate assets and related intangible assets for the year ended December 31, 2017.

Projections of expected future operating cash flows require that we estimate future market rental income amounts subsequent to the expiration of current lease agreements, property operating expenses, the number of months it takes to re-lease the property, and the number of years the property is held for investment, among other factors. 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.

Allocation of Purchase Price of Acquired Assets

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

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

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

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

- Direct costs associated with obtaining a new tenant, including commissions, tenant improvements, and other direct costs, are estimated based on management's consideration of current market costs to execute a similar lease. Such direct costs are included in intangible lease origination costs in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases.
- The value of opportunity costs associated with lost rentals avoided by acquiring an in-place lease is calculated based on the contractual amounts to be paid pursuant to the in-place leases over a market absorption period for a similar lease. Such opportunity costs are included in intangible lease assets in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases.
- The value of effective rental rates of in-place leases that are above or below the market rates of comparable leases is calculated based on the present value (using a discount rate that reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be received pursuant to the in-place leases and (ii) management's estimate of fair market lease rates for the corresponding in-place leases. This calculation includes significantly below- market renewal options for which exercise of the renewal option appears to be reasonably assured. These intangible assets or liabilities are measured over the actual or assumed (in the case of renewal options) remaining lease terms. The capitalized above-market and below-market lease values are recorded as intangible lease assets or liabilities and amortized as an adjustment to rental income over the remaining terms of the respective leases.

Evaluating the Recoverability of Intangible Assets and Liabilities

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

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

In-place ground leases where we are the lessee may have value associated with effective contractual rental rates that are above or below market rates. Such values are calculated based on the present value (using a discount rate that reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place lease and (ii) management's estimate of fair market lease rates for the corresponding in-place lease at the time of execution or assumption. This calculation includes significantly below market renewal options for which exercise of the renewal option appears to be reasonably assured. These intangible assets and liabilities are measured over the actual or assumed (in the case of renewal options) remaining lease terms. The capitalized 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 ground leases.

Related-Party Transactions and Agreements

During 2017, 2016, and 2015, we did not have any related party transactions, except as described in Note 4, Unconsolidated Joint Venture, of the accompanying consolidated financial statements.

Commitments and Contingencies

We are subject to certain commitments and contingencies with regard to certain transactions. Refer to Note 7, Commitments & Contingencies, to the accompanying consolidated financial statements for further explanation. Examples of such commitments and contingencies include:

- guaranty of debt of an unconsolidated joint venture of $11.2 million;
- obligations under operating leases;
- obligations under capital leases;
- commitments under existing lease agreements; and
- litigation.

Subsequent Events

We have evaluated subsequent events in connection with the preparation of our consolidated financial statements and notes thereto included in this report on Form 10-K and noted the following items in addition to those disclosed elsewhere in this report:

- On February 7, 2018, the board of directors declared dividends for the first quarter of 2018 in the amount of $0.20 per share, payable on March 15, 2018, to stockholders of record on March 1, 2018.
- On February 1, 2018, Columbia Property Trust sold an additional 22.5% interest in University Circle and 333 Market Street to its joint venture partner, Allianz, as described in Note 3, Real Estate Transactions, to the accompanying consolidated financial statements.
- On January 4, 2018, we paid an aggregate amount of $24.0 million in dividends for the fourth quarter of 2017 to shareholders of record on December 1, 2017.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a result of our debt facilities, we are exposed to interest rate changes. Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flow, primarily through a moderate level of overall borrowings. However, we currently have a substantial amount of debt outstanding. The majority of our borrowings are in the form of effectively fixed-rate financings, which helps to insulate our portfolio from interest rate risk. We closely monitor interest rates and will continue to consider the sources and terms of our borrowing facilities to determine whether we have appropriately guarded ourselves against the fluctuation of interest rates in future periods.

Additionally, we have entered into interest rate swaps, and may enter into other interest rate swaps, caps, or other arrangements to mitigate our interest rate risk on a related financial instrument. We do not enter into derivative or interest rate transactions for speculative purposes; however, certain of our derivatives may not qualify for hedge accounting treatment. All of our debt was entered into for other-than-trading purposes. As of December 31, 2017 and 2016, the estimated fair value of our consolidated line of credit and notes payable and bonds was $1.7 billion and $1.4 billion, respectively.

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Our financial instruments, including bonds payable, consist of both fixed- and variable-rate debt. As of December 31, 2017, adjusting for 51% of the debt at the Market Square Joint Venture, which we own through an unconsolidated joint venture, our debt consisted of the following, in thousands:

	2018	2019	2020	2021	2022	Thereafter	Total
Maturing Debt:							
Effectively variable-rate debt	$300,000	$152,000	$300,000	$ —	$—	$—	$752,000
Effectively fixed-rate debt[(1)]	$23,176	$—	$—	$ —	$150,000	$864,265	$1,037,441
Average Interest Rate:							
Effectively variable-rate debt	2.60 %	2.57 %	2.66 %	—%	— %	— %	2.62 %
Effectively fixed-rate debt[(1)]	5.80 %	— %	— %	—%	3.07 %	4.12 %	4.04 %

(1) Fixed-rate debt and the related average interest rates exclude the $49.0 million mortgage note for 263 Shuman Boulevard, which matured in July 2017. We are in the process of working to transfer this property to the lender in settlement of the mortgage note. Interest is being accrued at the default rate of 10.55%.

Our variable-rate borrowings consist of the Revolving Credit Facility, the $300 Million Bridge Loan, the $300 Million Term Loan, and the $150 Million Term Loan. However, only the Revolving Credit Facility, the $300 Million Bridge Loan, and the $300 Million Term Loan bear interest at effectively variable rates, as the variable rate on the $150 Million Term Loan has been effectively fixed through the interest rate swap agreement described herein.

As of December 31, 2017, we had $152.0 million outstanding borrowings under the Revolving Credit Facility; $150.0 million outstanding on the $150 Million Term Loan; $300.0 million outstanding on the $300 Million Bridge Loan; $300.0 million outstanding on the $300 Million Term Loan; $348.9 million in 2026 Bonds Payable outstanding; $349.6 million in 2025 Bonds Payable outstanding; and $72.2 million outstanding on fixed-rate, term mortgage loans. The weighted-average interest rate of all of our consolidated debt instruments was 3.47% as of December 31, 2017.

Approximately $920.7 million of our consolidated debt outstanding as of December 31, 2017, is subject to fixed rates, either directly or when coupled with an interest rate swap agreement. As of December 31, 2017, these balances incurred interest expense at an average interest rate of 4.17% and have expirations ranging from 2018 through 2026. A change in the market interest rate impacts the net financial instrument position of our fixed-rate debt portfolio; however, it has no impact on interest incurred or cash flows. A 1 percent change in interest rates would have a $7.5 million annual impact on our interest payments. The amounts outstanding on our variable-rate debt facilities in the future will largely depend upon future acquisition and disposition activity and other financing activities.

Our Market Square Joint Venture holds a $325 million mortgage note, which bears interest at 5.07%. Adjusting for 51% of the debt at the Market Square Joint Venture, which we own through an unconsolidated joint venture, our weighted-average interest rate of all of our debt instruments, including our share of the Market Square mortgage note is 3.62%.

We do not believe there is any exposure to increases in interest rates related to the capital lease obligations of $120.0 million at December 31, 2017, as the obligations are at fixed interest rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data filed as part of this report are set forth beginning on page F-1 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no disagreements with our independent registered public accountants during 2017, 2016, or 2015.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of management, including the Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) under the Exchange Act as of the end of the period covered by this report. Based upon that evaluation,

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the Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report in providing a reasonable level of assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods in SEC rules and forms, including providing a reasonable level of assurance that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our Principal Executive Officer and our Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Report of Management on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, as a process designed by, or under the supervision of, the Principal Executive Officer and Principal Financial Officer and effected by our management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and disposition of our assets;
- provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of management and/or members of the board of directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of human error and the circumvention or overriding of controls, material misstatements may not be prevented or detected on a timely basis. In addition, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes and conditions or that the degree of compliance with policies or procedures may deteriorate. Accordingly, even internal controls determined to be effective can provide only reasonable assurance that the information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized, and represented within the time periods required.

Our management has assessed the effectiveness of our internal control over financial reporting at December 31, 2017. To make this assessment, we used the criteria for effective internal control over financial reporting described in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management believes that our system of internal control over financial reporting met those criteria, and therefore our management has concluded that we maintained effective internal control over financial reporting as of December 31, 2017.

The report of the Company's independent registered public accounting firm on internal control over financial reporting for the Company is included in Part IV, Item 15, of this annual report on Form 10-K and is incorporated herein by reference.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2017, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Columbia Property Trust, Inc.:

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Columbia Property Trust, Inc. and subsidiaries (the "Company") as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2017, of the Company and our report dated February 15, 2018, expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Atlanta, Georgia
February 15, 2018

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ITEM 9B. OTHER INFORMATION

During the fourth quarter of 2017, there was no information that was required to be disclosed in a report on Form 8-K that was not disclosed in a report on Form 8-K.

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PART III

We will file a definitive Proxy Statement for our 2018 Annual Meeting of Stockholders (the "2018 Proxy Statement") with the SEC, pursuant to Regulation 14A, not later than 120 days after the end of our fiscal year. Accordingly, certain information required by Part III has been omitted under General Instruction G(3) to Form 10-K. Only those sections of the 2018 Proxy Statement that specifically address the items required to be set forth herein are incorporated by reference.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

We have adopted a Code of Ethics that applies to all of our executive officers and directors, including but not limited to, our principal executive officer and principal financial officer. Our Code of Ethics may be found at http://www.columbia.reit. Any amendments to, or waivers of, the Code of Ethics for our principal executive officer, principal financial officer, principal accounting officer, or controller or persons performing similar functions will be disclosed on our website promptly following the date of such amendment or waiver.

The other information required by this Item is incorporated by reference from our 2018 Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference from our 2018 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

See the table below for securities authorized to be issued under our equity compensation plan as of December 31, 2017. The other information required by this Item is incorporated by reference from our 2018 Proxy Statement.

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights	Common Stock Issued Under the LTIP	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by security holders	—	$ —	1,293,931	3,506,069
Equity compensation plans not approved by security holders	—	—	—	—
Total	—	$ —	1,293,931	3,506,069

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference from our 2018 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated by reference from our 2018 Proxy Statement.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. A list of the financial statements contained herein is set forth on page F-1 hereof.

(a) 2. Schedule III - Real Estate Assets and Accumulated Depreciation

Information with respect to this item begins on page S-1 hereof. Other schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the financial statements or notes thereto.

(a) 3. The Exhibits filed in response to Item 601 of Regulation S-K are listed on the Exhibit Index attached hereto.

(b) See (a) 3 above.

(c) See (a) 2 above.

EXHIBIT INDEX TO
2017 FORM 10-K OF
COLUMBIA PROPERTY TRUST, INC.

The following documents are filed as exhibits to this report. Exhibits that are not required for this report are omitted.

Ex.	Description
3.1	Second Amended and Restated Articles of Incorporation as Amended by the First Articles of Amendment (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K filed with the Commission on March 1, 2013).
3.2	Second Articles of Amendment (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on August 15, 2013).
3.3	Third Articles of Amendment (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the Commission on August 15, 2013).
3.4	Fourth Articles of Amendment (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on July 1, 2014).
3.5	Fifth Articles of Amendment (incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed with the Commission on May 3, 2017).
3.6	Articles Supplementary (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on September 4, 2013).
3.7	Third Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on February 13, 2017).
4.1	Statement regarding restrictions on transferability of shares of common stock (to appear on stock certificate or to be sent upon request and without charge to stockholders issued shares without certificates) (incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K filed with the Commission on March 1, 2013).
4.2	Indenture, dated March 12, 2015 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on March 12, 2015).
4.3	Supplemental Indenture, dated March 12, 2015 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Commission on March 12, 2015).
4.4	Form of 4.150% Senior Notes due 2025 (incorporated by reference to in Exhibit 4.3 to the Company's Current Report on Form 8-K filed with the Commission on March 12, 2015).
4.5	Supplemental Indenture, dated August 12, 2016 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on August 12, 2016).
4.6	Form of 3.650% Senior Notes due 2026 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Commission on August 12, 2016).
10.1	Amended and Restated Term Loan Agreement dated as of August 21, 2013, by and among Columbia Property Trust Operating Partnership, L.P., as Borrower; J.P. Morgan Securities LLC and PNC Capital Markets LLC, as Joint Lead Arrangers and Joint Bookrunners; JPMorgan Chase Bank, N.A., as Administrative Agent; PNC

	Bank, National Association, as Syndication Agent; and Regions Bank, U.S. Bank National Association, and Union Bank, N.A., as Documentation Agents (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 5, 2013).
10.2	Supplemental Indenture dated as of February 3, 2012, among Wells Operating Partnership II, L.P., the Guarantors Party Hereto, and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 4, 2012).
10.3	Columbia Property Trust, Inc. Amended and Restated 2013 Long-Term Incentive Plan (incorporated by reference to Exhibit A to the Company's Proxy Statement for its 2017 Annual Meeting of Stockholders filed with the Commission on March 17, 2017).
10.4+	Form of Restricted Stock Award Agreement under the Columbia Property Trust, Inc. Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on January 24, 2014).
10.5+	Columbia Property Trust Executive Change in Control Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on From 8-K filed with the Commission on December 19, 2016).

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Ex.	Description
10.6*+	Form of 2018 Restricted Stock Award (Time-Based) under the Columbia Property Trust Inc. Amended and Restated 2013 Long-Term Incentive Plan.
10.7*+	Form of 2018 Restricted Stock Award (Performance-Based) under the Columbia Property Trust Inc. Amended and Restated 2013 Long-Term Incentive Plan.
10.8	Amended and Restated Credit Agreement dated as of August 21, 2013, by and among Columbia Property Trust Operating Partnership, L.P., as Borrower; J.P. Morgan Securities LLC and PNC Capital Markets LLC, as Joint Lead Arrangers and Joint Bookrunners; JPMorgan Chase Bank, N.A., as Administrative Agent; PNC Bank, National Association, as Syndication Agent; and Regions Bank, U.S. Bank National Association, and BMO Capital Market Financing, Inc., as Documentation Agents (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 5, 2013).
10.9	Investor Services Agreement between the Company and Wells Real Estate Funds, Inc. dated February 28, 2013, and effective as of March 1, 2013 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 8, 2013).
10.10	Consulting Services Agreement between the Company and Wells Real Estate Funds, Inc. dated February 28, 2013, and effective as of March 1, 2013 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 8, 2013).
10.11	Assignment and Assumption Agreement between Wells Real Estate Funds, Inc. to Wells Operating Partnership II, L.P., dated as of February 28, 2013 (related to Wells Real Estate Advisory Services II, LLC) (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 8, 2013).
10.12	Assignment and Assumption Agreement between Wells Real Estate Funds, Inc. to Wells Operating Partnership II, L.P. dated as of February 28, 2013 (related to Wells Real Estate Services, LLC) (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 8, 2013).
10.13	Term Loan Agreement dated as of January 6, 2015, by and among the Columbia Property Trust Operating Partnership, L.P. as borrower; J.P. Morgan Securities LLC, as sole lead arranger and sole bookrunner; JPMorgan Chase Bank, N.A., as administrative agent; PNC Bank, National Association, as syndication agent; Morgan Stanley Bank, N.A., U.S. Bank National Association and Wells Fargo Bank, National Association, as documentation agents; and each of the financial institutions a signatory thereto, as lenders (incorporated by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K filed with the Commission on February 12, 2015).
10.14	Amended and Restated Revolving Credit and Term Loan Agreement, dated July 30, 2015, by and among Columbia Property Trust Operating Partnership, L.P., as borrower; J.P. Morgan Securities LLC and PNC Capital Markets LLC, as joint lead arrangers and joint bookrunners; JPMorgan Chase Bank, N.A., as administrative agent; PNC Bank, National Association, as syndication agent; and Regions Bank, U.S. Bank National Association, MUFG Union Bank, N.A. and Wells Fargo Bank, N.A., as documentation agents, and each of the financial institutions a signatory thereto, as lenders (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on October 29, 2015).
10.15	Term Loan Agreement, dated July 30, 2015, by and among Columbia Property Trust Operating Partnership, L.P., as borrower; the financial institutions party thereto, as lenders; Wells Fargo Bank, National Association, as administrative agent; Wells Fargo Securities, LLC, Regions Capital Markets and U.S. Bank National Association, as joint lead arrangers and joint bookrunners; Regions Bank and U.S. National Association, as syndication agents; and PNC Bank, National Association, as documentation agent (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the Commission on October 29, 2015).
10.16	First Amendment to $150 Million Term Loan Agreement, dated as of July 25, 2017, by and among Columbia Property Trust Operating Partnership, L.P., as borrower; the financial institutions party thereto, as

	lenders; Wells Fargo Bank, National Association, as administrative agent; Wells Fargo Securities, LLC, Regions Capital Markets and U.S. Bank National Association, as joint lead arrangers and joint bookrunners; Regions Bank and U.S. National Association, as syndication agents; and PNC Bank, National Association, as documentation agent (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the Commission on October 26, 2017).
10.17	Term Loan Agreement, dated August 4, 2015, by and among the Columbia Property Trust Operating Partnership, L.P., as borrower; J.P. Morgan Securities LLC, as joint lead arranger and sole bookrunner; JPMorgan Chase Bank, N.A., as administrative agent; PNC Bank, National Association, Capital One, National Association, and Wells Fargo Bank, N.A. as joint lead arrangers and co-syndication agents; and each of the financial institutions a signatory thereto, as lenders (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the Commission on October 29, 2015).
10.18*	Term Loan Agreement dated as of November 27, 2017, by and among Columbia Property Trust Operating Partnership, L.P., as borrower; JPMorgan Chase Bank, N.A., as joint lead arranger and sole bookrunner; PNC Capital Markets LLC, Regions Capital Markets, SunTrust Robinson Humphrey, Inc., U.S. Bank National Association, and Wells Fargo Securities LLC, as joint lead arrangers; JPMorgan Chase Bank, N.A., as administrative agent; PNC Bank, National Association, Regions Bank, SunTrust Bank, U.S. Bank National Association and Wells Fargo Bank, National Association as documentation agents; and each of the financial institutions a signatory thereto, as lenders.
12.1*	Calculation of Earnings to Fixed Charges.
21.1*	Subsidiaries of Columbia Property Trust, Inc.
23.1*	Consent of Deloitte & Touche LLP.
31.1*	Certification of the Principal Executive Officer of the Company, pursuant to Securities Exchange Act Rules 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer of the Company, pursuant to Securities Exchange Act Rules 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Principal Executive Officer and Principal Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

