

Nationwide. Building Value.

2012 Annual Report

Columbia  
Property Trust



# At a Glance

Gross Real Estate Investments<sup>1</sup>

# \$5.76 billion

Total Quarterly Distributions Paid to Shareholders<sup>2</sup>

# \$1.85 billion

Investment-Grade Credit Rating from Standard & Poor's / Moody's<sup>3</sup>

# BBB- / Baa3

Total Portfolio Square Feet

# 21 million

Square Feet of Leases Negotiated in 2012

# 2.8 million

Portfolio Debt Ratio<sup>4</sup>

# 28.6%

Data as of December 31, 2012.

1 Calculated as of December 31, 2012, based on gross real estate assets plus gross intangible lease origination costs, less gross intangible lease liabilities, as provided in the enclosed balance sheet.

2 December 31, 2003 to March 31, 2013. Distributions are not guaranteed, are subject to change, and may consist of capital gains, return of capital, and ordinary income. Approximately \$256 million in total distributions were paid to shareholders in 2012 and were funded with current-period or prior-period accumulated net cash flows from operating activities, adjusted to exclude acquisition-related costs.

3 Ratings conferred by Standard & Poor's Rating Services and Moody's Investor Services.

4 This ratio is defined as the sum of the contractual amounts due on all third-party borrowings, divided by Gross Real Estate Investments.



Cover

333 Market Street / San Francisco, California

# Introduction / 1

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## Nationwide. Building Value.

Our name is new, but Columbia Property Trust is a proven and well-established industry leader. With a \$5.8 billion portfolio comprising more than 60 Class-A investment properties in key markets nationwide, we rank among America's largest office REITs. As an investment management company specializing in commercial real estate, we strive to deliver results for our investors in the form of capital preservation, cash distributions, and long-term appreciation.

# Chairman's Letter / 2



"The changes we have made over the past year have all been carefully planned and carried out under the Board's guidance, with our shareholders' best interest in mind."

Dear Shareholder,

The past year has seen many positive changes for our company. Most recently, we transitioned to self-management and moved into our own office facilities; revealed a new company name, Columbia Property Trust; and reorganized our Board of Directors and its committee structure.

I want to assure you that these changes have all been carefully planned and carried out under the Board's guidance, with our shareholders' best interest in mind. The measures we have completed over the past few months were long anticipated and are a normal part of a nontraded REIT's life cycle.

Columbia Property Trust was launched in 2004 and ultimately accumulated \$6.1 billion in investments from over 140,000 shareholders. We invested your capital in a portfolio that now comprises 82 buildings nationwide as of March 31, 2013. This portfolio is well-diversified across 20 states, including the District of Columbia, and boasts one of the finest tenant rosters in the country. We have accomplished our key objectives of investing in quality real estate, maintaining modest debt leverage, and generating attractive dividends. We are now preparing to fulfill another key objective — providing a liquidity opportunity for our shareholders. While we continue to explore various alternatives for a liquidity event — such as a sale or merger — we believe that with a portfolio of this size and quality, the most likely way to optimize our shareholders' returns may be through a listing of our shares on a national securities exchange.

We have continued to make changes with the potential for such a listing in mind. The externally advised structure we had under Wells Real Estate Funds (Wells) provided us with the resources and operational efficiency needed to build the portfolio to the scale and quality it encompasses today. However, in the traded marketplace, investors tend to assign a premium to companies that have a dedicated internal management structure over those that are externally advised.

Now that Columbia Property Trust has become a self-managed company, separated from our former advisor, we believe the company is better positioned to take full advantage of future liquidity opportunities most beneficial to our shareholders.

Unlike some other nontraded REITs that have made the move to an internal management structure, we did not pay our sponsor an "internalization fee" for the employees, assets, proprietary systems, and processes necessary to make a smooth transition to becoming a self-managed company. We have entered into short-term contracts with Wells to ensure systems and services are fully transitioned successfully and that you, our shareholders, continue to receive exceptional service during and after our transition. Your Board worked hard to achieve this efficient transition, and we believe it will help to maximize the potential value that shareholders may realize as a result.

While you will likely see a few new names added to the team and strategic adjustments to the portfolio in the coming months, we anticipate that the next major milestone ahead in our company's life cycle will be to undertake a liquidity event. Our management team is working with highly experienced market experts to evaluate the appropriate timing and method for such an event, with the intent of achieving it with the most beneficial outcome for our shareholders. We look forward to the year ahead as we move closer to that next chapter in the story of Columbia Property Trust. Thank you for your continued confidence in our progress.

A handwritten signature in black ink, appearing to read "John L. Dixon". The signature is fluid and stylized, with a long horizontal stroke at the end.

John L. Dixon  
Chairman of the Board  
Columbia Property Trust

**E. Nelson Mills**  
President, Chief Executive Officer, and Director  
Columbia Property Trust



Dear Shareholder,

Columbia Property Trust has made great strides over the past year in preparing to fulfill our investment objectives on your behalf.

We've transitioned management of all our operations to a new headquarters location that houses a dedicated and highly experienced management team and staff. We've begun executing a refined strategy to enhance our portfolio and its potential for appreciation in today's market. And with these steps, we are now positioning to provide a liquidity opportunity for our shareholders — which may be a sale, merger, or, most likely, a listing of our shares on a national securities exchange.

With a quality portfolio and strong balance sheet, Columbia Property Trust is well-positioned to accomplish this goal. Between 2004 and 2010, we accumulated \$6.1 billion in shareholder investments. Paired with modest levels of debt, we've invested that capital in a substantial portfolio of high-quality commercial office properties in major markets across the U.S., nearly all of which are leased to creditworthy tenants on a long-term basis.

As a result, we now hold one of the nation's largest and most diversified portfolios of office properties,

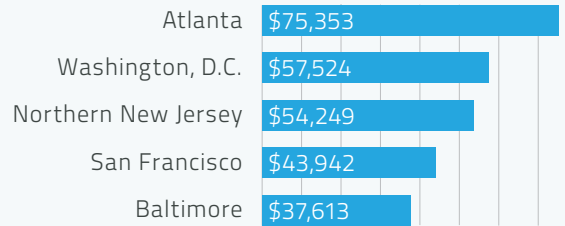
which at the end of March included 82 buildings spread across 20 U.S. states, including the District of Columbia. In addition to geography, these properties are diversified by tenant, tenant industry, and lease expiration date — all of which helps to reduce the potential impact that any one market factor may have on our portfolio.

Our portfolio debt level, which was at 28.6% at year-end 2012, is significantly lower than the industry average and, when coupled with our ample sources of debt capital, gives us the ability to respond quickly to market opportunities. It also has helped to make Columbia Property Trust one of the only nontraded REITs to earn "investment-grade" credit ratings from both Moody's Investors Service and Standard & Poor's Ratings Services.

While we are entering our tenth year of operations in a strong position, the market has changed significantly since we began fundraising and acquiring properties in 2004. Every investor is familiar with the effects that long-term high unemployment, low consumer confidence, and uncertain fiscal policy have had on our nation's economy. And while there are some positive signs of continued improvement in the real

"We intend to optimize the portfolio's balance between the type of properties we've traditionally sought for the portfolio — high-quality properties leased long-term to creditworthy tenants — and those we believe offer greater potential to increase in income production and/or overall value over the next two to five years."

## Highest Geographic Concentrations (by annualized lease revenue, in thousands)



estate market, these market factors continue to impact the commercial real estate market and our portfolio.

This was evidenced by the updated estimated value-per-share of \$7.33 that we announced in November 2012. While relatively stable from the previous year, this estimate reflected the lack of capital appreciation in some of the properties and markets represented in our portfolio.

Because of this change in market landscape, we took several steps in 2012 to ensure that our strategy and operations were better aligned with the market and would be more sustainable long term.

Our Board of Directors decided to reduce the quarterly distribution rate paid to shareholders from \$0.125 per share to \$0.095 per share in the fourth quarter of 2012. This decision was both reactive and proactive, since the operating cash flows we're reserving

are now available to fund capital expenditures for maintaining our existing portfolio and to provide additional financial flexibility as we further improve our portfolio and prepare for a liquidity opportunity.

We also took steps to further enhance our balance sheet by restructuring a significant portion of our debt, reduced operating expenses to improve financial results, and began the process of refining our portfolio and investment strategy to better support value growth in today's market. All of these actions were taken with a goal of enhancing our potential share value as we approach a listing or other liquidity event.

The portfolio-refining process is twofold. First, we intend to optimize the portfolio's balance between the type of properties we've traditionally sought for the portfolio — high-quality properties leased long-term to creditworthy tenants — and those we believe offer

greater potential to increase in income production and/or overall value over the next two to five years. While we will continue to focus the majority of the portfolio on properties that meet our traditional criteria, we believe that allocating a portion of the portfolio to properties with more growth potential will help to increase total returns for our shareholders.

Our second strategic objective is to continue improving the portfolio's market concentration. While the portfolio is already well-represented in many of the nation's largest metropolitan areas, we intend to increase

our presence in key markets — such as New York City, San Francisco, Houston, and Washington, D.C. — that we believe offer the best prospects for sustained desirability and growth.

We intend to do this in two ways. One is simply to increase the number of properties we own

in these key markets through acquisitions. The other is to sell a number of properties we own in secondary markets so that we can focus our efforts in our desired markets and enhance our operational efficiency.

We have already made progress toward these portfolio goals. In December 2012, we closed on the disposition of nine properties located in several secondary markets, and we also invested nearly \$400 million in a significant new asset in one of our key markets, San Francisco. This new asset, 333 Market Street, is a 33-story, Class-A+ office tower located in the heart of San Francisco's Financial District, leased to a widely recognized, investment-grade company, Wells Fargo Bank, N.A. Like the iconic Market Square property in Washington, D.C., which we acquired in 2011, 333 Market Street is an asset that we believe will help to improve the portfolio's potential value over

“We took several steps in 2012 to ensure that our strategy and operations were better aligned with the market and would be more sustainable long term.”

“While the portfolio is already well-represented in many of the nation’s largest metropolitan areas, we intend to increase our presence in key markets – such as New York City, San Francisco, Houston, and Washington, D.C. – that we believe offer the best prospects for sustained desirability and growth.”

time and its desirability to institutional investors as we prepare for a liquidity event.

We believe that all these portfolio actions — both those already accomplished and those planned — will help to improve the portfolio’s attractiveness to institutions and other future investors. This in turn should serve to enhance the overall potential returns our existing shareholders may realize at the time of our liquidity event and beyond.

We will continue to monitor the market and our own position to determine the optimal timing and method for providing a liquidity opportunity that we believe will offer the greatest benefit for our shareholders. With a newly internalized management team in place, an enhanced portfolio strategy, and the same foundation of financial strength that has been the hallmark of our company from the beginning, I believe Columbia Property Trust is ideally positioned for the future.

A handwritten signature in black ink that reads "E. Nelson Mills". The signature is fluid and cursive, with the first letters of "E", "N", and "M" being capitalized and prominent.

**E. Nelson Mills**  
President, Chief Executive  
Officer, and Director  
Columbia Property Trust




Energy Center I / Houston, Texas

## Fueling Value Growth

Size, diversification, and quality all contribute to the portfolio's ability to produce more consistent operational income. We believe that balancing this existing strength with enhanced upside potential – whether from the opportunity to increase rental revenues, enhance occupancy, or physically improve a property – will increase the overall potential returns the portfolio can deliver for our shareholders. With investment-grade rated credit and access to multiple sources of capital, we have the capacity to effectively reposition the portfolio toward this goal.





333 Market Street / San Francisco, California

## Institutional Quality

“As part of our effort to optimize the portfolio’s balance of allocations to income and growth, we have continued to improve the institutional quality of the portfolio overall through strategic acquisitions in the nation’s premier office markets, as evidenced by our most recent acquisitions, Market Square in Washington, D.C., and 333 Market Street in San Francisco. Our objective is to optimize performance within the comparatively low-to-moderate risk profile our investors expect from us.”

**Kevin Hoover**  
Senior Vice President – Real Estate Transactions





# Best-in-Class Operations

“Our real estate team successfully negotiated nearly 3 million square feet of leases last year to keep our portfolio occupancy rate at nearly 93% at the close of 2012 – significantly higher than the national office occupancy rate of 87.5%. This continued high occupancy rate reflects our commitment to provide comprehensive property management operations that deliver quality tenant service and operating efficiencies across our portfolio.”

Drew Cunningham  
Senior Vice President – Real Estate Operations



# Portfolio / 10

## Northeast

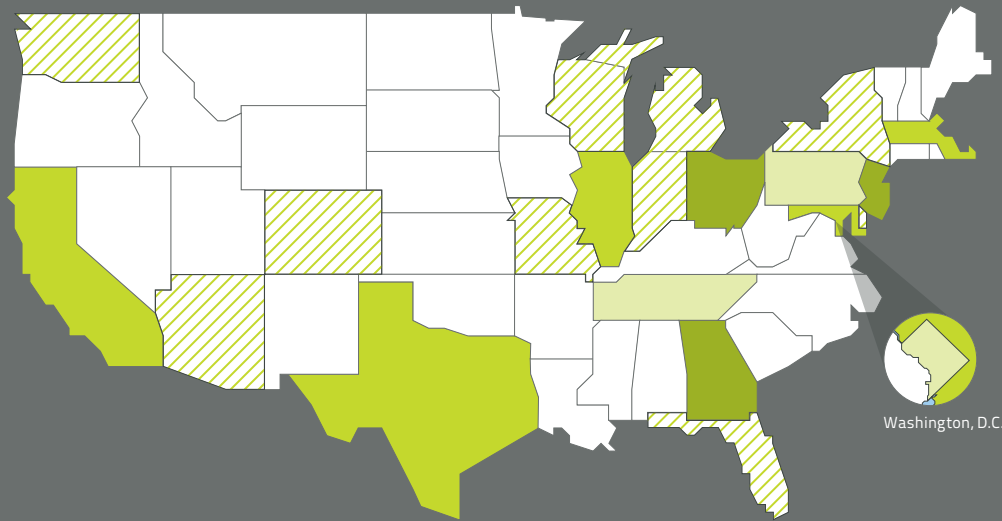
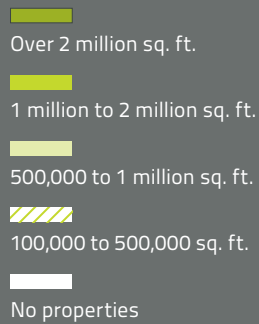
PROPERTIES	MSA*	LARGEST TENANT	ACQ DATE	SQ FT
Market Square	Washington, D.C.	Fulbright & Jaworski	03/07/11	680,066
80 M Street	Washington, D.C.	BAE Systems Applied Technology	06/29/04	281,394
222 East 41st Street	New York	Jones Day	08/17/07	372,723
80 Park Plaza	N. New Jersey	PSEG Services Corporation	09/21/06	960,689
International Financial Tower	N. New Jersey	Pershing LLC	10/31/06	629,792
180 Park Avenue #103 & #104	N. New Jersey	AT&T Corporation	06/23/04	385,274
180 Park Avenue #105	N. New Jersey	Novartis Pharmaceuticals	03/14/05	221,706
Eagle Rock Executive Office Ctr. IV	N. New Jersey	GfK Holding, Inc.	03/27/07	177,820
100 East Pratt Street	Baltimore	T. Rowe Price Associates Inc.	05/12/05	653,194
West Quest Technology Park	Baltimore	Northrop Grumman	09/05/08	315,350
7031 Columbia Gateway Drive	Baltimore	Micros Systems, Inc.	07/12/07	247,624
550 King Street	Boston	IBM	04/01/10	490,119
One and Four Robbins Road	Boston	Alcatel-Lucent	08/18/05	458,237
9 Technology Drive	Boston	Bose Corporation	05/27/04	250,813
Cranberry Woods	Pittsburgh	Westinghouse Electric Company	06/01/10	823,979
800 North Frederick	Sub. Maryland	IBM	10/22/04	393,000
1200 Morris Drive	Philadelphia	Shire Pharmaceuticals, Inc.	09/14/07	114,071

## Central

PROPERTIES	MSA*	LARGEST TENANT	ACQ DATE	SQ FT
263 Shuman Blvd.	Chicago	OfficeMax	07/20/06	354,098
3333 Finley Road & 1501 Opus Place	Chicago	Acxiom	08/04/04	321,853
Highland Landmark III	Chicago	SAP America, Inc.	12/27/04	275,197
Corridors III	Chicago	PNC Bank, NA	11/01/04	221,940
215 Diehl Road	Chicago	Conagra Foods, Inc.	04/19/05	161,865
544 Lakeview Parkway	Chicago	Mercer (US) Inc.	04/01/11	145,000
Bannockburn Lake III	Chicago	Vacant	09/10/07	106,495
Key Center Tower	Cleveland	Keybank National Association	12/22/05	1,632,881
Chase Center Building	Columbus	JPMorgan Chase	10/21/10	388,669
IBM — Columbus I-IV	Columbus	IBM	03/08/10	322,679
4241 Irwin Simpson Road	Cincinnati	Community Insurance Company	03/17/05	223,533
8990 Duke Road	Cincinnati	NextRX, LLC	03/17/05	78,240
11200 W. Parkland Avenue	Milwaukee	Wells Fargo Bank	03/03/08	229,627
13655 Riverport Drive	St. Louis	UnitedHealthcare Services	02/01/08	188,500
College Park Plaza	Indianapolis	Cardinal Health 100, Inc.	06/21/05	179,460
333 & 777 Republic Drive	Detroit	Roush Industries	03/31/04	169,200

\*Metropolitan Statistical Area  
Data as of March 31, 2013.

Property Concentrations  
(by square feet)



## West

PROPERTIES	MSA*	LARGEST TENANT	ACQ DATE	SQ FT
333 Market Street	San Francisco	Wells Fargo Bank	12/21/12	657,114
University Circle	San Francisco	DLA Piper US, LLP	09/20/05	451,154
CH2M HILL World Headquarters	Denver	CH2M HILL, Inc.	09/26/07	478,123
One and Two SanTan Corporate Center	Phoenix	Toyota Motor Credit	04/18/06	267,478
Pasadena Corporate Park	Los Angeles	Green Dot	07/11/07	262,910
15815 25th Avenue West	Seattle	Comcast	11/05/07	87,385
16201 25th Avenue West	Seattle	Vacant	11/05/07	68,962

## Southeast

PROPERTIES	MSA*	LARGEST TENANT	ACQ DATE	SQ FT
Lenox Park	Atlanta	AT&T Corporation/AT&T Services	05/08/08	1,040,327
Lindbergh Center	Atlanta	AT&T Corporation/AT&T Services	07/01/08	955,386
Three Glenlake	Atlanta	Newell Rubbermaid, Inc.	07/31/08	354,963
One Glenlake	Atlanta	Oracle USA Inc.	06/25/04	352,754
2500 Windy Ridge Parkway	Atlanta	Coca-Cola Enterprises	09/20/04	315,918
4200 Wildwood Parkway	Atlanta	General Electric Company	09/20/04	265,078
4100 & 4300 Wildwood Parkway	Atlanta	BlueLinux Co.	09/20/04	250,000
5 Houston Center	Houston	Ernst & Young U.S. LLP	12/20/05	580,875
Energy Center I	Houston	Foster Wheeler	06/28/10	332,000
515 Post Oak	Houston	Stream Realty Partners - Houston, L.P.	02/10/04	272,763
Sterling Commerce Building	Dallas	Caremark PCS	12/21/06	309,086
One MacArthur Ridge	Dallas	Christus Health	11/15/05	247,721
4300 Centreway Place	Dallas	Aetna Life Insurance Company	09/15/06	139,445
One Century Place	Nashville	Willis North America	01/04/07	538,790
200 South Orange	Orlando	SunTrust	08/25/10	128,296



International Financial Tower / Northern New Jersey


## Balance Sheet Strength

“Columbia Property Trust enjoys considerable financial flexibility as a result of our low portfolio debt level and ample borrowing capacity. Through our diversification and financing structure, we also have worked to insulate the portfolio from risks posed by volatile interest rates or other market conditions. While no company is immune to these risks, the strength of our balance sheet and portfolio has positioned us well in comparison with many other real estate owners to weather the market’s changes.”

**Wendy Gill**

Senior Vice President – Corporate Operations and Chief Accounting Officer





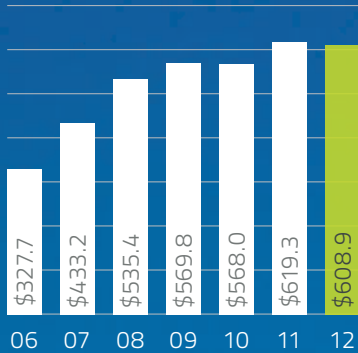
222 East 41st Street / New York City

## National Coverage in Key Markets

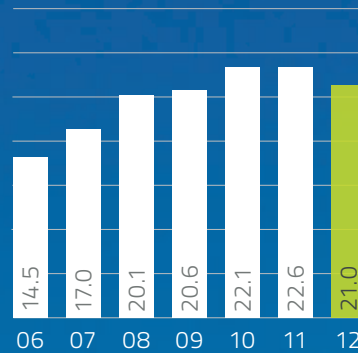
Columbia Property Trust has not only already established a nationwide footprint, we also already have significant coverage in many of the nation's key markets. Going forward, we intend to continue to enhance the portfolio's market composition through a focused and disciplined market-driven strategy, targeting markets that are large in scale, with significant economic basis, and which have proven to be premier performers over lengthy periods of time and multiple real estate cycles.

# Operating & Financial Highlights\*

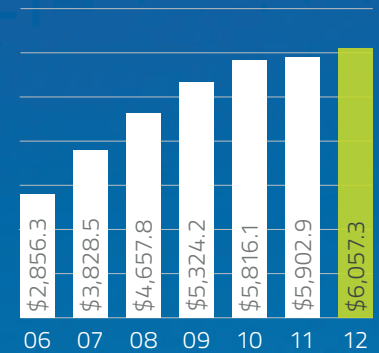
Revenue  
(in millions)



Total Square Feet  
(in millions)



Total Equity Raised Since Inception  
(in millions)



## Portfolio Snapshot

	2011	2012
Investor Accounts	139,338	135,268
Properties/Buildings	72/93	62/83
Square Footage	22.6 million	21.0 million
Percentage Leased	93.9%	92.9%
Major Industries Represented	44	44
U.S. States Represented <sup>1</sup>	24	20

<sup>1</sup> Includes the District of Columbia.

\* Data as of December 31, 2012.

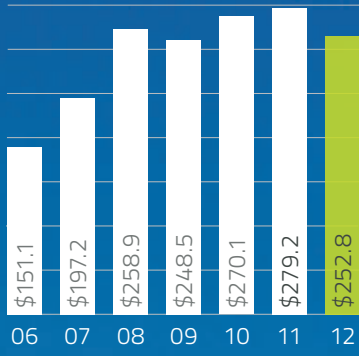
## Leading the Way in Energy Efficiency



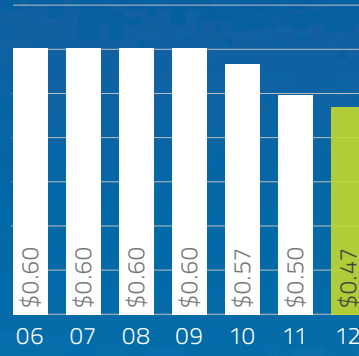
Columbia Property Trust has a portfolio-wide commitment to employing sustainable practices that drive value and create exceptional environments for our stakeholders. Because of that commitment, the U.S. Environmental Protection Agency has recognized Columbia Property Trust and our former advisor, Wells Real Estate Funds, together, as a 2013 ENERGY STAR® Partner of the Year. Prior to our internalization in early 2013, our portfolio made up over 70% of the properties under Wells' management, and we're proud to have been recognized together for strategically managing and improving the energy efficiency of our combined portfolios.



Cash Flows from Operations  
(in millions)



Distributions  
per Share



## Board of Directors

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**John L. Dixon**  
Chairman of the Board,  
Independent Director  
Director since 2008  
Career Emphasis:  
Financial Services

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**E. Nelson Mills**  
President, Chief Executive Officer,  
and Director  
Director since 2007  
Career Emphasis:  
Real Estate Investment  
Management

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**Charles R. Brown**  
Independent Director  
Director since 2003  
Career Emphasis:  
Real Estate Development  
and Management

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**Richard W. Carpenter**  
Independent Director  
Director since 2003  
Career Emphasis:  
Commercial Finance

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**Bud Carter**  
Independent Director  
Director since 2003  
Career Emphasis:  
Marketing and Communications

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**George W. Sands**  
Independent Director  
Director since 2010  
Career Emphasis:  
Financial Audit  
and Advisory Services

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**Neil H. Strickland**  
Independent Director  
Director since 2003  
Career Emphasis:  
Insurance and  
Risk Management

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**Leo F. Wells III**  
Director (former Chairman)  
Director since 2003  
Career Emphasis:  
Real Estate Investment  
Management

## Experience and Discipline

“As part of our operational transition, we have installed a capable and disciplined management team with a track record of outperformance to complement our goal of best-in-class Board representation and corporate governance policies.”

Wendy Gill, Senior Vice President – Corporate Operations and Chief Accounting Officer

**Section 1: 10-K (10-K)**

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

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**FORM 10-K**

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(mark one)

**Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
for the fiscal year ended December 31, 2012

**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 000-51262

**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, Georgia 30328**  
(Address of principal executive offices) (Zip Code)  
**(404) 465-2200**  
(Registrant's telephone number, including area code)

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

Title of each class

NONE

Name of exchange on which registered

NONE

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

**Common Stock**

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

Yes  No

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

Yes  No

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

Yes  No

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

Yes  No

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

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

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

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

Yes  No

Aggregate market value of the voting stock held by non-affiliates: \_\_\_\_\_

While there is no established market for the registrant's shares of common stock, on November 8, 2012, the registrant announced an estimated per-share value of its common stock equal to \$7.33 per share, calculated as of September 30, 2012. The registrant is currently offering shares of its common stock to existing stockholders pursuant to its distribution reinvestment plan at a purchase price of \$7.00, which is 95.5% of the estimated per-share value. For a full description of the methodologies used to value the registrant's assets and liabilities in connection with the calculation of the estimated per-share value, see Part II, Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - Market Information." The number of shares held by non-affiliates as of June 30, 2012 was approximately 547,081,420.

**Number of shares outstanding of the registrant's  
only class of common stock, as of January 31, 2013: 545,627,061 shares**

Registrant incorporates by reference portions of the Columbia Property Trust, Inc. Definitive Proxy Statement for the 2013 Annual Meeting of Stockholders (Items 10, 11, 12, 13, and 14 of Part III) to be filed on or about April 30, 2013.

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**FORM 10-K**  
**COLUMBIA PROPERTY TRUST, INC.**  
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#### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements contained in this Form 10-K of Columbia Property Trust, Inc., formerly known as Wells Real Estate Investment Trust II, Inc., and its subsidiaries ("Columbia Property Trust," "we," "our" or "us"), other than historical facts may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend for all such forward-looking statements to be covered by the applicable safe harbor provisions for forward-looking statements contained in those acts. Such statements include, in particular, statements about our plans, strategies, and prospects and are subject to certain risks and uncertainties, including known and unknown risks, which could cause actual results to differ materially from those projected or anticipated. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue," or other similar words. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date this report is filed with the U. S. Securities and Exchange Commission ("SEC"). We do not intend to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. See Item 1A herein for a discussion of some of the risks and uncertainties, although not all risks and uncertainties, that could cause actual results to differ materially from those presented in our forward-looking statements.

## PART I

### ITEM 1. BUSINESS

#### General

On February 25, 2013, Wells Real Estate Investment Trust II, Inc. changed its name to Columbia Property Trust, Inc. ("Columbia Property Trust"). Columbia Property Trust is a Maryland corporation that operates in a manner as to qualify as a real estate investment trust ("REIT") for federal income tax purposes and engages in the acquisition and ownership of commercial real estate properties, including properties that have operating histories, are newly constructed, or are under construction. Columbia Property Trust was incorporated in 2003, commenced operations in 2004, and conducts business primarily through Columbia Property Trust Operating Partnership, L.P., formerly known as Wells Operating Partnership II, L.P. ("Columbia Property Trust OP"), a Delaware limited partnership. Columbia Property Trust is the general partner and sole owner of Columbia Property Trust OP and possesses full legal control and authority over its operations. Columbia Property Trust OP acquires, develops, owns, leases, and operates real properties directly, through wholly owned subsidiaries, or through joint ventures. References to Columbia Property Trust, "we," "us," or "our" herein shall include Columbia Property Trust and all subsidiaries of Columbia Property Trust, direct and indirect, and consolidated joint ventures.

From our inception through February 27, 2013, we have operated as an externally advised REIT pursuant to an advisory agreement under which a subsidiary of Wells Real Estate Funds, Inc. ("WREF"), including most recently Wells Real Estate Advisory Services II, LLC ("WREAS II"), and its affiliates performed certain key functions on our behalf, including, among others, managing our day-to-day operations, investing our capital proceeds, and arranging our financings. Also during this period of time, a subsidiary of WREF, including most recently Wells Real Estate Services, LLC ("WRES"), provided the personnel necessary to carry out property management services on behalf of Wells Management Company, Inc. ("Wells Management") and its affiliates pursuant to the property management agreement described in Note 10, *Related-Party Transactions and Agreements*, of the accompanying consolidated financial statements.

On February 28, 2013, we terminated the above-mentioned advisory agreement and property management agreement, and acquired WREAS II and WRES pursuant to assignment options previously entered into with WREF and certain of its affiliates. As a result, the services described above will be performed by our employees going forward (other than the services to be provided by WREF under the Investor Services Agreement). Contemporaneous with this transaction, we entered into a consulting agreement and an investor services agreement with WREF for the remainder of 2013. While no payments were made to exercise our assignment options to acquire WREAS II and WRES, we will pay fees to WREF for consulting and investor services for the remainder of 2013. For additional details about this transaction and the related agreements, please refer to Note 10, *Related-Party Transactions and Agreements*, of the accompanying consolidated financial statements.

We typically invest in high-quality, income-generating office properties leased to creditworthy companies and governmental entities. As of December 31, 2012, we owned interests in 61 office properties and one hotel, which include 83 operational buildings, comprising approximately 21.0 million square feet of commercial space located in 19 states; the District of Columbia; and Moscow, Russia. Of these office properties, 60 are wholly owned and one is owned through a consolidated subsidiary. As of December 31, 2012, the office properties were approximately 92.9% leased.

Our stock is not listed on a public securities exchange. However, our charter requires that in the event our stock is not listed on a national securities exchange by October 2015, we must either seek stockholder approval to extend or amend this listing deadline or stockholder approval to begin liquidating investments and distributing the resulting proceeds to our stockholders. If we seek stockholder approval to extend or amend this listing date and do not obtain it, we will then be required to seek stockholder approval to liquidate. In this circumstance, if we seek and do not obtain approval to liquidate, we will not be required to list or liquidate and could continue to operate indefinitely as an unlisted company.

#### Real Estate Investment Objectives

Our primary investment objectives are to support cash distributions to our investors; to preserve, protect, and return our investors' capital contributions; and to seek long-term capital appreciation from our investments.

Our primary investment focus is high-quality commercial office properties in primary markets in the U.S. We believe that the major U.S. office markets provide a greater propensity for producing increasing net income and property values over time. Within these markets our goal is to invest in central business districts and urban infill areas, as well as premier suburban submarkets. We target premier assets that we believe are competitive within the top tier of their markets. Our asset selection criteria include the property's location attributes, physical quality, tenant/lease characteristics, and competitive positioning. Further, we carefully evaluate the creditworthiness of tenants of buildings being considered for acquisition or at the time of signing a new lease at an existing building.

Our investment philosophy emphasizes diversification of our portfolio for geographic locations, tenants, industry group of tenants, and timing of lease expirations. Prior to making new acquisitions or selling properties in the portfolio, we perform an assessment to ensure that our portfolio is diversified with regard to these criteria to minimize the impact on our portfolio of significant factors affecting a single geographic area, type of property, tenant, or industry group of tenants. Additionally, we analyze annual lease expirations in an attempt to minimize the impact on the cash flows from operations of the portfolio as a whole for properties that may be vacant until re-leased.

#### **Employees**

From inception through February 27, 2013, employees of WREAS II, WRES, and their affiliates, including Wells Capital, Inc. ("Wells Capital"), and Wells Management and their subsidiaries, performed substantially all of the services related to our asset management, accounting, investor relations, and other administrative activities that were required under our advisory agreements with WREAS II and its affiliates. As explained in the "General" section above, as of February 28, 2013, these services will be performed directly by employees of Columbia Property Trust (other than the services to be provided by WREF under the Investor Services Agreement), and as of February 28, 2013, we have 96 employees.

#### **Insurance**

We believe that our properties are adequately insured.

#### **Competition**

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

#### **Concentration of Credit Risk**

We are dependent upon the ability of our current tenants to pay their contractual rent amounts as they become due. The inability of a tenant to pay future rental amounts would have a negative impact on our results of operations. We are not aware of any reason why our current tenants will not be able to pay their contractual rental amounts as they become due in all material respects. Situations preventing our tenants from paying contractual rents could result in a material adverse impact on our results of operations.

#### **Website Address**

Access to copies of each of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and other documents filed with, or furnished to, the SEC, including amendments to such filings, may be obtained free of charge from the following website, <http://www.columbiapropertytrust.com>, or through a link to the <http://www.sec.gov> website. These filings are available promptly after we file them with, or furnish them to, the SEC.

#### **ITEM 1A. RISK FACTORS**

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

#### **Risks Related to Current Economic Conditions**

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

We are competing for real estate investments with other REITs; real estate limited partnerships, pension funds and their advisors; bank and insurance company investment accounts; individuals; and other entities. Over the past few years, relatively few high-quality assets have traded hands in the commercial real estate marketplace. As a result, over this period of time, many real estate investors have built up their cash positions and are eager to invest in quality real estate assets. A significant number of entities and resources competing for high-quality office properties support relatively high acquisition prices for such properties, which could

put pressure on our profitability and our ability to pay distributions to stockholders. We cannot be sure that we will be successful in obtaining suitable investments on financially attractive terms or that, if we make investments, our objectives will be achieved.

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

During 2012, 2011, and 2010, economic conditions adversely affected the financial condition and liquidity of many businesses, as well as the demand for office space generally. Should such economic conditions continue for a prolonged period of time, our tenants' ability to honor their contractual obligations may suffer. Further, it may become increasingly difficult to maintain our occupancy rate and achieve future rental rates comparable to the rental rates of our currently in-place leases as we seek to re-lease space and/or to renew existing leases.

Our office properties were approximately 92.9% leased at December 31, 2012, and provisions for uncollectible tenant receivables, net of recoveries, were less than 0.1% of total revenues for the year then ended. As a percentage of 2012 annualized lease revenue, approximately 5% of leases expire in 2013, 3% of leases expire in 2014, and 7% of leases expire in 2015 (see Item 2). No assurances can be given that current economic conditions will not have a material adverse effect on our ability to re-lease space at favorable rates or on our ability to maintain our current occupancy rate and our low provisions for uncollectible tenant receivables.

*The current offering price of shares under our distribution reinvestment plan ("DRP") may exceed the price at which we will offer shares under our DRP in the future.*

On November 8, 2012, we announced an estimated per-share value of our common stock equal to \$7.33 per share, calculated as of September 30, 2012, and we are currently offering shares under our DRP at 95.5% of this estimated per-share value, or \$7.00. Prior to this valuation, we offered shares in our DRP at 95.5% of the previous estimated per-share value (or, \$7.13). We intend to update the estimated per-share value on an annual basis. After reporting an updated per-share estimated value, the purchase price of the shares of common stock under our DRP will be equal to 95.5% of the per-share estimated value. If real estate market fundamentals continue to deteriorate, the current offering price under our DRP may exceed the price at which we will offer shares after our annual update of our estimated per-share value.

### **General Risks Related to Investments in Real Estate**

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

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

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

These and other reasons may prevent us from being profitable or from realizing growth or maintaining the value of our real estate properties.

*Properties that have significant vacancies could be difficult to sell, which could diminish our return on those properties.*

Our properties' market values depend principally upon the value of the properties' leases. A property may incur vacancies either by the default of tenants under their leases or the expiration of tenant leases. If vacancies occur and continue for a prolonged period of time, it may become difficult to locate suitable buyers, and property resale values may suffer, which could result in lower returns for our stockholders.

*We depend on tenants for our revenue, and lease defaults or terminations could reduce our net income and limit our ability to make distributions to our stockholders.*

The success of our investments materially depends on the financial stability of our tenants. A default or termination by a significant tenant on its lease payments to us would cause us to lose the revenue associated with such lease and require us to find an alternative source of revenue to meet mortgage payments and prevent a foreclosure if the property is subject to a mortgage. In the event of a



tenant default or bankruptcy, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re-letting our property. If a tenant defaults on or terminates a significant lease, we may be unable to lease the property for the rent previously received or sell the property without incurring a loss. These events could cause us to reduce the amount of distributions to stockholders.

*Our inability to sell a property when we plan to do so could limit our ability to pay cash distributions to our stockholders.*

General economic conditions, availability of financing, interest rates, and other factors, including supply and demand, all of which are beyond our control, affect the real estate market. We may be unable to sell a property for the price, on the terms, or within the time frame that we want. That inability could reduce our cash flow and cause our results of operations to suffer, limiting our ability to make distributions to our stockholders.

*Uninsured losses relating to real property or excessively expensive premiums for insurance coverage could reduce our net income.*

There are types of losses, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution, or environmental matters, that are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. Insurance risks associated with potential terrorist acts could sharply increase the premiums we pay for coverage against property and casualty claims. Additionally, mortgage lenders in some cases have begun to insist that commercial property owners purchase coverage against terrorism as a condition of providing mortgage loans. Such insurance policies may not be available at a reasonable cost, if at all, which could inhibit our ability to finance or refinance our properties. In such instances, we may be required to provide other financial support, either through financial assurances or self-insurance, to cover potential losses. We may not have adequate coverage for such losses. If any of our properties incur a casualty loss that is not fully insured, the value of that asset will be reduced by such uninsured loss. In addition, other than any working capital reserves or other reserves that we may establish, or our existing line of credit, we do not have sources of funding specifically designated for funding repairs or reconstruction of any uninsured damaged property. Also, to the extent we must pay unexpectedly large amounts for insurance, we could suffer reduced earnings that would result in lower distributions to stockholders.

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

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

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

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

Compliance with new laws or regulations, or stricter interpretation of existing laws may require us to incur material expenditures. Future laws, ordinances, or regulations may impose material environmental liability. Additionally, our tenants' operations, the existing condition of land when we buy it, operations in the vicinity of our properties, such as the presence of underground storage tanks or activities of unrelated third parties may affect our properties. In addition, there are various local, state, and federal fire, health, life-safety, and similar regulations with which we may be required to comply, and which may subject us to liability in the form of fines or damages for noncompliance. Any material expenditures, fines, or damages we must pay will reduce our ability to make distributions.

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

Under various federal, state, and local environmental laws, ordinances, and regulations, a current or previous real property owner or operator may be liable for the cost to remove or remediate hazardous or toxic substances on, under, or in such property. These costs could be substantial. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures or prevent us from entering into leases with prospective tenants that may be impacted by such laws. Environmental laws provide for sanctions for noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental laws and common law principles could be used to impose liability for release of and exposure to hazardous substances, including asbestos-containing materials. Third parties may seek recovery from real property owners or operators for personal injury or property damage associated with exposure to released hazardous substances. The cost of defending against claims of liability, of complying with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury claims could reduce the amounts available for distribution to our stockholders.

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

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

#### **Risks Related to an Investment in Us**

*Our net income, Funds From Operations ("FFO"), and Adjusted Funds From Operations ("AFFO") may decrease in the near-term as a result of our transition to a self-managed REIT.*

Our net income, FFO, and AFFO may decrease as a result of becoming a self-managed REIT. While we will no longer bear the costs of the various fees and expense reimbursements previously paid to our external advisor, our expenses will include the compensation and benefits of our officers, employees, and consultants, as well as overhead previously paid by our external advisor or their affiliates. Furthermore, these employees will be providing us services historically provided by our external advisor. There are no assurances that, following our transition to a self-managed platform, we will be able to provide those services at the same level or for the same costs as were previously provided to us by our external advisor, and there may be unforeseen costs, expenses, and difficulties associated with providing those services on a self-advised basis. If the expenses we assume as a result of becoming self-managed are higher than we anticipate, our net income, FFO, and AFFO may be lower as a result of the transition to self-management than it otherwise would have been.

*We may be exposed to risks to which we have not historically been exposed.*

Our transition to a self-managed platform will expose us to risks to which we have not historically been exposed. Excluding the effect of the eliminated asset management fees, our direct overhead, on a consolidated basis, will increase as a result of becoming self-advised. Effective February 28, 2013, we directly employed persons who were previously associated with the advisor or its affiliates. As their employer, we are subject to those potential liabilities that are commonly faced by employers, such as workers' disability and compensation claims, potential labor disputes, and other employee-related liabilities and grievances, and we bear the costs of the establishment and maintenance of any employee compensation plans. Furthermore, these employees will be providing us services historically provided by our external advisor with the support of a consulting services agreement and a transition services agreement. There are no assurances that we will be able to provide the same level of services when we are self-advised as were previously provided to us under our agreements with WREF and its affiliates, and there may be unforeseen costs, expenses, and difficulties associated with providing services previously provided by WREF and its affiliates.

*We are dependent on our own executive officers and employees.*

Effective February 28, 2013, we rely on a small number of persons, particularly E. Nelson Mills, to carry out our business and investment strategies. Any of our senior management, including Mr. Mills, may cease to provide services to us at any time. In addition, Douglas P. Williams has resigned as our Executive Vice President, Secretary, and Treasurer. Therefore, certain of our previous executive officers will no longer be involved in the day-to-day operations of Columbia Property Trust. The loss of the services of any of our key management personnel or our inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business and financial results. As we expand, we will continue to try to attract and retain qualified additional senior management, but may not be able to do so on acceptable terms.

*There is no public trading market for our shares; therefore, it will be difficult for our stockholders to sell their shares.*

There is no current public market for our shares, and we currently have no immediate plans to list our shares on a national securities exchange. Our charter also prohibits the ownership of more than 9.8% of our stock, unless exempted by our board of directors, which may inhibit large-scale investors from desiring to purchase our shares. Our board of directors has adopted a share redemption program (the "SRP"). We suspended Ordinary Redemptions (i.e., redemptions sought in cases other than in connection with a "qualifying disability," qualification for federal assistance for confinement to a long-term care facility, or within two years of a stockholder's death) from September 2009 to September 2010. Effective December 12, 2011, the price for Ordinary Redemptions was set at \$6.25, which is significantly below the most recently stated estimated per-share value. The SRP includes numerous restrictions that limit a stockholder's ability to sell his or her shares to us, and our board of directors may amend, suspend, or terminate our share redemption program upon 30 days' notice. Therefore, it will be difficult for our stockholders to sell their shares promptly or at all. If a stockholder is able to sell his or her shares, it may be at a substantial discount to the most recently published estimated share value. It is also likely that our shares would not be accepted as the primary collateral for a loan.

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

There are many factors that can affect the availability and timing of distributions to stockholders. We expect to continue to fund distributions principally from cash flow from operations; however, from time to time, we may elect to fund a portion of our distributions from borrowings or from net equity proceeds raised under our DRP. If we fund distributions from financings or the net equity proceeds pursuant to our DRP, we will have fewer funds available for the investment in, and acquisition of, properties; thus, the overall return to our investors may be reduced. Further, to the extent distributions exceed cash flow from operations, a stockholder's basis in our stock will be reduced and, to the extent distributions exceed a stockholder's basis, the stockholder may recognize capital gain. We can give no assurance that we will be able to pay or maintain cash distributions or increase distributions over time.

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

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

*Our charter permits our board of directors to issue stock with terms that may subordinate the rights of our common stockholders or discourage a third party from acquiring us in a manner that could result in a premium price to our stockholders.*

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

*Our stockholders have limited control over changes in our policies and operations, which increases the uncertainty and risks they face.*

Our board of directors determines our major policies, including our policies regarding financing, growth, debt capitalization, REIT qualification, and distributions. Our board of directors may amend or revise these and other policies without a vote of the stockholders. Under Maryland General Corporation Law, our stockholders have a right to vote only on limited matters. Our board's broad discretion in setting policies and our stockholders' inability to exert control over those policies increases the uncertainty and risks stockholders face.

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

Our organizational documents contain provisions which may discourage a takeover of us and could depress the price of our common stock. Our organizational documents contain provisions which may have an anti-takeover effect, inhibit a change of our management, or inhibit in certain circumstances, tender offers for our common stock or proxy contests to change our board. These provisions include: directors may be removed only for cause; the stockholders are restricted from altering the number of directors;

ownership limits and restrictions on transferability that are intended to enable us to continue to qualify as a REIT; broad discretion of our board to take action, without stockholder approval, to issue new classes of securities that may discourage a third party from acquiring us; the ability, through board action or bylaw amendment to opt-in to certain provisions of Maryland law that may impede efforts to effect a change in control of us; advance notice requirements for stockholder proposals and stockholder nominations of directors; and the absence of cumulative voting rights.

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

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

### **Risks Related to Our Corporate Structure**

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

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

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

*Some of our directors' loyalties to other WREF-sponsored programs could influence their judgment, resulting in actions that are not in our stockholders' best interest or that result in a disproportionate benefit to another WREF-sponsored program at our expense.*

Some of our directors are also directors or officers of other WREF-sponsored programs. Specifically, three of our directors (including one of our independent directors) are also directors of other WREF-sponsored real estate programs. The loyalties of our directors serving on another board may influence the judgment of our board when considering issues for us that also may affect other WREF-sponsored programs, such as the following:

- We could enter into transactions with other WREF-sponsored programs, such as property sales or acquisitions, joint ventures, or financing arrangements. Decisions of the board or the Conflicts Committee regarding the terms of those transactions may be influenced by the board's or committee's loyalties to other WREF-sponsored programs.
- A decision of the board or the Conflicts Committee regarding the timing of a debt or equity offering could be influenced by concerns that the offering would compete with an offering of other WREF-sponsored programs.
- A decision of the board or the Conflicts Committee regarding the timing of property sales could be influenced by concerns that the sales would compete with those of other WREF-sponsored programs.

### **Federal Income Tax Risks**

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

Our qualification as a REIT depends upon our ability to meet requirements regarding our organization and ownership, distributions of our income, the nature and diversification of our income and assets, and other tests imposed by the Internal Revenue Code

(the "Code"). If we fail to qualify as a REIT for any taxable year, we will be subject to federal and state income tax on our taxable income at corporate rates and/or penalties. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year of losing our REIT status. Losing our REIT status would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability. In addition, distributions to stockholders would no longer qualify for the dividends-paid deduction, and we would no longer be required to make distributions. If this occurs, we might be required to borrow funds or liquidate some investments in order to pay the applicable tax.

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

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

*Stockholders may have current tax liability on distributions they elect to reinvest in our common stock.*

Participants in our DRP will be deemed to have received, and for income tax purposes will be taxed on, the amount reinvested in shares of our common stock to the extent the amount reinvested was not a tax-free return of capital. In addition, participants will be treated for tax purposes as having received an additional distribution to the extent the shares are purchased at a discount to fair market value, if any. As a result, and except with respect to tax-exempt entities, participants in our DRP may have to use funds from other sources to pay the tax liability on the value of the shares of common stock they receive.

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

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

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

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

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

debt or amortization payments. We may need to borrow funds at times when market conditions are unfavorable. Such borrowings could increase our costs and reduce the value of our common stock.

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

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

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

We own one hotel property. However, under the Code, REITs are not allowed to operate hotels directly or indirectly. Accordingly, we lease our hotel property to our taxable REIT subsidiary, or TRS. As lessor, we are entitled to a percentage of the gross receipts from the operation of the hotel property. Marriott Hotel Services, Inc. manages the hotel under the Marriott® name pursuant to a management contract with the TRS as lessee. While the TRS structure allows the economic benefits of ownership to flow to us, the TRS is subject to tax on its income from the operations of the hotel at the federal and state levels. In addition, the TRS is subject to detailed tax regulations that affect how it may be capitalized and operated. If the tax laws applicable to our TRS are changed, we may be forced to modify the structure for owning our hotel property or selling our hotel property, which may adversely affect our cash flows. In addition, the Internal Revenue Service, the United States Treasury Department, and Congress frequently review federal income tax legislation, and we cannot predict whether, when, or to what extent new federal tax laws, regulations, interpretations, or rulings will be adopted. Any of such actions may prospectively or retroactively modify the tax treatment of the TRS and, therefore, may adversely affect our after-tax returns from our hotel property.

*Foreign currency gains may threaten our REIT status, and foreign currency losses may reduce the income received from our foreign investments.*

Foreign currency gains that we derive from certain of our investments will be treated as qualifying income for purposes of the REIT income tests if such gains are derived with respect to underlying income that itself qualifies for purposes of the REIT income tests, such as interest on loans that are secured by mortgages on real property. Other foreign currency gains, however, will be treated as income that does not qualify under the 95% or 75% gross income tests, unless certain technical requirements are met. No assurance can be given that these technical requirements will be met in the case of any foreign currency gains that we recognize directly or through pass-through subsidiaries, or that those technical requirements will not adversely affect our ability to satisfy the REIT qualification requirements. Although we may hedge our foreign currency risk subject to the REIT income qualification tests, we may not be able to do so successfully and may incur losses on these investments as a result of exchange rate fluctuations.

*Foreign taxes we incur will not be creditable to or otherwise pass through to our stockholders.*

Taxes that we pay in foreign jurisdictions may not be passed through to, or be used by our stockholders as a foreign tax credit or otherwise.

*Legislative or regulatory action could adversely affect investors.*

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

#### **Risks Associated with Debt Financing**

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

As of February 15, 2013, our total indebtedness was approximately \$1.6 billion, which includes a \$450.0 million term loan, \$248.7 million of bonds, and \$909.4 million of mortgage loans, all with fixed interest rates, or with interest rates that are effectively fixed when considered in connection with an interest rate swap agreement; and \$40.0 million outstanding on our variable-rate line of credit. We are likely to incur additional indebtedness to acquire properties, to fund property improvements and other capital expenditures, to redeem shares under our share redemption program, to pay our distributions, and for other purposes.

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

If any mortgages or other indebtedness contain cross-collateralization or cross-default provisions, a default on a single loan could affect multiple properties. Our unsecured credit facility with a syndicate of lenders led by JPMorgan Chase Bank, N.A. ("JPMorgan Chase Bank"), as administrative agent (the "JPMorgan Chase Credit Facility") includes a cross-default provision that provides that a payment default under any recourse obligation of \$10 million or more by us, Columbia Property Trust OP, or any of our subsidiaries, constitutes a default under the line of credit. If any of our properties are foreclosed on due to a default, our ability to pay cash distributions to our stockholders will be limited.

*High mortgage interest rates may make it difficult for us to finance or refinance properties, which could reduce the number of properties we can acquire, our net income, and the amount of cash distributions we can make.*

If mortgage debt is unavailable at reasonable interest rates, we may not be able to finance the purchase of properties. If we place mortgage debt on properties, we run the risk of being unable to refinance the properties when the loans become due, or of being unable to refinance on favorable terms. If interest rates are higher when we refinance the properties, our income could be reduced. If any of these events occur, our cash flow would be reduced. This, in turn, would reduce cash available for distribution to our stockholders and may hinder our ability to raise more capital by issuing more stock or by borrowing more money.

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

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

*Increases in interest rates could increase the amount of our debt payments and limit our ability to pay distributions to our stockholders.*

We expect to incur additional indebtedness in the future, which may include mortgages, unsecured bonds, term loans, or borrowings under a credit facility. Increases in interest rates will increase interest costs on our variable-interest debt instruments, which would reduce our cash flows and our ability to pay distributions. In addition, if we need to repay existing debt during periods of higher interest rates, we might sell one or more of our investments in order to repay the debt, which sale at that time might not permit realization of the maximum return on such investments. For additional information, please refer to Item 7A., *Quantitative and Qualitative Disclosures About Market Risk*, for additional information regarding interest rate risk.

*We have broad authority to incur debt, and high debt levels could hinder our ability to make distributions and could decrease the value of an investment in us.*

Our policies do not limit the amount of debt we may incur. High debt levels would cause us to incur higher interest charges, would result in higher debt service payments, and could be accompanied by restrictive covenants. These factors could limit the amount of cash we have available to distribute and could result in a decline in the value of an investment in us.

#### **International Business Risks**

*We are subject to additional risks from our international investments.*

We purchased the Dvintsev Business Center – Tower B, located in Moscow, Russia, during 2009. We may also purchase additional properties located outside the United States. These investments may be affected by factors particular to the laws and business practices of the jurisdictions in which the properties are located. These laws and business practices may expose us to risks that are different from and in addition to those commonly found in the United States. Foreign investments include the following risks:

- the burden of complying with a wide variety of foreign laws, including:

- changing governmental rules and policies, including changes in land use and zoning laws, more stringent environmental laws, or changes in such laws; and
- existing or new laws relating to the foreign ownership of real property or mortgages and laws restricting the ability of foreign persons or companies to remove profits earned from activities within the country to the person's or company's country of origin;
- the potential for expropriation;
- possible currency transfer restrictions;
- imposition of adverse or confiscatory taxes;
- changes in real estate and other tax rates, and changes in other operating expenses in particular countries;
- possible challenges to the anticipated tax treatment of the structures that allow us to acquire and hold investments;
- adverse market conditions caused by terrorism, civil unrest, and changes in national or local governmental or economic conditions;
- the willingness of domestic or foreign lenders to make mortgage loans in certain countries and changes in the availability, cost, and terms of mortgage funds resulting from varying national economic policies;
- general political and economic instability in certain regions;
- the potential difficulty of enforcing obligations in other countries;
- our willingness, or inability as a result of the United States Foreign Corrupt Practices Act, to comply with local business customs in certain regions; and
- our advisor's limited experience and expertise in foreign countries relative to its experience and expertise in the United States.

*Investments in properties outside the United States may subject us to foreign currency risks, which may adversely affect distributions.*

Investments outside the United States may be subject to foreign currency risk due to potential fluctuations in exchange rates between foreign currencies and the U.S. dollar. As a result, changes in exchange rates of any such foreign currency to U.S. dollars may affect our revenues, operating margins, and distributions and may also affect the book value of our assets and the amount of stockholders' equity. Our ability to hedge such currency risk may be limited or cost-prohibitive in certain countries.

Certain foreign currency gains may threaten our REIT status, and foreign currency losses may reduce the income received from our foreign investments. Further, bank accounts held in a foreign currency, which are not considered cash or cash equivalents, may threaten our status as a REIT.

**Risks Related to Investments by Tax-Exempt Entities and Benefit Plans Subject to the Employee Retirement Income Security Act ("ERISA")**

*If you fail to meet the fiduciary and other standards under ERISA or the Internal Revenue Code as a result of an investment in our stock, you could be subject to criminal and civil penalties.*

There are special considerations that apply to employee benefit plans subject to ERISA (such as profit-sharing, Section 401(k), or pension plans) and other retirement plans or accounts subject to Section 4975 of the Code (such as an individual retirement account, or "IRA") that are investing in our shares. If you are investing the assets of such a plan or account in our common stock, you should satisfy yourself that:

- your investment is consistent with your fiduciary and other obligations under ERISA and the Code;
- your investment is made in accordance with the documents and instruments governing your plan or IRA, including your plan's or account's investment policy;
- your investment satisfies the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA and other applicable provisions of ERISA and the Code;



- your investment in our shares, for which no trading market may exist, is consistent with the liquidity needs of the plan or IRA;
- your investment will not produce an unacceptable amount of "unrelated business taxable income" for the plan or IRA;
- you will be able to comply with the requirements under ERISA and the Code to value the assets of the plan or IRA annually; and
- your investment will not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Failure to satisfy the fiduciary standards of conduct and other applicable requirements of ERISA and the Code may result in the imposition of civil and criminal penalties and could subject the fiduciary to claims for damages or for equitable remedies. In addition, if an investment in our shares constitutes a prohibited transaction under ERISA or the Code, the fiduciary or IRA owner who authorized or directed the investment may be subject to the imposition of excise taxes with respect to the amount invested. In the case of a prohibited transaction involving an IRA owner, the IRA may be disqualified and all of the assets of the IRA may be deemed distributed and subjected to taxation. ERISA plan fiduciaries and IRA custodians should consult with counsel before making an investment in our common shares.

With respect to the annual valuation requirements described above, we have disclosed an estimated value per share of our common stock of \$7.33. This estimated per-share value was calculated by aggregating the value of our real estate and other assets, subtracting the fair value of our liabilities, and dividing the total by the number of our common shares outstanding, all as of September 30, 2012. Therefore, our estimated share value is the same as our net asset value, as it does not reflect "enterprise value," or include a premium reflective of (i) the large size of our portfolio; (ii) our rights under our advisory agreement and our potential ability to secure the services of a management team on a long-term basis; or (iii) the potential increase in our share value if we were to list our shares on a national securities exchange.

As with any valuation methodology, our methodology is based upon a number of estimates and assumptions that may not be accurate or complete. Different parties with different assumptions and estimates could derive a different estimated per-share value. Accordingly, with respect to our estimated per-share value, we can provide no assurance that (i) a stockholder would be able to realize this estimated value per share upon attempting to resell his or her shares; (ii) we would be able to achieve, for our stockholders, the estimated value per share, upon a listing of our shares of common stock on a national securities exchange, selling our real estate portfolio, or merging with another company; or (iii) the estimated share value, or the methodologies relied upon to estimate the share value, will be found by any regulatory authority to comply with Financial Industry Regulatory Authority ("FINRA"), ERISA, or any other regulatory requirements. Furthermore, the estimated value of our shares was calculated as of a particular point in time. The value of our shares will fluctuate over time in response to, among other things, changes in real estate market fundamentals, capital markets activities, and attributes specific to the properties and leases within our portfolio (for additional information, see Part II., Item 5, *Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities*).

*If you invest in our shares through an IRA or other retirement plan, you may be limited in your ability to withdraw required minimum distributions.*

If you establish an IRA or other retirement plan through which you invest in our shares, federal law may require you to withdraw required minimum distributions ("RMDs") from such plan in the future. Any share redemptions requested to satisfy these RMD requirements will be considered requests for "ordinary redemptions," as defined in our share redemption program. Our share redemption program limits the amount of ordinary redemptions that can be made in a given year. As a result, you may not be able to redeem your shares at a time in which you need liquidity to satisfy the RMD requirements under your IRA or other retirement plan. Even if you are able to redeem your shares, such redemptions will be at a price less than the price at which the shares were initially purchased. If you fail to withdraw RMDs from your IRA or other retirement plan, you may be subject to certain tax penalties.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not applicable.

#### **ITEM 2. PROPERTIES**

##### **Overview**

As of December 31, 2012, we owned interests in 61 office properties and one hotel located in 19 states, the District of Columbia, and Moscow, Russia. Of these office properties, 60 are wholly owned and one is owned through a consolidated subsidiary. As of December 31, 2012, the office properties were approximately 92.9% leased.

**Property Statistics**

The tables below include statistics for properties that we own directly as well as through our consolidated subsidiary. Annualized Lease Revenue is calculated by multiplying (i) rental payments (defined as base rent plus operating expense reimbursements, if payable by the tenant on a monthly basis under the terms of a lease that have been executed, but excluding (a) rental abatements and (b) rental payments related to executed but not commenced leases for space that was covered by an existing lease), by (ii) 12. In instances in which contractual rents or operating expense reimbursements are collected on an annual, semi-annual, or quarterly basis, such amounts are multiplied by a factor of 1, 2, or 4, respectively, to calculate the annualized figure. For leases that have been executed but not commenced relating to unleased space, Annualized Lease Revenue is calculated by multiplying (i) the monthly base rental payment (excluding abatements) plus any operating expense reimbursements for the initial month of the lease term by (ii) 12.

The following table shows lease expirations of our office properties as of December 31, 2012, and during each of the next 10 years and thereafter. This table assumes no exercise of renewal options or termination rights.

<b>Year of Lease Expiration</b>	<b>2012 Annualized Lease Revenue (in thousands)</b>	<b>Rentable Square Feet (in thousands)</b>	<b>Percentage of 2012 Annualized Lease Revenue</b>
Vacant	\$ —	1,458	—%
2013	27,187	885	5%
2014	16,831	560	3%
2015	35,284	1,007	7%
2016	67,420	1,704	13%
2017	103,822	3,815	19%
2018	47,379	1,490	9%
2019	22,826	1,081	4%
2020	57,552	2,559	11%
2021	29,804	913	6%
2022	36,386	807	7%
Thereafter	89,897	4,369	16%
	<b>\$ 534,388</b>	<b>20,648</b>	<b>100%</b>

The following table shows the geographic diversification of our office properties as of December 31, 2012.

<b>Location</b>	<b>2012 Annualized Lease Revenue (in thousands)</b>	<b>Rentable Square Feet (in thousands)</b>	<b>Percentage of 2012 Annualized Lease Revenue</b>
Atlanta	\$ 75,353	3,462	15%
Washington, D.C.	57,524	857	11%
Northern New Jersey	54,249	2,177	10%
San Francisco	44,700	959	9%
Baltimore	37,613	1,194	7%
Cleveland	34,143	1,235	7%
Houston	32,992	902	6%
Chicago	29,419	1,336	6%
New York	28,083	360	5%
Boston	23,073	1,199	4%
Pittsburgh	14,809	824	3%
Other <sup>(1)</sup>	92,430	4,685	17%
	<b>\$ 524,388</b>	<b>19,190</b>	<b>100%</b>

<sup>(1)</sup> No more than 2% is attributable to any individual geographic location.

The following table shows the tenant industry diversification of our office properties as of December 31, 2012.

<b>Industry</b>	<b>2012 Annualized Lease Revenue (in thousands)</b>	<b>Rentable Square Feet (in thousands)</b>	<b>Percentage of 2012 Annualized Lease Revenue</b>
Legal Services	\$ 77,310	1,436	15%
Depository Institutions	72,883	2,393	14%
Communications	50,357	2,566	10%
Industrial Machinery & Equipment	38,844	1,681	7%
Electric, Gas & Sanitary Services	36,980	1,880	7%
Business Services	30,753	947	6%
Security & Commodity Brokers	26,779	636	5%
Engineering & Management	26,527	1,043	5%
Insurance Carriers	17,280	815	3%
Electronic & Other Electric Equipment	17,271	781	3%
Transportation Equipment	13,752	448	3%
Other <sup>(1)</sup>	115,652	4,564	22%
	<u>\$ 524,388</u>	<u>19,190</u>	<u>100%</u>

<sup>(1)</sup> No more than 2% is attributable to any individual industry.

The following table shows the tenant diversification of our office properties as of December 31, 2012.

<b>Tenant</b>	<b>2012 Annualized Lease Revenue (in thousands)</b>	<b>Percentage of 2012 Annualized Lease Revenue</b>
AT&T	\$ 47,629	9%
Wells Fargo	29,297	6%
Jones Day	27,135	5%
IBM	24,954	5%
Key Bank	19,110	4%
PSEG Services	18,515	4%
T Rowe Price	16,651	3%
Pershing	16,323	3%
Westinghouse	14,809	3%
Other <sup>(1)</sup>	309,965	58%
	<u>\$ 524,388</u>	<u>100%</u>

<sup>(1)</sup> No more than 2% is attributable to any individual tenant.

The following table shows certain information related to significant properties as of December 31, 2012.

<b>Property</b>	<b>Location</b>	<b>Rentable Square Feet (in thousands)</b>	<b>Total Real Estate, Net (in thousands)</b>	<b>% of Total Assets</b>	<b>2012 Annualized Lease Revenue (in thousands)</b>	<b>Average Annualized Lease Revenue per Square Foot</b>	<b>Occupancy</b>
Market Square Buildings	Washington, DC	684	\$ 574,009	12.4%	\$ 47,031	\$ 68.8	92.6%

**Other Property-Specific Information**

Certain of our properties are subject to ground leases and held as collateral for debt. Refer to Schedule III listed in the index of Item 15(a) of this report, which details such properties as of December 31, 2012.

**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.

## PART II

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

#### Market Information

As of January 31, 2013, we had approximately 545.6 million shares of common stock outstanding held of record by a total of 126,901 stockholders. The number of stockholders is based on the records of DST Systems Inc., who serves as our registrar and transfer agent. There is no established public trading market for our common stock. Under our charter, certain restrictions are imposed on the ownership and transfer of shares.

To assist FINRA members who participated in our public offerings of common stock, we disclose in each annual report distributed to stockholders a per-share estimated value of our common stock, the method by which it was developed, and the date of the data used to develop the estimated value. In addition, our advisor prepares annual statements of estimated share values to assist both fiduciaries of retirement plans subject to the annual reporting requirements of ERISA and custodians of IRAs in the preparation of their reports relating to an investment in our shares. For these purposes, our estimated value of a share of our common stock was \$7.33 per share as of September 30, 2012.

#### *Estimated Per-Share Value Valuation Methodology*

##### Summary:

As we did in 2011, we engaged Altus Group U.S., Inc. ("Altus"), a third-party commercial real estate valuation firm, to appraise our assets, both real estate and other assets, to estimate the fair value of our liabilities, and to use those estimates to calculate an estimated fair value of our shares as of September 30, 2012. The engagement of Altus was approved by the asset management committee of our board of directors, which committee was composed only of independent directors. Altus's analyses, opinions, and conclusions were developed in conformity with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute and in conformity with the Uniform Standards of Professional Appraisal Practice. Altus appraised each of our real estate assets individually, and the asset management committee of our board and our then advisor reviewed these analyses and conclusions.

Altus worked with our advisor and the asset management committee of our board of directors to gather information regarding our assets and liabilities. On October 29, 2012, Altus delivered a final report to our advisor, who shared the report with the asset management committee of our board of directors. At a subsequent meeting of our board of directors, our advisor presented the report and recommended an estimated per-share value. Our board of directors considered all information provided in light of its own extensive familiarity with our assets and, upon the recommendation of our asset management committee, unanimously agreed upon an estimated value of \$7.33 per share, which is consistent with both the advisor's recommendation and Altus's estimate.

Our estimated per-share value of \$7.33 as of September 30, 2012 reflects a decline from our previous estimated per-share value of \$7.47 as of September 30, 2011, primarily due to changes in the leasing expectations and renewal probabilities for some of the assets in our portfolio. Proactive leasing has been a focal point of our operational strategy in 2012, and has yielded more than 2.4 million square feet of new and extended leases (approximately 10% of our portfolio) during the first nine months of the year. This activity has improved our average remaining lease term from 6.3 years to 6.7 years; however, current economic conditions in certain markets have required us to offer additional tenant incentives and, in some cases, accept space contractions as conditions of the new lease contracts. The associated leasing capital has been, and is expected to continue to be, funded with a combination of cash and debt.

Consistent with the methodology used when we estimated our per-share value as of September 30, 2011, our estimated per-share value as of September 30, 2012 was calculated by aggregating the value of our real estate and other assets, subtracting the fair value of our liabilities, and dividing the total by the number of our common shares outstanding, all as of September 30, 2012. The potential dilutive effect of our common stock equivalents does not impact our estimated per-share value. Our estimated per-share value is the same as our net asset value. It does not reflect "enterprise value," which includes a premium for:

- the large size of our portfolio, although it may be true that some buyers are willing to pay more for a large portfolio than they are willing to pay for each property in the portfolio separately;
- our rights under our advisory agreement as of September 30, 2012, and our potential ability to secure the services of a management team on a long-term basis; or
- the potential increase in our share value if we were to list our shares on a national securities exchange.

Our key objectives are to arrive at an estimated per-share value that is supported by methodologies and assumptions that are appropriate based on our current circumstances and calculated using processes and procedures that may be repeated in future periods. We believe that this approach reflects the conservative investment principles that guided the assembly of our portfolio over the past eight years, and comports with industry-standard valuation methodologies used for nontraded real estate companies. We plan to continue to update our estimated per-share value on an annual basis.

Details:

As of September 30, 2012, our estimated per-share value was calculated as follows:

Real estate assets	\$	10.00 <sup>(1)</sup>
Debt		(2.68) <sup>(2)</sup>
Other		0.01 <sup>(3)</sup>
Estimated net asset value per share	\$	7.33
Estimated enterprise value premium		None assumed
Total estimated per-share value	\$	7.33

<sup>(1)</sup> Our real estate assets were appraised using valuation methods that we believe are typically used by investors for properties that are similar to ours, including capitalization of the net property operating income, 10-year discounted cash flow models, and comparison with sales of similar properties. Primary emphasis was placed on the discounted cash flow analysis, with the other approaches used to confirm the reasonableness of the value conclusion. Using this methodology, the appraised value of the real estate assets we owned as of September 30, 2012 reflects an overall decline of 8.6% from original purchase price, exclusive of acquisition costs, and post-acquisition capital investments. We believe that the assumptions employed in the valuation are within the ranges used for properties that are similar to ours and held by investors with similar expectations to our investors.

The following are the key assumptions (shown on a weighted-average basis) that are used in the discounted cash flow models to estimate the value of our real estate assets:

Exit capitalization rate	7.11%
Discount rate/internal rate of return ("IRR")	8.02%
Annual market rent growth rate	3.21%
Annual holding period	10.03 years

While we believe our assumptions are reasonable, a change in these assumptions would impact the calculation of the value of our real estate assets. For example, assuming all other factors remain unchanged, a change in the weighted-average annual discount rate/IRR of 0.25% would yield a change in our total real estate asset value of 1.9%.

<sup>(2)</sup> The fair value of our debt instruments was estimated using discounted cash flow models, which incorporate assumptions that we believe reflect the terms currently available on similar borrowing arrangements to borrowers with credit profiles similar to ours.

<sup>(3)</sup> The fair value of our non-real-estate assets and liabilities is estimated to reflect book value given their typically short-term (less than one year) settlement periods.

Limitations and Risks:

As with any valuation methodology, our methodology is based upon a number of estimates and assumptions that may not be accurate or complete (see footnotes in above Details section). Different parties with different assumptions and estimates could derive a different estimated per-share value. Accordingly, with respect to our estimated per-share value, we can provide no assurance that:

- a stockholder would be able to realize this estimated per-share value upon attempting to resell his or her shares;
- we would be able to achieve, for our stockholders, the estimated per-share value, upon a listing of our shares of common stock on a national securities exchange, selling our real estate portfolio, or merging with another company; or
- the estimated per-share value, or the methodologies relied upon to estimate the per-share value, will be found by any regulatory authority to comply with FINRA, ERISA, or any other regulatory requirements.

Furthermore, the estimated value of our shares was calculated as of a particular point in time. The value of our shares will fluctuate over time in response to, among other things, changes in real estate market fundamentals, capital markets activities, and attributes specific to the properties and leases within our portfolio.

### 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 in prior periods are not necessarily indicative of amounts anticipated in future periods.

When evaluating the amount of cash available to fund distributions to stockholders, we consider net cash provided by operating activities (as defined by Generally Accepted Accounting Principles ("GAAP") and presented in the accompanying GAAP-basis consolidated statements of cash flows), adjusted to exclude certain costs that were incurred for the purpose of generating future earnings and appreciation in value over the long term, including acquisition-related costs. Borrowings are used to pay distributions to the extent that distributions exceed current-period and prior-period accumulated operating cash flow.

Quarterly distributions paid to the stockholders during 2012 and 2011 were as follows (in thousands, except per-share amounts):

	2012				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Total Cash Distributed	\$ 67,954	\$ 68,030	\$ 68,157	\$ 51,879	\$ 256,020
Per-Share Investment Income	\$ 0.020	\$ 0.020	\$ 0.020	\$ 0.015	\$ 0.075 <sup>(1)</sup>
Per-Share Return of Capital	\$ 0.105	\$ 0.105	\$ 0.105	\$ 0.080	\$ 0.395 <sup>(2)</sup>
Total Per-Share Distribution	\$ 0.125	\$ 0.125	\$ 0.125	\$ 0.095	\$ 0.470

	2011				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Total Cash Distributed	\$ 67,485	\$ 67,615	\$ 67,771	\$ 67,849	\$ 270,720
Per-Share Investment Income	\$ 0.049	\$ 0.049	\$ 0.049	\$ 0.049	\$ 0.196 <sup>(1)</sup>
Per-Share Return of Capital	\$ 0.076	\$ 0.076	\$ 0.076	\$ 0.076	\$ 0.304 <sup>(2)</sup>
Total Per-Share Distribution	\$ 0.125	\$ 0.125	\$ 0.125	\$ 0.125	\$ 0.500

<sup>(1)</sup> Approximately 16% and 39% of the distributions paid during 2012 and 2011, respectively, were taxable to the investor as ordinary income.

<sup>(2)</sup> Approximately 84% and 61% of the distributions paid during 2012 and 2011, respectively, were characterized as a tax-deferred return of capital.

For the first three quarters of 2012, quarterly stockholder distributions were declared and paid at \$0.125 per share, consistent with the rate paid throughout 2011. In the fourth quarter of 2012, our board of directors elected to reduce the quarterly stockholder distribution rate to \$0.095 per share. Economic downturns in certain of our geographic markets and in certain industries in which our tenants operate have impacted our recent leasing activities and caused our current and future operating cash flows to experience some deterioration. In 2012, we renewed leases for 9.2% of our portfolio, based on square footage, which resulted in tenant concessions of \$49.7 million. Furthermore, in preparing for various liquidity options, our board has decided to adjust our distribution payment policy to reserve additional operating cash flow to fund capital expenditures for our existing portfolio and to provide additional financial flexibility as we begin to shape our portfolio through the strategic sale and redeployment of capital proceeds in furtherance of our investment objectives, which include concentrating our market focus. Our board of directors elected to maintain the distribution rate of \$0.095 for the first quarter of 2013. Stockholder distributions for the first quarter of 2013 will be paid to common stockholders of record as of March 15, 2013 in March 2013. We are continuing to monitor our cash flows and market conditions and to assess their impact on our future earnings and future distribution decisions.

### Redemptions of Common Stock

We maintain an SRP that allows stockholders who acquired their shares directly from Columbia Property Trust to redeem their shares, subject to certain conditions and limitations as described in the SRP.

We limit the dollar value and number of shares that may be redeemed under the SRP as follows:

- First, we will limit requests for all redemptions (other than those sought within two years of a stockholder's death) on a pro rata basis so that the aggregate of such redemptions during any calendar year will not exceed 5.0% of the weighted-average number of shares outstanding in the prior calendar year. Requests precluded by this test will not be considered in the test below.
- In addition, if necessary, we will limit all redemption requests, including those sought within two years of a stockholder's death, on a pro rata basis so that the aggregate of such redemptions during any calendar year would not exceed the greater of 100% of the net proceeds from our DRP during the calendar year, or 5.0% of the weighted-average number of shares outstanding in the prior calendar year.

Effective November 8, 2012, the price paid for shares redeemed under the SRP in cases of death, "qualifying disability," or qualification for federal assistance for confinement to a "long-term care facility" changed from \$7.47, our estimated per-share value as of September 30, 2011, to \$7.33, our estimated per-share value as of September 30, 2012 (see *Market Information* section above). Effective December 12, 2011, the price paid for Ordinary Redemptions (as defined in the SRP) was set at \$6.25 per share. During 2012, we received eligible redemption requests for 15.1 million shares, all of which were redeemed. Redemption requests were funded with DRP proceeds.

All of the shares that we redeemed pursuant to our SRP program during the quarter ended December 31, 2012 are provided below (in thousands, except per-share amounts):

Period	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(2)</sup>	Approximate Dollar Value of Shares Available That May Yet Be Redeemed Under the Program
October 2012	1,405	\$ 6.64	1,405	(3)
November 2012	1,524	\$ 6.56	1,524	(3)
December 2012	1,569	\$ 6.49	1,569	(3)

<sup>(1)</sup> All purchases of our equity securities by us in 2012 were made pursuant to our SRP.

<sup>(2)</sup> We announced the commencement of the program on December 10, 2003, and amendments to the program on April 22, 2004; March 28, 2006; May 11, 2006; August 10, 2006; August 8, 2007; November 13, 2008; March 31, 2009; August 13, 2009; February 18, 2010; July 21, 2010; September 23, 2010; July 19, 2011; August 12, 2011; December 12, 2011; and February 28, 2013.

<sup>(3)</sup> We currently limit the dollar value of shares that may be redeemed under the program as described above.

#### Unregistered Issuance of Securities

During 2012, we did not issue any securities that were not registered under the Securities Act of 1933.

#### Securities Authorized for Issuance under Equity Compensation Plans

We have reserved 750,000 shares of common stock for issuance under our Stock Option Plan and 100,000 shares of common stock under the Independent Director Stock Option Plan. Both plans were approved by our stockholders in 2003, before we commenced our initial public offering. The following table provides summary information about securities issuable under our equity compensation plans.

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	Number of securities remaining available for future issuance under equity compensation plans <sup>(1)</sup>
Equity compensation plans approved by security holders	29,500	\$ 12.00	820,500
Equity compensation plans not approved by security holders	—	—	—
Total	29,500	\$ 12.00	820,500

<sup>(1)</sup> Includes 70,500 shares reserved for issuance under the Independent Director Stock Option Plan.



**ITEM 6. SELECTED FINANCIAL DATA**

The following selected financial data for 2012, 2011, 2010, 2009, and 2008 should be read in conjunction with the accompanying consolidated financial statements and related notes in Item 8 hereof (amounts in thousands, except per-share data).

