

COLUMBIA PROPERTY TRUST, INC.

Form 10-Q

October 26, 2017

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2017

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____

Commission file number 001-36113

COLUMBIA PROPERTY TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland

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

One Glenlake Parkway, Suite 1200

Atlanta, GA 30328

(Address of principal executive offices)

(Zip Code)

(404) 465-2200

(Registrant's telephone number, including area code)

(Former name, former address, and former fiscal year, if changed since last report)

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

Yes No

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

Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging Growth Company

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

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

Yes No

Number of shares outstanding of the registrant's
only class of common stock, as of October 23, 2017: 119,803,608 shares

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q of Columbia Property Trust, Inc. ("Columbia Property Trust," "the Company," "we," "our," or "us") other than historical facts may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend for all such forward-looking statements to be covered by the applicable safe harbor provisions for forward-looking statements contained in those acts. Such statements include, in particular, statements about our plans, strategies, and prospects and are subject to certain risks and uncertainties, including known and unknown risks, which could cause actual results to differ materially from those projected or anticipated. Therefore, such statements are not intended to be a guarantee of our performance in future periods. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue," or other similar words. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date this report is filed with the U.S. Securities and Exchange Commission ("SEC"). We make no representations or warranties (express or implied) about the accuracy of any such forward-looking statements contained in this Form 10-Q, and we do not intend to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Any such forward-looking statements are subject to risks, uncertainties, and other factors and are based on a number of assumptions involving judgments with respect to, among other things, future economic, competitive, and market conditions, all of which are difficult or impossible to predict accurately. To the extent that our assumptions differ from actual conditions, our ability to accurately anticipate results expressed in such forward-looking statements, including our ability to generate positive cash flow from operations, make distributions to stockholders, and maintain the value of our real estate properties, may be significantly hindered. See Item 1A in Columbia Property Trust's Annual Report on Form 10-K for the year ended December 31, 2016 for a discussion of some of the risks and uncertainties that could cause actual results to differ materially from those presented in our forward-looking statements. The risk factors described in our Annual Report are not the only ones we face, but do represent those risks and uncertainties that we believe are material to us. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also harm our business.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The information furnished in the accompanying consolidated balance sheets and related consolidated statements of operations, comprehensive income, equity, and cash flows, reflects all normal and recurring adjustments that are, in management's opinion, necessary for a fair and consistent presentation of the aforementioned financial statements. The accompanying consolidated financial statements should be read in conjunction with the condensed notes to Columbia Property Trust's financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this Quarterly Report on Form 10-Q, and with audited consolidated financial statements and the related notes for the year ended December 31, 2016. Columbia Property Trust's results of operations for the three and nine months ended September 30, 2017 are not necessarily indicative of the operating results expected for the full year.

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CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per-share amounts)

	(Unaudited)	
	September 30, 2017	December 31, 2016
Assets:		
Real estate assets, at cost:		
Land	\$609,110	\$751,351
Buildings and improvements, less accumulated depreciation of \$377,794 and \$435,457, as of September 30, 2017 and December 31, 2016, respectively	1,704,630	2,121,150
Intangible lease assets, less accumulated amortization of \$89,950 and \$112,777, as of September 30, 2017 and December 31, 2016, respectively	164,699	193,311
Construction in progress	49,255	36,188
Real estate assets held for sale, less accumulated depreciation and amortization of \$180,791, as of December 31, 2016	—	412,506
Total real estate assets	2,527,694	3,514,506
Investment in unconsolidated joint ventures	698,105	127,346
Cash and cash equivalents	382,730	216,085
Tenant receivables, net of allowance for doubtful accounts of \$7 and \$31, as of September 30, 2017 and December 31, 2016, respectively	2,814	7,163
Straight-line rent receivable	80,128	64,811
Prepaid expenses and other assets	75,802	24,275
Intangible lease origination costs, less accumulated amortization of \$55,532 and \$74,578, as of September 30, 2017 and December 31, 2016, respectively	28,067	54,279
Deferred lease costs, less accumulated amortization of \$24,716 and \$22,753, as of September 30, 2017 and December 31, 2016, respectively	127,940	125,799
Investment in development authority bonds	120,000	120,000
Other assets held for sale, less accumulated amortization of \$34,152, as of December 31, 2016	—	45,529
Total assets	\$4,043,280	\$4,299,793
Liabilities:		
Line of credit and notes payable, net of unamortized deferred financing costs of \$2,611 and \$3,136, as of September 30, 2017 and December 31, 2016, respectively	\$520,367	\$721,466
Bonds payable, net of discounts of \$1,529 and \$1,664 and unamortized deferred financing costs of \$4,909 and \$5,364, as of September 30, 2017 and December 31, 2016, respectively	693,562	692,972
Accounts payable, accrued expenses, and accrued capital expenditures	129,802	131,028
Dividends payable	—	36,727
Deferred income	15,756	19,694
Intangible lease liabilities, less accumulated amortization of \$19,437 and \$44,564, as of September 30, 2017 and December 31, 2016, respectively	9,891	33,375
Obligations under capital lease	120,000	120,000
Liabilities held for sale, less accumulated amortization of \$1,239, as of December 31, 2016	—	41,763
Total liabilities	1,489,378	1,797,025
Commitments and Contingencies (Note 7)	—	—
Equity:		

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

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

	(Unaudited)		(Unaudited)	
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues:				
Rental income	\$55,015	\$87,561	\$193,309	\$280,714
Tenant reimbursements	3,053	17,090	18,609	55,551
Hotel income	—	6,270	1,339	17,484
Asset and property management fee income	1,154			