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Ex.	Description
*	Filed herewith.
+	Identifies each management contract or compensatory plan required to be filed.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COLUMBIA PROPERTY TRUST, INC.
(Registrant)

Dated: February 15, 2018 By: /s/ James A. Fleming
JAMES A. FLEMING
Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Dated: February 15, 2018 /s/ Wendy W. Gill
WENDY W. GILL
Principal Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacity as and on the date indicated.

Signature	Title	Date
/s/ Carmen M. Bowser Carmen M. Bowser	Independent Director	February 15, 2018
/s/ Charles R. Brown Charles R. Brown	Independent Director	February 15, 2018
/s/ Richard W. Carpenter Richard W. Carpenter	Independent Director	February 15, 2018
/s/ John L. Dixon John L. Dixon	Independent Director	February 15, 2018
/s/ David B. Henry David B. Henry	Independent Director	February 15, 2018
/s/ Murray J. McCabe Murray J. McCabe	Independent Director	February 15, 2018
/s/ E. Nelson Mills E. Nelson Mills	President, Chief Executive Officer and Director (Principal Executive Officer)	February 15, 2018
/s/ Constance B. Moore Constance B. Moore	Independent Director	February 15, 2018
/s/ Michael S. Robb Michael S. Robb	Independent Director	February 15, 2018
/s/ George W. Sands George W. Sands	Independent Director	February 15, 2018

/s/ Thomas G. Wattles	Independent Director	
Thomas G. Wattles		February 15, 2018

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Columbia Property Trust, Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Columbia Property Trust, Inc. and subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income, equity, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes and the schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 15, 2018, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Atlanta, Georgia
February 15, 2018

We have served as the Company's auditor since 2008.

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

	December 31,	
	2017	2016
Assets:		
Real Estate Assets, at Cost:		
Land	$825,208	$751,351
Buildings and improvements, less accumulated depreciation of $388,796 and $435,457, as of December 31, 2017 and 2016, respectively	2,063,419	2,121,150
Intangible lease assets, less accumulated amortization of $94,065 and $112,777, as of December 31, 2017 and 2016, respectively	199,260	193,311
Construction in progress	44,742	36,188
Real estate assets held for sale, less accumulated depreciation and amortization of $180,791 as of December 31, 2016	—	412,506
Total real estate assets	3,132,629	3,514,506
Investment in unconsolidated joint ventures	943,242	127,346
Cash and cash equivalents	9,567	216,085
Tenant receivables, net of allowance for doubtful accounts of $0 and $31 as of December 31, 2017 and 2016, respectively	2,128	7,163
Straight-line rent receivable	92,235	64,811
Prepaid expenses and other assets	27,683	24,275
Intangible lease origination costs, less accumulated amortization of $57,465 and $74,578, as of December 31, 2017 and 2016, respectively	42,959	54,279
Deferred lease costs, less accumulated amortization of $26,464 and $22,753, as of December 31, 2017 and 2016, respectively	141,096	125,799
Investment in development authority bonds	120,000	120,000
Other assets held for sale, less accumulated amortization of $34,152 as of December 31, 2016	—	45,529
Total assets	$4,511,539	$4,299,793
Liabilities:		
Line of credit and notes payable, net of deferred financing costs of $2,991 and $3,136, as of December 31, 2017 and 2016, respectively	$971,185	$721,466
Bonds payable, net of discount of $1,484 and $1,664 and deferred financing costs of $4,760 and $5,364, as of December 31, 2017 and 2016, respectively	693,756	692,972
Accounts payable, accrued expenses, and accrued capital expenditures	125,002	131,028
Dividends payable	23,961	36,727
Deferred income	18,481	19,694
Intangible lease liabilities, less accumulated amortization of $19,660 and $44,564, as of December 31, 2017 and 2016, respectively	27,218	33,375
Obligations under capital leases	120,000	120,000
Liabilities held for sale, less accumulated amortization of $1,239 as of December 31, 2016	—	41,763
Total liabilities	1,979,603	1,797,025
Commitments and Contingencies (Note 7)	—	—
Equity:		
Common stock, $0.01 par value, 225,000,000 shares authorized, 119,789,106 and 122,184,193 shares issued and outstanding as of December 31, 2017 and 2016, respectively	1,198	1,221
Additional paid-in capital	4,487,071	4,538,912

Cumulative distributions in excess of earnings	(1,957,236)	(2,036,482)
Accumulated other comprehensive income (loss)	903	(883)
Total equity	2,531,936	2,502,768
Total liabilities and equity	$4,511,539	$4,299,793

See accompanying notes.

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

	Years Ended December 31,		
	2017	2016	2015
Revenues:			
Rental income	$257,059	$366,186	$436,048
Tenant reimbursements	23,511	69,770	99,655
Hotel income	1,339	22,661	24,309
Asset and property management fee income	3,782	2,122	605
Other property income	3,309	12,804	5,448
	289,000	473,543	566,065
Expenses:			
Property operating costs	87,805	154,968	188,078
Hotel operating costs	2,089	18,686	19,615
Asset and property management fee expenses	918	1,415	1,816
Depreciation	80,394	108,543	131,490
Amortization	32,403	56,775	87,128
General and administrative – corporate	34,966	33,876	29,683
General and administrative – unconsolidated joint ventures	1,454	—	—
Acquisition expenses	—	—	3,675
	240,029	374,263	461,485
	48,971	99,280	104,580
Other Income (Expense):			
Interest expense	(60,516)	(67,609)	(85,296)
Interest and other income	9,529	7,288	7,254
Loss on interest rate swaps	—	—	(1,110)
Loss on the early extinguishment of debt	(325)	(18,997)	(3,149)
	(51,312)	(79,318)	(82,301)
Income (loss) before income tax, unconsolidated joint ventures, and gains on sales of real estate assets	(2,341)	19,962	22,279
Income tax benefit (expense)	213	(445)	(378)
Income (loss) from unconsolidated joint ventures	2,651	(7,561)	(1,142)
Income before gains on sales of real estate assets	523	11,956	20,759
Gains on sales of real estate assets	175,518	72,325	23,860
Net income	$176,041	$84,281	$44,619
Per-Share Information – Basic:			
Net income	$1.45	$0.68	$0.36
Weighted-average common shares outstanding – basic	120,795	123,130	124,757
Per-Share Information – Diluted:			
Net income	$1.45	$0.68	$0.36
Weighted-average common shares outstanding – diluted	121,159	123,228	124,847

See accompanying notes.

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

	Years Ended December 31,		
	2017	2016	2015
Net income	$176,041	$84,281	$44,619
Market value adjustment to interest rate swap	1,786	1,553	(1,570)
Settlement of interest rate swap	—	—	1,102
Comprehensive income	$177,827	$85,834	$44,151

See accompanying notes.

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

	Equity Common Stock Shares	Equity Common Stock Amount	Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2014	124,973	$1,249	$4,601,808	$(1,867,611)	$ (1,968)	$2,733,478
Repurchases of common stock	(721)	(7)	(16,328)	—	—	(16,335)
Common stock issued to employees and directors, and amortized (net of income tax witholdings)	111	1	2,823	—	—	2,824
Distributions to common stockholders ($1.20 per share)	—	—	—	(149,924)	—	(149,924)
Net income	—	—	—	44,619	—	44,619
Market value adjustment to interest rate swap	—	—	—	—	(1,570)	(1,570)
Settlement of interest rate swap	—	—	—	—	1,102	1,102
Balance, December 31, 2015	124,363	1,243	4,588,303	(1,972,916)	(2,436)	2,614,194
Repurchases of common stock	(2,399)	(24)	(52,777)	—	—	(52,801)
Common stock issued to employees and directors, and amortized (net of income tax witholdings)	220	2	3,386	—	—	3,388
Distributions to common stockholders ($1.20 per share)	—	—	—	(147,847)	—	(147,847)
Net income	—	—	—	84,281	—	84,281
Market value adjustment to interest rate swap	—	—	—	—	1,553	1,553
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 witholdings)	287	3	5,761	—	—	5,764
Distributions to common stockholders ($0.80 per share)	—	—	—	(96,795)	—	(96,795)
Net income	—	—	—	176,041	—	176,041
Market value adjustment to interest rate swap	—	—	—	—	1,786	1,786
Balance, December 31, 2017	119,789	$1,198	$4,487,071	$(1,957,236)	$ 903	$2,531,936

See accompanying notes.

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

	Years Ended December 31,		
	2017	2016	2015
Cash Flows from Operating Activities:			
Net income	$176,041	$84,281	$44,619
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Straight-line rental income	(32,737)	(21,875)	(16,632)
Depreciation	80,394	108,543	131,490
Amortization	31,907	52,530	78,000
Noncash interest expense	3,009	3,549	4,335
Loss on early extinguishment of debt	325	18,997	3,149
Gain on interest rate swaps	—	—	(1,532)
Gains on sales of real estate assets	(175,518)	(72,325)	(23,860)
Loss (income) from unconsolidated joint ventures	(2,651)	7,561	1,142
Distributions of earnings from unconsolidated joint ventures	3,681	—	—
Stock-based compensation expense	7,580	4,558	3,548
Changes in Assets and Liabilities, Net of Acquisitions and Dispositions:			
Decrease (increase) in tenant receivables, net	4,222	4,251	(4,414)
Decrease (increase) in prepaid expenses and other assets	(1,754)	5,533	(2,155)
Increase (decrease) in accounts payable and accrued expenses	(28,133)	(1,607)	3,330
Increase (decrease) in deferred income	(4,442)	(905)	2,060
Net cash provided by operating activities	61,924	193,091	223,080
Cash Flows From Investing Activities:			
Net proceeds from the sale of real estate	737,631	603,732	596,734
Real estate acquisitions	(604,769)	—	(1,062,031)
Deposits	—	10,000	—
Capital improvements and development costs	(86,805)	(39,521)	(83,371)
Deferred lease costs paid	(26,722)	(32,386)	(22,531)
Investments in unconsolidated joint ventures	(369,043)	(16,212)	(5,500)
Distributions in excess of earnings from unconsolidated joint ventures	1,985	—	—
Net cash provided by (used in) investing activities	(347,723)	525,613	(576,699)
Cash Flows From Financing Activities:			
Financing costs paid	(1,269)	(3,114)	(9,729)
Prepayments to settle debt and interest rate swap	—	(17,921)	(3,165)
Proceeds from lines of credit and notes payable	783,000	435,000	1,884,000
Repayments of lines of credit and notes payable	(533,427)	(845,460)	(1,854,512)
Proceeds from issuance of bonds payable	—	348,691	349,507
Repayment of bonds payable	—	(250,000)	—
Distributions paid to stockholders	(109,561)	(148,474)	(112,570)
Redemptions of common stock	(59,462)	(53,986)	(17,057)
Net cash provided by (used in) financing activities	79,281	(535,264)	236,474
Net increase (decrease) in cash and cash equivalents	(206,518)	183,440	(117,145)
Cash and cash equivalents, beginning of period	216,085	32,645	149,790
Cash and cash equivalents, end of period	$9,567	$216,085	$32,645

See accompanying notes.

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COLUMBIA PROPERTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017, 2016, AND 2015

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, 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 December 31, 2017, Columbia Property Trust owned 19 operating properties, of which 14 were wholly owned and five were owned through unconsolidated joint ventures. These properties are located primarily in New York, San Francisco, Washington, D.C., and Atlanta, contain a total of 9.2 million rentable square feet, and were approximately 96.2% leased as of December 31, 2017.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of Columbia Property Trust have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and include the accounts of Columbia Property Trust, Columbia Property Trust OP, and any variable interest entity ("VIE") in which Columbia Property Trust or Columbia Property Trust OP was deemed the primary beneficiary. With respect to entities that are not VIEs, Columbia Property Trust's consolidated financial statements shall also include the accounts of any entity in which Columbia Property Trust, Columbia Property Trust OP, or its subsidiaries own a controlling financial interest and any limited partnership in which Columbia Property Trust, Columbia Property Trust OP, or its subsidiaries own a controlling general partnership interest. In determining whether Columbia Property Trust or Columbia Property Trust OP has a controlling interest, the following factors are considered, among other things: the ownership of voting interests, protective rights, and participatory rights of the investors.

All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the accompanying consolidated financial statements and the accompanying notes. Actual results could differ from those estimates.

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. 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 and 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.

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Real Estate Assets

Real estate assets are stated at cost, less accumulated depreciation and amortization. Amounts capitalized to real estate assets consist of the cost of acquisition or construction, and any tenant improvements or major improvements and betterments that extend the useful life of the related asset. All repairs and maintenance are expensed as incurred. Additionally, Columbia Property Trust capitalizes interest while the development of a real estate asset is in progress. During the years ended December 31, 2017 and 2016, $0.7 million and $0.3 million of interest was capitalized, respectively.

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

Buildings	40-45 years
Building and site improvements	5-25 years
Tenant improvements	Shorter of economic life or lease term
Intangible lease assets	Lease term

Evaluating the Recoverability of Real Estate Assets

Columbia Property Trust continually monitors events and changes in circumstances that could indicate that the carrying amounts of its real estate and related intangible assets, of both operating properties and properties under construction, may not be recoverable. When indicators of potential impairment are present that suggest that the carrying amounts of real estate assets and related intangible assets (liabilities) may not be recoverable, Columbia Property Trust assesses the recoverability of these assets by determining whether the respective carrying values will be recovered through the estimated undiscounted future operating cash flows expected from the use of the assets and their eventual disposition. In the event that such expected undiscounted future cash flows do not exceed the carrying values, Columbia Property Trust adjusts the carrying value of the real estate assets and related intangible assets to the estimated fair values, pursuant to the property, plant, and equipment accounting standard for the impairment or disposal of long-lived assets, and recognizes an impairment loss. Estimated fair values are calculated based on the following hierarchy of information: (Level 1) recently quoted market prices, (Level 2) market prices for comparable properties, or (Level 3) the present value of future cash flows, including estimated residual value. Certain of Columbia Property Trust's assets may be carried at an amount that exceeds that which could be realized in a current disposition transaction. Columbia Property Trust has determined that the carrying values of its real estate assets and related intangible assets are recoverable as of December 31, 2017.

Projections of expected future operating cash flows require that Columbia Property Trust estimates future market rental income amounts subsequent to the expiration of current lease agreements, property operating expenses, the number of months it takes to re-lease the property, and the number of years the property is held for investment, among other factors. Due to the inherent subjectivity of the assumptions used to project future cash flows, estimated fair values may differ from the values that would be realized in market transactions.