	As of December 31,				
	2012	2011	2010	2009	2008
Total assets	\$ 5,730,949	\$ 5,776,567	\$ 5,371,685	\$ 5,374,064	\$ 5,474,774
Total stockholders' equity	\$ 3,163,980	\$ 3,346,655	\$ 3,455,697	\$ 2,718,087	\$ 2,576,783
Outstanding debt	\$ 1,650,296	\$ 1,469,486	\$ 886,939	\$ 946,936	\$ 1,268,522
Outstanding long-term debt	\$ 1,621,541	\$ 1,433,295	\$ 838,556	\$ 812,030	\$ 865,938
Obligations under capital leases	\$ 586,000	\$ 646,000	\$ 646,000	\$ 664,000	\$ 664,000
	Year Ended December 31,				
	2012	2011	2010	2009	2008
Total revenues <sup>(1)</sup>	\$ 576,691	\$ 576,389	\$ 510,514	\$ 506,890	\$ 470,665
Net income (loss) attributable to the common stockholders of Columbia Property Trust, Inc.	\$ 48,039	\$ 56,642	\$ 23,266	\$ 40,594	\$ (22,678)
Net cash provided by operating activities	\$ 252,839	\$ 279,158	\$ 270,106	\$ 248,527	\$ 258,854
Net cash provided by (used in) investing activities	\$ 31,047	\$ (666,090)	\$ (312,708)	\$ (129,678)	\$ (915,315)
Net cash (used in) provided by financing activities	\$ (269,729)	\$ 387,610	\$ (20,429)	\$ (102,745)	\$ 694,933
Distributions paid	\$ 256,020	\$ 270,720	\$ 313,815	\$ 279,325	\$ 242,367
Net proceeds raised through issuance of our common stock <sup>(2)</sup>	\$ 118,388	\$ 130,289	\$ 483,559	\$ 657,563	\$ 821,609
Net debt (repayments) proceeds <sup>(2)</sup>	\$ (28,191)	\$ 375,222	\$ (74,742)	\$ (335,483)	\$ 310,633
Investments in real estate <sup>(2)</sup>	\$ 233,798	\$ 638,783	\$ 318,948	\$ 124,149	\$ 900,269
Per weighted-average common share data:					
Net income (loss) – basic and diluted	\$ 0.09	\$ 0.10	\$ 0.04	\$ 0.09	\$ (0.06)
Distributions declared	\$ 0.47	\$ 0.50	\$ 0.57 <sup>(3)</sup>	\$ 0.60	\$ 0.60
Weighted-average common shares outstanding	546,688	542,721	524,848	467,922	407,051

<sup>(1)</sup> Prior-period amounts adjusted to conform with current-period presentation, including classifying revenues generated by properties held for sale and by properties sold, as discontinued operations for all periods presented (see Note 12, *Assets Held for Sale and Discontinued Operations*, to the accompanying consolidating financial statements).

<sup>(2)</sup> Activity is presented on a cash basis. Please refer to our accompanying consolidated statements of cash flows.

<sup>(3)</sup> Consistent with 2008 and 2009, we paid total stockholder distributions of \$0.60 per weighted-average share in 2010. The difference between the distributions declared per weighted-average common share for 2010, as compared with distributions declared for the previous periods presented, relates to a change in the timing of distribution declarations and payments made in the fourth quarter of 2010.

## 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 above and our accompanying consolidated financial statements and notes thereto. See also *Cautionary Note Regarding Forward-Looking Statements* preceding Part I.

### Overview

From 2004 through 2010, we raised approximately \$5.8 billion in gross equity proceeds and, along with borrowings, invested those proceeds, net of fees, into commercial real estate consisting of high-quality, income-producing office and industrial properties leased to creditworthy entities located in major metropolitan areas throughout the United States.

Following our initial growth period, we have concentrated on actively managing our assets and pursuing a variety of strategic opportunities focused on enhancing the composition of our portfolio and the total return potential for the REIT. In early 2012, we consummated a series of favorable debt transactions, which have allowed us to improve our secured-to-unsecured debt mix and to lower our total cost of borrowings without disrupting the laddering of our debt maturities or materially altering our aggregate borrowing levels. More recently, we have improved our market concentration through disposition and acquisition activities. In December 2012, we closed on the disposition of nine properties located in less desirable markets for \$260.5 million, excluding closing costs (the "Nine Property Sale"). As a result of changing our disposition strategy and shortening our anticipated holding period for these assets, we recorded an impairment loss of \$18.5 million on one of the properties in the Nine Property Sale, the 180 E 100 South property located in Salt Lake City, Utah, in the third quarter of 2012. After recording the \$18.5 million impairment loss in the third quarter, the Nine Property Sale yielded a net gain of \$3.2 million upon closing in the fourth quarter of 2012. Also in December 2012, we purchased the 333 Market Street Building, located in San Francisco, California, for \$395.3 million in cash and assumed debt.

In connection with preparing for various liquidity options, we established and have carried out a plan to transition our externally advised management platform to a self-managed structure, which culminated on February 28, 2013, upon terminating the advisory and property management agreements and acquiring WREAS II and WRES, including the employees necessary to perform the requisite corporate and property management functions. Looking ahead, we will continue to prepare for liquidity options in 2013 by, among other things, further refining our portfolio in an effort to enhance the REIT's value potential and, consequently, its attractiveness to future investors. Our goal is to optimize the allocation between our traditional, stabilized core investments, and growth-oriented, core-plus and value-added investments, which have an expectation for meaningful upside potential in net operating income and value over the intermediate term. We will also continue to focus on our market concentration by building on our economic presence in key markets.

### General Economic Conditions and Real Estate Market Commentary

Management reviews a number of economic forecasts and market commentaries in order to evaluate general economic conditions and to formulate a view of the current environment's effect on the real estate markets in which we operate.

As measured by the U.S. Real Gross Domestic Product ("real GDP"), the U.S. economy decreased at an annual rate of 0.1% in the fourth quarter of 2012 as compared with an increase of 3.1% in the third quarter of 2012. For the full year of 2012, real GDP increased by 2.2% compared with an increase of 1.8% in 2011. The increase in real GDP in 2012 primarily reflected positive contributions from personal consumption expenditures, nonresidential fixed investment, exports, residential fixed investment, and private inventory investment that were partly offset by negative contributions from federal government spending and from state and local government spending. While management believes the U.S. economy is likely to continue its recovery, we believe the recovery will maintain a moderate pace, with fiscal policy presenting the biggest wildcard in the outlook. Given the ongoing uncertainty surrounding the debt ceiling, the U.S. economy is expected to start 2013 on a slow pace. Real GDP is projected to hover below 2% in the first half of the year, and business growth is expected to remain below potential. But assuming lawmakers can strike a deal on the debt ceiling, or at least provide a framework by mid-year, the U.S. economy is expected to accelerate in the second half, with real GDP averaging closer to a 3% growth rate.

Real estate market fundamentals underlying the U.S. office markets saw modest improvements in the major indicators in 2012. The U.S. office market ended the fourth quarter 2012 with a vacancy rate of 12.5%, an improvement from a 13.0% vacancy rate at the end of 2011. During the fourth quarter of 2012, demand for office space strengthened despite the uncertainty surrounding the fiscal cliff. Net absorption was 20 million square feet in the fourth quarter, which is its highest level since the third quarter of 2007. However, annual absorption is 20% below the long-term trend. Sixty-six of the 80 metro areas tracked (82%) reported positive absorption. Of the total net absorption in 2012, two-thirds was in Class-A space, which is above its 35% share of the office stock, indicating a flight to quality by tenants. Most major markets had year-over-year gains in both net absorption and office jobs, indicating a broad level of recovery. Net absorption is expected to average 10 million square feet to 25 million square feet per

quarter through 2017. The average quoted rental rates of the total office market saw a slight increase from \$22.95 per square foot in the fourth quarter of 2011 to \$23.12 per square foot in the fourth quarter of 2012. Early 2013 economic indicators are suggesting another year of at least modest growth.

Transaction activity for the fourth quarter of 2012 was the highest seen in any quarter since the end of 2007 with a volume of \$29.1 billion. Sellers motivated to close deals prior to the rise in taxes contributed to the increase, but office prices increased over the quarter, and cap rates declined slightly indicating that buyers were perhaps even more motivated. The year-end surge in closings contributed to a 2012 total volume of \$77.6 billion, a 19% increase from 2011. A shift in momentum from trophy central business district towers to suburban properties and secondary markets began in 2012. Non-Major Metros saw a volume increase of over 40%, which is more than double the national average. Additionally, cap rates in secondary markets have started to decline with a sharp decrease observed in Q4. Overall, average cap rates decreased from 7.6% in October to 7.4% in November.

Despite elevated unemployment and below-average consumer confidence in the overall economy, office job growth is projected to range between 1% and 3% through 2017. With this projected job growth, future years should see solid office net absorption rates. With the expected decline in office vacancy rates nationally, rent growth is projected to expand to more markets in 2013 and more significantly in 2014. Office market rents are expected to have more upside than other property types, with a cumulative increase of 30% expected by 2017. Due to low vacancy levels and little to no new product, many of the more supply-strained metros should see the strongest growth by 2017. These include New York, Boston, Denver, and Orange County, California. Tech-exposed markets should also have strong rent growth due to above-average demand prospects. Examples of these markets include San Jose and San Francisco.

#### *Impact of Economic Conditions on our Portfolio*

We believe that the strength of our portfolio positions us favorably compared with many real estate owners during these challenging market conditions. As of December 31, 2012, our portfolio had a debt-to-real-estate-asset ratio of approximately 28.6%, which is lower than average for our industry. We believe that low leverage, coupled with ample borrowing capacity under our unsecured revolving credit facility (\$460.0 million available as of February 15, 2013), provides considerable financial flexibility, which enables us to respond quickly to unanticipated funding needs and opportunities. Further, the majority of our borrowings are in the form of effectively fixed-rate financings, which helps to insulate the portfolio from interest rate risk. Diversifying our portfolio by tenant, tenant industry, geography, and lease expiration date also reduces our exposure to any one market determinant. As of December 31, 2012, our portfolio was 92.9% leased in two countries, 19 states, plus Washington, D.C., and 26 metropolitan statistical areas. Although we believe that our portfolio is well-positioned to weather current market conditions, we are not immune to the effects of another downturn in the economy, weak real estate fundamentals, or disruption in the credit markets. If these conditions return, they would likely affect the value of our portfolio, our results of operations, and our liquidity.

### **Liquidity and Capital Resources**

#### *Overview*

In 2011 and 2012, we actively managed our real estate portfolio with an emphasis on leasing and re-leasing space, and pursuing and closing on strategic acquisitions and selective dispositions to concentrate our market focus. During this period, we also enhanced our capital structure by continuing to raise net equity proceeds through our DRP, improving the composition, maturities and capacity of our debt portfolio while lowering our overall borrowing costs, accessing new sources of capital, and identifying additional sources of future capital.

In determining how and when to allocate cash resources, we initially consider the source of the cash. We reserve a portion of operating cash flows to fund capital expenditures for our existing portfolio. The amount of distributions that we pay to our common stockholders is determined by our board of directors and is dependent upon a number of factors, including the funds available for distribution to common stockholders, our financial condition, our capital expenditure requirements, our expectations of future sources of liquidity, and the annual distribution requirements necessary to maintain our status as a REIT under the Code. When evaluating funds available for stockholder distributions, we consider net cash provided by operating activities, as presented in the accompanying GAAP-basis consolidated statements of cash flows, adjusted to exclude certain costs that were incurred for the purpose of generating future earnings and appreciation in value over the long term, including acquisition fees and expenses. We use DRP proceeds to fund share redemptions (subject to the limitations of our share redemption program), and make residual DRP proceeds available to fund capital improvements for our existing portfolio, additional real estate investments, and other cash needs.

#### *Short-term Liquidity and Capital Resources*

During 2012, we generated net cash flows from operating activities of \$252.8 million, which consists primarily of receipts from tenants for rent and reimbursements, reduced by payments for operating costs, administrative expenses, and interest expense. During the same period, we paid total distributions to stockholders of \$256.0 million, which includes \$118.4 million reinvested

in our common stock pursuant to our DRP. We expect to use the majority of our future net cash flows from operating activities to fund capital expenditures and distributions to stockholders.

In 2012, we sold 11 properties for net proceeds of \$304.3 million and used these proceeds to acquire the 333 Market Street Building in San Francisco, California, which entailed a cash payment of \$188.8 million and an assumed mortgage note of \$206.5 million, and to fund net debt repayments of \$28.2 million. In 2012, we also raised net equity proceeds of \$118.4 million from the sale of our common stock under the DRP and used those proceeds to fund share redemptions of \$99.4 million. Along with cash on hand, residual proceeds from the sale of properties and from the sale of common stock under our DRP were used to fund capital expenditures incurred in connection with leasing and maintaining the properties in our portfolio.

We believe that we have adequate liquidity and capital resources to meet our current obligations as they come due. As of February 15, 2013, we had access to the borrowing capacity under the JPMorgan Chase Credit Facility of \$460.0 million.

#### *Long-term Liquidity and Capital Resources*

Over the long term, we expect that our primary sources of capital will include operating cash flows, proceeds from our DRP, proceeds from secured or unsecured borrowings from third-party lenders, and, if and when deemed appropriate, proceeds from strategic property sales. We expect that our primary uses of capital will continue to include stockholder distributions; redemptions of shares of our common stock under our share redemption program; capital expenditures, such as building improvements, tenant improvements, and leasing costs; repaying or refinancing debt; and selective property acquisitions, either directly or through investments in joint ventures. Over the next five years, we anticipate funding capital expenditures necessary for our properties, including building improvements, tenant improvements, and leasing commissions, of approximately \$424.1 million.

Consistent with our financing objectives and operational strategy, we expect to continue to maintain low debt levels (historically less than 40% of the cost of our assets) over the long term. This conservative leverage goal could reduce the amount of current income we can generate for our stockholders, but it also reduces their risk of loss. We believe that preserving investor capital while generating stable current income is in the best interest of our stockholders. As of December 31, 2012, our debt-to-real-estate-asset ratio (calculated on a cost basis) was approximately 28.6%.

For the first three quarters of 2012, quarterly stockholder distributions were declared and paid at \$0.125 per share, consistent with the rate paid throughout 2011. In the fourth quarter of 2012, our board of directors elected to reduce the quarterly stockholder distribution rate to \$0.095 per share. Economic downturns in certain of our geographic markets and in certain industries in which our tenants operate have impacted our recent leasing activities and caused our current and future operating cash flows to experience some deterioration. In 2012, we renewed leases for 9.2% of our portfolio, based on square footage, which resulted in tenant concessions of \$49.7 million. Furthermore, in preparing for various liquidity options, our board has decided to adjust our distribution payment policy to reserve additional operating cash flow to fund capital expenditures for our existing portfolio and to provide additional financial flexibility as we begin to shape our portfolio through the strategic sale and redeployment of capital proceeds in furtherance of our investment objectives, which include concentrating our market focus. Our board of directors elected to maintain the distribution rate of \$0.095 for the first quarter of 2013. Stockholder distributions for the first quarter of 2013 will be paid in March to common stockholders of record as of March 15, 2013. We are continuing to monitor our cash flows and market conditions and to assess their impact on our future earnings and future distribution decisions.

*Debt Covenants*

Our portfolio debt instruments, the \$450 Million Term Loan, the JPMorgan Chase Credit Facility, and the unsecured senior notes, contain certain covenants and restrictions that require us to meet certain financial ratios, including the following key financial covenants and respective covenant levels as of December 31, 2012:

	<b>Covenant Level</b>	<b>Actual Performance December 31, 2012</b>
<b>JP Morgan Chase Credit Facility and \$450 Million Term Loan</b>		
Total debt to total asset value ratio	Less than 50%	34%
Secured debt to total asset value ratio	Less than 40%	19%
Fixed charge coverage ratio	Greater than 1.75x	3.76x
Unencumbered interest coverage ratio	Greater than 2.0x	5.01x
Unencumbered asset coverage ratio	Greater than 2.0x	2.73x
<b>Unsecured Senior Notes due 2018:</b>		
Aggregate debt test	Less than 60%	28%
Debt service test	Greater than 1.5x	4.19x
Secured debt test	Less than 40%	15%
Maintenance of total unencumbered assets	Greater than 150%	563%

We were in compliance with all of our debt covenants as of December 31, 2012. Currently, we expect to continue to meet the requirements of our debt covenants over the short- and long-term.

*Contractual Commitments and Contingencies*

As of December 31, 2012, our contractual obligations will become payable in the following periods (in thousands):

<b>Contractual Obligations</b>	<b>Total</b>	<b>2013</b>	<b>2014-2015</b>	<b>2016-2017</b>	<b>Thereafter</b>
Debt obligations	\$ 1,650,068	\$ 28,755	\$ 353,036	\$ 670,102	\$ 598,175
Interest obligations on debt <sup>(1)</sup>	387,193	74,127	134,069	82,721	96,276
Capital lease obligations <sup>(2)</sup>	586,000	466,000	—	—	120,000
Operating lease obligations	224,775	2,633	5,266	5,412	211,464
Total	<u>\$ 2,848,036</u>	<u>\$ 571,515</u>	<u>\$ 492,371</u>	<u>\$ 758,235</u>	<u>\$ 1,025,915</u>

<sup>(1)</sup> Interest obligations on variable-rate debt are measured at the rate at which they are effectively fixed with interest rate swap agreements (where applicable), a portion of which is reflected as *Loss on interest rate swaps* in our consolidated statements of operations of the accompanying consolidated financial statements. Interest obligations on all other debt are measured at the contractual rate. See Item 7A, *Quantitative and Qualitative Disclosure About Market Risk*, for more information regarding our interest rate swaps.

<sup>(2)</sup> Amounts include principal obligations only. We made interest payments on these obligations of \$39.8 million during 2012, all of which was funded with interest income earned on the corresponding investments in development authority bonds.

**Results of Operations**

*Overview*

As of December 31, 2012, we owned controlling interests in 61 office properties, which were approximately 92.9% leased, and one hotel. Our real estate operating results have increased in 2012, as compared with 2011, primarily due to a reduction in amortization expense incurred as leases in place at our properties at the time of acquisition reached maturity. In the near-term, we expect future real estate operating income to fluctuate, primarily based on acquisitions, dispositions, and leasing activities for our current portfolio.

*Comparison of the year ended December 31, 2012 versus the year ended December 31, 2011*

Continuing Operations

Rental income remained stable at \$442.3 million for 2012, as compared with \$441.9 million for 2011. Absent changes to our portfolio or the leases currently in place at our properties, rental income is expected to remain at similar levels in future periods.

Tenant reimbursements remained stable at \$104.9 million for 2012, as compared with \$102.9 million for 2011, as additional reimbursements from the Market Square Buildings were offset by fewer reimbursements for the remainder of the portfolio, primarily due to concessions offered with new and modified leases executed in 2011 and 2012. Property operating costs were \$173.5 million for 2012, which represents an increase as compared with \$167.4 million for 2011, primarily due to the acquisition of the Market Square Buildings in March 2011 and the commencement of new leases in 2011 and 2012. Absent changes to our portfolio or the leases currently in place at our properties, future tenant reimbursement fluctuations are generally expected to correspond with future property operating cost reimbursements.

Hotel income, net of hotel operating costs, was \$4.7 million for 2012, which represents an increase from \$3.2 million for 2011, due to increased room rates and hotel occupancy, primarily in the second and third quarters of 2012. Hotel income and hotel operating costs are primarily driven by the local economic conditions and, as a result, are expected to fluctuate in the future, primarily based on changes in the supply of, and demand for, hotel and banquet space in Cleveland, Ohio, similar to that offered by the Key Center Marriott hotel.

Other property income was \$6.5 million for 2012, which represents a decrease from \$10.9 million for 2011, due to a decrease in lease cancellation activity. Future other property income fluctuations are expected to relate primarily to future lease restructuring and termination activities.

Asset and property management fees were \$37.2 million for 2012, which represents a slight decrease from \$37.4 million for 2011 due to contractual changes in the terms of the advisory agreements. Monthly asset management fees were capped at \$2.7 million (or \$32.5 million annualized) from April 2011 until June 2012. From July 2012 through December 2012, the cap on monthly asset management fees was reduced by \$83,333, to approximately \$2.6 million per month. For January and February 2013, asset management fees decreased by an additional \$83,333 per month. Effective February 28, 2013, the advisory agreement was terminated in connection with acquiring WREAS II. Thus, going forward, no asset management fees will be incurred, as such services will be performed by employees of Columbia Property Trust. (See Note 10, *Related Party Transactions and Agreements*, of the accompanying consolidated financial statements for additional details.)

Depreciation was \$114.1 million for 2012, which represents a slight increase from \$110.7 million for 2011, primarily due to the acquisition of the Market Square Buildings in March 2011. Excluding the impact of acquisitions, dispositions, and changes to the leases currently in place at our properties, depreciation is expected to continue to increase in future periods, as compared to historical periods, due to ongoing capital improvements to our properties.

Amortization was \$97.6 million for 2012, which represents a decrease from \$111.5 million for 2011, primarily due to the expiration of in-place leases at our properties in 2011 and 2012. Future amortization is expected to fluctuate, primarily based on the expiration of additional in-place leases, offset by amortization of deferred lease costs incurred in connection with recent leasing activity and in-place leases at acquired properties.

General and administrative expenses were \$25.2 million for 2012, which represents a slight increase from \$23.7 million for 2011, due to fees paid under the Transition Services Agreement effective July 1, 2012, as described in Note 10, *Related-Party Transactions and Agreements*, of the accompanying consolidated financial statements. General and administrative expenses are expected to increase in the near-term as we incur fees under the consulting agreement described in Note 10, *Related-Party Transactions and Agreements*, of the accompanying consolidated financial statements.

Acquisition fees and expenses were \$1.9 million for 2012, which represents a decrease from \$11.3 million for 2011. 2012 acquisition fees and expenses are attributable to the 333 Market Street acquisition in San Francisco, California. 2011 acquisition fees and expenses include expenses related to the Market Square Buildings in Washington, D.C., and fees charged as a percentage of equity proceeds under the advisory agreement in place through July 2011, which fees have been discontinued. We expect future acquisition fees and expenses to fluctuate based on future acquisition activity.

Interest expense remained stable at \$106.4 million for 2012, as compared with \$106.3 million for 2011. Future interest expense is expected to increase due to the 333 Market Street Building mortgage note assumed at acquisition in December 2012.

Interest and other income was \$39.9 million for 2012, which represents a decrease from \$42.4 million for 2011, primarily due to the settlement of litigation in 2011, related to a prospective acquisition that did not close. Interest income is expected to remain

relatively consistent in future periods given that the majority of this activity consists of interest income earned on investments in development authority bonds, which had a weighted-average remaining term of approximately 2.9 years as of December 31, 2012. Interest income earned on investments in development authority bonds is entirely offset by interest expense incurred on the corresponding capital leases.

We recognized a loss on interest rate swaps that does not qualify for hedge accounting treatment of approximately \$1.2 million for 2012, as compared with \$38.4 million for 2011, primarily due to writing off \$15.1 million of cumulative unrealized market value adjustments on the interest rate swap on the 80 Park Plaza Building mortgage note upon settling of this swap contract in December 2011, prior to maturity. We anticipate future gains and losses on interest rate swaps that do not qualify for hedge accounting treatment will fluctuate, primarily due to changes in the estimated fair value of our interest rate swaps relative to then-current market conditions. Market value adjustments to swaps that qualify for hedge accounting treatment are recorded directly to equity, and therefore do not impact net income.

We recognized a gain on early extinguishment of debt of \$53.0 million for 2011 in connection with settling the 222 East 41st Street Building mortgage note and the 80 Park Place Building mortgage note and their related swaps in December 2011, which is partially offset by the \$15.1 million write-off of cumulative unrealized losses on the 80 Park Plaza interest rate swap described above.

Net income attributable to Columbia Property Trust was \$48.0 million, or \$0.09 per share, for 2012, which represents a decrease from \$56.6 million, or \$0.10 per share, for 2011. The decrease is primarily due to settling the debt and swaps on the 80 Park Plaza Building and the 222 East 41st Street Building for a net gain in 2011, partially offset by lower amortization expense due to the expiration and restructuring of in-place leases in 2012. We expect future net income to fluctuate based on future leasing activity and future acquisition and disposition activity. Should the U.S. economic recovery remain sluggish, or the U.S. real estate markets remain depressed for a prolonged period of time, the creditworthiness of our tenants and our ability to achieve market rents comparable to the leases currently in place at our properties may suffer and could lead to a decline in net income over the long term.

#### Discontinued Operations

Income from discontinued operations was \$7.5 million for 2012, as compared with \$8.6 million for 2011. As further explained in Note 12, *Assets Held for Sale and Discontinued Operations*, to the accompanying consolidated financial statements, properties meeting certain criterion for disposal are classified as "discontinued operations" in the accompanying consolidated statements of operations for all periods presented. For 2012 and 2011, discontinued operations include the nine properties disposed of in the Nine Property Sale, which closed for a net gain of \$3.2 million after recognizing an \$18.5 million impairment loss on the 180 E 100 South Building, one of the properties in the Nine Property Sale; 5995 Opus Parkway and Emerald Point, which sold for total gains of \$16.9 million in January 2012; and the Manhattan Towers property, which was transferred to an affiliate of its lender in connection with settling a \$75.0 million mortgage note through a deed in lieu of foreclosure transaction in September 2011.

#### *Comparison of the year ended December 31, 2010 versus the year ended December 31, 2011*

#### Continuing Operations

Rental income was \$441.9 million for 2011, which represents an increase from \$396.1 million for 2010, primarily due to properties acquired or placed in service during 2010 and the first three months of 2011.

Tenant reimbursements and property operating costs were \$102.9 million and \$167.4 million, respectively, for 2011, which represents an increase from tenant reimbursements and property operating costs of \$93.4 million and \$151.5 million, respectively, for 2010, primarily due to properties acquired or placed in service during 2010 and 2011.

Hotel income, net of hotel operating costs, was \$3.2 million for 2011, which represents an increase from \$2.8 million for 2010, primarily due to an increase in the average occupancy rate during 2011.

Other property income was \$10.9 million for 2011, which represents an increase from \$1.2 million for 2010, primarily due to fees earned in connection with lease terminations at 4100-4300 Wildwood Parkway, Bannockburn Lake II, and other properties.

Asset and property management fees were \$37.4 million for 2011, which represents an increase from \$34.2 million for 2010, primarily due to properties acquired and placed into service during 2010 and 2011.

Depreciation was \$110.7 million for 2011, which represents an increase from \$92.6 million for 2010, primarily due to growth in the portfolio in 2010 and the first three months of 2011.

Amortization was \$111.5 million for 2011, which represents an increase from \$103.5 million for 2010, primarily due to growth in the portfolio in 2010 and the first three months of 2011.

General and administrative expenses remained relatively consistent at \$23.7 million for 2011 as compared with \$23.2 million for 2010.

Acquisition fees and expenses were \$11.3 million for 2011, which represents an increase from \$10.8 million for 2010, primarily due to the acquisition of the Market Square Buildings in March 2011, partially offset by the impact of closing our third public offering effective June 30, 2010. Through July 31, 2011, acquisition fees were incurred at 2.0% of gross offering proceeds, subject to certain limitations; effective August 1, 2011, acquisition fees are incurred at 1.0% of the property purchase price (excluding acquisition expenses).

Interest expense was \$106.3 million for 2011, which represents an increase from \$82.0 million for 2010, primarily due to debt used to fund the acquisition of the Market Square Buildings, including incremental short-term borrowings, a \$250.0 million unsecured bond offering, and a \$325.0 million mortgage note secured by the Market Square Buildings.

Interest and other income remained relatively consistent at \$42.4 million for 2011 and \$43.1 million for 2010.

Loss on interest rate swaps was \$38.4 million for 2011, which represents an increase from \$19.1 million for 2010, primarily due to writing off \$15.1 million of cumulative unrealized market value adjustments on the interest rate swap on the 80 Park Plaza Building mortgage note upon settling of this swap contract in December 2011, prior to maturity.

We recognized a gain on early extinguishment of debt of \$53.0 million for 2011 in connection with settling the 222 East 41st Street Building mortgage note and the 80 Park Place Building mortgage note and their related swaps in December 2011, which is partially offset by the \$15.1 million write-off of cumulative unrealized losses on the 80 Park Plaza interest rate swap described above.

We recognized net income attributable to Columbia Property Trust of \$56.6 million (\$0.10 per share) for 2011, which represents an increase from \$23.3 million (\$0.04 per share) for 2010. The increase is primarily attributable to gains recognized on negotiated settlements of debt and related interest rate swap agreements in 2011. Growth in our portfolio in 2010 and 2011 generated additional real estate operating income, which is offset by additional interest expense, resulting from increasing the percentage of borrowings used in our capital structure during 2011.

#### Discontinued Operations

Income from discontinued operations was \$8.6 million for 2011 as compared with \$3.5 million for 2010. As further explained in Note 12, *Assets Held for Sale and Discontinued Operations*, to the accompanying consolidated financial statements, properties meeting certain criterion for disposal are classified as "Discontinued Operations" in the accompanying consolidated statements of operations for all periods presented. Therefore, the properties sold in 2012, including the nine properties in the Nine Property Sale, 5595 Opus Parkway, and Emerald Point, have been classified as discontinued operations for 2012, 2011, and 2010. Additionally, discontinued operations for 2011 and 2010 include the Manhattan Towers property, which was transferred to an affiliate of its lender in connection with settling a \$75.0 million mortgage note through a deed in lieu of foreclosure transaction in September 2011.

#### Funds From Operations and Adjusted Funds From Operations

Funds from Operations ("FFO"), as defined by the National Association of Real Estate Investment Trusts ("NAREIT"), is a non-GAAP financial measure considered by some equity REITs in evaluating operating performance. FFO is computed as GAAP net income (loss), regardless of classification, as continuing or discontinuing operations, adjusted to exclude: extraordinary items, gains (or losses) from property sales (including deemed sales and settlements of pre-existing relationships), depreciation and amortization of real estate assets, impairment losses related to sales of real estate assets, and adjustments for earnings allocated to noncontrolling interests in consolidated partnerships. Effective December 31, 2011, we adjusted our calculation of FFO to be consistent with NAREIT's recent Accounting and Financial Standards Hot Topics, which clarify that impairment losses on real estate assets should be excluded from FFO. We believe it is useful to consider GAAP net income, adjusted to exclude the above-mentioned items, when assessing our performance, because excluding the above-described adjustments highlights the impact on our operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses, and interest costs, which may not be readily apparent from GAAP net income alone. We do not, however, believe that FFO is the best measure of the sustainability of our operating performance. Changes in the GAAP accounting and reporting rules that were put into effect after the establishment of NAREIT's definition of FFO in 1999 are resulting in the inclusion of a number of items in FFO that do not correlate with the sustainability of our operating performance (e.g., acquisition expenses, market value adjustments to interest rate swaps, and amortization of certain in-place lease intangible assets and liabilities, among others). Therefore, in addition to FFO, we present Adjusted Funds from Operations ("AFFO"), a non-GAAP financial measure. AFFO is calculated by adjusting FFO to exclude the income and expenses that we believe are not reflective of the sustainability of our ongoing operating performance, as further explained below:



- *Additional amortization of lease assets (liabilities).* GAAP implicitly assumes that the value of intangible lease assets (liabilities) diminishes predictably over time and, thus, requires these charges to be recognized ratably over the respective lease terms. Such intangible lease assets (liabilities) arise from the allocation of acquisition price related to direct costs associated with obtaining a new tenant, the value of opportunity costs associated with lost rentals, the value of tenant relationships, and the value of effective rental rates of in-place leases that are above or below market rates of comparable leases at the time of acquisition. Like real estate values, market lease rates in aggregate have historically risen or fallen with local market conditions. As a result, we believe that by excluding these charges, AFFO provides useful supplemental information that is reflective of the performance of our real estate investments, which is useful in assessing the sustainability of our operations.
- *Straight-line rental income.* In accordance with GAAP, rental payments are recognized as income on a straight-line basis over the terms of the respective leases. Thus, for any given period, straight-line rental income represents the difference between the contractual rental billings for that period and the average rental billings over the lease term for the same length of time. This application results in income recognition that can differ significantly from the current contract terms. By adjusting for this item, we believe AFFO provides useful supplemental information reflective of the realized economic impact of our leases, which is useful in assessing the sustainability of our operating performance.
- *Loss on interest rate swaps and remeasurement of loss on foreign currency.* These items relate to fair value adjustments, which are based on the impact of current market fluctuations, underlying market conditions and the performance of the specific holding, which is not attributable to our current operating performance. By adjusting for this item, we believe that AFFO provides useful supplemental information by focusing on the changes in our core operating fundamentals (rather than anticipated gains or losses that may never be realized), which is useful in assessing the sustainability of our operations.
- *Noncash interest expense.* This item represents amortization of financing costs paid in connection with executing our debt instruments, and the accretion of premiums (and amortization of discounts) on certain of our debt instruments. GAAP requires these items to be recognized over the remaining term of the respective debt instrument, which may not correlate with the ongoing operations of our real estate portfolio. By excluding these items, we believe that AFFO provides supplemental information that allows for better comparability of reporting periods, which is useful in assessing the sustainability of our operations.
- *Real estate acquisition-related costs.* Acquisition expenses are incurred for investment purposes (i.e., to promote portfolio appreciation and generation of future earnings over the long term) and, therefore, do not correlate with the ongoing operations of our portfolio. By excluding these items, we believe that AFFO provides supplemental information that allows for better comparability of reporting periods, which is useful in assessing the sustainability of our operations.
- *Gain on early extinguishment of debt.* This item represents gains resulting from debt settled prior to the stated maturity date, which do not correlate with our ongoing operating performance. By adjusting for this item, we believe that AFFO provides better comparability of reporting periods, which is useful in assessing the sustainability of our operations.

Reconciliations of net income to FFO and to AFFO (in thousands):

	Years ended December 31,		
	2012	2011	2010
<b>Reconciliation of Net Income to Funds From Operations and Adjusted Funds From Operations:</b>			
Net income attributable to the common stockholders of Columbia Property Trust, Inc.	\$ 48,039	\$ 56,642	\$ 23,266
Adjustments:			
Depreciation of real estate assets	120,307	119,772	102,558
Amortization of lease-related costs	102,234	120,384	117,569
Impairment loss on real estate assets	18,467	5,817	—
(Gain) loss on disposition of discontinued operations	(20,117)	—	161
Total Funds From Operations adjustments	<u>220,891</u>	<u>245,973</u>	<u>220,288</u>
<b>Funds From Operations</b>	<b>268,930</b>	<b>302,615</b>	<b>243,554</b>
Other income (expenses) included in net income, which do not correlate with our operations:			
Additional amortization of lease assets (liabilities)	(1,752)	2,423	6,791
Straight-line rental income	(11,033)	(22,165)	(6,544)
(Gain) loss on interest rate swaps	(173)	28,635	9,485
Remeasurement loss on foreign currency	—	—	686
Noncash interest expense	3,881	23,967	18,703
Gain on early extinguishment of debt	—	(66,540)	—
Subtotal	<u>(9,077)</u>	<u>(33,680)</u>	<u>29,121</u>
Real estate acquisition-related costs	1,876	11,250	10,779
<b>Adjusted Funds From Operations</b>	<b>\$ 261,729</b>	<b>\$ 280,185</b>	<b>\$ 283,454</b>

**Portfolio Information**

As of December 31, 2012, we owned controlling interests in 61 office properties and one hotel, which includes 83 operational buildings. These properties are composed of approximately 21.0 million square feet of commercial space located in 19 states; the District of Columbia; and Moscow, Russia. Of these office properties, 60 are wholly owned and one is owned through a consolidated subsidiary. As of December 31, 2012, the office properties were approximately 92.9% leased. Annualized Lease Revenue is defined in Item 2, *Properties*.

As of December 31, 2012, our five highest geographic concentrations were as follows:

Location	2012 Annualized Lease Revenue (in thousands)	Rentable Square Feet (in thousands)	Percentage of 2012 Annualized Lease Revenue
Atlanta	\$ 75,353	3,462	15%
Washington, D.C.	57,524	857	11%
Northern New Jersey	54,249	2,177	10%
San Francisco	44,700	959	9%
Baltimore	37,613	1,194	7%
	<u>\$ 269,439</u>	<u>8,649</u>	<u>52%</u>

As of December 31, 2012, our five highest tenant industry concentrations were as follows:

<b>Industry</b>	<b>2012 Annualized Lease Revenue (in thousands)</b>	<b>Rentable Square Feet (in thousands)</b>	<b>Percentage of 2012 Annualized Lease Revenue</b>
Legal Services	\$ 77,310	1,436	15%
Depository Institutions	72,883	2,393	14%
Communications	50,357	2,566	10%
Industrial Machinery & Equipment	38,844	1,681	7%
Electric, Gas & Sanitary Services	36,980	1,880	7%
	<u>\$ 276,374</u>	<u>9,956</u>	<u>53%</u>

As of December 31, 2012, our five highest tenant concentrations were as follows:

<b>Tenant</b>	<b>2012 Annualized Lease Revenue (in thousands)</b>	<b>Percentage of 2012 Annualized Lease Revenue</b>
AT&T	\$ 47,629	9%
Wells Fargo	29,297	6%
Jones Day	27,135	5%
IBM	24,954	5%
Key Bank	19,110	4%
	<u>\$ 148,125</u>	<u>29%</u>

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.

Wells TRS II, LLC ("Wells TRS"); Wells KCP TRS, LLC ("Wells KCP TRS"); and Wells Energy TRS, LLC ("Wells Energy TRS") (collectively, the "TRS Entities") are wholly owned subsidiaries of Columbia Property Trust and are organized as Delaware limited liability companies and include the operations of, among other things, a full-service hotel. We have elected to treat the TRS Entities as taxable REIT subsidiaries. We may perform certain additional, noncustomary services for tenants of our buildings through the TRS Entities; however, any earnings related to such services are subject to federal and state income taxes. In addition, for us to continue to qualify as a REIT, we must limit our investments in taxable REIT subsidiaries to 25% of the value of our total assets. Deferred tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of assets and liabilities at the enacted rates expected to be in effect when the temporary differences reverse.

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

#### **Inflation**

We are exposed to inflation risk, as income from long-term leases is the primary source of our cash flows from operations. There are provisions in the majority of our tenant leases that are intended to protect us from, and mitigate the risk of, the impact of inflation. These provisions include rent steps, reimbursement billings for operating expense pass-through charges, real estate tax and insurance reimbursements on a per-square-foot basis, or in some cases, annual reimbursement of operating expenses above a

certain per-square-foot allowance. However, due to the long-term nature of the leases, the leases may not reset frequently enough to fully cover inflation.

#### **Application of Critical Accounting Policies**

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

#### *Investment in Real Estate Assets*

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

Buildings	40 years
Building improvements	5-25 years
Site improvements	15 years
Tenant improvements	Shorter of economic life or lease term
Intangible lease assets	Lease term

#### *Evaluating the Recoverability of Real Estate Assets*

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

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

During 2012, we focused on improving our market concentration by assembling, marketing, and negotiating the Nine Property Sale. As a result, we evaluated the recoverability of the carrying values of these assets pursuant to the accounting policy outlined above and determined that the carrying value of the 180 E 100 South property in Salt Lake City, Utah, one of the properties in the Nine Property Sale, to no longer be recoverable due to refining our disposition strategy and shortening our expected holding period for this asset in the third quarter of 2012. As a result, we reduced the carrying value of the 180 E 100 South property to reflect fair value and recorded a corresponding property impairment loss of \$18.5 million in the third quarter of 2012.

During the third quarter of 2011, we evaluated the recoverability of the carrying value of the Manhattan Towers property and determined that it was not recoverable, as defined by the accounting policy outlined above. The Manhattan Towers property is located in Manhattan Beach, California, and includes two office buildings with total occupancy of 22%. In the third quarter of 2011, upon considering the economic impact of various property disposition scenarios not previously contemplated, including the likelihood of achieving the projected returns associated with each scenario, we opted to transfer the Manhattan Towers property

to an affiliate of the lender in full settlement of a \$75.0 million nonrecourse mortgage loan through a deed in lieu of foreclosure transaction, which closed on September 6, 2011. As a result of this transaction, we reduced the carrying value of the Manhattan Towers property to its fair value, estimated based on the present value of estimated future property cash flows, by recognizing a property impairment loss of approximately \$5.8 million, which is included in operating income from discontinued operations in the statement of operations, and recognized a gain on early extinguishment of debt of \$13.5 million, which is reflected as gain on disposition of discontinued operations in the statement of operations.

The fair value measurements used in this evaluation of nonfinancial assets are considered to be Level 3 valuations within the fair value hierarchy outlined above, as there are significant unobservable inputs. Examples of inputs that were utilized in the fair value calculations include estimated holding periods, discount rates, market capitalization rates, expected lease rental rates, and potential sales prices. The table below represents the detail of the adjustments recognized for the years ended 2012 and 2011 (in thousands) using Level 3 inputs.

	Property	Net Book Value	Impairment Loss Recognized	Fair Value
For the year ended December 31, 2012	180 E 100 South	\$ 30,847	\$ (18,467)	\$ 12,380
For the year ended December 31, 2011	Manhattan Towers	\$ 65,317	\$ (5,817)	\$ 59,500

*Allocation of Purchase Price of Acquired Assets*

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

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

*Intangible Assets and Liabilities Arising from In-Place Leases where We are the Lessor*

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

- Direct costs associated with obtaining a new tenant, including commissions, tenant improvements, and other direct costs, are estimated based on management's consideration of current market costs to execute a similar lease. Such direct costs are included in intangible lease origination costs in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases.
- The value of opportunity costs associated with lost rentals avoided by acquiring an in-place lease is calculated based on the contractual amounts to be paid pursuant to the in-place leases over a market absorption period for a similar lease. Such opportunity costs are included in intangible lease assets in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases.
- The value of tenant relationships is calculated based on expected renewal of a lease or the likelihood of obtaining a particular tenant for other locations. Values associated with tenant relationships are included in intangible lease assets in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases.
- The value of effective rental rates of in-place leases that are above or below the market rates of comparable leases is calculated based on the present value (using a discount rate that reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be received pursuant to the in-place leases and (ii) management's estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining terms of the leases. 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, measured over a period equal to the remaining terms of the leases. The capitalized above-market and below-market in-place lease values are recorded as intangible lease liabilities or assets and amortized as an adjustment to property operating cost over the remaining term of the respective leases.

#### **Related-Party Transactions and Agreements**

During the periods presented, we were party to agreements with WREAS II, our advisor, and its affiliates, whereby we incurred and paid fees and reimbursements to WREAS II and its affiliates for certain advisory services and property management services. On February 28, 2013, we terminated the related agreements and acquired WREAS II and WRES, including the employees necessary to perform the corresponding corporate and property management functions. See Note 10, *Related-Party Transition and Agreements*, of our accompanying consolidated financial statements for details of our related-party transactions, agreements, and fees.

#### **Commitments and Contingencies**

We are subject to certain commitments and contingencies with regard to certain transactions. Refer to Note 6, *Commitments and Contingencies*, of our accompanying consolidated financial statements for further explanation. Examples of such commitments and contingencies include:

- 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:

#### *Chairman of the Board*

On January 1, 2013, our board of directors ("the Board") unanimously appointed John L. Dixon as its Chairman, succeeding the former Chairman of the Board, Leo F. Wells, III. Mr. Wells and the other board members believe that having an independent Board Chairman is in keeping with corporate governance best practices and will benefit the company as it continues to prepare for a successful liquidity event. Mr. Wells, who will continue to serve the company as a member of the Board, had served as Chairman of the Board since the company's inception and previously served as president of the company from its inception until July 2010. Mr. Dixon has served the company as an independent director since 2008 and brings more than 40 years of experience in the financial services industry to the leadership of the company.

#### *Executive Officers*

- Effective February 28, 2013, Douglas P. Williams resigned as an executive officer of the company, including his positions as Executive Vice President, Secretary, Treasurer, and Principal Financial Officer. Mr. Williams also indicated that, for personal reasons, he would not stand for re-election as a director. Mr. Williams informed us of these decisions on February 25, 2013. Mr. Williams will remain an executive officer of WREF.
- Effective February 28, 2013, the board of directors unanimously appointed Wendy W. Gill as an executive officer to succeed Mr. Williams as the company's Treasurer and Principal Accounting Officer, and to serve as the company's interim Principal Financial Officer. Ms. Gill currently serves as Columbia Property Trust's Senior Vice President of Corporate Operations and Chief Accounting Officer.

#### *Name Change and Other Related Changes*

On February 25, 2013, we filed Articles of Amendment with the Maryland State Department of Assessments and Taxation (the "SDAT") to change our name from Wells Real Estate Investment Trust II, Inc. to Columbia Property Trust, Inc. The name change was approved by our board of directors and effective upon filing with the SDAT. In connection with our name change, we also changed the name of our operating partnership to Columbia Property Trust Operating Partnership, L.P.; WREAS II to Columbia Property Trust Advisory Services, LLC; and WRES to Columbia Property Trust Services, LLC. We expect to effect a similar name change for the TRS Entities in the near future.

On February 26, 2013, in connection with our name change and transition to self-management, our board of directors approved certain amendments to our bylaws, our share redemption program, and our corporate governance documents to be effective as of February 28, 2013. We amended our bylaws to reflect our new name and management structure, as well as to conform with changes made to our charter, as approved at our Annual Meeting of Stockholders on July 18, 2012. We amended our share redemption program to change our name, update the contact information for redemption requests, and adjust how we handle the pro-rata redemptions. In addition, we amended our Corporate Governance Guidelines, Nominating and Corporate Governance Committee Charter, Audit Committee Charter, Code of Ethics, Whistleblower Policy, and Insider Trader Policy to reflect our new name, as well as to reflect our new management structure. Our corporate governance documents are available on our website at [www.columbiapropertytrust.com](http://www.columbiapropertytrust.com).

#### *Commencement of Self-Management*

On February 28, 2013, the WREAS II Assignment Option and WRES Assignment Option closed, and in connection therewith, the Renewal Advisory Agreement and Renewal Investor Services Agreement terminated. These agreements and options are described in Note 10, *Related Party Transactions and Agreements*, of the accompanying consolidated financial statements.

#### *Investor Services Agreement*

Effective February 28, 2013, upon the closing of the WREAS II Assignment Option, we entered into the Investor Services Agreement with WREF, which requires WREF to provide the stockholder and communication services to us previously provided for under the 2012 Investor Services Agreement and the Renewal Investor Services Agreement and provides for us to compensate WREF for the services based on a reimbursement of costs and payroll plus a premium. These agreements are described in Note 10, *Related Party Transactions and Agreements*, of the accompanying consolidated financial statements.

#### *Consulting Services Agreement*

On February 28, 2013, we entered a consulting services agreement with WREF (the "Consulting Services Agreement"). Under the Consulting Services Agreement, WREF will provide consulting services with respect to the same matters that WREAS II and its affiliates provided advisory services under the Renewal Advisory Agreement. Payments under the Consulting Services Agreement will be monthly fees in the same amount as the asset management fees that would have been paid under the Renewal Advisory Agreement through December 31, 2013, if the Renewal Advisory Agreement was not terminated. If we elect to terminate the Consulting Services Agreement early for cause, we would not be required to make further payments under the agreement other than fees earned by WREF and unpaid at the time of termination. If we terminate the Consulting Services Agreement other than for cause, we would be required to make a fee acceleration payment, which is calculated as the fees incurred in the last month prior to termination, adjusted for partial months, multiplied by the number of months remaining between the time of termination and December 31, 2013.

**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 low to moderate level of overall borrowings. However, we currently have a substantial amount of debt outstanding. We manage our ratio of fixed- to floating-rate debt with the objective of achieving a mix that we believe is appropriate in light of anticipated changes in interest rates. 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 risk of increasing 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, 2012 and 2011, the estimated fair value of our line of credit and notes payable and bonds was \$1.7 billion and \$1.5 billion, respectively.

Our financial instruments consist of both fixed- and variable-rate debt. As of December 31, 2012, our consolidated debt consisted of the following, in thousands:

	2013	2014	2015	2016	2017	Thereafter	Total
<b>Maturing debt:</b>							
Effectively variable-rate debt	\$ —	\$ —	\$ 42,000	\$ —	\$ —	\$ —	\$ 42,000
Effectively fixed-rate debt	\$ 28,755	\$ 101,481	\$ 211,104	\$ 491,963	\$ 178,139	\$ 596,854	\$ 1,608,296
<b>Average interest rate:</b>							
Effectively variable-rate debt	—%	—%	2.62%	—%	—%	—%	2.62%
Effectively fixed-rate debt	5.94%	5.07%	4.76%	2.91%	5.28%	5.43%	4.54%

Our financial instruments consist of both fixed-rate and variable-rate debt. Our variable-rate borrowings consist of the JPMorgan Chase Credit Facility, the \$450 Million Term Loan, the 333 Market Street Building mortgage note, and the Three Glenlake Building mortgage note. However, only the JPMorgan Chase Credit Facility bears interest at an effectively variable rate, as the variable rate on the \$450.0 Million Term Loan, the 333 Market Street Building mortgage note, and the Three Glenlake Building mortgage note have been effectively fixed through the interest rate swap agreements described below.

As of December 31, 2012, we had \$42.0 million outstanding under the JPMorgan Chase Credit Facility; \$450.0 million outstanding on the \$450 Million Term Loan; \$208.3 million outstanding on the 333 Market Street Building mortgage note; \$26.3 million outstanding on the Three Glenlake Building mortgage note; \$248.7 million in 5.875% bonds outstanding; and \$675.0 million outstanding on fixed-rate, term mortgage loans. The weighted-average interest rate of all our debt instruments was 4.49% as of December 31, 2012.

On February 3, 2012, we closed on the \$450 Million Term Loan, a four-year, unsecured term loan with a syndicate of banks led by JPMorgan Chase Bank (the "\$450 Million Term Loan"), which yielded initial gross proceeds of \$375.0 million. The \$450 Million Term Loan provided for two accordion options, both of which have been exercised, resulting in additional gross proceeds of \$40.0 million in the second quarter of 2012 and \$35.0 million in the third quarter of 2012, for total outstanding borrowings of \$450.0 million as of December 31, 2012. The \$450 Million Term Loan bears interest at the London Interbank Offered Rate ("LIBOR"), plus an applicable base margin; however, we effectively fixed the interest rate on the initial borrowing and subsequent borrowings under the accordion options (assuming no change in our corporate credit rating) at 2.63% per annum with interest rate swaps executed contemporaneously with the loan and the accordion options. The \$450 Million Term Loan matures on February 3, 2016, provided that certain conditions are met prior to that date. Furthermore, provided that certain additional conditions are met prior to, and at maturity, the \$450 Million Term Loan shall become eligible for a one-year extension upon paying an extension fee equal to 0.15% of the outstanding balance. The total proceeds from the \$450 Million Term Loan were used to repay temporary borrowings, and thereby create additional borrowing capacity, under the JPMorgan Chase Credit Facility. The majority of these temporary borrowings were drawn to settle mortgage loans during the second half of 2011 and early 2012.

During the first quarter of 2012, we used cash on hand and proceeds from the JPMorgan Chase Credit Facility to fully repay the Highland Landmark Building mortgage note of \$33.8 million at its maturity. During 2012 and 2011, we made interest payments of approximately \$50.1 million and \$53.1 million, respectively, related to our line of credit and notes payable. In addition, we made interest payments of approximately \$14.7 million and \$7.2 million in 2012 and 2011, respectively, related to our 2018 Bonds Payable.



Approximately \$1,608.3 million of our total debt outstanding as of December 31, 2012, is subject to fixed rates, either directly or when coupled with an interest rate swap agreement. As of December 31, 2012, these balances incurred interest expense at an average interest rate of 4.54% and have expirations ranging from 2013 through 2023. 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. The amounts outstanding on our variable-rate debt facilities in the future will largely depend upon the level of investor proceeds raised under our DRP and the rate at which we are able to employ such proceeds in acquisitions of real properties.

We do not believe there is any exposure to increases in interest rates related to the capital lease obligations of \$586.0 million at December 31, 2012, as the obligations are at fixed interest rates.

#### *Foreign Currency Risk*

We are also subject to foreign exchange risk arising from our foreign operations in Russia. Foreign operations represented 2.0% and 1.9% of total assets at December 31, 2012 and 2011, respectively, and 1.1%, 0.7%, and 0.6% of total revenue for 2012, 2011, and 2010, respectively. As compared with rates in effect at December 31, 2012, an increase or decrease in the U.S. dollar to Russian rouble exchange rate by 10% would not materially impact the accompanying consolidated financial statements.

### **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 2012, 2011, or 2010.

### **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 Securities Exchange Act of 1934 as of the end of the period covered by this report. Based upon that evaluation, 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 Securities Exchange Act of 1934 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.

#### **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 Securities Exchange Act of 1934, 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 Securities Exchange Act of 1934 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, 2012. To make this assessment, we used the criteria for effective internal control over financial reporting described in Internal Control – Integrated Framework 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, 2012.

This report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this report.

#### **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, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **ITEM 9B. OTHER INFORMATION**

##### *Property Management Agreement*

On December 28, 2012, we entered an amendment to the Property Management Agreement solely to provide that immediately upon the closing of the WRES Assignment Option, the Property Management Agreement will terminate (the "Amendment to the Property Management Agreement"). The Property Management Agreement is described in Note 10, *Related Party Transactions and Agreements*, of the accompanying consolidated financial statements.

##### *Executive Officers*

- Effective February 28, 2013, Douglas P. Williams resigned as an executive officer of the company, including his positions as Executive Vice President, Secretary, Treasurer, and Principal Financial Officer. Mr. Williams also indicated that, for personal reasons, he would not stand for re-election as a director. Mr. Williams informed us of these decisions on February 25, 2013. Mr. Williams will remain an executive officer of WREF.
- Effective February 28, 2013, the board of directors unanimously appointed Wendy W. Gill as an executive officer to succeed Mr. Williams as the company's Treasurer and Principal Accounting Officer, and to serve as the company's interim Principal Financial Officer. Ms. Gill, 38, currently serves as our Chief Accounting Officer, a role she has held since 2007, and Senior Vice President of Corporate Operations. Since our inception in 2003, Ms. Gill has provided oversight to the company's accounting and financial operations as an employee of WREF. Ms. Gill joined WREF in 2002 as Director of Financial Reporting and Accounting. From 2007 to 2011, Ms. Gill served as Vice President and Chief Accounting Officer for WREF, in which capacity she was responsible for the financial and reporting functions for the real estate programs sponsored by WREF, including the public REITs, various public and private limited partnerships, and 1031 Exchange programs. Prior to joining WREF she was a manager at Arthur Andersen in the firm's Atlanta and Washington, D.C. offices, working with various publicly traded and privately held companies, with a focus on the real estate, hospitality and financial services industries. Ms. Gill holds a Certified Public Accountant (CPA) designation from the Maryland State Board of Public Accountancy and is a member of the Georgia Society of Certified Public Accountants.

##### *Name Change and Other Related Changes*

On February 25, 2013, we filed Articles of Amendment with the SDAT to change our name from Wells Real Estate Investment Trust II, Inc. to Columbia Property Trust, Inc. The name change was approved by our board of directors and became effective upon filing with the SDAT. In connection with our name change, we also changed the name of our operating partnership to Columbia Property Trust Operating Partnership, L.P.; WREAS II to Columbia Property Trust Advisory Services, LLC; and WRES to Columbia Property Trust Services, LLC. We expect to effect a similar name change for the TRS Entities in the near future.

On February 26, 2013, in connection with our name change and transition to self-management, our board of directors approved certain amendments to our bylaws, our share redemption program, and our corporate governance documents to be effective as of February 28, 2013. We amended our bylaws to reflect our new name and management structure, as well as to conform with changes made to our charter, as approved at our Annual Meeting of Stockholders on July 18, 2012. We amended our share redemption program to change our name, update the contact information for redemption requests, and adjust how we handle the pro-rata redemptions. In addition, we amended our Corporate Governance Guidelines, Nominating and Corporate Governance Committee

Charter, Audit Committee Charter, Code of Ethics, Whistleblower Policy, and Insider Trader Policy to reflect our new name, as well as to reflect our new management structure. Our corporate governance documents are available on our website at [www.columbiapropertytrust.com](http://www.columbiapropertytrust.com).

*Commencement of Self-Management*

On February 28, 2013, the WREAS II Assignment Option and WRES Assignment Option closed, and in connection therewith, the Renewal Advisory Agreement and Renewal Investor Services Agreement terminated.

*Investor Services Agreement*

Effective February 28, 2013, upon the closing of the WREAS II Assignment Option, we entered into the Investor Services Agreement with WREF, which requires WREF to provide the stockholder and communication services to us, previously provided for under the 2012 Investor Services Agreement and the Renewal Investor Services Agreement and provides for us to compensate WREF for the services based on a reimbursement of costs and payroll plus a premium.

*Consulting Services Agreement*

On February 28, 2013, we entered a consulting services agreement with WREF (the "Consulting Services Agreement"). Under the Consulting Services Agreement, WREF will provide consulting services with respect to the same matters that WREAS II and its affiliates provided advisory services under the Renewal Advisory Agreement. Payments under the Consulting Services Agreement will be monthly fees in the same amount as the asset management fees that would have been paid under the Renewal Advisory Agreement through December 31, 2013, if the Renewal Advisory Agreement was not terminated. If we elect to terminate the Consulting Services Agreement early for cause, we would not be required to make further payments under the agreement other than fees earned by WREF and unpaid at the time of termination. If we terminate the Consulting Services Agreement other than for cause, we would be required to make a fee acceleration payment, which is calculated as the fees incurred in the last month prior to termination, adjusted for partial months, multiplied by the number of months remaining between the time of termination and December 31, 2013.

### PART III

We will file a definitive Proxy Statement for our 2013 Annual Meeting of Stockholders (the "2013 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 2013 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.columbiapropertytrust.com>.

The other information required by this Item is incorporated by reference from our 2013 Proxy Statement.

#### ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference from our 2013 Proxy Statement.

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

The information required by this Item is incorporated by reference from our 2013 Proxy Statement.

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

Certain information required by this Item is incorporated by reference from our 2013 Proxy Statement.

##### Transactions with Related Persons

As discussed in Item 1. *Business*, during 2012, we established and carried out a plan to transition our external management platform to a self-managed structure. Effective February 28, 2013, services previously provided by our advisor and property manager will be provided by our employees (other than the services provided by WREF under the Investor Services Agreement). Our Conflicts Committee reviews and approves all related-party transactions requiring disclosure under Rule 404(a) of Regulation S-K, meaning any transaction, arrangement or relationship in which (i) the amount involved may be expected to exceed \$120,000 in any fiscal year, (ii) we will be a participant, and (iii) a related person has a direct or indirect material interest. A related person is an executive officer, director or nominee for election as director, or a greater than 5% beneficial owner of our common stock, or an immediate family member of the foregoing. Approval of a related-party transaction requires a majority of the Conflicts Committee to find the transaction is fair and reasonable to us. Through February 27, 2013, prior to entering a related-party transaction other than the advisory agreement, a majority of the Conflicts Committee was also required to conclude that the transaction was fair and reasonable to us and on terms and conditions not less favorable to us than those available from unaffiliated third parties. In addition, our Code of Ethics lists examples of types of transactions with affiliates that would create prohibited conflicts of interest. Under the Code of Ethics, our officers and directors are required to promptly bring potential conflicts of interest to the attention of the chairman of our Audit Committee. The Conflicts Committee reviewed the material transactions between our affiliates and us. Set forth below is a description of such transactions.

##### *Our Relationship with WREF and WREAS II*

###### Advisory Agreement

From our inception through February 27, 2013, a subsidiary of WREF, including most recently WREAS II, provided our day-to-day management under the terms of several, uninterrupted advisory agreements with WREAS II dated most recently December 29, 2011; March 30, 2011; June 29, 2012; and December 28, 2012 (the "Advisory Agreement"). Among the services provided by our advisor, under the terms of the Advisory Agreement, were the following:

- real estate acquisition services;
- asset management services;
- real estate disposition services;
- property management oversight services; and
- administrative services.

Our advisor was at all times subject to the supervision of our board of directors and had only such authority as we delegated to it as our agent. We renewed the Advisory Agreement (the "Renewal Advisory Agreement") with our advisor, WREAS II, in December 2012. The Renewal Advisory Agreement remained in place through February 27, 2013, and was substantially the same as the advisory agreement that was in effect through December 31, 2012, except for a reduced monthly asset management fee and a cap on acquisition and disposition fees payable for 2012 and 2013 in aggregate. The WREAS II Assignment Option closed on February 28, 2013, and the Renewal Advisory Agreement terminated on that date.

From January 1, 2012, through the most recent date practicable, which was December 31, 2012, we have compensated our advisor as set forth below under the terms of the Advisory Agreement:

- Asset management fees were incurred monthly at one-twelfth of 0.625% of the lesser of (i) gross cost, as defined, of all of our properties (other than those that failed to meet specified occupancy thresholds) and investments in joint ventures, or (ii) the aggregate value of our interest in the properties and joint ventures as established with the most recent asset-based valuation, until the monthly payment equals \$2.7 million (or \$32.5 million annualized), as of the last day of each preceding month. From April 2011 through June 2012, asset management fees were capped at \$2.7 million per month (or \$32.5 million annualized) following the March 2011 acquisition of the Market Square Buildings. Effective July 1, 2012, the cap on monthly asset management fees charged under the advisory agreement was reduced by \$83,333 (or, a total savings of \$0.5 million for the six months ended December 31, 2012), resulting in a cap of \$2.6 million. From July 2012 through December 2012, asset management fees were capped at \$2.6 million per month. With respect to (ii) above, our published net asset-based valuations did not impact asset management fees incurred to date due to the continued applicability of the caps described above. Asset management fees from January 1, 2012 to December 31, 2012, totaled approximately \$32.0 million.
- We reimbursed our advisor for all costs and expenses it incurred in fulfilling its asset management and administrative duties, which may have included wages, salaries, taxes, insurance, benefits, information technology, legal and travel, and other out-of-pocket expenses of employees engaged in ongoing management, administration, operations, and marketing functions on our behalf. We did not, however, reimburse our advisor for personnel costs in connection with services for which our advisor received acquisition fees or real estate commissions. Administrative reimbursements, net of reimbursements from tenants, from January 1, 2012 through December 31, 2012, totaled approximately \$11.1 million.
- Acquisition fees were previously incurred at 1% of the property purchase price (excluding acquisition expenses); however, in no event could total acquisition fees for the 2012 and 2013 calendar years exceed \$1.5 million in aggregate. Acquisition fees from January 1, 2012 through December 31, 2012, totaled approximately \$1.5 million.
- The disposition fee payable for the sale of any property for which WREAS II provided substantial services was the lesser of (i) 0.3% or (ii) the broker fee paid to a third-party broker in connection with the sale. Disposition fees payable to WREAS II from July 1, 2012 through December 31, 2013 have an aggregate cap of \$1.5 million. Disposition fees from January 1, 2012 through December 31, 2012, totaled \$1.3 million, related to the Nine Property Sale.
- Effective July 1, 2012, monthly occupancy costs of \$21,000 were incurred for WREAS II's dedicated office space. Occupancy costs from January 1, 2012 through December 31, 2012, totaled approximately \$126,000.

In addition to the Advisory Agreement, we have also entered into the following contracts with WREF and its subsidiaries:

#### Transition Services Agreement

We have entered into an agreement with WREAS II and WREF for transition services (the "Transition Services Agreement"), for the period from July 1, 2012 to December 31, 2013, pursuant to which (i) WREF is required to transfer the assets and employees necessary to provide the services under the Advisory Agreement (other than investor services and property management) to WREAS II by January 1, 2013, provided that if WREF is not able to transfer certain assets by then, WREF must use its commercially reasonable best efforts to transfer such delayed assets as promptly as possible, but no later than June 30, 2013; and (ii) we have the option to acquire WREAS II at any time during 2013 (the "WREAS II Assignment Option"). The WREAS II Assignment Option closed as of February 28, 2013. No payment is associated with the assignment; however, we are required to pay WREF for the work required to transfer sufficient employees, proprietary systems and processes, and assets to WREAS II to prepare for a successful transition to self-management. Accordingly, pursuant to the Transition Services Agreement, we are obligated to pay WREF a total of \$6.0 million payable in 12 monthly installments of \$0.5 million commencing on July 31, 2012. In addition, Columbia Property Trust and WREF will each pay half of any out-of-pocket and third-party costs and expenses incurred in connection with providing the services provided that our obligation to reimburse WREF for such expenses is limited to approximately \$250,000 in the aggregate. Pursuant to the Transition Services Agreement, at the close of the WREAS II Assignment Option, we entered into a consulting services agreement with WREF as described below. The Transition Services Agreement is terminable if there is a material breach by WREF that is not cured or if WREF is in an insolvency proceeding. Otherwise, if we

elect to terminate the agreement early, all remaining payments due under the agreement will be accelerated such that WREF receives \$6.0 million in the aggregate. Payments under the Transition Services Agreement from January 1, 2012 through December 31, 2012, totaled approximately \$3.0 million.

#### Amendment to Transition Services Agreement

On December 28, 2012, the Transition Services Agreement was amended as follows:

- We may, at our option, acquire WRES, the entity charged with carrying out property management functions on behalf of WREAS II, for consideration of approximately \$2.8 million payable to Wells Real Estate Funds in monthly installments from July 2013 through December 2013 under the Transition Services Agreement. As further explained in Item 1. *Business*, the company closed the above-described option effective February 28, 2013.
- Upon terminating the Advisory Agreement and effecting the WREAS II Assignment Option, we will enter into a new investor services agreement with WREF, which provides for the payment of various fees and reimbursement of third-party expenses to WREF (the "Investor Services Agreement") in connection with the provision of such services.
- Adjustments to acquisition and disposition fees as discussed above.

#### 2012 Investor Services Agreement

Effective July 1, 2012, stockholder and communication services and expense reimbursements related thereto were separated out of the Advisory Agreement and covered under a separate agreement (the "2012 Investor Services Agreement"). The 2012 Investor Services Agreement requires WREF to provide the stockholder and communications services to us previously provided under the advisory agreement in effect through June 30, 2012. As the sole consideration for these services, we reimbursed WREF for expenses incurred in connection with carrying out such services, subject to the cap on "portfolio general and administrative expenses" and "personnel expenses" included in the Advisory Agreement and, thus, did not incur a separate fee.

#### Renewal Investor Services Agreement

The Renewal Investor Services Agreement, which was effective January 1, 2013, is between us and WREF (the "Renewal Investor Services Agreement"). It is substantially the same as the investor services agreement that was in effect through December 31, 2012. This agreement terminated on February 28, 2013, upon the exercise of the WREAS II Assignment Option.

#### Investor Services Agreement

Upon the exercise of the WREAS II Assignment Option, we entered into the Investor Services Agreement with WREF, which requires WREF to provide the same stockholder and communication services to us previously provided for under the 2012 Investor Services Agreement and, more recently, the Renewal Investor Services Agreement, and provides for us to compensate WREF for the services based on a reimbursement of costs and payroll plus a premium.

#### Consulting Services Agreement

Also upon the exercise of the WREAS II Assignment Option, we entered a consulting services agreement with WREF (the "Consulting Services Agreement"). Under the Consulting Services Agreement, WREF will provide consulting services with respect to the same matters that WREAS II and its affiliates would provide advisory services under the Renewal Advisory Agreement. Payments under the Consulting Services Agreement will be monthly fees in the same amount as the asset management fees that would have been paid under the Renewal Advisory Agreement through December 31, 2013, if the Renewal Advisory Agreement was not terminated. If we elect to terminate the Consulting Services Agreement early for cause, we would not be required to make further payments under the agreement other than fees earned by WREF and unpaid at the time of termination. If we terminate the Consulting Services Agreement other than for cause, we would be required to make a fee acceleration payment, which is calculated as the fees incurred in the last month prior to termination, adjusted for partial months, multiplied by the number of months remaining between the time of termination and December 31, 2013.

#### *Our Relationship with Wells Management*

Through June 30, 2012, Columbia Property Trust was party to a property management, leasing, and construction management agreement with WREAS II (the "Property Management Agreement"). Wells Management assigned all of its rights, title, and interest in the Property Management Agreement to WREAS II on January 1, 2011. Columbia Property Trust consented to such assignment as required by the Prior Property Management Agreement, as described in Note, 10 *Related-Party Transactions and Agreements*, of the accompanying notes to the financial statements. As part of this assignment, Wells Management guaranteed the performance of all of the WREAS II obligations under the Prior Property Management Agreement. Mr. Wells indirectly owns 100% of Wells

Management. In consideration for supervising the management, leasing, and construction of certain of our properties, we paid the following fees to WREAS II under the Property Management Agreement:

- For each property for which WREAS II provided property management services, we paid WREAS II a market-based property management fee based on gross monthly income of the property.
- For each property for which WREAS II provided leasing agent services, WREAS II was entitled to: (i) a one-time fee in an amount not to exceed one month's rent for the initial rent-up of a newly constructed building; (ii) a market-based commission based on the net rent payable during the term of a new lease; (iii) a market-based commission based on the net rent payable during the term of any renewal or extension of any tenant lease; and (iv) a market-based commission based on the net rent payable with respect to expansion space for the remaining portion of the initial lease term.
- For each property for which WREAS II provided construction management services, WREAS II was entitled to receive from us that portion of lease concessions for tenant-directed improvements that are specified in the lease or lease renewal, subject to a limit of 5% of such lease concessions and a management fee to be determined for other construction management activities.

Effective July 1, 2012, we entered into a new agreement with Wells Management for property management services, which was substantially the same as the Property Management Agreement, except that Wells Management is party to the agreement instead of WREAS II and will also provide us with portfolio-level property management services previously provided under the Advisory Agreement. These portfolio-level services shall be subject to the cap on "portfolio general and administrative expenses" and "personnel expenses" included in the Advisory Agreement as described above. The Property Management Agreement was terminated on February 28, 2013, when the WRES Assignment Option was effected. Going forward, our employees will provide the services previously provided by Wells Management.

Property management and construction fees incurred from January 1, 2012 through December 31, 2012 totaled \$4.7 million.

#### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by this Item is incorporated by reference from our 2013 Proxy Statement.

**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.



## 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 28, 2013

By: /s/ WENDY W. GILL  
WENDY W. GILL  
Principal Financial Officer, Principal Accounting Officer, and Treasurer

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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Charles R. Brown</u> Charles R. Brown	Independent Director	February 28, 2013
<u>/s/ Richard W. Carpenter</u> Richard W. Carpenter	Independent Director	February 28, 2013
<u>/s/ Bud Carter</u> Bud Carter	Independent Director	February 28, 2013
<u>/s/ John L. Dixon</u> John L. Dixon	Independent Director	February 28, 2013
<u>/s/ E. Nelson Mills</u> E. Nelson Mills	President, Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2013
<u>/s/ George W. Sands</u> George W. Sands	Independent Director	February 28, 2013
<u>/s/ Neil H. Strickland</u> Neil H. Strickland	Independent Director	February 28, 2013
<u>/s/ Leo F. Wells, III</u> Leo F. Wells, III	Director	February 28, 2013
<u>/s/ Douglas P. Williams</u> Douglas P. Williams	Director	February 28, 2013

**EXHIBIT INDEX  
TO  
2012 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.

<u>Ex.</u>	<u>Description</u>
3.1*	Second Amended and Restated Articles of Incorporation as Amended by the First Articles of Amendment.
3.2*	Second Amended and Restated Bylaws.
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).
4.2*	Third Amended and Restated Distribution Reinvestment Plan.
10.1	Advisory Agreement between the Company and Wells Real Estate Advisory Services II, LLC effective as of January 1, 2012, incorporated by reference to the Company's Annual Report on Form 10-K filed with the Commission on February 29, 2012.
10.2	Term Loan Agreement dated as of February 3, 2012, by and among Wells Operating Partnership II, 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 and PNC Bank, National Association, as Syndication Agent and Regions Bank, U.S. Bank National Association, TD Bank, N.A. and Union Bank, N.A., as Documentation Agents and the Financial Institutions and their Assignees as Lenders (incorporated by reference to Exhibit 10.2 to the Company's quarterly Report on Form 10-Q filed with the Commission on May 4, 2012).
10.3	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).
10.4	Advisory Agreement between the Company and Wells Real Estate Advisory Services II, LLC effective as of April 1, 2012 (incorporated by reference to Exhibit 10.1 to the Company's quarterly Report on Form 10-Q filed with the Commission on August 6, 2012).
10.5	Initial Term Advisory Agreement between the Company and Wells Real Estate Advisory Services II, LLC effective as of July 1, 2012 (incorporated by reference to Exhibit 10.2 to the Company's quarterly Report on Form 10-Q filed with the Commission on August 6, 2012).
10.6	Transition Services Agreement between the Company, Wells Real Estate Advisory Services II, LLC and Wells Real Estate Funds, Inc. effective as of July 1, 2012 (incorporated by reference to Exhibit 10.3 to the Company's quarterly Report on Form 10-Q filed with the Commission on August 6, 2012).
10.7	Investor Services Agreement between the Company and Wells Real Estate Funds, Inc. effective as of July 1, 2012 (incorporated by reference to Exhibit 10.4 to the Company's quarterly Report on Form 10-Q filed with the Commission on August 6, 2012).
10.8	Master Property Management, Leasing and Construction Management Agreement between the Company, Wells Operating Partnership II, L.P., and Wells Management Company, Inc. effective as of July 1, 2012 (incorporated by reference to Exhibit 10.5 to the Company's quarterly Report on Form 10-Q filed with the Commission on August 6, 2012).
10.9*	Renewal Advisory Agreement between the Company and Wells Real Estate Advisory Services II, LLC dated December 28, 2012 and effective as of January 1, 2013.
10.10*	Renewal Investor Services Agreement between the Company and Wells Real Estate Funds, Inc. dated as of December 28, 2012 and effective as of January 1, 2013.
10.11*	Amendment to Transition Services Agreement between the Company, Wells Real Estate Advisory Services II, LLC, Wells Real Estate Services, LLC, Wells Management Company, Inc. ("Wells Management") and Wells Real Estate Funds, Inc. dated and effective as of December 28, 2013.
10.12*	Amendment to Master Property Management, Leasing and Construction Management Agreement between the Company, Wells Operating Partnership II, L.P., and Wells Management Company, Inc. dated as of December 28, 2012.
21.1*	Subsidiaries of Columbia Property Trust, Inc.
23.1*	Consent of Deloitte & Touche LLP.
23.2*	Consent of Frazier & Deeter, LLC.
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.
99.1*	Sixth Amended and Restated Share Redemption Program.
99.2*	Columbia Property Trust, Inc. Unaudited Pro Forma Financial Statements.
99.3*	Wells Real Estate Advisory Services II, LLC and Wells Real Estate Services, LLC Carve-Out Combined Financial Statements.
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.

\* Filed herewith.

\*\* Furnished with this Form 10-K.