Assets Held for Sale

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

- Management, having the authority to approve the action, commits to a plan to sell the property.
- The property is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property.
- An active program to locate a buyer and other actions required to complete the plan to sell the property have been initiated.
- The property is being actively marketed for sale at a price that is reasonable in relation to its current fair value.

Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

- The sale of the property is probable (i.e. typically subject to a binding sale contract with a non-refundable deposit), and transfer of the property is expected to qualify for recognition as a completed sale, within one year.

At such time that a property is determined to be held for sale, its carrying amount is adjusted to the lower of its depreciated book value or its estimated fair value, less costs to sell, and depreciation is no longer recognized; and assets and liabilities are required

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to be classified as held for sale on the accompanying consolidated balance sheet. As of December 31, 2017, none of Columbia Property Trust's properties met the criteria to be classified as held for sale in the accompanying consolidated balance sheet. As of December 31, 2016, Key Center Tower, Key Center Marriott, 5 Houston Center, Energy Center I, and 515 Post Oak were subject to binding sale contracts and met the other aforementioned criteria; thus, these properties are classified as held for sale in the accompanying consolidated balance sheet as of that date. The sale of 5 Houston Center, Energy Center I, and 515 Post Oak closed on January 6, 2017, and the sale of Key Center Tower and Key Center Marriott closed on January 31, 2017 (see Note 3, Real Estate Transactions).
The major classes of assets and liabilities classified as held for sale as of December 31, 2016, are provided below (in thousands):

	December 31, 2016	
Real Estate Assets Held for Sale:		
Real Estate Assets, at Cost:		
Land	$	30,243
Buildings and improvements, less accumulated depreciation of $152,246	366,126	
Intangible lease assets, less accumulated amortization of $28,545	13,365	
Construction in progress	2,772	
Total real estate assets held for sale, net	$	412,506
Other Assets Held for Sale:		
Tenant receivables, net of allowance for doubtful accounts	$	1,722
Straight-line rent receivable	20,221	
Prepaid expenses and other assets	3,184	
Intangible lease origination costs, less accumulated amortization of $22,949	1,815	
Deferred lease costs, less accumulated amortization of $11,203	18,587	
Total other assets held for sale, net	$	45,529
Liabilities Held for Sale:		
Accounts payable, accrued expenses, and accrued capital expenditures	$	34,812
Deferred income	4,214	
Intangible lease liabilities, less accumulated amortization of $1,239	2,737	
Total liabilities held for sale, net	$	41,763

Allocation of Purchase Price of Acquired Assets

Upon the acquisition of real properties, Columbia Property Trust allocates the purchase price of 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 details). Columbia Property Trust adopted ASU 2017-01, as described in the Recent Accounting Pronouncements section below, effective October 1, 2017. As a result, transaction costs for properties acquired in the fourth quarter have been capitalized and included in the purchase price allocated for properties acquired in the period. Prior to October 1, 2017, transaction costs were expensed and included in acquisition expense on the accompanying statements of operations.

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

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

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

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- Direct costs associated with obtaining a new tenant, including commissions, tenant improvements, and other direct costs, are estimated based on management's consideration of current market costs to execute a similar lease. Such direct costs are included in intangible lease origination costs in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases.
- The value of opportunity costs associated with lost rentals avoided by acquiring an in-place lease is calculated based on contractual amounts to be paid pursuant to the in-place leases over a market absorption period for a similar lease. Such opportunity costs ("Absorption Period Costs") are included in intangible lease assets in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases.
- The value of effective rental rates of in-place leases that are above or below the market rates of comparable leases is calculated based on the present value (using a discount rate that reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be received pursuant to the in-place leases and (ii) management's estimate of fair market lease rates for the corresponding in-place leases. This calculation includes significantly below- market renewal options for which exercise of the renewal option appears to be reasonably assured. These intangible assets or liabilities are measured over the actual or assumed (in the case of renewal options) remaining lease terms. The capitalized above-market and below-market lease values are recorded as intangible lease assets or liabilities and amortized as an adjustment to rental income over the remaining terms of the respective leases.

As of December 31, 2017 and 2016, Columbia Property Trust had the following gross intangible in-place lease assets and liabilities, excluding amounts held for sale (in thousands):

		Intangible Lease Assets Above-Market In-Place Lease Assets	Intangible Lease Assets Absorption Period Costs	Intangible Lease Origination Costs	Intangible Below-Market In-Place Lease Liabilities
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
December 31, 2016	Gross	$10,589	$154,582	$128,857	$ 77,939
	Accumulated Amortization	(9,305)	(83,254)	(74,578)	(44,564)
	Net	$1,284	$71,328	$54,279	$ 33,375

During 2017, 2016, and 2015, Columbia Property Trust recognized the following amortization of intangible lease assets and liabilities (in thousands):

	Intangible Lease Assets Above-Market In-Place Lease Assets	Intangible Lease Assets Absorption Period Costs	Intangible Lease Origination Costs	Intangible Below-Market In-Place Lease Liabilities
For the Years Ended December 31,				
2017	$519	$ 16,807	$ 10,124	$ 6,883
2016	$2,513	$ 28,718	$ 17,501	$ 12,996
2015	$4,412	$ 45,972	$ 28,530	$ 19,345

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The remaining net intangible assets and liabilities as of December 31, 2017, excluding amounts held for sale, will be amortized as follows (in thousands):

	Intangible Lease Assets In-Place Lease Assets	Intangible Lease Assets Above-Market Absorption Period Costs	Intangible Lease Origination Costs	Intangible Below-Market In-Place Lease Liabilities
For the Years Ending December 31,				
2018	$203	$ 16,898	$ 9,566	$ 6,325
2019	203	14,665	8,651	5,968
2020	203	12,800	7,770	4,535
2021	203	8,112	3,727	1,591
2022	203	6,585	2,708	1,287
Thereafter	633	20,402	10,537	7,512
	$1,648	$ 79,462	$ 42,959	$ 27,218
Weighted-average amortization period	8 years	5 years	5 years	6 years

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

In-place ground leases where Columbia Property Trust is the lessee may have positive or negative value associated with effective contractual rental rates that are above or below market rates at the time of execution or assumption. Such values are calculated based on the present value (using a discount rate that reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place lease and (ii) management's estimate of fair market lease rates for the corresponding in-place lease at the time of execution or assumption. This calculation includes significantly below-market renewal options for which exercise of the renewal option appears to be reasonably assured. These intangible assets and liabilities are measured over the actual or assumed (in the case of renewal options) remaining lease terms. The capitalized above-market and below-market in-place lease values are recorded as intangible lease liabilities and assets, respectively, and are amortized as an adjustment to property operating cost over the remaining term of the respective leases. Columbia Property Trust had gross below-market lease assets of approximately $140.9 million as of December 31, 2017 and 2016, net of accumulated amortization of $22.8 million and $20.2 million as of December 31, 2017 and 2016, respectively. Columbia Property Trust recognized amortization expense related to these assets of approximately $2.5 million for 2017, 2016, and 2015.

As of December 31, 2017, the remaining net below-market lease asset will be amortized as follows (in thousands):

For the Years Ending December 31:	
2018	$2,549
2019	2,549
2020	2,549
2021	2,549
2022	2,549
Thereafter	105,405
	$118,150
Weighted-average amortization period	47 years

Cash and Cash Equivalents

Columbia Property Trust considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents may include cash and short-term investments. Short-term investments are stated at cost, which approximates fair value as of December 31, 2017 and 2016.

Tenant Receivables, Net

Tenant receivables consist of rental and reimbursement billings due from tenants. Tenant receivables are recorded at the original amount earned, less an allowance for any doubtful accounts, which approximates fair value. Management assesses the realizability of tenant receivables on an ongoing basis and provides for allowances as such balances, or portions thereof, become uncollectible.

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Columbia Property Trust adjusted the allowance for doubtful accounts by recording a provision for doubtful accounts, net of recoveries, in general and administrative expenses in the accompanying consolidated statements of operations of approximately $26,000 and $289,000 for 2017 and 2016, respectively.

Straight Line Rent Receivable

Straight line rent receivable reflects the amount of cumulative adjustments necessary to present rental income on a straight-line basis. Columbia Property Trust recognizes revenues on a straight-line basis, ratably over the term of each lease; however, leases often provide for payment terms that differ from the revenue recognized. When the amount of cash received is less than the amount of revenue recognized, typically early in the lease, straight line rent receivable is recorded for the difference. The receivable is depleted during periods later in the lease when the amount of cash paid by the tenant is greater than the amount of revenue recognized.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets primarily include earnest money deposits, escrow accounts held by lenders to pay future real estate taxes, insurance and tenant improvements, notes receivable, nontenant receivables, prepaid taxes, insurance and operating costs, unamortized deferred financing costs related to the line of credit (the "Revolving Credit Facility"), interest rate swaps (when in an asset position), certain corporate assets, hotel inventory, and deferred tax assets. Prepaid expenses are recognized over the period to which the good or service relates. Other assets are written off when the asset no longer has future value, or when the company is no longer obligated for the corresponding liability.

Deferred Financing Costs

Deferred financing costs include costs incurred to secure debt from third-party lenders. Deferred financing costs, except for costs related to the Revolving Credit Facility, are presented as a direct reduction to the carrying amount of the related debt for all periods presented. Deferred financing costs related to the Revolving Credit Facility are included in prepaid expenses and other assets. Columbia Property Trust recognized amortization of deferred financing costs for the years ended December 31, 2017, 2016, and 2015 of approximately $2.8 million, $3.3 million, and $4.4 million, respectively, which is included in interest expense in the accompanying consolidated statements of operations.

Deferred Lease Costs

Deferred lease costs include costs incurred to procure leases that are paid to third parties or tenants, and incentives that are provided to tenants under the terms of their leases. These costs are capitalized and amortized on a straight-line basis over the terms of the lease. Amortization of third-party leasing costs is reflected as amortization expense, and amortization of lease incentives is reflected as an adjustment to rental income. During 2017, 2016, and 2015, Columbia Property Trust recognized amortization expense for deferred lease costs of $5.2 million, $9.3 million, and $8.9 million, respectively. During 2017, 2016, and 2015, Columbia Property Trust recognized adjustments to rental income for amortization of deferred lease costs of $3.3 million, $3.9 million, and $3.7 million, respectively. Upon receiving notification of a tenant's intention to terminate a lease, unamortized deferred lease costs are amortized over the shortened lease period. As of December 31, 2017 and 2016, deferred lease costs includes $68.4 million and $69.0 million, respectively, in unamortized lease incentives for a lease at the 222 East 41st Street Property, which will continue to be amortized to rental income over the approximately 30-year remaining lease term.

Investments in Development Authority Bonds and Obligations Under Capital Leases

In connection with the acquisition of certain real estate assets, Columbia Property Trust has assumed investments in development authority bonds and corresponding obligations under capital leases of land or buildings. The county development authority issued bonds to developers to finance the initial development of these projects, a portion of which was then leased back to the developer under a capital lease. This structure enabled the developer to receive property tax abatements over the concurrent terms of the development authority bonds and capital leases. The remaining property tax abatement benefits transferred to Columbia Property Trust upon assumption of the bonds and corresponding capital leases at acquisition. The development authority bonds and the obligations under the capital leases are both recorded at their net present values, which Columbia Property Trust believes approximates fair value. The related amounts of interest income and expense are recognized as earned in equal amounts and, accordingly, do not impact net income.

Accounts Payable, Accrued Expenses, and Accrued Capital Expenditures

Accounts payable, accrued expenses, and accrued capital expenditures primarily include payables related to property operations, capital projects, and interest rate swaps (when in a liability position). As of December 31, 2017 and 2016, accounts payable, accrued

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expenses, and accrued capital expenditures includes approximately $54.7 million and $69.0 million in lease incentives related to a lease at the 222 East 41st Street Property.

Line of Credit and Notes Payable

Certain mortgage notes included in line of credit and notes payable in the accompanying consolidated balance sheets were assumed upon the acquisition of real properties. When debt is assumed, Columbia Property Trust records the loan at fair value. The fair value adjustment is amortized to interest expense over the term of the loan using the effective interest method.

As described in the Deferred Financing Costs section above, line of credit and notes payable is presented on the accompanying consolidated balance sheet net of deferred financing costs related to term loans and notes payable of $3.0 million and $3.1 million as of December 31, 2017 and December 31, 2016, respectively.

Bonds Payable

In August 2016, Columbia Property Trust issued $350 million of its 10-year unsecured 3.650% senior notes at 99.626% of their face value (the "2026 Bonds Payable"). In March 2015, Columbia Property Trust issued $350.0 million of its 10-year unsecured 4.150% senior notes at 99.859% of their face value (the "2025 Bonds Payable"). The discount on the 2026 Bonds Payable and the 2025 Bonds Payable is amortized to interest expense over the term of the bonds using the effective-interest method.

As described in the Deferred Financing Costs section above, bonds payable are presented on the accompanying consolidated balance sheet net of deferred financing costs related to bonds payable of $4.8 million and $5.4 million as of December 31, 2017 and December 31, 2016, respectively.

Common Stock Repurchase Program

Columbia Property Trust's board of directors has authorized the repurchases of its common stock, par value $0.01 per share, subject to certain limitations, as described in Note 8, Equity. Columbia Property Trust expects to acquire shares primarily through open market transactions, subject to market conditions and other factors. As of December 31, 2017, $194.8 million remains available for repurchases under the current stock repurchase program. Common stock repurchases are charged against equity as incurred, and the repurchased shares are retired. See Note 8, Equity, for additional details.

Preferred Stock

Columbia Property Trust is authorized to issue up to 100.0 million shares of one or more classes or series of preferred stock with a par value of $0.01 per share. Columbia Property Trust's board of directors may determine the relative rights, preferences, and privileges of each class or series of preferred stock issued, which may be more beneficial than the rights, preferences, and privileges attributable to Columbia Property Trust's common stock. To date, Columbia Property Trust has not issued any shares of preferred stock.

Common Stock

The par value of Columbia Property Trust's issued and outstanding shares of common stock is classified as common stock, with the remainder allocated to additional paid-in capital.

Distributions

To maintain its status as a REIT, Columbia Property Trust is required by the Internal Revenue Code of 1986, as amended (the "Code"), to make distributions to stockholders each taxable year equal to at least 90% of its REIT taxable income, computed without regard to the dividends-paid deduction and by excluding net capital gains attributable to stockholders ("REIT taxable income"). Distributions to the stockholders are determined by the board of directors of Columbia Property Trust and are dependent upon a number of factors relating to Columbia Property Trust, including funds available for payment of distributions, financial condition, the timing of property acquisitions, capital expenditure requirements, and annual distribution requirements in order to maintain Columbia Property Trust's status as a REIT under the Code.

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 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 the effective portion of interest rate swaps that are designated as cash

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flow hedges are recorded as other comprehensive income, while changes in the fair value of the ineffective portion of a hedge, if any, is recognized currently in earnings. 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 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 as of December 31, 2017 and 2016 (in thousands):

Instrument Type	Balance Sheet Classification	Estimated Fair Value as of December 31, 2017	2016
Derivatives Designated as Hedging Instruments:			
Interest rate contracts	Prepaid expenses and other assets	$903	$—
Interest rate contracts	Accounts payable	$—	$(882)

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

	Years Ended December 31, 2017	2016	2015
Market value adjustment to interest rate swaps designated as hedging instruments and included in other comprehensive income	$1,786	$1,553	$(1,570)
Loss on interest rate swap recognized through earnings	$—	$—	$(1,110)

In July 2015, Columbia Property Trust paid $1.1 million to settle the interest rate swap on a $450 million term loan, which is reflected in earnings. During the periods presented, there was no other hedge ineffectiveness required to be recognized into earnings on the interest rate swaps that qualified for hedge accounting treatment.

Revenue Recognition

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 cost is 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. Management fees earned by Columbia Property Trust for services provided to certain of its unconsolidated joint ventures are recorded as asset and property management fee income during the period in which such services are provided. Lease termination fees are recorded as other property income and recognized on a straight-line basis from when Columbia Property Trust receives notification of termination through the date the tenant has lost the right to lease the space and Columbia Property Trust has satisfied all obligations under the related lease or lease termination agreement.