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

<b>Financial Statements</b>	<b>Page</b>
<a href="#">Report of Independent Registered Public Accounting Firm</a>	<a href="#">F-2</a>
<a href="#">Consolidated Balance Sheets as of December 31, 2012 and 2011</a>	<a href="#">F-3</a>
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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Columbia Property Trust, Inc. (formerly Wells Real Estate Investment Trust II, Inc.) and subsidiaries (the "Company") as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Columbia Property Trust, Inc. and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/S/ Deloitte & Touche LLP

Atlanta, Georgia  
February 28, 2013

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

	December 31,	
	2012	2011
<b>Assets:</b>		
Real estate assets, at cost:		
Land	\$ 789,237	\$ 704,336
Buildings and improvements, less accumulated depreciation of \$580,334 and \$514,961, as of December 31, 2012 and 2011, respectively	3,468,218	3,472,971
Intangible lease assets, less accumulated amortization of \$315,840 and \$343,463, as of December 31, 2012 and 2011, respectively	341,460	391,989
Construction in progress	12,680	8,414
Real estate assets held for sale, less accumulated depreciation and amortization of \$9,551, as of December 31, 2011	—	37,508
Total real estate assets	4,611,595	4,615,218
Cash and cash equivalents	53,657	39,468
Tenant receivables, net of allowance for doubtful accounts of \$117 and \$3,728, as of December 31, 2012 and 2011, respectively	134,099	130,549
Prepaid expenses and other assets	29,373	32,831
Deferred financing costs, less accumulated amortization of \$8,527 and \$5,590, as of December 31, 2012 and 2011, respectively	10,490	9,442
Intangible lease origination costs, less accumulated amortization of \$230,930 and \$236,679, as of December 31, 2012 and 2011, respectively	206,927	231,338
Deferred lease costs, less accumulated amortization of \$24,222 and \$22,390, as of December 31, 2012 and 2011, respectively	98,808	68,289
Investment in development authority bonds	586,000	646,000
Other assets held for sale, less accumulated amortization of \$2,260, as of December 31, 2011	—	3,432
Total assets	\$ 5,730,949	\$ 5,776,567
<b>Liabilities:</b>		
Line of credit and notes payable	\$ 1,401,618	\$ 1,221,060
Bonds payable, net of discount of \$1,322 and \$1,574, as of December 31, 2012 and 2011, respectively	248,678	248,426
Accounts payable, accrued expenses, and accrued capital expenditures	102,858	72,349
Due to affiliates	1,920	3,329
Deferred income	28,071	35,079
Intangible lease liabilities, less accumulated amortization of \$84,326 and \$74,326, as of December 31, 2012 and 2011, respectively	98,298	89,581
Obligations under capital leases	586,000	646,000
Liabilities held for sale	—	624
Total liabilities	2,467,443	2,316,448
<b>Commitments and Contingencies (Note 6)</b>	—	—
<b>Redeemable Common Stock</b>	99,526	113,147
<b>Equity:</b>		
Common stock, \$0.01 par value, 900,000,000 shares authorized, 547,603,642 and 546,197,750 shares issued and outstanding as of December 31, 2012 and 2011, respectively	5,476	5,462
Additional paid-in capital	4,897,782	4,880,806
Cumulative distributions in excess of earnings	(1,634,531)	(1,426,550)
Redeemable common stock	(99,526)	(113,147)
Other comprehensive (loss) income	(5,221)	84
Total Columbia Property Trust, Inc. stockholders' equity	3,163,980	3,346,655
Nonredeemable noncontrolling interests	—	317
Total equity	3,163,980	3,346,972
Total liabilities, redeemable common stock, and equity	\$ 5,730,949	\$ 5,776,567

*See accompanying notes.*

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

	Years ended December 31,		
	2012	2011	2010
<b>Revenues:</b>			
Rental income	\$ 442,284	\$ 441,907	\$ 396,122
Tenant reimbursements	104,863	102,944	93,412
Hotel income	23,049	20,600	19,819
Other property income	6,495	10,938	1,161
	<u>576,691</u>	<u>576,389</u>	<u>510,514</u>
<b>Expenses:</b>			
Property operating costs	173,466	167,427	151,509
Hotel operating costs	18,362	17,394	17,035
Asset and property management fees:			
Related-party	34,394	34,568	30,970
Other	2,826	2,787	3,245
Depreciation	114,107	110,699	92,613
Amortization	97,649	111,465	103,537
General and administrative	25,163	23,735	23,216
Acquisition fees and expenses	1,876	11,250	10,779
	<u>467,843</u>	<u>479,325</u>	<u>432,904</u>
<b>Real estate operating income</b>	<b>108,848</b>	<b>97,064</b>	<b>77,610</b>
<b>Other income (expense):</b>			
Interest expense	(106,391)	(106,305)	(82,038)
Interest and other income	39,871	42,395	43,083
Loss on interest rate swaps	(1,225)	(38,383)	(19,061)
Gain on the early extinguishment of debt	—	53,018	—
	<u>(67,745)</u>	<u>(49,275)</u>	<u>(58,016)</u>
<b>Income before income tax (expense) benefit</b>	<b>41,103</b>	<b>47,789</b>	<b>19,594</b>
<b>Income tax (expense) benefit</b>	<b>(586)</b>	<b>276</b>	<b>226</b>
<b>Income from continuing operations</b>	<b>40,517</b>	<b>48,065</b>	<b>19,820</b>
<b>Discontinued operations:</b>			
Operating (loss) income from discontinued operations	(12,591)	(4,931)	3,681
Gain (loss) on disposition of discontinued operations	20,117	13,522	(161)
<b>Income from discontinued operations</b>	<b>7,526</b>	<b>8,591</b>	<b>3,520</b>
<b>Net income</b>	<b>48,043</b>	<b>56,656</b>	<b>23,340</b>
<b>Less: net income attributable to nonredeemable noncontrolling interests</b>	<b>(4)</b>	<b>(14)</b>	<b>(74)</b>
<b>Net income attributable to the common stockholders of Columbia Property Trust, Inc.</b>	<b>\$ 48,039</b>	<b>\$ 56,642</b>	<b>\$ 23,266</b>
<b>Per-share information – basic and diluted:</b>			
Income from continuing operations	\$ 0.07	\$ 0.09	\$ 0.04
Income from discontinued operations	\$ 0.01	\$ 0.02	\$ 0.01
Net income attributable to the common stockholders of Columbia Property Trust, Inc.	\$ 0.09	\$ 0.10	\$ 0.04
<b>Weighted-average common shares outstanding – basic and diluted</b>	<b>546,688</b>	<b>542,721</b>	<b>524,848</b>

*See accompanying notes.*

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

	Years ended December 31,		
	2012	2011	2010
<b>Net income attributable to the common stockholders of Columbia Property Trust, Inc.</b>	\$ 48,039	\$ 56,642	\$ 23,266
Market value adjustment to interest rate swap	(5,305)	11,223	(3,110)
<b>Comprehensive income attributable to the common stockholders of Columbia Property Trust, Inc.</b>	<b>42,734</b>	<b>67,865</b>	<b>20,156</b>
Comprehensive income attributable to noncontrolling interests	4	14	74
<b>Comprehensive income</b>	<b>\$ 42,738</b>	<b>\$ 67,879</b>	<b>\$ 20,230</b>

*See accompanying notes.*

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

	Stockholders' Equity								
	Common Stock		Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Redeemable Common Stock	Other Comprehensive Loss	Total Columbia Property Trust, Inc. Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Equity
	Shares	Amount							
<b>Balance, December 31, 2009</b>	499,895	\$ 4,999	\$ 4,461,980	\$ (935,019)	\$ (805,844)	\$ (8,029)	\$ 2,718,087	\$ 5,274	\$ 2,723,361
Issuance of common stock	49,199	492	487,609	—	—	—	488,101	—	488,101
Redemptions of common stock	(8,187)	(82)	(72,689)	—	—	—	(72,771)	—	(72,771)
Decrease in redeemable common stock	—	—	—	—	644,655	—	644,655	—	644,655
Distributions to common stockholders (\$0.57 per share)	—	—	—	(300,719)	—	—	(300,719)	—	(300,719)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(176)	(176)
Acquisition of noncontrolling interest in consolidated joint venture	—	—	(3,341)	—	—	—	(3,341)	(4,825)	(8,166)
Commissions and discounts on stock sales and related dealer-manager fees	—	—	(34,294)	—	—	—	(34,294)	—	(34,294)
Offering costs	—	—	(4,177)	—	—	—	(4,177)	—	(4,177)
Net income attributable to common stockholders of Columbia Property Trust, Inc.	—	—	—	23,266	—	—	23,266	—	23,266
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	74	74
Market value adjustment to interest rate swap	—	—	—	—	—	(3,110)	(3,110)	—	(3,110)
<b>Balance, December 31, 2010</b>	<b>540,907</b>	<b>\$ 5,409</b>	<b>\$ 4,835,088</b>	<b>\$ (1,212,472)</b>	<b>\$ (161,189)</b>	<b>\$ (11,139)</b>	<b>\$ 3,455,697</b>	<b>\$ 347</b>	<b>\$ 3,456,044</b>



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

	Stockholders' Equity								
	Common Stock		Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Redeemable Common Stock	Other Comprehensive (Loss) Income	Total Columbia Property Trust, Inc. Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Equity
	Shares	Amount							
<b>Balance, December 31, 2010</b>	540,907	\$ 5,409	\$ 4,835,088	\$ (1,212,472)	\$ (161,189)	\$ (11,139)	\$ 3,455,697	\$ 347	\$ 3,456,044
Issuance of common stock	14,808	148	130,141	—	—	—	130,289	—	130,289
Redemptions of common stock	(9,517)	(95)	(84,423)	—	—	—	(84,518)	—	(84,518)
Decrease in redeemable common stock	—	—	—	—	48,042	—	48,042	—	48,042
Distributions to common stockholders (\$0.50 per share)	—	—	—	(270,720)	—	—	(270,720)	—	(270,720)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(44)	(44)
Net income attributable to common stockholders of Columbia Property Trust, Inc.	—	—	—	56,642	—	—	56,642	—	56,642
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	14	14
Market value adjustment to interest rate swap	—	—	—	—	—	11,223	11,223	—	11,223
<b>Balance, December 31, 2011</b>	<b>546,198</b>	<b>\$ 5,462</b>	<b>\$ 4,880,806</b>	<b>\$ (1,426,550)</b>	<b>\$ (113,147)</b>	<b>\$ 84</b>	<b>\$ 3,346,655</b>	<b>\$ 317</b>	<b>\$ 3,346,972</b>

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

	Stockholders' Equity									
	Common Stock		Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Redeemable Common Stock	Other Comprehensive Income (Loss)	Total Columbia Property Trust, Inc. Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Equity	
	Shares	Amount								
Balance, December 31, 2011	546,198	\$ 5,462	\$ 4,880,806	\$ (1,426,550)	\$ (113,147)	\$ 84	\$ 3,346,655	\$ 317	\$ 3,346,972	
Issuance of common stock	16,666	167	118,221	—	—	—	118,388	—	118,388	
Redemptions of common stock	(15,260)	(153)	(101,243)	—	—	—	(101,396)	—	(101,396)	
Decrease in redeemable common stock		—	—	—	13,621	—	13,621	—	13,621	
Distributions to common stockholders (\$0.47 per share)	—	—	—	(256,020)	—	—	(256,020)	—	(256,020)	
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(15)	(15)	
Offering costs	—	—	(7)	—	—	—	(7)	—	(7)	
Acquisition of noncontrolling interest in consolidated joint ventures	—	—	5	—	—	—	5	(306)	(301)	
Net income attributable to the common stockholders of Columbia Property Trust, Inc.	—	—	—	48,039	—	—	48,039	—	48,039	
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	4	4	
Market value adjustment to interest rate swap	—	—	—	—	—	(5,305)	(5,305)	—	(5,305)	
Balance, December 31, 2012	<u>547,604</u>	<u>\$ 5,476</u>	<u>\$ 4,897,782</u>	<u>\$ (1,634,531)</u>	<u>\$ (99,526)</u>	<u>\$ (5,221)</u>	<u>\$ 3,163,980</u>	<u>\$ —</u>	<u>\$ 3,163,980</u>	

*See accompanying notes.*

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

	Years ended December 31,		
	2012	2011	2010
<b>Cash Flows from Operating Activities:</b>			
Net income	\$ 48,043	\$ 56,656	\$ 23,340
Adjustments to reconcile net income to net cash provided by operating activities:			
Straight-line rental income	(11,033)	(22,165)	(6,544)
Depreciation	120,307	119,772	102,558
Amortization	100,482	122,807	124,360
(Gain) loss on interest rate swaps	(173)	28,635	9,485
(Gain) loss on sale of real estate assets	(20,117)	—	161
Impairment losses on real estate assets	18,467	5,817	—
Gains on early extinguishment of debt	—	(66,540)	—
Remeasurement gain on foreign currency	—	—	686
Noncash interest expense	3,881	23,967	18,703
Changes in assets and liabilities, net of acquisitions:			
Increase in tenant receivables, net	(4,767)	(1,438)	(2,895)
Decrease (increase) in prepaid expenses and other assets	2,344	(4,443)	(4,219)
Increase in accounts payable and accrued expenses	4,270	8,114	2,418
Decrease in due to affiliates	(1,411)	(1,146)	(360)
(Decrease) increase in deferred income	(7,454)	9,122	2,413
Net cash provided by operating activities	<u>252,839</u>	<u>279,158</u>	<u>270,106</u>
<b>Cash Flows from Investing Activities:</b>			
Net proceeds from the sale of real estate	304,264	—	15,219
Investment in real estate and earnest money paid	(233,798)	(638,783)	(318,948)
Deferred lease costs paid	(39,419)	(27,307)	(8,979)
Net cash provided by (used in) investing activities	<u>31,047</u>	<u>(666,090)</u>	<u>(312,708)</u>
<b>Cash Flows from Financing Activities:</b>			
Financing costs paid	(4,198)	(12,395)	(7,338)
Proceeds from lines of credit and notes payable	599,000	1,543,500	88,000
Repayments of lines of credit and notes payable	(627,191)	(1,168,278)	(162,742)
Proceeds from issuance of bonds payable	—	248,237	—
Issuance of common stock	118,388	130,289	483,559
Redemptions of common stock	(99,381)	(82,892)	(72,757)
Distributions paid to stockholders	(137,632)	(140,431)	(150,246)
Distributions paid to stockholders and reinvested in shares of our common stock	(118,388)	(130,289)	(163,569)
Redemption of noncontrolling interests	(301)	(87)	—
Commissions on stock sales and related dealer-manager fees paid	—	—	(29,801)
Offering costs paid	(11)	—	(5,285)
Distributions paid to nonredeemable noncontrolling interests	(15)	(44)	(250)
Net cash (used in) provided by financing activities	<u>(269,729)</u>	<u>387,610</u>	<u>(20,429)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>14,157</u>	<u>678</u>	<u>(63,031)</u>
<b>Effect of foreign exchange rate on cash and cash equivalents</b>	<u>32</u>	<u>(92)</u>	<u>(812)</u>
<b>Cash and cash equivalents, beginning of period</b>	<u>39,468</u>	<u>38,882</u>	<u>102,725</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 53,657</u>	<u>\$ 39,468</u>	<u>\$ 38,882</u>

*See accompanying notes.*

**COLUMBIA PROPERTY TRUST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2012, 2011, AND 2010**

**1. Organization**

On February 25, 2013, Wells Real Estate Investment Trust II, Inc. changed its name to Columbia Property Trust, Inc. ("Columbia Property Trust"). Columbia Property Trust is a Maryland corporation that operates in a manner as to qualify as a real estate investment trust ("REIT") for federal income tax purposes and engages in the acquisition and ownership of commercial real estate properties, including properties that have operating histories, are newly constructed, or are under construction. Columbia Property Trust was incorporated in 2003, commenced operations in 2004, and conducts business primarily through Columbia Property Trust Operating Partnership, L.P., formerly known as Wells Operating Partnership II, L.P. ("Columbia Property Trust OP"), a Delaware limited partnership. Columbia Property Trust is the general partner and sole owner of Columbia Property Trust OP and possesses full legal control and authority over its operations. Columbia Property Trust OP acquires, develops, owns, leases, and operates real properties directly, through wholly owned subsidiaries, or through joint ventures. References to Columbia Property Trust, "we," "us," or "our" herein shall include Columbia Property Trust and all subsidiaries of Columbia Property Trust, direct and indirect, and consolidated joint ventures.

From inception through February 27, 2013, Columbia Property Trust has operated as an externally advised REIT pursuant to an advisory agreement under which a subsidiary of Wells Real Estate Funds ("WREF"), including most recently Wells Real Estate Advisory Services II, LLC ("WREAS II"), and its affiliates performed certain key functions on behalf of Columbia Property Trust, including, among others, managing the day-to-day operations, investing capital proceeds, and arranging financings. Also during this period of time, a subsidiary of WREF, including most recently Wells Real Estate Services, LLC ("WRES"), provided the personnel necessary to carry out property management services on behalf of Wells Management Company, Inc. ("Wells Management") and its affiliates pursuant to the property management agreement described in Note 10, *Related-Party Transactions and Agreements*.

On February 28, 2013, Columbia Property Trust terminated the above-mentioned advisory agreement and property management agreement, and acquired WREAS II and WRES. As a result, the services described above will be performed by employees of Columbia Property Trust going forward (other than the services to be provided by WREF under the Investor Services Agreement). Contemporaneous with this transaction, Columbia Property Trust entered into a consulting agreement and an investor services agreement with WREF for the remainder of 2013. While no fees were paid to execute this transaction, Columbia Property Trust will pay fees to WREF for consulting and investor services for the remainder of 2013. For additional details about this transaction and the related agreements, please refer to Note 10, *Related-Party Transactions and Agreements*.

Columbia Property Trust typically invests in high-quality, income-generating office properties leased to creditworthy companies and governmental entities. As of December 31, 2012, Columbia Property Trust owned interests in 61 office properties and one hotel, which include 83 operational buildings, comprising approximately 21.0 million square feet of commercial space located in 19 states; the District of Columbia; and Moscow, Russia. Of these office properties, 60 are wholly owned and one is owned through a consolidated subsidiary. As of December 31, 2012, the office properties were approximately 92.9% leased.

From December 2003 through June 2010, Columbia Property Trust raised proceeds through three uninterrupted public offerings of shares of its common stock. Columbia Property Trust is continuing to offer shares of its common stock to its current investors through its distribution reinvestment plan ("DRP") pursuant to a registration statement on Form S-3. Columbia Property Trust typically invests in high-quality, income-generating office properties leased to creditworthy companies and governmental entities.

As of December 31, 2012, Columbia Property Trust had raised gross offering proceeds from the sale of common stock under its public offerings of approximately \$6.1 billion. After deductions from such gross offering proceeds for selling commissions and dealer-manager fees of approximately \$509.5 million, acquisition fees of approximately \$116.8 million, other organization and offering expenses of approximately \$75.9 million, and common stock redemptions pursuant to its share redemption program of approximately \$654.9 million, Columbia Property Trust had received aggregate net offering proceeds of approximately \$4.7 billion. Substantially all of Columbia Property Trust's net offering proceeds have been invested in real estate.

Columbia Property Trust's stock is not listed on a public securities exchange. However, Columbia Property Trust's charter requires that in the event Columbia Property Trust's stock is not listed on a national securities exchange by October 2015, Columbia Property Trust must either seek stockholder approval to extend or amend this listing deadline or seek stockholder approval to begin liquidating investments and distributing the resulting proceeds to the stockholders. If Columbia Property Trust seeks stockholder approval to extend or amend this listing date and does not obtain it, Columbia Property Trust would then be required to seek stockholder approval to liquidate. In this circumstance, if Columbia Property Trust seeks and does not obtain approval to liquidate, Columbia Property Trust would not be required to list or liquidate and could continue to operate indefinitely as an unlisted company.

## 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 ("ASC") 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.

### *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. No interest was capitalized during 2012 and 2011, respectively.

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

Buildings	40 years
Building improvements	5-25 years
Site improvements	15 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, in which Columbia Property Trust has an ownership interest, either directly or through investments in joint ventures, may not be recoverable. When indicators of potential impairment are present that suggest that the carrying amounts of real estate assets and related intangible assets (liabilities) may not be recoverable, 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 information, in order of preference, depending upon availability: (i) recently quoted market prices, (ii) market prices for comparable properties, or (iii) the present value of future cash flows, including estimated salvage value. Certain of Columbia Property Trust's assets may be carried at more than an amount that could be realized in a current disposition transaction.

In the third quarter of 2012, Columbia Property Trust focused on refining the portfolio by marketing and negotiating the sale of a collection of nine assets in outlying markets (the "Nine Property Sale"). Columbia Property Trust evaluated the recoverability of the carrying values of these assets pursuant to the accounting policy outlined above and determined that the carrying value of the 180 E 100 South property in Salt Lake City, Utah, one of the properties in the Nine Property Sale, was no longer recoverable due to the change in disposition strategy and the shortening of the expected hold period for this asset in the third quarter of 2012. As a result, Columbia Property Trust reduced the carrying value of the 180 E 100 South property to reflect fair value and recorded a corresponding property impairment loss of \$18.5 million in the third quarter of 2012.

During the third quarter of 2011, Columbia Property Trust evaluated the recoverability of the carrying value of the Manhattan Towers property and determined that it was not recoverable, as defined by the accounting policy outlined above. The Manhattan Towers property is located in Manhattan Beach, California, and includes two office buildings, which had total occupancy of 22%. In the third quarter of 2011, upon considering the economic impact of various property disposition scenarios not previously contemplated, including the likelihood of achieving the projected returns associated with each scenario, Columbia Property Trust opted to transfer the Manhattan Towers property to an affiliate of the lender in full settlement of a \$75.0 million nonrecourse mortgage loan through a deed in lieu of foreclosure transaction, which closed on September 6, 2011. As a result of this transaction, Columbia Property Trust reduced the carrying value of the Manhattan Towers property to its fair value, estimated based on the present value of estimated future property cash flows, by recognizing a property impairment loss of approximately \$5.8 million, which is included in operating income (loss) from discontinued operations in the statement of operations; and recognized a gain on early extinguishment of debt of \$13.5 million, which is reflected as gain on disposition of discontinued operations in the statement of operations.

The fair value measurements used in this evaluation of nonfinancial assets are considered to be Level 3 valuations within the fair value hierarchy outlined above, as there are significant unobservable inputs. Examples of inputs that were utilized in the fair value calculations include estimated holding periods, discount rates, market capitalization rates, expected lease rental rates, and potential sales prices. The table below represents the detail of the adjustments recognized for 2012 and 2011 (in thousands) using Level 3 inputs.

	<b>Property</b>	<b>Net Book Value</b>	<b>Impairment Loss Recognized</b>	<b>Fair Value</b>
For the year ended December 31, 2012	180 E 100 South	\$ 30,847	\$ (18,467)	\$ 12,380
For the year ended December 31, 2011	Manhattan Towers	\$ 65,317	\$ (5,817)	\$ 59,500

*Assets Held for Sale*

Columbia Property Trust classifies assets as held for sale according to ASC 360, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("ASC 360"). According to ASC 360, assets 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 sale of the property is probable, and transfer of the property is expected to qualify for recognition as a completed sale, within one year.
- 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.

At such time that a property is determined to be held for sale, its carrying amount is reduced to the lower of its depreciated book value or its estimated fair value, less costs to sell, and depreciation is no longer recognized. As of December 31, 2011, Emerald Point and 5995 Opus Parkway were classified as held for sale at their respective depreciated book values (see Note 12, *Assets Held for Sale and Discontinued Operations*, for additional detail). Both 5995 Opus Parkway and Emerald Point were sold in January 2012.

#### *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).

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:

- 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 tenant relationships is calculated based on expected renewal of a lease or the likelihood of obtaining a particular tenant for other locations. Values associated with tenant relationships are included in intangible lease assets in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases.
- The value of effective rental rates of in-place leases that are above or below the market rates of comparable leases is calculated based on the present value (using a discount rate that reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be received pursuant to the in-place leases and (ii) management's estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining terms of the leases. 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, 2012 and 2011, Columbia Property Trust had the following gross intangible in-place lease assets and liabilities (in thousands):

		Intangible Lease Assets		Intangible Lease Origination Costs	Intangible Below-Market In-Place Lease Liabilities
		Above-Market In-Place Lease Assets	Absorption Period Costs		
December 31, 2012	Gross	\$ 86,696	\$ 459,931	\$ 437,857	\$ 182,624
	Accumulated Amortization	(56,259)	(248,600)	(230,930)	(84,326)
	Net	\$ 30,437	\$ 211,331	\$ 206,927	\$ 98,298
December 31, 2011	Gross	\$ 109,457	\$ 515,322	\$ 468,017	\$ 163,907
	Accumulated Amortization	(68,706)	(265,844)	(236,679)	(74,326)
	Net	\$ 40,751	\$ 249,478	\$ 231,338	\$ 89,581

During 2012, 2011, and 2010, Columbia Property Trust recognized the following amortization of intangible lease assets and liabilities (in thousands):

		Intangible Lease Assets		Intangible Lease Origination Costs	Intangible Below-Market In-Place Lease Liabilities
		Above-Market In-Place Lease Assets	Absorption Period Costs		
For the years ended December 31,					
2012		\$ 8,900	\$ 48,997	\$ 42,866	\$ 15,324
2011		\$ 14,244	\$ 62,902	\$ 50,006	\$ 17,203
2010		\$ 17,445	\$ 60,666	\$ 50,433	\$ 14,472

The remaining net intangible assets and liabilities as of December 31, 2012 will be amortized as follows (in thousands):

		Intangible Lease Assets		Intangible Lease Origination Costs	Intangible Below-Market In-Place Lease Liabilities
		Above-Market In-Place Lease Assets	Absorption Period Costs		
For the years ending December 31,					
2013		\$ 6,629	\$ 39,767	\$ 39,383	\$ 14,795
2014		6,224	35,771	36,425	14,362
2015		5,810	32,018	32,980	12,828
2016		5,665	25,676	26,382	10,398
2017		2,514	18,635	19,495	8,306
Thereafter		3,595	59,464	52,262	37,609
		\$ 30,437	\$ 211,331	\$ 206,927	\$ 98,298
Weighted-Average Amortization Period		4 years	6 years	6 years	7 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 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, measured over a period equal to the remaining terms of the leases. 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 \$110.7 million as of December 31, 2012 and 2011, net of accumulated amortization of \$11.0 million and \$8.9 million as of December 31, 2012 and 2011, respectively. Columbia Property Trust recognized amortization of these assets of approximately \$2.1 million for the years ended 2012, 2011, and 2010.



As of December 31, 2012, the remaining net below-market lease asset will be amortized as follows (in thousands):

For the year ending December 31:		
2013	\$	2,069
2014		2,069
2015		2,069
2016		2,069
2017		2,069
Thereafter		89,347
	\$	<u>99,692</u>
Weighted-Average Amortization Period		49 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, 2012 and 2011.

#### *Tenant Receivables, net*

Tenant receivables are comprised of rental and reimbursement billings due from tenants and the cumulative amount of future adjustments necessary to present rental income on a straight-line basis. 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.

Columbia Property Trust adjusted the allowance for doubtful accounts by recording a provision for doubtful accounts, net of recoveries, in general and administrative expenses of approximately \$0.2 million and \$0.3 million for 2012 and 2011, respectively.

#### *Prepaid Expenses and Other Assets*

Prepaid expenses and other assets primarily are comprised of earnest money and deposits paid in connection with future acquisitions and borrowings, 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, hotel inventory, and deferred tax assets. Prepaid expenses and other assets will be expensed as incurred or reclassified to other asset accounts upon being put into service in future periods.

#### *Deferred Financing Costs*

Deferred financing costs are comprised of costs incurred in connection with securing financing from third-party lenders and are capitalized and amortized over the term of the related financing arrangements. Columbia Property Trust recognized amortization of deferred financing costs for the years ended December 31, 2012, 2011, and 2010, of approximately \$3.2 million, \$8.4 million, and \$4.1 million, respectively, which is included in interest expense in the accompanying consolidated statements of operations.

#### *Deferred Lease Costs*

Deferred lease costs include (i) costs incurred to procure leases, which are capitalized and recognized as amortization expense on a straight-line basis over the terms of the lease, and (ii) common area maintenance costs that are recoverable from tenants under the terms of the existing leases. Such costs are capitalized and recognized as operating expenses over the shorter of the lease term or the recovery period provided for in the lease. Columbia Property Trust recognized amortization of deferred lease costs of approximately \$10.9 million, \$6.8 million, and \$4.7 million for 2012, 2011, and 2010, respectively, the majority of which is recorded as amortization. Upon receiving notification of a tenant's intention to terminate a lease, unamortized deferred lease costs are amortized over the shortened lease period.

#### *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. In December 2012, Columbia Property Trust settled the \$60.0 million development authority bond and related obligation under capital lease related to One Glenlake Parkway at expiration. In connection with the September 2010 sale of New Manchester One, the related development and authority bond and capital lease obligation, both equal to \$18.0 million, were transferred to the buyer. See Note 12, *Discontinued Operations and Assets Held for Sale*, for additional details.

#### *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 with a corresponding adjustment to building. The fair value adjustment is amortized to interest expense over the term of the loan using the effective interest method.

As of December 31, 2012 and 2011, the estimated fair value of Columbia Property Trust's line of credit and notes payable was approximately \$1,433.1 million and \$1,282.6 million, respectively. Columbia Property Trust estimated the fair values of its line of credit by obtaining estimates for similar facilities from multiple market participants as of the respective reporting dates. The fair values of the notes payable were estimated based on discounted cash flow analyses using the current incremental borrowing rates for similar types of borrowing arrangements as of the respective reporting dates. The discounted cash flow method of assessing fair value results in a general approximation of value, and such value may never actually be realized.

#### *Bonds Payable*

On April 4, 2011, Columbia Property Trust sold \$250.0 million of its seven-year unsecured 5.875% senior notes at 99.295% of their face value (the "2018 Bonds Payable"). The discount on bonds payable is amortized to interest expense over the term of the bonds using the effective-interest method.

The estimated fair value of Columbia Property Trust's 2018 Bonds Payable as of December 31, 2012 and 2011, was approximately \$250.9 million and \$251.1 million, respectively. The fair value of the 2018 Bonds Payable was estimated based on discounted cash flow analyses using the current incremental borrowing rates for similar types of borrowing as the 2018 Bonds Payable arrangements as of the respective reporting dates. The discounted cash flow method of assessing fair value results in a general approximation of value, and such value may never actually be realized.

#### *Noncontrolling Interests*

Noncontrolling interests represent the equity interests of consolidated subsidiaries that are not owned by Columbia Property Trust. Noncontrolling interests are adjusted for contributions, distributions, and earnings attributable to the noncontrolling interest holders of the consolidated joint ventures. Pursuant to the terms of the consolidated joint venture agreements, all earnings and distributions are allocated to joint ventures in accordance with the terms of the respective joint venture agreements. Earnings allocated to such noncontrolling interest holders are recorded as net (income) loss attributable to noncontrolling interests in the accompanying consolidated statements of operations.

In April 2012, Columbia Property Trust purchased the remaining 0.7% interest in the One Robbins Road and Four Robbins Road Buildings for \$0.3 million from an unaffiliated party. The purchase price approximated the book value of the noncontrolling interest at the time of purchase.

#### *Redeemable Common Stock*

Under Columbia Property Trust's share redemption program ("SRP"), the decision to honor redemptions, subject to certain plan requirements and limitations, falls outside the control of Columbia Property Trust. As a result, Columbia Property Trust records redeemable common stock in the temporary equity section of its consolidated balance sheet. Total redemptions (including those tendered within two years of a stockholder's death) are limited to the extent that they would cause both (i) the aggregate amount paid for all redemptions during the then-current calendar year to exceed 100% of the net proceeds raised under the DRP during such calendar year and (ii) the total number of shares redeemed during the then-current calendar year to exceed 5.0% of the weighted-average number of shares outstanding in the prior calendar year. Therefore, Columbia Property Trust measures redeemable common stock at the greater of these limits (or, for the periods presented in this report, 5.0% of the weighted-average number of shares outstanding in the prior calendar year, multiplied by the maximum price at which future shares could be redeemed), less the amount incurred to redeem shares during the current calendar year. The maximum price at which shares could be redeemed

(i.e., in cases of death, disability, or qualification for federal assistance for confinement to a long-term care facility) was measured at the most recently reported net asset value per share of \$7.33 and \$7.47 as of December 31, 2012 and 2011, respectively.

*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 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 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 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, 2012 and 2011 (in thousands):

<b>Instrument Type</b>	<b>Balance Sheet Classification</b>	<b>Estimated Fair Value as of</b>	
		<b>December 31,</b>	
		<b>2012</b>	<b>2011</b>
<i>Derivatives designated as hedging instruments:</i>			
Interest rate contracts	Accounts payable	\$ (5,305)	\$ —
<i>Derivatives not designated as hedging instruments:</i>			
Interest rate contracts	Accounts payable	\$ (13,109)	\$ (1,722)

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. The fair value of Columbia Property Trust's interest rate swaps were \$(18.4) million and \$(1.7) million at December 31, 2012 and 2011, respectively.

	Years ended December 31,	
	2012	2011
Market value adjustment to interest rate swaps designated as hedging instruments and included in other comprehensive income	\$ (5,305)	\$ 11,223
Loss on interest rate swap recognized through earnings	\$ (1,225)	\$ (38,383)

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

#### *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. Lease termination fees are recorded as other property income and recognized once 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 2012, 2011, and 2010.

Columbia Property Trust owns 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 is recognized when rooms are occupied, when services have been performed, and when products are delivered.

#### *Earnings Per Share*

Basic earnings per share is calculated as net income attributable to the common stockholders of Columbia Property Trust divided by the weighted-average number of common shares outstanding for the period. Diluted earnings per share equals basic earnings per share, adjusted to reflect the dilution that would occur if all outstanding securities convertible into common shares or contracts to issue common shares were converted/exercised and the related proceeds were used to repurchase common shares. As the exercise price of Columbia Property Trust's director stock options exceeds the current offering price of Columbia Property Trust's common stock, the impact of assuming that the outstanding director stock options have been exercised is anti-dilutive. Therefore, basic earnings per share equals diluted earnings per share for each of the periods presented.

#### *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.

Wells TRS II, LLC ("Wells TRS"); Wells KCP TRS, LLC ("Wells KCP TRS"); and Wells Energy TRS, LLC ("Wells Energy TRS") (collectively, the "TRS Entities") are wholly owned subsidiaries of Columbia Property Trust, are organized as Delaware limited liability companies, and operate, among other things, a full-service hotel. 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.

#### Operating Segments

Columbia Property Trust operates in a single reporting segment, and the presentation of Columbia Property Trust's financial condition and performance is consistent with the way in which Columbia Property Trust's operations are managed.

#### Reclassification

Certain prior period amounts may be reclassified to conform with the current-period financial statement presentation, including assets held for sale and discontinued operations (see Note 12, *Assets Held for Sale and Discontinued Operations*).

### 3. Real Estate Transactions

#### Acquisitions

During 2012 and 2011, Columbia Property Trust acquired interests in the following properties (in thousands):

Property Name	City	State	Acquisition Date	Land	Buildings and Improvements	Deferred Lease Costs	Intangible Lease Assets	Intangible Lease Origination	Below-Market Lease Liability	Notes Payable Step Up	Swap	Total Purchase Price	Lease Details
<b>2012</b>													
333 Market Street	San Francisco	CA	12/21/2012	\$ 114,483	\$ 273,203	\$ —	\$ 19,637	\$ 26,824	\$ (25,507)	\$ (1,830)	\$ (11,560)	\$ 395,250	(1)
				<u>\$ 114,483</u>	<u>\$ 273,203</u>	<u>\$ —</u>	<u>\$ 19,637</u>	<u>\$ 26,824</u>	<u>\$ (25,507)</u>	<u>\$ (1,830)</u>	<u>\$ (11,560)</u>	<u>\$ 395,250</u>	
<b>2011</b>													
Market Square Buildings	Washington, DC	N/A	3/7/2011	\$ 152,629	\$ 412,548	\$ —	\$ 45,858	\$ 12,031	\$ (19,680)	\$ —	\$ —	\$ 603,386	(2)
544 Lakeview (3)	Vernon Hills	IL	4/1/2011	3,006	3,100	—	—	—	—	—	—	6,106	(4)
				<u>\$ 155,635</u>	<u>\$ 415,648</u>	<u>\$ —</u>	<u>\$ 45,858</u>	<u>\$ 12,031</u>	<u>\$ (19,680)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 609,492</u>	

(1) As of the acquisition date, 333 Market Street was 100% leased to Wells Fargo Bank, N.A. through 2026.

(2) As of the acquisition date, the Market Square Buildings were 96.2% leased to 41 tenants, including Fulbright and Jaworski (18.8%), Shearman and Sterling (16.6%), and Edison Electric Institute (11.3%).

(3) Columbia Property Trust acquired a 50.0% controlling interest in a consolidated joint venture that owns 100.0% of 544 Lakeview, by paying \$0.9 million in cash and assuming (i) a mortgage note of \$9.1 million, which was included on the consolidated balance sheets as of September 30, 2011, net of discount of \$0.4 million, and (ii) escrow balances of approximately \$3.2 million.

(4) As of the acquisition date, the Lakeview Building was vacant.

The acquisitions of 333 Market Street and 544 Lakeview are immaterial and, as a result, pro forma financial information is not provided.

#### Financial information for Market Square Buildings Acquisition

Columbia Property Trust recognized revenues of \$38.7 million and a net loss of \$16.2 million from the Market Square Buildings acquisition for the period from March 7, 2011 through December 31, 2011. The net loss includes acquisition-related expenses of \$9.4 million. Please refer to Note 2, *Summary of Significant Accounting Policies*, for a discussion of the estimated useful life for each asset class.

The following unaudited pro forma statements of operations presented for the years ended December 31, 2011 and 2010, have been prepared for Columbia Property Trust to give effect to the acquisition of the Market Square Buildings as if the acquisition occurred on January 1, 2010. The unaudited pro forma financial information has been prepared for informational purposes only and is not necessarily indicative of future results or of actual results that would have been achieved had the acquisition of the Market Square Buildings acquisition been consummated as of January 1, 2010 (in thousands):

	Years ended December 31,	
	2011	2010
Revenues <sup>(1)</sup>	\$ 585,129	\$ 555,161
Net income attributable to common stockholders	\$ 53,567	\$ 1,974

<sup>(1)</sup> Prior-period amounts adjusted to conform with current-period presentation, including classifying revenues generated by properties held for sale and by properties sold, as discontinued operations for all periods presented (see Note 12, *Assets Held for Sale and Discontinued Operations*).

#### *Dispositions*

On December 12, 2012, Columbia Property Trust closed on the Nine Property Sale for \$260.5 million, exclusive of closing costs to an unaffiliated third party. The following properties make up the portfolio of assets sold in the Nine Property Sale: One West Fourth Street, 180 E 100 South, Baldwin Point, Tampa Commons, Lakepointe 5, Lakepointe 3, 11950 Corporate Boulevard, Edgewater Corporate Center, and 2000 Park Lane. In connection with changing the disposition strategy for these assets, Columbia Property Trust recorded an impairment loss of \$18.5 million on the 180 E 100 South property in the third quarter of 2012. After reflecting this impairment loss, upon closing in the fourth quarter of 2012, the Nine Property Sale yielded a net gain of \$3.2 million, which is included in income from discontinued operations in the accompanying consolidated statement of operations.

In January 2012, Columbia Property Trust closed on the sale of the Emerald Point Building for \$37.3 million, exclusive of transaction costs, and on the sale of the 5995 Opus Parkway for \$22.8 million, exclusive of transaction costs, resulting in a gain on disposition of discontinued operations of \$16.9 million.

On September 6, 2011, Columbia Property Trust transferred the Manhattan Towers property, an office building located in Manhattan Beach, California, to an affiliate of its lender in connection with settling a \$75.0 million mortgage note through a deed in lieu of foreclosure transaction, resulting in a \$13.5 million gain on extinguishment of debt.

For further discussion of impairment related to these dispositions, see section *Evaluating the Recoverability of Real Estate Assets* of Note 2, *Summary of Significant Accounting Policies*. For further discussion of the financial impact of these dispositions see Note 12, *Assets Held for Sale and Discontinued Operations*.

#### 4. Line of Credit and Notes Payable

As of December 31, 2012 and 2011, Columbia Property Trust had the following line of credit and notes payable indebtedness outstanding (excluding bonds payable; see Note 5, *Bonds Payable*) in thousands:

Facility	Rate as of December 31, 2012	Term Debt or Interest Only	Maturity	Outstanding Balance as of December 31,	
				2012	2011
\$450 Million Term Loan	LIBOR + 185 bp <sup>(1)</sup>	Interest only	2/3/2016	\$ 450,000	\$ —
Market Square Buildings mortgage note	5.07%	Interest only	7/1/2023	325,000	325,000
333 Market Street Building mortgage note	LIBOR + 202 bp <sup>(2)</sup>	Interest only	7/1/2015	208,308	—
100 East Pratt Street Building mortgage note	5.08%	Interest only	6/11/2017	105,000	105,000
Wildwood Buildings mortgage note	5.00%	Interest only	12/1/2014	90,000	90,000
263 Shuman Boulevard Building mortgage note	5.55%	Interest only	7/1/2017	49,000	49,000
JPMorgan Chase Credit Facility	2.62% <sup>(3)</sup>	Interest only	5/7/2015	42,000	484,000
SanTan Corporate Center mortgage notes	5.83%	Interest only	10/11/2016	39,000	39,000
One Glenlake Building mortgage note <sup>(4)</sup>	5.80%	Term debt	12/10/2018	37,204	—
Three Glenlake Building mortgage note	LIBOR + 90 bp <sup>(5)</sup>	Interest only <sup>(6)</sup>	7/31/2013	26,264	25,958
215 Diehl Road Building mortgage note	5.55%	Interest only	7/1/2017	21,000	21,000
544 Lakeview Building mortgage note	5.54%	Interest only	12/1/2014	8,842	8,707
One West Fourth Street Building mortgage note <sup>(4)</sup>	5.80%	Term debt	12/10/2018	—	39,555
Highland Landmark Building mortgage note	4.81%	Interest only	1/10/2012	—	33,840
Total indebtedness				\$ 1,401,618	\$ 1,221,060

<sup>(1)</sup> Columbia Property Trust is party to an interest rate swap agreement, which effectively fixes its interest rate on the \$450 million Term Loan at 2.63% per annum and terminates on February 3, 2016. This interest rate swap agreement qualifies for hedge accounting treatment; therefore, changes in fair value are recorded as a market value adjustment to interest rate swap in the accompanying consolidated statements of other comprehensive income.

<sup>(2)</sup> Columbia Property Trust is party to an interest rate swap agreement, which effectively fixes its interest rate on the 333 Market Street Building mortgage note at 4.75% per annum and terminates on July 1, 2015. This interest rate swap agreement does not qualify for hedge accounting treatment; therefore, changes in fair value are recorded as loss on interest rate swaps in the accompanying consolidated statements of operations.

<sup>(3)</sup> The JPMorgan Chase Bank, N.A. (the "JPMorgan Chase Bank") unsecured debt bears interest at a rate based on, at the option of Columbia Property Trust, LIBOR for one-, two-, three-, or six-month periods, plus an applicable margin ranging from 1.25% to 2.05%, or the alternate base rate for any day is the greatest of the rate of interest publicly announced by JPMorgan Chase Bank as its prime rate in effect in its principal office in New York City for such day plus an applicable margin ranging from 1.60% to 2.40%.

<sup>(4)</sup> As part of the Nine Property Sale, the outstanding balance on the One West Fourth Street Building mortgage note was transferred to the One Glenlake Building.

<sup>(5)</sup> Columbia Property Trust is party to an interest rate swap agreement, which effectively fixes its interest rate on the Three Glenlake Building mortgage note at 5.95% per annum and terminates on July 31, 2013. This interest rate swap agreement does not qualify for hedge accounting treatment; therefore, changes in fair value are recorded as loss on interest rate swaps in the accompanying consolidated statements of operations.

<sup>(6)</sup> Interest is due monthly; however, under the terms of the loan agreement, a portion of the monthly debt service amount accrues and is added to the outstanding balance of the note over the term.

#### Unsecured Line of Credit and Term Loan

On February 3, 2012, Columbia Property Trust closed on a four-year, unsecured term loan with a syndicate of banks led by JPMorgan Chase Bank (the "\$450 Million Term Loan"), which yielded initial gross proceeds of \$375.0 million, provided for two accordion options, both of which have been exercised, resulting in additional gross proceeds of \$35.0 million in the second quarter of 2012 and \$40.0 million in the third quarter of 2012, for total outstanding borrowings of \$450.0 million as of December 31, 2012. The \$450 Million Term Loan bears interest at LIBOR, plus an applicable base margin; however, Columbia Property Trust effectively fixed the interest rate and subsequent borrowings under the accordion options (assuming no change in its corporate credit rating) at 2.63% per annum with interest rate swaps executed contemporaneously with the loan and subsequent accordion options. The \$450 Million Term Loan matures on February 3, 2016, provided that certain conditions are met prior to that date. Furthermore, provided that certain additional conditions are met prior to, and at, maturity, the \$450 Million Term Loan will become eligible for a one-year extension upon paying an extension fee equal to 0.15% of the outstanding balance. The total proceeds from

the \$450 Million Term Loan were used to repay temporary borrowings, and thereby create additional borrowing capacity, under the JPMorgan Chase Credit Facility (the "JPMorgan Chase Credit Facility"). The majority of these temporary borrowings were drawn to settle mortgage loans during the second half of 2011 and during 2012.

In December 2012, in connection with the closing of the purchase of the 333 Market Street Building in San Francisco, California, Columbia Property Trust assumed a \$206.5 million mortgage note payable (the "333 Market Street Building mortgage note"), which is secured by the 333 Market Street Building. At the time of acquisition, Columbia Property Trust marked the 333 Market Street Building mortgage note to its fair value of \$208.3 million. The fair value of the 333 Market Street Building mortgage note was estimated 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 333 Market Street Building mortgage note is due on July 1, 2015, and requires monthly interest-only payments. The 333 Market Street Building mortgage note bears interest at LIBOR; however, the related interest rate swap, also assumed at acquisition, effectively fixes the interest rate at 4.75% per annum.

Columbia Property Trust is subject to a \$25.0 million limitation on letters of credit that may be issued under the JPMorgan Chase Credit Facility. The JPMorgan Chase Credit Facility contains the following restrictive covenants:

- limits the ratio of debt to total asset value, as defined, to 50% or less during the term of the facility;
- limits the ratio of secured debt to total asset value, as defined, to 40% or less during the term of the facility;
- requires the ratio of unencumbered asset value, as defined, to total unsecured debt to be at least 2:1 at all times;
- requires maintenance of certain interest and fixed-charge coverage ratios;
- limits the ratio of secured recourse debt to total asset value, as defined, to 10% or less at all times;
- requires maintenance of certain minimum tangible net worth balances; and
- limits investments that fall outside Columbia Property Trust's core investments of improved office properties located in the United States.

As of December 31, 2012, Columbia Property Trust believes it was in compliance with the restrictive covenants on its outstanding debt obligations.

The estimated fair value of Columbia Property Trust's line of credit and notes payable as of December 31, 2012 and 2011 was approximately \$1,433.1 million and \$1,282.6 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. The discounted cash flow method of assessing fair value results in a general approximation of value, and such value may never actually be realized.

#### *Interest Paid and Extinguishment of Debt*

As of December 31, 2012 and 2011, Columbia Property Trust's weighted-average interest rate on its line of credit and notes payable was approximately 4.25% and 4.39%, respectively. Columbia Property Trust made interest payments, including amounts capitalized, of approximately \$50.1 million, \$45.9 million, and \$40.7 million during 2012, 2011, and 2010, respectively, of which approximately \$0.5 million was capitalized during 2010.

#### *Debt Maturities*

On January 10, 2012, Columbia Property Trust used cash on hand and proceeds from the JPMorgan Chase Credit Facility to fully repay the Highland Landmark Building mortgage note of \$33.8 million at its maturity.



The following table summarizes the aggregate maturities of Columbia Property Trust's line of credit, term loan, and notes payable as of December 31, 2012 (in thousands):

2013	\$	28,755
2014		101,481
2015		253,104
2016		491,963
2017		178,139
Thereafter		348,176
Total	\$	<u>1,401,618</u>

## 5. Bonds Payable

In 2011, Columbia Property Trust issued \$250.0 million of its seven-year, unsecured 5.875% senior notes at 99.295% of their face value. Columbia Property Trust received proceeds from the 2018 Bonds Payable, net of fees, of \$246.7 million. The 2018 Bonds Payable require semi-annual interest payments in April and October based on a contractual annual interest rate of 5.875%, which is subject to adjustment in certain circumstances. In the accompanying consolidated balance sheets, the 2018 Bonds Payable are shown net of the initial issuance discount of approximately \$1.8 million, which is amortized to interest expense over the term of the 2018 Bonds Payable using the effective interest method. The principal amount of the 2018 Bonds Payable is due and payable on the maturity date, April 1, 2018. Interest payments of \$14.7 million and \$7.2 million were made on the 2018 Bonds Payable during 2012 and 2011.

The restrictive covenants on the 2018 Bonds Payable as defined pursuant to an indenture (the "Indenture") include:

- limits to Columbia Property Trust's ability to merge or consolidate with another entity or transfer all or substantially all of Columbia Property Trust's property and assets, subject to important exceptions and qualifications;
- 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, 2012, Columbia Property Trust believes it was in compliance with the restrictive covenants on its 2018 Bonds Payable. The 2018 Bonds Payable were originally issued through a private offering.

The estimated fair value of the 2018 Bonds Payable as of December 31, 2012 and 2011 was approximately \$250.9 million and \$251.1 million, respectively. The fair value of the 2018 Bonds Payable was estimated based on discounted cash flow analyses using the current incremental borrowing rates for similar types of borrowing as the 2018 Bonds Payable arrangements, as of the respective reporting dates (Level 2). The discounted cash flow method of assessing fair value results in a general approximation of value, and such value may never actually be realized.

**6. Commitments and Contingencies**

*Obligations Under Operating Leases*

Columbia Property Trust owns four properties that are subject to ground leases with expiration dates of October 21, 2059; December 31, 2058; February 28, 2062; and July 31, 2099. As of December 31, 2012, the remaining required payments under the terms of these ground leases are as follows (in thousands):

2013	\$	2,633
2014		2,633
2015		2,633
2016		2,633
2017		2,779
Thereafter		211,464
Total	\$	<u>224,775</u>

*Obligations Under Capital Leases*

Certain properties are subject to capital leases of land and/or buildings. Each of these obligations requires payments equal to the amounts of principal and interest receivable from related investments in development authority bonds, which mature in 2013 and 2021. The required payments under the terms of the leases are as follows as of December 31, 2012 (in thousands):

2013	\$	499,993
2014		7,200
2015		7,200
2016		7,200
2017		7,200
Thereafter		148,800
		<u>677,593</u>
Amounts representing interest		(91,593)
Total	\$	<u>586,000</u>

*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, 2012, no tenants have exercised such options that had not been materially satisfied.

*Litigation*

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

is not currently involved in any legal proceedings of which management would consider the outcome to be reasonably likely to have a material adverse effect on the results of operations or financial condition of Columbia Property Trust.

## **7. Stockholders' Equity**

### *Stock Option Plan*

Columbia Property Trust maintains a stock option plan that provides for grants of "nonqualified" stock options to be made to selected employees (the "Stock Option Plan"). A total of 750,000 shares have been authorized and reserved for issuance under the Stock Option Plan. As of December 31, 2012, no stock options have been granted under the plan. The stock option plan terminates on September 22, 2013.

Under the Stock Option Plan, the exercise price per share for the options must be the greater of (1) \$11.00 or (2) the fair market value (as defined in the Stock Option Plan) on the date the option is granted. The Conflicts Committee of Columbia Property Trust's board of directors may grant options under the plan. The Conflicts Committee has the authority to set the term and vesting period of the stock options as long as no option has a term greater than five years from the date the stock option is granted. In the event of a corporate transaction or other recapitalization event, the Conflicts Committee will adjust the number of shares, class of shares, exercise price, or other terms of the Stock Option Plan to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Stock Option Plan or with respect to any option as necessary. No stock option may be exercised if such exercise would jeopardize Columbia Property Trust's status as a REIT under the Code, and no stock option may be granted if the grant, when combined with those issuable upon exercise of outstanding options or warrants granted to Columbia Property Trust's advisor, directors, officers, or any of their affiliates, would exceed 10% of Columbia Property Trust's outstanding shares. No option may be sold, pledged, assigned, or transferred by an option holder in any manner other than by will or the laws of descent or distribution.

### *Independent Director Stock Option Plan*

Columbia Property Trust maintains 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"). On April 24, 2008, the Conflicts Committee of the Board of Directors suspended the Independent Director Stock Option Plan in connection with the registration of a public offering of shares of its common stock in certain states. A total of 100,000 shares have been authorized and reserved for issuance under the Director Plan.

Under the Director Plan, options to purchase 2,500 shares of common stock at \$12.00 per share were granted upon initially becoming an independent director of Columbia Property Trust. Of these options, 20% are exercisable immediately on the date of grant. An additional 20% of these options become exercisable on each anniversary for four years following the date of grant. Additionally, effective on the date of each annual stockholder meeting, beginning in 2004, each independent director was granted options to purchase 1,000 additional shares of common stock at the greater of (1) \$12.00 per share or (2) the fair market value (as defined in the Director Plan) on the last business day preceding the date of the annual stockholder meeting. These options are 100% exercisable two years after the date of grant. All options granted under the Director Plan expire no later than the tenth anniversary of the date of grant and may expire sooner if the independent director dies, is disabled, or ceases to serve as a director. In the event of a corporate transaction or other recapitalization event, the Conflicts Committee will adjust the number of shares, class of shares, exercise price, or other terms of the Director Plan to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Director Plan or with respect to any option as necessary. No stock option may be exercised if such exercise would jeopardize Columbia Property Trust's status as a REIT under the Code, and no stock option may be granted if the grant, when combined with those issuable upon exercise of outstanding options or warrants granted to Columbia Property Trust's advisor, directors, officers, or any of their affiliates, would exceed 10% of Columbia Property Trust's outstanding shares. No option may be sold, pledged, assigned, or transferred by an independent director in any manner other than by will or the laws of descent or distribution.

A summary of stock option activity under Columbia Property Trust's Director Plan during 2012, 2011, and 2010, follows:

	Number	Exercise Price	Exercisable
Outstanding as of December 31, 2009	29,500	\$12	28,500
Granted	—		
Terminated	—		
Outstanding as of December 31, 2010	29,500	\$12	29,000
Granted	—		
Terminated	—		
Outstanding as of December 31, 2011	29,500	\$12	29,500
Granted	—		
Terminated	—		
Outstanding as of December 31, 2012	29,500	\$12	29,500

Columbia Property Trust has evaluated the fair values of options granted under the Columbia Property Trust Director Plan using the Black-Scholes-Merton model and concluded that such values are insignificant as of the end of the period presented. The weighted-average contractual remaining life for options that were exercisable as of December 31, 2012 was approximately 2.5 years.

*Distribution Reinvestment Plan*

Columbia Property Trust maintains a distribution reinvestment plan that allows common stockholders to elect to reinvest an amount equal to the distributions declared on their common shares in additional shares of Columbia Property Trust's common stock in lieu of receiving all of cash distributions. Under the DRP, shares may be purchased by participating stockholders at 95.5% of the estimated per-share value (\$7.00). Participants in the DRP may purchase fractional shares so that 100% of the distributions will be used to acquire shares of Columbia Property Trust's stock. The board of directors, by majority vote, may amend or terminate the DRP for any reason, provided that any amendment that adversely affects the rights or obligations of a participant (as determined in the sole discretion of the board of directors) will only take effect upon 10 days' written notice to participants.

*Share Redemption Program*

Columbia Property Trust maintains a share redemption program, or SRP, that allows stockholders who acquired their shares directly from Columbia Property Trust to redeem their shares, subject to certain conditions and limitations as described in the SRP. Total shares of approximately 15.1 million and 9.4 million were redeemed under the SRP during 2012 and 2011, respectively.

Columbia Property Trust limits the dollar value and number of shares that may be redeemed under the SRP as follows:

- First, Columbia Property Trust will limit requests for all redemptions (other than those sought within two years of a stockholder's death) on a pro rata basis so that the aggregate of such redemptions during any calendar year will not exceed 5.0% of the weighted-average number of shares outstanding in the prior calendar year. Requests precluded by this test will not be considered in the test below.
- In addition, if necessary, Columbia Property Trust will limit all redemption requests, including those sought within two years of a stockholder's death, on a pro rata basis so that the aggregate of such redemptions during any calendar year would not exceed the greater of 100% of the net proceeds from its DRP during the calendar year, or 5.0% of weighted-average number of shares outstanding in the prior calendar year.

Effective November 8, 2012, the price paid for shares redeemed under the SRP in cases of death, "qualifying disability," or qualification for federal assistance for confinement to a "long-term care facility," changed from \$7.47, the estimated per share value as of September 30, 2011, to \$7.33, the estimated per-share value as of September 30, 2012. The price paid for all Ordinary Redemptions (as defined in the SRP) is \$6.25 per share.

8. **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 2012 annualized lease revenue, AT&T comprised approximately 9% of Columbia Property Trust's portfolio as of December 31, 2012. Tenants in the legal services, banking industries, and communications industries each comprise 15%, 14%, and 10%, respectively, of Columbia Property Trust's 2012 annualized base rent. Columbia Property Trust's properties are located in 19 states; the District of Columbia; and Moscow, Russia.

As of December 31, 2012, approximately 14%, 11%, and 10% of Columbia Property Trust's office properties are located in metropolitan Atlanta, the District of Columbia, and Northern New Jersey, respectively.

The future minimum rental income from Columbia Property Trust's investment in real estate assets under noncancelable operating leases, excluding properties under development, as of December 31, 2012, is as follows (in thousands):

2013	\$	418,995
2014		422,738
2015		408,386
2016		381,546
2017		308,358
Thereafter		1,214,588
Total	\$	<u>3,154,611</u>

## 9. Supplemental Disclosures of Noncash Investing and Financing Activities

Outlined below are significant noncash investing and financing activities for the years ended December 31, 2012, 2011, and 2010 (in thousands):

	Years ended December 31,		
	2012	2011	2010
Other assets assumed upon acquisition of properties	\$ 130	\$ 3,202	\$ —
Other liabilities assumed upon acquisition of property	\$ —	\$ 1,174	\$ —
Interest rate swap assumed upon acquisition of property	\$ 11,560	\$ —	\$ —
Notes payable assumed at acquisition	\$ 208,330	\$ 8,607	\$ —
Noncash interest accruing to notes payable	\$ 306	\$ 15,891	\$ 14,922
Market value adjustment to interest rate swaps that qualify for hedge accounting treatment	\$ (5,305)	\$ —	\$ 9,485
Accrued capital expenditures and deferred lease costs	\$ 16,325	\$ 7,751	\$ 2,210
Commissions on stock sales and related dealer-manager fees due to affiliate	\$ —	\$ —	\$ 4
Accrued deferred financing costs	\$ 35	\$ 48	\$ —
Accrued redemptions of common stock	\$ 3,655	\$ 1,640	\$ 14
Settlement of redeemable controlling interest through issuance of common stock	\$ —	\$ 14	\$ —
Discounts applied to issuance of common stock	\$ —	\$ —	\$ 4,542
Settlement of Manhattan Towers mortgage note by transferring property to lender	\$ —	\$ 75,000	\$ —
Transfer of development authority bonds	\$ 60,000	\$ —	\$ 18,000
Nonrefundable earnest money for property sales	\$ —	\$ 880	\$ —
Decrease in redeemable common stock	\$ 13,621	\$ 48,042	\$ 644,655

## 10. Related-Party Transactions and Agreements

### Advisory Agreement

During the periods presented through February 28, 2013, Columbia Property Trust was party to uninterrupted advisory agreements with WREAS II, pursuant to which WREAS II acted as Columbia Property Trust's external advisor and performed certain key functions on behalf of Columbia Property Trust, including, among others, the investment of capital proceeds and management of day-to-day operations (the "Advisory Agreement"). WREAS II executed master services agreements with Wells Capital, Inc. ("Wells Capital") and Wells Management, wherein WREAS II could retain the use of Wells Capital's and Wells Management's employees, as necessary, to perform the services required under the Advisory Agreement, and in return, would reimburse Wells Capital and Wells Management for the associated personnel costs. Further, under the terms of the Advisory Agreement, Wells Real Estate Funds, Inc. ("WREF") guaranteed WREAS II's performance of services and any amounts payable to Columbia Property Trust in connection therewith. As discussed in detail below, in connection with Columbia Property Trust's transition to a self-managed structure, the most recent advisory agreement dated December 28, 2012 (the "Renewal Advisory Agreement") was terminated effective February 28, 2013.

Under the terms of the Advisory Agreement, Columbia Property Trust incurred fees and reimbursements payable to WREAS II and its affiliates for services as described below:

- Asset management fees were incurred monthly at one-twelfth of 0.625% of the lesser of (i) gross cost, as defined, of all properties of Columbia Property Trust (other than those that failed to meet specified occupancy thresholds) and investments in joint ventures, or (ii) the aggregate value of Columbia Property Trust's interest in the properties and joint ventures as established with the most recent asset-based valuation, until the monthly payment equals \$2.7 million (or \$32.5 million annualized), as of the last day of each preceding month. From April 2011 through June 2012, asset management fees were capped at \$2.7 million per month (or \$32.5 million annualized) following the March 2011 acquisition of the Market Square Buildings. Effective July 1, 2012, monthly asset management fees charged under the Advisory Agreement were reduced by \$83,333 (or, a total savings of \$0.5 million for the six months ended December 31, 2012), resulting in a cap of \$2.6 million. From July 2012 through December 2012, asset management fees were paid at a cap of \$2.6 million per month. Under the Renewal Advisory Agreement, the management fee reduction increased from \$83,333 to \$166,667 per

month for a total potential annual savings to Columbia Property Trust of approximately \$1.0 million. With respect to (ii) above, Columbia Property Trust's published net asset-based valuations did not impact asset management fees incurred to date, due to the continued applicability of the caps described above.

- Reimbursement for all costs and expenses WREAS II and its affiliates incurred in fulfilling its duties as the asset portfolio manager, generally including (i) wages and salaries and other employee-related expenses of WREAS II and its affiliates' employees, who performed a full range of real estate services for Columbia Property Trust, including management, administration, operations, and marketing, and were billed to Columbia Property Trust based on the amount of time spent on Columbia Property Trust by such personnel, provided that such expenses were not reimbursed if incurred in connection with services for which WREAS II and its affiliates could have received a disposition fee (described below) or an acquisition fee; and (ii) amounts paid for IRA custodial service costs allocated to Columbia Property Trust accounts. The Advisory Agreement limited the amount of reimbursements to the advisor of "portfolio general and administrative expenses" and "personnel expenses," as defined, to the extent they would exceed \$18.2 million and \$10.0 million, respectively, for the period from January 1, 2012 through December 31, 2012.
- Effective August 1, 2011, acquisition fees were incurred at 1.0% of property purchase price (excluding acquisition expenses); however, in no event could total acquisition fees for the calendar year exceed 2.0% of total gross offering proceeds. Columbia Property Trust also reimbursed WREAS II and its affiliates for expenses it paid to third parties in connection with acquisitions or potential acquisitions. Under the Renewal Advisory Agreement, acquisition fees payable to WREAS II for 2012 and 2013 had an aggregate cap of \$1.5 million, discussed below, Columbia Property Trust paid acquisition fees of \$1.5 million related to the acquisition on the 333 Market Street Building in San Francisco, California, in December 2012, and as a result, no additional acquisition fees are required to be paid by Columbia Property Trust to WREAS II in 2013.
- For any property sold by Columbia Property Trust, other than part of a "bulk sale" of assets, as defined, a disposition fee equal to 1.0% of the sales price, with the limitation that the total real estate commissions (including such disposition fee) for any Columbia Property Trust property sold may not exceed the lesser of (i) 6.0% of the sales price of each property or (ii) the level of real estate commissions customarily charged in light of the size, type, and location of the property. Under the Renewal Advisory Agreement, the disposition fee payable for the sale of any property for which WREAS II provided substantial services was reduced from 1.0% to the lesser of (i) 0.3% or (ii) the broker fee paid to a third-party broker in connection with the sale. In addition, pursuant to the Amendment to Transition Services Agreement discussed below, the amount of the disposition fee payable to WREAS II with respect to the Nine Property Sale would equal the amount of the broker fee paid to the third-party broker (approximately 0.5%). In December 2012, Columbia Property Trust paid disposition fees of \$1.3 million related to the Nine Property Sale.
- Reimbursement of organization and offering costs paid by WREAS II and its affiliates on behalf of Columbia Property Trust, not to exceed 2.0% of gross offering proceeds.
- Effective July 1, 2012, occupancy costs of \$21,000 (\$252,000 annualized) are incurred for WREAS II's dedicated office space. In 2012, Columbia Property Trust paid occupancy fees of \$126,000.

#### *Transition Services Agreement*

For the period from July 1, 2012 through December 31, 2013, Columbia Property Trust, WREAS II, and WREF have entered into an agreement for transition services (the "Transition Services Agreement") related to Columbia Property Trust's transition to a self-managed structure, pursuant to which (i) WREF is required to transfer the assets and employees necessary to provide the services under the Advisory Agreement (other than investor services and property management) to WREAS II by January 1, 2013; provided that if WREF is not able to transfer certain assets by then, WREF must use its commercially reasonable best efforts to transfer such delayed assets as promptly as possible, but no later than June 30, 2013; and (ii) Columbia Property Trust has the option to acquire WREAS II at any time during 2013 (the "WREAS II Assignment Option"). The WREAS II Assignment Option closed as of February 28, 2013. No payment is associated with the assignment; however, Columbia Property Trust is required to pay WREF for the work required to transfer sufficient employees, proprietary systems and processes, and assets to WREAS II to prepare for a successful transition to a self-managed structure. Accordingly, pursuant to the Transition Services Agreement, Columbia Property Trust is obligated to pay WREF a total of \$6.0 million payable in 12 monthly installments of \$0.5 million commencing on July 31, 2012. In addition, Columbia Property Trust and WREF will each pay half of any out-of-pocket and third-party costs and expenses incurred in connection with providing these services, provided that Columbia Property Trust's obligation to reimburse WREF for such expenses is limited to approximately \$250,000 in the aggregate. Pursuant to the Transition Services Agreement, at the close of the WREAS II Assignment Option, Columbia Property Trust entered into a consulting services agreement with WREF as described below. The Transition Services Agreement is terminable if there is a material breach by WREF that is

not cured, or if WREF is in an insolvency proceeding. Otherwise, if Columbia Property Trust elects to terminate the agreement early, all remaining payments due under the agreement will be accelerated such that WREF receives \$6.0 million in the aggregate.

#### *Amendment to Transition Services Agreement*

On December 28, 2012, the Transition Services Agreement was amended (the "Amendment to the Transition Services Agreement") as follows:

- The company may, at its option, acquire WRES, the entity charged with carrying out property management functions on behalf of WREAS II, for consideration of approximately \$2.8 million payable to Wells Real Estate Funds in monthly installments from July 2013 through December 2013 under the Transition Services Agreement (the "WRES Assignment Option"). As further explained in Note 1, *Organization*, the company closed the above-described option on February 28, 2013.
- Upon terminating the Advisory Agreement and effecting the WREAS II Assignment Option, Columbia Property Trust will enter into a new investor services agreement with WREF, which provides for the payment of various fees and reimbursement of third-party expenses to WREF (the "Investor Services Agreement") in connection with the provision of such services.
- Adjustments to acquisition and disposition fees as discussed above.

#### *2012 Investor Services Agreement*

Effective July 1, 2012, stockholder and communications services and expense reimbursements related thereto were separated out of the Advisory Agreement and covered under a separate agreement (the "2012 Investor Services Agreement"). The 2012 Investor Services Agreement required WREF to provide the stockholder and communications services to Columbia Property Trust previously provided under the advisory agreement dated March 30, 2011. As the sole consideration for these services, Columbia Property Trust reimbursed WREF for expenses incurred in connection with carrying out such services, subject to the cap on "portfolio general and administrative expenses" and "personnel expenses" included in the Advisory Agreement and, thus, did not incur a separate fee.

#### *Renewal Investor Services Agreement*

The Renewal Investor Services Agreement, which is effective January 1, 2013, is between Columbia Property Trust and WREF (the "Renewal Investor Services Agreement"). The Renewal Advisory Agreement is substantially the same as the investor services agreement that was in effect through December 31, 2012; however, it will terminate upon the earlier to occur of (a) December 31, 2013, and (b) the exercise of the WREAS II Assignment Option. The WREAS II Assignment Option closed as of February 28, 2013, and this agreement terminated on that date.

#### *Investor Services Agreement*

Effective February 28, 2013, upon the effective date of the WREAS II Assignment Option, Columbia Property Trust entered into the Investor Services Agreement with WREF, which requires WREF to provide the stockholder and communication services to Columbia Property Trust previously provided for under the 2012 Investor Services Agreement and the Renewal Investor Services Agreement, and provides for Columbia Property Trust to compensate WREF for the services based on a reimbursement of costs and payroll plus a premium.

#### *Consulting Services Agreement*

On February 28, 2013, the WREAS II Assignment Option and WRES Assignment Option closed, and in connection therewith, the Renewal Advisory Agreement and Renewal Investor Services Agreement terminated and Columbia Property Trust entered a consulting services agreement with WREF (the "Consulting Services Agreement"). Under the Consulting Services Agreement, WREF will provide consulting services with respect to the same matters that WREAS II and its affiliates would provide advisory services under the Renewal Advisory Agreement. Payments under the Consulting Services Agreement will be monthly fees in the same amount as the asset management fees that would have been paid under the Renewal Advisory Agreement through December 31, 2013, if the Renewal Advisory Agreement was not terminated. If Columbia Property Trust elects to terminate the Consulting Services Agreement early for cause, Columbia Property Trust would not be required to make further payments under the agreement other than fees earned by WREF and unpaid at the time of termination. If Columbia Property Trust terminates the Consulting Services Agreement other than for cause, Columbia Property Trust would be required to make a fee acceleration payment, which is calculated as the fees incurred in the last month prior to termination, adjusted for partial months, multiplied by the number of months remaining between the time of termination and December 31, 2013.



*Property Management, Leasing and Construction Agreement*

Columbia Property Trust and WREAS II were party to master property management, leasing, and construction agreements (the "Property Management Agreement"). On February 28, 2013, Columbia Property Trust terminated the Property Management Agreement contemporaneous with acquiring WRES, a subsidiary of WREF, that contains the personnel charged with carrying out property management, leasing, and construction services. As a result, these services will be performed by employees of Columbia Property Trust in the future. While no fee was paid to execute this transaction, pursuant to the Amendment to the Transition Services Agreement discussed above, Columbia Property Trust is obligated to pay additional transition service fees to WREF totaling \$2.8 million from July through December 2013 for the transition of property management services to WRES.

During the periods presented, WREAS II received the following fees and reimbursements in consideration for supervising the management, leasing, and construction of certain Columbia Property Trust properties:

- Property management fees in an amount equal to a percentage negotiated for each property managed by WREAS II of the gross monthly income collected for that property for the preceding month;
- Leasing commissions for new, renewal, or expansion leases entered into with respect to any property for which Wells Management serves as leasing agent, equal to a percentage as negotiated for that property of the total base rental and operating expenses to be paid to Columbia Property Trust during the applicable term of the lease, provided, however, that no commission shall be payable as to any portion of such term beyond ten years;
- Initial lease-up fees for newly constructed properties under the agreement, generally equal to one month's rent;
- Fees equal to a specified percentage of up to 5.0% of all construction build-out funded by Columbia Property Trust, given as a leasing concession, and overseen by WREAS II; and
- Other fees as negotiated with the addition of each specific property covered under the agreement.

Wells Management, an affiliate of WREAS II, guaranteed the performance of all of WREAS II's obligations under the Property Management Agreement.

*Related Party Costs*

Pursuant to the terms of the agreements described above, Columbia Property Trust incurred the following related-party costs during 2012, 2011, and 2010, respectively (in thousands):

	Years ended December 31,		
	2012	2011	2010
Asset management fees	\$ 32,000	\$ 32,094	\$ 30,552
Administrative reimbursements, net <sup>(1)</sup>	11,099	11,609	13,099
Property management fees	4,462	4,546	3,564
Transition services	3,008	—	—
Acquisition fees	1,500	1,307	9,671
Disposition fees	1,311	—	—
Occupancy costs	126	—	—
Construction fees <sup>(2)</sup>	220	211	185
Commissions, net of discounts <sup>(3)(4)</sup>	—	—	21,909
Dealer-manager fees, net of discounts <sup>(3)</sup>	—	—	7,843
Other offering costs <sup>(3)</sup>	—	—	4,177
<b>Total</b>	<b>\$ 53,726</b>	<b>\$ 49,767</b>	<b>\$ 91,000</b>

<sup>(1)</sup> Administrative reimbursements are presented net of reimbursements from tenants of approximately \$4.4 million, \$4.0 million, and \$3.5 million for the years ended December 31, 2012, 2011, and 2010, respectively.

<sup>(2)</sup> Construction fees are capitalized to real estate assets as incurred.

<sup>(3)</sup> Commissions, dealer-manager fees, and other offering costs were charged against equity as incurred.

<sup>(4)</sup> Substantially all commissions were re-allowed to participating broker/dealers during 2010.

Columbia Property Trust incurred no related-party incentive fees, listing fees, or leasing commissions during 2012, 2011, and 2010, respectively.

*Due to Affiliates*

The detail of amounts due to WREAS II and its affiliates is provided below as of December 31, 2012 and 2011 (in thousands):

	December 31,	
	2012	2011
Administrative reimbursements	\$ 1,360	\$ 217
Asset and property management fees	560	3,112
Total	<u>\$ 1,920</u>	<u>\$ 3,329</u>

**11. Income Taxes**

Columbia Property Trust's income tax basis net income during 2012, 2011, and 2010 (in thousands) follows:

	2012	2011	2010
GAAP basis financial statement net income attributable to the common stockholders of Columbia Property Trust, Inc.	\$ 48,039	\$ 56,642	\$ 23,266
Increase (decrease) in net income resulting from:			
Depreciation and amortization expense for financial reporting purposes in excess of amounts for income tax purposes	81,681	101,498	96,695
Rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(24,798)	(11,203)	(1,739)
Net amortization of above-/below-market lease intangibles for financial reporting purposes (less than) in excess of amounts for income tax purposes	(3,423)	(2,960)	3,328
Loss (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	(173)	(35,487)	9,485
Bad debt expense for financial reporting purposes (less than) in excess of amounts for income tax purposes	(5,034)	(229)	2,024
Gains or losses on disposition of real property for financial reporting purposes that are (more) less favorable than amounts for income tax purposes	(61,198)	(16,282)	(433)
Other expenses for financial reporting purposes (less than) in excess of amounts for income tax purposes	7,349	15,603	13,155
Income tax basis net income, prior to dividends-paid deduction	<u>\$ 42,443</u>	<u>\$ 107,582</u>	<u>\$ 145,781</u>

As of December 31, 2012, the tax basis carrying value of Columbia Property Trust's total assets was approximately \$6.1 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:

	2012	2011	2010
Ordinary income	16%	39%	45%
Capital gains	—	—	—
Return of capital	84%	61%	55%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

As of December 31, 2012, returns for the calendar years 2008 through 2012 remain subject to examination by U.S. or various state tax jurisdictions.

Income taxes for financial reporting purposes differ from the amount computed by applying the statutory federal rate primarily due to the effect of state income taxes (net of federal benefit). A reconciliation of the federal statutory income tax rate to Wells TRS's effective tax rate for December 31, 2012, 2011, and 2010 is as follows:

	Years ended December 31,		
	2012	2011	2010
Federal statutory income tax rate	<b>34.00%</b>	34.00 %	34.00%
State income taxes, net of federal benefit	<b>2.12%</b>	0.93 %	1.34%
Interest expense related to notes payable step up	<b>6.98%</b>	(2.27)%	—%
Other	—%	0.22 %	0.28%
Effective tax rate	<b>43.10%</b>	32.88 %	35.62%

As of December 31, 2012 and 2011, Columbia Property Trust had no deferred tax liabilities. As of December 31, 2012 and 2011, respectively, Columbia Property Trust had a deferred tax asset of \$0.8 million and \$1.3 million included in prepaid expenses and other assets in the accompanying consolidated balance sheets. Columbia Property Trust has assessed its ability to realize this deferred tax asset and determined that it is more likely than not that the deferred tax asset of \$0.8 million as of December 31, 2012 is realizable.

## 12. Assets Held for Sale and Discontinued Operations

### *Assets Held for Sale*

In accordance with GAAP, assets that meet certain criteria for disposal are required to be classified as "held for sale" in the accompanying balance sheets. Emerald Point, a four-story office building in Dublin, California, and 5995 Opus Parkway, a five-story office building in Minnetonka, Minnesota, were subject to firm sales contracts and, thus, classified as "held for sale" in the accompanying consolidated balance sheet as of December 31, 2011. The Emerald Point sale closed on January 9, 2012, for \$37.3 million, exclusive of transaction costs, and the 5995 Opus Parkway sale closed on January 12, 2012, for \$22.8 million, exclusive of transaction costs.

The major classes of assets and liabilities classified as held for sale as of December 31, 2011 is provided below (in thousands):

	<b>December 31, 2011</b>
<b>Real estate assets held for sale:</b>	
Real estate assets, at cost:	
Land	\$ 11,536
Buildings and improvements, less accumulated depreciation of \$6,509	25,972
Intangible lease assets, less accumulated amortization of \$3,042	—
Total real estate assets held for sale, net	<u>\$ 37,508</u>
<b>Other assets held for sale:</b>	
Tenant receivables	\$ 1,747
Prepaid expenses and other assets	39
Intangible lease origination costs, less accumulated amortization of \$2,018	—
Deferred lease costs, less accumulated amortization of \$242	1,646
Total other assets held for sale, net	<u>\$ 3,432</u>
<b>Liabilities held for sale:</b>	
Accounts payable, accrued expenses, and accrued capital expenditures	\$ 176
Due to affiliates	2
Deferred income	446
Total liabilities held for sale	<u>\$ 624</u>

*Discontinued Operations*

The historical operating results and gains from the disposition of certain assets, including assets "held for sale" and operating properties sold, are required to be reflected in a separate section ("discontinued operations") in the consolidated statements of operations for all periods presented. As a result, the revenues and expenses of the properties included in the Nine Property Sale, Emerald Point, 5995 Opus Parkway, and the Manhattan Towers property are included in income from discontinued operations in the accompanying consolidated statements of operations for all periods presented.

The following table shows the revenues and expenses of the above-described discontinued operations (in thousands):

	Years ended December 31,		
	2012	2011	2010
<b>Revenues:</b>			
Rental income	\$ 30,644	\$ 39,640	\$ 50,932
Tenant reimbursements	1,598	2,712	6,241
Other property income	—	515	280
	<u>32,242</u>	<u>42,867</u>	<u>57,453</u>
<b>Expenses:</b>			
Property operating costs	10,732	15,672	18,495
Asset and property management fees	2,547	2,644	4,048
Depreciation	6,200	9,073	9,945
Amortization	4,585	8,919	14,032
Impairment loss on real estate assets	18,467	5,817	—
General and administrative	198	428	382
Total expenses	<u>42,729</u>	<u>42,553</u>	<u>46,902</u>
<b>Real estate operating (loss) income</b>	<b>(10,487)</b>	<b>314</b>	<b>10,551</b>
<b>Other income (expense):</b>			
Interest expense	(2,105)	(5,249)	(7,686)
Interest and other income	1	4	816
<b>Operating (loss) income from discontinued operations</b>	<b>(12,591)</b>	<b>(4,931)</b>	<b>3,681</b>
<b>Gain (loss) on sale of real assets</b>	<b>20,117</b>	<b>—</b>	<b>(161)</b>
<b>Gain on early extinguishment of debt</b>	<b>—</b>	<b>13,522</b>	<b>—</b>
<b>Gain (loss) on disposition of discontinued operations</b>	<b>20,117</b>	<b>13,522</b>	<b>(161)</b>
<b>Income from discontinued operations</b>	<b>\$ 7,526</b>	<b>\$ 8,591</b>	<b>\$ 3,520</b>

### 13. Quarterly Results (unaudited)

Presented below is a summary of the unaudited quarterly financial information for the years ended December 31, 2012 and 2011 (in thousands, except per-share data):

	2012			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues <sup>(1)</sup>	\$ 142,928	\$ 142,334	\$ 146,486	\$ 144,943
Net income (loss) attributable to common stockholders of Columbia Property Trust, Inc.	\$ 31,131	\$ 10,914	\$ (5,859)	\$ 11,853
Basic and diluted net income (loss) attributable to common stockholders of Columbia Property Trust, Inc. per share	\$ 0.06	\$ 0.02	\$ (0.01)	\$ 0.02
Distributions declared per share	\$ 0.125	\$ 0.125	\$ 0.125	\$ 0.095

<sup>(1)</sup> Prior-period amounts adjusted to conform with current-period presentation, including classifying revenues generated by properties held for sale and by properties sold, as discontinued operations for all periods presented (see Note 12, *Assets Held for Sale and Discontinued Operations*).