In conjunction with certain acquisitions, Columbia Property Trust has entered into master lease agreements with various sellers, whereby the sellers are obligated to pay rent pertaining to certain nonrevenue-producing spaces either at the time of, or subsequent to, the property acquisition. These master leases were established at the time of acquisition to mitigate the potential negative effects of lost rental revenues and expense reimbursement income. Columbia Property Trust records payments received under master lease agreements as a reduction of the basis of the underlying property rather than rental income. There were no proceeds received from master leases during 2017, 2016, or 2015.

Prior to disposition on January 31, 2017, Columbia Property Trust owned the Key Center Marriott, a full-service hotel, through a taxable REIT subsidiary. Revenues derived from the operations of the hotel include, but are not limited to, revenues from rental of rooms, food and beverage sales, telephone usage, and other service revenues. Revenue was recognized when rooms were occupied, when services performed, and when products were delivered.

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Income Taxes

Columbia Property Trust has elected to be taxed as a REIT under the Code, and has operated as such beginning with its taxable year ended December 31, 2003. To qualify as a REIT, Columbia Property Trust must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of its REIT taxable income, as defined by the Code, to its stockholders. As a REIT, Columbia Property Trust generally is not subject to income tax on income it distributes to stockholders. Columbia Property Trust's stockholder distributions typically exceed its taxable income due to the inclusion of noncash expenses, such as depreciation, in taxable income. As a result, Columbia Property Trust typically does not incur federal income taxes other than as described in the following paragraph. Columbia Property Trust is, however, subject to certain state and local taxes related to the operations of properties in certain locations, which have been provided for in the accompanying consolidated financial statements.

Columbia Property Trust TRS, LLC, Columbia KCP TRS, LLC, and Columbia Energy TRS, LLC (collectively, the "TRS Entities") are wholly owned subsidiaries of Columbia Property Trust and are organized as Delaware limited liability companies. The TRS Entities, among other things, provide tenant services that Columbia Property Trust, as a REIT, cannot otherwise provide. Columbia Property Trust has elected to treat the TRS Entities as taxable REIT subsidiaries. Columbia Property Trust may perform certain additional, noncustomary services for tenants of its buildings through the TRS Entities; however, any earnings related to such services are subject to federal and state income taxes. In addition, for Columbia Property Trust to continue to qualify as a REIT, Columbia Property Trust must limit its investments in taxable REIT subsidiaries to 25% of the value of the total assets. The TRS Entities' deferred tax assets and liabilities represent temporary differences between the financial reporting basis and the tax basis of assets and liabilities based on the enacted rates expected to be in effect when the temporary differences reverse. If applicable, Columbia Property Trust records interest and penalties related to uncertain tax positions as general and administrative expense in the accompanying consolidated statements of operations.

Segment Information

As of December 31, 2017, Columbia Property Trust's reportable segments are determined based on the geographic markets in which it 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 (see Note 14, Segment Information).

Reclassification

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

Recent Accounting Pronouncements

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

In February 2017, the FASB issued Accounting Standard Update 2017-05, Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Non-Financial Assets ("ASU 2017-05"), which will apply to the partial sale of non-financial assets, including real estate assets, to unconsolidated joint ventures. ASU 2017-05 will require Columbia Property Trust to measure its residual joint venture interest in the properties transferred to unconsolidated joint ventures at fair value as of the transaction date by recognizing a gain or loss on 100% of the asset transferred (i.e. to fully step-up the basis of the residual investment in the joint venture). Columbia

Property Trust will adopt the new rule effective January 1, 2018 on a modified retrospective basis by recording a cumulative-effect adjustment to equity equal to the original gain or loss as of the respective transaction dates, adjusted to reflect the impact of depreciating the additional step-ups through January 1, 2018. The adoption of this standard will result in an increase to investment in unconsolidated joint ventures and equity by $357.8 million for the investments in the Market Square, 333 Market Street, and University Circle properties.

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In January 2017, the FASB issued Accounting Standards Update 2017-01, Clarifying the Definition of a Business ("ASU 2017-01"), which provides a more narrow definition of a business to be used in determining the accounting treatment of acquisitions. As a result, under the new standard, many acquisitions previously classified as business combinations will be treated as asset acquisitions. For asset acquisitions, unlike business combinations, transaction costs may be capitalized, and purchase price may be allocated on a relative fair-value basis. Columbia Property Trust elected to early adopt ASU 2017-01 as of October 1, 2017. As a result, transaction costs of $2.2 million were capitalized during the fourth quarter related to the acquisitions of 245-249 West 17th Street, 218 West 18th Street, and 149 Madison Avenue. See Note 3, Real Estate Transactions, for more information about these acquisitions.

In February 2016, the FASB issued Accounting Standards Update 2016-02, Leases ("ASU 2016-02"), which amends the existing standards for lease accounting by requiring lessees to recognize most leases on their balance sheets and by making targeted changes to lessor accounting and reporting. The new standard will require lessees to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months, and classify such leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee, or not. This classification will determine whether the lease expense is recognized based on an effective interest method (finance leases) or on a straight-line basis over the term of the lease (operating leases). Leases with a term of 12 months or less will be accounted for using an approach that is similar to existing guidance for operating leases today. The new standard requires lessors to account for leases, using an approach that is substantially equivalent to existing guidance as applies to sales-type leases, direct financing leases, and operating leases. ASU 2016-02 will be effective for Columbia Property Trust on January 1, 2019 and supersedes previous leasing standards. Columbia Property Trust is primarily a lessor and is monitoring additional clarification regarding the treatment of certain features of its lease agreements that might be classified as non-lease components. Columbia Property Trust is also a lessee, primarily on ground leases, and it is evaluating the impact of ASU 2016-02 on accounting for such leases.

In May 2014, the FASB issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"), which establishes a comprehensive model to account for revenues arising from contracts with customers. ASU 2014-09 applies to all contracts with customers, except those that are within the scope of other topics in the FASB's Accounting Standards Codification, such as real estate leases. ASU 2014-09 will require companies to perform a five-step analysis of transactions to determine when and how revenue is recognized. Columbia Property Trust expects the new standard to apply primarily to fees earned from managing properties owned by its unconsolidated joint ventures and certain parking agreements. Revenues for such services represented $6.7 million, $3.6 million, and $1.8 million, or 2.3%, 0.8%, and 0.3% of total revenues, for the years ended December 31, 2017, 2016, and 2015, respectively. Revenues derived from leases, which are excluded from ASU 2014-09 represented $281.0 million, $447.3 million, and $539.9 million, or 97.2%, 94.5%, and 95.4% of total revenues for the years ended December 31, 2017, 2016, and 2015, respectively. Given the structure of the asset and property management agreements currently in place with unconsolidated joint ventures and the parking agreements currently in place with existing tenants, Columbia Property Trust does not expect ASU 2014-09 to materially impact the timing or amount of revenue recognition; however, Columbia Property Trust will be required to provide more extensive disclosures about its revenue streams and contracts with customers. ASU 2014-09 was effective for Columbia Property Trust on January 1, 2018. Columbia Property Trust will use the modified retrospective approach of adoption, which will result in the recognition of a cumulative effect adjustment to equity, with no retrospective adjustments to prior periods.

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3. Real Estate Transactions

Acquisitions

During 2017, 2016, and 2015, Columbia Property Trust acquired the following properties and partial interests in properties:

Property	Location	Date	Percent Acquired		Purchase Price (in thousands)(1)
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)
245-249 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)
2015					
229 West 43rd Street	New York NY	August 4, 2015	100.0	%	$516,000
116 Huntington Avenue	Boston, MA	January 8, 2015	100.0	%	$152,000
315 Park Avenue South & 1881 Campus Commons	New York, NY & Reston, VA	January 7, 2015	100.0	%	$436,000

(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 our partial interests in the properties. These properties are owned through unconsolidated joint ventures.

149 Madison Avenue

149 Madison Avenue is a 12-story, 127,000-square-foot office building, which was vacant at the time of acquisition. Columbia Property Trust acquired 149 Madison Avenue subject to a ground lease which expired in January 2018. Columbia Property Trust plans to redevelop this property. For the period from November 28, 2017 to December 31, 2017, Columbia Property Trust recognized $10,300 of revenues and net income of $9,200 from 149 Madison Avenue.

1800 M Street Joint Venture

Columbia Property Trust entered a new joint venture partnership with Allianz Real Estate of America LLC ("Allianz"), which simultaneously acquired 1800 M Street, a 10-story, 581,000-square-foot office building in Washington, D.C., that is 94% leased, for a total of $421.0 million (the "1800 M Street Joint Venture"). Columbia Property Trust owns a 55% interest in the 1800 M Street Joint Venture, and Allianz owns the remaining 45%.

245-249 West 17th Street & 218 West 18th Street

245-249 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, 245-249 West 17th Street was 100% leased to four tenants, including Twitter, Inc. (76%) and Room & Board, Inc. (21%); and, as of the acquisition date, 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%). For the period from October 11, 2017 to December 31, 2017, Columbia Property Trust recognized revenues of $5.9 million and a net income of $1.8 million from 245-249 West 17th Street, and revenues of $3.0 million and net income of $0.8 million from 218 West 18th Street.

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 is 100% leased, and is unencumbered by debt. The 114 Fifth Avenue Joint Venture is owned by Columbia Property Trust (49.5%), Allianz (49.5%), and L&L Holding Company (1.0%). L&L

Holding Company is the general partner and will continue to perform asset and property management services for the property.

229 West 43rd Street

On August 4, 2015, Columbia Property Trust acquired the 481,000-square-foot office portion of the 229 West 43rd Street, a 16-story, 732,000-square-foot building located in the Times Square sub-market of Manhattan in New York, New York, for $516.0 million, exclusive of transaction costs and purchase price adjustments. As of the acquisition date, the 229 West 43rd Street Building

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was 98.0% leased to nine tenants, including Yahoo! (40%), Snapchat (13%), Collective, Inc. (12%), and MongoDB (10%). For the period from August 4, 2015 to December 31, 2015, Columbia Property Trust recognized revenues of $15.3 million and net income of $2.2 million from the 229 West 43rd Street. The net income includes acquisition expenses of $1.7 million.

116 Huntington Avenue

On January 8, 2015, Columbia Property Trust acquired 116 Huntington Avenue, a 271,000-square-foot office building in Boston, Massachusetts, for $152.0 million, inclusive of capital credits. As of the acquisition date, the 116 Huntington Avenue Building was 78.0% leased to 17 tenants, including American Tower (21%), GE Healthcare (13%), and Brigham and Women's (12%). For the period from January 8, 2015 to December 31, 2015, Columbia Property Trust recognized revenues of $11.3 million and a net loss of $0.7 million from the 116 Huntington Avenue. The net loss includes acquisition expenses of $0.3 million.

315 Park Avenue South Building & 1881 Campus Commons Building

On January 7, 2015, Columbia Property Trust acquired a portfolio of two assets, which included 315 Park Avenue South, a 327,000-square-foot office building in New York, New York, and 1881 Campus Commons, a 244,000-square-foot office building in Reston, Virginia. This portfolio was acquired for $436.0 million, exclusive of transaction costs and purchase price adjustments.

As of the acquisition date, the 315 Park Avenue South was 94.9% leased to nine tenants, including Credit Suisse (74%). For the period from January 7, 2015 to December 31, 2015, Columbia Property Trust recognized revenues of $25.1 million and a net loss of $6.6 million from the 315 Park Avenue South. The net loss includes acquisition expenses of $1.2 million.

As of the acquisition date, the 1881 Campus Commons was 78.0% leased to 15 tenants, including SOS International (15%) and Siemens (12%). For the period from January 7, 2015 to December 31, 2015, Columbia Property Trust recognized revenues of $5.8 million and a net loss of $1.3 million from the 1881 Campus Commons. The net loss includes acquisition expenses of $0.5 million. Columbia Property Trust sold 1881 Campus Commons on December 10, 2015, as described in the Dispositions section below.

Purchase Price Allocations for Consolidated Property Acquisitions:

	149 Madison Avenue	245-249 West 17th Street	218 West 18th Street	229 West 43rd Street	116 Huntington Avenue	315 Park Avenue South	1881 Campus Commons
Location	New York, NY	New York, NY	New York, NY	New York, NY	Boston, MA	New York, NY	Reston, VA
Date Acquired	November 28, 2017	October 11, 2017	October 11, 2017	August 4, 2015	January 8, 2015	January 7, 2015	January 7, 2015
Purchase Price:							
Land	$ 59,112	$ 113,149	$ 43,836	$ 207,233	—	$ 119,633	$ 7,179
Building and improve-ments	28,989	194,109	126,957	265,952	108,383	232,598	49,273
Intangible lease assets	—	27,408	12,120	27,039	7,907	16,912	4,643
Intangible below market ground lease assets	—	—	—	—	30,244	—	—
Intangible lease origin- ation costs	—	13,062	4,168	10,059	2,669	4,148	1,603
Intangible below market lease liability	—	(7,131)	(11,757)	—	(1,878)	(7,487)	(97)
Total purchase price	$ 88,101	$ 340,597	$ 175,324	$ 510,283	147,325	$ 365,804	$ 62,601

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 presented for 2017, 2016, and 2015, have been prepared for Columbia Property Trust to give effect to the acquisitions of 245-249 West 17th Street, 218 West 18th Street, and 149 Madison Avenue as if the acquisitions had occurred on January 1, 2016; and 315 Park Avenue South, 1881 Campus Commons, 116 Huntington Avenue,

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and 229 West 43rd Street as if the acquisitions had occurred on January 1, 2014. 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 and January 1, 2014 (in thousands):

	2017	2016	2015
Revenues	$319,064	$511,306	$582,699
Net income	$183,318	$93,537	$46,363
Net income per share – basic	$1.51	$0.76	$0.37
Net income per share – diluted	$1.51	$0.76	$0.37

Dispositions

During 2017, 2016, and 2015, Columbia Property Trust sold the following properties and partial interest in properties:

Property	Location	Date	% Sold	Sales Price[1] (in thousands)	Gain (Loss) on Sale (rounded, in thousands)
2017					
University Circle & 333 Market Street[2]	San Francisco, CA	July 6, 2017	22.5 %[3]	$234,000[2][3]	$102,400
Key Center Tower & Marriott[4]	Cleveland, OH	January 31, 2017	100.0%	$267,500	$9,500
Houston Properties[5]	Houston, TX	January 6, 2017	100.0%	$272,000	$63,700
2016					
SanTan Corporate Center	Phoenix, AZ	December 15, 2016	100.0%	$58,500	$9,800
Sterling Commerce	Dallas, TX	November 30, 2016	100.0%	$51,000	$12,500
9127 South Jamaica Street	Denver, CO	October 12, 2016	100.0%	$19,500	$— [6]
80 Park Plaza	Newark, NJ	September 30, 2016	100.0%	$174,500	$21,600
9189, 9191 & 9193 South Jamaica Street	Denver, CO	September 22, 2016	100.0%	$122,000	$27,200
800 North Frederick	Suburban, MD	July 8, 2016	100.0%	$48,000	$2,100
100 East Pratt[7]	Baltimore, MD	March 31, 2016	100.0%	$187,000	$(300)
2015					
1881 Campus Commons[8]	Reston, VA	December 10, 2015	100.0%	$65,000	$500
Market Square[9]	Washington, D.C.	October 28, 2015	49.0 %	$291,600[9]	$3,100
11 Property Sale[10]	Various[10]	July 1, 2015	100.0%	$433,300	$20,200

(1) Exclusive of transaction costs and price adjustments.

(2) Sales price is for the partial interests in the properties that were sold. Columbia Property Trust contributed the 333 Market Street building and the University Circle property to joint ventures, and simultaneously sold a 22.5% interest in those joint ventures for $234.0 million to Allianz, an unrelated third party (collectively, the "San Francisco Joint Ventures").

(3) On February 1, 2018, Allianz acquired another 22.5% interest in each of the San Francisco Joint Ventures at an aggregate price of $235.3 million, thereby reducing Columbia Property Trust's equity interest in each joint venture to 55.0%. These proceeds 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.

(4) Key Center Tower & Marriott were sold in one transaction for $254.5 million of gross proceeds and a $13.0 million, 10-year accruing note receivable from the principal of the buyer. As a result, Columbia Property Trust has

applied the installment method to account for this transaction, and deferred $13.0 million of the total $22.5 million gain on sale. The Key Center Tower and Key Center Marriott generated net income of $14.5 million and $12.1 million for the years ended December 31, 2016 and 2015, respectively; and a net loss of $1.9 million for the first 31 days of 2017, excluding the gain on sale.

(5) 5 Houston Center, Energy Center I, and 515 Post Oak were sold in one transaction. These properties generated net income of $11.1 million and $12.9 million for the years ended December 31, 2016 and 2015, respectively; and a net loss of $14.9 thousand for the first six days of 2017, excluding the gain on sale.