	2011			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues <sup>(1)</sup>	\$ 133,913	\$ 143,141	\$ 148,909	\$ 150,426
Net income (loss) attributable to common stockholders of Columbia Property Trust, Inc.	\$ 2,411	\$ (4,482)	\$ 5,102	\$ 53,611
Basic and diluted net income (loss) attributable to common stockholders of Columbia Property Trust, Inc. per share	\$ —	\$ (0.01)	\$ 0.01	\$ 0.10
Distributions declared per share	\$ 0.125	\$ 0.125	\$ 0.125	\$ 0.125

<sup>(1)</sup> Prior-period amounts adjusted to conform with current-period presentation, including classifying revenues generated by properties held for sale and by properties sold, as discontinued operations for all periods presented (see Note 12, *Assets Held for Sale and Discontinued Operations*).

### 14. Financial Information for Parent Guarantor, Other Guarantor Subsidiaries, and Non-Guarantor Subsidiaries

The 2018 Bonds Payable (see Note 5, *Bonds Payable*) are guaranteed by Columbia Property Trust and certain direct and indirect subsidiaries of each of Columbia Property Trust and Columbia Property Trust OP. On February 3, 2012, in connection with the execution of the \$450 Million Term Loan, Columbia Property Trust added two subsidiaries as guarantors to the \$450 Million Term Loan, the JPMorgan Chase Credit Facility, and the 2018 Bonds Payable, which resulted in the reclassification of prior-period amounts between the guarantor and non-guarantor groupings within the condensed consolidating financial statements to conform with the current period presentation. In accordance with SEC Rule 3-10(d), Columbia Property Trust includes herein condensed consolidating financial information in lieu of separate financial statements of the subsidiary issuer (Columbia Property Trust OP) and Subsidiary Guarantors, as defined in the bond indenture, because all of the following criteria are met:

- (1) The subsidiary issuer (Columbia Property Trust OP) and all Subsidiary Guarantors are 100% owned by the parent company guarantor (Columbia Property Trust);
- (2) The guarantees are full and unconditional; and
- (3) The guarantees are joint and several.

Columbia Property Trust uses the equity method with respect to its investment in subsidiaries included in its condensed consolidating financial statements. Set forth below are Columbia Property Trust's condensed consolidating balance sheets as of December 31, 2012 and 2011 (in thousands), as well as its condensed consolidating statements of operations and its condensed consolidating statements of comprehensive income for 2012, 2011, and 2010 (in thousands); and its condensed consolidating statements of cash flows for 2012, 2011, and 2010 (in thousands).

Condensed Consolidating Balance Sheets (in thousands)

	As of December 31, 2012					
	Columbia Property Trust (Parent)	Columbia Property Trust OP (the Issuer)	Guarantors	Non- Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
<b>Assets:</b>						
Real estate assets, at cost:						
Land	\$ —	\$ 6,241	\$ 214,425	\$ 568,571	\$ —	\$ 789,237
Buildings and improvements, net	—	16,513	1,550,988	1,900,717	—	3,468,218
Intangible lease assets, net	—	—	120,311	221,149	—	341,460
Construction in progress	—	5,252	2,268	5,160	—	12,680
Total real estate assets	—	28,006	1,887,992	2,695,597	—	4,611,595
Cash and cash equivalents	20,914	4,822	13,673	14,248	—	53,657
Investment in subsidiaries	3,068,106	2,679,950	—	—	(5,748,056)	—
Tenant receivables, net of allowance	—	22	62,412	75,888	(4,223)	134,099
Prepaid expenses and other assets	178,131	203,589	1,408	26,929	(380,684)	29,373
Deferred financing costs, net	—	8,498	—	1,992	—	10,490
Intangible lease origination costs, net	—	—	105,748	101,179	—	206,927
Deferred lease costs, net	—	68	38,619	60,121	—	98,808
Investment in development authority bonds	—	—	466,000	120,000	—	586,000
Total assets	<u>\$ 3,267,151</u>	<u>\$ 2,924,955</u>	<u>\$ 2,575,852</u>	<u>\$ 3,095,954</u>	<u>\$ (6,132,963)</u>	<u>\$ 5,730,949</u>
<b>Liabilities:</b>						
Line of credit and notes payable	\$ —	\$ 492,000	\$ 145,974	\$ 1,142,644	\$ (379,000)	\$ 1,401,618
Bonds payable, net	—	248,678	—	—	—	248,678
Accounts payable, accrued expenses, and accrued capital expenditures	3,645	12,417	26,594	64,425	(4,223)	102,858
Due to affiliates	—	960	1,485	1,159	(1,684)	1,920
Deferred income	—	81	14,619	13,371	—	28,071
Intangible lease liabilities, net	—	—	32,589	65,709	—	98,298
Obligations under capital leases	—	—	466,000	120,000	—	586,000
Total liabilities	3,645	754,136	687,261	1,407,308	(384,907)	2,467,443
<b>Redeemable Common Stock</b>	99,526	—	—	—	—	99,526
<b>Equity:</b>						
Total Columbia Property Trust, Inc. stockholders' equity	3,163,980	2,170,819	1,888,591	1,688,646	(5,748,056)	3,163,980
Total equity	<u>3,163,980</u>	<u>2,170,819</u>	<u>1,888,591</u>	<u>1,688,646</u>	<u>(5,748,056)</u>	<u>3,163,980</u>
Total liabilities, redeemable common stock, and equity	<u>\$ 3,267,151</u>	<u>\$ 2,924,955</u>	<u>\$ 2,575,852</u>	<u>\$ 3,095,954</u>	<u>\$ (6,132,963)</u>	<u>\$ 5,730,949</u>

Condensed Consolidating Balance Sheets (in thousands)

As of December 31, 2011						
	Columbia Property Trust (Parent)	Columbia Property Trust OP (the Issuer)	Guarantors	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
<b>Assets:</b>						
Real estate assets, at cost:						
Land	\$ —	\$ —	\$ 223,522	\$ 480,814	\$ —	\$ 704,336
Building and improvements, net	—	—	1,635,910	1,837,061	—	3,472,971
Intangible lease assets, net	—	—	153,070	238,919	—	391,989
Construction in progress	—	—	4,224	4,190	—	8,414
Real estate assets held for sale, net	—	—	—	37,508	—	37,508
Total real estate assets	—	—	2,016,726	2,598,492	—	4,615,218
Cash and cash equivalents	11,291	10,597	9,133	8,447	—	39,468
Investment in subsidiaries	3,275,979	2,786,248	—	—	(6,062,227)	—
Tenant receivables, net of allowance	—	—	58,435	77,471	(5,357)	130,549
Prepaid expenses and other assets	177,444	202,126	2,056	29,009	(377,804)	32,831
Deferred financing costs, net	—	8,287	—	1,155	—	9,442
Intangible lease origination costs, net	—	—	133,052	98,286	—	231,338
Deferred lease costs, net	—	—	28,650	39,639	—	68,289
Investment in development authority bonds	—	—	466,000	180,000	—	646,000
Other assets held for sale, net	—	—	—	3,432	—	3,432
Total assets	\$ 3,464,714	\$ 3,007,258	\$ 2,714,052	\$ 3,035,931	\$ (6,445,388)	\$ 5,776,567
<b>Liabilities:</b>						
Lines of credit and notes payable	\$ —	\$ 484,000	\$ 147,730	\$ 966,123	\$ (376,793)	\$ 1,221,060
Bonds payable, net	—	248,426	—	—	—	248,426
Accounts payable, accrued expenses, and accrued capital expenditures	1,652	5,696	24,871	45,487	(5,357)	72,349
Due to affiliates	—	2,779	1,178	383	(1,011)	3,329
Deferred income	—	—	22,280	12,799	—	35,079
Intangible lease liabilities, net	—	—	39,224	50,357	—	89,581
Obligations under capital leases	—	—	466,000	180,000	—	646,000
Liabilities held for sale	—	—	—	624	—	624
Total liabilities	1,652	740,901	701,283	1,255,773	(383,161)	2,316,448
<b>Redeemable Common Stock</b>	113,147	—	—	—	—	113,147
<b>Equity:</b>						
Total Columbia Property Trust, Inc. stockholders' equity	3,349,915	2,266,357	2,012,769	1,779,841	(6,062,227)	3,346,655
Nonredeemable noncontrolling interests	—	—	—	317	—	317
Total equity	3,349,915	2,266,357	2,012,769	1,780,158	(6,062,227)	3,346,972
Total liabilities, redeemable common stock, and equity	\$ 3,464,714	\$ 3,007,258	\$ 2,714,052	\$ 3,035,931	\$ (6,445,388)	\$ 5,776,567



**Consolidating Statements of Operations** (in thousands)

For the year ended December 31, 2012

	<b>Columbia Property Trust (Parent)</b>	<b>Columbia Property Trust OP (the Issuer)</b>	<b>Guarantors</b>	<b>Non- Guarantors</b>	<b>Consolidating Adjustments</b>	<b>Columbia Property Trust (Consolidated)</b>
<b>Revenues:</b>						
Rental income	\$ —	\$ 1,649	\$ 220,603	\$ 223,674	\$ (3,642)	\$ 442,284
Tenant reimbursements	—	103	40,444	66,773	(2,457)	104,863
Hotel income	—	—	—	23,049	—	23,049
Other property income	—	86	4,230	2,775	(596)	6,495
	—	1,838	265,277	316,271	(6,695)	576,691
<b>Expenses:</b>						
Property operating costs	—	1,634	67,104	107,695	(2,967)	173,466
Hotel operating costs	—	—	—	22,004	(3,642)	18,362
Asset and property management fees:						
Related-party	29,933	58	2,234	3,310	(1,141)	34,394
Other	—	—	1,412	1,414	—	2,826
Depreciation	—	710	52,733	60,664	—	114,107
Amortization	—	357	47,718	49,574	—	97,649
Impairment loss on real estate assets	—	—	—	—	—	—
General and administrative	49	21,436	2,369	1,309	—	25,163
Acquisition fees and expenses	—	—	—	1,876	—	1,876
	29,982	24,195	173,570	247,846	(7,750)	467,843
<b>Real estate operating (loss) income</b>	<b>(29,982)</b>	<b>(22,357)</b>	<b>91,707</b>	<b>68,425</b>	<b>1,055</b>	<b>108,848</b>
<b>Other income (expense):</b>						
Interest expense	—	(32,469)	(40,239)	(58,622)	24,939	(106,391)
Interest and other income	7,988	16,960	29,229	10,633	(24,939)	39,871
Loss on interest rate swaps	—	—	—	(1,225)	—	(1,225)
Income (loss) from equity investment	70,033	95,902	—	—	(165,935)	—
	78,021	80,393	(11,010)	(49,214)	(165,935)	(67,745)
<b>Income (loss) before income tax benefit (expense)</b>	<b>48,039</b>	<b>58,036</b>	<b>80,697</b>	<b>19,211</b>	<b>(164,880)</b>	<b>41,103</b>
<b>Income tax benefit (expense)</b>	<b>—</b>	<b>(14)</b>	<b>(200)</b>	<b>(372)</b>	<b>—</b>	<b>(586)</b>
<b>Income (loss) from continuing operations</b>	<b>48,039</b>	<b>58,022</b>	<b>80,497</b>	<b>18,839</b>	<b>(164,880)</b>	<b>40,517</b>
<b>Discontinued operations:</b>						
Operating income (loss) from discontinued operations	—	—	2,632	(15,223)	—	(12,591)
(Loss) gain on disposition of discontinued operations	—	—	(383)	20,500	—	20,117
<b>Income from discontinued operations</b>	<b>—</b>	<b>—</b>	<b>2,249</b>	<b>5,277</b>	<b>—</b>	<b>7,526</b>
<b>Net income (loss)</b>	<b>48,039</b>	<b>58,022</b>	<b>82,746</b>	<b>24,116</b>	<b>(164,880)</b>	<b>48,043</b>
<b>Net income (loss) attributable to noncontrolling interests</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(4)</b>	<b>—</b>	<b>(4)</b>
<b>Net income (loss) attributable to the common stockholders of Columbia Property Trust, Inc.</b>	<b>\$ 48,039</b>	<b>\$ 58,022</b>	<b>\$ 82,746</b>	<b>\$ 24,112</b>	<b>\$ (164,880)</b>	<b>\$ 48,039</b>

**Consolidating Statements of Operations** (in thousands)

For the year ended December 31, 2011

	<b>Columbia Property Trust (Parent)</b>	<b>Columbia Property Trust OP (the Issuer)</b>	<b>Guarantors</b>	<b>Non- Guarantors</b>	<b>Consolidating Adjustments</b>	<b>Columbia Property Trust (Consolidated)</b>
<b>Revenues:</b>						
Rental income	\$ —	\$ —	\$ 227,439	\$ 219,366	\$ (4,898)	\$ 441,907
Tenant reimbursements	—	—	41,195	61,749	—	102,944
Hotel income	—	—	—	20,600	—	20,600
Other property income	—	145	433	11,041	(681)	10,938
	—	145	269,067	312,756	(5,579)	576,389
<b>Expenses:</b>						
Property operating costs	—	—	67,598	100,365	(536)	167,427
Hotel operating costs	—	—	—	22,292	(4,898)	17,394
Asset and property management fees:						
Related-party	29,511	—	1,654	3,548	(145)	34,568
Other	—	—	1,838	949	—	2,787
Depreciation	—	—	52,714	57,985	—	110,699
Amortization	—	—	51,320	60,145	—	111,465
General and administrative	43	18,124	2,106	3,462	—	23,735
Acquisition fees and expenses	1,307	—	—	9,943	—	11,250
	30,861	18,124	177,230	258,689	(5,579)	479,325
<b>Real estate operating (loss) income</b>	<b>(30,861)</b>	<b>(17,979)</b>	<b>91,837</b>	<b>54,067</b>	<b>—</b>	<b>97,064</b>
<b>Other income (expense):</b>						
Interest expense	—	(28,329)	(43,015)	(52,572)	17,611	(106,305)
Interest and other income (expense)	2,129	17,830	29,231	10,816	(17,611)	42,395
Loss on interest rate swaps	—	—	—	(38,383)	—	(38,383)
Income (loss) from equity investment	85,374	118,245	—	—	(203,619)	—
Gain on the early extinguishment of debt	—	—	—	53,018	—	53,018
	87,503	107,746	(13,784)	(27,121)	(203,619)	(49,275)
<b>Income (loss) before income tax (expense) benefit</b>	<b>56,642</b>	<b>89,767</b>	<b>78,053</b>	<b>26,946</b>	<b>(203,619)</b>	<b>47,789</b>
<b>Income tax (expense) benefit</b>	<b>—</b>	<b>—</b>	<b>(303)</b>	<b>579</b>	<b>—</b>	<b>276</b>
<b>Income (loss) from continuing operations</b>	<b>56,642</b>	<b>89,767</b>	<b>77,750</b>	<b>27,525</b>	<b>(203,619)</b>	<b>48,065</b>
<b>Discontinued operations:</b>						
Operating income (loss) from discontinued operations	—	—	2,714	(7,645)	—	(4,931)
Gain on disposition of discontinued operations	—	—	—	13,522	—	13,522
<b>Income from discontinued operations</b>	<b>—</b>	<b>—</b>	<b>2,714</b>	<b>5,877</b>	<b>—</b>	<b>8,591</b>
<b>Net income (loss)</b>	<b>56,642</b>	<b>89,767</b>	<b>80,464</b>	<b>33,402</b>	<b>(203,619)</b>	<b>56,656</b>
<b>Less: net income attributable to noncontrolling interests</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(14)</b>	<b>—</b>	<b>(14)</b>
<b>Net income (loss) attributable to the common stockholders of Columbia Property Trust, Inc.</b>	<b>\$ 56,642</b>	<b>\$ 89,767</b>	<b>\$ 80,464</b>	<b>\$ 33,388</b>	<b>\$ (203,619)</b>	<b>\$ 56,642</b>

**Consolidating Statements of Operations** (in thousands)

For the year ended December 31, 2010

	Columbia Property Trust (Parent)	Columbia Property Trust OP (the Issuer)	Guarantors	Non- Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
<b>Revenues:</b>						
Rental income	\$ —	\$ —	\$ 222,667	\$ 178,330	\$ (4,875)	\$ 396,122
Tenant reimbursements	—	—	39,766	53,646	—	93,412
Hotel income	—	—	—	19,819	—	19,819
Other property income	—	184	324	1,471	(818)	1,161
	—	184	262,757	253,266	(5,693)	510,514
<b>Expenses:</b>						
Property operating costs	—	—	66,426	85,717	(634)	151,509
Hotel operating costs	—	—	—	21,910	(4,875)	17,035
Asset and property management fees:						
Related-party	26,831	—	1,407	2,916	(184)	30,970
Other	—	—	2,027	1,218	—	3,245
Depreciation	—	—	50,199	42,414	—	92,613
Amortization	—	—	53,305	50,232	—	103,537
General and administrative	75	20,834	925	1,382	—	23,216
Acquisition fees and expenses	9,670	—	206	903	—	10,779
	36,576	20,834	174,495	206,692	(5,693)	432,904
<b>Real estate operating (loss) income</b>	(36,576)	(20,650)	88,262	46,574	—	77,610
<b>Other income (expense):</b>						
Interest expense	—	(5,456)	(47,649)	(44,606)	15,673	(82,038)
Interest and other income	1,116	15,721	29,236	12,683	(15,673)	43,083
Loss on interest rate swaps	—	—	—	(19,061)	—	(19,061)
Income (loss) from equity investment	58,726	58,906	—	—	(117,632)	—
	59,842	69,171	(18,413)	(50,984)	(117,632)	(58,016)
<b>Income (loss) before income tax (expense) benefit</b>	23,266	48,521	69,849	(4,410)	(117,632)	19,594
<b>Income tax (expense) benefit</b>	—	—	(230)	456	—	226
<b>Income (loss) from continuing operations</b>	23,266	48,521	69,619	(3,954)	(117,632)	19,820
<b>Discontinued operations:</b>						
Operating income from discontinued operations	—	—	2,769	912	—	3,681
Loss on disposition of discontinued operations	—	—	—	(161)	—	(161)
<b>Income from discontinued operations</b>	—	—	2,769	751	—	3,520
<b>Net income (loss)</b>	23,266	48,521	72,388	(3,203)	(117,632)	23,340
<b>Less: net income attributable to noncontrolling interests</b>	—	(1)	—	(73)	—	(74)
<b>Net income (loss) attributable to the common stockholders of Columbia Property Trust, Inc.</b>	\$ 23,266	\$ 48,520	\$ 72,388	\$ (3,276)	\$ (117,632)	\$ 23,266

Consolidating Statements of Comprehensive Income (in thousands)

	For the year ended December 31, 2012					
	Columbia Property Trust (Parent)	Columbia Property Trust OP (the Issuer)	Guarantors	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
<b>Net income (loss) attributable to the common stockholders of Columbia Property Trust, Inc.</b>	\$ 48,039	\$ 58,022	\$ 82,746	\$ 24,112	\$ (164,880)	\$ 48,039
Market value adjustment to interest rate swap	(5,305)	(5,305)	—	—	5,305	(5,305)
<b>Comprehensive income (loss) attributable to the common stockholders of Columbia Property Trust, Inc.</b>	42,734	52,717	82,746	24,112	(159,575)	42,734
Comprehensive income attributable to noncontrolling interests	—	—	—	4	—	4
<b>Comprehensive income (loss)</b>	<u>\$ 42,734</u>	<u>\$ 52,717</u>	<u>\$ 82,746</u>	<u>\$ 24,116</u>	<u>\$ (159,575)</u>	<u>\$ 42,738</u>
	For the year ended December 31, 2011					
	Columbia Property Trust (Parent)	Columbia Property Trust OP (the Issuer)	Guarantors	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
<b>Net income (loss) attributable to the common stockholders of Columbia Property Trust, Inc.</b>	\$ 56,642	\$ 89,767	\$ 80,464	\$ 33,388	\$ (203,619)	\$ 56,642
Market value adjustment to interest rate swap	11,223	—	—	11,223	(11,223)	11,223
<b>Comprehensive income (loss) attributable to the common stockholders of Columbia Property Trust, Inc.</b>	67,865	89,767	80,464	44,611	(214,842)	67,865
Comprehensive income attributable to noncontrolling interests	—	—	—	14	—	14
<b>Comprehensive income (loss)</b>	<u>\$ 67,865</u>	<u>\$ 89,767</u>	<u>\$ 80,464</u>	<u>\$ 44,625</u>	<u>\$ (214,842)</u>	<u>\$ 67,879</u>
	For the year ended December 31, 2010					
	Columbia Property Trust (Parent)	Columbia Property Trust OP (the Issuer)	Guarantors	Non-Guarantors	Consolidating Adjustments	Columbia Property Trust (Consolidated)
<b>Net income (loss) attributable to the common stockholders of Columbia Property Trust, Inc.</b>	\$ 23,266	\$ 48,520	\$ 72,388	\$ (3,276)	\$ (117,632)	\$ 23,266
Market value adjustment to interest rate swap	(3,110)	—	—	(3,110)	3,110	(3,110)
<b>Comprehensive income (loss) attributable to the common stockholders of Columbia Property Trust, Inc.</b>	20,156	48,520	72,388	(6,386)	(114,522)	20,156
Comprehensive income attributable to noncontrolling interests	—	1	—	73	—	74
<b>Comprehensive income (loss)</b>	<u>\$ 20,156</u>	<u>\$ 48,521</u>	<u>\$ 72,388</u>	<u>\$ (6,313)</u>	<u>\$ (114,522)</u>	<u>\$ 20,230</u>

**Consolidating Statements of Cash Flows** (in thousands)

	<b>For the year ended December 31, 2012</b>				
	<b>Columbia Property Trust (Parent)</b>	<b>Columbia Property Trust OP (the Issuer)</b>	<b>Guarantors</b>	<b>Non- Guarantors</b>	<b>Columbia Property Trust (Consolidated)</b>
<b>Cash flows from operating activities:</b>	\$ (49)	\$ (83,489)	\$ 191,117	\$ 145,260	\$ 252,839
<b>Cash flows from investing activities:</b>					
Net proceeds from sale of real estate	30,441	273,823	—	—	304,264
Investment in real estate and related assets	—	(193,410)	(33,488)	(46,319)	(273,217)
Net cash provided by (used in) investing activities	30,441	80,413	(33,488)	(46,319)	31,047
<b>Cash flows from financing activities:</b>					
Borrowings, net of fees	—	595,731	—	(929)	594,802
Repayments	—	(591,000)	—	(36,191)	(627,191)
Issuance of common stock, net of redemptions and fees	18,996	—	—	—	18,996
Distributions	(256,020)	—	—	(15)	(256,035)
Intercompany transfers, net	216,255	(7,430)	(153,089)	(55,736)	—
Redemption of noncontrolling interest	—	—	—	(301)	(301)
Net cash used in financing activities	(20,769)	(2,699)	(153,089)	(93,172)	(269,729)
<b>Net increase (decrease) in cash and cash equivalents</b>	9,623	(5,775)	4,540	5,769	14,157
<b>Effect of foreign exchange rate on cash and cash equivalents</b>	—	—	—	32	32
<b>Cash and cash equivalents, beginning of period</b>	11,291	10,597	9,133	8,447	39,468
<b>Cash and cash equivalents, end of period</b>	<u>\$ 20,914</u>	<u>\$ 4,822</u>	<u>\$ 13,673</u>	<u>\$ 14,248</u>	<u>\$ 53,657</u>

**Consolidating Statements of Cash Flows** (in thousands)

	<b>For the year ended December 31, 2011</b>				
	<b>Columbia Property Trust (Parent)</b>	<b>Columbia Property Trust OP (the Issuer)</b>	<b>Guarantors</b>	<b>Non- Guarantors</b>	<b>Columbia Property Trust (Consolidated)</b>
<b>Cash flows from operating activities:</b>	\$ 508	\$ (78,219)	\$ 207,710	\$ 149,159	\$ 279,158
<b>Cash flows from investing activities:</b>					
Investment in real estate and related assets	(606,116)	—	(19,588)	(40,386)	(666,090)
Net cash used in investing activities	(606,116)	—	(19,588)	(40,386)	(666,090)
<b>Cash flows from financing activities:</b>					
Borrowings, net of fees	—	1,454,978	—	324,364	1,779,342
Repayments	—	(806,500)	(63,396)	(298,382)	(1,168,278)
Issuance of common stock, net of redemptions and fees	47,397	—	—	—	47,397
Distributions	(270,720)	—	—	(44)	(270,764)
Intercompany transfers	831,941	(570,649)	(125,681)	(135,611)	—
Redemptions of noncontrolling interest	—	(87)	—	—	(87)
Net cash provided by (used in) financing activities	608,618	77,742	(189,077)	(109,673)	387,610
<b>Net increase (decrease) in cash and cash equivalents</b>	3,010	(477)	(955)	(900)	678
<b>Effect of foreign exchange rate on cash and cash equivalents</b>	—	—	—	(92)	(92)
<b>Cash and cash equivalents, beginning of period</b>	8,281	11,074	10,088	9,439	38,882
<b>Cash and cash equivalents, end of period</b>	<u>\$ 11,291</u>	<u>\$ 10,597</u>	<u>\$ 9,133</u>	<u>\$ 8,447</u>	<u>\$ 39,468</u>

**Consolidating Statements of Cash Flows** (in thousands)

	<b>For the year ended December 31, 2010</b>				
	<b>Columbia Property Trust (Parent)</b>	<b>Columbia Property Trust OP (the Issuer)</b>	<b>Guarantors</b>	<b>Non- Guarantors</b>	<b>Columbia Property Trust (Consolidated)</b>
<b>Cash flows from operating activities:</b>	\$ (9,745)	\$ (47,814)	\$ 191,570	\$ 136,095	\$ 270,106
<b>Cash flows from investing activities:</b>					
Net proceeds from the sale of real estate	15,219	—	—	—	15,219
Investment in real estate and related assets	(11,632)	(286,727)	(11,852)	(17,716)	(327,927)
Net cash provided by (used in) investing activities	3,587	(286,727)	(11,852)	(17,716)	(312,708)
<b>Cash flows from financing activities:</b>					
Borrowings, net of fees	—	80,662	—	—	80,662
Repayments	—	(16,000)	(90,000)	(56,742)	(162,742)
Issuance of common stock, net of redemptions and fees	375,716	—	—	—	375,716
Distributions	(313,815)	—	—	(250)	(314,065)
Intercompany transfers	(108,381)	256,712	(89,187)	(59,144)	—
Redemptions of noncontrolling interest	—	—	—	—	—
Net cash provided by (used in) financing activities	(46,480)	321,374	(179,187)	(116,136)	(20,429)
<b>Net increase (decrease) in cash and cash equivalents</b>	(52,638)	(13,167)	531	2,243	(63,031)
<b>Effect of foreign exchange rate on cash and cash equivalents</b>	—	—	—	(812)	(812)
<b>Cash and cash equivalents, beginning of period</b>	60,919	24,241	9,557	8,008	102,725
<b>Cash and cash equivalents, end of period</b>	\$ 8,281	\$ 11,074	\$ 10,088	\$ 9,439	\$ 38,882

**15. Subsequent Event**

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 notes the following item in addition to those disclosed elsewhere in this report:

*Chairman of the Board*

On January 1, 2013, the board of directors ("the Board") unanimously appointed John L. Dixon as its Chairman, succeeding the former Chairman of the Board, Leo F. Wells, III. Mr. Wells and the other board members believe that having an independent Board Chairman is in keeping with corporate governance best practices and will benefit the company as it continues to prepare for a successful liquidity event. Mr. Wells, who will continue to serve the company as a member of the board, had served as Chairman of the Board since the company's inception and previously served as president of the company from its inception until July 2010. Mr. Dixon has served the company as an independent director since 2008 and brings more than 40 years of experience in the financial services industry to the leadership of the company.

*Executive Officers*

- Effective February 28, 2013, Douglas P. Williams resigned as an executive officer of the company, including his positions as Executive Vice President, Secretary, Treasurer, and Principal Financial Officer. Mr. Williams also indicated that, for personal reasons, he would not stand for re-election as a director. Mr. Williams informed us of these decisions on February 25, 2013. Mr. Williams will remain an executive officer of WREF.
- Effective February 28, 2013, the board of directors unanimously appointed Wendy W. Gill as an executive officer to succeed Mr. Williams as the company's Treasurer and Principal Accounting Officer, and to serve as the company's interim Principal

Financial Officer. Ms. Gill currently serves as Columbia Property Trust's Senior Vice President of Corporate Operations and Chief Accounting Officer.

*Name Change and Other Related Changes*

On February 25, 2013, the company filed Articles of Amendment with the Maryland State Department of Assessments and Taxation (the "SDAT") to change its name from Wells Real Estate Investment Trust II, Inc. to Columbia Property Trust, Inc. The name change was approved by the board of directors and effective upon filing with the SDAT. In connection with the name change, Columbia Property Trust also changed the name of its operating partnership to Columbia Property Trust Operating Partnership, L.P.; WREAS II to Columbia Property Trust Advisory Services, LLC; and WRES to Columbia Property Trust Services, LLC. Columbia Property Trust expects to effect a similar name change for the TRS Entities in the near future.

On February 26, 2013, in connection with the name change and transition to self-management, the board of directors approved certain amendments to the bylaws, the share redemption program, and the corporate governance documents to be effective as of February 28, 2013. Columbia Property Trust amended its bylaws to reflect the new name and management structure, as well as to conform with changes made to the charter as approved at its Annual Meeting of Stockholders on July 18, 2012. Columbia Property Trust amended its share redemption program to change the company name, update the contact information for redemption requests, and adjust how pro-rata redemptions are handled. In addition, Columbia Property Trust amended its Corporate Governance Guidelines, Nominating and Corporate Governance Committee Charter, Audit Committee Charter, Code of Ethics, Whistleblower Policy, and Insider Trader Policy to reflect the new name, as well as to reflect the new management structure. The corporate governance documents are available on the company's website at [www.columbiapropertytrust.com](http://www.columbiapropertytrust.com).

*Commencement of Self-Management*

On February 28, 2013, the WREAS II Assignment Option and WRES Assignment Option closed, and in connection therewith, the Renewal Advisory Agreement and Renewal Investor Services Agreement terminated.

*Investor Services Agreement*

Effective February 28, 2013, upon the closing of the WREAS II Assignment Option, Columbia Property Trust entered into the Investor Services Agreement with WREF, which requires WREF to provide the stockholder and communication services to Columbia Property Trust previously provided for under the 2012 Investor Services Agreement and the Renewal Investor Services Agreement, and provides for Columbia Property Trust to compensate WREF for the services based on a reimbursement of costs and payroll plus a premium.

*Consulting Services Agreement*

On February 28, 2013, Columbia Property Trust entered a consulting services agreement with WREF (the "Consulting Services Agreement"). Under the Consulting Services Agreement, WREF will provide consulting services with respect to the same matters that WREAS II and its affiliates provided advisory services under the Renewal Advisory Agreement. Payments under the Consulting Services Agreement will be monthly fees in the same amount as the asset management fees that would have been paid under the Renewal Advisory Agreement through December 31, 2013, if the Renewal Advisory Agreement was not terminated. If Columbia Property Trust elects to terminate the Consulting Services Agreement early for cause, Columbia Property Trust would not be required to make further payments under the agreement other than fees earned by WREF and unpaid at the time of termination. If Columbia Property Trust terminates the Consulting Services Agreement other than for cause, Columbia Property Trust would be required to make a fee acceleration payment, which is calculated as the fees incurred in the last month prior to termination, adjusted for partial months, multiplied by the number of months remaining between the time of termination and December 31, 2013.



**Columbia Property Trust, Inc.**  
**Schedule III - Real Estate Assets and Accumulated Depreciation and Amortization**  
**December 31, 2012**  
**(in thousands)**

Description	Location	Ownership Percentage	Encumbrances	Initial Costs			Costs Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at December 31, 2012			Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on Which Depreciation and Amortization is Computed (f)
				Land	Buildings and Improvements	Total		Land	Buildings and Improvements	Total				
WEATHERFORD CENTER HOUSTON	Houston, TX	100%	None	\$ 6,100	\$ 28,905	\$ 35,005	\$ (1,460)	\$ 6,241	\$ 27,304	\$ 33,545	\$ 5,539	1980	2/10/2004	0 to 40 years
333 & 777 REPUBLIC DRIVE	Allen Park, MI	100%	None	4,400	12,716	17,116	(781)	4,502	11,833	16,335	2,876	2000	3/31/2004	0 to 40 years
9 TECHNOLOGY DRIVE	Westborough, MA	100%	None	5,570	38,218	43,788	(5,229)	5,627	32,932	38,559	8,504	1987	5/27/2004	0 to 40 years
180 PARK AVENUE	Florham Park, NJ	100%	None	10,802	62,595	73,397	2,267	11,050	64,614	75,664	33,886	1982	6/23/2004	0 to 40 years
ONE GLENLAKE PARKWAY	Atlanta, GA	100%	37,204	5,846	66,681	72,527	(120)	5,934	66,473	72,407	20,304	2003	6/25/2004	0 to 40 years
80 M STREET	Washington, DC	100%	None	26,248	76,269	102,517	(5,992)	26,806	69,719	96,525	19,596	2001	6/29/2004	0 to 40 years
3333 FINLEY ROAD	Downers Grove, IL	100%	None	6,925	34,575	41,500	630	7,015	35,115	42,130	8,383	1999	8/4/2004	0 to 40 years
1501 OPUS PLACE	Downers Grove, IL	100%	None	3,579	17,220	20,799	328	3,625	17,502	21,127	4,213	1988	8/4/2004	0 to 40 years
2500 WINDY RIDGE PARKWAY	Atlanta, GA	100%	32,000	7,410	60,601	68,011	1,667	7,485	62,193	69,678	14,627	1985	9/20/2004	0 to 40 years
4100 - 4300 WILDWOOD PARKWAY	Atlanta, GA	100%	25,000	13,761	31,785	45,546	(1,086)	13,898	30,562	44,460	7,513	1996	9/20/2004	0 to 40 years
4200 WILDWOOD PARKWAY	Atlanta, GA	100%	33,000	8,472	44,221	52,693	(697)	8,546	43,450	51,996	12,766	1998	9/20/2004	0 to 40 years
800 NORTH FREDERICK	Gaithersburg, MD	100%	None	22,758	43,174	65,932	582	20,195	46,319	66,514	16,309	1986	10/22/2004	0 to 40 years
THE CORRIDORS III	Downers Grove, IL	100%	None	2,524	35,016	37,540	(1,761)	2,558	33,221	35,779	9,216	2001	11/1/2004	0 to 40 years
HIGHLAND LANDMARK III	Downers Grove, IL	100%	None	3,028	47,454	50,482	(3,594)	3,055	43,833	46,888	11,813	2000	12/27/2004	0 to 40 years
180 PARK AVENUE 105	Florham Park, NJ	100%	None	4,501	47,957	52,458	(8,200)	4,501	39,757	44,258	9,044	2001	3/14/2005	0 to 40 years
4241 IRWIN SIMPSON	Mason, OH	100%	None	1,270	28,688	29,958	719	1,299	29,378	30,677	6,887	1997	3/17/2005	0 to 40 years
8990 DUKE ROAD	Mason, OH	100%	None	520	8,681	9,201	193	522	8,872	9,394	2,394	2001	3/17/2005	0 to 40 years
215 DIEHL ROAD	Naperville, IL	100%	21,000	3,452	17,456	20,908	2,941	3,472	20,377	23,849	6,702	1988	4/19/2005	0 to 40 years
100 EAST PRATT COLLEGE PARK PLAZA	Baltimore, MD	100%	105,000	31,234	140,217	171,451	30,344	31,777	170,018	201,795	47,429	1975/1991	5/12/2005	0 to 40 years
ONE ROBBINS ROAD	Indianapolis, IN	100%	None	2,822	22,910	25,732	(1,401)	2,822	21,509	24,331	7,106	1998	6/21/2005	0 to 40 years
FOUR ROBBINS ROAD	Westford, MA	100%	None	5,391	33,788	39,179	19	5,391	33,807	39,198	8,648	1981	8/18/2005	0 to 40 years
1900 UNIVERSITY CIRCLE	Westford, MA	100%	None	2,950	32,544	35,494	—	2,950	32,544	35,494	12,992	2001	8/18/2005	0 to 40 years
1900 UNIVERSITY CIRCLE	East Palo Alto, CA	100%	None	8,722	107,730	116,452	(25,215)	8,803	82,434	91,237	16,176	2001	9/20/2005	0 to 40 years

**Columbia Property Trust, Inc.**  
**Schedule III - Real Estate Assets and Accumulated Depreciation and Amortization**  
**December 31, 2012**  
(in thousands)

Description	Location	Ownership Percentage	Encumbrances	Initial Costs			Costs Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at December 31, 2012			Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on Which Depreciation and Amortization is Computed (f)
				Land	Buildings and Improvements	Total		Land	Buildings and Improvements	Total				
1950 UNIVERSITY CIRCLE	East Palo Alto, CA	100%	None	10,040	93,716	103,756	1,374	10,134	94,996	105,130	18,378	2002	9/20/2005	0 to 40 years
2000 UNIVERSITY CIRCLE	East Palo Alto, CA	100%	None	8,731	76,842	85,573	600	8,819	77,354	86,173	16,112	2003	9/20/2005	0 to 40 years
MACARTHUR RIDGE	Irving, TX	100%	None	2,680	42,269	44,949	1,078	2,680	43,347	46,027	6,381	1998	11/15/2005	0 to 40 years
5 HOUSTON CENTER	Houston, TX	100%	None	8,186	147,653	155,839	(19,711)	8,186	127,942	136,128	34,698	2002	12/20/2005	0 to 40 years
KEY CENTER TOWER	Cleveland, OH	100%	None <sup>(b)</sup>	7,269	244,424	251,693	12,790	7,454	257,029	264,483	69,038	1991	12/22/2005	0 to 40 years
KEY CENTER MARRIOTT	Cleveland, OH	100%	None	3,473	34,458	37,931	10,797	3,629	45,099	48,728	13,022	1991	12/22/2005	0 to 40 years
ONE SANTAN CORPORATE CENTER	Chandler, AZ	100%	18,000	4,871	24,669	29,540	(1,496)	4,948	23,096	28,044	5,219	2000	4/18/2006	0 to 40 years
TWO SANTAN CORPORATE CENTER	Chandler, AZ	100%	21,000	3,174	21,613	24,787	(1,752)	3,245	19,790	23,035	3,611	2003	4/18/2006	0 to 40 years
263 SHUMAN BOULEVARD	Naperville, IL	100%	49,000	7,142	41,535	48,677	6,890	7,233	48,334	55,567	14,717	1986	7/20/2006	0 to 40 years
4300 CENTREWAY PLACE	Arlington, TX	100%	None	2,539	13,919	16,458	(2,754)	2,557	11,147	13,704	2,338	1998	9/15/2006	0 to 40 years
80 PARK PLAZA	Newark, NJ	100%	None	31,766	109,952	141,718	6,333	32,221	115,830	148,051	39,607	1979	9/21/2006	0 to 40 years
INTERNATIONAL FINANCIAL TOWER	Jersey City, NJ	100%	None	29,061	141,544	170,605	13,674	29,712	154,567	184,279	39,035	1989	10/31/2006	0 to 40 years
STERLING COMMERCE	Irving, TX	100%	None	8,639	43,980	52,619	403	8,752	44,270	53,022	17,989	1999	12/21/2006	0 to 40 years
ONE CENTURY PLACE	Nashville, TN	100%	None	8,955	58,339	67,294	(7,582)	9,106	50,606	59,712	9,510	1991	1/4/2007	0 to 40 years
120 EAGLE ROCK	East Hanover, NJ	100%	None	2,726	30,078	32,804	(5,399)	2,762	24,643	27,405	3,662	1990	3/27/2007	0 to 40 years
PASADENA CORPORATE PARK	Pasadena, CA	100%	None	53,099	59,630	112,729	756	53,099	60,386	113,485	9,615	1965/2000/ 2002/2003	7/11/2007	0 to 40 years
7031 COLUMBIA GATEWAY DRIVE	Columbia, MD	100%	None	10,232	54,070	64,302	35	10,232	54,105	64,337	11,542	2000	7/12/2007	0 to 40 years
222 EAST 41ST STREET	New York City, NY	100%	None <sup>(b)</sup>	—	324,520	324,520	(1,034)	—	323,486	323,486	54,355	2001	8/17/2007	0 to 40 years
BANNOCKBURN LAKE III	Bannockburn, IL	100%	None	7,635	11,002	18,637	(1,879)	7,663	9,095	16,758	1,115	1987	9/10/2007	0 to 40 years
1200 MORRIS DRIVE	Wayne, PA	100%	None	3,723	20,597	24,320	5,377	3,786	25,911	29,697	6,330	1985	9/14/2007	0 to 40 years
SOUTH JAMAICA STREET	Englewood, CO	100%	None	13,429	109,781	123,210	3,252	13,735	112,727	126,462	23,693	2002/2003/ 2007	9/26/2007	0 to 40 years
15815 25TH AVENUE WEST	Lynnwood, WA	100%	None	3,896	17,144	21,040	462	3,965	17,537	21,502	3,051	2007	11/5/2007	0 to 40 years
16201 25TH AVENUE WEST	Lynnwood, WA	100%	None	2,035	9,262	11,297	216	2,071	9,442	11,513	1,218	2007	11/5/2007	0 to 40 years
13655 RIVERPORT DRIVE	St. Louis, MO	100%	None	6,138	19,105	25,243	8	6,138	19,113	25,251	3,617	1998	2/1/2008	0 to 40 years
11200 WEST PARKLAND AVENUE	Milwaukee, WI	100%	None	3,219	15,394	18,613	2,556	3,219	17,950	21,169	4,293	1990	3/3/2008	0 to 40 years
LENOX PARK BUILDINGS	Atlanta, GA	100%	216,000 <sup>(a)</sup>	28,478	225,067	253,545	4,224	28,858	228,911	257,769	34,031	1992/1999/ 2001/2002	5/8/2008	0 to 40 years

**Columbia Property Trust, Inc.**  
**Schedule III - Real Estate Assets and Accumulated Depreciation and Amortization**  
**December 31, 2012**  
**(in thousands)**

Description	Location	Ownership Percentage	Encumbrances	Initial Costs			Costs Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at December 31, 2012			Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on Which Depreciation and Amortization is Computed (f)
				Land	Buildings and Improvements	Total		Land	Buildings and Improvements	Total				
LINDBERGH CENTER	Atlanta, GA	100% <sup>(b)</sup>	250,000 <sup>(b), (c)</sup>	—	262,468	262,468	3,252	—	265,720	265,720	36,665	2002	7/1/2008	0 to 40 years
THREE GLENLAKE BUILDING	Sandy Springs, GA	100%	26,264/ 120,000 <sup>(d)</sup>	7,517	88,784	96,301	891	8,055	89,137	97,192	13,062	2008	7/31/2008	0 to 40 years
1580 WEST NURSERY ROAD	Linthicum, MD	100%	None	11,410	78,988	90,398	1,212	11,745	79,865	91,610	13,874	1992	9/5/2008	0 to 40 years
DVINTSEV BUSINESS CENTER -- TOWER B	Moscow, Russia	100% <sup>(a)</sup>	None <sup>(b)</sup>	—	66,387	66,387	(6,174)	—	60,213	60,213	5,764	2009	5/29/2009	0 to 40 years
STERLING COMMERCE CENTER	Columbus, OH	100%	None	1,793	31,501	33,294	2,893	1,793	34,394	36,187	3,979	1990/1995/ 1996/1998	3/8/2010	0 to 40 years
550 KING STREET BUILDINGS	Boston, MA	100%	None	8,632	74,625	83,257	7,975	8,632	82,600	91,232	11,036	1984	4/1/2010	0 to 40 years
CRANBERRY WOODS DRIVE	Cranberry Township, PA	100%	None	15,512	173,062	188,574	1,210	15,512	174,272	189,784	17,591	2009/2010	6/1/2010	0 to 40 years
HOUSTON ENERGY CENTER I	Houston, TX	100%	None	4,734	79,344	84,078	5,037	4,734	84,381	89,115	8,352	2008	6/28/2010	0 to 40 years
SUNTRUST BUILDING	Orlando, FL	100%	None	1,222	20,402	21,624	938	1,222	21,340	22,562	2,250	1959	8/25/2010	0 to 40 years
CHASE CENTER BUILDING	Columbus, OH	100%	None	5,148	24,743	29,891	2,804	5,148	27,547	32,695	2,861	1972/1982	10/21/2010	0 to 40 years
MARKET SQUARE BUILDINGS	Washington, DC	100%	325,000	152,629	450,757	603,386	11,873	152,629	462,630	615,259	41,253	1990	3/7/2011	0 to 40 years
544 LAKEVIEW	Vernon Hills, IL	50% <sup>(e)</sup>	9,100	3,006	3,100	6,106	14	3,006	3,114	6,120	141	1994	4/1/2011	0 to 40 years
333 MARKET STREET	San Francisco, CA	100%	206,500	114,483	292,840	407,323	—	114,483	292,840	407,323	246	1979	12/21/2012	0 to 40 years
<b>TOTAL REAL ESTATE ASSETS</b>				<u>\$ 785,507</u>	<u>\$ 4,676,965</u>	<u>\$ 5,462,472</u>	<u>\$ 45,297</u>	<u>\$ 789,237</u>	<u>\$ 4,718,532</u>	<u>\$ 5,507,769</u>	<u>\$ 896,174</u>			

<sup>(a)</sup> As a result of the acquisition of the Lenox Park Buildings, Columbia Property Trust acquired investments in bonds and certain obligations under capital leases in the amount of \$216.0 million.

<sup>(b)</sup> Property is owned subject to a long-term ground lease.

<sup>(c)</sup> As a result of the acquisition of the Lindbergh Center Building, Columbia Property Trust acquired investments in bonds and certain obligations under capital leases in the amount of \$250.0 million.

<sup>(d)</sup> 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.

<sup>(e)</sup> Columbia Property Trust owns a 50% controlling interest in a consolidated joint venture that owns 100% of 544 Lakeview.

<sup>(f)</sup> 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, site improvements are depreciated over 15 years, and buildings are depreciated over 40 years.

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

	For the years ended December 31,		
	2012	2011	2010
Real Estate:			
Balance at beginning of year	\$ 5,483,193	\$ 4,999,902	\$ 4,767,664
Additions to/improvements of real estate	453,541	676,230	297,023
Sale/transfer of real estate	(328,804)	(70,082)	(18,143)
Impairment of real estate	(18,467)	(5,817)	—
Write-offs of building and tenant improvements	(301)	(228)	—
Write-offs of intangible assets <sup>(1)</sup>	(1,311)	(6,978)	(52)
Write-offs of fully depreciated assets	(80,082)	(109,834)	(46,590)
Balance at end of the year	<u>\$ 5,507,769</u>	<u>\$ 5,483,193</u>	<u>\$ 4,999,902</u>
Accumulated Depreciation and Amortization:			
Balance at beginning of year	\$ 867,975	\$ 769,863	\$ 635,080
Depreciation and amortization expense	181,155	225,139	184,155
Sale/transfer of real estate	(71,654)	(12,258)	(2,763)
Write-offs of tenant improvements	(196)	(16)	25
Write-offs of intangible assets <sup>(1)</sup>	(1,024)	(4,915)	(44)
Write-offs of fully depreciated assets	(80,082)	(109,838)	(46,590)
Balance at end of the year	<u>\$ 896,174</u>	<u>\$ 867,975</u>	<u>\$ 769,863</u>

<sup>(1)</sup> Consists of write-offs of intangible lease assets related to lease restructurings, amendments, and terminations.

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**Section 2: EX-3.1 (SECOND AMENDED AND RESTATED ARTICLES OF INCORPORATION)**

**EXHIBIT 3.1**

**SECOND ARTICLES OF AMENDMENT AND RESTATEMENT  
OF  
WELLS REAL ESTATE INVESTMENT TRUST II, INC.**

**FIRST:** Wells Real Estate Investment Trust II, Inc., a Maryland corporation, desires to amend and restate its charter as currently in effect and as hereinafter amended.

**SECOND:** The following provisions are all the provisions of the charter currently in effect and as hereinafter amended:

**ARTICLE I**

**NAME**

The name of the corporation is Wells Real Estate Investment Trust II, Inc. (the "Corporation").

**ARTICLE II**

**PURPOSE**

The purposes for which the Corporation is formed are to engage in any lawful act or activity (including, without limitation or obligation, qualifying as a real estate investment trust under Sections 856 through 860, or any successor sections, of the Internal Revenue Code of 1986, as amended (the "Code")), for which corporations may be organized under the MGCL and the general laws of the State of Maryland as now or hereafter in force.

**ARTICLE III**

**PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT**

The name and address of the resident agent for service of process of the Corporation in the State of Maryland is The Corporation Trust Incorporated, 351 West Camden Street, Baltimore, Maryland 21201. The resident agent is a Maryland corporation and a resident of the State of Maryland. The address of the Corporation's principal office in the State of Maryland is 351 West Camden Street, Baltimore, Maryland 21201. The Corporation may have such other offices and places of business within or outside the State of Maryland as the board may from time to time determine.

**ARTICLE IV**

**DEFINITIONS**

As used herein, the following terms shall have the following meanings unless the context otherwise requires:

AMEX. American Stock Exchange.

Capital Stock. All classes or series of stock of the Corporation, including, without limitation, Common Stock and Preferred Stock.

Code. The term shall have the meaning as provided in Article II herein.

Common Stock. The term shall have the meaning as provided in Section 5.1 herein.

Common Stockholders. The registered holders of Common Stock.

Corporation. The term shall have the meaning as provided in Article I herein.

Independent Director. A Director who satisfies the independence requirements under the rules and regulations of the NYSE as in effect from time to time.

Listed. Approved for trading on the NYSE, AMEX, Nasdaq/NMS, any successor to such entities or on any national securities exchange that has listing standards that the Securities and Exchange Commission determines by rule are substantially similar to the listing standards of the NYSE, AMEX or Nasdaq/NMS. The term “Listing” shall have the correlative meaning.

MGCL. The Maryland General Corporation Law, as amended from time to time.

Nasdaq/NMS. National Market System of the Nasdaq Stock Market.

NYSE. New York Stock Exchange.

Person. An individual, corporation, association, business trust, estate, trust, partnership, limited liability company or other legal entity.

Preferred Stock. The term shall have the meaning as provided in Section 5.1 herein.

SDAT. The State Department of Assessments and Taxation of Maryland.

## ARTICLE V

### STOCK

Section 5.1. Authorized Shares. The Corporation has authority to issue 1,000,000,000 shares of Capital Stock, consisting of 900,000,000 shares of common stock, \$0.01 par value per share (“Common Stock”), and 100,000,000 shares of preferred stock, \$0.01 par value per share (“Preferred Stock”). The aggregate par value of all authorized shares of Capital Stock having par value is \$10,000,000. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to Section 5.2, 5.3 or 5.4 of this Article V, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph. The board of directors, with the approval of a majority of the directors and without any action by the stockholders of the Corporation, may amend the charter from time to time to increase or decrease the aggregate number of shares of Capital Stock or the number of shares of Capital Stock of any class or series that the Corporation has the authority to issue.

Section 5.2. Common Stock. Subject to the provisions of Article VI, each share of Common Stock shall entitle the holder thereof to one vote. The board of directors may reclassify any unissued shares of Common Stock from time to time in one or more classes or series of Capital Stock.

Section 5.3. Preferred Stock. The board of directors may classify any unissued shares of Preferred Stock and reclassify any previously classified but unissued shares of Preferred Stock of any series from time to time in one or more series of Capital Stock.

Section 5.4. Classified or Reclassified Shares. Prior to the issuance of classified or reclassified shares of any class or series, the board of directors by resolution shall: (a) designate that class or series to distinguish it from all other classes and series of Capital Stock of the Corporation; (b) specify the number of shares to be included in the class or series; (c) set or change, subject to the provisions of Article VI and subject to the express terms of any class or series of Capital Stock of the Corporation outstanding at the time, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Corporation to file articles supplementary with the SDAT. Any of the terms of any class or series of Capital Stock set or changed pursuant to clause (c) of this Section 5.4 may be made dependent upon facts or events ascertainable outside the charter (including determinations by the board of directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall operate upon the terms of such class or series of Capital Stock is clearly and expressly set forth in the articles supplementary filed with the SDAT.

Section 5.5. Charter and Bylaws. All Persons who shall acquire Capital Stock in the Corporation shall acquire the same subject to the provisions of the charter and the bylaws. Except as expressly set forth in the bylaws, the Board of Directors shall have the exclusive power to adopt, alter or repeal any provision of the bylaws and to make new bylaws.

Section 5.6. No Preemptive Rights. No holder of shares of Capital Stock of any class shall have any preemptive right to subscribe to or purchase any additional shares of any class, or any bonds or convertible securities of any nature; provided, however,

that the board of directors may, in authorizing the issuance of shares of Capital Stock of any class, confer any preemptive right that the board or directors may deem advisable in connection with such issuance.

Section 5.7. Issuance of Shares Without Certificates. The board of directors may authorize the issuance of shares of Capital Stock without certificates. The Corporation shall continue to treat the holder of uncertificated Capital Stock registered on its stock ledger as the owner of the shares noted therein until the new owner delivers a properly executed form provided by the Corporation for that purpose.

Section 5.8. Actions Required if Common Stock Not Listed. If by October 2015 the shares of Common Stock are not Listed, then the board of directors must either (a) adopt a resolution that sets forth a proposed amendment extending or eliminating this deadline, declare that the amendment is advisable and direct that the proposed amendment be submitted for consideration at either an annual or special meeting of the stockholders or (b) adopt a resolution that declares a proposed liquidation is advisable on substantially the terms and conditions set forth or referred to in the resolution and direct that the proposed transaction be submitted for consideration at either an annual or special meeting of the stockholders. If the board of directors seeks the amendment described in clause (a) above and the stockholders do not approve the amendment, then the board shall take the actions described in clause (b) above.

## ARTICLE VI

### RESTRICTION ON TRANSFER AND OWNERSHIP OF SHARES

Section 6.1. Definitions. As used in this Article VI, the following terms shall have the following meanings:

Aggregate Stock Ownership Limit. 9.8% in value of the aggregate of the outstanding shares of Capital Stock. The value of the outstanding shares of Capital Stock shall be determined by the board of directors in good faith, which determination shall be conclusive for all purposes hereof.

Beneficial Ownership. Ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code. The terms "Beneficial Owner," "Beneficially Owns," "Beneficially Owning" and "Beneficially Owned" shall have the correlative meanings.

Business Day. Any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in New York City are authorized or required by law, regulation or executive order to close.

Charitable Beneficiary. One or more beneficiaries of the Trust as determined pursuant to Section 6.3.6, provided that each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

Common Stock Ownership Limit. 9.8% (in value or in number of shares, whichever is more restrictive) of the aggregate of the outstanding shares of Common Stock of the Corporation. The number and value of outstanding shares of Common Stock of the Corporation shall be determined by the board of directors in good faith, which determination shall be conclusive for all purposes hereof.

Constructive Ownership. Ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms "Constructive Owner," "Constructively Owns," "Constructively Owning" and "Constructively Owned" shall have the correlative meanings.

Excepted Holder. A stockholder of the Corporation for whom an Excepted Holder Limit is created by this charter or by the board of directors pursuant to Section 6.2.7.

Excepted Holder Limit. The percentage limit established by the board of directors pursuant to Section 6.2.7 provided that the affected Excepted Holder agrees to comply with the requirements established by the board of directors pursuant to Section 6.2.7, and subject to adjustment pursuant to Section 6.2.8.

Initial Date. The date upon which the charter containing this Article VI is filed with the SDAT.

Market Price. With respect to any class or series of outstanding shares of Capital Stock, the Closing Price for such Capital Stock on such date. The “Closing Price” on any date shall mean the last sale price for such Capital Stock, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Capital Stock, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal national securities exchange on which such Capital Stock is listed or admitted to trading or, if such Capital Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if such Capital Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Capital Stock selected by the board of directors or, in the event that no trading price is available for such Capital Stock, the fair market value of the Capital Stock, as determined in good faith by the board of directors.

Prohibited Owner. With respect to any purported Transfer, any Person who but for the provisions of Section 6.2.1 would Beneficially Own or Constructively Own shares of Capital Stock and, if appropriate in the context, shall also mean any Person who would have been the record owner of the shares that the Prohibited Owner would have so owned.

Restriction Termination Date. The first day on which the Corporation determines pursuant to Section 7.7 of the charter that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT or that compliance with the restrictions and limitations on Beneficial Ownership, Constructive Ownership and Transfers of shares of Capital Stock set forth herein is no longer required in order for the Corporation to qualify as a REIT.

Transfer. Any issuance, sale, transfer, gift, assignment, devise or other disposition as well as any other event that causes any Person to acquire Beneficial Ownership or Constructive Ownership, or any agreement to take any such actions or cause any such events, of Capital Stock or the right to vote or receive distributions on Capital Stock, including (a) the granting or exercise of any option (or any disposition of any option), (b) any disposition of any securities or rights convertible into or exchangeable for Capital Stock or any interest in Capital Stock or any exercise of any such conversion or exchange right and (c) Transfers of interests in other entities that result in changes in Beneficial Ownership or Constructive Ownership of Capital Stock; in each case, whether voluntary or involuntary, whether owned of record, Constructively Owned or Beneficially Owned and whether by operation of law or otherwise. The terms “Transferring” and “Transferred” shall have the correlative meanings.

Trust. Any trust provided for in Section 6.3.1.

Trustee. The Person unaffiliated with the Corporation and a Prohibited Owner that is appointed by the Corporation to serve as trustee of the Trust.

## Section 6.2. Capital Stock.

### Section 6.2.1. Ownership Limitations. Prior to the Restriction Termination Date:

#### (a) Basic Restrictions.

(i) (1) No Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Aggregate Stock Ownership Limit, (2) no Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Common Stock in excess of the Common Stock Ownership Limit and (3) no Excepted Holder shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Excepted Holder Limit for such Excepted Holder.

(ii) No Person shall Beneficially Own or Constructively Own shares of Capital Stock to the extent that such Beneficial Ownership or Constructive Ownership of Capital Stock would result in the Corporation (1) being “closely held” within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year), or (2) otherwise failing to qualify as a REIT (including, but not limited to, Beneficial Ownership or Constructive Ownership that would result in the Corporation owning (actually or Constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation from such tenant would cause the Corporation to fail to satisfy any of the gross income requirements of Section 856(c) of the Code); provided, however, that this Section 6.2.1(a)(ii)(1) shall not apply to the Corporation's first taxable year for which a REIT election is made.

(iii) Notwithstanding any other provisions contained herein, any Transfer of shares of Capital Stock (whether or not such Transfer is the result of a transaction entered into through the facilities of any national securities exchange or automated



inter-dealer quotation system) that, if effective, would result in the Capital Stock being Beneficially Owned by less than 100 Persons (determined under the principles of Section 856 (a)(5) of the Code) shall be void ab initio, and the intended transferee shall acquire no rights in such shares of Capital Stock; provided, however, that (1) this Section 6.2.1(a)(iii) shall not apply to a Transfer of shares of Capital Stock occurring in the Corporation's first taxable year for which a REIT election is made and (2) the board of directors may waive this Section 6.2.1(a)(iii) if, in the opinion of the board of directors, such Transfer would not adversely affect the Corporation's ability to qualify as a REIT.

(b) Transfer in Trust. If any Transfer of shares of Capital Stock (whether or not such Transfer is the result of a transaction entered into through the facilities of any national securities exchange or automated inter-dealer quotation system) occurs that, if effective, would result in any Person Beneficially Owning or Constructively Owning shares of Capital Stock in violation of Section 6.2.1(a)(i) or Section 6.2.1(a)(ii),

(i) then that number of shares of Capital Stock the Beneficial Ownership or Constructive Ownership of which otherwise would cause such Person to violate Section 6.2.1(a)(i) or Section 6.2.1(a)(ii) (rounded to the nearest whole share) shall be automatically transferred to a Trust for the benefit of a Charitable Beneficiary, as described in Section 6.3, effective as of the close of business on the Business Day prior to the date of such Transfer and such Person shall acquire no rights in such shares; provided, however,

(ii) if the transfer to the Trust described in clause (i) of this sentence would not be effective for any reason to prevent the violation of Section 6.2.1(a)(i) or Section 6.2.1(a)(ii), then the Transfer of that number of shares of Capital Stock that otherwise would cause any Person to violate Section 6.2.1(a)(i) or Section 6.2.1(a)(ii) shall be void ab initio and the intended transferee shall acquire no rights in such shares of Capital Stock.

Section 6.2.2. Remedies for Breach. If the board of directors shall at any time determine in good faith that a Transfer or other event has taken place that results in a violation of Section 6.2.1(a) or that a Person intends to acquire or has attempted to acquire Beneficial Ownership or Constructive Ownership of any shares of Capital Stock in violation of Section 6.2.1(a) (whether or not such violation is intended), the board of directors or a committee thereof shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Corporation to redeem shares, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer or other event; provided, however, that any Transfers or attempted Transfers or other events in violation of Section 6.2.1(a) shall automatically result in the transfer to the Trust described above and, where applicable, such Transfer (or other event) shall be void ab initio as provided above irrespective of any action (or non-action) by the board of directors.

Section 6.2.3. Notice of Restricted Transfer. Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of shares of Capital Stock that will or may violate Section 6.2.1(a) or any Person who would have owned shares of Capital Stock that resulted in a transfer to the Trust pursuant to the provisions of Section 6.2.1(b) shall immediately give written notice to the Corporation of such event or, in the case of such a proposed or attempted transaction, give at least 15 days prior written notice and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer on the Corporation's status as a REIT.

Section 6.2.4. Owners Required to Provide Information. Prior to the Restriction Termination Date:

(a) every owner of 5% or more (or such higher percentage as required by the Code or the Treasury Regulations promulgated thereunder) of the outstanding shares of Capital Stock, within 30 days after the end of each taxable year, shall give written notice to the Corporation stating the name and address of such owner, the number of shares of Capital Stock and other shares of the Capital Stock Beneficially Owned and a description of the manner in which such shares are held. Each such owner shall provide to the Corporation such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation's status as a REIT and to ensure compliance with the Aggregate Stock Ownership Limit.

(b) each Person who is a Beneficial Owner or Constructive Owner of Capital Stock and each Person (including the stockholder of record) who is holding Capital Stock for a Beneficial Owner or Constructive Owner shall provide to the Corporation such information as the Corporation may request, in good faith, in order to determine the Corporation's status as a REIT and to comply with requirements of any taxing authority or governmental authority or to determine such compliance.

Section 6.2.5. Remedies Not Limited. Subject to Section 7.7, nothing contained in this Section 6.2 shall limit the authority of the board of directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders in preserving the Corporation's status as a REIT.

Section 6.2.6. Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Section 6.2, Section 6.3 or any definition contained in Section 6.1, the board of directors shall have the power to determine the application of the provisions of this Section 6.2 or Section 6.3 with respect to any situation based on the facts known to it. In the event Section 6.2 or Section 6.3 requires an action by the board of directors and the charter fails to provide specific guidance with respect to such action, the board of directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of Sections 6.1, 6.2 or 6.3.

Section 6.2.7. Exceptions.

(a) Subject to Section 6.2.1(a)(ii), the board of directors, in its sole discretion, may exempt a Person from the Aggregate Stock Ownership Limit and the Common Stock Ownership Limit, as the case may be, and may establish or increase an Excepted Holder Limit for such Person if:

(i) the board of directors obtains such representations and undertakings from such Person as are reasonably necessary to ascertain that no Person's Beneficial Ownership or Constructive Ownership of such shares of Capital Stock will violate Section 6.2.1(a)(ii);

(ii) such Person does not and represents that it will not own, actually or Constructively, an interest in a tenant of the Corporation (or a tenant of any entity owned or controlled by the Corporation) that would cause the Corporation to own, actually or Constructively, more than a 9.9% interest (as set forth in Section 856(d)(2)(B) of the Code) in such tenant and the board of directors obtains such representations and undertakings from such Person as are reasonably necessary to ascertain this fact (for this purpose, a tenant from whom the Corporation (or an entity owned or controlled by the Corporation) derives (and is expected to continue to derive) a sufficiently small amount of revenue such that, in the opinion of the board of directors, rent from such tenant would not adversely affect the Corporation's ability to qualify as a REIT shall not be treated as a tenant of the Corporation); and

(iii) such Person agrees that any violation or attempted violation of such representations or undertakings (or other action which is contrary to the restrictions contained in Sections 6.2.1 through 6.2.6) will result in such shares of Capital Stock being automatically transferred to a Trust in accordance with Section 6.2.1(b) and Section 6.3.

(b) Prior to granting any exception pursuant to Section 6.2.7(a), the board of directors may require a ruling from the Internal Revenue Service or an opinion of counsel, in either case, in form and substance satisfactory to the board of directors in its sole discretion, as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT. Notwithstanding the receipt of any ruling or opinion, the board of directors may impose such conditions or restrictions as it deems appropriate in connection with granting such exception.

(c) Subject to Section 6.2.1(a)(ii), an underwriter which participates in a public offering or a private placement of Capital Stock (or securities convertible into or exchangeable for Capital Stock) may Beneficially Own or Constructively Own shares of Capital Stock (or securities convertible into or exchangeable for Capital Stock) in excess of the Aggregate Stock Ownership Limit, the Common Stock Ownership Limit or both such limits, but only to the extent necessary to facilitate such public offering or private placement.

(d) The board of directors may only reduce the Excepted Holder Limit for an Excepted Holder: (i) with the written consent of such Excepted Holder at any time or (ii) pursuant to the terms and conditions of the agreements and undertakings entered into with such Excepted Holder in connection with the establishment of the Excepted Holder Limit for that Excepted Holder. No Excepted Holder Limit shall be reduced to a percentage that is less than the Common Stock Ownership Limit.

Section 6.2.8. Increase in Aggregate Stock Ownership Limit and Common Stock Ownership Limit. The board of directors may from time to time increase the Common Stock Ownership Limit and the Aggregate Stock Ownership Limit.

Section 6.2.9. Legend. Each certificate for shares of Capital Stock shall bear substantially the following legend:

The shares represented by this certificate are subject to restrictions on Beneficial Ownership, Constructive Ownership and Transfer for the purpose of the Corporation's maintenance of its status as a Real Estate Investment Trust under the Internal Revenue Code of 1986, as amended (the "Code"). Subject to certain further restrictions and except as expressly provided in the Corporation's charter: (a) no Person may Beneficially Own or Constructively Own shares of the Corporation's Common Stock in excess of 9.8% (in value or number of shares) of the outstanding shares of Common Stock of the Corporation unless such Person is an Excepted Holder (in which case the Excepted Holder

Limit for such Excepted Holder shall be applicable); (b) no Person may Beneficially Own or Constructively Own shares of Capital Stock of the Corporation in excess of 9.8% of the value of the total outstanding shares of Capital Stock of the Corporation, unless such Person is an Excepted Holder (in which case the Excepted Holder Limit for such Excepted Holder shall be applicable); (c) no Person may Beneficially Own or Constructively Own Capital Stock that would result in the Corporation being “closely held” under Section 856(h) of the Code or otherwise cause the Corporation to fail to qualify as a REIT; and (d) other than as provided in the Corporation's charter, no Person may Transfer shares of Capital Stock if such Transfer would result in the Capital Stock of the Corporation being owned by fewer than 100 Persons. Any Person who Beneficially Owns or Constructively Owns or attempts to Beneficially Own or Constructively Own shares of Capital Stock which causes or will cause a Person to Beneficially Own or Constructively Own shares of Capital Stock in excess or in violation of the above limitations must immediately notify the Corporation. If any of the restrictions on Transfer or ownership are violated, the shares of Capital Stock represented hereby will be automatically transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries. In addition, upon the occurrence of certain events, attempted Transfers in violation of the restrictions described above may be void ab initio.

All capitalized terms in this legend have the meanings defined in the charter of the Corporation, as the same may be amended from time to time, a copy of which, including the restrictions on Transfer and ownership, will be furnished to each holder of Capital Stock of the Corporation on request and without charge.

Instead of the foregoing legend, the certificate may state that the Corporation will furnish a full statement about certain restrictions on transferability to a stockholder on request and without charge. Such statement shall also be sent on request and without charge to stockholders who are issued shares without a certificate.

### Section 6.3. Transfer of Capital Stock in Trust.

Section 6.3.1. Ownership in Trust. Upon any purported Transfer or other event described in Section 6.2.1(b) that would result in a transfer of shares of Capital Stock to a Trust, such shares of Capital Stock shall be deemed to have been transferred to the Trustee as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the purported Transfer or other event that results in the transfer to the Trust pursuant to Section 6.2.1(b). The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Corporation as provided in Section 6.3.6.

Section 6.3.2. Status of Shares Held by the Trustee. Shares of Capital Stock held by the Trustee shall be issued and outstanding shares of Capital Stock of the Corporation. The Prohibited Owner shall have no rights in the shares held by the Trustee. The Prohibited Owner shall not benefit economically from ownership of any shares held in trust by the Trustee and shall have no rights to dividends or other distributions attributable to the shares held in the Trust.

Section 6.3.3. Distributions and Voting Rights. The Trustee shall have all voting rights and rights to distributions with respect to shares of Capital Stock held in the Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any distribution paid prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee shall be paid by the recipient of such distribution to the Trustee upon demand, and any distribution authorized but unpaid shall be paid when due to the Trustee. Any distribution so paid to the Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to shares held in the Trust, and, subject to Maryland law, effective as of the date that the shares of Capital Stock have been transferred to the Trustee, the Trustee shall have the authority with respect to the shares held in the Trust (at the Trustee's sole discretion) (a) to rescind as void any vote cast by a Prohibited Owner prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee and (b) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that if the Corporation has already taken irreversible corporate action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of this Article VI, until the Corporation has received notification that shares of Capital Stock have been transferred into a Trust, the Corporation shall be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of stockholders.

Section 6.3.4. Sale of Shares by Trustee. Within 20 days of receiving notice from the Corporation that shares of Capital Stock have been transferred to the Trust, the Trustee of the Trust shall sell the shares held in the Trust to a Person, designated by

the Trustee, whose ownership of the shares will not violate the ownership limitations set forth in Section 6.2.1(a). Upon such sale, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 6.3.4. The Prohibited Owner shall receive the lesser of (a) the price paid by the Prohibited Owner for the shares or, if the Prohibited Owner did not give value for the shares in connection with the event causing the shares to be held in the Trust ( e.g., in the case of a gift, devise or other such transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Trust or (b) the price per share received by the Trustee from the sale or other disposition of the shares held in the Trust. Any net sale proceeds in excess of the amount payable to the Prohibited Owner shall be immediately paid to the Charitable Beneficiary. If, prior to the discovery by the Corporation that shares of Capital Stock have been transferred to the Trustee, such shares are sold by a Prohibited Owner, then (i) such shares shall be deemed to have been sold on behalf of the Trust and (ii) to the extent that the Prohibited Owner received an amount for such shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 6.3.4, such excess shall be paid to the Trustee upon demand.

Section 6.3.5. Purchase Right in Stock Transferred to the Trustee. Shares of Capital Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (a) the price per share in the transaction that resulted in such transfer to the Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) or (b) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation shall have the right to accept such offer until the Trustee has sold the shares held in the Trust pursuant to Section 6.3.4. Upon such a sale to the Corporation, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner.

Section 6.3.6. Designation of Charitable Beneficiaries. By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust such that (a) the shares of Capital Stock held in the Trust would not violate the restrictions set forth in Section 6.2.1(a) in the hands of such Charitable Beneficiary and (b) each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

Section 6.4. Settlement. Nothing in this Article VI shall preclude the settlement of any transaction entered into through the facilities of any national securities exchange or automated inter-dealer quotation system. The fact that the settlement of any transaction is so permitted shall not negate the effect of any other provision of this Article VI and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article VI.

Section 6.5. Enforcement. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article VI.

Section 6.6. Non-Waiver. No delay or failure on the part of the Corporation or the board of directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the board of directors, as the case may be, except to the extent specifically waived in writing.

## ARTICLE VII

### PROVISIONS FOR DEFINING, LIMITING AND REGULATING CERTAIN POWERS OF THE CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS

Section 7.1. Number of Directors. The number of directors of the Corporation shall be nine, which number may be increased or decreased from time to time pursuant to the bylaws but shall never be less than the minimum number required by the MGCL. Until a Listing occurs, a majority of the seats on the board of directors will be for Independent Directors. No reduction in the number of directors shall cause the removal of any director from office prior to the expiration of his term, except as may otherwise be provided in the terms of any Preferred Stock issued by the Corporation. The names of the directors who shall serve on the board until the next annual meeting of the stockholders and until their successors are duly elected and qualified are:

Charles R. Brown  
Richard W. Carpenter  
Bud Carter  
John L. Dixon  
E. Nelson Mills  
George W. Sands  
Neil H. Strickland

Leo F. Wells, III  
Douglas P. Williams

The Corporation elects to make the election provided for under Section 3-804(c) of the MGCL, that, except as may be provided by the Board of Directors in setting the terms of any class or series of stock, any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred.

Section 7.2. REIT Qualification. If the Corporation elects to qualify for federal income tax treatment as a REIT, the board of directors shall use its reasonable best efforts to take such actions as are necessary or appropriate to preserve the status of the Corporation as a REIT; however, if the board of directors determines that it is no longer in the best interests of the Corporation to continue to be qualified as a REIT, the board of directors may revoke or otherwise terminate the Corporation's REIT election pursuant to Section 856(g) of the Code. The board of directors also may determine that compliance with any restriction or limitation on ownership and transfers of Capital Stock set forth in Article VI is no longer required for REIT qualification.

Section 7.3. Determinations by the Board. The determination as to any of the following matters, made in good faith by or pursuant to the direction of the board of directors consistent with the charter and in the absence of actual receipt of an improper benefit in money, property or services or active and deliberate dishonesty established by a court, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its Capital Stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its Capital Stock or the payment of other distributions on its Capital Stock; the amount of paid-in surplus, net assets, other surplus, annual or other net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation; and any matters relating to the acquisition, holding and disposition of any assets by the Corporation.

Section 7.4. Indemnification. The Corporation shall indemnify, to the fullest extent permitted by Maryland law, as applicable from time to time, its present and former directors and officers, whether serving or having served, the Corporation or at its request any other entity, for any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) relating to any action alleged to have been taken or omitted in such capacity as a director or officer. The Corporation shall pay or reimburse all reasonable expenses incurred by a present or former director or officer, whether serving or having served, the Corporation or at its request any other entity, in connection with any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) in which the present or former director or officer is a party, in advance of the final disposition of the proceeding, to the fullest extent permitted by, and in accordance with the applicable requirements of, Maryland law, as applicable from time to time. The Corporation may indemnify any other persons, including a person who served a predecessor of the Corporation as an officer or director, permitted but not required to be indemnified by Maryland law as applicable from time to time, if and to extent indemnification is authorized and determined to be appropriate, in each case in accordance with applicable law. No amendment of the Charter of the Corporation or repeal of any of its provisions shall limit or eliminate any of the benefits provided to directors and officers under this Section 7.4 in respect of any act or omission that occurred prior to such amendment or repeal.

Section 7.5. Extraordinary Actions. Notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of the holders of shares entitled to cast a greater number of votes, any such action shall be effective and valid if declared advisable by the Board of Directors and taken or approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 7.6. Rights of Objecting Stockholders. Holders of shares of Capital Stock shall not be entitled to exercise any rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the MGCL unless the board, upon the affirmative vote of a majority of the entire board, shall determine that such rights shall apply, with respect to all or any classes or series of Capital Stock, to a particular transaction or all transactions occurring after the date of such approval in connection with which holders of such shares of Capital Stock would otherwise be entitled to exercise such rights.

Section 7.7. Limitation of Director and Officer Liability. To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this Section 7.7, nor the adoption or amendment of any other provision of the charter or bylaws inconsistent with this Section 7.7, shall apply to or affect

in any respect the applicability of the preceding sentence with respect to any act or failure to act that occurred prior to such amendment, repeal or adoption.

Section 7.8. Authority to Declare Stock Dividends of Different Classes. Subject to any preferential rights in favor of any class of Preferred Stock, the board of directors, in accordance with Section 2-309(c)(5)(i) of the MGCL, is hereby specifically authorized to, at any time, cause the Corporation to declare and pay a dividend payable in shares of any one class or multiple classes of Capital Stock to the holders of shares of any other class or classes of Capital Stock without obtaining stockholder approval.

**ARTICLE IX**

**AMENDMENT**

The Corporation reserves the right from time to time to make any amendment to the charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the charter, of any shares of outstanding Capital Stock.

THIRD: The amendment and restatement of the charter of the Corporation as hereinabove set forth were duly advised by the board of directors and approved by the stockholders of the Corporation as required by law.

FOURTH: The current address of the principal office of the Corporation is as set forth in Article III of the foregoing amendment and restatement of the charter.

FIFTH: The name and address of the Corporation's current resident agent are as set forth in Article III of the foregoing amendment and restatement of the charter.

SIXTH: The number of directors of the Corporation and the names of those currently in office are as set forth in Section 7.1 of the foregoing amendment and restatement of the charter.

SEVENTH: The undersigned President acknowledges the foregoing amendment and restatement of the charter to be the corporate act of the Corporation and as to all matters and facts required to be verified under oath, the undersigned President acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties of perjury.

IN WITNESS WHEREOF, Wells Real Estate Investment Trust II, Inc., has caused the foregoing amendment and restatement of the charter to be signed in its name and on its behalf by its President and attested to by its Executive Vice President, Treasurer and Secretary on this 19th day of July, 2012.