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

(7) The net sale proceeds of $159.4 million from 100 East Pratt were used to repay the $119.0 million remaining on the 2015 Bridge Loan on April 1, 2016.

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(8) The net proceeds from the sale of 1881 Campus Commons were used to reduce the outstanding balance of the 2015 Bridge Loan.

(9) Sale price is for our partial interest in the property. On October 28, 2015, Columbia Property Trust transferred the Market Square properties, valued at $595.0 million and subject to a $325.0 million mortgage note, to a joint venture and sold a 49% interest in that joint venture to Blackstone Property Partners for net proceeds of approximately $120.0 million. Columbia Property Trust retains a 51% interest in the Market Square Joint Venture. See Note 4, Unconsolidated Joint Ventures, for additional information.

(10) Columbia Property Trust closed on the sale of 11 properties on July 1, 2015 (the "11 Property Sale"). The 11 Property Sale included 170 and 180 Park Avenue in Northern New Jersey; 1580 West Nursery Road in Baltimore; Acxiom, Highland Landmark III, The Corridors III, 215 Diehl Road, 544 Lakeview, and Bannockburn Lake III in Chicago; and Robbins Road and 550 King Street in Boston. The proceeds for 10 of the properties were available on July 1, 2015, and the remaining proceeds were available on August 3, 2015. For the period from January 1, 2015 through July 1, 2015, the aggregate net income, excluding the gain on sale, for the properties included in the 11 Property Sale was $6.5 million; and for the year ended December 31, 2015, the net income for the properties included in the 11 Property Sale was $3.0 million, excluding the gain on sale.

4. Unconsolidated Joint Ventures

As of December 31, 2017 and December 31, 2016, Columbia Property Trust owns interests in the following properties through joint ventures, which are accounted for using the equity method of accounting:

Joint Venture[1]	Property Name	Geographic Market	Ownership Interest	Carrying Value of Investment December 31, 2017	Carrying Value of Investment December 31, 2016
Market Square Joint Venture	Market Square	Washington, D.C.	51.0 %	$ 128,411	$ 127,346
University Circle Joint Venture	University Circle	San Francisco	77.5 % [2]	173,798	—
333 Market Street Joint Venture	333 Market Street	San Francisco	77.5 % [2]	288,236	—
114 Fifth Avenue Joint Venture	114 Fifth Avenue	New York	49.5 %	110,311	—
1800 M Street Joint Venture	1800 M Street	Washington, D.C.	55.0 %	242,486	—
				$ 943,242	$ 127,346

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

(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%.

Columbia Property Trust has determined that each of the joint ventures do not 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 ventures is recorded at cost and adjusted for cash contributions and distributions, and allocations of income or loss.

Columbia Property Trust evaluates the recoverability of its investment in unconsolidated joint ventures in accordance with accounting standards for equity investments by first reviewing the investment for any indicators of impairment. If indicators are present, Columbia Property Trust estimates the fair value of the investment. If the carrying value of the investment is greater than the estimated fair value, management makes an assessment of whether the impairment is "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 December 31, 2017.

Mortgage Debt and Related Guaranty

The Market Square Joint Venture is the only joint venture with mortgage debt. As of December 31, 2017 and December 31, 2016, the outstanding balance on the interest-only Market Square mortgage note is $325.0 million, bearing interest at 5.07%. The Market Square mortgage note matures on July 1, 2023. Columbia Property Trust guarantees a portion of the Market Square mortgage note, the amount of which has been reduced to $11.2 million as of December 31, 2017 from $16.1 million as of December 31, 2016, as a result of leasing at the property. The amount of the guaranty will continue to be reduced as space is leased.

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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)]	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Market Square Joint Venture	$590,115	$ 587,344	$324,708	$ 324,656	$244,506	$ 242,802
University Circle Joint Venture	227,368	—	—	—	221,154	—
333 Market Street Joint Venture	385,297	—	—	—	368,994	—
114 Fifth Avenue Joint Venture	392,486	—	—	—	170,525	—
1800 M Street Joint Venture	458,964	—	—	—	438,227	—
	$2,054,230	$ 587,344	$324,708	$ 324,656	$1,443,406	$ 242,802

(1) There is an aggregate basis difference of $32.0 million, which represents the differences between the historical costs recorded at the joint venture level, and Columbia Property Trust's investment in the joint ventures and results from differences in the timing of each partner's interest acquisition and formation costs incurred by Columbia Property Trust. The basis difference is being amortized to income (loss) from unconsolidated joint ventures over the lives of the related assets or liabilities.

Summarized income statement information for the unconsolidated joint ventures for the years ended December 31, 2017, 2016 and 2015 is as follows (in thousands):

	Total Revenues			Net Income (Loss)			Columbia Property Trust's Share of Net Income (Loss)		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Market Square Joint Venture	$41,749	$41,230	$7,962	$(15,192)	$(14,825)	$(2,239)	$(7,747)	$(7,561)	$(1,142)
University Circle Joint Venture	19,386	—	—	9,826	—	—	7,561	—	—
333 Market Street Joint Venture	12,971	—	—	6,948	—	—	5,331	—	—
114 Fifth Avenue Joint Venture	20,133	—	—	(4,885)	—	—	(2,820)	—	—
1800 M Street Joint Venture	8,005	—	—	619	—	—	326	—	—
	$102,244	$41,230	$7,962	$(2,684)	$(14,825)	$(2,239)	$2,651	$(7,561)	$(1,142)

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 years ended December 31, 2017, 2016, and 2015, Columbia Property Trust earned the following fees from these unconsolidated joint ventures:

	2017	2016	2015
Market Square Joint Venture	$1,998	$2,122	$213
University Circle Joint Venture	1,000	—	—
333 Market Street Joint Venture	367	—	—
1800 M Street Joint Venture	417	—	—
	$3,782	$2,122	$213

Columbia Property Trust also received reimbursements of property operating costs of $2.0 million and $0.5 million for the years ended December 31, 2017 and 2016, respectively, and none for the year ended December 31, 2015, which are included in other property income revenues in the accompanying consolidated statements of operations. Property management fees of $0.4 million, and $0.1 million, respectively, were due to Columbia Property Trust from the joint ventures and are included in prepaid expenses and other assets on the accompanying consolidated balance sheets as of December 31, 2017 and December 31, 2016, respectively.

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5. Line of Credit and Notes Payable

As of December 31, 2017 and 2016, Columbia Property Trust had the following line of credit and notes payable indebtedness outstanding (excluding bonds payable; see Note 6, Bonds Payable) in thousands:

Facility	Rate as of December 31, 2017		Term Debt or Interest Only	Maturity	Outstanding Balance as of December 31, 2017	2016
$300 Million Term Loan	LIBOR + 110 bp	(1)	Interest only	7/31/2020	$300,000	$300,000
$300 Million Bridge Loan	LIBOR + 110 bp	(2)	Interest only	11/27/2018	300,000	—
Revolving Credit Facility	LIBOR + 100 bp	(3)	Interest only	7/31/2019	152,000	—
$150 Million Term Loan	LIBOR + 110 bp	(4)	Interest only	7/29/2022	150,000	150,000
263 Shuman Boulevard Building mortgage note(5)	10.55	%	Interest only	7/1/2017	49,000	49,000
One Glenlake Building mortgage note	5.80	%	Term debt	12/10/2018	23,176	26,315
650 California Street Building mortgage note	3.60	%	Term debt	7/1/2019	—	126,287
221 Main Building mortgage note	3.95	%	Interest only	5/10/2017	—	73,000
Less: Deferred financing costs related to term loans, bridge loan, and mortgage notes payable					(2,991)	(3,136)
Total indebtedness					$971,185	$721,466

(1) The $300 Million Term Loan bears interest, at Columbia Property Trust's option, at LIBOR, plus an applicable margin ranging from 0.90% to 1.75% for LIBOR loans, or an alternate base rate, plus an applicable margin ranging from 0.00% to 0.75% for base-rate loans, based on Columbia Property Trust's applicable credit rating.

(2) The $300 Million Bridge Loan bears interest, at Columbia Property Trust's option, at LIBOR, plus an applicable margin ranging from 0.90% to 1.75% for LIBOR loans, or an alternate base rate, plus an applicable margin ranging from 0.00% to 0.75% for base-rate loans, based on Columbia Property Trust's applicable credit rating.

(3) Borrowings under the Revolving Credit Facility, as described below, bear interest at the option of Columbia Property Trust at LIBOR, plus an applicable margin ranging from 0.875% to 1.55% for LIBOR-based borrowings, or an alternate base rate, plus an applicable margin ranging from 0.00% to 0.55% for base-rate borrowings, based on Columbia Property Trust's applicable credit rating.

(4) Columbia Property Trust is party to an interest rate swap agreement with a notional amount of $150.0 million, which effectively fixes its interest rate on the $150 Million Term Loan, as further described below, at 3.07% and terminates on July 29, 2022. This interest rate swap agreement qualifies for hedge accounting treatment; therefore, changes in the fair value are recorded as a market value adjustment to interest rate swap in the accompanying consolidated statement of other comprehensive income.

(5) The OfficeMax lease at 263 Shuman Boulevard expired in May 2017, and the mortgage note matured in July 2017. Columbia Property Trust is working with the special-servicer to effect the transfer of the property to the lender in settlement of the loan principal, accrued interest expense and accrued property operating expenses. In the third and fourth quarters of 2017, Columbia Property Trust accrued related interest expense of $2.6 million at the default rate of 10.55%, and property operating expenses of $0.9 million, primarily related to property taxes and repairs and maintenance.

$300 Million Bridge Loan

On November 27, 2017, Columbia Property Trust entered into a $300.0 million, one-year, unsecured loan with a syndicate of banks led by JPMorgan Chase Bank, N.A. (the "$300 Million Bridge Loan"). The proceeds from the $300 Million Bridge were used to repay borrowings under the Revolving Credit Facility, which were used to fund real estate acquisitions. At Columbia Property Trust's option, borrowings under the $300 Million Bridge Loan bear interest at either (i) an alternate base rate, plus an applicable margin based on five stated pricing levels ranging from 0.00% to 0.75% or (ii) LIBOR, plus an applicable margin based on five stated pricing levels ranging from 0.90% to 1.75%, in each case based on Columbia Property Trust's credit rating. The $300 Million Bridge Loan provides for one six-month extension option to May 24, 2019, subject to certain fees and the satisfaction of certain other conditions.

Term Loan Amendment

On July 25, 2017, Columbia Property Trust amended the terms of its $150 Million Term Loan, to reduce the current interest rate from 3.52% to 3.07% per annum. The amendment reduced the interest rate from LIBOR, plus an applicable margin ranging from 1.40% to 2.35%, to LIBOR, plus an applicable margin ranging from 0.90% to 1.75%. The maturity date, debt covenants, and other terms of the $150 Million Term Loan are unchanged. The interest rate is effectively fixed with an interest rate swap agreement, which is designated as a cash flow hedge.

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Debt Covenants

The $300 Million Term Loan, the $300 Million Bridge Loan, the $150 Million Term Loan, and the Revolving Credit Facility (collectively, the "Debt Facilities") contain representations and warranties, financial and other affirmative and negative covenants, events of defaults, and remedies typical for these types of facilities. The financial covenants in the Debt Facilities:

(a) limit the ratio of secured debt to total asset value, as defined therein, to 40% or less;
(b) require the fixed charge coverage ratio, as defined therein, to be at least 1.50:1.00;
(c) limit the ratio of debt to total asset value, as defined therein, to 60% or less;
(d) require the ratio of unencumbered adjusted net operating income, as defined therein, to unsecured interest expense, as defined therein, to be at least 1.75:1.00;
(e) require the ratio of unencumbered asset value, as defined therein, to total unsecured debt, as defined therein, to be at least 1.66:1.00; and
(f) require maintenance of certain minimum tangible net worth balances.

As of December 31, 2017, Columbia Property Trust believes it was in compliance with the restrictive financial covenants on its Debt Facilities and notes payable obligations.

Fair Value of Debt

The estimated fair value of Columbia Property Trust's consolidated line of credit and notes payable as of December 31, 2017 and 2016, was approximately $975.3 million and $728.5 million, respectively. The related carrying value of the line of credit and notes payable as of December 31, 2017 and 2016, was $974.2 million and $724.6 million, respectively. Columbia Property Trust estimated the fair value of its line of credit 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 (Level 3).

Interest Paid and Capitalized

As of December 31, 2017 and 2016, Columbia Property Trust's weighted-average interest rate on its consolidated line of credit and notes payable was approximately 3.16% and 3.09%, respectively. Columbia Property Trust made interest payments of approximately $21.5 million, $27.8 million, and $54.0 million during 2017, 2016, and 2015, respectively, of which approximately $0.7 million, $0.3 million, and $0.6 million was capitalized during 2017, 2016, and 2015, respectively.

Debt Repayments and Maturities

During 2017 and 2016 Columbia Property Trust made the following debt repayments:

- On August 17, 2017, Columbia Property Trust repaid the $124.8 million balance of the 650 California Street building mortgage note, which was originally scheduled to mature on July 1, 2019. Columbia Property Trust recognized a loss on early extinguishment of debt of $0.3 million related to unamortized deferred financing costs.
- On March 10, 2017, Columbia Property Trust repaid the $73.0 million balance of the 221 Main Street building mortgage note, which was originally scheduled to mature on May 10, 2017. Columbia Property Trust recognized a loss on early extinguishment of debt of $45,000 related to unamortized deferred financing costs.
- On October 3, 2016, a portion of the proceeds from the sale of the 80 Park Plaza Property was used to repay the $99.0 million remaining outstanding balance on the Revolving Credit Facility.
- On June 30, 2016, Columbia Property Trust used borrowings on the Revolving Credit Facility to repay the $39.0 million SanTan Corporate Center mortgage notes, which were scheduled to mature on October 11, 2016. Columbia Property Trust recognized a loss on early extinguishment of debt of $10,000 related to unamortized deferred financing costs.
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On April 1, 2016, Columbia Property Trust repaid the $119.0 million remaining on the 2015 Bridge Loan, which was used to finance a portion of the 229 West 43rd Street Building acquisition in August of 2015. The 2015 Bridge Loan was scheduled to mature on August 4, 2016. Columbia Property Trust recognized a loss on early extinguishment of debt of $82,000 related to unamortized deferred financing costs.

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The following table summarizes the aggregate maturities of Columbia Property Trust's line of credit and notes payable as of December 31, 2017 (in thousands):

2018	$323,176
2019	152,000
2020	300,000
2021	—
2022	150,000
Thereafter	—
Total[1]	$925,176

(1) The $49.0 million 263 Shuman mortgage note is excluded from this table. The mortgage note matured in July 2017. Columbia Property Trust is working with the special-servicer to effect the transfer of the property to the lender in settlement of the loan principal, accrued interest expense, and accrued property operating expenses.

6. Bonds Payable

On August 12, 2016, Columbia Property Trust OP issued $350 million of 10-year, unsecured 3.650% senior notes, which are guaranteed by Columbia Property Trust, at 99.626% of its face value (the "2026 Bonds Payable"), pursuant to a shelf registration statement. Columbia Property Trust OP received net proceeds from the 2026 Bonds Payable of $346.4 million, which were used to redeem $250.0 million of seven-year, unsecured 5.875% senior notes due April 2018 (the "2018 Bonds Payable"). The 2026 Bonds Payable require semi-annual interest payments in February and August based on a contractual annual interest rate of 3.650%. In the accompanying consolidated balance sheets, the 2026 Bonds Payable are shown net of the initial issuance discount of approximately $1.3 million, which will be amortized to interest expense over the term of the 2026 Bonds Payable using the effective interest method. The principal amount of the 2026 Bonds Payable is due and payable on the maturity date, August 15, 2026.

In March 2015, Columbia Property Trust OP issued $350.0 million of 10-year, unsecured 4.150% senior notes, which are guaranteed by Columbia Property Trust, at 99.859% of their face value (the "2025 Bonds Payable"), pursuant to a shelf registration statement. Columbia Property Trust OP received proceeds from the 2025 Bonds Payable, net of fees, of $347.2 million. The 2025 Bonds Payable require semi-annual interest payments in April and October based on a contractual annual interest rate of 4.150%. In the accompanying consolidated balance sheets, the 2025 Bonds Payable are shown net of the initial issuance discount of approximately $0.5 million, which will be amortized to interest expense over the term of the 2025 Bonds Payable using the effective interest method. The principal amount of the 2025 Bonds Payable is due and payable on the maturity date, April 1, 2025.

During the year ended December 31, 2017, Columbia Property Trust made interest payments of $27.4 million on the 2025 Bonds Payable and 2026 Bonds Payable; and during the year ended December 31, 2016, Columbia Property Trust made interest payments of $28.0 million on the 2025 Bonds Payable and the 2018 Bonds Payable. Interest payments on the 2026 Bonds Payable began in February 2017.

The restrictive covenants on the 2026 Bonds Payable and the 2025 Bonds Payable, as defined, pursuant to an indenture include:

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

As of December 31, 2017, Columbia Property Trust believes it was in compliance with the restrictive financial covenants on its 2026 Bonds Payable and 2025 Bonds Payable.

The estimated fair value of the 2025 Bonds Payable and the 2026 Bonds Payable as of December 31, 2017 and 2016, was approximately $702.8 million and $703.1 million, respectively. The related carrying value of the bonds payable, net of discounts, as of December 31, 2017 and 2016, was $698.5 million and $698.3 million, respectively. The fair value of the bonds payable was estimated based on discounted cash flow analyses using the current incremental borrowing rates for similar types of borrowing 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.

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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 December 31, 2017, no tenants have exercised such options that have not been materially satisfied or recorded as a liability in the accompanying consolidated balance sheets.

Obligations Under Operating Leases

Columbia Property Trust owns three properties that are subject to ground leases with expiration dates of February 28, 2062, December 14, 2077, and July 31, 2099, respectively. The lease expiring on December 14, 2077, has been fully prepaid. Columbia Property Trust also leases space for its corporate office. Columbia Property Trust incurred $2.6 million in rent expense related to such leases in 2017, 2016, and 2015. As of December 31, 2017, the required payments under the terms of the remaining two consolidated ground leases and the corporate office lease are as follows (in thousands):

2018	$3,282
2019	3,360
2020	3,382
2021	3,405
2022	3,587
Thereafter	192,352
Total	$209,368

Obligations Under Capital Leases

The building at Three Glenlake is subject to a capital lease of land. This obligation requires payments equal to the amounts of principal and interest receivable from related investments in development authority bonds, which mature in 2021. The required payments under the terms of the leases are as follows as of December 31, 2017 (in thousands):

2018	$7,200
2019	7,200
2020	7,200
2021	127,200
2022	—
Thereafter	—
	148,800
Amounts representing interest	(28,800)
Total	$120,000

Guaranty of Debt of Unconsolidated Joint Venture

Upon entering into the Market Square Joint Venture in October 2015, Columbia Property Trust entered into a guaranty of a $25.0 million portion of the Market Square mortgage note, the amount of which is reduced as space is leased. As a result of leasing, the guaranty has been reduced to $11.2 million as of December 31, 2017. Columbia Property Trust believes that the likelihood of making a payment under this guaranty is remote; therefore, no liability has been recorded related to this guaranty as of December 31, 2017.

Litigation

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

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

8. Equity

Common Stock Repurchase Program

Columbia Property Trust's board of directors authorized the repurchase of up to an aggregate of $200.0 million of its common stock, par value $0.01 per share, from September 4, 2015 through September 4, 2017 (the "2015 Stock Repurchase Program"). Under the 2015 Stock Repurchase Program, Columbia Property Trust acquired 5.6 million shares at an average price of $21.85 per share, for aggregate purchases of $121.4 million. Columbia Property Trust's board of directors authorized a second stock repurchase program to purchase up to an aggregate of $200.0 million of its common stock, par value $0.01 per share, from September 4, 2017 through September 4, 2019 (the "2017 Stock Repurchase Program"). During the year ended December 31, 2017, Columbia Property Trust repurchased 2.7 million shares at an average price of $21.46 per share, for aggregate purchases of $57.6 million under the 2015 Stock Repurchase Program and the 2017 Stock Repurchase Program. As of December 31, 2017, $194.8 million remains available for repurchases under the 2017 Stock Repurchase Program. Common stock repurchases are charged against equity as incurred, and the repurchased shares are retired. Columbia Property Trust will continue to evaluate the purchase of shares, primarily through open market transactions, which are subject to market conditions and other factors.

Long-Term Incentive Plan

Columbia Property Trust maintains a shareholder-approved, long-term incentive plan that provides for grants of stock to be made to certain employees and independent directors of Columbia Property Trust (as amended and restated, the "LTIP"). In May 2017, Columbia Property Trust's shareholders approved the LTIP, and 4.8 million shares are authorized and reserved for issuance under the LTIP.

On January 20, 2017, Columbia Property Trust granted 193,535 shares of common stock to employees, net of 17,938 shares withheld to settle the related tax liability, under the LTIP for 2016 performance, of which 25% vested upon grant; the remaining shares will vest ratably, with the passage of time, on January 31, 2018, 2019, and 2020. Employees receive quarterly dividends related to their entire grant, including the unvested shares, on each dividend payment date.

For 2017, Columbia Property Trust modified the structure of awards granted under the LTIP to include both time-based awards and performance-based awards for all participants. For the 2017 time-based awards, Columbia Property Trust issued 139,825 shares of common stock to employees, which will vest ratably on each anniversary of the grant date over the next four years. For the 2017 performance-based awards, Columbia Property Trust granted 193,219 restricted share units (the "Performance-Based RSUs"), of which 75% will vest at the conclusion of a three-year performance period, and the remaining 25% will vest one year later. In addition, Columbia Property Trust granted 45,076 and 92,585 one-time transitional Performance-Based RSUs, which will fully vest at the conclusion of one-year and two-year performance periods, respectively. Upon reaching a predefined performance threshold, the payout of the Performance-Based RSUs will range from 50% to 150% of the Performance-Based RSUs granted, depending on Columbia Property Trust’s total stockholder return relative to the FTSE NAREIT Equity Office Index. All awards are expensed over the vesting period based on their estimated fair values. The fair-value of time-based awards is estimated using the closing stock price on the grant date; and fair values of performance-based awards are estimated using a Monte Carlo valuation method.

The 2018 LTIP awards are consistent with the 2017 LTIP awards. 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 RSUs, of which 75% will vest at the conclusion of a three-year performance period, and the remaining 25% will vest one year later. 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.

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Below is a summary of the shares of stock issued under the LTIP for the years ended December 31, 2017, 2016, and 2015:

	Shares (in thousands)	Weighted-Average, Grant-Date Fair Value[1]
Unvested shares as of January 1, 2015	104	$ 24.82
Granted	123	$ 24.40
Vested	(74)	$ 24.60
Forfeited	(2)	$ 24.56
Unvested shares as of December 31, 2015	151	$ 24.59
Granted	247	$ 21.79
Vested	(138)	$ 23.32
Forfeited	(4)	$ 21.90
Unvested shares as of December 31, 2016	256	$ 22.62
Granted	333	$ 21.59
Vested	(193)	$ 22.42
Forfeited	(7)	$ 21.81
Unvested shares as of December 31, 2017	389 [2]	$ 21.85

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

(2) As of December 31, 2017, Columbia Property Trust expects approximately 370,000 of the 389,000 unvested shares to ultimately vest, assuming a forfeiture rate of 5%, which was determined based on peer company data, adjusted for the specifics of the LTIP.

A summary of the activity for the Performance-Based RSUs under the LTIP follows:

	Performance-Based RSU Awards (in thousands)	Weighted-Average, Grant-Date Fair Value[1]
Unvested performance-based share awards as of December 31, 2016	—	$ —
Granted	331	$ 18.78
Vested	—	$ —
Forfeited	(2)	$ 19.01
Unvested performance-based share awards as of December 31, 2017	329 [2]	$ 18.78

(1) Columbia Property Trust determined the weighted-average grant-date fair value using the estimated fair value on the date of grant.

(2) As of December 31, 2017, Columbia Property Trust expects approximately 303,000 of the 329,000 unvested performance-based restricted share units to ultimately vest, assuming a forfeiture rate of 8%, which was determined based on peer company data, adjusted for the specifics of the LTIP.

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Director Stock Grants

In May 2017, Columbia Property Trust began paying its directors' equity retainers on an annual basis for the ensuing period. From January 2014 through January 3, 2017, Columbia Property Trust paid these equity retainers in quarterly installments. The equity retainers vest at the time of grant. A summary of these grants, made under the LTIP, follows:

Date of Grant	Shares	Weighted-Average Grant-Date Fair Value
2017 Director Grants:		
January 3, 2017	8,279	$ 21.58
May 2, 2017	33,581	$ 22.57
November 27, 2017(1)	1,596	$ 23.07
2016 Director Grants:		
January 4, 2016	7,439	$ 23.00
April 1, 2016	8,120	$ 21.89
July 1, 2016	8,158	$ 21.52
October 3, 2016	7,727	$ 22.19
2015 Director Grants:		
January 2, 2015	5,850	$ 25.75
April 1, 2015	4,995	$ 27.16
July 1, 2015	4,144	$ 24.84
October 1, 2015	4,571	$ 23.40

(1) In November 2017, a new director was appointed to the board of directors of Columbia Property Trust. The new director received a pro-rated annual equity retainer grant at appointment.

Stock-Based Compensation Expense

Columbia Property Trust incurred stock-based compensation expense related to the following events (in thousands):

	2017	2016	2015
Amortization of unvested LTIP awards	$4,098	$2,856	$1,699
Future employee awards(1)	2,509	1,006	1,353
Issuance of shares to independent directors	973	696	496
Total stock-based compensation expense	$7,580	$4,558	$3,548

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

These expenses are included in general and administrative expenses in the accompanying consolidated statements of operations. There were $8.1 million and $3.2 million of unrecognized compensation costs related to unvested awards under the LTIP as of December 31, 2017 and December 31, 2016, respectively. This amount will be amortized over the respective vesting period, ranging from one year to four years at the time of grant. Effective in 2017, Columbia Property Trust changed from an LTIP measured over a one-year performance period to an LTIP measured over a three-year performance period and, as a result, has issued additional unvested shares in 2017.

Independent Director Stock Option Plan

Columbia Property Trust previously maintained an independent director stock option plan that provides for grants of stock to be made to independent directors of Columbia Property Trust (the "Director Plan"). A total of 25,000 shares were authorized and reserved for issuance under the Director Plan, which was suspended in April of 2008. Under the Director Plan, options were granted upon appointment to the board and on each annual meeting date. All options granted under the Director Plan have expired.

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A summary of stock option activity under the Director Plan during 2017, 2016, and 2015, follows:

	Number	Exercise Price	Exercisable
Outstanding as of December 31, 2014	3,875	$ 48.00	3,875
Granted	—		
Expired	(2,000)		
Outstanding as of December 31, 2015	1,875	$ 48.00	1,875
Granted	—		
Expired	(500)		
Outstanding as of December 31, 2016	1,375	$ 48.00	1,375
Granted	—		
Expired	(1,375)		
Outstanding as of December 31, 2017	—	$ —	—

Columbia Property Trust has evaluated the fair values of options granted under the Director Plan using the Black-Scholes-Merton model and concluded that such values are insignificant as of the end of the period presented.

9. Operating Leases

Columbia Property Trust's real estate assets are leased to tenants under operating leases for which the terms vary, including certain provisions to extend the lease agreement, options for early terminations, subject to specified penalties, and other terms and conditions as negotiated. Columbia Property Trust retains substantially all of the risks and benefits of ownership of the real estate assets leased to tenants. Amounts required as security deposits vary depending upon the terms of the respective leases and the creditworthiness of the tenant; however, such deposits generally are not significant. Therefore, exposure to credit risk exists to the extent that the receivables exceed this amount. Security deposits related to tenant leases are included in accounts payable, accrued expenses, and accrued capital expenditures in the accompanying consolidated balance sheets.

Based on 2017 annualized lease revenue, as defined, none of Columbia Property Trust's tenants represent more than 6% of Columbia Property Trust's portfolio. Tenants in business services, depository institutions, and engineering and management services represent 23%, 11%, and 8%, respectively, of Columbia Property Trust's annualized lease revenue. Columbia Property Trust's properties are located primarily in New York, San Francisco, Washington, D.C., and Atlanta. As of December 31, 2017, approximately 38%, 28%, and 14% of Columbia Property Trust's office properties are located in New York, San Francisco, and Washington, D.C., respectively, based on annualized lease revenue.

The future minimum rental income from Columbia Property Trust's investment in real estate assets under noncancelable operating leases, excluding lease incentives, as of December 31, 2017, is as follows (in thousands):

2018	$231,641
2019	247,774
2020	243,053
2021	207,919
2022	192,322
Thereafter	1,440,917
Total	$2,563,626

As of December 31, 2017, Columbia Property Trust has recognized lease incentive obligations of $66.3 million, which will be amortized against rental income over the 30-year life of the related lease.

10. Supplemental Disclosures of Noncash Investing and Financing Activities

Outlined below are significant noncash investing and financing activities for the years ended December 31, 2017, 2016, and 2015 (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Investment in real estate funded with other assets	$311	$1,442	$27,000
Deposits applied to sales of real estate	$10,000	$—	$—
Other assets assumed upon acquisition	$1,014	$—	$7,785
Other liabilities assumed upon acquisition	$268	$—	$4,765
Real estate assets transferred to unconsolidated joint venture	$558,122	$—	$531,696
Mortgage note transferred to unconsolidated joint venture	$—	$—	$325,000
Other assets transferred to unconsolidated joint venture	$43,700	$—	$37,987
Other liabilities transferred to unconsolidated joint venture	$21,347	$—	$20,595
Discount on issuance of bonds payable	$—	$1,309	$494
Amortization of discounts (premiums) on debt	$180	$267	$(18)
Market value adjustment to interest rate swaps that qualify for hedge accounting treatment	$1,786	$1,553	$(1,570)
Accrued capital expenditures and deferred lease costs	$25,069	$15,042	$19,324
Accrued dividends payable	$23,961	$36,727	$37,354
Common stock issued to employees and directors, and amortized (net of income tax witholdings)	$5,764	$3,388	$3,548

11. Income Taxes

Columbia Property Trust's income tax basis net income during 2017, 2016, and 2015 (in thousands) follows:

	2017	2016	2015
GAAP basis financial statement net income attributable to the common stockholders of Columbia Property Trust, Inc.	$176,041	$84,281	$44,619
Increase (Decrease) in Net Income Resulting From:			
Depreciation and amortization expense for financial reporting purposes in excess of amounts for income tax purposes	33,918	34,569	81,559
Rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(38,426)	(26,900)	(13,409)
Net amortization of above-/below-market lease intangibles for financial reporting purposes less than amounts for income tax purposes	(6,091)	(9,013)	(6,626)
Gain on interest rate swaps that do not qualify for hedge accounting treatment for financial reporting purposes in excess of amounts for income tax purposes	—	—	(2,633)
Bad debt expense for financial reporting purposes less than amounts for income tax purposes	(31)	(261)	5
Income from unconsolidated joint ventures for financial reporting purchases in excess of amount for income tax purposes	13,902	—	—
Gains or losses on disposition of real property for financial reporting purposes that are more favorable than amounts for income tax purposes	(126,770)	(71,701)	(117,857)
Other expenses for financial reporting purposes in excess of amounts for income tax purposes	11,331	(2,707)	14,342
Income tax basis net income, prior to dividends-paid deduction	$63,874	$8,268	$—

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As of December 31, 2017, the tax basis carrying value of Columbia Property Trust's total assets was approximately $4.6 billion. For income tax purposes, distributions to common stockholders are characterized as ordinary income, capital gains, or as a return of a stockholder's invested capital. Columbia Property Trust's distributions per common share are summarized as follows:

	2017	2016	2015
Ordinary income	58.5 %	5.6 %	— %
Capital gains	— %	— %	— %
Return of capital	41.5 %	94.4 %	100.0%
Total	100.0%	100.0%	100.0%

As of December 31, 2017, returns for the calendar years 2013 through 2017 remain subject to examination by U.S. or various state tax jurisdictions.

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

The income taxes recorded by the TRS Entities for the years ended December 31, 2017, 2016, and 2015, are as follows:

	Years Ended December 31,		
	2017	2016	2015
Federal income tax	$188	$255	$ 17
State income tax	38	21	25
Total income tax	$226	$276	$ 42

As of December 31, 2017, Columbia Property Trust had a deferred tax asset of $205,000, and as of December 31, 2016, Columbia Property Trust had a deferred tax liability of $22,000, which are included in prepaid expenses and other assets in the accompanying consolidated balance sheets.