WELLS REAL ESTATE INVESTMENT  
TRUST II, INC.

By: /s/ E. Nelson Mills (SEAL)  
E. Nelson Mills  
President

ATTEST

By: /s/ Douglas P. Williams  
Douglas P. Williams  
Executive Vice President, Treasurer and  
Secretary

**ARTICLES OF AMENDMENT  
OF  
WELLS REAL ESTATE INVESTMENT TRUST II, INC.**

THIS IS TO CERTIFY THAT:

FIRST: Pursuant to Section 2-605 of the Maryland General Corporation Law (the "MGCL"), Wells Real Estate Investment Trust II, Inc. (the "Corporation") desires to amend its charter as currently in effect and is hereinafter amended as follows:

SECOND: First Article of the Corporation's charter shall be amended as follows:

The name of the corporation is Columbia Property Trust, Inc. (the "Corporation").

THIRD: This amendment to the Corporation's charter was approved by a majority of the entire Board of Directors of the Corporation. This amendment is limited to a change expressly authorized by Section 2-605(a)(1) of the MGCL to be made without action by the Corporation's stockholders.

IN WITNESS WHEREOF, the Corporation has caused the foregoing amendment of its charter to be signed in its name and on its behalf by its President and attested to by its Executive Vice President, Treasurer and Secretary on this 24th day of February, 2013.

COLUMBIA PROPERTY TRUST, INC.  
(f/k/a Wells Real Estate Investment Trust II, Inc.)

By: /c/ E. Nelson Mills  
E. Nelson Mills  
President

ATTEST:

By: /c/ Douglas P. Williams  
Douglas P. Williams  
Executive Vice President, Treasurer and Secretary

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**Section 3: EX-3.2 (SECOND AMENDED AND RESTATED BYLAWS)**

Exhibit 3.2

**SECOND AMENDED AND RESTATED BYLAWS  
OF  
COLUMBIA PROPERTY TRUST, INC.**

**ARTICLE I**

**OFFICES**

Section 1.01. PRINCIPAL OFFICES. The principal office of Columbia Property Trust, Inc. (the "Corporation") shall be located at such place or places as the board of directors may designate from time to time.

Section 1.02. ADDITIONAL OFFICES. The Corporation may have additional offices at such places as the board of directors may from time to time determine or otherwise as the business of the Corporation may require.

**ARTICLE II**

**MEETINGS OF STOCKHOLDERS**

Section 2.01. PLACE. All meetings of stockholders shall be held at a principal office of the Corporation or at such other place as shall be stated in the notice of the meeting.

Section 2.02. ANNUAL MEETING. An annual meeting of the stockholders for the election of directors and the transaction of any business within the powers of the Corporation shall be held on such day as the board of directors may determine.

Section 2.03. SPECIAL MEETINGS. Special meetings of the stockholders may be called by: (i) the president; (ii) the board of directors, (iii) a majority of the Independent Directors, as defined in the Corporation's charter (the "charter"); or (iv) upon the written request to the secretary of the Corporation, the holders of shares entitled to cast a majority of all the votes entitled to be cast at such meeting whereby such written request states the purpose of the meeting and the matters proposed to be acted upon at such meeting. Unless requested by the stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting, a special meeting need not be called to consider any matter which is substantially the same as a matter

voted on at any special meeting of the stockholders held during the preceding twelve months.

Section 2.04. NOTICE FOR MEETINGS. Except as provided otherwise in Section 2.03 of this Article II, the secretary shall, not less than ten nor more than 90 days before each meeting of stockholders, give to each stockholder entitled to vote at the meeting and each other stockholder entitled to notice of the meeting, written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as otherwise required by the Maryland General Corporation Law (the "MGCL"), the purpose of the meeting. Notice shall be deemed delivered to a stockholder upon being: (i) personally delivered to the stockholder; (ii) left at the stockholder's residence or usual place of business; (iii) mailed to the stockholder at the stockholder's address as it appears on the records of the Corporation, in which case such notice shall be deemed to be given when deposited in the United States mail with postage prepaid thereon; or (iv) transmitted

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to the stockholder by electronic mail to any electronic mail address of the stockholder or by any other electronic means.

Section 2.05. SCOPE OF NOTICE. Any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except as otherwise set forth in Section 2.12(a) of this Article II and except for such business as is required by the MGCL or any other relevant statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice.

Section 2.06. ORGANIZATION AND CONDUCT. Every meeting of stockholders shall be conducted by an individual appointed by the board of directors to be chairman of the meeting or, in the absence of such appointment, by the chairman of the board or, in the case of a vacancy in the office or absence of the chairman of the board, by one of the following officers present at the meeting: the vice chairman of the board, if there be one, the president, the vice presidents in their order of rank and seniority, or, in the absence of such officers, a chairman chosen by the stockholders by the vote of a majority of the votes cast by stockholders present in person or by proxy. The secretary, or, in the secretary's absence, an assistant secretary, or in the absence of both the secretary and assistant secretaries, a person appointed by the board of directors or, in the absence of such appointment, a person appointed by the chairman of the meeting shall act as secretary. In the event that the secretary presides at a meeting of the stockholders, an assistant secretary shall record the minutes of the meeting. The order of business and all other matters of procedure at any meeting of stockholders shall be determined by the chairman of the meeting. The chairman of the meeting may prescribe such rules, regulations and procedures and take such action as, in the discretion of such chairman, are appropriate for the proper conduct of the meeting, including, without limitation, (a) restricting admission to the time set for the commencement of the meeting; (b) limiting attendance at the meeting to stockholders of record of the Corporation, their duly authorized proxies or other such persons as the chairman of the meeting may determine; (c) limiting participation at the meeting on any matter to stockholders of record of the Corporation entitled to vote on such matter, their duly authorized proxies or other such persons as the chairman of the meeting may determine; (d) limiting the time allotted to questions or comments by participants; (e) maintaining order and security at the meeting; (f) removing any stockholder who refuses to comply with meeting procedures, rules or guidelines as set forth by the chairman of the meeting; and (g) recessing or adjourning the meeting to a later date and time and place announced at the meeting. Unless otherwise determined by the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.07. QUORUM; ADJOURNMENT. At any meeting of the stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum except as otherwise provided by law, the charter or these bylaws. If a quorum shall not be present at any meeting of the stockholders, the stockholders entitled to vote at such meeting, present in person or by proxy, shall have the power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted at the meeting as originally noticed.

The stockholders present either in person or by proxy, at a meeting which has been duly called and convened, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 2.08. VOTING. A plurality of all the votes cast by the stockholders present in person or by proxy at an annual meeting at which a quorum is present may, without the necessity for concurrence by the board of directors, vote to elect a director. Each share may be voted for as many individuals as there are

directors to be elected and for whose election the share is entitled to be voted. Except as otherwise required by law, the charter or these bylaws, a majority of the votes cast at a meeting of the stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting. Unless otherwise provided in the charter, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of the stockholders.

Section 2.09. PROXIES. A stockholder may cast the votes entitled to be cast by the shares of stock owned of record by the stockholder in person or by proxy executed by the stockholder or by the stockholder's duly authorized agent in any manner permitted by law. Such proxy or evidence of authorization of such proxy shall be filed with the secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 2.10. VOTING OF STOCK BY CERTAIN HOLDERS. Stock registered in the name of a corporation, partnership, trust or other entity, if entitled to be voted, may be voted by the president, a vice president, a general partner, or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the governing body of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such stock. Any director or other fiduciary may vote stock registered in his name as such fiduciary, either in person or by proxy.

Shares of the Corporation's stock owned directly or indirectly by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case, subject to the terms of the charter, they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The board of directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date or closing of the stock transfer books, the time after the record date or closing of the stock transfer books within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the board of directors considers necessary or desirable. On receipt of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the stockholder of record of the specified stock in place of the stockholder who makes the certification.

Section 2.11. INSPECTORS.

(a) The board of directors or the chairman of the meeting may, but need not, appoint one or more individual inspectors or one or more entities that designate individuals as inspectors to act at the meeting or any adjournment thereof. If an inspector or inspectors are not appointed, the person presiding at the meeting may, but need not, appoint one or more inspectors. In case any person appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the board of directors in advance of the meeting or at the meeting by the chairman of the meeting.

(b) The inspectors, if any, shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising

in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. Each such report shall be in writing and signed by him or her or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

Section 2.12. NOMINATIONS AND STOCKHOLDER BUSINESS.

(a) Annual Meetings of Stockholders.

(1) Nominations of persons for election to the board of directors and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (A) pursuant to the Corporation's notice of such meeting; (B) by or at the direction of the board of directors; or (C) by any stockholder of the Corporation who (i) was a stockholder of record both at the time of giving of notice provided for in this Section 2.12(a) and at the time of the annual meeting in question; (ii) is entitled to vote at such meeting; and (iii) has complied with the notice procedures set forth in this Section 2.12(a).

(2) For nominations or other business to be properly brought at an annual meeting by a stockholder pursuant to this paragraph (a) (2) or paragraph (a)(1) of this Section 2.12, the stockholder must give timely notice thereof in writing to the secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the secretary at the principal executive office of the Corporation not less than 45 days prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting; provided, however, that in the event that the date of the date of mailing of the notice for the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of mailing of the notice for the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of the 45th day prior to the date of mailing of the notice for such annual meeting or the 10th day following the day on which disclosure of the date of mailing of the notice for such meeting is first made. In no event shall the public announcement of a postponement or adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (A) as to each person whom the stockholder proposes to nominate for election or re-election as a director (i) the name, age, business address, and residence address of such person; (ii) the class and number of shares of stock of the Corporation that are beneficially owned by such person; and (iii) all other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (B) as to any other business that the stockholder proposes to bring before the meeting, (i) a brief description of the business desired to be brought before the meeting; (ii) the reasons for conducting such business at the meeting; and (iii) any material interest in such business that such stockholder and beneficial owner, if any, on whose behalf the proposal is made, may have; and (C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (i) the name and address of such stockholder and beneficial owner, if any, as such appears on the Corporation's books; and (ii) the number of shares of each class of stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

(3) Notwithstanding anything in the second sentence of paragraph (a)(2) of this Section 2.12 to the contrary, in the event that the number of directors to be elected to the board of directors is increased and there is no public announcement naming all of the nominees for directors or specifying the size of the increased board of directors made by the Corporation at least 100 days prior to the first anniversary of the

date of mailing of the notice for the preceding year's annual meeting, a stockholder's notice required by this Section 2.12(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive offices of the Corporation no later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of said meeting. Nominations of persons for election to the board of directors may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation's notice of said meeting including the notice contemplated by Section 2.03; (ii) by or at the direction of the board of directors; or (iii) provided the board of directors has determined that directors shall be elected at such special meeting, by any stockholder of the Corporation who (A) is a stockholder of record both at the time of giving of notice provided for in this Section 2.12(b) at the time of the special meeting; (B) is entitled to vote at the meeting; and (C) complied with the notice procedures set forth in this Section 2.12(b). In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the board of directors, any such stockholder may nominate a person or persons (as the case may be) for election to such position as specified in the Corporation's notice of meeting, if the stockholder's notice containing the information required by paragraph (a)(2) of this Section 2.12 shall be delivered to the secretary at the principal executive offices of the Corporation not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of the 45th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the board of directors to be elected at such meeting. In no event shall the public announcement of a postponement or adjournment of a special meeting commence a new time period for the giving of a stockholder's notice as described above.

(c) General.

(1) Only such persons who are nominated in accordance with the procedures set forth in this Section 2.12 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.12. The presiding officer of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 2.12, and, if any proposed nomination or business is not in compliance with this Section 2.12, to declare that such defective nomination or proposal, if any, be disregarded.

(2) For purposes of this Section 2.12, (i) the "date of mailing of the notice" shall mean the date of the proxy statement for the solicitation of proxies for election of directors and (ii) "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 2.12, a stockholder shall also comply with all applicable requirements of state law and the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in this Section 2.12. Nothing in this Section 2.12 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 2.13. VOTING BY BALLOT. Voting on any question or in any election may be viva voce unless the presiding officer shall order, or any stockholder shall demand, that voting be by ballot.

### **ARTICLE III**

#### **DIRECTORS**

Section 3.01. GENERAL POWERS. The business and affairs of the Corporation shall be managed under the direction of its board of directors.

Section 3.02. NUMBER, TENURE AND QUALIFICATIONS. At any regular meeting or at any special meeting called for that purpose, a majority of the members then serving on the board of directors may establish, increase, or decrease the number of directors, provided that, except as otherwise provided in the charter, the number thereof shall never be less than the minimum number required by the MGCL or the charter (whichever is greater), nor more than the maximum number of directors set forth in the charter, and further provided that, except as may be provided in the terms of any preferred stock issued by the Corporation, the tenure of office of a director shall not be affected by any decrease in the number of directors.

Section 3.03. ANNUAL AND REGULAR MEETINGS. An annual meeting of the board of directors shall be held immediately after and at the same place as the annual meeting of stockholders, no notice other than this Bylaw being necessary. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors. The board of directors may provide, by resolution, the time and place, either within or without the State of Maryland, for the holding of regular meetings of the board of directors without other notice than such resolution.

Section 3.04. SPECIAL MEETINGS. Special meetings of the board of directors may be called by or at the request of the chairman of the board, president or by a majority of the board of directors. The person or persons authorized to call special meetings of the board of directors may fix any place, either within or without the State of Maryland, as the place for holding any special meeting of the board of directors called by them. The board of directors may provide, by resolution, the time and place for the holding of special meetings of the board of directors without other notice than such resolution.

Section 3.05. NOTICE. Notice of any special meeting of the board of directors shall be delivered personally, or by telephone, electronic mail, facsimile transmission, United States mail, or courier to each director at his business or residence address. Notice by personal delivery, telephone, electronic mail, or facsimile transmission shall be given at least two days prior to the meeting. Notice by United States mail shall be given at least five days prior to the meeting and shall be deemed to be given when deposited in the United States mail properly addressed, with postage prepaid thereon. Telephone notice shall be deemed to be given when the director or his agent is personally given such notice in a telephone call to which he or his agent is a party. Electronic mail notice shall be deemed to be given upon transmission of the message to the electronic mail address given to the Corporation by the director. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Notice by courier shall be deemed to be given when deposited with or delivered to a courier properly addressed. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the board of directors need be stated in the notice, unless specifically required by statute or these bylaws.

Section 3.06. QUORUM. A majority of the directors then serving shall constitute a quorum for transaction of business at any meeting of the board of directors, provided that if less than a majority of such

directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and provided further that, if pursuant to the charter or these bylaws, the vote of a majority of a particular group of directors is required for action, a quorum must also include a majority of such group. The directors present at a meeting which has been duly called and convened may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 3.07. VOTING. The action of the majority of the directors present at a meeting at which a quorum is present shall be the action of the board of directors, unless the concurrence of a greater proportion is required for such action by applicable statute or the charter. If enough directors have withdrawn from a meeting to leave less than a quorum but the meeting is not adjourned, the action of the majority of the directors still present at such meeting shall be the action of the board of directors, unless the concurrence of a greater proportion is required for such action by the MGCL or the charter.

Section 3.08. ORGANIZATION. At each meeting of the board of directors, the chairman of the board or, in the absence of the chairman, the vice chairman of the board, if any, shall act as chairman. In the absence of both the chairman and vice chairman of the board, the chief executive officer or in the absence of the chief executive officer, the president or in the absence of the president, a director chosen by a majority of the directors present, shall act as chairman. The secretary or, in his or her absence, an assistant secretary of the Corporation, or in the absence of the secretary and all assistant secretaries, a person appointed by the chairman, shall act as secretary of the meeting.

Section 3.09. ACTION BY WRITTEN CONSENT OR BY ELECTRONIC TRANSMISSION; INFORMAL ACTION. Any action required or permitted to be taken at any meeting of the board of directors may be taken without a meeting, if a consent to such action is given in writing or by electronic transmission by each director, and such consent is filed in paper or electronic form with the minutes of proceedings of the board of directors.

Section 3.10. TELEPHONE MEETINGS. directors may participate in a meeting of the board of directors by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 3.11. REMOVAL. At any meeting of stockholders called expressly, but not necessarily solely, for that purpose, any director or the entire board of directors may be removed, with or without cause, by a vote of the holders of a majority of the shares then entitled to vote on the election of directors.

Section 3.12. VACANCIES. If for any reason any or all the directors cease to be directors, such event shall not terminate the Corporation or affect these bylaws or the powers of the remaining directors hereunder (even if fewer than the statutory minimum remain) Any vacancy on the board of directors for any cause shall be filled by a majority of the remaining directors, although such majority is less than a quorum. Any individual so elected as a director shall hold office until the next annual meeting of stockholders and until his or her successor is elected and qualifies.

Section 3.13. COMPENSATION. The directors may, in the discretion of the entire board of directors, receive compensation for their services as directors, including but not limited to fixed sums per meeting and/or per visit to real property or other facilities owned or leased by the Corporation, and/or for any service or activity performed or engaged in as directors on behalf of the Corporation. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the board of directors or of any committee thereof and for their reasonable out-of-pocket expenses, if any, in connection with each such

meeting, property visit, and/or other service or activity they performed or engaged in as directors on behalf of the Corporation. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 3.14. LOSS OF DEPOSITS. No director shall be liable for any loss which may occur by reason of the failure of the bank, trust company, savings and loan association, or other institution with whom monies or stock have been deposited.

Section 3.15. SURETY BONDS. Unless required by law, no director shall be obligated to give any bond or surety or other security for the performance of any of his duties.

Section 3.16. CERTAIN RIGHTS OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS. The directors shall have no responsibility to devote their full time to the affairs of the Corporation. Any director or officer of the Corporation, in his personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to, in addition to, or in competition with those of or relating to the Corporation, subject to the provisions of the charter.

#### **ARTICLE IV**

#### **COMMITTEES**

Section 4.01. NUMBER, TENURE AND QUALIFICATIONS. The board of directors may designate an Executive Committee, an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and other committees composed of at least one director.

Section 4.02. COMPOSITION. Such committees shall serve at the pleasure of the board of directors. The members of the Nominating and Corporate Governance Committee, Audit Committee and Compensation Committee shall at all times consist solely of Independent Directors, and the majority of the members of all committees shall be Independent Directors.

Section 4.03. MEETINGS. Notice of committee meetings shall be given in the same manner as notice for special or regular meetings of the board of directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. Except as provided in this charter, the act of a majority of the committee members present at a meeting shall be the act of such committee. The board of directors may designate a chairman of any committee, and such chairman or, in the absence of a chairman, any two members of any committee may fix the time and place of its meeting unless the board shall otherwise provide. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member. Each committee shall keep minutes of its proceedings.

Section 4.04. TELEPHONE MEETINGS. Members of a committee of the board of directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 4.05. ACTION BY WRITTEN CONSENT; INFORMAL ACTION. Any action required or permitted to be taken at any meeting of a committee of the board of directors may be taken without a meeting, if a consent in writing to such action is signed by each member of the committee and such written consent is filed with the minutes of proceedings of such committee.

Section 4.07. VACANCIES. Subject to the provisions hereof, and the charter, the board of directors shall have the power at any time to change the membership of any committee, to fill all vacancies, to designate alternate members to replace any absent or disqualified member or to dissolve any such committee.

## **ARTICLE V**

### **OFFICERS**

Section 5.01. GENERAL PROVISIONS. The officers of the Corporation shall include a president, a secretary and a treasurer and may include a chairman of the board, a vice chairman of the board, one or more vice presidents, a chief operating officer, a chief financial officer, one or more assistant secretaries and one or more assistant treasurers. In addition, the board of directors may from time to time appoint such other officers with such powers and duties as they shall deem necessary or desirable. The officers of the Corporation shall be elected annually by the board of directors at the first meeting of the board of directors held after each annual meeting of stockholders, except that the president may appoint one or more vice presidents, assistant secretaries and assistant treasurers. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his successor is elected and qualifies or until his death, resignation or removal in the manner hereinafter provided. Any two or more offices, except president and vice president, may be held by the same person. In its discretion, the board of directors may leave unfilled any office except that of president, treasurer and secretary. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 5.02. REMOVAL AND RESIGNATION. Any officer or agent of the Corporation may be removed by the board of directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by giving written notice of his resignation to the board of directors, the chairman of the board, the president or the secretary. Any resignation shall take effect at any time subsequent to the time specified therein or, if the time when it shall become effective is not specified therein, immediately upon its receipt. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

Section 5.03. VACANCIES. A vacancy in any office may be filled by the board of directors for the balance of the term.

Section 5.04. CHIEF EXECUTIVE OFFICER. The board of directors may designate a chief executive officer. In the absence of such designation, the president shall be the chief executive officer of the Corporation. The chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the board of directors, and for the management of the business and affairs of the Corporation.

Section 5.05. CHIEF OPERATING OFFICER. The board of directors may designate a chief operating officer. The chief operating officer shall have the responsibilities and duties as set forth by the board of directors or the chief executive officer.

Section 5.06. CHIEF FINANCIAL OFFICER. The board of directors may designate a chief financial officer. The chief financial officer shall have the responsibilities and duties as set forth by the board of directors or the chief executive officer.



Section 5.07. CHAIRMAN OF THE BOARD. The board of directors shall designate a chairman of the board. The chairman of the board shall preside over the meetings of the board of directors and of the stockholders at which he shall be present. The chairman of the board shall perform such other duties as may be assigned to him or them by the board of directors.

Section 5.08. PRESIDENT. In the absence of a chief executive officer, the president shall in general supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a chief operating officer by the board of directors, the president shall be the chief operating officer. He may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the board of directors or by these bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the board of directors from time to time.

Section 5.09. VICE PRESIDENTS. In the absence of the president or in the event of a vacancy in such office, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to time may be assigned to him by the president or by the board of directors. The board of directors may designate one or more vice presidents as executive vice president or as vice president for particular areas of responsibility.

Section 5.10. SECRETARY. The secretary shall (a) keep the minutes of the proceedings of the stockholders, the board of directors and committees of the board of directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder; (e) have general charge of the share transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him by the chief executive officer, the president or by the board of directors.

Section 5.11. TREASURER. The treasurer shall have the custody of the funds and securities of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the board of directors. In the absence of a designation of a chief financial officer by the board of directors, the treasurer shall be the chief financial officer of the Corporation.

The treasurer shall disburse the funds of the Corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and board of directors, at the regular meetings of the board of directors or whenever it may so require, an account of all his transactions as treasurer and of the financial condition of the Corporation.

If required by the board of directors, the treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, moneys and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 5.12. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the president or the board of directors. The assistant treasurers shall, if required by the board of directors, give bonds for the faithful performance of their duties in such sums and with such surety or sureties as shall be satisfactory to the board of directors.

Section 5.13. SALARIES. The salaries and other compensation of the officers shall be fixed from time to time by the board of directors and no officer shall be prevented from receiving such salary or other compensation by reason of the fact that he is also a director.

## **ARTICLE VI**

### **CONTRACTS, LOANS, CHECKS AND DEPOSITS**

Section 6.01. CONTRACTS. The board of directors may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document executed by one or more of the directors or by an authorized person shall be valid and binding upon the board of directors and upon the Corporation when authorized or ratified by action of the board of directors.

Section 6.02. CHECKS AND DRAFTS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the board of directors.

Section 6.03. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the board of directors may designate.

## **ARTICLE VII**

### **STOCK**

Section 7.01. CERTIFICATES. If the board of directors authorizes the issuance of certificates, each certificate shall be signed by the chief executive officer, the president, the chief operating officer or a vice president and countersigned by the secretary or an assistant secretary or the treasurer or an assistant treasurer and may be sealed with the seal, if any, of the Corporation. The signatures may be either manual or facsimile. Certificates shall be consecutively numbered; and if the Corporation shall, from time to time, issue several classes of stock, each class may have its own number series. A certificate is valid and may be issued whether or not an officer who signed it is still an officer when it is issued. Each certificate representing shares which are preferred or limited as to their dividends which are restricted as to their transferability or voting powers, or as to their allocable portion of the assets upon liquidation or which are redeemable at the option of the Corporation, shall have a statement of such restriction, limitation, preference or redemption provision, or a summary thereof, plainly stated on the certificate. If the Corporation has authority to issue stock of more than one class, the certificate shall contain on the face or back a full statement or summary of the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of each class of stock and, if the Corporation is authorized to issue any preferred or special class in series, the differences in the relative rights and preferences between the shares of each series to the extent they have been set and the authority of the board of directors to set the relative rights and preferences of subsequent series. In lieu of such statement or

summary, the certificate may state that the Corporation will furnish a full statement of such information to any stockholder upon request and without charge. If any class of stock is restricted by the Corporation as to transferability, the certificate shall contain a full statement of the restriction or state that the Corporation will furnish information about the restrictions to the stockholder on request and without charge. Notwithstanding anything herein to the contrary, nothing in this Article VII shall not be interpreted to limit the authority of the board of directors to issue some or all of the shares of any or all of its classes or series without certificates.

Section 7.02. TRANSFERS; REGISTERED STOCKHOLDERS. Transfers of shares of any class of stock will be subject in all respects to the charter and all of the terms and conditions contained therein. The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Maryland.

Section 7.03. LOST, STOLEN, OR DESTROYED CERTIFICATES. The Corporation shall issue a new certificate in place of any certificate for shares previously issued if the registered owner of the certificate satisfies the following requirements:

(a) Claim. The registered owner makes proof in affidavit form that a previously issued certificate for shares has been lost, destroyed, or stolen;

(b) Timely Request. The registered owner requests the issuance of a new certificate before the Corporation has notice that the certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim;

(c) Bond. The registered owner gives a bond in such form, and with such surety or sureties, with fixed or open penalty, as the board of directors may direct, in its discretion, to indemnify the Corporation (and its transfer agent and registrar, if any) against any claim that may be made on account of the alleged loss, destruction, or theft of the certificate; and

(d) Other Requirements. The registered owner satisfies any other reasonable requirements imposed by the board of directors.

When a certificate has been lost, destroyed or stolen and the stockholder of record fails to notify the Corporation within a reasonable time after he has notice of it, if the Corporation registers a transfer of the shares represented by the certificate before receiving such notification, the stockholder of record is precluded from making any claim against the Corporation for the transfer or for a new certificate.

Section 7.04. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE. The board of directors may (i) set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose, (such record date, in any case, may not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken); or (ii) in lieu of fixing a record date, direct that the stock transfer books be closed for a period not greater than 20 days. In the case of a meeting of the stockholders, the record date or the date set for the closing of the stock transfer books shall be at least ten days before the date of such meeting.

If no record date is fixed and stock transfer books are not closed for the determination of stockholders, (i) the record date for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall be the later of (a) the close of business on the day on which the notice of meeting is mailed or (b) the 30th day before the meeting; and (ii) the record date for the determination of stockholders entitled to receive payment of a dividend or an allotment of any other rights shall be the close of business on the day on which the resolution of the board of directors declaring the dividend or allotment of rights is adopted, provided that the payment or allotment may not be made more than 60 days after the date on which such resolution is adopted.

When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof, except when (i) the determination has been made through the closing of the transfer books and the stated period of closing has expired or (ii) the meeting is adjourned to a date more than 120 days after the record date fixed for the original meeting, in either of which case a new record date shall be determined as set forth herein.

Section 7.05. STOCK LEDGER. The Corporation shall maintain at one or more of its principal offices or at the office of its counsel, accountants, or transfer agent, an original or duplicate share ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 7.06. FRACTIONAL STOCK; ISSUANCE OF UNITS. The board of directors may issue fractional stock or provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any other provision of the charter or these bylaws, the board of directors may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the board of directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

## **ARTICLE VIII**

### **ACCOUNTING YEAR**

The board of directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

## **ARTICLE IX**

### **DISTRIBUTIONS**

Section 9.01. AUTHORIZATION. Dividends and other distributions upon the stock of the Corporation may be authorized by the board of directors, subject to the provisions of law and the charter. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the charter.

Section 9.02. CONTINGENCIES. Before payment of any dividends or other distributions, there may be set aside out of any assets of the Corporation available for dividends or other distributions such sum or sums as the board of directors may from time to time, in its absolute discretion, think proper as a reserve fund for contingencies, for equalizing any property of the Corporation or for such other purpose as the board of directors shall determine to be in the best interest of the Corporation, and the board of directors may modify or abolish any such reserve.

## ARTICLE X

### INVESTMENT POLICY

Subject to the provisions of the charter, the board of directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

## ARTICLE XI

### SEAL

Section 11.01. SEAL. The board of directors may authorize the adoption of a seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation and the words "Incorporated Maryland." The board of directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 11.02. AFFIXING SEAL. Whenever the Corporation is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place "[SEAL]" adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

## ARTICLE XII

### WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the charter or these bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

## ARTICLE XIII

### AMENDMENT OF BYLAWS

Unless provided otherwise herein, these bylaws may be amended or repealed and new bylaws may be adopted solely by the board of directors. No bylaw adopted, amended or repealed by the stockholders shall be readopted, amended or repealed by the board of directors.

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#### Section 4: EX-4.1 (STATEMENT REGARDING TRANSFER OF SHARES)

Exhibit 4.1

**STATEMENT REGARDING RESTRICTIONS ON  
TRANSFERABILITY OF SHARES OF COMMON STOCK  
(To Appear On Stock Certificate Or To Be Sent  
To Stockholders Issued Shares Without Certificates)**

The shares represented by this certificate are subject to restrictions on Beneficial Ownership, Constructive Ownership and Transfer for the purpose of the Corporation's maintenance of its status as a Real Estate Investment Trust under the Internal Revenue Code of 1986, as amended (the "Code"). Subject to certain further restrictions and except as expressly provided in the Corporation's charter: (a) no Person may Beneficially Own or Constructively Own shares of the Corporation's Common Stock in excess of 9.8% (in value or number of shares) of the outstanding shares of Common Stock of the Corporation unless such Person is an Excepted Holder (in which case the Excepted Holder Limit for such Excepted Holder shall be applicable); (b) no Person may Beneficially Own or Constructively Own shares of Capital Stock of the Corporation in excess of 9.8% of the value of the total outstanding shares of Capital Stock of the Corporation, unless such Person is an Excepted Holder (in which case the Excepted Holder Limit for such Excepted Holder shall be applicable); (c) no Person may Beneficially Own or Constructively Own Capital Stock that would result in the Corporation being "closely held" under Section 856(h) of the Code or otherwise cause the Corporation to fail to qualify as a REIT; and (d) other than as provided in the Corporation's charter, no Person may Transfer shares of Capital Stock if such Transfer would result in the Capital Stock of the Corporation being owned by fewer than 100 Persons. Any Person who Beneficially Owns or Constructively Owns or attempts to Beneficially Own or Constructively Own shares of Capital Stock which causes or will cause a Person to Beneficially Own or Constructively Own shares of Capital Stock in excess or in violation of the above limitations must immediately notify the Corporation. If any of the restrictions on Transfer or ownership are violated, the shares of Capital Stock represented hereby will be automatically transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries. In addition, upon the occurrence of certain events, attempted Transfers in violation of the restrictions described above may be void ab initio.

All capitalized terms in this legend have the meanings defined in the charter of the Corporation, as the same may be amended from time to time, a copy of which, including the restrictions on Transfer and ownership, will be furnished to each holder of Capital Stock of the Corporation on request and without charge.

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#### Section 5: EX-4.2 (THIRD AMENDED AND RESTATED DRP)

EXHIBIT 4.2

**THIRD AMENDED AND RESTATED  
DISTRIBUTION REINVESTMENT PLAN**

Columbia Property Trust, Inc., a Maryland corporation (the “Company”), has adopted a Distribution Reinvestment Plan (the “DRP”), the terms and conditions of which are set forth below. Capitalized terms shall have the same meaning as set forth in the Company's charter unless otherwise defined herein.

1. Number of Shares Issuable. The number of shares of Common Stock authorized for issuance under the DRP is 185,000,000.
  2. Participants. “Participants” are holders of the Company's shares of Common Stock who elect to participate in the DRP.
  3. Distribution Reinvestment. The Company will apply that portion (as designated by a Participant) of the distributions (“Distributions”) declared and paid in respect of a Participant's shares of Common Stock to the purchase of additional shares of Common Stock for such Participant. The Company will pay no selling commissions or the dealer manager fee in connection with the purchase of additional shares of Common Stock hereunder.
  4. Procedures for Participation. Qualifying stockholders may elect to become a Participant by completing and executing an enrollment form or any other Company-approved authorization form as may be available from the Company. To increase their participation, Participants must complete a new enrollment form. Participation in the DRP will begin with the next Distribution payable after receipt of a Participant's enrollment or authorization. Shares will be purchased under the DRP on the date that the Company makes a Distribution.
  5. Purchase of Shares. Participants will acquire Common Stock at a price equal to 95.5% of the estimated value per share of the Company's Common Stock. Participants in the DRP may also purchase fractional shares so that 100% of the Distributions will be used to acquire shares. However, a Participant will not be able to acquire shares under the DRP to the extent such purchase would cause it to exceed the Ownership Limit (unless exempted by the Company's board of directors).
  6. Taxation of Distributions. The reinvestment of Distributions in the DRP does not relieve Participants of any taxes that may be payable as a result of those Distributions and their reinvestment pursuant to the terms of this DRP.
  7. Share Certificates. The shares issuable under the DRP shall be uncertificated until the board of directors determines otherwise.
  8. Voting of DRP Shares. In connection with any matter requiring the vote of the Company's stockholders, each Participant will be entitled to vote all of the shares, including fractional shares, acquired by the Participant through the DRP.
  9. Reports. Within five business days after the end of each quarter, the Company shall provide each Participant a confirmation of any quarterly purchases under the distribution reinvestment plan, which confirmation shall disclose each distribution reinvested for the Participant's account during the quarter; the date of the reinvestment; the number and price of the shares purchased by the Participant; and the total number of shares in the Participant's account.
  10. Termination by Participant. A Participant may terminate participation in the DRP at any time by delivering to the Company a written notice. To be effective for any Distribution, such notice must be received by the Company at least 10 business days prior to the last day of the fiscal period to which the Distribution relates. Any
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transfer of shares by a Participant will terminate participation in the DRP with respect to the transferred shares. Upon termination of DRP participation, Distributions will be distributed to the stockholder in cash.

11. Amendment or Termination of DRP by the Company. The board of directors of the Company may amend or terminate the DRP for any reason; provided that any amendment that adversely affects the rights or obligations of a Participant (as determined in the sole discretion of the board of directors) shall only take effect upon 10 days' written notice to the Participants.

12. Liability of the Company. The Company shall not be liable for any act done in good faith, or for any good faith omission to act.

13. Governing Law. This DRP shall be governed by the laws of the State of Maryland.

14. Effective Date. The DRP became effective on November 26, 2003. This third amended and restated DRP is effective as of February 28, 2013.

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## **Section 6: EX-10.9 (RENEWAL ADVISORY AGREEMENT)**

Exhibit 10.9

### **RENEWAL ADVISORY AGREEMENT**

THIS RENEWAL ADVISORY AGREEMENT, effective as of January 1, 2013 (the "Agreement"), is between WELLS REAL ESTATE INVESTMENT TRUST II, INC., a Maryland corporation (the "Company"), and WELLS REAL ESTATE ADVISORY SERVICES II, LLC, a Georgia limited liability corporation (the "Advisor").

#### W I T N E S S E T H

WHEREAS, the Company desires to avail itself of the experience, sources of information, advice, assistance and certain facilities available to the Advisor and to have the Advisor undertake the duties and responsibilities hereinafter set forth, on behalf of, and subject to the supervision of, the Board of Directors of the Company all as provided herein;

WHEREAS, the Advisor is willing to undertake to render such services, subject to the supervision of the Board of Directors, on the terms and conditions hereinafter set forth;

WHEREAS, the Company and the Advisor were previously parties to an advisory agreement that became effective April 1, 2012, covering the period from April 1, 2012 through June 30, 2012 (the "April Advisory Agreement");

WHEREAS, on June 29, 2012, the Company and the Advisor entered into an initial term advisory agreement effective as of July 1, 2012, covering the period from July 1, 2012 through December 31, 2012 (the "Initial Term Advisory Agreement");

WHEREAS, the Company and Wells Real Estate Funds, Inc. ("Wells REF") have entered into an Investor Services Agreement dated June 29, 2012 and effective as of July 1, 2012 (the "Investor Services Agreement");

WHEREAS, the Company and Wells Management Company, Inc. have entered into a Master Property Management, Leasing and Construction Management Agreement effective as of July 1, 2012 (the "Master Property Management, Leasing and Construction Management Agreement");

WHEREAS, the Board of Directors and the Advisor now desire to enter this new advisory agreement between the Company and the Advisor to be effective upon the expiration of the Initial Term Advisory Agreement, with this new advisory agreement covering the period from January 1, 2013, through December 31, 2013 (as specified in Paragraph 14);

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

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1. **Definitions.** As used in this Agreement, the following terms have the definitions hereinafter indicated:

*Acquisition Expenses.* Any and all expenses, excluding the fee payable to the Advisor pursuant to Paragraph 8(b), incurred by the Company, the Advisor, or any Affiliate of either in connection with the selection, acquisition or development of any Property, whether or not acquired, including, without limitation, legal fees and expenses, travel and communications expenses, costs of appraisals, nonrefundable option payments on property not acquired, accounting fees and expenses, and title insurance premiums.

*Acquisition Fees.* Any and all fees and commissions, exclusive of Acquisition Expenses, paid by any Person to any other Person (including any fees or commissions paid by or to any Affiliate of the Company or the Advisor) in connection with purchase, development or construction of any Property. Included in the computation of such fees or commissions shall be any real estate commissions, acquisition fees, finder's fees, selection fees, Development Fees, Construction Fees, nonrecurring management fees, loan fees, points, or any other fees or commissions of a similar nature. Excluded shall be Development Fees and Construction Fees paid to Persons not Affiliated with the Advisor in connection with the actual development and construction of a Property.

*Adjusted Cost.* (A) As of any date of determination and until such time as the Company completes an Asset-based Valuation, the sum of: (a) the actual amount invested on behalf of the Company in the Properties as of the date of determination; plus (b) (1) with respect to Joint Ventures, the actual amount invested on behalf of the Company in the Joint Ventures as of the date of determination, plus (2) the Company's allocable share of capital improvements relating to building improvements and/or initial leaseup of space in the building (such improvements to exclude any expenditures of capital for normal building improvement, maintenance and repair and tenant improvements relating to existing leases or lease renewals) made by the Joint Venture from cash flows generated by the Joint Venture; less (c) the amounts invested in Properties or Joint Ventures relating to Vacant Properties plus any additions to Adjusted Cost related to such Joint Ventures pursuant clause (b)(2) above; less (d) any amounts recognized on the Company's consolidated financial statements on or before such date of determination as impairments to the carrying value of the Properties or Joint Venture investments in accordance with Generally Accepted Accounting Principles, excluding any temporary impairments or impairment charges related to Vacant Properties for which the amount invested has been deducted from the foregoing calculation. In all cases, "Adjusted Cost" excludes the Lindbergh/Energy Center Adjusted Cost.

(B) On and after such time as the Company completes an Asset-based Valuation, "Adjusted Cost" means, as of any date of determination, the lesser of (1) the amount determined in accordance with Paragraph (A) above, or (2) the aggregate value of the Company's interest in the Properties and Joint Ventures as established in connection with the most recent Asset-based Valuation, plus, with respect to any Properties purchased or Joint Ventures entered into after the date of the most recent Asset-based Valuation, the adjusted cost for such Properties or Joint Ventures determined in accordance with Paragraph (A) above; until such time as the next Asset-based Valuation by the Company, at which time the Adjusted Cost of such properties will be determined in accordance with Paragraph (A) above. In all cases, "Adjusted Cost" excludes the Lindbergh/Energy Center Adjusted Cost.

*Advisor.* Wells Real Estate Advisory Services II, LLC, a Georgia limited liability corporation, any successor advisor to the Company, or any Person(s) to which Wells Real Estate Advisory Services II, LLC or any successor advisor subcontracts substantially all of its functions.



*Affiliate or Affiliated.* An Affiliate of another Person includes only the following: (i) any Person directly or indirectly controlling, controlled by, or under common control with such other Person; (ii) any Person directly or indirectly owning, controlling, or holding with the power to vote 10% or more of the outstanding voting securities of such other Person; (iii) any legal entity for which such Person acts as an executive officer, director, trustee, or general partner; (iv) any Person 10% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held, with power to vote, by such other Person; and (v) any executive officer, director, trustee, or general partner of such other Person. An entity shall not be deemed to control or be under common control with an Advisor-sponsored program unless (i) the entity owns 10% or more of the voting equity interests of such program or (ii) a majority of the board (or equivalent governing body) of such program is comprised of Affiliates of the entity.

*Appraised Value.* The “As Is” fair market value according to an appraisal made by an Independent Appraiser.

*April Advisory Agreement.* The agreement between the Advisor and the Company that became effective April 1, 2012, covering the period from April 1, 2012 through June 30, 2012.

*Articles of Incorporation.* The Articles of Incorporation of the Company under Title 2 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended from time to time.

*Asset-based Valuation.* An estimate of the value of a share of the Company's common stock approved by the Board of Directors of the Company and based in part on an estimate of the value of the Company's assets (as opposed to an estimate based solely on the most recent price paid for a share of the Company's common stock in an offering of such shares).

*Asset Management Fee.* The Asset Management Fee payable to the Advisor as defined in Paragraph 8(a).

*Asset Management Fee Ceiling.* The ceiling on the Asset Management Fee as defined in Paragraph 8(a).

*Asset Management Fee Percentage.* The Asset Management Fee Percentage equals (1) 0.625%, until the monthly payment of the Asset Management Fee under this Agreement equals \$2,708,333.33; (2) thereafter, the Fixed Fee Percentage for so long as the sum of Adjusted Cost plus the Lindbergh/Energy Center Adjusted Cost, as of any date of determination, is less than \$6,500,000,000; and (3) 0.50% commencing when the sum of Adjusted Cost plus the Lindbergh/Energy Center Adjusted Cost, as of any date of determination, is at least \$6,500,000,000.

*Average Invested Assets.* For a specified period, the average of the aggregate book value of the assets of the Company invested, directly or indirectly, in Properties and Loans secured by real estate before reserves for depreciation or bad debts or other similar non-cash reserves, computed by taking the average of such values at the end of each month during such period.

*Board of Directors or Board.* The persons holding such office, as of any particular time, under the Articles of Incorporation of the Company, whether they be the Directors named therein or additional or successor Directors.

*Bulk Liquidation.* A liquidation of all or substantially all of the Company's assets effected in a transaction or series of transactions with three or fewer buyers or their Affiliates that are closed in a period of 12 months or less.

*Bylaws.* The bylaws of the Company, as the same are in effect from time to time.

*Capped O&O Expenses.* All Organizational and Offering Expenses other than selling commissions and the dealer manager fee as described under “Plan of Distribution” in any registration statement relating to a public offering and filed with the U.S. Securities and Exchange Commission.

*Cash from Financings.* Net cash proceeds realized by the Company from the financing of Property or from the refinancing of any Company indebtedness.

*Cash from Sales.* Net cash proceeds realized by the Company from the sale, exchange or other disposition of any of its assets after deduction of all expenses incurred in connection therewith. Cash from Sales shall not include Cash from Financings.

*Cash from Sales and Financings.* The total sum of Cash from Sales and Cash from Financings.

*Ceiling Excess.* The extent to which the sum of the three previous monthly Asset Management Fee payments exceeds the Asset Management Fee Ceiling, as defined in Paragraph 8(a).

*Code.* Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor provision thereto, as interpreted by any applicable regulations as in effect from time to time.

*Company.* Wells Real Estate Investment Trust II, Inc., a corporation organized under the laws of the State of Maryland.

*Competitive Real Estate Commission.* A real estate or brokerage commission for the purchase or sale of property which is reasonable, customary, and competitive in light of the size, type, and location of the property.

*Conflicts Committee.* “Conflicts Committee” shall have the meaning set forth in the Articles of Incorporation.

*Construction Fee.* A fee or other remuneration for acting as general contractor and/or construction manager to construct improvements, supervise and coordinate projects or to provide major repairs or rehabilitation on a Property.

*Contract Sales Price.* The total consideration received by the Company for the sale of a Property.

*Cumulative Return.* For the period for which the calculation is being made, the percentage resulting from dividing (A) the total Distributions paid on each Distribution date during such period (excluding Distributions paid out of Cash from Sales and Financings), by (B) the product of (i) the weighted average Invested Capital for such period (calculated on a daily basis) and (ii) the number of years (including fractions thereof) which have elapsed during such period.

*Development Fee.* A fee for the packaging of a Property, including negotiating and approving plans, and undertaking to assist in obtaining zoning and necessary variances and necessary financing for the Property, either initially or at a later date.

*Director.* A member of the Board of Directors of the Company.

*Disposition Fee.* The Disposition Fee as defined in Paragraph 8(c).

*Distributions.* Any distributions of money or other property by the Company to owners of Shares, including distributions that may constitute a return of capital for federal income tax purposes.

*Fixed Fee Percentage.* The Fixed Fee Percentage equals the quotient of (A) (x) \$32,500,000, less (y) the product of (1) 0.50% times (2) the Lindbergh/Energy Center Adjusted Cost; divided by (B) the Adjusted Cost.

*Gross Proceeds.* The aggregate purchase price of all Shares sold for the account of the Company through an Offering, without deduction for Organization and Offering Expenses.

*Guaranteed Obligations.* The Guaranteed Obligations as defined in Paragraph 30.

*Guarantor.* The Guarantor as defined in Paragraph 30.

*Independent Appraiser.* A person or entity with no material current or prior business or personal relationship with the Advisor or the Directors, who is engaged to a substantial extent in the business of rendering opinions regarding the value of assets of the type held by the Company, and who is a qualified appraiser of real estate as determined by the Board. Membership in a nationally recognized appraisal society such as the American Institute of Real Estate Appraisers ("M.A.I.") or the Society of Real Estate Appraisers ("S.R.E.A.") shall be conclusive evidence of such qualification.

*Invested Capital.* The amount calculated by multiplying the total number of Shares purchased by stockholders by the issue price, reduced by the portion of any Distribution that is attributable to Net Sales Proceeds and by any amounts paid by the Company to repurchase Shares pursuant to the Company's plan for redemption of Shares.

*Investor Services Agreement.* The investor services agreement between Wells Real Estate Funds, Inc. and the Company dated as of June 29, 2012 and effective as of July 1, 2012, and any successor agreement.

*Joint Venture.* Any joint venture, limited liability company or other Affiliate of the Company that owns, in whole or in part on behalf of the Company, any Properties.

*Lindbergh/Energy Center Adjusted Cost.* (A) As of any date of determination and until such time as the Company completes an Asset-based Valuation, the actual amount, if any, invested in the two Properties commonly known as AT&T Lindbergh Center and in one Property commonly known as Energy Center I for so long as such Properties are owned on behalf of the Company less any amounts recognized on or before such date of determination as impairments to the carrying value of AT&T Lindbergh Center and Energy Center I in accordance with Generally Accepted Accounting Principles. In all cases, the Lindbergh/Energy Center Adjusted Cost shall be reduced as appropriate if either the AT&T Lindbergh Center (treated as one Property) or Energy Center I is considered a Vacant Property, as defined herein.

(B) On or after such time as the Company completes an Asset-based Valuation, "Lindbergh/Energy Center Adjusted Cost" means, as of any date of determination, the lesser of (1) the amount determined in accordance with Paragraph (A) above, or (2) the value of the Company's interest in the AT&T Lindbergh Center and in Energy Center I as established in connection with the Company's most recent Asset-based Valuation. In all cases, the Lindbergh/Energy Center Adjusted Cost shall be reduced as appropriate if either

the AT&T Lindbergh Center (treated as one Property) or Energy Center I is considered a Vacant Property, as defined herein.

*Listing.* The listing of the Shares on a national securities exchange or over-the-counter market.

*Master Property Management, Leasing and Construction Management Agreement.* The agreement by and between Wells Management Company, Inc., the Company and the Partnership effective as of July 1, 2012, and any successor agreement.

*NASAA Guidelines.* The NASAA Statement of Policy Regarding Real Estate Investment Trusts as in effect on the date hereof.

*Net Asset Value.* The excess of (i) the aggregate of the Adjusted Cost plus the Lindbergh/Energy Center Adjusted Cost over (ii) the aggregate outstanding amount of debt of the Company, the Partnership, and the Joint Ventures (as adjusted for the Company's interest in such Joint Ventures) and any accrued interest thereon.

*Net Income.* For any period, the total revenues applicable to such period, less the total expenses applicable to such period excluding additions to reserves for depreciation, bad debts or other similar non-cash reserves; provided, however, Net Income for purposes of calculating total allowable Operating Expenses (as defined herein) shall exclude the gain from the sale of the Company's assets.

*Net Sales Proceeds.* In the case of a transaction described in clause (i) (A) of the definition of Sale, the proceeds of any such transaction less the amount of all real estate commissions and closing costs paid by the Company. In the case of a transaction described in clause (i) (B) of such definition, Net Sales Proceeds means the proceeds of any such transaction less the amount of any legal and other selling expenses incurred in connection with such transaction. In the case of a transaction described in clause (i) (C) of such definition, Net Sales Proceeds means the proceeds of any such transaction actually distributed to the Company from the joint venture. In the case of a transaction described in clause (ii) of the definition of Sale, Net Sales Proceeds means the proceeds of such transaction or series of transactions less all amounts generated thereby and reinvested in one or more Properties within 180 days thereafter and less the amount of any real estate commissions, closing costs, and legal and other selling expenses incurred by or allocated to the Company in connection with such transaction or series of transactions. Net Sales Proceeds shall not include any reserves established by the Company in its sole discretion.

*Offering.* Any offering of Shares that is registered with the SEC, excluding Shares offered under any employee benefit plan.

*Operating Expenses.* All costs and expenses incurred by the Company, as determined under generally accepted accounting principles, which in any way are related to the operation of the Company or to Company business, including fees paid to the Advisor, but excluding (i) the expenses of raising capital such as Organization and Offering Expenses, legal, audit, accounting, underwriting, brokerage, listing, registration, and other fees, printing and other such expenses and tax incurred in connection with the issuance, distribution, transfer, registration and Listing of the Shares, (ii) interest payments, (iii) taxes, (iv) non-cash expenditures such as depreciation, amortization and bad loan reserves, (v) incentive fees paid in compliance with Section IV.F. of the NASAA Guidelines and (vi) Acquisition Fees, Acquisition Expenses, real estate commissions on resale of property, and other expenses connected with the acquisition, disposition, and ownership of real estate interests, mortgage loans or other property (such as the costs of foreclosure, insurance premiums, legal services, maintenance, repair and improvement of property).

*Organization and Offering Expenses.* All expenses incurred by and to be paid from the assets of the Company in connection with and in preparing the Company for registration of and subsequently offering and distributing its Shares to the public, which may include but are not limited to, total underwriting and brokerage discounts and commissions (including fees of the underwriters' attorneys); expenses for printing, engraving and mailing; salaries of employees while engaged in sales activity; charges of transfer agents, registrars, trustees, escrow holders, depositaries and experts; and expenses of qualification of the sale of the securities under Federal and State laws, including taxes and fees, accountants' and attorneys' fees.

*Partnership.* Wells Operating Partnership II, L.P., a Delaware limited partnership formed to own and operate properties on behalf of the Company.

*Person.* An individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c) (17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, or any government or any agency or political subdivision thereof, and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

*Personnel Expenses.* All wages and salaries and other employee-related expenses of all employees of Advisor or its Affiliates to the extent engaged in the management, administration, operations, and marketing of the Company, including taxes, insurance and benefits relating to such employees, including those personnel expenses reimbursable under the Investor Services Agreement and Section 3.2 of the Master Property Management, Leasing and Construction Management Agreement that were previously reimbursed under the April Advisory Agreement, but excluding those personnel expenses reimbursable under Section 3.1 of the Master Property Management, Leasing and Construction Management Agreement and any other agreement between the Company and the Advisor or its Affiliates that is not mentioned herein.

*Portfolio G&A Expenses.* Those categories of portfolio general and administrative costs described on Schedule A attached hereto, which include general and administrative costs reimbursable pursuant to this Agreement, the Investor Services Agreement and the Master Property Management, Leasing and Construction Management Agreement plus the personnel expenses related to portfolio-level property management services that are reimbursable pursuant to Section 3.2 of the Master Property Management, Leasing and Construction Management Agreement and were previously reimbursed under the April Advisory Agreement, but excluding costs reimbursable pursuant to any other agreement between the Company and the Advisor or its Affiliates that is not mentioned herein.

*Property or Properties.* Any real property or properties transferred or conveyed to the Company or the Partnership, either directly or indirectly.

*Property Manager.* Any entity that has been retained to perform and carry out property management services at one or more of the Properties, excluding persons, entities or independent contractors retained or hired to perform facility management or other services or tasks at a particular Property, the costs for which are passed through to and ultimately paid by the tenant at such Property.

*REIT.* A "real estate investment trust" under Sections 856 through 860 of the Code.

*Sale or Sales.* (i) Any transaction or series of transactions whereby: (A) the Company or the Partnership sells, grants, transfers, conveys, or relinquishes its ownership of any Property or portion thereof, including the transfer of any Property that is the subject of a ground lease, and including any event with respect to any Property which gives rise to a significant amount of insurance proceeds or condemnation

awards; (B) the Company or the Partnership sells, grants, transfers, conveys, or relinquishes its ownership of all or substantially all of the interest of the Company or the Partnership in any joint venture in which it is a co-venturer or partner; or (C) any joint venture in which the Company or the Partnership as a co-venturer or partner sells, grants, transfers, conveys, or relinquishes its ownership of any Property or portion thereof, including any event with respect to any Property which gives rise to insurance claims or condemnation awards, but (ii) not including any transaction or series of transactions specified in clause (i) (A), (i) (B), or (i) (C) above in which the proceeds of such transaction or series of transactions are reinvested in one or more Properties within 180 days thereafter.

*Shares.* The Company's shares of common stock, par value \$0.01 per share.

*Stockholders.* The registered holders of the Shares.

*Stockholders' 8% Return.* As of each date, an aggregate amount equal to an 8% Cumulative Return.

*Subordinated Incentive Fee.* The fee payable to the Advisor under certain circumstances if the Shares are listed on a national securities exchange or over-the-counter market as defined in Paragraph 8(e).

*Subordinated Performance Fee Due Upon Termination.* Subordinated Performance Fee Due Upon Termination means a fee equal to (1) 10% of the amount, if any, as of the Termination Date by which (a) the sum of (i) the Appraised Value of the Company's Properties; plus, without duplication (ii) the fair market value of the Company's interests in Joint Ventures; plus (iii) the fair market value of any other tangible assets of the Company; less (iv) all liabilities of the Company and the Partnership ; plus (v) total Distributions through the Termination Date; exceeds (b) the sum of Invested Capital, plus Distributions attributable to Net Sales Proceeds, plus total Distributions required to be made to the stockholders in order to pay the Stockholders' 8% Return from inception through the termination date; less (2) any prior payment to the Advisor of a Subordinated Share of Net Sales Proceeds. For the purpose of the foregoing calculations, all asset values and liabilities shall be adjusted to exclude the portion of such amounts allocable to minority interest holders not otherwise considered in the calculation of the value of Joint Ventures.

*Subordinated Share of Net Sales Proceeds.* The Subordinated Share of Net Sales Proceeds as defined in Paragraph 8(d).

*Termination Date.* The date of termination of the Agreement.

*Transition Services Agreement.* The Transition Services Agreement between Wells Real Estate Funds, Inc. and the Company dated as of June 29, 2012 and effective as of July 1, 2012, and any successor agreement.

*Vacant Property.* A Property that (i) for over thirty percent (30%) of its leasable square feet does not have third-party tenant leases in place; or (ii) has not collected at least seventy percent (70%) of the Property's total potential rental revenue based upon full occupancy, except if not attaining seventy percent is a result of tenant improvements, concessions or similar leasing incentives contained in leases approved by the Board for (i) the period from acquisition until the applicable measurement date, if less than six months or (ii) for the six months immediately preceding the date of measurement.

*2%/25% Guidelines.* The requirement pursuant to the NASAA Guidelines that, in any 12-month period, total Operating Expenses not exceed the greater of 2% of the Company's Average Invested Assets during such 12-month period or 25% of the Company's Net Income over the same 12-month period.

2. **Appointment.** The Company hereby appoints the Advisor to serve as its advisor and asset manager on the terms and conditions set forth in this Agreement, and the Advisor hereby accepts such appointment.

3. **Duties and Authority of the Advisor.** The Advisor undertakes to use its reasonable efforts to present to the Company potential investment opportunities to provide a continuing and suitable investment program consistent with (i) the investment objectives and policies of the Company as determined and adopted from time to time by the Board and (ii) the investment allocation method described at Paragraph 11(b) of this Agreement. The services of the Advisor are to be of scope and quality not less than those generally performed by professional asset managers of other similar property portfolios. The Advisor shall make available the full benefit of the judgment, experience and advice of the members of the Advisor's organization and staff with respect to the duties it will perform under this Agreement. To facilitate the Advisor's performance of these undertakings, but subject to the restrictions included in Paragraphs 4 and 7 and to the continuing and exclusive authority of the Board over the management of the Company and the Partnership, the Company hereby delegates to the Advisor the authority to, and the Advisor hereby agrees to, either directly or by engaging an Affiliate:

(a) serve as the Company's investment and financial advisor and provide research and economic and statistical data in connection with the Company's assets and investment policies;

(b) provide the daily management of the Company and perform and supervise the various administrative functions reasonably necessary for the management of the Company;

(c) maintaining the accounting and other record-keeping functions at the Company level; and

(d) investigate, select, and, on behalf of the Company, engage and conduct business with such Persons as the Advisor deems necessary to the proper performance of its obligations hereunder, including but not limited to consultants, accountants, correspondents, lenders, technical advisors, attorneys, brokers, underwriters, corporate fiduciaries, escrow agents, depositaries, custodians, agents for collection, insurers, insurance agents, banks, builders, developers, property owners, mortgagors, and any and all agents for any of the foregoing, including Affiliates of the Advisor, and Persons acting in any other capacity deemed by the Advisor necessary or desirable for the performance of any of the foregoing services, including but not limited to entering into contracts in the name of the Company with any of the foregoing;

(e) consult with the officers and the Board of the Company and assist the Board in the formulation and implementation of the Company's financial policies, and, as necessary, furnish the Board with advice and recommendations with respect to the making of investments consistent with the investment objectives and policies of the Company and in connection with any borrowings proposed to be undertaken by the Company;

(f) conduct periodic on-site property visits to some or all (as the Advisor deems reasonably necessary) of the Properties to inspect the physical condition of the Properties and to evaluate the performance of the related Property Manager of its duties;

(g) review, analyze and comment upon the operating budgets, capital budgets and leasing plans prepared and submitted by each Property Manager and aggregate these property budgets into the Company's overall budget;

(h) review and analyze on-going financial information pertaining to each Property and the overall portfolio of Properties;

(i) formulate and oversee the implementation of strategies for the administration, promotion, management, operation, maintenance, improvement, financing and refinancing, marketing, leasing, and disposition of Properties on an overall portfolio basis;

(j) subject to the provisions of Paragraphs 3(i) and 4 hereof, (i) locate, analyze and select potential investments in Properties, (ii) structure and negotiate the terms and conditions of transactions pursuant to which investment in Properties will be made; (iii) make investments in Properties on behalf of the Company or the Partnership in compliance with the investment objectives and policies of the Company; (iv) arrange for financing and refinancing and make other changes in the asset or capital structure of, and dispose of, reinvest the proceeds from the sale of, or otherwise deal with the investments in, Property; (v) enter into leases and service contracts for Property, including oversight of Affiliated companies that perform property management services for the Company;

(k) obtain the prior approval of the Board for any and all investments in Properties (as well as any financing acquired by the Company or the Partnership in connection with such investment);

(l) if a transaction requires approval by the Board of Directors, deliver to the Board of Directors all documents required by them to properly evaluate the proposed investment in the Property;

(m) negotiate on behalf of the Company with banks or lenders for loans to be made to the Company, and negotiate on behalf of the Company with investment banking firms and broker-dealers or negotiate private sales of Shares and other securities or obtain loans for the Company, but in no event in such a way so that the Advisor shall be acting as broker-dealer or underwriter; and provided, further, that any fees and costs payable to third parties incurred by the Advisor in connection with the foregoing shall be the responsibility of the Company;

(n) obtain reports (which may be prepared by the Advisor or its Affiliates), where appropriate, concerning the value of investments or contemplated investments of the Company in Properties;

(o) from time to time, or at any time reasonably requested by the Board, provide information or make reports to the Board related to its performance of services to the Company under this Agreement;

(p) from time to time, or at any time reasonably requested by the Board, make reports to the Board of the investment opportunities it has presented to other Advisor-sponsored programs or that it has pursued directly or through an Affiliate;

(q) provide the Company with all necessary cash management services;

(r) deliver to or maintain on behalf of the Company copies of all appraisals obtained in connection with the investments in Properties;

(s) notify the Board of all proposed material transactions before they are completed;

(t) at the direction of Company management, prepare the Company's periodic reports and other filings made under the Securities Exchange Act of 1934, as amended, and the Company's registration statements as well as all related prospectuses, prospectus supplements and supplemental sales literature and assist in connection with the filing of such documents with the appropriate regulatory authorities; and

(u) do all things necessary to assure its ability to render the services described in this Agreement.

Notwithstanding the foregoing list of duties of the Advisor, the Advisor has no obligation



hereunder to provide the Stockholder and communication services that are the subject of the Investor Services Agreement nor the property management services that are the subject of the Master Property Management, Leasing and Construction Management Agreement, nor any other services provided for pursuant to any other agreements entered into between the Company and the Advisor and its Affiliates not mentioned herein.

4. **Modification or Revocation of Authority of Advisor.** The Board may, at any time upon the giving of notice to the Advisor, modify or revoke the authority or approvals set forth in Paragraph 3, provided however, that such modification or revocation shall be effective upon receipt by the Advisor and shall not be applicable to investment transactions to which the Advisor has committed the Company prior to the date of receipt by the Advisor of such notification.

5. **Bank Accounts.** The Advisor may establish and maintain one or more bank accounts in its own name for the account of the Company or in the name of the Company and may collect and deposit into any such account or accounts, and disburse from any such account or accounts, any money on behalf of the Company, under such terms and conditions as the Board may approve, provided that no funds shall be commingled with the funds of the Advisor; and the Advisor shall from time to time render appropriate accountings of such collections and payments to the Board and to the auditors of the Company.

6. **Records; Access.** The Advisor shall maintain appropriate records of all its activities hereunder and make such records available for inspection by the Board and by counsel, auditors and authorized agents of the Company, at any time or from time to time during normal business hours. The Advisor shall at all reasonable times have access to the books and records of the Company.

7. **Limitations on Activities.** Anything else in this Agreement to the contrary notwithstanding, the Advisor shall refrain from taking any action which, in its sole judgment made in good faith, would (a) adversely affect the status of the Company as a REIT, (b) subject the Company to regulation under the Investment Company Act of 1940, as amended, or (c) violate any law, rule, regulation or statement of policy of any governmental body or agency having jurisdiction over the Company, its Shares or its other securities, or the Articles of Incorporation or Bylaws, except if such action shall be ordered by the Board, in which case the Advisor shall notify promptly the Board of the Advisor's judgment of the potential impact of such action and shall refrain from taking such action until it receives further clarification or instructions from the Board. In such event the Advisor shall have no liability for acting in accordance with the specific instructions of the Board so given. Notwithstanding the foregoing, the Advisor, its directors, officers, employees and stockholders, and stockholders, directors and officers of the Advisor's Affiliates shall not be liable to the Company or to the Board or stockholders for any act or omission by the Advisor, its directors, officers or employees, or stockholders, directors or officers of the Advisor's Affiliates except as provided in Paragraphs 18 and 19 of this Agreement.

8. **Fees.**

(a) *Asset Management Fee.* Subject to the overall limitations contained below in this Paragraph 8(a), commencing on the date hereof, the Advisor shall be paid for the asset management services included in the services described in Paragraph 3 a monthly fee (the "Asset Management Fee") in an amount equal to one-twelfth of the sum of (i) the product of the Asset Management Fee Percentage multiplied by the Adjusted Cost calculated on the last day of each preceding month, plus (ii) 0.50% of the Lindbergh/Energy Center Adjusted Cost as of the last day of each preceding month. For purposes of clarity, the Asset Management Fee payment due in January 2013 will be based on December 31, 2012 Adjusted Cost amounts, notwithstanding that December 31, 2012 precedes the effective date of this Agreement. Notwithstanding

the foregoing, if this Agreement is in effect for less than a full month, the amount of the Asset Management Fee shall be prorated to account for the percentage of the month in which this Agreement is in effect.

Notwithstanding the foregoing, the aggregate Asset Management Fee payable to the Advisor in any three-month period pursuant to this Paragraph 8(a) shall not exceed 0.25% of the average Net Asset Value during such three-month period, calculated based on Net Asset Value as of the last day of each preceding month during the three-month period (the "Asset Management Fee Ceiling"). To the extent the sum of the three previous monthly asset management fee payments exceeds the Asset Management Fee Ceiling (such amount the "Ceiling Excess"), each next succeeding monthly payment of the Asset Management Fee will be reduced, with the amount by which the Asset Management Fee is reduced to be applied against the Ceiling Excess until the Ceiling Excess is eliminated. In no event, however, will the Advisor be required to make a cash payment on account of any Ceiling Excess.

(b) *Acquisition Fees.* The Advisor shall receive, as compensation for services rendered in connection with the investigation, selection and acquisition (by purchase, investment or exchange) of Properties, Acquisition Fees in an amount equal to 1% of the amount actually paid for the purchase of such Property, inclusive of any debt incurred for the purchase of such Property, but exclusive of Acquisition Fees and Acquisition Expenses incurred in connection with such acquisition. With respect to the acquisition of a Property through any Joint Venture, the Acquisition Fee payable to the Advisor shall equal the product of (x) the Company's percentage equity interest in the Joint Venture and (y) 1% of the amount actually paid by the Joint Venture for the purchase of such Property, inclusive of any debt incurred for the purchase of such Property, but exclusive of Acquisition Fees and Acquisition Expenses incurred in connection with such acquisition. Notwithstanding the foregoing, the aggregate amount of Acquisition Fees payable to the Advisor for the term of this Agreement pursuant to this Paragraph 8(b) shall not exceed the Acquisition Fee Limit. Notwithstanding anything herein to the contrary, the payment of Acquisition Fees by the Company shall also be subject to the limitation provided for in Section 8.7 of the Articles of Incorporation. The Acquisition Fee Limit shall be an amount equal to \$1,500,000 less all Acquisition Fees payable to Advisor for Properties acquired during 2012 pursuant to the provisions of the Initial Term Advisory Agreement, the April Advisory Agreement or any predecessor advisory agreement or otherwise. If the Company enters into a definitive agreement for the purchase of a Property for which an Acquisition Fee is otherwise payable hereunder and any due diligence period in such agreement has expired prior to the termination of this Agreement, but the closing of such purchase occurs after the termination of this Agreement and prior to December 31, 2013, then the Advisor shall be entitled to receive such Acquisition Fee subject to the Acquisition Fee Limit and the other conditions hereof.

(c) *Disposition Fee.* If the Advisor or an Affiliate provides a substantial amount of the services (as determined by the Conflicts Committee) in connection with the Sale of one or more Properties, the Advisor or such Affiliate shall receive at closing a Disposition Fee equal to the lesser of (i) the broker fee actually paid to a third party broker in connection with the sale of such Property or Properties or (ii) 0.30% of the sales price of such Property or Properties; provided, however, that no Disposition Fee shall be payable to the Advisor for Property Sales if such Sales involve the Company selling all or substantially all of its Properties in one or more transactions designed to effectuate a business combination transaction or Bulk Liquidation of the Company (as opposed to a Company liquidation not constituting a Bulk Liquidation, in which case the Disposition Fee would be payable if the Advisor or an Affiliate provides a substantial amount of services as provided above). Any Disposition Fee payable under this section may be paid in addition to real estate commissions paid to non-Affiliates, provided that the total real estate commissions (including such Disposition Fee) paid to all Persons by the Company for each Property shall not exceed an amount equal to the lesser of (i) 6.0% of the aggregate Contract Sales Price of each Property, or (ii) the Competitive Real Estate Commission for each Property.

(d) *Subordinated Share of Net Sales Proceeds.* The Subordinated Share of Net Sales Proceeds shall be payable to the Advisor in an amount equal to 10% of Net Sales Proceeds remaining after the Stockholders have received Distributions equal to the sum of (i) the Stockholders' 8% Return, and (ii) 100% of Invested Capital plus Distributions attributable to Net Sales Proceeds. Following Listing, no Subordinated Share of Net Sales Proceeds will be paid to the Advisor.

(e) *Subordinated Incentive Fee.* Upon Listing, the Advisor shall be entitled to the Subordinated Incentive Fee in an amount equal to 10.0% of the amount by which (i) the market value of the outstanding stock of the Company, measured by taking the average closing price or average of bid and asked price, as the case may be, over a period of 30 days during which the Shares are traded, with such period beginning 180 days after Listing (the "Market Value"), plus the total of all Distributions paid to Stockholders from the Company's inception until the date that Market Value is determined, exceeds (ii) the sum of (A) 100% of Invested Capital plus Distributions attributable to Net Sales Proceeds, and (B) the total Distributions required to be paid to the Stockholders in order to pay the Stockholders' 8% Return from inception through the date Market Value is determined. The Company shall have the option to pay such fee in the form of cash, Shares, a promissory note to be negotiated in light of then-existing market conditions or any combination of the foregoing. The Subordinated Incentive Fee will be reduced by the amount of any prior payment to the Advisor of a Subordinated Share of Net Sales Proceeds. In the event the Subordinated Incentive Fee is paid to the Advisor following Listing, no other performance fee or Subordinated Share of Net Sales Proceeds, including the Subordinated Performance Fee Due Upon Termination, will be paid to the Advisor.

(f) *Changes to Fee Structure.* In the event of Listing, the Company and the Advisor shall negotiate in good faith to establish a fee structure appropriate for a perpetual-life entity.

(g) *Fee Credit.* Within 15 days of the end of each month in which this Agreement is in effect, the Advisor shall credit an amount of \$166,667 against all earned but unpaid fees owed to the Advisor under this Agreement, which amount represents a reduction in the monthly fees earned by the Advisor pursuant to this Paragraph 8 during the term of this Agreement. Notwithstanding the foregoing, if this Agreement is in effect for less than a full month, the amount credited to the Company shall be prorated to account for the percentage of the month in which this Agreement was in effect.

9. **Expenses.**

(a) *Reimbursable Expenses.* In addition to the compensation paid to the Advisor pursuant to Paragraph 8 hereof, the Company shall pay directly or reimburse the Advisor for all of the expenses paid or incurred by the Advisor (to the extent not reimbursable by another party, such as the dealer manager) in connection with the services it provides to the Company pursuant to this Agreement, including, but not limited to:

(i) the Organization and Offering Expenses; provided, however, that within 60 days after the end of the month in which an Offering terminates, the Advisor shall reimburse the Company to the extent (i) Capped O&O Expenses borne by the Company exceed 2.0% of the Gross Proceeds raised in a completed offering and (ii) Organization and Offering Expenses borne by the Company exceed 15% of the Gross Proceeds raised in a completed Offering;

(ii) Acquisition Fees and Acquisition Expenses payable to unaffiliated Persons incurred in connection with the selection and acquisition of Properties;

(iii) the actual cost of goods and services used by the Company and obtained from entities not affiliated with the Advisor;

- (iv) interest and other costs for borrowed money, including discounts, points and other similar fees;
- (v) taxes and assessments on income or Property and taxes as an expense of doing business;
- (vi) costs associated with insurance required in connection with the business of the Company or by the Board;
- (vii) all expenses in connection with payments to the Board and meetings of the Board;
- (viii) expenses associated with Listing or with the issuance and distribution of securities other than the Shares, such as selling commissions and fees, advertising expenses, taxes, legal and accounting fees, listing and registration fees;
- (ix) expenses of organizing, redomesticating, merging, liquidating or dissolving the Company or of amending the Articles of Incorporation or the Bylaws;
- (x) expenses of preparing the annual report and proxy statements and other reports required by governmental entities;
- (xi) administrative service expenses, including all costs and expenses incurred by Advisor in fulfilling its duties hereunder, such as reasonable wages and salaries (but excluding bonuses) and other employee-related expenses of all employees of Advisor or its Affiliates to the extent engaged in the management, administration, operations, and marketing of the Company, including taxes, insurance and benefits relating to such employees, and legal, travel and other out-of-pocket expenses that are directly related to their services provided hereunder; and
- (xii) audit, accounting and legal fees.

No reimbursement shall be made for costs of personnel of the Advisor or its Affiliates to the extent that such personnel perform services in connection with services for which the Advisor receives the Acquisition Fee or the Disposition Fee.

(b) *Other Services.* Should the Board request that the Advisor or any director, officer or employee thereof render services for the Company other than set forth in Paragraph 3, such services shall be separately compensated at such rates and in such amounts as are agreed by the Advisor and the Conflicts Committee, subject to the limitations contained in the Articles of Incorporation, and shall not be deemed to be services pursuant to the terms of this Agreement.

(c) *Timing of and Limitations on Reimbursements.*

(i) Expenses incurred by the Advisor on behalf of the Company and payable pursuant to this Paragraph 9 shall be reimbursed no less than monthly to the Advisor. The Advisor shall prepare a statement documenting the expenses of the Company during each quarter, and shall deliver such statement to the Company within 45 days after the end of each quarter.

(ii) The Company shall not reimburse the Advisor at the end of any fiscal quarter Operating Expenses that, in the four consecutive fiscal quarters then ended (the "Expense Year"), exceed (the "Excess Amount") the greater of 2% of Average Invested Assets or 25% of Net Income (the "2%/25% Guidelines") for such year unless the Conflicts Committee determines that such excess was justified, based on unusual and nonrecurring factors which the Conflicts Committee deems sufficient. If the

Conflicts Committee does not approve such excess as being so justified, any Excess Amount paid to the Advisor during a fiscal quarter shall be repaid to the Company. If the Conflicts Committee determines such excess was justified, then within 60 days after the end of any fiscal quarter of the Company for which total reimbursed Operating Expenses for the Expense Year exceed the 2%/25% Guidelines, the Advisor, at the direction of the Conflicts Committee, shall send to the stockholders a written disclosure of such fact, together with an explanation of the factors the Conflicts Committee considered in determining that such excess expenses were justified. The Company will ensure that such determination will be reflected in the minutes of the meetings of the Board of Directors. All figures used in the foregoing computation shall be determined in accordance with generally accepted accounting principles applied on a consistent basis.

(iii) The Company shall not reimburse the Advisor or its Affiliates for Portfolio G&A Expenses or Personnel Expenses incurred during the term of this Agreement if such reimbursement would cause total reimbursements during the term of this Agreement to exceed \$18,167,000 for Portfolio G&A Expenses or \$10,000,000 for Personnel Expenses; provided that these caps assume a term of 12 months and shall be prorated as necessary to the extent the term of this Agreement is less than 12 months; provided further that these caps shall not be applicable for unbudgeted expenses deemed by the Conflicts Committee to be justified.

(d) *Occupancy Costs.* The Company shall reimburse the Advisor for occupancy costs at a fixed amount of \$21,000 per month. Notwithstanding Paragraph 9(c)(i) above, this amount shall be paid to the Advisor on the first business day of each month in which this agreement is in effect. No other amounts related to the Company's occupancy of space at 6200 The Corners Parkway in Norcross Georgia, such as tenant improvement costs, operating expenses, or common area maintenance, shall be due.

10. **Fidelity Bond.** The Advisor shall maintain a fidelity bond for the benefit of the Company which bond shall insure the Company from losses of up to \$10,000,000 and shall be of the type customarily purchased by entities performing services similar to those provided to the Company by the Advisor.

11. **Other Activities of the Advisor.**

(a) *General.* Nothing herein contained shall prevent the Advisor from engaging in other activities, including, without limitation, the rendering of advice to other Persons (including other REITs) and the management of other programs advised, sponsored or organized by the Advisor or its Affiliates; nor shall this Agreement limit or restrict the right of any director, officer, employee, or stockholder of the Advisor or its Affiliates to engage in any other business or to render services of any kind to any other partnership, corporation, firm, individual, trust or association. The Advisor may, with respect to any investment in which the Company is a participant, also render advice and service to each and every other participant therein. The Advisor shall report to the Board the existence of any condition or circumstance, existing or anticipated, of which it has knowledge, which creates or could create a conflict of interest between the Advisor's obligations to the Company and its obligations to or its interest in any other partnership, corporation, firm, individual, trust or association.

(b) *Policy with Respect to Allocation of Investment Opportunities.* Before the Advisor presents an investment opportunity that would in its judgment be suitable for the Company to another Advisor-sponsored program, the Advisor shall determine in its sole discretion that the investment opportunity is more suitable for such other program than for the Company based on factors such as the following: the investment objectives and criteria of each program; the cash requirements and anticipated cash flow of each program; the size of the investment opportunity; the effect of the acquisition on diversification of each program's investments by type of commercial property,

geographic area and tenant base; the estimated income tax effects of the purchase on each entity; the policies of each program relating to leverage; the funds of each entity available for investment and the length of time such funds have been available for investment; the size of the investment; the credit quality of the tenants; and the existence of special factors, such as whether the property is adjacent to another property owned by a program. In the event that an investment opportunity becomes available that is, in the sole discretion of the Advisor, equally suitable for both the Company and another Advisor-sponsored program, then the Advisor may offer the other program the investment opportunity if it has had the longest period of time elapse since it was offered an investment opportunity. The Advisor will use its reasonable efforts to fairly allocate investment opportunities in accordance with such allocation method and will promptly disclose any material deviation from such policy or the establishment of a new policy, which shall be allowed provided (1) the Board is provided with notice of such policy at least 60 days prior to such policy becoming effective and (2) such policy provides for the reasonable allocation of investment opportunities among such programs. The Advisor shall provide the Conflicts Committee with any information reasonably requested so that the Conflicts Committee can ensure that the allocation of investment opportunities is applied fairly. Nothing herein shall be deemed to prevent the Advisor or an Affiliate from pursuing an investment opportunity directly rather than offering it to the Company or another Advisor-sponsored program so long as the Advisor is fulfilling its obligation to present a continuing and suitable investment program to the Company which is consistent with the investment policies and objectives of the Company.

12. **Relationship of Advisor and Company.** The Company and the Advisor are not partners or joint venturers with each other, and nothing in this Agreement shall be construed to make them such partners or joint venturers or impose any liability as such on either of them.

13. **Representations and Warranties.**

(a) **Of the Company.** To induce the Advisor to enter into this Agreement, the Company hereby represents and warrants that:

(i) The Company is a corporation, duly organized, validly existing and in good standing under the laws of the State of Maryland with all requisite corporate power and authority and all material licenses, permits and authorizations necessary to carry out the transactions contemplated by this Agreement.

(ii) The Company's execution, delivery and performance of this Agreement have been duly authorized. This Agreement constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. The Company's execution and delivery of this Agreement and its fulfillment of and compliance with the respective terms hereof do not and will not (A) conflict with or result in a breach of the terms, conditions or provisions of, (B) constitute a default under, (C) result in the creation of any lien, security interest, charge or encumbrance upon the assets of the Company pursuant to, (D) give any third party the right to modify, terminate or accelerate any obligation under, (E) result in a violation of or (F) require any authorization, consent, approval, exception or other action by or notice to any court or administrative or governmental body pursuant to, the Articles of Incorporation or Bylaws or any law, statute, rule or regulation to which the Company is subject, or any agreement, instrument, order, judgment or decree by which the Company is bound, in any such case in a manner that would have a material adverse effect on the ability of the Company to perform any of its obligations under this Agreement.

(b) **Of the Advisor.** To induce Company to enter into this Agreement, the Advisor represents and warrants that:

(i) The Advisor is a corporation, duly organized, validly existing and in good standing under the laws of the State of Georgia with all requisite corporate power and authority and all material licenses, permits and authorizations necessary to carry out the transactions contemplated by this Agreement.

(ii) The Advisor's execution, delivery and performance of this Agreement have been duly authorized. This Agreement constitutes a valid and binding obligation of the Advisor, enforceable against the Advisor in accordance with its terms. The Advisor's execution and delivery of this Agreement and its fulfillment of and compliance with the respective terms hereof do not and will not (A) conflict with or result in a breach of the terms, conditions or provisions of, (B) constitute a default under, (C) result in the creation of any lien, security interest, charge or encumbrance upon the Advisor's assets pursuant to, (D) give any third party the right to modify, terminate or accelerate any obligation under, (E) result in a violation of or (F) require any authorization, consent, approval, exemption or other action by or notice to any court or administrative or governmental body pursuant to, the Advisor's articles of incorporation or bylaws, or any law, statute, rule or regulation to which the Advisor is subject, or any agreement, instrument, order, judgment or decree by which the Advisor is bound, in any such case in a manner that would have a material adverse effect on the ability of the Advisor to perform any of its obligations under this Agreement.

(iii) The Advisor has received copies of the (A) Articles of Incorporation, (B) Bylaws, (C) registration statements relating to the Company's past and ongoing public offerings, and (D) the Partnership's limited partnership agreement and is familiar with the terms thereof, including without limitation the investment limitations included therein. Advisor warrants that it will use reasonable care to avoid any act or omission that would conflict with the terms of the foregoing in the absence of the express direction of the Conflicts Committee.

(iv) The Advisor will maintain the resources necessary to ensure the proper performance of the services to be provided under this Agreement.

14. **Term; Termination of Agreement.** This Agreement shall commence on January 1, 2013, and continue in force through December 31, 2013. This Agreement may be continued for an unlimited number of successive one-year renewals (with caps and limits stated in this Agreement to be adjusted as appropriate) upon mutual consent of the parties. The Company, acting through the Board, will evaluate the performance of the Advisor annually before renewing the Agreement, and each such renewal shall be for a term of no more than one year. Notwithstanding the foregoing, this Agreement shall automatically terminate upon the exercise of the WREAS II Assignment Option (as defined in the Transition Services Agreement).

15. **Termination by Either Party.** This Agreement may be terminated upon 60 days written notice without cause or penalty, by either party (by majority of the Conflicts Committee or a majority of the Board of Directors of the Advisor, as the case may be). The provisions of Paragraphs 1, 6, 7, and 17 through 30 survive termination of this Agreement.

16. **Assignment to an Affiliate.** This Agreement may be assigned by the Advisor to an Affiliate with the approval of a majority of the Conflicts Committee. The Advisor may assign any rights to receive fees or other payments under this Agreement without obtaining the approval of the Board. This Agreement shall not be assigned by the Company without the consent of the Advisor, except in the case of an assignment by the Company to a corporation or other organization which is a successor to all of the assets, rights and

obligations of the Company, in which case such successor organization shall be bound hereunder and by the terms of said assignment in the same manner as the Company is bound by this Agreement.

17. **Payments to and Duties of Advisor upon Termination.** Payments to the Advisor pursuant to this Paragraph 17 shall be subject to the 2%/25% Guidelines to the extent applicable.

(a) After the Termination Date, the Advisor shall not be entitled to compensation for further services hereunder except it shall be entitled to receive from the Company within 30 days after the effective date of such termination the following:

(i) all unpaid reimbursements of expenses and all earned but unpaid fees payable to the Advisor prior to termination of this Agreement; and

(ii) the Subordinated Performance Fee Due Upon Termination, provided that no Subordinated Performance Fee Due Upon Termination will be paid if the Company has paid or is obligated to pay the Subordinated Incentive Fee.

(b) The Advisor shall promptly upon termination:

(i) pay over to the Company all money collected and held for the account of the Company pursuant to this Agreement, after deducting any accrued compensation and reimbursement for its expenses to which it is then entitled;

(ii) deliver to the Board a full accounting, including a statement showing all payments collected by it and a statement of all money held by it, covering the period following the date of the last accounting furnished to the Board;

(iii) deliver to the Board all assets, including Properties, and documents of the Company then in the custody of the Advisor; and

(iv) cooperate with the Company to provide an orderly management transition.

18. **Indemnification by the Company.** The Company shall indemnify and hold harmless the Advisor and its Affiliates, including their respective officers, directors, partners and employees (collectively, "Indemnitees"), from all liability, claims, damages or losses arising in the performance of their duties hereunder, and related expenses, including reasonable attorneys' fees, to the extent such liability, claims, damages or losses and related expenses are not fully reimbursed by insurance, subject to any limitations imposed by the laws of the State of Maryland or the Articles of Incorporation as in effect on July 1, 2012. Notwithstanding the foregoing, the Indemnitees shall not be entitled to indemnification or be held harmless pursuant to this Paragraph 18 for any activity which the Advisor shall be required to indemnify or hold harmless the Company pursuant to Paragraph 19. Any indemnification of the Indemnitees may be made only out of the net assets of the Company and not from Stockholders.

19. **Indemnification by Advisor.** The Advisor shall indemnify and hold harmless the Company from contract or other liability, claims, damages, taxes or losses and related expenses including attorneys' fees, to the extent that such liability, claims, damages, taxes or losses and related expenses are not fully reimbursed by insurance and are incurred by reason of the Advisor's bad faith, fraud, willful misfeasance, misconduct, or reckless disregard of its duties.

20. **Notices.** Any notice, report or other communication required or permitted to be given hereunder shall be in writing unless some other method of giving such notice, report or other communication



is required by the Articles of Incorporation, the Bylaws, or accepted by the party to whom it is given, and shall be given by being delivered by hand or by overnight mail or other overnight delivery service to the addresses set forth herein:

To the Board and to the Company:

Wells Real Estate Investment Trust II, Inc.  
6200 The Corners Parkway, Suite 250  
Norcross, Georgia 30092

To the Advisor:

Wells Real Estate Advisory Services II, LLC  
6200 The Corners Parkway, Suite 250  
Norcross, Georgia 30092

Either party may at any time give notice in writing to the other party of a change in its address for the purposes of this Paragraph 20.

21. **Modification**. This Agreement shall not be changed, modified, terminated, or discharged, in whole or in part, except by an instrument in writing signed by both parties hereto, or their respective successors or assignees.

22. **Severability**. The provisions of this Agreement are independent of and severable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

23. **Construction**. The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the State of Georgia.

24. **Entire Agreement**. This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing.

25. **Indulgences, Not Waivers**. Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

26. **Gender**. Words used herein regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

27. **Titles Not to Affect Interpretation**. The titles of paragraphs and subparagraphs contained in this Agreement are for convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation hereof.

28. **Execution in Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when the counterparts hereof, taken together, bear the signatures of all of the parties reflected hereon as the signatories.

29. **Name.** Wells Real Estate Funds, Inc. has a proprietary interest in the name “Wells.” Accordingly, and in recognition of this right, if at any time the Company ceases to retain Wells Real Estate Advisory Services II, LLC or an Affiliate thereof to perform the services of Advisor, the Company will, promptly after receipt of written request from Wells Real Estate Funds, Inc., cease to conduct business under or use the name “Wells” or any derivative thereof and the Company shall use its best efforts to change the name of the Company to a name that does not contain the name “Wells” or any other word or words that might, in the sole discretion of the Advisor, be susceptible of indication of some form of relationship between the Company and the Advisor or any Affiliate thereof. Consistent with the foregoing, it is specifically recognized that the Advisor or one or more of its Affiliates has in the past and may in the future organize, sponsor or otherwise permit to exist other investment vehicles (including vehicles for investment in real estate) and financial and service organizations having “Wells” as a part of their name, all without the need for any consent (and without the right to object thereto) by the Company or its Board.

30. **Parent Guarantee.** Wells Real Estate Funds, Inc., a Georgia corporation and the parent company of the Advisor (the “**Guarantor**”), does hereby in all respects guarantee the due and proper performance of the services to be provided and the full and timely payment of the amounts payable under this Agreement by the Advisor, which guarantee shall extend to include any renewal or amendment to this Agreement, provided Guarantor's obligations are not materially increased by such renewal or amendment without the Guarantor's consent, such consent not to be unreasonably withheld. If the Advisor fails to perform all or any of its obligations, duties, undertakings, and covenants to provide services or make payments (collectively, the “**Guaranteed Obligations**”) under this Agreement (unless relieved from the performance of any part of this Agreement by statute, by the decision of a court or tribunal of competent jurisdiction or by written waiver of the Company), upon written notice from the Company, the Guarantor shall perform or cause to be performed such Guaranteed Obligations. The termination of the Advisor shall constitute a termination of this guarantee with respect to the future performance of the Guaranteed Obligations, but no termination of Advisor shall terminate or limit the obligations of the Guarantor under this guarantee arising or accruing prior to such termination of the Advisor. This guarantee will be applicable to and binding upon the successors and assigns of Guarantor. Guarantor joins in this Agreement as a signatory hereto for the purposes set forth in this Paragraph 30.

*[Signatures appear on next page.]*

IN WITNESS WHEREOF, the parties hereto have executed this Renewal Advisory Agreement as of the 28th day of December, 2012.

WELLS REAL ESTATE INVESTMENT TRUST II, INC.

By: /s/ George W. Sands  
Name: George W. Sands  
Title: Authorized Signatory

WELLS REAL ESTATE ADVISORY SERVICES II, LLC

By: WELLS REAL ESTATE FUNDS, INC., its sole member

By: /s/ Robert M. McCullough  
Name: Robert M. McCullough  
Title: Corporate Chief Financial Officer

The undersigned joins in this Advisory Agreement for the purposes set forth in Paragraph 30 hereof.

WELLS REAL ESTATE FUNDS, INC.

By: /s/ Robert M. McCullough  
Name: Robert M. McCullough  
Title: Corporate Chief Financial Officer

## Schedule A

### Portfolio General and Administrative Costs

Portfolio & Asset Management  
Call center  
Capital Markets  
Facilities  
FPA, Tax, Treasury, & AP  
Internal Audit  
Investor Communications/Marketing  
Legal/Compliance  
Portfolio Accounting & Reporting  
Transfer Agent

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#### Section 7: EX-10.10 (RENEWAL INVESTOR SERVICES AGREEMENT)

Exhibit 10.10

### RENEWAL INVESTOR SERVICES AGREEMENT

THIS INVESTOR SERVICES AGREEMENT, effective as of January 1, 2013 (the "Agreement"), is between WELLS REAL ESTATE INVESTMENT TRUST II, INC., a Maryland corporation (the "Company"), and WELLS REAL ESTATE FUNDS, INC., a Georgia corporation ("Wells REF").

#### WITNESSETH

WHEREAS, the Company desires to avail itself of the experience, sources of information, assistance and certain facilities available to Wells REF with respect to stockholder services and communications and to have Wells REF undertake the duties and responsibilities hereinafter set forth, on behalf of, and subject to the supervision of, the Board of Directors of the Company all as provided herein;

WHEREAS, Wells REF is willing to undertake to render such services, subject to the supervision of the Board of Directors, on the terms and conditions hereinafter set forth;

WHEREAS, the Company and Wells REF are currently parties to an investor services agreement that became effective on July 1, 2012, covering the period from July 1, 2012 through December 31, 2012 (the "Initial Investor Services Agreement");

WHEREAS, the Company and Wells REF now desire to enter this new investor services agreement between the Company and Wells REF to be effective upon the expiration of the Initial Investor Services Agreement, with this new investor services agreement covering the period from January 1, 2013 through December 31, 2013 (the "Renewal Investor Services Agreement");

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. **Definitions.** As used in this Agreement, the following terms have the definitions hereinafter indicated:

*Advisor.* Wells Real Estate Advisory Services II, LLC, a Georgia limited liability corporation, any successor advisor to the Company, or any Person(s) to which Wells Real Estate Advisory Services II, LLC or any successor advisor subcontracts substantially all of its functions.

*Affiliate or Affiliated.* An Affiliate of another Person includes only the following: (i) any Person directly or indirectly controlling, controlled by, or under common control with such other Person; (ii) any Person directly or indirectly owning, controlling, or holding with the power to vote 10% or more of the outstanding voting securities of such other Person; (iii) any legal entity for which such Person acts as an executive officer, director, trustee, or general partner; (iv) any Person 10% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held, with power to vote, by such other Person; and (v) any executive officer, director, trustee, or general partner of such other Person. An entity shall not be deemed to control or be under common control with a Wells REF-sponsored program unless (i) the entity owns 10% or more of the voting equity interests of such program or (ii) a majority of the board (or equivalent governing body) of such program is comprised of Affiliates of the entity.

*Articles of Incorporation.* The Articles of Incorporation of the Company under Title 2 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended from time to time.

*Board of Directors or Board.* The persons holding such office, as of any particular time, under the Articles of Incorporation of the Company, whether they be the Directors named therein or additional or successor Directors.

*Bylaws.* The bylaws of the Company, as the same are in effect from time to time.

*Code.* Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor provision thereto, as interpreted by any applicable regulations as in effect from time to time.

*Company.* Wells Real Estate Investment Trust II, Inc., a corporation organized under the laws of the State of Maryland.

*Conflicts Committee.* A committee of the Board of Directors of the Company comprised entirely of Independent Directors.

*Director.* A member of the Board of Directors of the Company.

*Distributions.* Any distributions of money or other property by the Company to owners of Shares, including distributions that may constitute a return of capital for federal income tax purposes.

*Independent Director.* "Independent Director" shall have the meaning set forth in the Articles of Incorporation.

*Initial Investor Services Agreement.* The agreement between Wells REF and the Company effective as of July 1, 2012 for the period from July 1, 2012 through December 31, 2012 pursuant to which Wells REF performs stockholder services and communications.

*Partnership.* Wells Operating Partnership II, L.P., a Delaware limited partnership formed to own and operate properties on behalf of the Company.

*Person.* An individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c) (17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, or any government or any agency or political subdivision thereof, and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

*REIT.* A "real estate investment trust" under Sections 856 through 860 of the Code.

*Renewal Advisory Agreement.* The agreement between the Advisor and the Company effective as of January 1, 2013 for the period from January 1, 2013 through December 31, 2013.

*Shares.* The Company's shares of common stock, par value \$0.01 per share.

*Transition Services Agreement.* The transition services agreement between Wells REF and the Company dated as of June 28, 2012 and effective as of July 1, 2012, and any successor agreement.

*Wells REF*. Wells Real Estate Funds, Inc., a Georgia corporation.

2. **Appointment.** The Company hereby appoints Wells REF to provide stockholder services and communications on the terms and conditions set forth in this Agreement, and Wells REF hereby accepts such appointment.

3. **Duties and Authority of Wells REF.** Wells REF undertakes to provide the Company's stockholder services and communications, which include, but are not limited to, the following activities:

(a) ensuring that all activities regarding the services of a registered transfer agent are performed, including but not limited to escheatment services, proxy services, quarterly stockholder statements, stockholder confirmations, re-registrations, transfers, distributions, dividend reinvestments and any other stockholder record-keeping and reporting;

(b) the logistics and, in certain cases where required, the production of written materials for all required communications with stockholders, including the annual report, quarterly statements, proxy services, and other required notices to stockholders;

(c) the logistics and production of written materials for all other communications deemed necessary, but not required, to stockholders and financial advisors;

(d) maintaining the services of the client services call center in the manner and at a relative level of service consistent in all material respects with that provided to the Company prior to the date of this Agreement;

(e) facilitation of all annual tax reporting requirements to stockholders, including responding to client service calls relating to tax reporting;

(f) all necessary compliance and risk management functions relating to the above activities;

(g) all necessary information technology support and services as related to the above activities; and

(h) any other client services and stockholder communications services that were previously being performed for the Company by the Advisor prior to the date of this Agreement.

To facilitate Wells REF's performance of these services, but subject to the restrictions included in Paragraphs 4 and 6 and to the continuing and exclusive authority of the Board over the management of the Company and the Partnership, the Company hereby delegates to Wells REF the authority to, and Wells REF hereby agrees to, either directly or by engaging an Affiliate:

(a) maintain and preserve the books and records of the Company, including a stock ledger reflecting a record of the stockholders and their ownership of the Shares and overseeing and interfacing with the transfer agent for the Shares; and

(b) with respect to the provision of stockholder and communications activities contemplated by this Agreement, investigate, select, and, on behalf of the Company, engage and conduct business with such Persons as Wells REF deems necessary to the proper performance of its obligations hereunder, including but not limited to transfer agents, correspondents, technical advisors, attorneys, escrow agents, depositaries, custodians, and any and all agents for any of the foregoing, including Affiliates of Wells REF, and Persons acting in any other capacity deemed by Wells REF necessary or desirable for the performance of any of the

foregoing services, including but not limited to entering into contracts in the name of the Company for which it has the express written consent of the Company with any of the foregoing.

4. **Modification or Revocation of Authority of Wells REF.** The Board may, at any time upon the giving of notice to Wells REF, modify or revoke the authority or approvals set forth in Paragraph 3, provided however, that such modification or revocation shall be effective upon receipt by Wells REF and shall not be applicable to transactions to which Wells REF has committed the Company prior to the date of receipt by Wells REF of such notification.

5. **Records; Access.** Wells REF shall maintain appropriate records of all its activities hereunder and make such records available for inspection by the Board and by counsel, auditors and authorized agents of the Company, at any time or from time to time during normal business hours. Wells REF shall at all reasonable times have access to the books and records of the Company.

6. **Limitations on Activities.** Notwithstanding anything to the contrary in this Agreement, Wells REF shall refrain from taking any action which, in its sole judgment made in good faith, would violate any law, rule, regulation or statement of policy of any governmental body or agency having jurisdiction over the Company or the Articles of Incorporation or Bylaws, except if such action shall be ordered by the Board, in which case Wells REF shall notify promptly the Board of Wells REF's judgment of the potential impact of such action and shall refrain from taking such action until it receives further clarification or instructions from the Board. In such event Wells REF shall have no liability for acting in accordance with the specific instructions of the Board so given. Notwithstanding the foregoing, Wells REF, its directors, officers, employees and stockholders, and stockholders, directors and officers of Wells REF's Affiliates shall not be liable to the Company or its stockholders for any act or omission by Wells REF, its directors, officers or employees, or stockholders, directors or officers of Wells REF's Affiliates except as provided in Paragraphs 14 and 15 of this Agreement.

7. **Expenses.**

(a) *Reimbursable Expenses.* The Company shall pay directly or reimburse Wells REF for all of the expenses paid or incurred by Wells REF (to the extent not reimbursable by another party) in connection with the services it provides to the Company pursuant to this Agreement, including, but not limited to:

- (i) the actual cost of goods and services used by the Company and obtained from entities not affiliated with Wells REF;
- (ii) all expenses in connection with meetings of stockholders;
- (iii) expenses in connection with payments of Distributions in cash or otherwise made or caused to be made by the Company to the stockholders;
- (iv) expenses related to maintaining communications with stockholders, including the cost of printing, and mailing annual reports and other stockholder reports, proxy statements and other reports required by governmental entities; and
- (v) administrative service expenses, including all costs and expenses incurred by Wells REF in fulfilling its duties hereunder, such as reasonable wages and salaries (but excluding bonuses) and other employee-related expenses of all employees of Wells REF or its Affiliates to the extent engaged in the provision of services under this Agreement, including taxes, insurance and benefits relating to such employees, and legal, travel and other out-of-pocket expenses that are directly related to their services provided hereunder.

(b) *Other Services.* Should the Board request that Wells REF or any director, officer or employee thereof render services for the Company other than set forth in Paragraph 3, such services shall be separately compensated at such rates and in such amounts as are mutually agreed by Wells REF and the Conflicts Committee, subject to the limitations contained in the Articles of Incorporation, and shall not be deemed to be services pursuant to the terms of this Agreement. In addition, these other services shall not be subject to the limit on reimbursements under Paragraph 7(c) below.

(c) *Timing of and Limitation on Reimbursements.*

(i) Expenses incurred by Wells REF on behalf of the Company and payable pursuant to this Paragraph 7 shall be reimbursed to Wells REF on a at least a monthly basis. Wells REF shall prepare a statement documenting the expenses of the Company during each quarter, and shall deliver such statement to the Company within 45 days after the end of each quarter.

(ii) Notwithstanding the foregoing, the Company shall have no obligation to reimburse Wells REF any expenses contemplated under Paragraph 7(a) above to the extent such reimbursement would cause the limits imposed by Paragraphs 9(c)(ii) and 9(c)(iii) of the Renewal Advisory Agreement to be exceeded.

8. **Other Activities of Wells REF.** *General.* Nothing contained herein shall preclude Wells REF from engaging in other activities, including, without limitation, the rendering of advice to other Persons (including other REITs) and the management of other programs advised, sponsored or organized by Wells REF or its Affiliates; nor shall this Agreement limit or restrict the right of any director, officer, employee, or stockholder of Wells REF or its Affiliates to engage in any other business or to render services of any kind to any other partnership, corporation, firm, individual, trust or association. Wells REF shall report to the Board the existence of any condition or circumstance, existing or anticipated, of which it has knowledge, which creates or could create a conflict of interest between Wells REF's obligations to the Company pursuant to this Agreement and its obligations to or its interest in any other partnership, corporation, firm, individual, trust or association.

9. **Representations and Warranties.**

(a) **Of the Company.** To induce Wells REF to enter into this Agreement, the Company hereby represents and warrants that:

(i) The Company is a corporation, duly organized, validly existing and in good standing under the laws of the State of Maryland with all requisite corporate power and authority and all material licenses, permits and authorizations necessary to carry out the transactions contemplated by this Agreement.

(ii) The Company's execution, delivery and performance of this Agreement have been duly authorized. This Agreement constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. The Company's execution and delivery of this Agreement and its fulfillment of and compliance with the respective terms hereof do not and will not (A) conflict with or result in a breach of the terms, conditions or provisions of, (B) constitute a default under, (C) result in the creation of any lien, security interest, charge or encumbrance upon the assets of the Company pursuant to, (D) give any third party the right to modify, terminate or accelerate any obligation under, (E) result in a violation of or (F) require any authorization, consent, approval, exception or other action by or notice to any court or administrative or governmental body pursuant to, the Articles of Incorporation or Bylaws or any law, statute, rule or regulation to which



the Company is subject, or any agreement, instrument, order, judgment or decree by which the Company is bound, in any such case in a manner that would have a material adverse effect on the ability of the Company to perform any of its obligations under this Agreement.

(b) **Of Wells REF.** To induce Company to enter into this Agreement, Wells REF represents and warrants that:

(i) Wells REF is a corporation, duly organized, validly existing and in good standing under the laws of the State of Georgia with all requisite corporate power and authority and all material licenses, permits and authorizations necessary to carry out the transactions contemplated by this Agreement.

(ii) Wells REF's execution, delivery and performance of this Agreement have been duly authorized. This Agreement constitutes a valid and binding obligation of Wells REF, enforceable against Wells REF in accordance with its terms. Wells REF's execution and delivery of this Agreement and its fulfillment of and compliance with the respective terms hereof do not and will not (A) conflict with or result in a breach of the terms, conditions or provisions of, (B) constitute a default under, (C) result in the creation of any lien, security interest, charge or encumbrance upon Wells REF's assets pursuant to, (D) give any third party the right to modify, terminate or accelerate any obligation under, (E) result in a violation of or (F) require any authorization, consent, approval, exemption or other action by or notice to any court or administrative or governmental body pursuant to, Wells REF's articles of incorporation or bylaws, or any law, statute, rule or regulation to which Wells REF is subject, or any agreement, instrument, order, judgment or decree by which Wells REF is bound, in any such case in a manner that would have a material adverse effect on the ability of Wells REF to perform any of its obligations under this Agreement.

(iii) Wells REF has received copies of the (A) Articles of Incorporation, (B) Bylaws, (C) registration statements relating to the Company's past and ongoing public offerings, and (D) the Partnership's limited partnership agreement and is familiar with the terms thereof, including without limitation the investment limitations included therein. Wells REF warrants that it will use reasonable care to avoid any act or omission that would conflict with the terms of the foregoing in the absence of the express direction of the Conflicts Committee.

10. **Term; Termination of Agreement.** This Agreement shall commence on January 1, 2013, and continue in force through December 31, 2013. This Agreement may be continued for an unlimited number of successive one-year renewals upon mutual consent of the parties. The Company, acting through the Board, will evaluate the performance of Wells REF annually before renewing the Agreement, and each such renewal shall be for a term of no more than one year. Notwithstanding the foregoing, this Agreement shall automatically terminate upon the exercise of the WREAS II Assignment Option (as defined in the Transition Services Agreement).

11. **Termination by Either Party.** This Agreement may be terminated upon 60 days written notice without cause or penalty, by either party (by majority of the Conflicts Committee or a majority of the Board of Directors of Wells REF, as the case may be). The provisions of Paragraphs 1, 5, 6, and 13 through 24 shall survive the termination of this Agreement.

12. **Assignment to an Affiliate.** This Agreement may be assigned by Wells REF to an Affiliate with the approval of a majority of the Conflicts Committee. Notwithstanding the foregoing, an assignment to Wells Capital, Inc. will not require Conflicts Committee approval. Wells REF may assign any rights to receive fees or other payments under this Agreement without obtaining the approval of the Board. This

Agreement shall not be assigned by the Company without the prior written consent of Wells REF, except in the case of an assignment by the Company to a corporation or other organization which is a successor to all of the assets, rights and obligations of the Company, in which case such successor organization shall be bound hereunder and by the terms of said assignment in the same manner as the Company is bound by this Agreement.

13. **Payments to and Duties of Wells REF upon Termination.**

(a) Upon termination of this Agreement by either party, Wells REF shall not be entitled to reimbursement for further services hereunder except it shall be entitled to receive from the Company within 30 days after the effective date of such termination all unpaid reimbursements of expenses payable to Wells REF prior to termination of this Agreement

(b) Wells REF shall promptly upon termination:

- (i) deliver to the Company the book and records of the Company; and
- (ii) cooperate with the Company to provide an orderly transition of services provided pursuant to this Agreement.

14. **Indemnification by the Company.** The Company shall indemnify and hold harmless Wells REF and its Affiliates, including their respective officers, directors, partners and employees (collectively, "Indemnitees"), from all liability, claims, damages or losses arising in the performance of their duties hereunder, and related expenses, including reasonable attorneys' fees, to the extent such liability, claims, damages or losses and related expenses are not fully reimbursed by insurance, subject to any limitations imposed by the laws of the State of Maryland or the Articles of Incorporation as in effect on July 1, 2012. Notwithstanding the foregoing, the Indemnitees shall not be entitled to indemnification or be held harmless pursuant to this Paragraph 15 for any activity which Wells REF shall be required to indemnify or hold harmless the Company pursuant to Paragraph 15.

15. **Indemnification by Wells REF.** Wells REF shall indemnify and hold harmless the Company from contract or other liability, claims, damages, taxes or losses and related expenses including attorneys' fees, to the extent that such liability, claims, damages, taxes or losses and related expenses are not fully reimbursed by insurance and are incurred by reason of Wells REF's bad faith, fraud, willful misfeasance, misconduct, or reckless disregard of its duties.

16. **Notices.** Any notice, report or other communication required or permitted to be given hereunder shall be in writing unless some other method of giving such notice, report or other communication is required by the Articles of Incorporation, the Bylaws, or accepted by the party to whom it is given, and shall be given by being delivered by hand or by overnight mail or other overnight delivery service to the addresses set forth herein:

To the Board and to the Company:

Wells Real Estate Investment Trust II, Inc.  
6200 The Corners Parkway, Suite 250  
Norcross, Georgia 30092

To Wells REF:

Wells Real Estate Funds, Inc.  
6200 The Corners Parkway, Suite 250  
Norcross, Georgia 30092

Either party may at any time give notice in writing to the other party of a change in its address for the purposes of this Paragraph 16.

17. **Modification.** This Agreement shall not be changed, modified, terminated, or discharged, in whole or in part, except by an instrument in writing signed by both parties hereto, or their respective successors or assignees.

18. **Severability.** The provisions of this Agreement are independent of and severable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

19. **Construction.** The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the State of Georgia.

20. **Entire Agreement.** This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing.

21. **Indulgences, Not Waivers.** Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

22. **Gender.** Words used herein regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

23. **Titles Not to Affect Interpretation.** The titles of paragraphs and subparagraphs contained in this Agreement are for convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation hereof.

24. **Execution in Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when the counterparts hereof, taken together, bear the signatures of all of the parties reflected hereon as the signatories.

*[Signatures appear on next page.]*

IN WITNESS WHEREOF, the parties hereto have executed this Renewal Investor Services Agreement on December 28th, 2012, but effective as of January 1, 2013.

WELLS REAL ESTATE INVESTMENT TRUST II, INC.

By: /s/ George W. Sands  
Name: George W. Sands  
Title: Authorized Signatory

WELLS REAL ESTATE FUNDS, INC.

By: /s/ Robert M. McCullough  
Name: Robert M. McCullough  
Title: Vice President

Renewal Investor Services Agreement Signature Page

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**Section 8: EX-10.11 (AMENDMENT TO TRANSITION SERVICES AGREEMENT)**

Exhibit 10.11

**AMENDMENT TO TRANSITION SERVICES AGREEMENT**

**THIS AMENDMENT TO TRANSITION SERVICES AGREEMENT** (together with the Schedules and Exhibits attached hereto, the "Amendment"), dated December 28th, 2012 (the "Effective Date"), is by and among Wells Real Estate Funds, Inc., a Georgia corporation ("Wells REF"), Wells Real Estate Advisory Services II, LLC, a Delaware limited liability company ("WREAS II"), Wells Real Estate Services, LLC, a Georgia limited liability company ("WRES"), Wells Management Company, Inc., a Georgia corporation ("Wells Management") and Wells Real Estate Investment Trust II, Inc., a Maryland corporation ("REIT II").

**WHEREAS**, effective July 1, 2012, Wells REF, WREAS II and REIT II entered into that certain Transition Services Agreement (the "TSA") pursuant to which, among other things, REIT II was granted an option to acquire WREAS II on the terms and conditions set forth therein;

**WHEREAS**, REIT II and WREAS II entered into that certain Initial Term Advisory Agreement effective as of July 1, 2012 (the "Initial Term Advisory Agreement");

**WHEREAS**, pursuant to the TSA and as a condition precedent to the exercise by REIT II of the option to acquire WREAS II, the parties agreed to (1) the terms of the Renewal Advisory Agreement (the "Renewal Advisory Agreement") which, if REIT II elects to enter into it, will be effective as

of January 1, 2013 and (2) the terms of the Consulting Services Agreement (the “Consulting Services Agreement”);

**WHEREAS**, REIT II, Wells Operating Partnership II, L.P. and Wells Management entered into that certain Master Property Management, Leasing and Construction Management Agreement, effective as of July 1, 2012 (the “Property Management Agreement”);

**WHEREAS**, REIT II and Wells REF entered into that certain Investors Services Agreement, effective as of July 1, 2012, whereby Wells REF will perform certain stockholder services and communications previously performed by WREAS II (the “Investor Services Agreement”);

**WHEREAS**, the parties desire to amend the terms of the TSA and modify certain of the provisions of the Initial Term Advisory Agreement, the Renewal Advisory Agreement and the Consulting Services Agreement as set forth herein:

**NOW, THEREFORE**, in consideration of the mutual agreements and covenants herein contained, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree, intending to be legally bound, as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the TSA. Capitalized terms used in Sections 2 and 3 of this Amendment and not otherwise defined herein or in the TSA shall have the meanings ascribed to them in the Renewal Advisory Agreement. Owner and Owner JV shall have the meanings ascribed to them in the Property Management Agreement.

2. Acquisition Fees. Notwithstanding any provisions of the Initial Term Advisory Agreement and the Renewal Advisory Agreement to the contrary, the aggregate amount of Acquisition Fees payable to WREAS II for properties purchased during calendar years 2012 and 2013 combined shall not exceed One

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Million Five Hundred Thousand Dollars (\$1,500,000). No Acquisition Consulting Fees shall be payable to Wells REF pursuant to the Consulting Services Agreement. The Renewal Advisory Agreement attached as Exhibit D to the TSA is hereby replaced with the form of Renewal Advisory Agreement attached hereto as Exhibit 1. The Consulting Services Agreement attached as Exhibit C to the TSA is hereby replaced with the form of Consulting Services Agreement attached hereto as Exhibit 2.

3. Disposition Fees. Notwithstanding any provisions of the Initial Term Advisory Agreement or Renewal Advisory Agreement to the contrary:

A. The amount of the Disposition Fee payable to the Advisor with respect to the Portfolio Sale Properties shall be equal to the amount of the broker fee actually paid to Eastdil Secured, L.L.C. (the "Broker") pursuant to the terms of the agreement between the Broker and Wells Management, as agent for the owners of the Properties dated April 19, 2012 (the "Broker Agreement"). The Disposition Fee payable to Advisor with respect to the sale of any of the Portfolio Sale Properties shall be paid within five (5) days after the closing of the sale of such Property; *provided, however*, if (i) the Broker is not entitled to a broker fee for the sale of any such Property pursuant to the Broker Agreement, the Disposition Fee, if any, shall be determined in accordance with Subsection 3.B hereof and (ii) if the sale of any such Property is pursuant to a purchase agreement entered into after the date of the Option Closing, no Disposition Fee shall be paid. The Portfolio Sale Properties shall mean the ten properties set forth on Schedule A to the Broker Agreement. The aggregate amount of Disposition Fees payable pursuant to the Initial Term Advisory Agreement and the Renewal Advisory Agreement (whether paid pursuant to this Subsection 3.A or pursuant to Subsection 3.B hereof) shall not exceed One Million Five Hundred Thousand Dollars (\$1,500,000).

B. The amount of any Disposition Fee payable to the Advisor pursuant to the terms of Section 8(c) of the Initial Term Advisory Agreement and the Renewal Advisory Agreement in connection with the sale of any Property (other than any of the Portfolio Sale Properties to the extent Subsection 3.A hereof applies to such sale) during the term of the Initial Term Advisory Agreement or Renewal Advisory Agreement shall be reduced from 1.0% to the lesser of (i) the fee actually paid by REIT II to a third party broker in connection with the sale and (ii) 0.30% of the sales price of such Property; *provided, however*, that the total real estate commissions (including such Disposition Fee) paid to all Persons by REIT II for each Property shall not exceed an amount equal to the lesser of: (i) 6.0% of the aggregate Contract Sales Price of each Property; or (ii) the Competitive Real Estate Commission for each Property. No Disposition Fee shall be payable for the sale of any Property that is sold pursuant to a purchase agreement entered into after the date of the Option Closing.

4. Property Management Transition Services/Asset Transfer.

A. Property Management Transition Services. Wells REF and Wells Management shall provide REIT II with (a) all services reasonably required to: (i) enable WRES to provide the services set forth in the Property Management Agreement with respect to all Properties owned by Owner or any Owner JV on a stand-alone basis and at a relative level of service consistent with the provisions of the services by Wells REF, Wells Management and their affiliates prior to the Effective Date; (ii) transfer, without any liability to or continuing obligations of WRES, all property management contracts with respect to property not owned by Owner or an Owner JV to another Wells REF affiliate or to a third party; (iii) prepare WRES to function as a wholly-owned subsidiary of REIT II in the event of the exercise of the WRES Assignment Option (as defined in Section 6.A of this Amendment), and to complete the transfer of ownership of WRES to REIT II if the WRES Assignment Option is exercised by REIT II; (iv) provide operational support to REIT II, WREAS II and WRES during the transition of property management functions; and (v) implement such personnel changes as are

required so that WRES has the employees set forth on Schedule 8(F) hereof on or before the date of the WRES Option Closing; and (b) such other services as are set forth on Schedule 4 hereto. All of the foregoing services shall be added to the definition of Services set forth in Section 1.1(a) of the TSA.

B. Transfer of Assets. After the Effective Date, but no later than January 1, 2013, Wells REF, Wells Management and REIT II shall enter into the Property Management Asset Transfer Agreement in substantially the form attached hereto as Exhibit 3 (the "PM Asset Transfer Agreement"). On the terms and subject to the conditions set forth in this Amendment and in the PM Asset Transfer Agreement, Wells REF and Wells Management agree to transfer, assign, convey and deliver to WRES, and WRES will acquire and accept from Wells REF and Wells Management, all of Wells REF's and Wells Management's right, title, and interest in and to all of the assets, properties, proprietary systems, processes, contracts and rights that are necessary for the provision of services under the Property Management Agreement (the "Property Management Business") in substantially the same manner and at substantially the same level of service as such services are being provided as of the Effective Date (collectively, the "PM Transferred Assets"), on or before January 1, 2013 (the "PM Asset Transfer Closing"). The PM Transferred Assets will be included in the PM Acquired Assets as defined in the PM Asset Transfer Agreement. Notwithstanding the foregoing, if Wells REF and Wells Management are unable to transfer any of the PM Transferred Assets (the "PM Delayed Assets") to WRES on or before January 1, 2013, Wells REF and Wells Management shall proceed with the transfer of all PM Transferred Assets other than the PM Delayed Assets and shall use their commercially reasonable best efforts to effect the transfer of any such PM Delayed Assets as promptly as possible, but in no event later than June 30, 2013. Each of Wells REF, Wells Management and REIT II expressly agree that the failure or inability by Wells REF or Wells Management to timely transfer such PM Delayed Assets by January 1, 2013 shall not be considered a material breach of the TSA entitling REIT II to termination pursuant to Section 1.3(b) of the TSA. With respect to any PM Transferred Asset that is not transferred at the time of the PM Asset Transfer Closing, Wells REF and Wells Management shall continue to support such asset and make it available for use by WRES as is legally practicable or shall continue to provide the services relating to such asset until such time as such PM Transferred Asset is transferred to WRES. The PM Transferred Assets shall be transferred, assigned, conveyed and delivered to WRES free and clear of any Encumbrances.

C. Assumption of Liabilities. On the terms and subject to the conditions set forth in this Amendment and the PM Asset Transfer Agreement, at the PM Asset Transfer Closing, WRES will assume and thereafter pay, perform, and discharge when due only those obligations and liabilities of Wells REF related to the operation of the Property Management Business that are incurred from and after the PM Asset Transfer Closing, which obligations are specifically set forth in the PM Asset Transfer Agreement (collectively, the "PM Assumed Liabilities"); provided, however, that the Assumed Liabilities Schedule in the PM Asset Transfer Agreement shall be subject to the approval of REIT II. WRES shall not assume or have any responsibility with respect to any other obligations or liabilities of Wells REF or Wells Management. REIT II shall not assume or have any responsibility with respect to any obligation or liability of Wells REF, Wells Management or WRES (except in the event of the exercise of the WRES Assignment Option pursuant to Section 6 hereof to the extent of REIT II's indemnification obligations expressly set forth in the PM Assignment Agreement (as defined in Section 6.A. of this Amendment)).

D. Transferred Employees. On or before January 1, 2013, Wells Management will take the actions necessary to cause any of the Property Management Employees (as defined in paragraph 8(F) hereof) who are not employees of WRES to become employees of WRES (*provided, however,*

that any long term compensation or incentive plan or any material increase in aggregate cost to WRES entered into subsequent to the Effective Date shall be subject to the prior approval of REIT II). Wells Management will also take the actions necessary to cause any employee of WRES who is not a Property Management Employee to no longer be employed by WRES prior to the WRES Option Closing (as defined in Section 6A hereof). Wells REF and Wells Management shall remain solely responsible for any liability in respect of the Property Management Employees and their beneficiaries and dependents relating to any employment or termination of employment of any Property Management Employees prior to the WRES Option Closing.

5. Payments. The Services Fee in Section 5.1(a) of the TSA shall be amended to include additional payments by REIT II to Wells REF of the following: (i) Five Hundred Thousand (\$500,000) per month for five (5) months with payments commencing on July 31, 2013 and ending on November 30, 2013; and (ii) Two Hundred Fifty Thousand Dollars (\$250,000) to be paid on December 31, 2013. Any attempted termination of the TSA by REIT II, except as provided for in Section 1.3(b) of the TSA, will result in an acceleration of the additional payments set forth in this Section 5.

6. WRES Assignment Option.

A. WRES Assignment Option. REIT II shall have the option (the "WRES Assignment Option"), in its sole discretion, upon delivery of written notice to Wells REF (the "WRES Option Notice") at any time on or after the Option Notice Date (as defined in Section 5.2(a) of the TSA) and before the expiration of the Transition Period, to require Wells REF to transfer, convey and assign to REIT II all of the issued and outstanding equity interests in WRES (the "WRES Assignment"). As soon as reasonably practicable, but no later than twenty (20) days following the date of the WRES Option Notice, Wells REF, Wells Management and REIT II shall enter into an Assignment and Assumption Agreement in the form attached hereto as Exhibit 4, (the "PM Assignment Agreement") pursuant to which Wells Management will transfer, convey and assign to REIT II all of the issued and outstanding equity interests in WRES (the "WRES Option Closing"). It shall be a condition precedent to exercising the WRES Assignment Option that REIT II has either previously, or contemporaneously therewith, (i) exercised the Assignment Option and (ii) executed the Consulting Services Agreement to be effective upon the Option Closing (as defined in the TSA). As of the WRES Option Closing, WRES shall, and Wells REF shall cause WRES to: (i) have no obligations to Wells REF, Wells Management or their affiliates; (ii) have current assets that are not less than current liabilities on an accrual basis; (iii) have no long-term liabilities; and (iv) have no contracts to manage properties not owned by Owner or an Owner JV. Notwithstanding the foregoing, prior to the exercise of the WRES Assignment Option, REIT II may elect, in lieu of exercising the WRES Assignment Option, to have the assets and employees of WRES transferred to a newly formed entity with any additional cost of such transfer being the responsibility of REIT II. The foregoing sentence shall not in any way limit any of REIT II's rights and obligations under this Amendment or the TSA, including, without limitation, any indemnification rights and its payment obligations under Section 5 hereof, respectively.

B. Prohibition Against Transfers. During the Transition Period, Wells REF and Wells Management shall not transfer, assign, sell, gift-over, pledge, encumber or otherwise dispose of, or consent to any of the foregoing with respect to, any or all of its interest in and to the outstanding equity interests in WRES, or any right or interest therein and shall not amend or otherwise modify the articles of organization or operating agreement of WRES.



C. Operation of WRES's Business. During the Transition Period, unless otherwise consented to in writing by REIT II or as contemplated by this Amendment, Wells REF and Wells Management shall operate the business of WRES in the ordinary course.

D. Access to Records. Wells REF and Wells Management shall afford REIT II and its representatives access, during normal business hours and upon reasonable advance notice, to all of WRES's business operations, properties, books, financial statements, files and records, cooperate in the examination thereof and furnish REIT II with all information with respect to the business and affairs of WRES as REIT II may reasonably request; *provided, however*, that any such investigation shall be conducted in a manner as not to interfere unreasonably with the business of Wells REF, Wells Management or WRES.

7. Investor Services. Wells REF and REIT II agree that, at the time of the Option Closing, Wells REF and REIT II shall enter into an investor services agreement substantially in the form of the Investor Services Agreement attached hereto as Exhibit 5.

8. Representations and Warranties of Wells REF. Wells REF and Wells Management each represents and warrants to REIT II as of each of (a) the date hereof, and (b) the date of the WRES Option Closing as follows:

A. Organization of Wells REF and WREAS II.

(i) WRES is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Georgia and has all requisite limited liability company power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being conducted. WRES is not in default under any provision of its articles of organization or operating agreement. WRES is duly qualified to do business and is in good standing in each jurisdiction where WRES is required to be so qualified.

(ii) Wells Management owns all of the equity interests in WRES, free and clear of any Encumbrances. No person or entity has (i) any option, warrant, agreement or other right with respect to any equity or other interest in WRES or (ii) any equity appreciation, phantom equity, profit participation or other similar right for which WRES has any liability. A true and correct copy of the WRES articles of organization and operating agreement as in effect as of the Effective Date has been provided to REIT II.

B. Authority; Non-Contravention; Approvals.

(i) Wells REF, WREAS II, Wells Management and WRES each has all requisite corporate or company power and authority to execute and deliver this Amendment and to perform the transactions contemplated by this Amendment. The execution and delivery of this Amendment and the performance by Wells REF, WREAS II, Wells Management and WRES of the transactions contemplated by this Amendment have been approved by the board of directors and stockholder of Wells REF and Wells Management and the members and managers of WREAS II and WRES and no other corporate or other proceedings on the part of Wells REF, WREAS II, Wells Management or WRES is necessary to authorize the execution and delivery by Wells REF, WREAS II, Wells Management or WRES of this Amendment or the performance by Wells REF, WREAS II, Wells Management or WRES of the transactions contemplated by this Amendment. This Amendment has been duly executed and delivered by each of Wells REF, WREAS II, Wells Management and WRES and constitutes a valid and binding obligation of each of Wells REF, WREAS II, Wells Management

and WRES, enforceable against Wells REF, WREAS II, Wells Management and WRES in accordance with its terms, except as such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally.

(ii) The execution and delivery by Wells REF, WREAS II, Wells Management and WRES of this Amendment and the performance of the transactions contemplated by this Amendment do not and will not (a) conflict with or result in a breach of any provision of the articles of incorporation, bylaws, articles of organization, operating agreement or comparable organizational documents of Wells REF, WREAS II, Wells Management or WRES; (b) result in a violation or breach of or constitute a default (or an event which, with or without notice or lapse of time or both, would constitute a default) under, or result in the termination, modification or cancellation of, or the loss of a benefit under or accelerate the performance required by, or result in a right of termination, modification, cancellation or acceleration under the terms, conditions or provisions of any contract or other instrument of any kind to which Wells REF, WREAS II, Wells Management or WRES is now a party or by which any of their respective assets or businesses may be bound or affected; or (c) violate any order, writ, judgment, injunction, decree, statute, treaty, rule or regulation applicable to Wells REF, WREAS II, Wells Management or WRES or any of their respective assets or businesses excluding from the foregoing clauses (b) and (c) such violations, breaches, defaults, terminations, modifications, cancellations, losses or accelerations that would not reasonably be expected to have a Material Adverse Effect on any of Wells REF, WREAS II, Wells Management or WRES.

(iii) No material declaration, filing or registration with, or notice to, or authorization, consent, order or approval of, any governmental authority is required to be obtained or made in connection with or as a result of the execution and delivery of this Amendment by Wells REF, WREAS II, Wells Management or WRES or the performance by Wells REF, WREAS II, Wells Management or WRES of its obligations under this Amendment or the consummation of the transactions contemplated by this Amendment.

“Material Adverse Effect” means with respect to Wells REF, WREAS II, WRES or Wells Management, a material adverse effect on the business, contracts, assets, financial condition or results of operations of WRES or Wells Management, respectively, or on the ability of WRES or Wells Management to perform its obligations under this Amendment; *provided, however*, that with respect to any person or entity, such provision shall not include any state of facts, development, occurrence, effect, event or change arising out of or resulting from (A) changes in conditions in the United States or global economy or capital or financial markets generally, including changes in interest or exchange rates, (B) changes in general legal, regulatory, political, economic or business conditions or changes in generally accepted accounting principles that, in each case, generally affect industries in which such Persons conduct business or (C) any conditions generally affecting the office and industrial real estate industry, including economic, legal and regulatory changes.

C. Ownership and Sufficiency of Transferred Assets. WRES does not own any assets as of the Effective Date. Wells REF or Wells Management has, and as of the WRES Option Closing WRES will have, good title to, or a valid leasehold interest in, all of the PM Transferred Assets; except that with respect to the PM Delayed Assets, WRES will have good title to, or valid interest in, such PM Delayed Assets upon their transfer to WRES. The PM Transferred Assets constitute all of the assets that are material to the Property Management Business and necessary to conducting the Property Management Business in substantially the same manner as is being conducted and such services are being provided as of the date hereof. Except for the PM Delayed Assets, there are no assets other than the PM Transferred Assets that are used by Wells REF, Wells Management, WRES or their affiliates in connection with the Property Management Business. The PM Transferred Assets will

constitute all of the assets necessary for WRES to provide the services currently provided by WRES, Wells Management or Wells REF or their affiliates under the Property Management Agreement to REIT II on a stand alone basis in substantially the same manner and at the same level of service as such services are being provided as of the Effective Date.

D. Litigation. Except as set forth in Disclosure Schedule 8(D), there are no lawsuits and no material claims, proceedings, actions, investigations, oppositions, challenges or cancellation proceedings pending or, to the knowledge of either of Wells REF, Wells Management or WRES, threatened against or affecting WRES or relating to or affecting the services currently being provided pursuant to the Property Management Agreement, the Property Management Employees, the Property Management Assets or the PM Transferred Assets. There are no outstanding orders, writs, judgments, decrees, injunctions or settlements that (i) prohibit or restrict the consummation of the transactions contemplated by this Amendment; (ii) would reasonably be expected to have a Material Adverse Effect on the Property Management Business; or (iii) would materially adversely affect the operations, assets or business of WRES.

E. No Violation of Law. Each of Wells REF, Wells Management and WRES is not, nor in the past five years has it been, in material default under or in material violation of, nor has it been charged with any material violation of, any Law, relating to or arising in any way out of the operation of the Property Management Business, the Property Management Employees, the Property Management Assets or the PM Transferred Assets. To the knowledge of each of Wells REF, Wells Management and WRES, none of the Property Management Employees is, or in the past five years has been, in default under or in violation of, or has been charged with any violation of, any law (i) where the violation constitutes or could constitute a felony; (ii) involving theft, fraud, dishonesty or other moral turpitude; or (iii) relating to regulation of the securities, commodities or the banking or financial services markets. The Property Management Business has at all times been operated in all material respects in accordance with applicable laws and permits.

F. Employee Matters.

(i) Disclosure Schedule 8(F) sets forth, as of the date hereof, the name, job title, hire date, annual salary or hourly wages, bonus or commission terms, any severance amounts and benefits and any other material terms of employment of all employees of WRES who are expected to be employees of WRES as of the WRES Option Closing, together with a statement of the form and amount of all remuneration paid or to be paid to each such person for services rendered to or on behalf of WRES during the twelve months prior to the Effective Date (each such employee, together with any new or replacement employees who will be employees of WRES as of the WRES Option Closing, being referred to herein as a "Property Management Employee").

(ii) Except as set forth on Disclosure Schedule 8(F), neither the execution and delivery of this Amendment, nor the performance of the transactions contemplated thereby, will (either alone or in conjunction with any other event, such as termination of employment) (i) result in any payment (including severance payments, payments under any other agreements or unemployment compensation payments) becoming due from any of Wells REF, Wells Management or WRES to any Property Management Employee or any other person, under any plan or otherwise; (ii) increase any benefits otherwise payable under any plan operated or maintained by or on behalf of Wells REF, Wells Management or WRES; or (iii) result in any acceleration of the time of payment or vesting of any benefits payable by any of Wells REF, Wells Management or WRES to any Property Management Employee. Wells REF shall be responsible for and shall pay any and all severance payments and related obligations with respect to any Wells Management or WRES employee except for employees

included on Disclosure Schedule 8(F) as a Property Management Employee and employed by WRES as of the WRES Option Closing. The termination of any Property Management Employee by WRES after the Effective Date, but prior to the WRES Option Closing, will require the consent of REIT II and Wells REF.

G. Labor Relations. There is or are no (i) unfair labor practice, charge or complaint or other proceeding pending or, to the knowledge of any of Wells REF, Wells Management or WRES, (A) threatened against any of Wells REF, Wells Management or WRES or (B) threatened against any of Wells REF, Wells Management or WRES and relating in any way to any Property Management Employee or any other employee of WRES; (ii) charges pending against Wells REF, Wells Management or WRES before any federal, state or local agency responsible for the prevention or investigation of unlawful employment practices; or (iii) charges pending against any of Wells REF, Wells Management or WRES before any federal, state or local agency responsible for the prevention or investigation of unlawful employment practices and relating in any way to any Property Management Employee or any other employee of WRES. To the knowledge of each of Wells REF, Wells Management and WRES, each of Wells REF, Wells Management and WRES comply, and at all times in the past, have complied, with all laws respecting employment and employment practices, terms and conditions of employment, and wages and hours, and have not engaged in any unfair labor practice. Neither Wells REF, Wells Management nor WRES is a party to, nor do they have any liability with respect to, any collective bargaining agreement or other labor union contract applicable to the Property Management Employees or to any other Persons providing services to Wells REF, Wells Management or WRES relating to the Property Management Business, nor to the knowledge of Wells REF, Wells Management and WRES, are any activities or proceedings of any labor union or other person to organize any such employees ongoing. There is no labor strike, slowdown, work stoppage or lockout pending or, to the knowledge of any of Wells REF, Wells Management and WRES, threatened against or affecting Wells REF, Wells Management or WRES, nor has there been any such activity since their respective formations. To the extent that any of the foregoing representations and warranties are true as of the Effective Date and Wells REF notifies REIT II in writing of an intervening event that would cause such representation or warranty to not be true as of the WRES Option Closing, then such event shall not be deemed to be a breach of such representation or warranty; provided, however, that Wells REF and Wells Management shall be responsible for any liability arising out of or relating to such intervening event.

H. Brokers. No agent, broker, investment banker, financial advisor or other firm or person is entitled to any brokerage, finder's, financial advisor's or other similar fee or commission for which WRES or REIT II could become liable in connection with the transactions contemplated by this Amendment as a result of any action taken by or on behalf of Wells REF, Wells Management or WRES.

I. Capabilities. Wells REF and Wells Management each has, and will maintain throughout the term of this Amendment, sufficient employees and other resources to perform the Services and otherwise satisfy its obligations under this Amendment.

J. Real Property. WRES has not and does not own any real property. WRES is not a party to any lease agreement pursuant to which WRES leases any real property from a third party.

K. Contracts. Disclosure Schedule 8(K) contains a list of each agreement, relationship, commitment or arrangement (collectively, "Material Contracts"), written or oral, to which WRES is a party or which will be assigned to WRES by Wells REF or Wells Management pursuant to this Amendment and which is:

- (i) an agreement (or group of related agreements) for the lease or installment sales purchase of tangible personal property to or from any person;
- (ii) an agreement concerning a partnership, limited liability company or joint venture;
- (iii) an agreement (or group of related agreements) under which WRES has created, incurred, assumed, or guaranteed any indebtedness for borrowed money, or any capitalized lease obligation;
- (iv) an agreement concerning confidentiality, exclusivity, exclusive dealing or noncompetition or otherwise restricting or limiting WRES or the conduct of the Property Management Business;
- (v) an agreement between WRES, on the one hand, and Wells REF or its affiliates, on the other hand;
- (vi) an agreement (including a binding offer letter or similar agreement) for the employment of any individual employed by WRES on a full-time, part-time, consulting, or other basis or providing severance benefits;
- (vii) an agreement with a sales representative or broker or any other agreement requiring the payment of commissions, fees or other compensation to third parties;
- (viii) an agreement under which the consequences of a default or termination could have a Material Adverse Effect on WRES;
- (ix) a license or sublicense of any rights under or with respect to any patents, copyrights, software or other intellectual property, including all Licensed Intellectual Property;
- (x) any other agreement (or group of related agreements) the performance of which involves consideration in excess of \$10,000; and
- (xi) any other agreement, contract or commitment outside the ordinary course of business.

Disclosure Schedule 8(K) also sets forth each Material Contract to which WRES is a party as of the Effective Date that will be terminated or transferred to another Wells REF related entity prior to the WRES Option Closing (each a “Transferred Contract”).

With respect to each such Material Contract, (i) the Material Contract is legal, valid, binding, enforceable, and in full force and effect; (ii) the Material Contract (other than the Transferred Contracts) will continue to be legal, valid, binding, enforceable and in full force and effect on the same terms following the consummation of the transactions contemplated hereby; and (iii) no party is in breach or default, and no event has occurred which with notice or passage of time or both would constitute a breach or default, or permit termination, modification, or acceleration, under such Material Contract.

L. Taxes. Since the date of its formation, WRES has been wholly-owned by Wells Management and has been disregarded as an entity separate from its owner for federal income tax purposes pursuant to Treasury Regulations section 301.7701-3(b)(1)(ii) and neither Wells REF, Wells

Management nor any governmental or regulatory authority has taken a position inconsistent with such treatment. WRES (or Wells Management with respect to WRES) has duly and timely filed all Tax Returns required to be filed by it, and all such Tax Returns were correct and complete in all material respects. All Taxes due and owing by WRES (whether or not shown on any Tax Returns) have been paid. All Taxes due and owing (whether or not shown on any Tax Returns), which, if unpaid, may result in a Lien (as defined in the Property Management Asset Transfer Agreement) on the Property Management Assets or the PM Transferred Assets have been paid. For purposes of this Amendment: (i) "Tax" or "Taxes" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including Taxes under Section 59A of the Code), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other Tax of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis or in any other manner, including any interest, penalty, or addition thereto, whether disputed or not, and including any obligation to indemnify or otherwise assume or succeed to the Tax liability of any other Person; and (ii) "Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

M. Intellectual Property. Wells REF, Wells Management and WRES own, or have the right to use pursuant to valid and effective agreements, all Intellectual Property. No claims or demands are pending against Wells REF, Wells Management or WRES by any person with respect to the use of any Intellectual Property or challenging or questioning the validity or effectiveness of any license or agreement relating to the same, and the current use by Wells REF, Wells Management or WRES of the Intellectual Property does not to any of Wells REF's, Wells Management's or WRES's knowledge infringe on the rights of any third party. Wells REF, Wells Management and WRES are not in default under any agreement or license with respect to any Licensed Intellectual Property. "Proprietary Intellectual Property" means all patents, trademarks, trade names, copyrights, software, technology and process (including all federal, state and foreign registrations pertaining thereto) and all copyright registrations owned by Wells REF, Wells Management or WRES as of the date hereof and used or held for use in conducting Property Management Business. "Licensed Intellectual Property" means all patents, trademarks, trade names, copyrights, software, technology and processes used or held for use by Wells REF, Wells Management or WRES as of the date hereof in conducting the Property Management Business that are used pursuant to a license or other right granted by a third party. "Intellectual Property" means both Proprietary Intellectual Property and Licensed Intellectual Property.

N. Insurance. Wells REF and Wells Management maintain insurance policies for the benefit of WRES and the Property Management Business (the "Insurance Policies"). The Insurance Policies are in full force and effect, provide coverage that is commercially reasonable to insure WRES and the Property Management Business in accordance with industry practices and all premiums due thereon have been paid in full in a timely manner. Wells REF, Wells Management and WRES have complied in all material respects with the terms and provisions of the Insurance Policies. Except as set forth on Disclosure Schedule 8(N), there are no claims pending or, to the knowledge of Wells REF, Wells Management or WRES threatened, under any of the Insurance Policies in respect of the Property Management Business and no disputes with underwriters are pending or, to the knowledge of Wells REF, Wells Management or WRES, threatened. Wells REF, Wells Management and WRES have been covered at all times during their ownership and operation of the Property Management

Assets, PM Transferred Assets and the Property Management Business by insurance in scope and amount customary and reasonably consistent with industry practice.

O. Employee Benefits.

(i) Disclosure Schedule 8(O) lists each Employee Benefit Plan that Wells REF, Wells Management or WRES maintains and contributes to on behalf of Wells REF, Wells Management or WRES employees performing services with respect to the Property Management Business, or with respect to which Wells REF, Wells Management or WRES has any liability with respect to the Property Management Business.

(1) Each such Employee Benefit Plan (and each related trust, insurance contract or fund) has been maintained, funded and administered in accordance with the terms of such Employee Benefit Plan and complies in form and in operation in all respects with the applicable requirements of ERISA, and the Internal Revenue Code, except where the failure to comply would not have a Material Adverse Effect.

(2) All contributions (including all employer contributions and employee salary reduction contributions) that are due have been made to each such Employee Benefit Plan that is an Employee Pension Benefit Plan. All premiums or other payments that are due have been paid with respect to each such Employee Benefit Plan that is an Employee Welfare Benefit Plan.

(3) Each such Employee Benefit Plan that is intended to meet the requirements of a “qualified plan” under Internal Revenue Code Section 401(a) has received a determination letter from the Internal Revenue Service to the effect that it meets the requirements of Internal Revenue Code Section 401(a).

(ii) Wells REF, Wells Management and WRES do not sponsor or contribute to any Employee Pension Benefit Plan that is a “defined benefit plan” (as defined in ERISA § 3(35)).

9. Representations and Warranties of REIT II.

A. Organization and Qualification. REIT II is a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland. REIT II has all requisite corporate power and authority to own, license, use or lease and operate its assets and properties and to carry on its business as it is now conducted.

B. Authority; Non-Contravention; Approvals.

(i) REIT II has all requisite corporate power and authority to execute and deliver this Amendment and to perform the transactions contemplated by this Amendment. The execution and delivery of this Amendment and the performance by REIT II of the transactions contemplated by this Amendment have been approved by the board of directors of REIT II. No other corporate proceeding on the part of REIT II is necessary to authorize the execution and delivery of this Amendment or the performance by REIT II of the transactions contemplated by this Amendment. This Amendment has been duly executed and delivered by REIT II and, assuming the due authorization, execution and delivery of this Amendment by Wells REF and each of the other parties hereto, this Amendment constitutes valid and binding obligations of REIT II enforceable against REIT II in accordance with its respective terms, except that such enforcement may be subject to

(i) bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting or relating to enforcement or creditors' rights generally; and (ii) general equitable principles.

(ii) The execution and delivery by REIT II of this Amendment and the performance of the transactions contemplated by this Amendment will not (i) conflict with or result in a breach of any provisions of the articles of incorporation or bylaws of REIT II; or (ii) violate any order, writ, judgment, injunction, decree, statute, treaty, rule or regulation applicable to REIT II, excluding such violations that would not reasonably be expected to have a Material Adverse Effect on REIT II.

(iii) No declaration, filing or registration with, or notice to, or authorization, consent, order or approval of, any governmental authority is required to be obtained or made in connection with or as a result of the execution and delivery of this Amendment by REIT II or the performance by REIT II of the transactions contemplated by this Amendment or the consummation of the transactions contemplated by this Amendment, other than the filing with the Securities Exchange Commission of any reports or filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

10. Indemnification.

A. Subject to any limitations imposed by the laws of the State of Maryland or REIT II's Amended and Restated Corporate Governance Guidelines in effect as of the Effective Date, REIT II shall indemnify Wells REF, Wells Management and WRES, and each of them, and shall hold each of Wells REF, Wells Management and WRES harmless against, any loss, damage, cost or expense (including reasonable attorneys' fees) (collectively, "Losses") which either of Wells REF, Wells Management or WRES may sustain or incur by reason of any claim, demand, suit or recovery by any third party allegedly (i) arising out of or relating to the breach of any representation, warranty or covenant of REIT II in this Amendment or (ii) arising out of either of Wells REF's, Wells Management's or WRES's performance of the services in this Amendment or either of Wells REF's, Wells Management's or WRES's acts or omissions in connection with its performance of the services in this Amendment, except in cases where the claim arises out of either of Wells REF's, Wells Management's or WRES's bad faith, gross negligence or willful misconduct in performing the services hereunder or the breach by Wells REF, Wells Management or WRES of their obligations under this Amendment; *provided, however*, that REIT II shall have no obligation to indemnify Wells REF, Wells Management or WRES for any claim by any current or former employee relating to Wells REF or Wells Management complying with their obligations under this Amendment.

B. Wells REF and Wells Management shall indemnify and shall hold REIT II harmless against any Losses which REIT II or WRES may sustain or incur by reason of any claim, demand, suit or recovery by any third party allegedly (i) arising out of or relating to the breach by Wells REF or Wells Management of any representation, warranty or covenant in this Amendment or (ii) arising out of Wells REF's, Wells Management's or WRES's bad faith, gross negligence or willful misconduct in performing the services in this Amendment or the breach by Wells REF, Wells Management or WRES of their obligations under this Amendment.

11. Miscellaneous.

A. Effect on TSA. Except as otherwise specifically set forth herein, the terms of the TSA remain in full force and effect.



- B. Survival of Obligations. The obligations of the parties pursuant to this Amendment shall survive the expiration of the TSA.
- C. Title and Headings. Titles and headings to sections herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Amendment.
- D. Execution in Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- E. Governing Law. This Amendment shall be governed by and construed and enforced in accordance with the laws of the State of Georgia, without regard to the conflicts of law principles of such State. The parties hereto consent and submit to the exclusive jurisdiction of the courts (state and federal) located in the State of Georgia in connection with any controversy arising under this Agreement or its subject matter. The parties hereby waive any objection they may have in any such action based on lack of personal jurisdiction, improper venue or inconvenient forum.

*[Signature Page Follows.]*

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Transition Services Agreement as of the 28th day of December, 2012.

WELLS REAL ESTATE FUNDS, INC.

By: /s/ Robert Kennedy  
Name: Robert Kennedy  
Title: Vice President

WELLS REAL ESTATE ADVISORY SERVICES II, LLC

By: /s/ E. Nelson Mills  
Name: E. Nelson Mills  
Title: President

WELLS REAL ESTATE SERVICES, LLC

By: /s/ Robert M. McCullough  
Name: Robert M. McCullough  
Title: Vice President

WELLS MANAGEMENT COMPANY, INC.

By: /s/ Douglas P. Williams  
Name: Douglas P. Williams  
Title: Vice President

WELLS REAL ESTATE INVESTMENT TRUST II, INC.

By: /s/ George W. Sands  
Name: George W. Sands  
Title: Authorized Signatory

**Exhibit 1 to the Amendment to Transition Services Agreement**

**Exhibit D**

**RENEWAL ADVISORY AGREEMENT**

THIS RENEWAL ADVISORY AGREEMENT, effective as of January 1, 2013 (the "Agreement"), is between WELLS REAL ESTATE INVESTMENT TRUST II, INC., a Maryland corporation (the "Company"), and WELLS REAL ESTATE ADVISORY SERVICES II, LLC, a Georgia limited liability corporation (the "Advisor").

WITNESSETH

WHEREAS, the Company desires to avail itself of the experience, sources of information, advice, assistance and certain facilities available to the Advisor and to have the Advisor undertake the duties and responsibilities hereinafter set forth, on behalf of, and subject to the supervision of, the Board of Directors of the Company all as provided herein;

WHEREAS, the Advisor is willing to undertake to render such services, subject to the supervision of the Board of Directors, on the terms and conditions hereinafter set forth;

WHEREAS, the Company and the Advisor were previously parties to an advisory agreement that became effective April 1, 2012, covering the period from April 1, 2012 through June 30, 2012 (the "April Advisory Agreement");

WHEREAS, on June 29, 2012, the Company and the Advisor entered into an initial term advisory agreement effective as of July 1, 2012, covering the period from July 1, 2012 through December 31, 2012 (the "Initial Term Advisory Agreement");

WHEREAS, the Company and Wells Real Estate Funds, Inc. ("Wells REF") have entered into an Investor Services Agreement dated June 29, 2012 and effective as of July 1, 2012 (the "Investor Services Agreement");

WHEREAS, the Company and Wells Management Company, Inc. have entered into a Master Property Management, Leasing and Construction Management Agreement effective as of July 1, 2012 (the "Master Property Management, Leasing and Construction Management Agreement");

WHEREAS, the Board of Directors and the Advisor now desire to enter this new advisory agreement between the Company and the Advisor to be effective upon the expiration of the Initial Term Advisory Agreement, with this new advisory agreement covering the period from January 1, 2013, through December 31, 2013 (as specified in Paragraph 14);

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

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1. **Definitions.** As used in this Agreement, the following terms have the definitions hereinafter indicated:

*Acquisition Expenses.* Any and all expenses, excluding the fee payable to the Advisor pursuant to Paragraph 8(b), incurred by the Company, the Advisor, or any Affiliate of either in connection with the selection, acquisition or development of any Property, whether or not acquired, including, without limitation, legal fees and expenses, travel and communications expenses, costs of appraisals, nonrefundable option payments on property not acquired, accounting fees and expenses, and title insurance premiums.

*Acquisition Fees.* Any and all fees and commissions, exclusive of Acquisition Expenses, paid by any Person to any other Person (including any fees or commissions paid by or to any Affiliate of the Company or the Advisor) in connection with purchase, development or construction of any Property. Included in the computation of such fees or commissions shall be any real estate commissions, acquisition fees, finder's fees, selection fees, Development Fees, Construction Fees, nonrecurring management fees, loan fees, points, or any other fees or commissions of a similar nature. Excluded shall be Development Fees and Construction Fees paid to Persons not Affiliated with the Advisor in connection with the actual development and construction of a Property.

*Adjusted Cost.* (A) As of any date of determination and until such time as the Company completes an Asset-based Valuation, the sum of: (a) the actual amount invested on behalf of the Company in the Properties as of the date of determination; plus (b) (1) with respect to Joint Ventures, the actual amount invested on behalf of the Company in the Joint Ventures as of the date of determination, plus (2) the Company's allocable share of capital improvements relating to building improvements and/or initial leaseup of space in the building (such improvements to exclude any expenditures of capital for normal building improvement, maintenance and repair and tenant improvements relating to existing leases or lease renewals) made by the Joint Venture from cash flows generated by the Joint Venture; less (c) the amounts invested in Properties or Joint Ventures relating to Vacant Properties plus any additions to Adjusted Cost related to such Joint Ventures pursuant clause (b)(2) above; less (d) any amounts recognized on the Company's consolidated financial statements on or before such date of determination as impairments to the carrying value of the Properties or Joint Venture investments in accordance with Generally Accepted Accounting Principles, excluding any temporary impairments or impairment charges related to Vacant Properties for which the amount invested has been deducted from the foregoing calculation. In all cases, "Adjusted Cost" excludes the Lindbergh/Energy Center Adjusted Cost.

(B) On and after such time as the Company completes an Asset-based Valuation, "Adjusted Cost" means, as of any date of determination, the lesser of (1) the amount determined in accordance with Paragraph (A) above, or (2) the aggregate value of the Company's interest in the Properties and Joint Ventures as established in connection with the most recent Asset-based Valuation, plus, with respect to any Properties purchased or Joint Ventures entered into after the date of the most recent Asset-based Valuation, the adjusted cost for such Properties or Joint Ventures determined in accordance with Paragraph (A) above; until such time as the next Asset-based Valuation by the Company, at which time the Adjusted Cost of such properties will be determined in accordance with Paragraph (A) above. In all cases, "Adjusted Cost" excludes the Lindbergh/Energy Center Adjusted Cost.

*Advisor.* Wells Real Estate Advisory Services II, LLC, a Georgia limited liability corporation, any successor advisor to the Company, or any Person(s) to which Wells Real Estate Advisory Services II, LLC or any successor advisor subcontracts substantially all of its functions.

*Affiliate or Affiliated.* An Affiliate of another Person includes only the following: (i) any Person directly or indirectly controlling, controlled by, or under common control with such other Person; (ii) any Person directly or indirectly owning, controlling, or holding with the power to vote 10% or more of the outstanding voting securities of such other Person; (iii) any legal entity for which such Person acts as an executive officer, director, trustee, or general partner; (iv) any Person 10% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held, with power to vote, by such other Person; and (v) any executive officer, director, trustee, or general partner of such other Person. An entity shall not be deemed to control or be under common control with an Advisor-sponsored program unless (i) the entity owns 10% or more of the voting equity interests of such program or (ii) a majority of the board (or equivalent governing body) of such program is comprised of Affiliates of the entity.

*Appraised Value.* The “As Is” fair market value according to an appraisal made by an Independent Appraiser.

*April Advisory Agreement.* The agreement between the Advisor and the Company that became effective April 1, 2012, covering the period from April 1, 2012 through June 30, 2012.

*Articles of Incorporation.* The Articles of Incorporation of the Company under Title 2 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended from time to time.

*Asset-based Valuation.* An estimate of the value of a share of the Company's common stock approved by the Board of Directors of the Company and based in part on an estimate of the value of the Company's assets (as opposed to an estimate based solely on the most recent price paid for a share of the Company's common stock in an offering of such shares).

*Asset Management Fee.* The Asset Management Fee payable to the Advisor as defined in Paragraph 8(a).

*Asset Management Fee Ceiling.* The ceiling on the Asset Management Fee as defined in Paragraph 8(a).

*Asset Management Fee Percentage.* The Asset Management Fee Percentage equals (1) 0.625%, until the monthly payment of the Asset Management Fee under this Agreement equals \$2,708,333.33; (2) thereafter, the Fixed Fee Percentage for so long as the sum of Adjusted Cost plus the Lindbergh/Energy Center Adjusted Cost, as of any date of determination, is less than \$6,500,000,000; and (3) 0.50% commencing when the sum of Adjusted Cost plus the Lindbergh/Energy Center Adjusted Cost, as of any date of determination, is at least \$6,500,000,000.

*Average Invested Assets.* For a specified period, the average of the aggregate book value of the assets of the Company invested, directly or indirectly, in Properties and Loans secured by real estate before reserves for depreciation or bad debts or other similar non-cash reserves, computed by taking the average of such values at the end of each month during such period.

*Board of Directors or Board.* The persons holding such office, as of any particular time, under the Articles of Incorporation of the Company, whether they be the Directors named therein or additional or successor Directors.

*Bulk Liquidation.* A liquidation of all or substantially all of the Company's assets effected in a transaction or series of transactions with three or fewer buyers or their Affiliates that are closed in a period of 12 months or less.

*Bylaws.* The bylaws of the Company, as the same are in effect from time to time.

*Capped O&O Expenses.* All Organizational and Offering Expenses other than selling commissions and the dealer manager fee as described under “Plan of Distribution” in any registration statement relating to a public offering and filed with the U.S. Securities and Exchange Commission.

*Cash from Financings.* Net cash proceeds realized by the Company from the financing of Property or from the refinancing of any Company indebtedness.

*Cash from Sales.* Net cash proceeds realized by the Company from the sale, exchange or other disposition of any of its assets after deduction of all expenses incurred in connection therewith. Cash from Sales shall not include Cash from Financings.

*Cash from Sales and Financings.* The total sum of Cash from Sales and Cash from Financings.

*Ceiling Excess.* The extent to which the sum of the three previous monthly Asset Management Fee payments exceeds the Asset Management Fee Ceiling, as defined in Paragraph 8(a).

*Code.* Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor provision thereto, as interpreted by any applicable regulations as in effect from time to time.

*Company.* Wells Real Estate Investment Trust II, Inc., a corporation organized under the laws of the State of Maryland.

*Competitive Real Estate Commission.* A real estate or brokerage commission for the purchase or sale of property which is reasonable, customary, and competitive in light of the size, type, and location of the property.

*Conflicts Committee.* “Conflicts Committee” shall have the meaning set forth in the Articles of Incorporation.

*Construction Fee.* A fee or other remuneration for acting as general contractor and/or construction manager to construct improvements, supervise and coordinate projects or to provide major repairs or rehabilitation on a Property.

*Contract Sales Price.* The total consideration received by the Company for the sale of a Property.

*Cumulative Return.* For the period for which the calculation is being made, the percentage resulting from dividing (A) the total Distributions paid on each Distribution date during such period (excluding Distributions paid out of Cash from Sales and Financings), by (B) the product of (i) the weighted average Invested Capital for such period (calculated on a daily basis) and (ii) the number of years (including fractions thereof) which have elapsed during such period.

*Development Fee.* A fee for the packaging of a Property, including negotiating and approving plans, and undertaking to assist in obtaining zoning and necessary variances and necessary financing for the Property, either initially or at a later date.

*Director.* A member of the Board of Directors of the Company.

*Disposition Fee.* The Disposition Fee as defined in Paragraph 8(c).

*Distributions.* Any distributions of money or other property by the Company to owners of Shares, including distributions that may constitute a return of capital for federal income tax purposes.