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12. Earnings Per Share

The basic and diluted earnings-per-share computations and net income have been reduced for the dividends paid on unvested shares related to the LTIP grants, as described in Note 8, Equity. The following table reconciles the numerator for the basic and diluted earnings-per-share computations shown on the consolidated statements of income (in thousands):

	2017	2016	2015
Net income	$176,041	$84,281	$44,619
Distributions paid on unvested shares	(337)	(314)	(185)
Net income used to calculate basic and diluted earnings per share	$175,704	$83,967	$44,434

The following table reconciles the denominator for the basic and diluted earnings-per-share computations shown on the consolidated statements of income (in thousands):

	2017	2016	2015
Weighted-average common shares – basic	120,795	123,130	124,757
Plus Incremental Weighted-Average Shares From Time-Vested Conversions Less Assumed Share Repurchases:			
Previously granted LTIP awards, unvested	116	58	33
Future LTIP awards	248	40	57
Weighted-average common shares – diluted	121,159	123,228	124,847

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13. Quarterly Results (Unaudited)

Presented below is a summary of the unaudited quarterly financial information for the years ended December 31, 2017 and 2016 (in thousands, except per-share data):

	2017 First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$82,156	$74,857	$60,362	$71,625
Net income	$74,722 (1)	$1,133	$101,534 (2)	$(1,348)
Net income per share – basic	$0.61	$0.01	$0.84	$(0.01)
Net income per share – diluted	$0.61	$0.01	$0.84	$(0.01)
Dividends declared per share	$0.20	$0.20	$0.20	$0.20

	2016 First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$126,579	$127,930	$113,266	$105,768
Net income	$6,697	$13,286 (3)	$36,898 (4)	$27,400 (5)
Net income per share – basic	$0.05	$0.11	$0.30	$0.22
Net income per share – diluted	$0.05	$0.11	$0.30	$0.22
Dividends declared per share	$0.30	$0.30	$0.30	$0.30

(1) Net income for the first quarter of 2017 includes gains on sales of real estate assets of $73.2 million related to the sales of real estate assets as described in Note 3, Real Estate Transactions.

(2) Net income for the third quarter of 2017 includes gains on sales of real estate assets of $102.4 million related to the sales of real estate assets as described in Note 3, Real Estate Transactions.

(3) Net income for the second quarter of 2016 includes an early termination payment at 222 East 41st Street of $6.2 million.

(4) Net income for the third quarter of 2016 includes gains on sales of real estate assets of $50.4 million related to the sales of real estate assets as described in Note 3, Real Estate Transactions; partially offset by losses on early extinguishment of debt of $18.9 million related to the early repayment of the 2018 Bonds Payable.

(5) Net income for the fourth quarter of 2016 includes gains on sales of real estate assets of $22.2 million related to the sales of real estate assets as described in Note 3, Real Estate Transactions.

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14. Segment Information

Columbia Property Trust establishes operating segments at the property level, and aggregates individual properties into reportable segments for geographic locations in which Columbia Property Trust has significant investments. Columbia Property Trust considers geographic location when evaluating its portfolio composition, and in assessing the ongoing operations and performance of its properties. As of December 31, 2017, Columbia Property Trust had the following reportable segments: New York, San Francisco, Atlanta, Washington, D.C., Boston, Los Angeles, and all other office markets. The all other office markets reportable segment consists of properties in similar low-barrier-to-entry geographic locations in which Columbia Property Trust does not have a substantial presence and does not plan to make further investments. During the periods presented, there have been no material inter-segment transactions.

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

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 property operating revenues by geographic reportable segment (in thousands):

	For the Years Ended December 31,		
	2017	2016	2015
New York(1)	$123,280	$117,235	$97,643
San Francisco(2)	105,550	109,995	112,696
Atlanta	37,803	36,742	35,715
Washington, D.C.(3)	36,934	33,024	62,766
Boston	11,559	11,796	20,895
Los Angeles	7,462	7,443	7,588
All other office markets	21,460	152,858	207,367
Total office segments	344,048	469,093	544,670
Hotel	1,328	22,958	24,583
Corporate(4)	579	397	267
Total	$345,955	$492,448	$569,520

(1) Includes operating revenues for 49.5% of 114 Fifth Avenue based on Columbia Property Trust's ownership interest, from July 6, 2017 through December 31, 2017. These operating revenues are included in equity in income (loss) of unconsolidated joint ventures in the accompanying consolidated statements of operations.

(2) Includes operating revenues for 100.0% of 333 Market Street and University Circle through July 5, 2017. Includes operating revenues for 77.5% of 333 Market Street and University Circle based on Columbia Property Trust's ownership interest, from July 6, 2017 through December 31, 2017, which are included in equity in income (loss) of unconsolidated joint ventures in the accompanying consolidated statements of operations.

(3) Includes operating revenues for 100.0% of Market Square through October 28, 2015. Includes operating revenues for 51.0% of the Market Square buildings based on Columbia Property Trust's ownership interest, from October 28, 2015 through December 31, 2017; and includes operating revenues for 55.0% of 1800 M Street based on Columbia Property Trust's ownership interest, from October 11, 2017 through December 31, 2017, which are

included in equity in income (loss) of unconsolidated joint ventures in the accompanying consolidated statements of operations.

(4) The amounts for 2016 and 2015 have been adjusted to conform with 2017 presentation by removing asset and property management fee income.

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

	For the Years Ended December 31,		
	2017	2016	2015
Total revenues	$289,000	$473,543	$566,065
Operating revenues included in income (loss) from unconsolidated joint ventures[1]	60,737	21,027	4,060
Asset and property management fee income[2]	(3,782)	(2,122)	(605)
Total property operating revenues	$345,955	$492,448	$569,520

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

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

The following table presents net operating income by geographic reportable segment (in thousands):

	For the Years Ended December 31,		
	2017	2016	2015
New York[1]	$73,893	$70,038	$54,692
San Francisco[2]	76,163	80,529	83,826
Atlanta	33,603	32,939	31,912
Washington, D.C.[3]	18,496	16,372	36,958
Boston	5,380	5,114	12,519
Los Angeles	4,529	4,523	4,853
All other office markets	18,550	92,756	129,199
Total office segments	230,614	302,271	353,959
Hotel	(913)	3,988	4,593
Corporate[4]	(826)	(158)	(586)
Total	$228,875	$306,101	$357,966

(1) Includes net operating income for 49.5% of 114 Fifth Avenue based on Columbia Property Trust's ownership interest, from July 6, 2017 through December 31, 2017. This net operating income is included in equity in income (loss) of unconsolidated joint ventures in the accompanying consolidated statements of operations.

(2) Includes net operating income for 100.0% of 333 Market Street and University Circle through July 5, 2017. Includes net operating income for 77.5% of 333 Market Street and University Circle based on Columbia Property Trust's ownership interest, from July 6, 2017 through December 31, 2017, which is included in equity in income (loss) of unconsolidated joint ventures in the accompanying consolidated statements of operations.

(3) Includes net operating income for 100.0% of Market Square through October 28, 2015. Includes net operating income for 51.0% of the Market Square buildings based on Columbia Property Trust's ownership interest, from October 28, 2015 through December 31, 2017; and includes net operating income for 55.0% of 1800 M Street based on Columbia Property Trust's ownership interest, from October 11, 2017 through December 31, 2017. This net operating income is included in equity in income (loss) of unconsolidated joint ventures in the accompanying consolidated statements of operations.

(4) The amounts for 2016 and 2015 have been adjusted to conform with 2017 presentation by removing asset and property management fee income.

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

	For the Years Ended December 31,		
	2017	2016	2015
Net income	$176,041	$84,281	$44,619
Depreciation	80,394	108,543	131,490
Amortization	32,403	56,775	87,128
General and administrative – corporate	34,966	33,876	29,683
General and administrative – joint venture	1,454	—	—
Real estate acquisition costs	—	—	3,675
Net interest expense	58,187	67,538	85,265
Interest income from development authority bonds	(7,200)	(7,200)	(7,200)
Interest rate swap valuation adjustment	—	—	(2,634)
Interest expense associated with interest rate swap	—	—	2,642
Settlement of interest rate swap	—	—	1,102
Loss on early extinguishment of debt	325	18,997	3,149
Income tax expense	(213)	445	378
Asset and property management fee income	(3,782)	(2,122)	(605)
Adjustments included in loss from unconsolidated joint venture	31,818	17,293	3,134
Gains on sales of real estate assets	(175,518)	(72,325)	(23,860)
Net operating income	$228,875	$306,101	$357,966

15. Financial Information for Parent Guarantor, Other Guarantor Subsidiaries, 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 guarantees are full and unconditional; and
(3) no other subsidiary of the parent company guarantor (Columbia Property Trust) guarantees the 2025 Bonds Payable or the 2018 Bonds Payable.

Columbia Property Trust uses the equity method with respect to its investment in subsidiaries included in its condensed consolidating financial statements. Columbia Property Trust has corrected the presentation of intercompany cash transfers between the REIT Parent and its subsidiaries in the consolidating statements of cash flow. Instead of showing one amount for intercompany transfers between each entity group, intercompany transfers are broken out by cash flow type (i.e. operating, investing, and financing) for all periods presented, consistent with the equity method of accounting. All such changes are eliminated in consolidation, and therefore do not impact Columbia Property Trust's consolidated financial statement totals. Management has concluded that the effect of this correction is not material to the consolidated financial statements. This change had the following impact to the condensed consolidating statement of cash flows for the years ended December 31, 2016: increase to operating cash flows for the parent and issuer of $53.1 million and $136.7 million, respectively; and increase (decrease) in investing cash flows for the parent, issuer, and non-guarantors of $(281.8) million, $568.5 million and $603.7 million, respectively; and increase (decrease) in financing cash flows for the parent, issuer, and non-guarantors of $228.7 million, $(705.2) million, and $(603.7) million, respectively. This change had the following impact to the condensed consolidating statement of cash flows for the years ended December 31, 2015: increase to operating cash flows for the parent of $15.7 million; and increase (decrease) in investing cash flows for the parent, issuer, and non-guarantors of $1,045.9 million, $(145.3) million and $(468.0) million, respectively; and increase (decrease) in financing cash flows for the parent, issuer, and non-guarantors of $(1,061.6) million, $145.3 million and $468.0 million, respectively. The impact to individual financial statement captions within the condensed consolidating statement of cash flows is footnoted below.

Set forth below are Columbia Property Trust's condensed consolidating balance sheets as of December 31, 2017 and 2016 (in thousands), as well as its condensed consolidating statements of operations and its condensed consolidating statements of

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comprehensive income for 2017, 2016, and 2015 (in thousands); and its condensed consolidating statements of cash flows for 2017, 2016, and 2015 (in thousands).

Condensed Consolidating Balance Sheets (in thousands)

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

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Condensed Consolidating Balance Sheets (in thousands)

	As of December 31, 2016				
	Columbia Property Trust (Parent)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Assets:					
Real Estate Assets, at Cost:					
Land	$—	$—	$751,351	$—	$ 751,351
Building and improvements, net	—	219	2,120,931	—	2,121,150
Intangible lease assets, net	—	—	193,311	—	193,311
Construction in progress	—	—	36,188	—	36,188
Real estate assets held for sale, net	—	34,956	377,550	—	412,506
Total real estate assets	—	35,175	3,479,331	—	3,514,506
Investment in unconsolidated joint ventures	—	127,346	—	—	127,346
Cash and cash equivalents	174,420	16,509	25,156	—	216,085
Investment in subsidiaries	2,047,922	1,782,752	—	(3,830,674)	—
Tenant receivables, net of allowance	—	—	7,163	—	7,163
Straight-line rent receivable	—	—	64,811	—	64,811
Prepaid expenses and other assets	317,153	262,216	15,593	(570,687)	24,275
Intangible lease origination costs, net	—	—	54,279	—	54,279
Deferred lease costs, net	—	—	125,799	—	125,799
Investment in development authority bonds	—	—	120,000	—	120,000
Other assets held for sale, net	—	3,767	41,814	(52)	45,529
Total assets	$2,539,495	$2,227,765	$3,933,946	$(4,401,413)	$ 4,299,793
Liabilities:					
Lines of credit and notes payable, net	$—	$447,643	$704,585	$(430,762)	$ 721,466
Bonds payable, net	—	692,972	—	—	692,972
Accounts payable, accrued expenses, and accrued capital expenditures	—	10,395	120,633	—	131,028
Dividends payable	36,727	—	—	—	36,727
Due to affiliates	—	58	1,534	(1,592)	—
Deferred income	—	—	19,694	—	19,694
Intangible lease liabilities, net	—	—	33,375	—	33,375
Obligations under capital leases	—	—	120,000	—	120,000
Liabilities held for sale, net	—	2,651	177,497	(138,385)	41,763
Total liabilities	36,727	1,153,719	1,177,318	(570,739)	1,797,025
Equity:					
Total equity	2,502,768	1,074,046	2,756,628	(3,830,674)	2,502,768
Total liabilities and equity	$2,539,495	$2,227,765	$3,933,946	$(4,401,413)	$ 4,299,793

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Consolidating Statements of Operations (in thousands)

	For the Year Ended December 31, 2017				
	Columbia Property Trust (Parent)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Revenues:					
Rental income	$—	$51	$257,368	$(360)	$257,059
Tenant reimbursements	—	(60)	23,571	—	23,511
Hotel income	—	—	1,339	—	1,339
Asset and property management fee income	1,908	—	1,874	—	3,782
Other property income	—	—	3,327	(18)	3,309
	1,908	(9)	287,479	(378)	289,000
Expenses:					
Property operating costs	—	308	87,857	(360)	87,805
Hotel operating costs	—	—	2,089	—	2,089
Asset and Property Management Fee Expenses:					
Related-party	—	3	—	(3)	—
Other	—	—	918	—	918
Depreciation	—	869	79,525	—	80,394
Amortization	—	5	32,398	—	32,403
General and administrative – corporate	259	9,048	25,674	(15)	34,966
General and administrative – joint ventures	—	—	1,454	—	1,454
	259	10,233	229,915	(378)	240,029
	1,649	(10,242)	57,564	—	48,971
Other Income (Expense):					
Interest expense	—	(44,259)	(38,238)	21,981	(60,516)
Interest and other income	16,535	7,762	7,213	(21,981)	9,529
Loss on early extinguishment of debt	—	—	(325)	—	(325)
	16,535	(36,497)	(31,350)	—	(51,312)
Income (loss) before income taxes, unconsolidated entities, and gains on sales of real estate assets	18,184	(46,739)	26,214	—	(2,341)
Income tax expense	—	(1)	214	—	213
Income (loss) from unconsolidated entities	157,857	198,620	—	(353,826)	2,651
Income before gains on sales of real estate assets	176,041	151,880	26,428	(353,826)	523
Gains on sales of real estate assets	—	11,050	164,468	—	175,518
Net income	$176,041	$162,930	$190,896	$(353,826)	$176,041

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Consolidating Statements of Operations (in thousands)

	For the Year Ended December 31, 2016				
	Columbia Property Trust (Parent)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Revenues:					
Rental income	$—	$3,622	$362,947	$(383)	$366,186
Tenant reimbursements	—	1,963	67,807	—	69,770
Hotel income	—	—	22,661	—	22,661
Asset and property management fee income	574	—	1,548	—	2,122
Other property income	406	—	12,804	(406)	12,804
	980	5,585	467,767	(789)	473,543
Expenses:					
Property operating costs	—	3,209	152,142	(383)	154,968
Hotel operating costs	—	—	18,686	—	18,686
Asset and Property Management Fee Expenses:					
Related-party	—	154	—	(154)	—
Other	—	—	1,415	—	1,415
Depreciation	—	2,760	105,783	—	108,543
Amortization	—	364	56,411	—	56,775
General and administrative – corporate	154	8,566	25,408	(252)	33,876
	154	15,053	359,845	(789)	374,263
	826	(9,468)	107,922	—	99,280
Other Income (Expense):					
Interest expense	—	(46,797)	(50,302)	29,490	(67,609)
Interest and other income	14,268	15,272	7,238	(29,490)	7,288
Loss on early extinguishment of debt	—	(18,987)	(10)	—	(18,997)
	14,268	(50,512)	(43,074)	—	(79,318)
Income (loss) before income taxes, unconsolidated entities, and gains on sales of real estate assets	15,094	(59,980)	64,848	—	19,962
Income tax expense	—	(20)	(425)	—	(445)
Income (loss) from unconsolidated entities	69,187	113,105	—	(189,853)	(7,561)
Income before gains (loss) on sales of real estate assets	84,281	53,105	64,423	(189,853)	11,956
Gains (loss) on sales of real estate assets	—	—	72,325	—	72,325
Net income	$84,281	$53,105	$136,748	$(189,853)	$84,281

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Consolidating Statements of Operations (in thousands)

	For the Year Ended December 31, 2015				
	Columbia Property Trust (Parent)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Revenues:					
Rental income	$—	$2,662	$433,763	$ (377)	$ 436,048
Tenant reimbursements	—	1,316	98,339	—	99,655
Hotel income	—	—	24,309	—	24,309
Asset and property management fee income	171	—	434	—	605
Other property income	—	—	5,781	(333)	5,448
	171	3,978	562,626	(710)	566,065
Expenses:					
Property operating costs	—	3,065	185,390	(377)	188,078
Hotel operating costs	—	—	19,615	—	19,615
Asset and Property Management Fee Expenses:					
Related-party	—	100	—	(100)	—
Other	—	—	1,816	—	1,816
Depreciation	—	2,571	128,919	—	131,490
Amortization	—	237	86,891	—	87,128
General and administrative – corporate	152	8,754	21,010	(233)	29,683
Acquisition expenses	—	11	3,664	—	3,675
	152	14,738	447,305	(710)	461,485
	19	(10,760)	115,321	—	104,580
Other Income (Expense):					
Interest expense	—	(44,919)	(67,076)	26,699	(85,296)
Interest and other income	14,141	12,565	7,247	(26,699)	7,254
Loss on interest rate swaps	—	(1,101)	(9)	—	(1,110)
Loss on early extinguishment of debt	—	(1,050)	(2,099)	—	(3,149)
	14,141	(34,505)	(61,937)	—	(82,301)
Income before income taxes, unconsolidated entities, and gains on sales of real estate assets	14,160	(45,265)	53,384	—	22,279
Income tax expense	—	(25)	(353)	—	(378)
Income (loss) from unconsolidated entities	30,459	59,165	—	(90,766)	(1,142)
Income before gains on sales of real estate assets	44,619	13,875	53,031	(90,766)	20,759
Gains on sales of real estate assets	—	(19)	23,879	—	23,860
Net income	$44,619	$13,856	$76,910	$ (90,766)	$ 44,619

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Consolidating Statements of Comprehensive Income (in thousands)

	For the Year Ended December 31, 2017				
	Columbia Property Trust (Parent)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Net income	$176,041	$162,930	$190,896	$(353,826)	$176,041
Market value adjustment to interest rate swap	1,786	1,786	—	(1,786)	1,786
Comprehensive income	$177,827	$164,716	$190,896	$(355,612)	$177,827

	For the Year Ended December 31, 2016				
	Columbia Property Trust (Parent)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Net income	$84,281	$53,105	$136,748	$(189,853)	$84,281
Market value adjustment to interest rate swap	1,553	1,553	—	(1,553)	1,553
Comprehensive income	$85,834	$54,658	$136,748	$(191,406)	$85,834

	For the Year Ended December 31, 2015				
	Columbia Property Trust (Parent)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Net income	$44,619	$13,856	$76,910	$(90,766)	$44,619
Market value adjustment to interest rate swap	(1,570)	(1,570)	—	1,570	(1,570)
Settlement of interest rate swap	1,102	1,102	—	(1,102)	1,102
Comprehensive income	$44,151	$13,388	$76,910	$(90,298)	$44,151

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Consolidating Statements of Cash Flows (in thousands)

	For the Year Ended December 31, 2017				
	Columbia Property Trust (Parent)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Cash flows from operating activities	$3,966	$(46,268)	$104,226	$ —	$ 61,924
Cash Flows From Investing Activities:					
Net proceeds from the sale of real estate	—	49,531	688,100	—	737,631
Investment in real estate and related assets	—	(2,203)	(716,093)	—	(718,296)
Investment in unconsolidated joint ventures	—	(369,043)	—	—	(369,043)
Distributions in excess of earnings from unconsolidated joint ventures	—	1,985	—	—	1,985
Investments in subsidiaries	(8,671)	(97,505)	—	106,176	—
Net cash provided by (used in) investing activities	(8,671)	(417,235)	(27,993)	106,176	(347,723)
Cash Flows From Financing Activities:					
Borrowings, net of fees	—	781,731	—	—	781,731
Repayments	—	(331,000)	(202,427)	—	(533,427)
Redemptions of common stock	(59,462)	—	—	—	(59,462)
Distributions	(109,561)	1,342	104,834	(106,176)	(109,561)
Net cash provided by (used in) financing activities	(169,023)	452,073	(97,593)	(106,176)	79,281
Net decrease in cash and cash equivalents	(173,728)	(11,430)	(21,360)	—	(206,518)
Cash and cash equivalents, beginning of period	174,420	16,509	25,156	—	216,085
Cash and cash equivalents, end of period	$692	$5,079	$3,796	$ —	$ 9,567

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Consolidating Statements of Cash Flows (in thousands)

	For the Year Ended December 31, 2016				
	Columbia Property Trust (Parent)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Cash flows from operating activities	$53,980	$86,846	$242,118	$(189,853)	$193,091
Cash Flows From Investing Activities:					
Net proceeds from the sale of real estate(1)	—	—	613,732	—	613,732
Investment in real estate and related assets	—	(2,157)	(69,750)	—	(71,907)
Investment in unconsolidated joint ventures	—	(16,212)	—	—	(16,212)
Distributions from subsidiaries(2)	321,911	568,480	—	(890,391)	—
Net cash provided by investing activities	321,911	550,111	543,982	(890,391)	525,613
Cash Flows From Financing Activities:					
Borrowings, net of fees(3)	—	780,577	—	—	780,577
Repayments(4)	—	(1,051,000)	(44,460)	—	(1,095,460)
Prepayments to settle debt and interest rate swap(5)	—	(17,921)	—	—	(17,921)
Redemptions of common stock	(53,986)	—	—	—	(53,986)
Distributions(6)	(148,474)	(347,073)	(733,171)	1,080,244	(148,474)
Net cash used in financing activities	(202,460)	(635,417)	(777,631)	1,080,244	(535,264)
Net increase in cash and cash equivalents	173,431	1,540	8,469	—	183,440
Cash and cash equivalents, beginning of period	989	14,969	16,687	—	32,645
Cash and cash equivalents, end of period	$174,420	$16,509	$25,156	$—	$216,085

(1) Net proceeds from the sale of real estate increased (decreased) by $(603.7) million and $603.7 million for the parent and non-guarantors, respectively.

(2) Distributions from subsidiaries increased (decreased) by $321.9 million, $568.5 million, and $(890.4) million for the parent, issuer, and eliminations, respectively.

(3) Borrowings, net of fees, increased (decreased) by $(781.4) million and $781.4 million for the parent and issuer, respectively.

(4) Repayments increased (decreased) by $1,090.0 million, $(1,051.0) million, and $(39.0) million for the parent, issuer, and non-guarantors respectively.

(5) Prepayments to settle debt and interest rate swap increased (decreased) by $17.9 million and $(17.9) million for the parent and issuer, respectively.

(6) Distributions (increased) decreased by $(347.1) million, $(733.2) million, and $1,080.3 million, for the issuer, non-guarantors, and eliminations, respectively. The intercompany transfers, net line item is no longer presented based on the changes to the other line items described herein.

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	For the Year Ended December 31, 2015				
	Columbia Property Trust (Parent)	Columbia Property Trust OP (the Issuer)	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
Cash flows from operating activities	$15,743	$(50,601)	$273,655	$(15,717)	$223,080
Cash Flows From Investing Activities:					
Net proceeds from the sale of real estate[1]	—	—	596,734	—	596,734
Investments in real estate and related assets[2]	—	—	(1,167,933)	—	(1,167,933)
Investment in unconsolidated joint ventures	—	(5,500)	—	—	(5,500)
Investments in subsidiaries[3]	(4,615)	(628,393)	—	633,008	—
Net cash used in investing activities	(4,615)	(633,893)	(571,199)	633,008	(576,699)
Cash Flows From Financing Activities:					
Borrowings, net of fees[3]	—	2,223,778	—	—	2,223,778
Repayments	—	(1,518,000)	(336,512)	—	(1,854,512)
Prepayments to settle debt and interest rate swap	—	(1,102)	(2,063)	—	(3,165)
Redemptions of common stock	(17,057)	—	—	—	(17,057)
Distributions[4]	(112,570)	(15,717)	633,008	(617,291)	(112,570)
Net cash provided by (used in) financing activities	(129,627)	688,959	294,433	(617,291)	236,474
Net increase (decrease) in cash and cash equivalents	(118,499)	4,465	(3,111)	—	(117,145)
Cash and cash equivalents, beginning of period	119,488	10,504	19,798	—	149,790
Cash and cash equivalents, end of period	$989	$14,969	$16,687	$—	$32,645

(1) Net proceeds from the sales of real estate increased (decreased) by $(72.4) million, $(524.4) million, and $596.7 million for the parent, issuer, and non-guarantors, respectively.

(2) Investments in real estate and related assets increased (decrease) by $57.2 million, $1,007.5 million, and $(1,064.7) million for the parent, issuer, and non-guarantors, respectively.

(3) Investments in subsidiaries increased (decreased) by $1,061.1 million, $(628.4) million, and $(432.7) million for the parent, issuer, and eliminations, respectively.

(4) Distributions (increased) decreased by $(15.7) million, $633.0 million, and $(617.3) million, for the issuer, non-guarantors, and eliminations, respectively. The intercompany transfers, net line item is no longer presented based on the changes to the other line items described herein.

16. Subsequent Events

Columbia Property Trust has evaluated subsequent events in connection with the preparation of its consolidated financial statements and notes thereto included in this report on Form 10-K and noted the following items in addition to those disclosed elsewhere in this report:

- On February 7, 2018, the board of directors declared dividends for the first quarter of 2018 in the amount of $0.20 per share, payable on March 15, 2018, to stockholders of record on March 1, 2018.
- On February 1, 2018, Columbia Property Trust sold an additional 22.5% interest in University Circle and 333 Market Street to its joint venture partner, Allianz, as described in Note 3, Real Estate Transactions.
- On January 5, 2018, Columbia Property Trust paid an aggregate amount of $24.0 million in dividends for the fourth quarter of 2017 to shareholders of record on December 1, 2017.

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Columbia Property Trust, Inc.
Schedule III – Real Estate Assets and Accumulated Depreciation and Amortization
December 31, 2017 (in thousands)

				Initial Costs				Gross Amount at Which C December 31, 2017		
Description	Location	Ownership %	Encumbrances	Land	Buildings and Improvements	Total	Costs Capitalized Subsequent to Acquisition	Land	Buildings and Improvements	To
ONE & THREE GLENLAKE	Atlanta, GA	100 %	$23,716 (c)	$13,363	$155,465	$168,828	$2,429	$13,989	$157,268	$1
80 M STREET	Washington, D.C.	100 %	None	26,248	76,269	102,517	7,080	26,806	82,791	10
263 SHUMAN BOULEVARD	Naperville, IL	100 %	$49,000	7,142	41,535	48,677	(3,344)	7,233	38,100	45,
95 COLUMBUS	Jersey City, NJ	100 %	None	29,061	141,544	170,605	13,056	29,712	153,949	18
PASADENA CORPORATE PARK	Pasadena, CA	100 %	None	53,099	59,630	112,729	(893)	53,099	58,737	11
222 EAST 41ST STREET	New York City, NY	100 %	None (d)	—	324,520	324,520	(25,359)	—	299,161	29
LINDBERGH CENTER	Atlanta, GA	100 %	None (d)	—	262,468	262,468	3,252	—	265,720	26
CRANBERRY WOODS DRIVE	Cranberry Township, PA	100 %	None	15,512	173,062	188,574	6,579	15,512	179,641	19
221 MAIN STREET	San Francisco, CA	100 %	None	60,509	174,629	235,138	12,927	60,509	187,556	24
650 CALIFORNIA STREET	San Francisco, CA	100 %	None	75,384	240,441	315,825	13,978	75,384	254,419	32
315 PARK AVENUE SOUTH	New York, NY	100 %	None	119,633	249,510	369,143	13,130	119,633	262,640	38
116 HUNTINGTON AVENUE	Boston, MA	100 %	None (e)	—	116,290	116,290	47,662	—	163,952	16
229 WEST 43RD STREET	New York, NY	100 %	None	207,233	292,991	500,224	(553)	207,233	292,438	49
245-249 WEST 17TH STREET	New York, NY	100 %	None	113,149	221,517	334,666	—	113,150	221,516	33
218 WEST 18TH STREET	New York, NY	100 %	None	43,836	139,077	182,913	—	43,836	139,077	18
149 MADISON AVENUE	New York, NY	100 %	None	59,112	28,989	88,101	1,132	59,112	30,121	89,

TOTAL CONSOLIDATED REAL ESTATE ASSETS[f]				$823,281	$2,697,937	$3,521,218	$91,076	$825,208	$2,787,086	$3
UNCONSOLIDATED REAL ESTATE ASSETS (presented at 100% of the Joint Venture's Basis)[g]:										
MARKET SQUARE	Washington, D.C.	51.0%	$325,000	$152,629	$450,757	$603,386	$(41,591)	$152,629	$409,166	$5
UNIVERSITY CIRCLE	East Palo Alto, CA	77.5%	None	27,493	278,288	305,781	(99,466)	27,757	178,558	20
333 MARKET STREET	San Francisco, CA	77.5%	None	114,483	292,840	407,323	(41,229)	114,484	251,610	36
114 FIFTH AVE	New York, NY	49.5%	None	—	383,694	383,694	1,824	—	385,518	38
1800 M STREET	Washington, D.C.	55.0%	None	125,735	272,353	398,088	31,485	125,735	303,838	42
TOTAL UNCONSOLIDATED REAL ESTATE ASSETS				420,340	$1,677,932	$2,098,272	$(148,977)	$420,605	$1,528,690	$1

(a) The aggregate cost of consolidated land and buildings and improvements for federal income tax purposes is approximately $3.933 billion.

(b) Columbia Property Trust assets are depreciated or amortized using the straight-line method over the useful lives of the assets by class. Generally, tenant improvements are amortized over the shorter of economic life or lease term, lease intangibles are amortized over the respective lease term, building improvements are depreciated over 5-25 years, and buildings are depreciated over 40-45 years.

(c) The One Glenlake Building is subject to a $23.7 million mortgage note. As a result of the acquisition of the Three Glenlake Building, Columbia Property Trust acquired investments in bonds and certain obligations under capital leases in the amount of $120.0 million.

(d) Property is owned subject to a long-term ground lease.

(e) 116 Huntington Avenue is owned subject to a long-term, pre-paid ground lease.

(f) Consolidated real estate assets excludes $3.2 million of corporate assets.

(g) The aggregate cost of 100% of the land and buildings and improvements, net of debt, held by unconsolidated joint ventures for federal income tax purposes is approximately $2.025 billion.

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Columbia Property Trust, Inc.
Schedule III – Real Estate Assets and Accumulated Depreciation and Amortization
(in thousands)

	For the Years Ended December 31,		
	2017	2016	2015
Real Estate:			
Balance at beginning of year	$4,243,531	$4,948,605	$5,050,482
Additions to/improvements of real estate	698,567	41,848	1,162,068
Sale/transfer of real estate	(1,285,915)[(1)]	(673,164)	(1,188,083)[(2)]
Write-offs of building and tenant improvements	(3,087)	(5,559)	(1,552)
Write-offs of intangible assets[(3)]	(14,432)	(30,435)	(12,614)
Write-offs of fully depreciated assets	(26,370)	(37,764)	(61,696)
Balance at end of year	$3,612,294	$4,243,531	$4,948,605
Accumulated Depreciation and Amortization:			
Balance at beginning of year	$729,025	$863,724	$973,920
Depreciation and amortization expense	97,732	140,823	183,492
Sale/transfer of real estate	(302,157)[(1)]	(203,248)	(221,481)[(2)]
Write-offs of tenant improvements	(1,406)	(4,336)	(948)
Write-offs of intangible assets[(3)]	(14,197)	(30,174)	(9,563)
Write-offs of fully depreciated assets	(26,370)	(37,764)	(61,696)
Balance at end of year	$482,627	$729,025	$863,724

(1) Includes the transfer of 100% of University Circle and 333 Market Street to unconsolidated joint ventures, in which Columbia Property Trust currently owns a 77.5% interest.

(2) Includes the transfer of 100% of the Market Square Buildings to an unconsolidated joint venture, in which Columbia Property Trust currently owns a 51% interest.

(3) Consists of write-offs of intangible lease assets related to lease restructurings, amendments, and terminations.