*Fixed Fee Percentage.* The Fixed Fee Percentage equals the quotient of (A) (x) \$32,500,000, less (y) the product of (1) 0.50% times (2) the Lindbergh/Energy Center Adjusted Cost; divided by (B) the Adjusted Cost.

*Gross Proceeds.* The aggregate purchase price of all Shares sold for the account of the Company through an Offering, without deduction for Organization and Offering Expenses.

*Guaranteed Obligations.* The Guaranteed Obligations as defined in Paragraph 30.

*Guarantor.* The Guarantor as defined in Paragraph 30.

*Independent Appraiser.* A person or entity with no material current or prior business or personal relationship with the Advisor or the Directors, who is engaged to a substantial extent in the business of rendering opinions regarding the value of assets of the type held by the Company, and who is a qualified appraiser of real estate as determined by the Board. Membership in a nationally recognized appraisal society such as the American Institute of Real Estate Appraisers ("M.A.I.") or the Society of Real Estate Appraisers ("S.R.E.A.") shall be conclusive evidence of such qualification.

*Invested Capital.* The amount calculated by multiplying the total number of Shares purchased by stockholders by the issue price, reduced by the portion of any Distribution that is attributable to Net Sales Proceeds and by any amounts paid by the Company to repurchase Shares pursuant to the Company's plan for redemption of Shares.

*Investor Services Agreement.* The investor services agreement between Wells Real Estate Funds, Inc. and the Company dated as of June 29, 2012 and effective as of July 1, 2012, and any successor agreement.

*Joint Venture.* Any joint venture, limited liability company or other Affiliate of the Company that owns, in whole or in part on behalf of the Company, any Properties.

*Lindbergh/Energy Center Adjusted Cost.* (A) As of any date of determination and until such time as the Company completes an Asset-based Valuation, the actual amount, if any, invested in the two Properties commonly known as AT&T Lindbergh Center and in one Property commonly known as Energy Center I for so long as such Properties are owned on behalf of the Company less any amounts recognized on or before such date of determination as impairments to the carrying value of AT&T Lindbergh Center and Energy Center I in accordance with Generally Accepted Accounting Principles. In all cases, the Lindbergh/Energy Center Adjusted Cost shall be reduced as appropriate if either the AT&T Lindbergh Center (treated as one Property) or Energy Center I is considered a Vacant Property, as defined herein.

(B) On or after such time as the Company completes an Asset-based Valuation, "Lindbergh/Energy Center Adjusted Cost" means, as of any date of determination, the lesser of (1) the amount determined in accordance with Paragraph (A) above, or (2) the value of the Company's interest in the AT&T Lindbergh Center and in Energy Center I as established in connection with the Company's most recent Asset-based Valuation. In all cases, the Lindbergh/Energy Center Adjusted Cost shall be reduced as appropriate if either

the AT&T Lindbergh Center (treated as one Property) or Energy Center I is considered a Vacant Property, as defined herein.

*Listing.* The listing of the Shares on a national securities exchange or over-the-counter market.

*Master Property Management, Leasing and Construction Management Agreement.* The agreement by and between Wells Management Company, Inc., the Company and the Partnership effective as of July 1, 2012, and any successor agreement.

*NASAA Guidelines.* The NASAA Statement of Policy Regarding Real Estate Investment Trusts as in effect on the date hereof.

*Net Asset Value.* The excess of (i) the aggregate of the Adjusted Cost plus the Lindbergh/Energy Center Adjusted Cost over (ii) the aggregate outstanding amount of debt of the Company, the Partnership, and the Joint Ventures (as adjusted for the Company's interest in such Joint Ventures) and any accrued interest thereon.

*Net Income.* For any period, the total revenues applicable to such period, less the total expenses applicable to such period excluding additions to reserves for depreciation, bad debts or other similar non-cash reserves; provided, however, Net Income for purposes of calculating total allowable Operating Expenses (as defined herein) shall exclude the gain from the sale of the Company's assets.

*Net Sales Proceeds.* In the case of a transaction described in clause (i) (A) of the definition of Sale, the proceeds of any such transaction less the amount of all real estate commissions and closing costs paid by the Company. In the case of a transaction described in clause (i) (B) of such definition, Net Sales Proceeds means the proceeds of any such transaction less the amount of any legal and other selling expenses incurred in connection with such transaction. In the case of a transaction described in clause (i) (C) of such definition, Net Sales Proceeds means the proceeds of any such transaction actually distributed to the Company from the joint venture. In the case of a transaction described in clause (ii) of the definition of Sale, Net Sales Proceeds means the proceeds of such transaction or series of transactions less all amounts generated thereby and reinvested in one or more Properties within 180 days thereafter and less the amount of any real estate commissions, closing costs, and legal and other selling expenses incurred by or allocated to the Company in connection with such transaction or series of transactions. Net Sales Proceeds shall not include any reserves established by the Company in its sole discretion.

*Offering.* Any offering of Shares that is registered with the SEC, excluding Shares offered under any employee benefit plan.

*Operating Expenses.* All costs and expenses incurred by the Company, as determined under generally accepted accounting principles, which in any way are related to the operation of the Company or to Company business, including fees paid to the Advisor, but excluding (i) the expenses of raising capital such as Organization and Offering Expenses, legal, audit, accounting, underwriting, brokerage, listing, registration, and other fees, printing and other such expenses and tax incurred in connection with the issuance, distribution, transfer, registration and Listing of the Shares, (ii) interest payments, (iii) taxes, (iv) non-cash expenditures such as depreciation, amortization and bad loan reserves, (v) incentive fees paid in compliance with Section IV.F. of the NASAA Guidelines and (vi) Acquisition Fees, Acquisition Expenses, real estate commissions on resale of property, and other expenses connected with the acquisition, disposition, and ownership of real estate interests, mortgage loans or other property (such as the costs of foreclosure, insurance premiums, legal services, maintenance, repair and improvement of property).



*Organization and Offering Expenses.* All expenses incurred by and to be paid from the assets of the Company in connection with and in preparing the Company for registration of and subsequently offering and distributing its Shares to the public, which may include but are not limited to, total underwriting and brokerage discounts and commissions (including fees of the underwriters' attorneys); expenses for printing, engraving and mailing; salaries of employees while engaged in sales activity; charges of transfer agents, registrars, trustees, escrow holders, depositaries and experts; and expenses of qualification of the sale of the securities under Federal and State laws, including taxes and fees, accountants' and attorneys' fees.

*Partnership.* Wells Operating Partnership II, L.P., a Delaware limited partnership formed to own and operate properties on behalf of the Company.

*Person.* An individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c) (17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, or any government or any agency or political subdivision thereof, and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

*Personnel Expenses.* All wages and salaries and other employee-related expenses of all employees of Advisor or its Affiliates to the extent engaged in the management, administration, operations, and marketing of the Company, including taxes, insurance and benefits relating to such employees, including those personnel expenses reimbursable under the Investor Services Agreement and Section 3.2 of the Master Property Management, Leasing and Construction Management Agreement that were previously reimbursed under the April Advisory Agreement, but excluding those personnel expenses reimbursable under Section 3.1 of the Master Property Management, Leasing and Construction Management Agreement and any other agreement between the Company and the Advisor or its Affiliates that is not mentioned herein.

*Portfolio G&A Expenses.* Those categories of portfolio general and administrative costs described on Schedule A attached hereto, which include general and administrative costs reimbursable pursuant to this Agreement, the Investor Services Agreement and the Master Property Management, Leasing and Construction Management Agreement plus the personnel expenses related to portfolio-level property management services that are reimbursable pursuant to Section 3.2 of the Master Property Management, Leasing and Construction Management Agreement and were previously reimbursed under the April Advisory Agreement, but excluding costs reimbursable pursuant to any other agreement between the Company and the Advisor or its Affiliates that is not mentioned herein.

*Property or Properties.* Any real property or properties transferred or conveyed to the Company or the Partnership, either directly or indirectly.

*Property Manager.* Any entity that has been retained to perform and carry out property management services at one or more of the Properties, excluding persons, entities or independent contractors retained or hired to perform facility management or other services or tasks at a particular Property, the costs for which are passed through to and ultimately paid by the tenant at such Property.

*REIT.* A "real estate investment trust" under Sections 856 through 860 of the Code.

*Sale or Sales.* (i) Any transaction or series of transactions whereby: (A) the Company or the Partnership sells, grants, transfers, conveys, or relinquishes its ownership of any Property or portion thereof, including the transfer of any Property that is the subject of a ground lease, and including any event with respect to any Property which gives rise to a significant amount of insurance proceeds or condemnation

awards; (B) the Company or the Partnership sells, grants, transfers, conveys, or relinquishes its ownership of all or substantially all of the interest of the Company or the Partnership in any joint venture in which it is a co-venturer or partner; or (C) any joint venture in which the Company or the Partnership as a co-venturer or partner sells, grants, transfers, conveys, or relinquishes its ownership of any Property or portion thereof, including any event with respect to any Property which gives rise to insurance claims or condemnation awards, but (ii) not including any transaction or series of transactions specified in clause (i) (A), (i) (B), or (i) (C) above in which the proceeds of such transaction or series of transactions are reinvested in one or more Properties within 180 days thereafter.

*Shares.* The Company's shares of common stock, par value \$0.01 per share.

*Stockholders.* The registered holders of the Shares.

*Stockholders' 8% Return.* As of each date, an aggregate amount equal to an 8% Cumulative Return.

*Subordinated Incentive Fee.* The fee payable to the Advisor under certain circumstances if the Shares are listed on a national securities exchange or over-the-counter market as defined in Paragraph 8(e).

*Subordinated Performance Fee Due Upon Termination.* Subordinated Performance Fee Due Upon Termination means a fee equal to (1) 10% of the amount, if any, as of the Termination Date by which (a) the sum of (i) the Appraised Value of the Company's Properties; plus, without duplication (ii) the fair market value of the Company's interests in Joint Ventures; plus (iii) the fair market value of any other tangible assets of the Company; less (iv) all liabilities of the Company and the Partnership ; plus (v) total Distributions through the Termination Date; exceeds (b) the sum of Invested Capital, plus Distributions attributable to Net Sales Proceeds, plus total Distributions required to be made to the stockholders in order to pay the Stockholders' 8% Return from inception through the termination date; less (2) any prior payment to the Advisor of a Subordinated Share of Net Sales Proceeds. For the purpose of the foregoing calculations, all asset values and liabilities shall be adjusted to exclude the portion of such amounts allocable to minority interest holders not otherwise considered in the calculation of the value of Joint Ventures.

*Subordinated Share of Net Sales Proceeds.* The Subordinated Share of Net Sales Proceeds as defined in Paragraph 8(d).

*Termination Date.* The date of termination of the Agreement.

*Transition Services Agreement.* The Transition Services Agreement between Wells Real Estate Funds, Inc. and the Company dated as of June 29, 2012 and effective as of July 1, 2012, and any successor agreement.

*Vacant Property.* A Property that (i) for over thirty percent (30%) of its leasable square feet does not have third-party tenant leases in place; or (ii) has not collected at least seventy percent (70%) of the Property's total potential rental revenue based upon full occupancy, except if not attaining seventy percent is a result of tenant improvements, concessions or similar leasing incentives contained in leases approved by the Board for (i) the period from acquisition until the applicable measurement date, if less than six months or (ii) for the six months immediately preceding the date of measurement.

*2%/25% Guidelines.* The requirement pursuant to the NASAA Guidelines that, in any 12-month period, total Operating Expenses not exceed the greater of 2% of the Company's Average Invested Assets during such 12-month period or 25% of the Company's Net Income over the same 12-month period.

2. **Appointment.** The Company hereby appoints the Advisor to serve as its advisor and asset manager on the terms and conditions set forth in this Agreement, and the Advisor hereby accepts such appointment.

3. **Duties and Authority of the Advisor.** The Advisor undertakes to use its reasonable efforts to present to the Company potential investment opportunities to provide a continuing and suitable investment program consistent with (i) the investment objectives and policies of the Company as determined and adopted from time to time by the Board and (ii) the investment allocation method described at Paragraph 11(b) of this Agreement. The services of the Advisor are to be of scope and quality not less than those generally performed by professional asset managers of other similar property portfolios. The Advisor shall make available the full benefit of the judgment, experience and advice of the members of the Advisor's organization and staff with respect to the duties it will perform under this Agreement. To facilitate the Advisor's performance of these undertakings, but subject to the restrictions included in Paragraphs 4 and 7 and to the continuing and exclusive authority of the Board over the management of the Company and the Partnership, the Company hereby delegates to the Advisor the authority to, and the Advisor hereby agrees to, either directly or by engaging an Affiliate:

(a) serve as the Company's investment and financial advisor and provide research and economic and statistical data in connection with the Company's assets and investment policies;

(b) provide the daily management of the Company and perform and supervise the various administrative functions reasonably necessary for the management of the Company;

(c) maintaining the accounting and other record-keeping functions at the Company level; and

(d) investigate, select, and, on behalf of the Company, engage and conduct business with such Persons as the Advisor deems necessary to the proper performance of its obligations hereunder, including but not limited to consultants, accountants, correspondents, lenders, technical advisors, attorneys, brokers, underwriters, corporate fiduciaries, escrow agents, depositaries, custodians, agents for collection, insurers, insurance agents, banks, builders, developers, property owners, mortgagors, and any and all agents for any of the foregoing, including Affiliates of the Advisor, and Persons acting in any other capacity deemed by the Advisor necessary or desirable for the performance of any of the foregoing services, including but not limited to entering into contracts in the name of the Company with any of the foregoing;

(e) consult with the officers and the Board of the Company and assist the Board in the formulation and implementation of the Company's financial policies, and, as necessary, furnish the Board with advice and recommendations with respect to the making of investments consistent with the investment objectives and policies of the Company and in connection with any borrowings proposed to be undertaken by the Company;

(f) conduct periodic on-site property visits to some or all (as the Advisor deems reasonably necessary) of the Properties to inspect the physical condition of the Properties and to evaluate the performance of the related Property Manager of its duties;

(g) review, analyze and comment upon the operating budgets, capital budgets and leasing plans prepared and submitted by each Property Manager and aggregate these property budgets into the Company's overall budget;

(h) review and analyze on-going financial information pertaining to each Property and the overall portfolio of Properties;

(i) formulate and oversee the implementation of strategies for the administration, promotion, management, operation, maintenance, improvement, financing and refinancing, marketing, leasing, and disposition of Properties on an overall portfolio basis;

(j) subject to the provisions of Paragraphs 3(i) and 4 hereof, (i) locate, analyze and select potential investments in Properties, (ii) structure and negotiate the terms and conditions of transactions pursuant to which investment in Properties will be made; (iii) make investments in Properties on behalf of the Company or the Partnership in compliance with the investment objectives and policies of the Company; (iv) arrange for financing and refinancing and make other changes in the asset or capital structure of, and dispose of, reinvest the proceeds from the sale of, or otherwise deal with the investments in, Property; (v) enter into leases and service contracts for Property, including oversight of Affiliated companies that perform property management services for the Company;

(k) obtain the prior approval of the Board for any and all investments in Properties (as well as any financing acquired by the Company or the Partnership in connection with such investment);

(l) if a transaction requires approval by the Board of Directors, deliver to the Board of Directors all documents required by them to properly evaluate the proposed investment in the Property;

(m) negotiate on behalf of the Company with banks or lenders for loans to be made to the Company, and negotiate on behalf of the Company with investment banking firms and broker-dealers or negotiate private sales of Shares and other securities or obtain loans for the Company, but in no event in such a way so that the Advisor shall be acting as broker-dealer or underwriter; and provided, further, that any fees and costs payable to third parties incurred by the Advisor in connection with the foregoing shall be the responsibility of the Company;

(n) obtain reports (which may be prepared by the Advisor or its Affiliates), where appropriate, concerning the value of investments or contemplated investments of the Company in Properties;

(o) from time to time, or at any time reasonably requested by the Board, provide information or make reports to the Board related to its performance of services to the Company under this Agreement;

(p) from time to time, or at any time reasonably requested by the Board, make reports to the Board of the investment opportunities it has presented to other Advisor-sponsored programs or that it has pursued directly or through an Affiliate;

(q) provide the Company with all necessary cash management services;

(r) deliver to or maintain on behalf of the Company copies of all appraisals obtained in connection with the investments in Properties;

(s) notify the Board of all proposed material transactions before they are completed;

(t) at the direction of Company management, prepare the Company's periodic reports and other filings made under the Securities Exchange Act of 1934, as amended, and the Company's registration statements as well as all related prospectuses, prospectus supplements and supplemental sales literature and assist in connection with the filing of such documents with the appropriate regulatory authorities; and

(u) do all things necessary to assure its ability to render the services described in this Agreement.

Notwithstanding the foregoing list of duties of the Advisor, the Advisor has no obligation

hereunder to provide the Stockholder and communication services that are the subject of the Investor Services Agreement nor the property management services that are the subject of the Master Property Management, Leasing and Construction Management Agreement, nor any other services provided for pursuant to any other agreements entered into between the Company and the Advisor and its Affiliates not mentioned herein.

4. **Modification or Revocation of Authority of Advisor.** The Board may, at any time upon the giving of notice to the Advisor, modify or revoke the authority or approvals set forth in Paragraph 3, provided however, that such modification or revocation shall be effective upon receipt by the Advisor and shall not be applicable to investment transactions to which the Advisor has committed the Company prior to the date of receipt by the Advisor of such notification.

5. **Bank Accounts.** The Advisor may establish and maintain one or more bank accounts in its own name for the account of the Company or in the name of the Company and may collect and deposit into any such account or accounts, and disburse from any such account or accounts, any money on behalf of the Company, under such terms and conditions as the Board may approve, provided that no funds shall be commingled with the funds of the Advisor; and the Advisor shall from time to time render appropriate accountings of such collections and payments to the Board and to the auditors of the Company.

6. **Records; Access.** The Advisor shall maintain appropriate records of all its activities hereunder and make such records available for inspection by the Board and by counsel, auditors and authorized agents of the Company, at any time or from time to time during normal business hours. The Advisor shall at all reasonable times have access to the books and records of the Company.

7. **Limitations on Activities.** Anything else in this Agreement to the contrary notwithstanding, the Advisor shall refrain from taking any action which, in its sole judgment made in good faith, would (a) adversely affect the status of the Company as a REIT, (b) subject the Company to regulation under the Investment Company Act of 1940, as amended, or (c) violate any law, rule, regulation or statement of policy of any governmental body or agency having jurisdiction over the Company, its Shares or its other securities, or the Articles of Incorporation or Bylaws, except if such action shall be ordered by the Board, in which case the Advisor shall notify promptly the Board of the Advisor's judgment of the potential impact of such action and shall refrain from taking such action until it receives further clarification or instructions from the Board. In such event the Advisor shall have no liability for acting in accordance with the specific instructions of the Board so given. Notwithstanding the foregoing, the Advisor, its directors, officers, employees and stockholders, and stockholders, directors and officers of the Advisor's Affiliates shall not be liable to the Company or to the Board or stockholders for any act or omission by the Advisor, its directors, officers or employees, or stockholders, directors or officers of the Advisor's Affiliates except as provided in Paragraphs 18 and 19 of this Agreement.

8. **Fees.**

(a) *Asset Management Fee.* Subject to the overall limitations contained below in this Paragraph 8(a), commencing on the date hereof, the Advisor shall be paid for the asset management services included in the services described in Paragraph 3 a monthly fee (the "Asset Management Fee") in an amount equal to one-twelfth of the sum of (i) the product of the Asset Management Fee Percentage multiplied by the Adjusted Cost calculated on the last day of each preceding month, plus (ii) 0.50% of the Lindbergh/Energy Center Adjusted Cost as of the last day of each preceding month. For purposes of clarity, the Asset Management Fee payment due in January 2013 will be based on December 31, 2012 Adjusted Cost amounts, notwithstanding that December 31, 2012 precedes the effective date of this Agreement. Notwithstanding

the foregoing, if this Agreement is in effect for less than a full month, the amount of the Asset Management Fee shall be prorated to account for the percentage of the month in which this Agreement is in effect.

Notwithstanding the foregoing, the aggregate Asset Management Fee payable to the Advisor in any three-month period pursuant to this Paragraph 8(a) shall not exceed 0.25% of the average Net Asset Value during such three-month period, calculated based on Net Asset Value as of the last day of each preceding month during the three-month period (the "Asset Management Fee Ceiling"). To the extent the sum of the three previous monthly asset management fee payments exceeds the Asset Management Fee Ceiling (such amount the "Ceiling Excess"), each next succeeding monthly payment of the Asset Management Fee will be reduced, with the amount by which the Asset Management Fee is reduced to be applied against the Ceiling Excess until the Ceiling Excess is eliminated. In no event, however, will the Advisor be required to make a cash payment on account of any Ceiling Excess.

(b) *Acquisition Fees.* The Advisor shall receive, as compensation for services rendered in connection with the investigation, selection and acquisition (by purchase, investment or exchange) of Properties, Acquisition Fees in an amount equal to 1% of the amount actually paid for the purchase of such Property, inclusive of any debt incurred for the purchase of such Property, but exclusive of Acquisition Fees and Acquisition Expenses incurred in connection with such acquisition. With respect to the acquisition of a Property through any Joint Venture, the Acquisition Fee payable to the Advisor shall equal the product of (x) the Company's percentage equity interest in the Joint Venture and (y) 1% of the amount actually paid by the Joint Venture for the purchase of such Property, inclusive of any debt incurred for the purchase of such Property, but exclusive of Acquisition Fees and Acquisition Expenses incurred in connection with such acquisition. Notwithstanding the foregoing, the aggregate amount of Acquisition Fees payable to the Advisor for the term of this Agreement pursuant to this Paragraph 8(b) shall not exceed the Acquisition Fee Limit. Notwithstanding anything herein to the contrary, the payment of Acquisition Fees by the Company shall also be subject to the limitation provided for in Section 8.7 of the Articles of Incorporation. The Acquisition Fee Limit shall be an amount equal to \$1,500,000 less all Acquisition Fees payable to Advisor for Properties acquired during 2012 pursuant to the provisions of the Initial Term Advisory Agreement, the April Advisory Agreement or any predecessor advisory agreement or otherwise. If the Company enters into a definitive agreement for the purchase of a Property for which an Acquisition Fee is otherwise payable hereunder and any due diligence period in such agreement has expired prior to the termination of this Agreement, but the closing of such purchase occurs after the termination of this Agreement and prior to December 31, 2013, then the Advisor shall be entitled to receive such Acquisition Fee subject to the Acquisition Fee Limit and the other conditions hereof.

(c) *Disposition Fee.* If the Advisor or an Affiliate provides a substantial amount of the services (as determined by the Conflicts Committee) in connection with the Sale of one or more Properties, the Advisor or such Affiliate shall receive at closing a Disposition Fee equal to the lesser of (i) the broker fee actually paid to a third party broker in connection with the sale of such Property or Properties or (ii) 0.30% of the sales price of such Property or Properties; provided, however, that no Disposition Fee shall be payable to the Advisor for Property Sales if such Sales involve the Company selling all or substantially all of its Properties in one or more transactions designed to effectuate a business combination transaction or Bulk Liquidation of the Company (as opposed to a Company liquidation not constituting a Bulk Liquidation, in which case the Disposition Fee would be payable if the Advisor or an Affiliate provides a substantial amount of services as provided above). Any Disposition Fee payable under this section may be paid in addition to real estate commissions paid to non-Affiliates, provided that the total real estate commissions (including such Disposition Fee) paid to all Persons by the Company for each Property shall not exceed an amount equal to the lesser of (i) 6.0% of the aggregate Contract Sales Price of each Property, or (ii) the Competitive Real Estate Commission for each Property.

(d) *Subordinated Share of Net Sales Proceeds.* The Subordinated Share of Net Sales Proceeds shall be payable to the Advisor in an amount equal to 10% of Net Sales Proceeds remaining after the Stockholders have received Distributions equal to the sum of (i) the Stockholders' 8% Return, and (ii) 100% of Invested Capital plus Distributions attributable to Net Sales Proceeds. Following Listing, no Subordinated Share of Net Sales Proceeds will be paid to the Advisor.

(e) *Subordinated Incentive Fee.* Upon Listing, the Advisor shall be entitled to the Subordinated Incentive Fee in an amount equal to 10.0% of the amount by which (i) the market value of the outstanding stock of the Company, measured by taking the average closing price or average of bid and asked price, as the case may be, over a period of 30 days during which the Shares are traded, with such period beginning 180 days after Listing (the "Market Value"), plus the total of all Distributions paid to Stockholders from the Company's inception until the date that Market Value is determined, exceeds (ii) the sum of (A) 100% of Invested Capital plus Distributions attributable to Net Sales Proceeds, and (B) the total Distributions required to be paid to the Stockholders in order to pay the Stockholders' 8% Return from inception through the date Market Value is determined. The Company shall have the option to pay such fee in the form of cash, Shares, a promissory note to be negotiated in light of then-existing market conditions or any combination of the foregoing. The Subordinated Incentive Fee will be reduced by the amount of any prior payment to the Advisor of a Subordinated Share of Net Sales Proceeds. In the event the Subordinated Incentive Fee is paid to the Advisor following Listing, no other performance fee or Subordinated Share of Net Sales Proceeds, including the Subordinated Performance Fee Due Upon Termination, will be paid to the Advisor.

(f) *Changes to Fee Structure.* In the event of Listing, the Company and the Advisor shall negotiate in good faith to establish a fee structure appropriate for a perpetual-life entity.

(g) *Fee Credit.* Within 15 days of the end of each month in which this Agreement is in effect, the Advisor shall credit an amount of \$166,667 against all earned but unpaid fees owed to the Advisor under this Agreement, which amount represents a reduction in the monthly fees earned by the Advisor pursuant to this Paragraph 8 during the term of this Agreement. Notwithstanding the foregoing, if this Agreement is in effect for less than a full month, the amount credited to the Company shall be prorated to account for the percentage of the month in which this Agreement was in effect.

9. **Expenses.**

(a) *Reimbursable Expenses.* In addition to the compensation paid to the Advisor pursuant to Paragraph 8 hereof, the Company shall pay directly or reimburse the Advisor for all of the expenses paid or incurred by the Advisor (to the extent not reimbursable by another party, such as the dealer manager) in connection with the services it provides to the Company pursuant to this Agreement, including, but not limited to:

(i) the Organization and Offering Expenses; provided, however, that within 60 days after the end of the month in which an Offering terminates, the Advisor shall reimburse the Company to the extent (i) Capped O&O Expenses borne by the Company exceed 2.0% of the Gross Proceeds raised in a completed offering and (ii) Organization and Offering Expenses borne by the Company exceed 15% of the Gross Proceeds raised in a completed Offering;

(ii) Acquisition Fees and Acquisition Expenses payable to unaffiliated Persons incurred in connection with the selection and acquisition of Properties;

(iii) the actual cost of goods and services used by the Company and obtained from entities not affiliated with the Advisor;

- (iv) interest and other costs for borrowed money, including discounts, points and other similar fees;
- (v) taxes and assessments on income or Property and taxes as an expense of doing business;
- (vi) costs associated with insurance required in connection with the business of the Company or by the Board;
- (vii) all expenses in connection with payments to the Board and meetings of the Board;
- (viii) expenses associated with Listing or with the issuance and distribution of securities other than the Shares, such as selling commissions and fees, advertising expenses, taxes, legal and accounting fees, listing and registration fees;
- (ix) expenses of organizing, redomesticating, merging, liquidating or dissolving the Company or of amending the Articles of Incorporation or the Bylaws;
- (x) expenses of preparing the annual report and proxy statements and other reports required by governmental entities;
- (xi) administrative service expenses, including all costs and expenses incurred by Advisor in fulfilling its duties hereunder, such as reasonable wages and salaries (but excluding bonuses) and other employee-related expenses of all employees of Advisor or its Affiliates to the extent engaged in the management, administration, operations, and marketing of the Company, including taxes, insurance and benefits relating to such employees, and legal, travel and other out-of-pocket expenses that are directly related to their services provided hereunder; and
- (xii) audit, accounting and legal fees.

No reimbursement shall be made for costs of personnel of the Advisor or its Affiliates to the extent that such personnel perform services in connection with services for which the Advisor receives the Acquisition Fee or the Disposition Fee.

(b) *Other Services.* Should the Board request that the Advisor or any director, officer or employee thereof render services for the Company other than set forth in Paragraph 3, such services shall be separately compensated at such rates and in such amounts as are agreed by the Advisor and the Conflicts Committee, subject to the limitations contained in the Articles of Incorporation, and shall not be deemed to be services pursuant to the terms of this Agreement.

(c) *Timing of and Limitations on Reimbursements.*

(i) Expenses incurred by the Advisor on behalf of the Company and payable pursuant to this Paragraph 9 shall be reimbursed no less than monthly to the Advisor. The Advisor shall prepare a statement documenting the expenses of the Company during each quarter, and shall deliver such statement to the Company within 45 days after the end of each quarter.

(ii) The Company shall not reimburse the Advisor at the end of any fiscal quarter Operating Expenses that, in the four consecutive fiscal quarters then ended (the "Expense Year"), exceed (the "Excess Amount") the greater of 2% of Average Invested Assets or 25% of Net Income (the "2%/25% Guidelines") for such year unless the Conflicts Committee determines that such excess was justified, based on unusual and nonrecurring factors which the Conflicts Committee deems sufficient. If the



Conflicts Committee does not approve such excess as being so justified, any Excess Amount paid to the Advisor during a fiscal quarter shall be repaid to the Company. If the Conflicts Committee determines such excess was justified, then within 60 days after the end of any fiscal quarter of the Company for which total reimbursed Operating Expenses for the Expense Year exceed the 2%/25% Guidelines, the Advisor, at the direction of the Conflicts Committee, shall send to the stockholders a written disclosure of such fact, together with an explanation of the factors the Conflicts Committee considered in determining that such excess expenses were justified. The Company will ensure that such determination will be reflected in the minutes of the meetings of the Board of Directors. All figures used in the foregoing computation shall be determined in accordance with generally accepted accounting principles applied on a consistent basis.

(iii) The Company shall not reimburse the Advisor or its Affiliates for Portfolio G&A Expenses or Personnel Expenses incurred during the term of this Agreement if such reimbursement would cause total reimbursements during the term of this Agreement to exceed \$18,167,000 for Portfolio G&A Expenses or \$10,000,000 for Personnel Expenses; provided that these caps assume a term of 12 months and shall be prorated as necessary to the extent the term of this Agreement is less than 12 months; provided further that these caps shall not be applicable for unbudgeted expenses deemed by the Conflicts Committee to be justified.

(d) *Occupancy Costs.* The Company shall reimburse the Advisor for occupancy costs at a fixed amount of \$21,000 per month. Notwithstanding Paragraph 9(c)(i) above, this amount shall be paid to the Advisor on the first business day of each month in which this agreement is in effect. No other amounts related to the Company's occupancy of space at 6200 The Corners Parkway in Norcross Georgia, such as tenant improvement costs, operating expenses, or common area maintenance, shall be due.

10. **Fidelity Bond.** The Advisor shall maintain a fidelity bond for the benefit of the Company which bond shall insure the Company from losses of up to \$10,000,000 and shall be of the type customarily purchased by entities performing services similar to those provided to the Company by the Advisor.

11. **Other Activities of the Advisor.**

(a) *General.* Nothing herein contained shall prevent the Advisor from engaging in other activities, including, without limitation, the rendering of advice to other Persons (including other REITs) and the management of other programs advised, sponsored or organized by the Advisor or its Affiliates; nor shall this Agreement limit or restrict the right of any director, officer, employee, or stockholder of the Advisor or its Affiliates to engage in any other business or to render services of any kind to any other partnership, corporation, firm, individual, trust or association. The Advisor may, with respect to any investment in which the Company is a participant, also render advice and service to each and every other participant therein. The Advisor shall report to the Board the existence of any condition or circumstance, existing or anticipated, of which it has knowledge, which creates or could create a conflict of interest between the Advisor's obligations to the Company and its obligations to or its interest in any other partnership, corporation, firm, individual, trust or association.

(b) *Policy with Respect to Allocation of Investment Opportunities.* Before the Advisor presents an investment opportunity that would in its judgment be suitable for the Company to another Advisor-sponsored program, the Advisor shall determine in its sole discretion that the investment opportunity is more suitable for such other program than for the Company based on factors such as the following: the investment objectives and criteria of each program; the cash requirements and anticipated cash flow of each program; the size of the investment opportunity; the effect of the acquisition on diversification of each program's investments by type of commercial property,

geographic area and tenant base; the estimated income tax effects of the purchase on each entity; the policies of each program relating to leverage; the funds of each entity available for investment and the length of time such funds have been available for investment; the size of the investment; the credit quality of the tenants; and the existence of special factors, such as whether the property is adjacent to another property owned by a program. In the event that an investment opportunity becomes available that is, in the sole discretion of the Advisor, equally suitable for both the Company and another Advisor-sponsored program, then the Advisor may offer the other program the investment opportunity if it has had the longest period of time elapse since it was offered an investment opportunity. The Advisor will use its reasonable efforts to fairly allocate investment opportunities in accordance with such allocation method and will promptly disclose any material deviation from such policy or the establishment of a new policy, which shall be allowed provided (1) the Board is provided with notice of such policy at least 60 days prior to such policy becoming effective and (2) such policy provides for the reasonable allocation of investment opportunities among such programs. The Advisor shall provide the Conflicts Committee with any information reasonably requested so that the Conflicts Committee can ensure that the allocation of investment opportunities is applied fairly. Nothing herein shall be deemed to prevent the Advisor or an Affiliate from pursuing an investment opportunity directly rather than offering it to the Company or another Advisor-sponsored program so long as the Advisor is fulfilling its obligation to present a continuing and suitable investment program to the Company which is consistent with the investment policies and objectives of the Company.

12. **Relationship of Advisor and Company.** The Company and the Advisor are not partners or joint venturers with each other, and nothing in this Agreement shall be construed to make them such partners or joint venturers or impose any liability as such on either of them.

13. **Representations and Warranties.**

(a) **Of the Company.** To induce the Advisor to enter into this Agreement, the Company hereby represents and warrants that:

(i) The Company is a corporation, duly organized, validly existing and in good standing under the laws of the State of Maryland with all requisite corporate power and authority and all material licenses, permits and authorizations necessary to carry out the transactions contemplated by this Agreement.

(ii) The Company's execution, delivery and performance of this Agreement have been duly authorized. This Agreement constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. The Company's execution and delivery of this Agreement and its fulfillment of and compliance with the respective terms hereof do not and will not (A) conflict with or result in a breach of the terms, conditions or provisions of, (B) constitute a default under, (C) result in the creation of any lien, security interest, charge or encumbrance upon the assets of the Company pursuant to, (D) give any third party the right to modify, terminate or accelerate any obligation under, (E) result in a violation of or (F) require any authorization, consent, approval, exception or other action by or notice to any court or administrative or governmental body pursuant to, the Articles of Incorporation or Bylaws or any law, statute, rule or regulation to which the Company is subject, or any agreement, instrument, order, judgment or decree by which the Company is bound, in any such case in a manner that would have a material adverse effect on the ability of the Company to perform any of its obligations under this Agreement.

(b) **Of the Advisor.** To induce Company to enter into this Agreement, the Advisor represents and warrants that:

(i) The Advisor is a corporation, duly organized, validly existing and in good standing under the laws of the State of Georgia with all requisite corporate power and authority and all material licenses, permits and authorizations necessary to carry out the transactions contemplated by this Agreement.

(ii) The Advisor's execution, delivery and performance of this Agreement have been duly authorized. This Agreement constitutes a valid and binding obligation of the Advisor, enforceable against the Advisor in accordance with its terms. The Advisor's execution and delivery of this Agreement and its fulfillment of and compliance with the respective terms hereof do not and will not (A) conflict with or result in a breach of the terms, conditions or provisions of, (B) constitute a default under, (C) result in the creation of any lien, security interest, charge or encumbrance upon the Advisor's assets pursuant to, (D) give any third party the right to modify, terminate or accelerate any obligation under, (E) result in a violation of or (F) require any authorization, consent, approval, exemption or other action by or notice to any court or administrative or governmental body pursuant to, the Advisor's articles of incorporation or bylaws, or any law, statute, rule or regulation to which the Advisor is subject, or any agreement, instrument, order, judgment or decree by which the Advisor is bound, in any such case in a manner that would have a material adverse effect on the ability of the Advisor to perform any of its obligations under this Agreement.

(iii) The Advisor has received copies of the (A) Articles of Incorporation, (B) Bylaws, (C) registration statements relating to the Company's past and ongoing public offerings, and (D) the Partnership's limited partnership agreement and is familiar with the terms thereof, including without limitation the investment limitations included therein. Advisor warrants that it will use reasonable care to avoid any act or omission that would conflict with the terms of the foregoing in the absence of the express direction of the Conflicts Committee.

(iv) The Advisor will maintain the resources necessary to ensure the proper performance of the services to be provided under this Agreement.

14. **Term; Termination of Agreement.** This Agreement shall commence on January 1, 2013, and continue in force through December 31, 2013. This Agreement may be continued for an unlimited number of successive one-year renewals (with caps and limits stated in this Agreement to be adjusted as appropriate) upon mutual consent of the parties. The Company, acting through the Board, will evaluate the performance of the Advisor annually before renewing the Agreement, and each such renewal shall be for a term of no more than one year. Notwithstanding the foregoing, this Agreement shall automatically terminate upon the exercise of the WREAS II Assignment Option (as defined in the Transition Services Agreement).

15. **Termination by Either Party.** This Agreement may be terminated upon 60 days written notice without cause or penalty, by either party (by majority of the Conflicts Committee or a majority of the Board of Directors of the Advisor, as the case may be). The provisions of Paragraphs 1, 6, 7, and 17 through 30 survive termination of this Agreement.

16. **Assignment to an Affiliate.** This Agreement may be assigned by the Advisor to an Affiliate with the approval of a majority of the Conflicts Committee. The Advisor may assign any rights to receive fees or other payments under this Agreement without obtaining the approval of the Board. This Agreement shall not be assigned by the Company without the consent of the Advisor, except in the case of an assignment by the Company to a corporation or other organization which is a successor to all of the assets, rights and

obligations of the Company, in which case such successor organization shall be bound hereunder and by the terms of said assignment in the same manner as the Company is bound by this Agreement.

17. **Payments to and Duties of Advisor upon Termination.** Payments to the Advisor pursuant to this Paragraph 17 shall be subject to the 2%/25% Guidelines to the extent applicable.

(a) After the Termination Date, the Advisor shall not be entitled to compensation for further services hereunder except it shall be entitled to receive from the Company within 30 days after the effective date of such termination the following:

(i) all unpaid reimbursements of expenses and all earned but unpaid fees payable to the Advisor prior to termination of this Agreement; and

(ii) the Subordinated Performance Fee Due Upon Termination, provided that no Subordinated Performance Fee Due Upon Termination will be paid if the Company has paid or is obligated to pay the Subordinated Incentive Fee.

(b) The Advisor shall promptly upon termination:

(i) pay over to the Company all money collected and held for the account of the Company pursuant to this Agreement, after deducting any accrued compensation and reimbursement for its expenses to which it is then entitled;

(ii) deliver to the Board a full accounting, including a statement showing all payments collected by it and a statement of all money held by it, covering the period following the date of the last accounting furnished to the Board;

(iii) deliver to the Board all assets, including Properties, and documents of the Company then in the custody of the Advisor; and

(iv) cooperate with the Company to provide an orderly management transition.

18. **Indemnification by the Company.** The Company shall indemnify and hold harmless the Advisor and its Affiliates, including their respective officers, directors, partners and employees (collectively, "Indemnitees"), from all liability, claims, damages or losses arising in the performance of their duties hereunder, and related expenses, including reasonable attorneys' fees, to the extent such liability, claims, damages or losses and related expenses are not fully reimbursed by insurance, subject to any limitations imposed by the laws of the State of Maryland or the Articles of Incorporation as in effect on July 1, 2012. Notwithstanding the foregoing, the Indemnitees shall not be entitled to indemnification or be held harmless pursuant to this Paragraph 18 for any activity which the Advisor shall be required to indemnify or hold harmless the Company pursuant to Paragraph 19. Any indemnification of the Indemnitees may be made only out of the net assets of the Company and not from Stockholders.

19. **Indemnification by Advisor.** The Advisor shall indemnify and hold harmless the Company from contract or other liability, claims, damages, taxes or losses and related expenses including attorneys' fees, to the extent that such liability, claims, damages, taxes or losses and related expenses are not fully reimbursed by insurance and are incurred by reason of the Advisor's bad faith, fraud, willful misfeasance, misconduct, or reckless disregard of its duties.

20. **Notices.** Any notice, report or other communication required or permitted to be given hereunder shall be in writing unless some other method of giving such notice, report or other communication

is required by the Articles of Incorporation, the Bylaws, or accepted by the party to whom it is given, and shall be given by being delivered by hand or by overnight mail or other overnight delivery service to the addresses set forth herein:

To the Board and to the Company:

Wells Real Estate Investment Trust II, Inc.  
6200 The Corners Parkway, Suite 250  
Norcross, Georgia 30092

To the Advisor:

Wells Real Estate Advisory Services II, LLC  
6200 The Corners Parkway, Suite 250  
Norcross, Georgia 30092

Either party may at any time give notice in writing to the other party of a change in its address for the purposes of this Paragraph 20.

21. **Modification.** This Agreement shall not be changed, modified, terminated, or discharged, in whole or in part, except by an instrument in writing signed by both parties hereto, or their respective successors or assignees.

22. **Severability.** The provisions of this Agreement are independent of and severable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

23. **Construction.** The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the State of Georgia.

24. **Entire Agreement.** This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing.

25. **Indulgences, Not Waivers.** Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

26. **Gender.** Words used herein regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

27. **Titles Not to Affect Interpretation.** The titles of paragraphs and subparagraphs contained in this Agreement are for convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation hereof.

28. **Execution in Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when the counterparts hereof, taken together, bear the signatures of all of the parties reflected hereon as the signatories.

29. **Name.** Wells Real Estate Funds, Inc. has a proprietary interest in the name “Wells.” Accordingly, and in recognition of this right, if at any time the Company ceases to retain Wells Real Estate Advisory Services II, LLC or an Affiliate thereof to perform the services of Advisor, the Company will, promptly after receipt of written request from Wells Real Estate Funds, Inc., cease to conduct business under or use the name “Wells” or any derivative thereof and the Company shall use its best efforts to change the name of the Company to a name that does not contain the name “Wells” or any other word or words that might, in the sole discretion of the Advisor, be susceptible of indication of some form of relationship between the Company and the Advisor or any Affiliate thereof. Consistent with the foregoing, it is specifically recognized that the Advisor or one or more of its Affiliates has in the past and may in the future organize, sponsor or otherwise permit to exist other investment vehicles (including vehicles for investment in real estate) and financial and service organizations having “Wells” as a part of their name, all without the need for any consent (and without the right to object thereto) by the Company or its Board.

30. **Parent Guarantee.** Wells Real Estate Funds, Inc., a Georgia corporation and the parent company of the Advisor (the “**Guarantor**”), does hereby in all respects guarantee the due and proper performance of the services to be provided and the full and timely payment of the amounts payable under this Agreement by the Advisor, which guarantee shall extend to include any renewal or amendment to this Agreement, provided Guarantor's obligations are not materially increased by such renewal or amendment without the Guarantor's consent, such consent not to be unreasonably withheld. If the Advisor fails to perform all or any of its obligations, duties, undertakings, and covenants to provide services or make payments (collectively, the “**Guaranteed Obligations**”) under this Agreement (unless relieved from the performance of any part of this Agreement by statute, by the decision of a court or tribunal of competent jurisdiction or by written waiver of the Company), upon written notice from the Company, the Guarantor shall perform or cause to be performed such Guaranteed Obligations. The termination of the Advisor shall constitute a termination of this guarantee with respect to the future performance of the Guaranteed Obligations, but no termination of Advisor shall terminate or limit the obligations of the Guarantor under this guarantee arising or accruing prior to such termination of the Advisor. This guarantee will be applicable to and binding upon the successors and assigns of Guarantor. Guarantor joins in this Agreement as a signatory hereto for the purposes set forth in this Paragraph 30.

*[Signatures appear on next page.]*

IN WITNESS WHEREOF, the parties hereto have executed this Renewal Advisory Agreement as of the \_\_ day of December, 2012.

WELLS REAL ESTATE INVESTMENT TRUST II, INC.

By:  
Name:  
Title:

WELLS REAL ESTATE ADVISORY SERVICES II, LLC

By: WELLS REAL ESTATE FUNDS, INC., its sole member

By:  
Name: Robert M. McCullough  
Title: Corporate Chief Financial Officer

The undersigned joins in this Advisory Agreement for the purposes set forth in Paragraph 30 hereof.

WELLS REAL ESTATE FUNDS, INC.

By:  
Name: Robert M. McCullough  
Title: Corporate Chief Financial Officer

**Schedule A**

**Portfolio General and Administrative Costs**

Portfolio & Asset Management  
Call center  
Capital Markets  
Facilities  
FPA, Tax, Treasury, & AP  
Internal Audit  
Investor Communications/Marketing  
Legal/Compliance  
Portfolio Accounting & Reporting  
Transfer Agent



**Exhibit 2 to the Amendment to Transition Services Agreement**

**Exhibit C**

**CONSULTING SERVICES AGREEMENT**

THIS CONSULTING SERVICES AGREEMENT, dated as of [\_\_\_\_], 2013, is between WELLS REAL ESTATE INVESTMENT TRUST II, INC., a Maryland corporation (the “Company”) and WELLS REAL ESTATE FUNDS, INC., a Georgia corporation ( “Wells REF”).

W I T N E S S E T H

WHEREAS, Wells REF was the parent company of Wells Real Estate Advisory Services II, LLC (“WREAS II”), the former advisor of the Company and, together with its affiliates, provided advisory services to the Company;

WHEREAS, the Company is now self-managed as result of Wells REF assigning its interest in WREAS II to the Company;

WHEREAS, the Company desires to avail itself of the experience, sources of information and advice of Wells REF and to have Wells REF undertake the services hereinafter set forth, at the request and subject to the supervision of the Company all as provided herein;

WHEREAS, Wells REF is willing to undertake to render such services upon the request and subject to the supervision of the Company, on the terms and conditions hereinafter set forth; and

WHEREAS, the Company and WREAS II were parties to a Renewal Advisory Agreement (the “Advisory Agreement”) effective as of January 1, 2013, which agreement has now terminated;

WHEREAS, the parties are party to a Transition Services Agreement (the “Transition Agreement”), dated as of July 1, 2012;

WHEREAS, in connection with the assignment of the ownership interests in WREAS II to the Company, the parties hereto agreed to enter into a consulting services agreement on the terms set forth herein;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. **Definitions.** As used in this Consulting Services Agreement (the “Agreement”), the following terms have the definitions hereinafter indicated:

*Acquisition Expenses.* As such term is defined in the Articles of Incorporation.

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*Adjusted Cost.* (A) As of any date of determination and until such time as the Company completes an Asset-based Valuation, the sum of: (a) the actual amount invested on behalf of the Company in the Properties as of the date of determination; plus (b) (1) with respect to Joint Ventures, the actual amount invested on behalf of the Company in the Joint Ventures as of the date of determination, plus (2) the Company's allocable share of capital improvements relating to building improvements and/or initial leaseup of space in the building (such improvements to exclude any expenditures of capital for normal building improvement, maintenance and repair and tenant improvements relating to existing leases or lease renewals) made by the Joint Venture from cash flows generated by the Joint Venture; less (c) the amounts invested in Properties or Joint Ventures relating to Vacant Properties plus any additions to Adjusted Cost related to such Joint Ventures pursuant clause (b)(2) above; less (d) any amounts recognized on the Company's consolidated financial statements on or before such date of determination as impairments to the carrying value of the Properties or Joint Venture investments in accordance with Generally Accepted Accounting Principles, excluding any temporary impairments or impairment charges related to Vacant Properties for which the amount invested has been deducted from the foregoing calculation. In all cases, "Adjusted Cost" excludes the Lindbergh/Energy Center Adjusted Cost.

(B) On and after such time as the Company completes an Asset-based Valuation, "Adjusted Cost" means, as of any date of determination, the lesser of (1) the amount determined in accordance with Paragraph (A) above, or (2) the aggregate value of the Company's interest in the Properties and Joint Ventures as established in connection with the most recent Asset-based Valuation, plus, with respect to any Properties purchased or Joint Ventures entered into after the date of the most recent Asset-based Valuation, the adjusted cost for such Properties or Joint Ventures determined in accordance with Paragraph (A) above; until such time as the next Asset-based Valuation by the Company, at which time the Adjusted Cost of such properties will be determined in accordance with Paragraph (A) above. In all cases, "Adjusted Cost" excludes the Lindbergh/Energy Center Adjusted Cost.

*Affiliate or Affiliated.* An Affiliate of another Person includes only the following: (i) any Person directly or indirectly controlling, controlled by, or under common control with such other Person; (ii) any Person directly or indirectly owning, controlling, or holding with the power to vote 10% or more of the outstanding voting securities of such other Person; (iii) any legal entity for which such Person acts as an executive officer, director, trustee, or general partner; (iv) any Person 10% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held, with power to vote, by such other Person; and (v) any executive officer, director, trustee, or general partner of such other Person.

*AM Consulting Fee.* The AM Consulting Fee payable to WREAS II as defined in Paragraph 4(a).

*AM Consulting Fee Ceiling.* The ceiling on the AM Consulting Fee as defined in Paragraph 4(a).

*AM Consulting Fee Percentage.* The AM Consulting Fee Percentage equals (1) 0.625%, until the monthly payment of the AM Consulting Fee under this Agreement equals \$2,708,333.33; (2) thereafter, the Fixed Fee Percentage for so long as the sum of Adjusted Cost plus the Lindbergh/Energy Center Adjusted Cost, as of any date of determination, is less than \$6,500,000,000; and (3) 0.50% commencing when the sum of Adjusted Cost plus the Lindbergh/Energy Center Adjusted Cost, as of any date of determination, is at least \$6,500,000,000.

*Articles of Incorporation.* The Articles of Incorporation of the Company under Title 2 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended from time to time.

*Asset-based Valuation.* An estimate of the value of a share of the Company's common stock approved by the Board of Directors of the Company and based in part on an estimate of the value of the Company's assets (as opposed to an estimate based solely on the most recent price paid for a share of the Company's common stock in an offering of such shares).

*Average Invested Assets.* For a specified period, the average of the aggregate book value of the assets of the Company invested, directly or indirectly, in Properties and Loans secured by real estate before reserves for depreciation or bad debts or other similar non-cash reserves, computed by taking the average of such values at the end of each month during such period.

*Board of Directors or Board.* The persons holding such office, as of any particular time, under the Articles of Incorporation of the Company, whether they be the Directors named therein or additional or successor Directors.

*Bulk Liquidation.* A liquidation of all or substantially all of the Company's assets effected in a transaction or series of transactions with three or fewer buyers or their Affiliates that are closed in a period of 12 months or less.

*Bylaws.* The bylaws of the Company, as the same are in effect from time to time.

*Cause.* With respect to the termination of this Agreement, (i) fraud, criminal conduct, willful misconduct or (ii) a material breach of this Agreement by Wells REF which remains uncured after 30 days' written notice

*Ceiling Excess.* The extent to which the sum of the three previous monthly AM Consulting Fee payments exceeds the AM Consulting Fee Ceiling, as defined in Paragraph 4(a).

*Code.* Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor provision thereto, as interpreted by any applicable regulations as in effect from time to time.

*Company.* Wells Real Estate Investment Trust II, Inc., a corporation organized under the laws of the State of Maryland.

*Competitive Real Estate Commission.* A real estate or brokerage commission for the purchase or sale of property which is reasonable, customary, and competitive in light of the size, type, and location of the property.

*Contract Sales Price.* The total consideration received by the Company for the sale of a Property.

*Director.* A member of the Board of Directors of the Company.

*Fee Acceleration Payment.* The aggregate amount of fees earned by Wells REF in the last full month immediately preceding the Termination Date multiplied by the months in the period between the Termination Date and December 31, 2013.

*Fee Acceleration Payment Adjustment.* The difference between (i) the total fees that would be due and payable to Wells REF under this Agreement if the Agreement was in effect for the period from the Termination Date through December 31, 2013 and (ii) the Fee Acceleration Payment.

*Fixed Fee Percentage.* The Fixed Fee Percentage equals the quotient of (A) (x) \$32,500,000, less (y) the product of (1) 0.50% times (2) the Lindbergh/Energy Center Adjusted Cost; divided by (B) the Adjusted Cost.

*Gross Proceeds.* The aggregate purchase price of all Shares sold for the account of the Company through an Offering, without deduction for Organization and Offering Expenses.

*Investor Services Agreement.* The investor services agreement between Wells REF and the Company effective as of July 1, 2012, and any successor agreement.

*Joint Venture.* Any joint venture, limited liability company or other Affiliate of the Company that owns, in whole or in part on behalf of the Company, any Properties.

*Lindbergh/Energy Center Adjusted Cost.* (A) As of any date of determination and until such time as the Company completes an Asset-based Valuation, the actual amount, if any, invested in the two Properties commonly known as AT&T Lindbergh Center and in one Property commonly known as Energy Center I for so long as such Properties are owned on behalf of the Company less any amounts recognized on or before such date of determination as impairments to the carrying value of AT&T Lindbergh Center and Energy Center I in accordance with Generally Accepted Accounting Principles. In all cases, the Lindbergh/Energy Center Adjusted Cost shall be reduced as appropriate if either the AT&T Lindbergh Center (treated as one Property) or Energy Center I is considered a Vacant Property, as defined herein.

(B) On or after such time as the Company completes an Asset-based Valuation, "Lindbergh/Energy Center Adjusted Cost" means, as of any date of determination, the lesser of (1) the amount determined in accordance with Paragraph (A) above, or (2) the value of the Company's interest in the AT&T Lindbergh Center and in Energy Center I as established in connection with the Company's most recent Asset-based Valuation. In all cases, the Lindbergh/Energy Center Adjusted Cost shall be reduced as appropriate if either the AT&T Lindbergh Center (treated as one Property) or Energy Center I is considered a Vacant Property, as defined herein.

*Master Property Management, Leasing and Construction Management Agreement.* The agreement by and between Wells Management Company, Inc., the Company and the Partnership dated as of June [ ], 2012 and effective as of July 1, 2012, and any successor agreement.

*Net Asset Value.* The excess of (i) the aggregate of the Adjusted Cost plus the Lindbergh/Energy Center Adjusted Cost over (ii) the aggregate outstanding amount of debt of the Company, the Partnership, and the Joint Ventures (as adjusted for the Company's interest in such Joint Ventures) and any accrued interest thereon.

*Offering.* Any offering of Shares that is registered with the SEC, excluding Shares offered under any employee benefit plan.

*Organization and Offering Expenses.* All expenses incurred by and to be paid from the assets of the Company in connection with and in preparing the Company for registration of and subsequently offering and distributing its Shares to the public, which may include but are not limited to, total underwriting and brokerage discounts and commissions (including fees of the underwriters' attorneys); expenses for printing, engraving and mailing; salaries of employees while engaged in sales activity; charges of transfer agents, registrars, trustees, escrow holders, depositaries and experts; and expenses of qualification of the sale of the securities under Federal and State laws, including taxes and fees, accountants' and attorneys' fees.

*Partnership.* Wells Operating Partnership II, L.P., a Delaware limited partnership formed to own and operate properties on behalf of the Company.

*Person.* An individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c) (17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, or any government or any agency or political subdivision thereof, and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

*Property or Properties.* Any real property or properties transferred or conveyed to the Company or the Partnership, either directly or indirectly.

*Property Manager.* Any entity that has been retained to perform and carry out property management services at one or more of the Properties, excluding persons, entities or independent contractors retained or hired to perform facility management or other services or tasks at a particular Property, the costs for which are passed through to and ultimately paid by the tenant at such Property.

*Sale or Sales.* (i) Any transaction or series of transactions whereby: (A) the Company or the Partnership sells, grants, transfers, conveys, or relinquishes its ownership of any Property or portion thereof, including the transfer of any Property that is the subject of a ground lease, and including any event with respect to any Property which gives rise to a significant amount of insurance proceeds or condemnation awards; (B) the Company or the Partnership sells, grants, transfers, conveys, or relinquishes its ownership of all or substantially all of the interest of the Company or the Partnership in any joint venture in which it is a co-venturer or partner; or (C) any joint venture in which the Company or the Partnership as a co-venturer or partner sells, grants, transfers, conveys, or relinquishes its ownership of any Property or portion thereof, including any event with respect to any Property which gives rise to insurance claims or condemnation awards, but (ii) not including any transaction or series of transactions specified in clause (i) (A), (i) (B), or (i) (C) above in which the proceeds of such transaction or series of transactions are reinvested in one or more Properties within 180 days thereafter.

*Shares.* The Company's shares of common stock, par value \$0.01 per share.

*Termination Date.* The date of termination of the Agreement.

*Vacant Property.* A Property that (i) for over thirty percent (30%) of its leasable square feet does not have third-party tenant leases in place; or (ii) has not collected at least seventy percent (70%) of the Property's total potential rental revenue based upon full occupancy, except if not attaining seventy percent is a result of tenant improvements, concessions or similar leasing incentives contained in leases approved by the Board for (i) the period from acquisition until the applicable measurement date, if less than six months or (ii) for the six months immediately preceding the date of measurement.

2. **Appointment.** The Company hereby retains Wells REF to provide consulting services to it on the terms and conditions set forth in this Agreement, and Wells REF hereby accepts such appointment. The Company agrees that this appointment does not render Wells REF to be the Advisor (as that term is defined in the Articles of Incorporation) to the Company because, among other reasons, the Company's employees are the persons responsible for directing and performing the day-to-day business affairs of the Company.

3. **Duties of Wells REF.** As requested by the Company and under the supervision of the employees of the Company, Wells REF, either directly or by engaging an Affiliate, shall provide consulting and support services to the Company including:

- (a) consulting in connection with the Company's efforts to identify potential investment opportunities consistent with the investment objectives and policies of the Company;
- (b) consulting with respect to various administrative functions of the Company;
- (c) assisting with the maintenance of the accounting and other record-keeping functions at the Company level, including assisting with the Company's compliance with its obligations under applicable securities laws;
- (d) consulting with respect to financings, leases and other contracts;
- (e) providing reports concerning the value of investments or contemplated investments of the Company in Properties;
- (f) consulting with respect to the strategies for the administration, promotion, management, operation, maintenance, improvement, financing and refinancing, marketing, leasing, and disposition of Properties on an overall portfolio basis.

Notwithstanding the foregoing list of duties of Wells REF, Wells REF has no obligation hereunder to provide the Stockholder and communication services that are the subject of the Investor Services Agreement nor the property management services that are the subject of the Master Property Management, Leasing and Construction Management Agreement, nor any other services provided for pursuant to any other agreements entered into between the Company and Wells REF and its Affiliates not mentioned herein.

4. **Fees.**

(a) *AM Consulting Fee.* Subject to the overall limitations contained below in this Paragraph 4(a), commencing on the date hereof, Wells REF shall be paid as compensation for the consultation services rendered to the Company hereunder a monthly fee (the "AM Consulting Fee") in an amount equal to one-twelfth of the sum of (i) the product of the AM Consulting Fee Percentage multiplied by the Adjusted Cost calculated on the last day of each preceding month, plus (ii) 0.50% of the Lindbergh/Energy Center Adjusted Cost as of the last day of each preceding month. For purposes of clarity, the AM Consulting Fee payment due in the first month of this Agreement will be based on Adjusted Cost amounts from the last date of the month prior to this Agreement, notwithstanding that this date precedes the effective date of this Agreement. Notwithstanding the foregoing, if this Agreement is in effect for less than a full month, the amount of the AM Consulting Fee shall be prorated to account for the percentage of the month in which this Agreement is in effect.

Notwithstanding the foregoing, the aggregate AM Consulting Fee payable to Wells REF in any three-month period pursuant to this Paragraph 4 (a) shall not exceed 0.25% of the average Net Asset Value during such three-month period, calculated based on Net Asset Value as of the last day of each preceding month during the three-month period (the "AM Consulting Fee Ceiling"). To the extent the sum of the three previous monthly AM Consulting Fee payments exceeds the AM Consulting Fee Ceiling (such amount the "Ceiling Excess"), each next succeeding monthly payment of the AM Consulting Fee will be reduced, with the amount by which the AM Consulting Fee is reduced to be applied against the Ceiling Excess until the Ceiling Excess is eliminated. In no event, however, will Wells REF be required to make a cash payment on account of any Ceiling Excess.

(b) *Fee Credit.* Within 15 days of the end of each month in which this Agreement is in effect, Wells REF shall credit an amount of \$166,667 against all earned but unpaid fees owed to Wells REF under this Agreement, which amount represents a reduction in the monthly fees earned by Wells REF pursuant to this Paragraph 4 during the term of this Agreement. Notwithstanding the foregoing, if this Agreement is in effect for less than a full month, the amount credited to the Company shall be prorated to account for the percentage of the month in which this Agreement was in effect.

5. **Expenses for Other Services.** Should the Board request that Wells REF or any director, officer or employee thereof render services for the Company other than set forth in Paragraph 2, such services shall be separately compensated at such rates and in such amounts as are agreed by Wells REF and the Company, subject to the limitations contained in the Articles of Incorporation, and shall not be deemed to be services pursuant to the terms of this Agreement.

Notwithstanding the foregoing, Wells REF shall obtain the Company's written approval prior to incurring any third-party expenses for the account of, or reimbursable by, the Company.

6. **Occupancy.**

(a) *Occupancy Rights.* During the term of this Agreement, the Company shall have the right to occupy the 6th floor at 6200 The Corners Parkway in Norcross, Georgia.

(b) *Occupancy Costs.* For so long as the Company occupies space at 6200 The Corners Parkway pursuant to Paragraph 6(a) above, the Company shall reimburse Wells REF for occupancy costs at a fixed amount of \$21,000 per month. This amount shall be paid to Wells REF on the first business day of each month in which this agreement is in effect, provided, however, that if the term of this Agreement begins during a month for which Wells REF has been paid an occupancy cost fee pursuant to the Advisory Agreement, then the fee pursuant to this Section 6(b) shall commence on the first business day of the following month. No other amounts related to the Company's occupancy of space at 6200 The Corners Parkway, such as tenant improvement costs, operating expenses, or common area maintenance, shall be due.

7. **Representations and Warranties.**

(a) *Of the Company.* To induce Wells REF to enter into this Agreement, the Company hereby represents and warrants that:

(i) The Company is a corporation, duly organized, validly existing and in good standing under the laws of the State of Maryland with all requisite corporate power and authority and all material licenses, permits and authorizations necessary to carry out the transactions contemplated by this Agreement.

(ii) The Company's execution, delivery and performance of this Agreement have been duly authorized. This Agreement constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. The Company's execution and delivery of this Agreement and its fulfillment of and compliance with the respective terms hereof do not and will not (A) conflict with or result in a breach of the terms, conditions or provisions of, (B) constitute a default under, (C) result in the creation of any lien, security interest, charge or encumbrance upon the assets of the Company pursuant to, (D) give any third party the right to modify, terminate or accelerate any obligation under, (E) result in a violation of or (F) require any authorization, consent, approval, exception or other action by or notice to any court or administrative or governmental body pursuant to, the Articles of Incorporation or Bylaws or any law, statute, rule or regulation to which

the Company is subject, or any agreement, instrument, order, judgment or decree by which the Company is bound, in any such case in a manner that would have a material adverse effect on the ability of the Company to perform any of its obligations under this Agreement.

(b) *Of Wells REF.* To induce Company to enter into this Agreement, Wells REF represents and warrants that:

(i) Wells REF is a corporation, duly organized, validly existing and in good standing under the laws of the State of Georgia with all requisite corporate power and authority and all material licenses, permits and authorizations necessary to carry out the transactions contemplated by this Agreement.

(ii) Wells REF's execution, delivery and performance of this Agreement have been duly authorized. This Agreement constitutes a valid and binding obligation of Wells REF, enforceable against Wells REF in accordance with its terms. Wells REF's execution and delivery of this Agreement and its fulfillment of and compliance with the respective terms hereof do not and will not (A) conflict with or result in a breach of the terms, conditions or provisions of, (B) constitute a default under, (C) result in the creation of any lien, security interest, charge or encumbrance upon Wells REF's assets pursuant to, (D) give any third party the right to modify, terminate or accelerate any obligation under, (E) result in a violation of or (F) require any authorization, consent, approval, exemption or other action by or notice to any court or administrative or governmental body pursuant to, Wells REF's articles of incorporation or bylaws, or any law, statute, rule or regulation to which Wells REF is subject, or any agreement, instrument, order, judgment or decree by which Wells REF is bound, in any such case in a manner that would have a material adverse effect on the ability of Wells REF to perform any of its obligations under this Agreement.

(iii) Wells REF has received copies of the (A) Articles of Incorporation, (B) Bylaws, (C) registration statements relating to the Company's past and ongoing public offerings, and (D) the Partnership's limited partnership agreement and is familiar with the terms thereof, including without limitation the investment limitations included therein. Wells REF warrants that it will use reasonable care to avoid any act or omission that would conflict with the terms of the foregoing in the absence of the express direction of the Company.

8. **Term; Termination of Agreement.** This Agreement shall continue in force through December 31, 2013. Notwithstanding the foregoing, this Agreement may be terminated (i) by the Company for Cause, (ii) by the Company other than for Cause provided that the Company pays Wells REF the Fee Acceleration Payment and the Fee Acceleration Payment Adjustment as described in Paragraph 10 below, or (iii) by Wells REF for a material breach of this Agreement by the Company which remains uncured after 10 days' written notice or the bankruptcy of the Company. The provisions of Paragraphs 1 and 10 through 20 survive termination of this Agreement.

9. **Assignment to an Affiliate.** This Agreement may be assigned by Wells REF to an Affiliate with the approval of the Company. Wells REF may assign any rights to receive fees or other payments under this Agreement without obtaining the approval of the Company. This Agreement shall not be assigned by the Company without the consent of Wells REF, except in the case of an assignment by the Company to a corporation or other organization which is a successor to all of the assets, rights and obligations of the Company, in which case such successor organization shall be bound hereunder and by the terms of said assignment in the same manner as the Company is bound by this Agreement.



10. **Payments to Wells REF upon Termination.** After the Termination Date, Wells REF shall not be entitled to compensation for further services hereunder except it shall be entitled to receive from the Company within 30 days after the effective date of such termination all unpaid reimbursements of expenses and all earned but unpaid fees payable to Wells REF prior to termination of this Agreement. Notwithstanding the foregoing, if the Company terminates this Agreement other than for Cause, Wells REF shall be entitled to receive from the Company the Fee Acceleration Payment on or prior to the effective date of such termination and the Fee Acceleration Payment Adjustment within 45 days of December 31, 2013; provided however, that if the Fee Acceleration Payment Adjustment is negative, such amount shall be refunded to the Company within 45 days of December 31, 2013.

11. **Notices.** Any notice, report or other communication required or permitted to be given hereunder shall be in writing unless some other method of giving such notice, report or other communication is required by the Articles of Incorporation, the Bylaws, or accepted by the party to whom it is given, and shall be given by being delivered by hand or by overnight mail or other overnight delivery service to the addresses set forth herein:

To the Board and to the Company:                      Wells Real Estate Investment Trust II, Inc.  
6200 The Corners Parkway, Suite 250  
Norcross, Georgia 30092

To Wells REF:    Wells Real Estate Funds  
6200 The Corners Parkway, Suite 250  
Norcross, Georgia 30092

Either party may at any time give notice in writing to the other party of a change in its address for the purposes of this Paragraph 10.

12. **Modification.** This Agreement shall not be changed, modified, terminated, or discharged, in whole or in part, except by an instrument in writing signed by both parties hereto, or their respective successors or assignees.

13. **Severability.** The provisions of this Agreement are independent of and severable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

14. **Construction.** The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the State of Georgia.

15. **Entire Agreement.** This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing.

16. **Indulgences, Not Waivers.** Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power

or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

17. **Gender.** Words used herein regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

18. **Titles Not to Affect Interpretation.** The titles of paragraphs and subparagraphs contained in this Agreement are for convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation hereof.

19. **Execution in Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when the counterparts hereof, taken together, bear the signatures of all of the parties reflected hereon as the signatories.

20. **Name.** Wells REF has a proprietary interest in the name "Wells." Accordingly, and in recognition of this right, if at any time the Company ceases to retain Wells REF or an Affiliate thereof to provide consulting services to the Company, the Company will, promptly after receipt of written request from Wells REF, cease to conduct business under or use the name "Wells" or any derivative thereof and the Company shall use its best efforts to change the name of the Company to a name that does not contain the name "Wells" or any other word or words that might, in the sole discretion of Wells REF, be susceptible of indication of some form of relationship between the Company and Wells REF or any Affiliate thereof. Consistent with the foregoing, it is specifically recognized that Wells REF or one or more of its Affiliates has in the past and may in the future organize, sponsor or otherwise permit to exist other investment vehicles (including vehicles for investment in real estate) and financial and service organizations having "Wells" as a part of their name, all without the need for any consent (and without the right to object thereto) by the Company or its Board.

*[Signatures appear on next page.]*

IN WITNESS WHEREOF, the parties hereto have executed this Consulting Services Agreement as of the [ ] day of [ ], 2013.

WELLS REAL ESTATE INVESTMENT TRUST II, INC.

By: \_\_\_\_\_  
Name: E. Nelson Mills  
Title: President

WELLS REAL ESTATE FUNDS, INC.

By: \_\_\_\_\_  
Name: Robert M. McCullough  
Title: Vice President

**Exhibit 3 to Amendment to Transition Services Agreement**

**PROPERTY MANAGEMENT ASSET TRANSFER AGREEMENT**

This Property Management Asset Transfer Agreement (this "Agreement") is entered into as of [ ], 2013 (the "PM Asset Transfer Closing Date"), by and between Wells Real Estate Services, LLC, a Georgia limited liability company ("WRES"), Wells Real Estate Funds, Inc., a Georgia corporation ("Wells REF") and Wells Management Company, Inc., a Georgia corporation ("Wells Management"). WRES, Wells REF and Wells Management are referred to collectively herein as the "Parties."

**WHEREAS**, in connection with the execution and delivery of the Amendment to Transition Services Agreement (the "Amendment to Transition Services Agreement") by and among Wells REF, Wells Real Estate Advisory Services, II, LLC ("WREAS II"), Wells Management, WRES and Wells Real Estate Investment Trust II, Inc., a Maryland corporation ("REIT II"), Wells REF and Wells Management each has agreed to transfer, assign, convey, and deliver to WRES, and WRES will acquire and accept from Wells REF and Wells Management, the assets, properties, proprietary systems, processes, rights, and contracts necessary for WRES to provide services under the Master Property Management Leasing and Construction Management Agreement by and between REIT II, Wells Operating Partnership II, L.P. and Wells Management, in substantially the same manner as is presently being conducted; and

**WHEREAS**, pursuant to the terms of the Amendment to Transition Services Agreement, each of Wells REF, Wells Management and WRES will execute this Agreement effecting the transfer of such assets, properties, rights, and contracts.

**NOW, THEREFORE**, in consideration of the premises and the mutual promises herein made and as set forth in the Amendment to Transition Services Agreement, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows:

**ARTICLE I-DEFINITIONS**

"Lien" means any mortgage, pledge, lien, encumbrance, charge, or other security interest other than (a) mechanics', materialmen's, and similar liens, (b) liens for Taxes not yet due and payable, and (c) liens securing rental payments under capital lease arrangements.

"Party" has the meaning set forth in the preface above.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, any other business entity, or a governmental entity (or any department, agency, or political subdivision thereof).

"PM Acquired Assets" means all of the assets, properties, proprietary systems, processes, rights and contracts used in connection with the Property Management Business set forth on Acquired Assets Schedule 2.1; provided, however, that the Acquired Assets shall not include those assets owned by Wells REF and Wells Management not so listed on Acquired Assets Schedule 2.1.

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“PM Delayed Assets” has the meaning set forth in the Amendment to Transition Services Agreement.

“Property Management Business” means the provision of services by Wells REF, Wells Management and WRES to REIT II pursuant to the terms of the Property Management Agreement in substantially the same manner as is presently being conducted.

## ARTICLE II-TRANSFER OF ASSETS

### *Section 2.1-Transfer of Assets*

On and subject to the terms and conditions of this Agreement, Wells REF and Wells Management each hereby transfers, assigns, conveys, and delivers to WRES, all of the PM Acquired Assets set forth on Acquired Assets Schedule 2.1 as of the date of this Agreement free and clear of any Liens and WRES hereby acquires and accepts the PM Acquired Assets; *provided, however*, that the Parties acknowledge that the Acquired Assets that are PM Delayed Assets are not conveyed to WRES as of the PM Asset Transfer Closing Date but shall be conveyed no later than June 30, 2013.

### *Section 2.2-Assumption of Liabilities*

On and subject to the terms and conditions of this Agreement, WRES agrees to assume and thereafter pay, perform, become responsible for, and discharge all of the Assumed Liabilities set forth on Assumed Liabilities Schedule 2.2 as of the date of this Agreement. WRES will not assume or have any responsibility with respect to any other obligation or liability of Wells REF or Wells Management not included within the definition of Assumed Liabilities.

## ARTICLE III-COVENANTS

The Parties agree as follows with respect to the period following the date hereof:

### *Section 3.1-General*

In case at any time after the date hereof any further actions are necessary or desirable to carry out the purposes of this Agreement, each of the Parties will take such further actions (including the execution and delivery of such further instruments and documents) as the other Parties reasonably may request, all at the sole cost and expense of the requesting Party. Without limiting the generality of the foregoing, Wells REF and Wells Management each agrees to execute and deliver to WRES a bill of sale or assignment agreement transferring, assigning and conveying to WRES the PM Acquired Assets that are PM Delayed Assets, free and clear of any Liens.

### *Section 3.2-Litigation Support*

In the event and for so long as any Party actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand in connection with (a) any transaction contemplated under this Agreement or (b) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the date hereof involving the Property Management Business, the other Parties will cooperate with the contesting or defending Party and its counsel in the contest or defense, make available its personnel, and provide such testimony and access to its books and records as shall be necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending Party.

**Section 3.3-Transition**

Wells REF and Wells Management will not take any action that is designed or intended to have the effect of discouraging any lessor, licensor, customer, supplier, or other business associate of Wells REF or Wells Management from maintaining the same business relationships with WRES with respect to the Property Management Business after the date hereof as it maintained with Wells REF or Wells Management prior to the date hereof.

**ARTICLE V-MISCELLANEOUS**

**Section 5.1-Press Releases and Public Announcements**

No Party shall issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of the other Party; provided, however, that any Party may make any public disclosure it believes in good faith is required by applicable law or any listing or trading agreement concerning its publicly traded securities (in which case the disclosing Party will use its reasonable best efforts to advise the other Parties prior to making the disclosure).

**Section 5.2-No Third-Party Beneficiaries**

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

**Section 5.3-Entire Agreement**

This Agreement (including the Transition Services Agreement and the Amendment to Transition Services Agreement and the exhibits thereto and the other documents referred to herein and therein) constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they relate in any way to the subject matter hereof.

**Section 5.4-Succession and Assignment**

This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Parties.

**Section 5.5-Counterparts**

This Agreement may be executed in one or more counterparts (including by means of facsimile), each of which shall be deemed an original but all of which together will constitute one and the same instrument.

**Section 5.6-Headings**

The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

**Section 5.7-Notices**

All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given (a) when delivered personally to the recipient, (b) 1 business day after being sent to the recipient by reputable overnight

courier service (charges prepaid), (c) 1 business day after being sent to the recipient by facsimile transmission or electronic mail, or (d) 4 business days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, and addressed to the intended recipient as set forth below:

*If to Wells REF or Wells Management:*

Wells Real Estate Funds, Inc.  
6200 The Corners Parkway  
Norcross, Georgia 30039  
Attention: Robert M. McCullough

*Copy to:*

Alston & Bird LLP  
1201 West Peachtree Street  
Atlanta, Georgia 30309  
Attention: Mark C. Kanaly

*If to WRES:*

c/o Wells Real Estate Funds, Inc.  
6200 The Corners Parkway  
Norcross, Georgia 30039  
Attention: Nelson Mills

*Copy to:*

DLA Piper LLP (US)  
4141 Parklake Avenue Suite 300  
Raleigh, NC 27612-2350  
Attention: Robert Bergdolt

Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

**Section 5.8-Governing Law**

This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Georgia without giving effect to any choice or conflict of law provision or rule (whether of the State of Georgia or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Georgia.

**Section 5.9-Amendments and Waivers**

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by WRES, Wells REF and Wells Management. The Parties acknowledge that they will not amend or waive any provision of this Agreement without the prior written consent of REIT II. No waiver by any Party of any provision of this Agreement or any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be valid unless the same shall be in writing and signed by the Party making such waiver, nor shall such waiver be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

**Section 5.10-Severability**

Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

**Section 5.11-Expenses**

Each of WRES, Wells Management and Wells REF will bear its own costs and expenses (including

legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

**Section 5.12-Construction**

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or non-U.S. statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

**Section 5.13-Employee Benefit Matters**

At and as of the date hereof, WRES will adopt, assume, and make available to the Property Management Employees Employee Benefit Plans substantially similar to the existing Employee Benefit Plans that are currently being maintained or to which contributions are made solely for the benefit of current and former Wells REF employees and each trust, insurance contract, annuity contract, or other funding arrangement thereunder. Wells REF will transfer (or cause the plan administrators to transfer) at and as of the date hereof all of the corresponding assets associated with the Employee Benefit Plans that WRES is adopting and assuming. With respect to each Multiemployer Plan, the Parties shall take all actions necessary to comply with the requirements of ERISA §4204. Nothing herein shall limit WRES's ability to modify its Employee Benefits Plans from and after the date hereof (provided, however, the ability to make changes to such Employee Benefit Plans will be limited based on enrollment periods and any applicable legal requirements).

**Section 5.13-Bulk Transfer Laws**

WRES acknowledges that Wells REF and Wells Management will not comply with the provisions of any bulk transfer laws of any jurisdiction in connection with the transactions contemplated by this Agreement.

*[Signature Page Follows]*



**IN WITNESS WHEREOF**, the Parties hereto have executed this Property Management Asset Transfer Agreement as of the date first above written.

**WELLS REF:**

Wells Real Estate Funds, Inc.

By:

Name:

Title:

**WELLS MANAGEMENT**

Wells Management Company, Inc.

By:

Name:

Title:

**WRES:**

Wells Real Estate Services, LLC

By:

Name:

Title:

**Exhibit 4 to the Amendment to Transition Services Agreement**

**ASSIGNMENT AND ASSUMPTION AGREEMENT**

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this “Agreement”), dated as of [ ], 2013 (the “Assignment Effective Date”) is made by and between Wells Real Estate Funds, Inc., a Georgia corporation (“Wells REF”) and Wells Management Company, Inc., a Georgia corporation (“Wells Management”) to [Wells Real Estate Investment Trust II, Inc., a Maryland corporation or Wells Operating Partnership II, L.P. (“REIT II”)].

**WHEREAS**, Wells REF owns all of the issued and outstanding shares of Wells Management and Wells Management owns all of the issued and outstanding limited liability company membership interests in Wells Real Estate Services, LLC, a Georgia limited liability company (“WRES”);

**WHEREAS**, each of Wells REF, Wells Management, WRES, and REIT II are parties to the Transition Services Agreement, as amended by the Amendment to Transition Services Agreement (as amended, the “Transition Services Agreement”), whereby REIT II is granted the option to acquire all issued and outstanding limited liability company membership interests in WRES held by Wells Management, and all rights, title, benefits, privileges and interests therein (the “Units”), upon delivery of written notice (the “WRES Option Notice”) to Wells REF of the exercise of such; and

**WHEREAS**, REIT II has duly delivered the WRES Option Notice to Wells REF, evidencing its desire to acquire and assume the Units.

**NOW, THEREFORE**, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

1. **Recitals**. The foregoing recitals are made a part of this Agreement.
  2. **Definitions**. All capitalized terms used in this Agreement but not otherwise defined herein are given the meanings set forth in the Transition Services Agreement.
  3. **Transfer and Assignment of the Units**. Wells Management hereby grants, conveys, assigns, transfers and delivers the Units to REIT II, and its successors and assigns, and REIT II hereby accepts such Units (including without limitation, all of Wells Management's right, title, benefits, privileges and interest in and to the profits, losses, distributions, and capital of WRES represented by the Units) as of the date hereof.
  4. **Acceptance of Assignment**. REIT II hereby accepts the assignment and transfer of Wells Management's right, title, benefits, privileges and interest in and to the Units. Notwithstanding any provision in WRES's limited liability company operating agreement to the contrary, REIT II is hereby admitted as the sole member of WRES. Effective as of the execution and delivery of this Agreement by all parties hereto, Wells Management shall no longer be a member of WRES.
-

5. Representations and Warranties of Wells REF. Wells REF and Wells Management represent and warrant to REIT II that, (a) each of the representations and warranties made by Wells REF and Wells Management in the Transition Services Agreement and the Property Management Asset Transfer Agreement are true and correct in all respects as of the date hereof; (b) WRES has no obligations or liabilities to Wells REF, Wells Management or any of their affiliates; (c) WRES's current assets are not less than its current liabilities and WRES has no indebtedness or other long-term liabilities; (d) WRES is not in default under any contract to which WRES is a party and has made all payments when due under such contracts; and (e) WRES has operated in the ordinary course of business since the Effective Date of the Amendment to the Transition Services Agreement. Wells REF and REIT II agree that the actual current assets and current liabilities as of the Assignment Effective Date shall be finally determined no later than thirty (30) days following the Assignment Effective Date. If current liabilities exceed current assets as finally determined, then Wells REF shall be responsible for the deficiency, after taking into account any reimbursement obligations of REIT II under the Property Management Agreement for periods prior to the Assignment Effective Date.

6. Indemnification. REIT II hereby agrees to cause WRES to indemnify, defend and hold harmless Wells REF and Wells Management and their successors and assigns, of and from any and all costs, liabilities and expense, including court costs and attorneys fees, arising from or connected with the operation of the Property Management Business by WRES or REIT II after the Assignment Effective Date. Wells REF and Wells Management hereby agree to indemnify, defend and hold harmless REIT II and WRES, and their successors and assigns, of and from any and all costs, liabilities and expenses, including court costs and attorney fees, arising from or connected with the operation of the Property Management Business by WRES, Wells REF or Wells Management before the Assignment Effective Date.

7. Further Assurances. Wells REF and Wells Management hereby each covenant and agree that, at any time and from time to time after the delivery of this Agreement, at REIT II's request and expense, Wells REF and Wells Management, and their successors and assigns, will do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, any and all such further acts, conveyances, transfers, assignments, powers of attorney and assurances as REIT II reasonably may require to more effectively grant, convey, assign, transfer, set over to or vest in REIT II the Units, or to otherwise carry into effect the intent and purposes of this Agreement.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia without reference to the choice of law principles thereof.

9. Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns.

10. Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original, but all of which shall be considered one and the same agreement.

[Signature page follows]

IN WITNESS WHEREOF, this Assignment and Assumption Agreement has been signed by or on behalf of each of the parties as of the date first written above.

WELLS REF:

Wells Real Estate Funds, Inc.

By:

Name:

Title:

WELLS MANAGEMENT:

Wells Management Company, Inc.

By:

Name:

Title:

REIT II:

[Wells Real Estate Investment Trust II, Inc.]

By:

Name:

Title:

**Exhibit 5 to the Amendment to Transition Services Agreement**

**INVESTOR SERVICES AGREEMENT**

THIS INVESTOR SERVICES AGREEMENT, effective as of \_\_\_\_\_, 2013, is between WELLS REAL ESTATE INVESTMENT TRUST II, INC., a Maryland corporation (the "Company"), and WELLS REAL ESTATE FUNDS, INC., a Georgia corporation ("Wells REF").

W I T N E S S E T H

WHEREAS, the Company desires to avail itself of the experience, sources of information, assistance and certain facilities available to Wells REF with respect to stockholder services and communications and to have Wells REF undertake the duties and responsibilities hereinafter set forth, on behalf of, and subject to the supervision of the Company all as provided herein;

WHEREAS, Wells REF is willing to undertake to render such services, subject to the supervision of the Company, on the terms and conditions hereinafter set forth;

WHEREAS, the Company and Wells REF are currently parties to an investor services agreement that became effective on January 1, 2013, covering the period from January 1, 2013 through December 31, 2013 (the "Renewal Investor Services Agreement");

WHEREAS, the sole consideration to Wells REF for the stockholder services and communications provided by Wells REF pursuant to the Renewal Investor Services Agreement is the reimbursement of expenses related to the services subject to an overall cap on such expenses;

WHEREAS, the Company and Wells REF now desire to enter a new investor services agreement to provide for the payment of certain fees for the stockholder services and communications provided by Wells REF and to remove the cap on the reimbursement of certain expenses, with the new investor services agreement to be effective upon the expiration of the Renewal Investor Services Agreement, and covering the period from termination of the Renewal Investor Services Agreement through December 31, 2013 (this "Agreement");

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. **Definitions.** As used in this Agreement, the following terms have the definitions hereinafter indicated:

*Advisor.* Wells Real Estate Advisory Services II, LLC, a Georgia limited liability corporation, any successor advisor to the Company, or any Person(s) to which Wells Real Estate Advisory Services II, LLC or any successor advisor subcontracts substantially all of its functions.

*Affiliate or Affiliated.* An Affiliate of another Person includes only the following: (i) any Person directly or indirectly controlling, controlled by, or under common control with such other Person; (ii) any Person directly or indirectly owning, controlling, or holding with the power to vote 10% or more of the

outstanding voting securities of such other Person; (iii) any legal entity for which such Person acts as an executive officer, director, trustee, or general partner; (iv) any Person 10% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held, with power to vote, by such other Person; and (v) any executive officer, director, trustee, or general partner of such other Person. An entity shall not be deemed to control or be under common control with a Wells REF-sponsored program unless (i) the entity owns 10% or more of the voting equity interests of such program or (ii) a majority of the board (or equivalent governing body) of such program is comprised of Affiliates of the entity.

*Articles of Incorporation.* The Articles of Incorporation of the Company under Title 2 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended from time to time.

*Bylaws.* The bylaws of the Company, as the same are in effect from time to time.

*Code.* Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor provision thereto, as interpreted by any applicable regulations as in effect from time to time.

*Company.* Wells Real Estate Investment Trust II, Inc., a corporation organized under the laws of the State of Maryland.

*Distributions.* Any distributions of money or other property by the Company to owners of Shares, including distributions that may constitute a return of capital for federal income tax purposes.

*Partnership.* Wells Operating Partnership II, L.P., a Delaware limited partnership formed to own and operate properties on behalf of the Company.

*Person.* An individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c) (17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, or any government or any agency or political subdivision thereof, and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

*REIT.* A “real estate investment trust” under Sections 856 through 860 of the Code.

*Shares.* The Company's shares of common stock, par value \$0.01 per share.

*Wells REF.* Wells Real Estate Funds, Inc., a Georgia corporation.

2. **Appointment.** The Company hereby appoints Wells REF to provide stockholder services and communications on the terms and conditions set forth in this Agreement, and Wells REF hereby accepts such appointment.

3. **Duties and Authority of Wells REF.** Wells REF undertakes to provide the Company's stockholder services and communications, which include, but are not limited to, the following activities:

(a) ensuring that all activities regarding the services of a registered transfer agent are performed, including but not limited to escheatment services, proxy services, quarterly stockholder statements, stockholder confirmations, re-registrations, transfers, distributions, dividend reinvestments and any other stockholder record-keeping and reporting;

(b) the logistics and, in certain cases where required, the production of written materials for all required communications with stockholders, including the annual report, quarterly statements, proxy services, and other required notices to stockholders;

(c) the logistics and production of written materials for all other communications deemed necessary, but not required, to stockholders and financial advisors;

(d) maintaining the services of the client services call center in the manner and at a relative level of service consistent in all material respects with that provided to the Company prior to the date of this Agreement;

(e) facilitation of all annual tax reporting requirements to stockholders, including responding to client service calls relating to tax reporting;

(f) all necessary compliance and risk management functions relating to the above activities;

(g) all necessary information technology support and services as related to the above activities; and

(h) any other client services and stockholder communications services that were previously being performed for the Company by the Advisor prior to the date of this Agreement.

To facilitate Wells REF's performance of these services, but subject to the restrictions included in Paragraphs 4 and 6, the Company hereby delegates to Wells REF the authority to, and Wells REF hereby agrees to, either directly or by engaging an Affiliate:

(a) maintain and preserve the books and records of the Company, including a stock ledger reflecting a record of the stockholders and their ownership of the Shares and overseeing and interfacing with the transfer agent for the Shares; and

(b) with respect to the provision of stockholder and communications activities contemplated by this Agreement, investigate, select, and, on behalf of the Company, engage and conduct business with such Persons as Wells REF deems necessary to the proper performance of its obligations hereunder, including but not limited to transfer agents, correspondents, technical advisors, attorneys, escrow agents, depositories, custodians, and any and all agents for any of the foregoing, including Affiliates of Wells REF, and Persons acting in any other capacity deemed by Wells REF necessary or desirable for the performance of any of the foregoing services, including but not limited to entering into contracts in the name of the Company for which it has the express written consent of the Company with any of the foregoing.

4. **Modification or Revocation of Authority of Wells REF.** The Company may, at any time upon the giving of notice to Wells REF, modify or revoke the authority or approvals set forth in Paragraph 3, provided however, that such modification or revocation shall be effective upon receipt by Wells REF and shall not be applicable to transactions to which Wells REF has committed the Company prior to the date of receipt by Wells REF of such notification.

5. **Records; Access.** Wells REF shall maintain appropriate records of all its activities hereunder and make such records available for inspection by the Company and by counsel, auditors and authorized agents of the Company, at any time or from time to time during normal business hours.

6. **Limitations on Activities.** Notwithstanding anything to the contrary in this Agreement, Wells REF shall refrain from taking any action which, in its sole judgment made in good faith, would violate any

law, rule, regulation or statement of policy of any governmental body or agency having jurisdiction over the Company or the Articles of Incorporation or Bylaws, except if such action shall be ordered by the Company, in which case Wells REF shall notify promptly the Company of Wells REF's judgment of the potential impact of such action and shall refrain from taking such action until it receives further clarification or instructions from the Company. In such event Wells REF shall have no liability for acting in accordance with the specific instructions of the Company so given.

7. **Fees.**

(a) *Transfer Agent Support Fees.* Wells REF shall be paid, as compensation for the transfer agent support services rendered to the Company hereunder, a monthly fee for each investor account (the "Transfer Agent Support Fee") in an amount equal to one-twelfth of \$5.41. The Transfer Agent Support Fee is intended to compensate Wells REF for the services listed on Exhibit A attached hereto.

(b) *Client Services Fees.* Wells REF shall be paid, as compensation for the client services rendered to the Company hereunder, a monthly fee for each investor account (the "Client Services Fee") in an amount equal to one-twelfth of \$2.52. The Client Services Fee is intended to compensate Wells REF for the services listed on Exhibit A attached hereto.

(c) *Investor Communication Fees.* Wells REF shall be paid, as compensation for services rendered to the Company in connection with investor communications a per project fee of \$100 per hour (the "Investor Communication Fee"). The Investor Communication Fee is intended to compensate Wells REF for the time spent by Wells REF preparing communication materials requested by the Company and will be billed at an hourly rate per each project requested by the Company.

8. **Expenses.**

(a) *Reimbursable Expenses.* The Company shall reimburse Wells REF for all of the third party expenses paid or incurred by Wells REF in connection with the services it provides to the Company pursuant to this Agreement, including, but not limited to:

- (i) the actual cost of goods and services used by the Company and obtained from entities not affiliated with Wells REF;
- (ii) all expenses in connection with meetings of stockholders;
- (iii) expenses in connection with payments of Distributions in cash or otherwise made or caused to be made by the Company to the stockholders; and
- (iv) expenses related to maintaining communications with stockholders, including the cost of printing, and mailing annual reports and other stockholder reports, proxy statements and other reports required by governmental entities.

Administrative service expenses, including all costs and expenses incurred by Wells REF in fulfilling its duties hereunder, such as reasonable wages and salaries and other employee-related expenses of all employees of Wells REF or its Affiliates, including taxes, insurance and benefits relating to such employees, and legal, travel and other out-of-pocket expenses are not reimbursable expenses under this Agreement.

(b) *Other Services.* Should the Company request that Wells REF or any director, officer or employee thereof render services for the Company other than set forth in Paragraph 3, such services shall



be separately compensated at such rates and in such amounts as are mutually agreed by Wells REF and the Company and shall not be deemed to be services pursuant to the terms of this Agreement.

(c) *Timing of Reimbursements.* Expenses incurred by Wells REF on behalf of the Company and payable pursuant to this Paragraph 8 shall be reimbursed to Wells REF on a at least a monthly basis. Wells REF shall prepare a statement documenting the expenses of the Company during each quarter, and shall deliver such statement to the Company within 45 days after the end of each quarter.

9. **Other Activities of Wells REF.** *General.* Nothing contained herein shall preclude Wells REF from engaging in other activities, including, without limitation, the rendering of advice to other Persons (including other REITs) and the management of other programs advised, sponsored or organized by Wells REF or its Affiliates; nor shall this Agreement limit or restrict the right of any director, officer, employee, or stockholder of Wells REF or its Affiliates to engage in any other business or to render services of any kind to any other partnership, corporation, firm, individual, trust or association. Wells REF shall report to the Company the existence of any condition or circumstance, existing or anticipated, of which it has knowledge, which creates or could create a conflict of interest between Wells REF's obligations to the Company pursuant to this Agreement and its obligations to or its interest in any other partnership, corporation, firm, individual, trust or association.

10. **Representations and Warranties.**

(a) **Of the Company.** To induce Wells REF to enter into this Agreement, the Company hereby represents and warrants that:

(i) The Company is a corporation, duly organized, validly existing and in good standing under the laws of the State of Maryland with all requisite corporate power and authority and all material licenses, permits and authorizations necessary to carry out the transactions contemplated by this Agreement.

(ii) The Company's execution, delivery and performance of this Agreement have been duly authorized. This Agreement constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. The Company's execution and delivery of this Agreement and its fulfillment of and compliance with the respective terms hereof do not and will not (A) conflict with or result in a breach of the terms, conditions or provisions of, (B) constitute a default under, (C) result in the creation of any lien, security interest, charge or encumbrance upon the assets of the Company pursuant to, (D) give any third party the right to modify, terminate or accelerate any obligation under, (E) result in a violation of or (F) require any authorization, consent, approval, exception or other action by or notice to any court or administrative or governmental body pursuant to, the Articles of Incorporation or Bylaws or any law, statute, rule or regulation to which the Company is subject, or any agreement, instrument, order, judgment or decree by which the Company is bound, in any such case in a manner that would have a material adverse effect on the ability of the Company to perform any of its obligations under this Agreement.

(b) **Of Wells REF.** To induce Company to enter into this Agreement, Wells REF represents and warrants that:

(i) Wells REF is a corporation, duly organized, validly existing and in good standing under the laws of the State of Georgia with all requisite corporate power and authority and all material licenses, permits and authorizations necessary to carry out the transactions contemplated by this Agreement.

(ii) Wells REF's execution, delivery and performance of this Agreement have been duly authorized. This Agreement constitutes a valid and binding obligation of Wells REF, enforceable against Wells REF in accordance with its terms. Wells REF's execution and delivery of this Agreement and its fulfillment of and compliance with the respective terms hereof do not and will not (A) conflict with or result in a breach of the terms, conditions or provisions of, (B) constitute a default under, (C) result in the creation of any lien, security interest, charge or encumbrance upon Wells REF's assets pursuant to, (D) give any third party the right to modify, terminate or accelerate any obligation under, (E) result in a violation of or (F) require any authorization, consent, approval, exemption or other action by or notice to any court or administrative or governmental body pursuant to, Wells REF's articles of incorporation or bylaws, or any law, statute, rule or regulation to which Wells REF is subject, or any agreement, instrument, order, judgment or decree by which Wells REF is bound, in any such case in a manner that would have a material adverse effect on the ability of Wells REF to perform any of its obligations under this Agreement.

(iii) Wells REF has received copies of the (A) Articles of Incorporation, (B) Bylaws, and (C) the Partnership's limited partnership agreement and is familiar with the terms thereof. Wells REF warrants that it will use reasonable care to avoid any act or omission that would conflict with the terms of the foregoing in the absence of the express direction of the Company.

11. **Term; Termination of Agreement.** This Agreement shall commence on \_\_\_\_\_, 2013 and continue in force through December 31, 2013. This Agreement may be continued for an unlimited number of successive one-year renewals upon mutual consent of the parties.

12. **Termination by Either Party.** This Agreement may be terminated upon 60 days written notice without cause or penalty, by either party. The provisions of Paragraphs 1, 5, 6, and 14 through 23 shall survive the termination of this Agreement.

13. **Assignment to an Affiliate.** This Agreement may be assigned by Wells REF to an Affiliate with the approval of the Company. Wells REF may assign any rights to receive fees or other payments under this Agreement without obtaining the approval of the Company. This Agreement shall not be assigned by the Company without the consent of Wells REF, except in the case of an assignment by the Company to a corporation or other organization which is a successor to all of the assets, rights and obligations of the Company, in which case such successor organization shall be bound hereunder and by the terms of said assignment in the same manner as the Company is bound by this Agreement.

14. **Payments to and Duties of Wells REF upon Termination.**

(a) Upon termination of this Agreement by either party, Wells REF shall not be entitled to reimbursement for further services hereunder except it shall be entitled to receive from the Company within 30 days after the effective date of such termination all unpaid reimbursements of expenses and all accrued but unpaid fees payable to Wells REF prior to termination of this Agreement

(b) Wells REF shall promptly upon termination:

(i) deliver to the Company the book and records of the Company; and

(ii) cooperate with the Company to provide an orderly transition of services provided pursuant to this Agreement.

15. **Notices.** Any notice, report or other communication required or permitted to be given hereunder shall be in writing unless some other method of giving such notice, report or other communication

is required by the Articles of Incorporation, the Bylaws, or accepted by the party to whom it is given, and shall be given by being delivered by hand or by overnight mail or other overnight delivery service to the addresses set forth herein:

To the Company: Wells Real Estate Investment Trust II, Inc.  
6200 The Corners Parkway, Suite 250  
Norcross, Georgia 30092

To Wells REF: Wells Real Estate Funds, Inc.  
6200 The Corners Parkway, Suite 250  
Norcross, Georgia 30092

Either party may at any time give notice in writing to the other party of a change in its address for the purposes of this Paragraph 15.

16. **Modification.** This Agreement shall not be changed, modified, terminated, or discharged, in whole or in part, except by an instrument in writing signed by both parties hereto, or their respective successors or assignees.

17. **Severability.** The provisions of this Agreement are independent of and severable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

18. **Construction.** The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the State of Georgia.

19. **Entire Agreement.** This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing.

20. **Indulgences, Not Waivers.** Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

21. **Gender.** Words used herein regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

22. **Titles Not to Affect Interpretation.** The titles of paragraphs and subparagraphs contained in this Agreement are for convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation hereof.

23. **Execution in Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when the counterparts hereof, taken together, bear the signatures of all of the parties reflected hereon as the signatories.

*[Signatures appear on next page.]*

IN WITNESS WHEREOF, the parties hereto have executed this Investor Services Agreement on \_\_\_\_\_, 2013.

WELLS REAL ESTATE INVESTMENT TRUST II, INC.

By:  
Name: E. Nelson Mills  
Title: President

WELLS REAL ESTATE FUNDS, INC.

By:  
Name:  
Title:

## Exhibit A

### *Transfer Agent Support Services*

<b><i>Task Description</i></b>	<b><i>Summary</i></b>
Inbound Investor Escalated Calls - REIT	Work with DST to establish escalation procedures for Inbound Investor Calls. Provide on-going resolution for escalated inquiries and coordinate with the Fund when needed.
Inbound Rep Escalated Calls - REIT	Work with DST to establish escalation procedures for Inbound Rep Calls. Provide on-going resolution for escalated inquiries and coordinate with the Fund when needed.
DST Vision - Support and approvals	Review and process the daily volume of inbound DSS requests related to DST Vision. Follow-up with Financial Representative, BD Employee or third party Financial Institution when necessary.
DST FANMail - Support and approvals	Review and process the daily volume of inbound DSS requests related to DST FANMail. Follow-up with Financial Representative, BD Employee or third party Financial Institution when necessary.
Escalated Service / Historical Research Issues - Call Center	Coordinate and execute historical research for Call Center items that come up for the period before DST began taking front line Investor and Rep calls.
Quality Review / Reporting and Delivering Feedback	Review and provide feedback on a handful of recorded calls from the DST Call Center team on a bi-weekly basis.
Interest Adjustments	Draft, review and approve interest adjustment requests that come in related to share impacting transactions.
Client Services E-mail Inbox	Review and respond to the daily volume of inbound email inquiries from Investors, Reps and Third Party Financial Institutions.
NIGO Resolution - REIT	Coordinate resolution on Not in Good Order items related to Financial transactions through outbound contacts to Investors, Reps and Third Party Financial Institutions.
Written Inquiry Processing	Coordinate the processing of Written Inquiry requests from Investors, Reps and Third Party Financial Institutions. This includes reviewing each request and drafting or communicating the appropriate response within the specified timeframe as well as logging the requests for historical reporting purposes.
Employee Training & Development and Corporate/Department Vision	Coordinate ongoing training for the Wells Client Services team on industry initiatives as well as product announcements.
DST Call Center Training	Coordinate ongoing training for the DST Client Services team on industry initiatives as well as product announcements.
Sales Support - Operational Communications and Initiatives	Coordinate educating the Sales team on Operational initiatives that will impact current and new investors as well as their Reps and BD's.
Broker Dealer Back Office Relationship Management	Maintain and grow existing and new relationships with Key Broker Dealer contacts to facilitate existing business and help resolve day to day issues that come up. Relationships become critical when major product events occur that impact the Rep and BD community.
Custodian Back Office Relationship Management	Maintain and grow existing and new relationships with Key Custodian contacts to facilitate existing business and help resolve day to day issues that come up. Relationships become critical when major product events occur that impact the Financial Institution community.
Issuer Communications	Provide Business and Compliance review and approval on Operational and Issuer communication that are being sent to Investors and Reps. This also includes communications related to Sponsored IRA programs through State Street and Reliance
Forms and Applications - Updates, Annual Review and Record Keeping	Coordinate the annual review and update process to ensure the forms used by Investors and Reps in the REIT products we support are accurate and as simple as possible. This includes working with Wells Marketing to make the updates and providing Business and Compliance sign-off.
Forms and Applications - Updating Third Party Vendors	Ensure the most current product forms are provided and available on LaserApps, Quikforms, WellsAccess and DST Vision
Statements - Inserts and Marketing Information	Responsible for Business review on all statement inserts. In some cases, also responsible for Compliance sign-off.
WellsAccess - Look and Feel, Content - Updates	Responsible for the content, layout and information that is available to Reps and BD's via WellsAccess. Also, responsible for reviewing and approving all new Registration requests that are submitted for new users.

Proxy - Vendor Relationship Management	Responsible for overseeing the Third Party Vendor that is contracted to help carryout and pass any Annual or Special proxies for the REIT products we support
Proxy - Communication Coordination and Review	Includes coordinating the business and in some cases, Compliance sign-off for the following items: - Householding Mailing - Proxy Search Card Mailing - Proxy Mailing ( Typically includes Annual Report) - Catch-up Mailing - Reminder Mailings
Proxy - Call Center Scripting and Training	Working with the Vendor to put together and get Business and Compliance sign-off on the script for the IVR, script to be used by the Vendor Call Center for solicitation purposes. This also includes providing Training to Vendor Call Center for more complicated proposals
Proxy - Record Keeping	Keeping historical records of the Annual and Special Proxy mailing lists, various communications and voting files
Proxy - Call Center Support	Wells Client Services team has helped solicit votes from the largest stockholders in various proxies to help achieve the required number of votes
NIGO Letters - Look and Feel, Content - Updates	Responsible for ensuring the day to day Investor, Rep and Third Party communication for Not In Good Order processing is as clear and concise as possible. Also, responsible for the Compliance sign-off.
DST FANWeb - Look and Feel - Updates	Responsible for confirming the content, disclosures and messaging is current and as accurate as possible
Mail Room / Scanning	Responsible for opening, sorting and directing any Investor Account related mail is forwarded to the appropriate Transfer Agent for processing.
Monitoring and Enforcing Work Queue and SLAs	Monitor DST to ensure timely and accurate processing of the daily work for the Fund including but not limited to using business intelligence tools and a battery of custom data quality reports
Monthly Written Inquiry Reporting	Provide monthly reports to Wells Compliance to document that Written Inquiry responses are being turned around within the SEC guidelines
Fund / Product Board Reporting - CS Information	Compile and validate data to put together performance indicators that are presented to the Board on a quarterly basis
Tax Basis Requests - Current	Work with Wells IT to develop account level reports that provide the historical information an Investor would need to calculate their tax basis.
Misc - Projects	Hours allocated for one-off projects and tasks that always come up through out the year

**Investor Communication Services**

<i>Task Description</i>	<i>Summary</i>
Custodian Distribution File Support - REITs	Using relationships at various custodian partners, create and maintain quarterly distribution files used to post dividends to investor accounts.
Custodian Position File Support - REITs	Using relationships at various custodian partners, create and maintain monthly position files used to post account balances to investor accounts.
Issuer Communications Mailing List Validations	Support the investor communication process by providing mailing list validation and approvals ensuring that accurate data is provided to the mail vendors
Proxy Support	Provide validation support for proxy process including but not limited to: share counts and investor counts verification, mailing file validation Review all data pulled by Wells IT and Third Party Vendor to ensure the appropriate investor information is being populated
CDLY - Look and Feel - Updates	Ensure daily confirmation statements (for ongoing account maintenance and re-registrations) contain current and accurate Fund information.
Checks - Look and Feel - Updates	Ensure dividend and redemption checks contain current and accurate Fund information
Tax Reporting - Look and Feel - Updates	Ensure year end tax forms contain current and accurate Fund information
Monitoring and Enforcing Work Queue and SLAs	Monitor DST to ensure timely and accurate processing of the daily work for the Fund including but not limited to using business intelligence tools and a battery of custom data quality reports Daily activity includes account updates (Such as address changes, rep changes, etc.) transfers and re-registrations, redemptions, dividend check reissues, etc. Monthly activity averages around 3,000 - 4,000 transactions Several people play a role in this process that entails recurring conference calls to set priorities, manage projects, discuss system updates / implementations, etc.
Quarterly Distribution - REITs - Oversight - Includes Ownership of the Statement	Oversee the quarterly statement and distribution process, including but not limited to: coordinating the successful transfer and quality control of statement data files from DST to SCICOM, validate the custom rep file that Wells sends as a supplement (this is needed for a number of reasons, most famous is to get the rep photo on the statement) updating disclosures, validating control totals, validating distribution calculations, reviewing statement samples, on-site vendor visits, etc. During the month leading up to the statement and for a few days after the statements are mailed, this process requires more than one FTE.
Redemptions - Daily Oversight	Review pending redemptions entered by DST to ensure accuracy, research and resolve any errors
Rep Maintenance - Daily Oversight	Research and resolve issues related to FA relationships to investor accounts
Escalated Issue Resolution	Assist DST operations, Wells call center and DST call center in researching and resolving various service related issues for investor accounts
National Change of Address (NCOA)	Oversee the quarterly NCOA process, provide certification to Wells compliance
Requests for Information	Provide recurring custom monthly and quarterly assets under management reports to broker dealers, provide various ad-hoc reports to broker dealers for due diligence purposes.
SEC / FINRA Audit Support	Provide ad-hoc reports to satisfy regulatory requests for specific investor information. These requests come both directly to Wells and through our broker dealers.
Redemption Summary Reporting - Accounting / Boards / Doug	Including but not limited to - redemption accrual, redemptions by month and category, life to date redemptions by type
Internal and Independent Audit Support	Produce documents used by internal audit to validate proper controls are in place. Example - quarterly distribution packets provided to internal audit
Daily Fund Balancing and Reconciliation	Run daily reports used to create a schedule used to provide a sign-off to the Fund each month, research and resolve reconciling items for the Fund



Redemptions - Monthly Balancing and Funding	Review pending redemptions entered by DST to ensure accuracy, research and resolve any errors, coordinate monthly balancing and funding with DST and the Fund
DST Invoicing	Oversee vendor invoices, allocate expenses and provide to Fund, produce estimated budgets and projections
SCICOM Invoicing	Oversee vendor invoices, allocate expenses and provide to Fund, produce estimated budgets and projections, postage request and funding
Year End DST Tax Support	Oversee year-end tax processing - includes completing annual technical requirements, developing account test samples, providing reallocation numbers, providing training to staff on any tax form updates, coordinating year-end RMD and fair market value mailing
Convert to Universal Dealer / SalesConnect	Conversion project in process to alter the source system of FA and BD information and to take advantage of DST's Universal Dealer Database and support team. This project also requires the redesign of many internal Wells systems such as integration with the datawarehouse (needed to continue to support many reporting requirements, etc.), WellsAccess and SalesForce, SCICOM statements, etc. The scope of this project is on par with the integration of Salesforce.com. I would estimate that close to 1,000 hours will have been used once the project is completed in Q1 2013.
Misc - Projects	Hours allocated for one-off projects and tasks that always come up through out the year

**Transfer Agent Support Services and Investor Communication Services**

<i>Task Description</i>	<i>Summary</i>
Subpoena responses	Determine requirements, gather documents and prepare responses
Tax Basis Requests - Future	Work with DST to implement a more automated solution that can be used distributed to Investors on demand or as part of an exit event
Convert State Street IRAs to First Trust	Work with DST, marketing, compliance, etc. to coordinate the conversion of over 50,000 accounts to DST's new custodian vendor. Draft communication to interested parties Update all references to State Street in all print and electronic media
Convert statement vendor from SCICOM to DSTO	Work with DST to design new statements for the Fund. The conversion project requires dedicated resources over at least a six month period. The resources design, test and implement all aspects of a statement conversion.
Pre-listing activities for REIT II	The anticipated scope of a listing project will require over 1,000 hours from OPS / CS
Transition workload from exiting staff	Several hundred hours have been used to work on transitioning tasks from exiting staff. The transitions have in many cases required the remaining staff to redesign processes in order to support the new organization structure.
Implementation of A.I. Industry Initiatives	Work with Transfer Agent and Third Party Financial Institutions to participate in AIP initiative that is being rolled out via the DTCC. Timeframe and workload TBD. We expect that system changes, new procedures as well as internal and external communication and education will need to be developed tested and rolled out.

[\(Back To Top\)](#)**Section 9: EX-10.12 (AMENDMENT TO PROPERTY MANAGEMENT AGREEMENT)**

Exhibit 10.12

**Amendment to Master Property Management, Leasing and****Construction Management Agreement**

This Amendment to the Master Property Management, Leasing and Construction Management Agreement (the "Amendment"), dated as of December 28, 2012, is between Wells Real Estate Investment Trust II, Inc., a Maryland corporation ("Wells REIT II"), Wells Operating Partnership II, L.P., a Delaware limited partnership ("Wells OP II"), and Wells Management Company, Inc., a Georgia corporation ("Manager").

WHEREAS, Wells REIT II, Wells OP II and Wells Management are parties to that certain Master Property Management, Leasing and Construction Management Agreement effective as of July 1, 2012 (the "Property Management Agreement");

WHEREAS, Wells REIT II, Wells Real Estate Funds, Inc. ("Wells REF"), Advisor (as defined in the Property Management Agreement) and Manager have entered into that certain Transition Services Agreement, effective July 1, 2012, as amended by the Amendment to Transition Services Agreement dated as of December 28, 2012 (as amended, the "TSA");

WHEREAS, in connection with and as consideration for Wells REIT II entering into the Amendment to Transition Services Agreement, Wells REF has agreed to cause Manager to enter into this Amendment amending the Property Management Agreement.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Property Management Agreement.
2. Section 6.1 of the Property Management Agreement is hereby amended to add a new Section 6.1.D as follows:

"Immediately upon the WRES Option Closing (as defined in the Transition Services Agreement by and among Wells Real Estate Funds, Inc., Wells Real Estate Advisory Services II, LLC and Wells REIT II effective July 1, 2012 as amended by the Amendment to Transition Services Agreement between such parties, Manager and Wells Real Estate Services, LLC dated December 28, 2012)."

3. Except as otherwise specifically set forth herein, the terms of the Property Management Agreement shall remain in full force and effect.

4. This Amendment shall be governed by and construed and enforced in accordance with the laws of the State of Georgia, without regard to the conflict of law principles thereof.

5. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

*[Signature Page Follows.]*

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Master Property Management, Leasing and Construction Management Agreement as of the 28th day of December, 2012.

WELLS REAL ESTATE INVESTMENT TRUST II, INC.

By: /s/ E. Nelson Mills  
Name: E. Nelson Mills  
Title: President

WELLS OPERATING PARTNERSHIP II, L.P.

By: /s/ Randy Fretz  
Name: Randy Fretz  
Title: Vice President

WELLS MANAGEMENT COMPANY, INC.

By: /s/ Douglas P. Williams  
Name: Douglas P. Williams  
Title: Vice President

Amendment to Master Property Management, Leasing and Construction Management Agreement Signature Page

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**Section 10: EX-21.1 (SUBSIDIARIES OF COLUMBIA PROPERTY TRUST, INC.)**

**Exhibit 21.1**

**Subsidiaries of the Registrant**

Wells Operating Partnership II, L.P. ("Wells OP II")  
Wells REIT II-80 M Street, LLC  
Wells REIT II-100 East Pratt LLC  
100 East Pratt Street Business Trust  
Wells TRS II, LLC  
Wells REIT II-2000 Park Lane Business Trust  
Wells REIT II Texas, Inc  
Wells REIT II-Park Lane Parcel 19 Business Trust  
Wells REIT II-Cranberry Woods Development, Inc  
Wells REIT II-1200 Morris Business Trust  
Market Square East & West, LLC  
Wells REIT II - Market Square East & West, LLC  
Wells REIT II - KCP, LLC  
Wells KCP TRS, LLC  
Wells Energy TRS, LLC  
Wells REIT II - Market Square Lender, LLC  
Wells OP II LP, LLC  
WRII-Property Management, LLC

**Indirect Subsidiaries of the Registrant**

Wells TRS II-Fitness, LLC  
Wells TRS II-Hotel, LLC  
Wells TRS II-Concierge, LLC

Wells REIT II - 544 Lakeview, LLC  
Wells TRS II - 544 Lakeview, LLC  
Key Center Lessee Limited Partnership

**Direct Subsidiaries of Wells OP II  
(each single member LLCs)**

Wells REIT II-Republic Drive, LLC  
Wells REIT II-9 Technology Drive, LLC  
Wells REIT II-180 Park Avenue, LLC  
Wells REIT II-One Glenlake, LLC  
Wells REIT II-Opus/Finley Portfolio, LLC  
Wells REIT II-Wildwood Properties, LLC  
Wells REIT II-Emerald Point, LLC  
Wells REIT II-Emerald Point, LP  
Wells REIT II-Gaithersburg MD, LLC (formerly known as MR 270 NMD I, LLC)  
Wells REIT II-Corridors III, LLC  
Wells REIT II-Highland Landmark III, LLC  
Wells REIT II-180 Park Avenue B105, LLC  
Wells Governor's Pointe 4241 Irwin Simpson, LLC  
Wells Governor's Pointe 8990 Duke, LLC  
Wells REIT II-5995 Opus Parkway, LLC  
Wells REIT II-215 Diehl Road, LLC  
Wells REIT II-8909 Purdue Road, LLC  
Wells REIT II-180 East 100 South, LLC  
Wells Robbins Road, LLC  
2420 Lakemont Avenue MM, LLC  
Wells REIT II-University Circle, LP  
Wells REIT II-University Circle, LLC  
Wells REIT II-Key Center, LLC  
Wells REIT II-MacArthur Ridge I, LLC  
Wells REIT II-MacArthur Ridge I, LP

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Wells REIT II-5 Houston Center, LP  
Wells REIT II-Tampa Commons, LLC  
Wells REIT II-LakePointe 3, LLC  
Wells REIT II-LakePointe 5, LLC  
Wells REIT II-Utah Parking, LLC  
Wells REIT II-11950 Corporate Boulevard, LLC  
Wells REIT II-263 Shuman Boulevard, LLC  
Wells REIT II-80 Park Plaza, LLC  
Wells REIT II-4300 Centreway Place, LP  
Wells REIT II-4300 Centreway Place, LLC  
Wells REIT II-Edgewater Corporate Center One, LLC  
Wells REIT II-International Financial Tower, LLC  
Wells REIT II-SanTan Corporate Center I, LLC  
Wells REIT II-SanTan Corporate Center II, LLC  
Wells REIT II-Sterling Commerce, LP  
Wells REIT II-Sterling Commerce, LLC  
Wells REIT II-One Century Place, LLC  
Wells REIT II-Eagle Rock Executive Office Center IV, LLC  
Wells REIT II-Pasadena Corporate Park, LP  
Wells REIT II-Pasadena Corporate Park, LLC  
Wells REIT II-7031 Columbia Gateway Drive, LLC  
Wells REIT II-222 East 41<sup>st</sup> Street, LLC  
Wells REIT II-Bannockburn Lakes III, LLC  
Wells REIT II-South Jamaica Street, LLC  
Wells REIT II-15815 25<sup>th</sup> Avenue, LLC  
Wells REIT II-16201 25<sup>th</sup> Avenue, LLC  
Wells International Real Estate II (CY) Ltd  
Wells REIT II-Parkside/Atlanta, LLC  
Wells REIT II-1277 LPB Atlanta, LLC  
Wells REIT II-Three Glenlake, LLC  
Wells REIT II-1580 A&B West Nursery, LLC  
Wells REIT II-1580 A&B West Nursery Land, LLC  
Wells REIT II-13655 Riverport Drive, LLC  
Wells REIT II-11200 W. Parkland, LLC  
Wells REIT II-Lindbergh Center, LLC  
Wells REIT II-147 South Street UT, LLC  
Wells REIT II-Lakehurst Britton, LLC  
Wells REIT II-550 King Street, LLC  
Wells REIT II-Energy Center I, LLC  
Wells REIT II-200 Orange Street, LLC  
Wells REIT II-800 Brookside, LLC  
Wells REIT II-333 Market Street, LLC

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#### Indirect Subsidiaries of Wells OP II

Wells REIT II/Lincoln-Highland Landmark III, LLC  
Wells REIT II-Robbins Road, LLC  
Nashoba View Ownership, LLC  
2420 Lakemont Avenue, LLC  
Key Center Properties, LLC  
Landlink Ltd.  
Eastvale Finance Limited  
I-10 EC Corridor Limited Partnership  
Wells REIT II - Energy Center I GP, LLC  
Three Glenlake Building, LLC

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#### Section 11: EX-23.1 (CONSENT)

Exhibit 23.1

#### CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Post-Effective Amendment No. 7 to Form S-11 to Registration Statement No. 333-144414 on Form S-3 of our report dated February 28, 2013, relating to the consolidated financial statements and consolidated financial statement schedule of Columbia Property Trust, Inc. (formerly Wells Real Estate Investment Trust II, Inc.) appearing in the Annual Report on Form 10-K of Columbia Property Trust, Inc. for the year ended December 31, 2012, and to the reference to us under the heading "Experts" in the Prospectus, which is part of such Registration Statement.

/s/ Deloitte & Touche LLP

Atlanta, Georgia  
February 28, 2013

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**Section 12: EX-23.2 (CONSENT)**

**Exhibit 23.2**

**CONSENT OF INDEPENDENT AUDITORS**

We consent to the incorporation by reference in the Post Effective Amendment No. 7 to Form S-11 to Registration Statement No. 333-144414 on Form S-3 of our report dated February 27, 2013, relating to the Wells Real Estate Advisory Services II, LLC and Wells Real Estate Services, LLC carve-out combined financial statements as of and for the years ended December 31, 2012 and 2011, appearing in the Annual Report on Form 10-K of Columbia Property Trust, Inc. for the year ended December 31, 2012.

/s/ Frazier & Deeter, LLC

February 27, 2013  
Atlanta, Georgia

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**Section 13: EX-31.1 (SECTION 302 PEO CERTIFICATION)**

**EXHIBIT 31.1**  
**PRINCIPAL EXECUTIVE OFFICER**  
**CERTIFICATION**  
**PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**  
**(18 U.S.C. 1350)**

I, E. Nelson Mills, certify that:

1. I have reviewed this quarterly report on Form 10-K of Columbia Property Trust, Inc. for the quarter ended December 31, 2012;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 28, 2013

By: /s/ E. Nelson Mills  
E. Nelson Mills  
Principal Executive Officer

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**Section 14: EX-31.2 (SECTION 302 PFO CERTIFICATION)**

**EXHIBIT 31.2**  
**PRINCIPAL FINANCIAL OFFICER**  
**CERTIFICATION**  
**PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**  
**(18 U.S.C. 1350)**

I, Wendy W. Gill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Columbia Property Trust, Inc. for the quarter ended December 31, 2012;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 28, 2013

By: /s/ Wendy W. Gill  
 Wendy W. Gill  
 Principal Financial Officer

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## Section 15: EX-32.1 (SECTION 906 PEO AND PFO CERTIFICATIONS)

### EXHIBIT 32.1

#### CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)

In connection with the Quarterly Report of Columbia Property Trust, Inc. (the "Registrant") on Form 10-Q for the quarter ended December 31, 2012, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, E. Nelson Mills, Principal Executive Officer of the Registrant, and Wendy W. Gill, Principal Financial Officer of the Registrant, hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) that, to the best of our knowledge and belief:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ E. NELSON MILLS

E. Nelson Mills  
 Principal Executive Officer  
 February 28, 2013

/s/ WENDY W. GILL

Wendy W. Gill  
 Principal Financial Officer  
 February 28, 2013

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## Section 16: EX-99.1 (SIXTH AMENDED AND RESTATED SRP)

Exhibit 99.1

### SIXTH AMENDED AND RESTATED SHARE REDEMPTION PROGRAM (effective as of February 28, 2013)

The board of directors (the "**Board**") of Columbia Property Trust, Inc., a Maryland corporation (the "**Company**"), has adopted this Sixth Amended and Restated Share Redemption Program (the "**SRP**"), the terms and conditions of which are set forth below. Capitalized terms shall have the same meaning as set forth in the Company's charter unless otherwise defined herein.

1. **Share Redemption.** Subject to the terms and conditions of this SRP, including the limitations on redemptions set forth in paragraph 3 and the procedures for redemption set forth in paragraph 4, the Company will redeem such number of shares of the Company's Common Stock ("**Shares**") as requested by a stockholder or the authorized representative of a stockholder.

2. **Redemption Price.** The price at which the Company will redeem a Share depends on whether the redemption is sought within two years of a stockholder's death or Qualifying Disability (as defined in paragraph 6 below) or in connection with a stockholder's (or stockholder's spouse) qualifying for federal assistance for confinement to a Long-Term Care Facility (as defined in paragraph 7 below) (collectively, a "**Special Redemption**"). The redemption of a Share that is not a Special Redemption is referred to herein as an "**Ordinary Redemption**."



a. The price that the Company will pay to redeem a Share pursuant to an Ordinary Redemption is \$6.25.

b. The price that the Company will pay to redeem a Share pursuant to a Special Redemption is the most recent estimated per Share value as determined based on an appraisal of the Company's assets and liabilities and as publicly disclosed by the Company.

The prices to be paid pursuant to this paragraph 2 shall be adjusted as appropriate for any stock dividends, combinations, splits and recapitalizations and for aggregate distributions per Share of any net sale proceeds from the sale of one or more of the Company's assets, and for other special distributions so designated by the Board. The Company will report the redemption price in its annual report and three quarterly reports publicly filed with the Securities and Exchange Commission.

3. Limitations on Redemption. Notwithstanding anything contained in this SRP to the contrary, the Company's obligation to redeem Shares pursuant to paragraph 1 hereof is limited as follows:

a. The Company will not redeem Shares from those who purchased their Shares from another stockholder if the date of such purchase is after July 27, 2010. A "purchase" shall not include transfers by gift, transfers by inheritance, intrafamily transfers, transfers as a result of family dissolutions, transfers to affiliates and transfers by operation of law. For the avoidance of doubt, once Shares are transferred for value by a stockholder, if such transfer occurs after the date of the announcement referenced above, the transferee and all subsequent holders of the Shares are not eligible to participate in this SRP.

b. Except as set forth in paragraph 5(a) below, the Company will not make an Ordinary Redemption of a Share until such Share has been issued and outstanding for at least one year, provided that, if the Company is redeeming all of a stockholder's Shares, then the Company will redeem

Shares purchased by such stockholder pursuant to the Company's distribution reinvestment plan even if such Shares have not been issued and outstanding for at least one year.

c. The Company will not redeem Shares on any Redemption Date to the extent that such redemptions would cause the total number of Shares redeemed (excluding those within two years of a stockholder's death) during the then-current calendar year to exceed 5% of the weighted-average number of Shares outstanding in the prior calendar year. Redemption requests precluded by this limit will not be considered for the limit below.

d. The Company will not redeem Shares on any Redemption Date to the extent that such redemption would cause both (i) the aggregate amount paid for all redemptions (including those within two years of a stockholder's death) during the then-current calendar year to exceed 100% of the net proceeds from the Company's distribution reinvestment plan during such calendar year, and (ii) the total number of all Shares redeemed (including those within two years of a stockholder's death) during the then-current calendar year to exceed 5% of the weighted-average number of Shares outstanding in the prior calendar year.

4. Procedures for Redemption. The Company will redeem Shares on the last business day of each month (each such date, a “**Redemption Date**”) and in all events on a date other than a distribution payment date. For a stockholder's Shares to be eligible for redemption on a given Redemption Date, the Company must receive a written redemption request from the stockholder or from an authorized representative of the stockholder setting forth the number of Shares requested to be redeemed at least five business days before the Redemption Date. If the Company cannot repurchase all Shares presented for redemption in any month because of the limitations on redemption set forth in paragraphs 3(a) and (b), then the Company will honor redemption requests on a pro rata basis, except that if a pro rata redemption would result in a stockholder owning less than \$1,000, then the Company would redeem all of such stockholder's Shares.

If the Company does not completely satisfy a redemption request at month-end because the Company did not receive the request in time or because of the limitations on redemption set forth in paragraphs 3(a) and (b), then the Company will treat the unsatisfied portion of the redemption request as a request for redemption at the next Redemption Date on which funds are available for redemption, unless the redemption request is withdrawn. Any stockholder can withdraw a redemption request by sending written notice to the Company at the address set forth in paragraph 8, provided such notice is received before the Redemption Date.

5. Provisions Relating to Special Redemptions. Notwithstanding anything herein to the contrary, the Company will treat Special Redemption requests differently than Ordinary Redemptions, as follows:

- a. There is no requirement that Shares be issued and outstanding for at least one year before being redeemed; and
- b. The special redemption pricing terms set forth in paragraph 2(b) will apply.

Except as specifically set forth in paragraph 3 and this paragraph 5, Special Redemptions are subject to the same limitations and terms and conditions as other redemptions, including the redemption request procedures set forth in paragraph 4. A stockholder that is a trust may only redeem on the terms available in connection with a Special Redemption if the deceased or disabled was or is the sole

beneficiary of the trust or if the only other beneficiary of the trust was or is the spouse of the deceased or disabled.

6. Qualifying Disability Determinations. In order for a stockholder's disability (a "**Qualifying Disability**") to entitle such stockholder to the special redemption terms described in paragraph 5, (a) the stockholder must receive a determination of disability based upon a physical or mental condition or impairment arising after the date the stockholder acquired the Shares to be redeemed, and (b) such determination of disability must be made by the governmental agency responsible for reviewing the disability retirement benefits that the stockholder could be eligible to receive (the "**Applicable Government Agency**"). The Applicable Government Agencies are limited to the following: (i) if the stockholder paid Social Security taxes and, therefore, could be eligible to receive Social Security disability benefits, then the Applicable Governmental Agency is the Social Security Administration or the agency charged with responsibility for administering Social Security disability benefits at that time if other than the Social Security Administration; (ii) if the stockholder did not pay Social Security taxes and, therefore, could not be eligible to receive Social Security disability benefits, but the stockholder could be eligible to receive disability benefits under the Civil Service Retirement System ("**CSRS**"), then the Applicable Governmental Agency is the U.S. Office of Personnel Management or the agency charged with responsibility for administering CSRS benefits at that time if other than the Office of Personnel Management; or (iii) if the stockholder did not pay Social Security taxes and, therefore, could not be eligible to receive Social Security benefits but suffered a disability that resulted in the stockholder's discharge from military service under conditions that were other than dishonorable and, therefore, could be eligible to receive military disability benefits, then the Applicable Governmental Agency is the Department of Veterans Affairs or the agency charged with the responsibility for administering military disability benefits at that time if other than the Department of Veterans Affairs.

A disability determination by a governmental agency for purposes other than those listed above, including but not limited to worker's compensation insurance, administration or enforcement of the Rehabilitation Act or Americans with Disabilities Act, or waiver of insurance premiums will not be considered a Qualifying Disability. Redemption requests following an award by the Applicable Governmental Agency of disability benefits must be accompanied by (a) the investor's initial application for disability benefits, and (b) a Social Security Administration Notice of Award, a U.S. Office of Personnel Management determination of disability under CSRS, a Department of Veterans Affairs record of disability-related discharge or such other documentation issued by the Applicable Governmental Agency that the Company deems acceptable and that demonstrates an award of the disability benefits.

Because the following disabilities do not entitle a worker to Social Security disability benefits, they will not be considered Qualifying Disabilities, except in the limited circumstances when the investor is awarded disability benefits by the other Applicable Governmental Agencies described above:

- a. disabilities occurring after the legal retirement age;
- b. temporary disabilities; and
- c. disabilities that do not render a worker incapable of performing substantial gainful activity.

7. Qualifying for Federal Assistance for Confinement to a Long-Term Care Facility. With respect to the Special Redemption terms described in paragraph 5 sought in connection with a stockholder's (or stockholder's spouse) qualifying for federal assistance for confinement to a Long-Term Care Facility, a "**Long-Term Care Facility**" shall mean an institution that: (a) either (i) is approved by

Medicare as a provider of skilled nursing care, or (ii) is licensed as a skilled nursing home by the state or territory in which it is located (it must be within the United States, Puerto Rico, or U.S. Virgin Islands); and (b) meets all of the following requirements: (i) its main function is to provide skilled, intermediate or custodial nursing care; (ii) it provides continuous room and board to three or more persons; (iii) it is supervised by a registered nurse or licensed practical nurse; (iv) it keeps daily medical records of all medication dispensed; and (v) its primary service is other than to provide housing for residents.

A stockholder seeking a Special Redemption of his or her Shares in order to qualify for federal assistance for confinement of the stockholder (or the stockholder's spouse) to a Long-Term Care Facility must submit: (a) a written statement from a licensed physician certifying either (i) the continuous and continuing confinement of the stockholder (or the stockholder's spouse) to a Long-Term Care Facility beginning at any time in the last two years, or (ii) that the licensed physician has determined that the stockholder (or the stockholder's spouse) should be or is eligible to be indefinitely confined to a Long-Term Care Facility; and (b) evidence satisfactory to the Company in its sole discretion that the redemption of the Shares and complete or partial exhaustion of the redemption proceeds is necessary for the stockholder (or the stockholder's spouse) to meet the income or asset levels required by applicable state or federal assistance programs in order to qualify for state or federal assistance in paying for his or her Long-Term Care Facility.

The Company may not effect a Special Redemption of Shares if the stockholder seeking redemption was confined to (or eligible to be confined to) a Long-Term Care Facility on the date he or she became a stockholder. If the Shares are not held by a natural person, or through a revocable grantor trust or an IRA or other retirement or profit sharing plan, then the right of redemption described in this paragraph 7 does not apply.

8. Termination, Suspension or Amendment of the SRP by the Company. The Company may amend, suspend or terminate the SRP for any reason upon 30 days' notice to the Company's stockholders; provided that the effective date of any amendment may be accelerated as determined by the board of directors if the amendment does not adversely affect the rights of redeeming stockholders. The Company is not restricted in the manner in which it may notify stockholders of an amendment, suspension or termination of the SRP.

The SRP provides stockholders a limited ability to redeem Shares for cash until a secondary market develops for the Shares. If and when such a secondary market develops, the SRP will terminate automatically.

9. Address for Notice of Redemption Requests. Stockholders who desire to redeem their Shares must provide written notice to Columbia Property Trust Investor Services, c/o DST Systems, Inc., P.O. Box 219073, Kansas City, Missouri 64121-9073.

10. Liability of the Company. The Company shall not be liable for any act done in good faith or for any good faith omission to act.

11. Governing Law. The SRP shall be governed by the laws of the State of Maryland.

## **Section 17: EX-99.2 (PRO FORMA FINANCIAL STATEMENTS)**

**Exhibit 99.2**

### **COLUMBIA PROPERTY TRUST, INC.**

#### **Summary of Unaudited Pro Forma Financial Statements**

This pro forma information should be read in conjunction with the consolidated financial statements and notes thereto of the Registrant included herein on its annual report filed on Form 10-K for the twelve months ended December 31, 2012. In addition, this pro forma information should be read in conjunction with the financial statements and notes thereto of certain acquired entities included as an exhibit to this current report.

From inception through February 27, 2013, Columbia Property Trust, Inc. ("Columbia Property Trust") has operated as an externally advised REIT pursuant to an advisory agreement under which a subsidiary of Wells Real Estate Funds ("WREF"), including most recently Wells Real Estate Advisory Services II, LLC ("WREAS II"), and its affiliates performed certain key functions on behalf of Columbia Property Trust, including, among others, managing the day-to-day operations, investing capital proceeds and arranging financings. Also during this period of time, a subsidiary of WREF, including most recently Wells Real Estate Services, LLC ("WRES"), provided the personnel necessary to carry out property management services on behalf of Wells Management Company, Inc. ("Wells Management") and its affiliates pursuant to a property management agreement.

On February 28, 2013, Columbia Property Trust terminated the advisory and property management agreements and acquired WREAS II and WRES. As a result, the services described above will be performed by employees of Columbia Property Trust going forward. Contemporaneous with this transaction, Columbia Property Trust entered into a consulting agreement and an investor services agreement with WREF for the remainder of 2013. While no fees were paid to execute this transaction, Columbia Property Trust will pay fees to WREF for consulting and investor services for the remainder of 2013 (the "Self-Management Transactions").

The following unaudited pro forma balance sheet as of December 31, 2012 has been prepared to give effect to the Self-Management Transactions as if they occurred on December 31, 2012. The following unaudited pro forma statement of operations for the twelve months ended December 31, 2012, has been prepared to give effect to the Self-Management Transactions as if they occurred on January 1, 2012. These unaudited pro forma financial statements are prepared for informational purposes only and are not necessarily indicative of future results or of actual results that would have been achieved had the Self-Management Transactions been consummated as of December 31, 2012 with respect to the pro forma balance sheet, or as of January 1, 2012 with respect to the pro forma statement of operations.

**COLUMBIA PROPERTY TRUST, INC.**  
**PRO FORMA CONSOLIDATED BALANCE SHEET**  
**AS OF DECEMBER 31, 2012**  
(in thousands, unaudited)

	Historical (a)	Self-Management Transactions	Pro Forma Total
<b>Assets:</b>			
Real estate assets, at cost:			
Land	\$ 789,237	\$ —	\$ 789,237
Buildings and improvements	3,468,218	—	3,468,218
Intangible lease assets	341,460	—	341,460
Construction in progress	12,680	—	12,680
Total real estate assets	4,611,595	—	4,611,595
Cash and cash equivalents	53,657	2,860	56,517
Tenant receivables	134,099	—	134,099
Prepaid expenses and other assets	29,373	99 (b)	
		1,980 (c)	31,452
Due from affiliates	—	2,215 (d)	
		(1,920) (e)	295
Deferred financing costs	10,490	—	10,490
Intangible lease origination costs	206,927	—	206,927
Deferred lease costs	98,808	—	98,808
Investment in development authority bonds	586,000	—	586,000
Total assets	\$ 5,730,949	\$ 5,234	\$ 5,736,183
<b>Liabilities:</b>			
Line of credit and notes payable	\$ 1,401,618	\$ —	\$ 1,401,618
Bonds payable	248,678	—	248,678
Accounts payable, accrued expenses, and accrued capital expenditures	102,858	36,250 (f)	
		1,364 (g)	140,472
Due to affiliates	1,920	(1,920) (e)	
		391 (h)	391
Deferred income	28,071	—	28,071
Intangible lease liabilities	98,298	—	98,298
Obligations under capital leases	586,000	—	586,000
Total liabilities	2,467,443	36,085	2,503,528
<b>Commitments and Contingencies</b>			
	—		
<b>Redeemable Common Stock</b>			
	99,526	—	99,526
<b>Equity:</b>			
Common stock	5,476	—	5,476
Additional paid-in capital	4,897,782	—	4,897,782
Cumulative distributions in excess of earnings	(1,634,531)	(36,250) (f)	
		1,980 (c)	
		3,419 (i)	(1,665,382)
Redeemable common stock	(99,526)	—	(99,526)
Other comprehensive (loss) income	(5,221)	—	(5,221)
Total Columbia Property Trust, Inc. stockholders' equity	3,163,980	(30,851)	3,133,129
Nonredeemable noncontrolling interests	—	—	—
Total equity	3,163,980	(30,851)	3,133,129
Total liabilities, redeemable common stock, and equity	\$ 5,730,949	\$ 5,234	\$ 5,736,183

**NOTES TO UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET  
AS OF DECEMBER 31, 2012**

- (a) Historical balances were extracted from the historical consolidated balance sheet as of December 31, 2012 of Columbia Property Trust, included herein on page F-3.
- (b) Reflects WREAS II's and WRES' prepaid 2013 operating expenses.
- (c) Reflects goodwill related to the in-place work force acquired in connection with the Self-Management Transactions, estimated based on the cost to assemble such workforce.
- (d) Reflects the amounts due to WREAS II and WRES from affiliated real estate funds, primarily related to asset management services provided by WREAS II and property management services provided by WRES.
- (e) Reflects the elimination of amounts due from/to Columbia Property Trust and WREAS II/WRES as of December 31, 2012, which is comprised of the following (in thousands):
- |                                    |    |                     |
|------------------------------------|----|---------------------|
| Administrative reimbursements      | \$ | 1,360               |
| Asset and property management fees |    | <u>560</u>          |
| Total                              | \$ | <u><u>1,920</u></u> |
- (f) Reflects fees incurred under the consulting services agreement (\$30.50 million) and the transition services agreements (\$5.75 million) upon executing the Self Management Transactions, which are payable monthly throughout 2013.
- (g) Reflects payroll accruals and administrative expenses owed to third-party vendors by WREAS II and WRES.
- (h) Reflects the administrative expenses owed by WREAS II and WRES to affiliated entities, primarily for operating expenses paid on WREAS II's and WRES' behalf by Wells Management or Wells Capital, Inc.
- (i) Reflects the balance of members' equity of WREAS II and WRES as of December 31, 2012.
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**COLUMBIA PROPERTY TRUST, INC.**  
**PROFORMA CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
(in thousands, unaudited)

	Historical (a)	Self-Management Transactions	Pro Forma Total
<b>Revenues:</b>			
Rental income	\$ 442,284	\$ —	\$ 442,284
Tenant reimbursements	104,863	—	104,863
Hotel income	23,049	—	23,049
Other property income	6,495	55,071 (b)	
		(36,462) (c)	
		(15,824) (d)	9,280
	576,691	2,785	579,476
<b>Expenses:</b>			
Property operating costs	173,466	—	173,466
Hotel operating costs	18,362	—	18,362
Asset and property management fees:			
Related-party	34,394	(34,394) (c)	—
Other	2,826	—	2,826
Depreciation	114,107	—	114,107
Amortization	97,649	—	97,649
Impairment loss on real estate assets	—	—	—
General and administrative	25,163	24,190 (e)	
		(15,824) (d)	
		34,270 (f)	
		(1,311) (h)	
		(126) (i)	66,362
Acquisition fees and expenses	1,876	(1,500) (j)	376
	467,843	5,305	473,148
<b>Real estate operating income</b>	108,848	(2,520)	106,328
<b>Other income (expense):</b>			
Interest expense	(106,391)	—	(106,391)
Interest and other income	39,871	2,941 (g)	
		(1,311) (h)	
		(126) (i)	
		(1,500) (j)	39,875
Loss on interest rate swaps	(1,225)	—	(1,225)
	(67,745)	4	(67,741)
<b>Income (loss) before income tax (expense) benefit</b>	41,103	(2,516)	38,587
<b>Income tax (expense) benefit</b>	(586)	—	(586)
<b>Income (loss) from continuing operations</b>	40,517	(2,516)	38,001
<b>Discontinued operations:</b>			
Operating income (loss) from discontinued operations	(12,591)	2,068 (c)	(10,523)
Gains on dispositions of discontinued operations	20,117	—	20,117
<b>Income from discontinued operations</b>	7,526	2,068	9,594
<b>Net income (loss)</b>	48,043	(448)	47,595
<b>Less: net income attributable to nonredeemable noncontrolling interests</b>	(4)	—	(4)
<b>Net income (loss) attributable to the common stockholders of Wells Real Estate Investment Trust II, Inc.</b>	\$ 48,039	\$ (448)	\$ 47,591

**NOTES TO UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2012**

- (a) Historical balances were extracted from the audited consolidated statements of operations as of December 31, 2012 of Columbia Property Trust included herein on page F-4.
- (b) Reflects asset and property management fees, and salary and expense reimbursements earned by WREAS II and WRES during 2012.
- (c) Reflects the elimination of asset and property management fees of \$32.0 million and \$4.5 million, respectively, incurred by Columbia Property Trust for services provided by WREAS II and WRES during 2012. Of the total fees incurred, \$2.1 million relates to nine properties sold in December 2012 for \$260.5 million, and is, therefore, included in operating income (loss) from discontinued operations.
- (d) Reflects the elimination of salary and expense reimbursements incurred by Columbia Property Trust related to services provided by WREAS II and WRES during 2012.
- (e) Reflects general and administrative costs incurred by WREAS II and WRES during 2012, primarily related to salaries and benefits and information technology costs.
- (f) Reflects fees incurred under the consulting services agreement (\$30.5 million) and the transition services agreements (\$5.75 million) upon executing the Self Management Transactions, which are payable monthly throughout 2013. A portion of these fees (\$1.98 million) was allocated to goodwill (which is included in prepaid and other assets on the balance sheet) based on the estimated value of the workforce acquired from WREAS II and WRES by Columbia Property Trust.
- (g) Reflects the fees earned by WREAS II in connection with: (h) the sale of nine properties for \$260.5 million in December 2012, (i) leasing space to Columbia Property Trust at WREF's corporate headquarters from July 2012 through December 2012, and (j) the acquisition of the 333 Market Street Building for \$395.0 million in December 2012.
- (h) Reflects the elimination of the disposition fees payable to WREAS II related to selling nine properties in December of 2012 for \$260.5 million.
- (i) Reflects the elimination of the \$26,000 per month of rent payable to WREAS II in connection with leasing space at the WREF's corporate headquarters from July 2012 through December 2012.
- (j) Reflects the elimination of the acquisition fees payable to WREAS II related to the acquisition of the 333 Market Street Building for \$395.0 million in December 2012.

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**Section 18: EX-99.3 (WREAS II AND WRES FINANCIAL STATEMENTS)**

Exhibit 99.3

**Carve-Out Combined Financial Statements  
Wells Real Estate Advisory Services II, LLC  
and Wells Real Estate Services, LLC  
Years Ended December 31, 2012 and 2011**

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Wells Real Estate Advisory Services II, LLC  
and Wells Real Estate Services, LLC  
Carve-Out Combined Financial Statements  
Years Ended December 31, 2012 and 2011

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## INDEPENDENT AUDITORS' REPORT

To the Members and Management  
Wells Real Estate Advisory Services II, LLC  
and Wells Real Estate Services, LLC  
Norcross, Georgia

We have audited the accompanying carve-out combined financial statements of Wells Real Estate Advisory Services II, LLC and Wells Real Estate Services, LLC (collectively, the Company) which are comprised of the carve-out combined balance sheets as of December 31, 2012 and 2011, and the related carve-out combined statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the carve-out combined financial statements.

### **Management's Responsibility for the Carve-Out Combined Financial Statements**

Management is responsible for the preparation and fair presentation of these carve-out combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of carve-out combined financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these carve-out combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the carve-out combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the carve-out combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the carve-out combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the carve-out combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the carve-out combined financial statements referred to above present fairly, in all material respects, the financial position of Wells Real Estate Advisory Services II, LLC and Wells Real Estate Services, LLC as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Frazier & Deeter, LLC

Atlanta, Georgia  
February 27, 2013

Wells Real Estate Advisory Services II, LLC  
and Wells Real Estate Services, LLC  
Carve-Out Combined Balance Sheets

	December 31,	
	2012	2011
Assets:		
Cash	\$ 2,860,285	\$ 140,658
Due from affiliates	2,215,000	3,951,541
Prepaid expenses and other assets	99,244	31,815
Total assets	\$ 5,174,529	\$ 4,124,014
Liabilities:		
Accounts payable and accrued expenses	\$ 1,364,148	\$ 1,147,019
Due to affiliates	391,362	989,017
Total liabilities	1,755,510	2,136,036
Commitments and contingencies	—	—
Members' equity	3,419,019	1,987,978
Total liabilities and members' equity	\$ 5,174,529	\$ 4,124,014

*See accompanying notes.*

Wells Real Estate Advisory Services II, LLC  
and Wells Real Estate Services, LLC  
Carve-Out Combined Statements of Operations

	Years Ended December 31	
	2012	2011
Revenues:		
Asset management fees	\$ 32,000,000	\$ 32,093,942
Acquisition and advisory fees	1,500,000	1,304,896
Property management and leasing fees	6,037,243	6,621,272
Salary and general and administrative expense reimbursements	17,034,376	17,468,489
Disposition fees	1,311,400	—
Other income	129,648	85,564
	<b>58,012,667</b>	<b>57,574,163</b>
Expenses:		
Salaries and benefits	17,673,556	17,063,935
Deferred compensation expense	680,802	222,550
General and administrative	5,835,879	7,812,989
	<b>24,190,237</b>	<b>25,099,474</b>
Net income	<b>\$ 33,822,430</b>	<b>\$ 32,474,689</b>

*See accompanying notes.*

Wells Real Estate Advisory Services II, LLC  
and Wells Real Estate Services, LLC  
Carve-Out Combined Statements of Changes in Members' Equity

	<u>Members' Equity</u>
Balance, December 31, 2010	\$ 3,048,978
Member contributions	3,720,992
Member distributions	(37,256,681)
Net income	32,474,689
Balance, December 31, 2011	<u>1,987,978</u>
Member contributions	17,849,981
Member distributions	(50,241,370)
Net income	33,822,430
Balance, December 31, 2012	<u><u>\$ 3,419,019</u></u>

*See accompanying notes.*

Wells Real Estate Advisory Services II, LLC  
and Wells Real Estate Services, LLC  
Carve-Out Combined Statements of Cash Flows

	Years ended December 31	
	2012	2011
<b>Operating activities:</b>		
Net income	\$ 33,822,430	\$ 32,474,689
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Due from affiliates	1,736,541	1,012,661
Prepaid expenses and other assets	(67,429)	121,068
Accounts payable and accrued expenses	217,129	45,773
Due to affiliates	(597,655)	10,651
Total adjustments	1,288,586	1,190,153
Net cash provided by operating activities	35,111,016	33,664,842
<b>Financing activities:</b>		
Member contributions	17,849,981	3,329,780
Member distributions	(50,241,370)	(37,256,681)
Net cash used in financing activities	(32,391,389)	(33,926,901)
 Net increase (decrease) in cash	 2,719,627	 (262,059)
 Cash:		
Beginning of the year	140,658	402,717
Ending of the year	\$ 2,860,285	\$ 140,658
<b>Supplemental disclosures of non-cash activities:</b>		
Contribution of common stock of affiliate	\$ —	\$ 391,212

*See accompanying notes.*

Wells Real Estate Advisory Services II, LLC  
and Wells Real Estate Services, LLC  
Notes to Carve-Out Combined Financial Statements

December 31, 2012 and 2011

**1. Organization and Business**

Wells Real Estate Advisory Services II, LLC (WREAS II) was organized on December 11, 2007 as a limited liability company under the Georgia Limited Liability Company Act and was wholly-owned by Wells Real Estate Funds, Inc. (WREF), of which Leo F. Wells, III is the sole stockholder. Wells Advisory Services II, LLC (WAS II) was organized on July 12, 2010 as a limited liability company under the Georgia Limited Liability Company Act and is wholly-owned by WREF. On July 12, 2010, WREF transferred ownership of WREAS II to WAS II; however, on July 27, 2012, WAS II transferred WREAS II ownership back to WREF. WAS II closed on July 30, 2012. Wells Real Estate Services, LLC (WRES), a wholly-owned subsidiary of Wells Management Company, Inc. (Wells Management), was organized on November 25, 2008 as a limited liability company under the Georgia Limited Liability Company Act.

On August 1, 2010, WREAS II entered into an advisory agreement with Wells Real Estate Investment Trust II, Inc. (Wells REIT II) and became the advisor to Wells REIT II. Prior to August 1, 2010, Wells Capital, Inc. (Wells Capital), a wholly-owned subsidiary of WREF, served as the advisor to Wells REIT II. Wells REIT II was incorporated on July 3, 2003 and commenced its initial public offering on December 1, 2003. Wells REIT II, which operates as a real estate investment trust, engages in the acquisition and ownership of commercial real estate properties, typically focusing on high-quality, income-generating office properties leased to creditworthy companies and government entities. As of June 30, 2010, Wells REIT II had raised gross offering proceeds from the sale of common stock under its public offerings of approximately \$5.7 billion. On June 30, 2010, Wells REIT II terminated the public offering. In its capacity as the advisor to Wells REIT II, WREAS II and other subsidiaries of WREF perform certain services.

Wells Management, a wholly-owned subsidiary of WREF, served as the property manager to Wells REIT II under a Master Property Leasing and Construction Management Agreement (Property Management Agreement) (See Note 3). On January 1, 2011, the Property Management Agreement was assigned to WREAS II. On July 1, 2012, the Property Management Agreement was assigned back to Wells Management with the majority of the services provided by WRES. In this capacity the Company performs managerial, leasing and other administrative services.

WRES was formed for the purpose of providing real estate property management services. WRES provides these services to Wells REIT II, Wells Core Office Income Real Estate Investment Trust, Inc. (Wells Core), affiliated public limited partnerships (the Wells LPs), Wells Section 1031 Program, and Wells Mid-Horizon Value-Added Fund I, LLC (VAF), (collectively, the Wells Products) through property management, leasing, and construction agreements.

In 2011, WREAS II directly employed five executive level personnel to act as the management team accountable for oversight of the managerial, leasing and other administrative services described above.

In addition, WREAS II used the services of personnel employed by Wells Capital and Wells Management (together, Service Providers) under Master Service Agreements with those companies. The types of services provided by Wells Capital include shareholder services, communication services, and various support services. Various real estate, accounting, and financial reporting services are provided by Wells Management. In exchange for the provision of these services to WREAS II, the Service Providers are entitled to compensation in the form of reimbursement of all expenses paid or incurred by the Service Providers in connection with the services provided to WREAS II (to the extent not reimbursable by another party).

## **1. Organization and Business (continued)**

In March 2012, WREAS II increased the number of directly employed personnel to 36, all of whom perform certain core services as outlined in the advisory agreement, including presenting, structuring, and acquiring real estate investment opportunities, entering into leases and service contracts for acquired properties, arranging for and completing the disposition of properties, and accounting and other administrative functions. WREAS II continues to rely on Wells Capital and Wells Management as Service Providers for functions not directly performed by WREAS II employees. As of December 31, 2012, WREAS II directly employed 52 people.

As of December 31, 2012, WRES directly employed 47 people, all of whom perform managerial, leasing, and other administrative services.

Collectively, any reference to the Company in these carve-out combined financial statements refers to the activities of WREAS II or WRES or to the activities of WREF and its subsidiaries while it performed the duties of advisor and property manager to Wells REIT II and to the activities of WRES as property manager to the other Wells Products.

## **2. Summary of Significant Accounting Policies**

### **Basis of Presentation**

The Company's carve-out combined financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and include accounts of WREAS II and WRES. All significant intercompany transactions have been eliminated in combination. The Company has adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification). The Codification is the single official source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities, and all of the Codification's content carries the same level of authority.

The accompanying carve-out combined financial statements and related notes thereto represent the carve-out combined balance sheets and carve-out combined statements of operations, changes in members' equity and cash flows of WREAS II, WRES and WREF and its subsidiaries for services provided to Wells REIT II in the advisor and property management roles as well as to the activities of WRES as property manager to the other Wells Products. The carve-out combined financial statements have been prepared in accordance with the Securities and Exchange Commission Staff Bulletin Topic 1-B, "Allocation of Expenses and Related Disclosure in Financial Statements of Subsidiaries, Divisions or Lesser Business Components of Another Entity." Certain assumptions and estimates were made in order to allocate a reasonable share of such expenses to WREAS II so that the accompanying carve-out combined financial statements reflect substantially all costs of doing business.

Certain corporate overhead expenses have been allocated to WREAS II and WRES, including overhead charges for personnel costs for support functions such as accounting, finance, human resources, legal and facilities, and non-personnel costs such as professional fees and other costs. Prior to 2012, the corporate overhead charges were allocated to WREAS II based upon estimated headcount relative to time dedicated to the services provided to Wells REIT II. The corporate overhead charges were allocated to WRES and, in 2012, to WREAS II based on employee headcount. In addition, personnel costs related to the acquisition and advisory services provided have been allocated to WREAS II based on the percentage of time dedicated to Wells REIT II. Management believes the bases of the allocations are reasonable.

### **Use of Estimates**

The preparation of the Company's carve-out combined financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the carve-out combined financial statements and accompanying notes. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the



## **2. Summary of Significant Accounting Policies (continued)**

### **Use of Estimates (continued)**

carve-out combined financial statements and the reported amounts of revenues and expenses during the reporting periods.

Also, certain amounts in the accompanying carve-out combined financial statements have been allocated in a way that management believes is reasonable and consistent in order to depict the historical financial position, results of operations, and cash flows of the Company on a stand-alone basis. Actual results could differ from these estimates.

### **Revenue Recognition**

Substantially all of the Company's revenues are comprised of fees and reimbursements for services provided by the Company to the Wells Products, the majority of which is earned from Wells REIT II. Such amounts are recognized by the Company when earned.

### **Reserve for Doubtful Accounts Receivable**

As of December 31, 2012 and 2011, all significant outstanding receivables are due from the Wells Products. Management believes that all significant receivables are collectible based on the financial viability of and historical collections from such affiliates. Accordingly, no reserves for such receivables have been provided for in the accompanying carve-out combined financial statements.

### **Investments in Variable Interest Entities**

The Company has evaluated its investments and relationships with affiliates to determine whether any entities qualify as variable interest entities (VIE) and, if so, determine if the Company is the primary beneficiary. The Company has evaluated its involvement with Wells REIT II. As of December 31, 2012 and 2011, Wells REIT II is considered a VIE of the Company, primarily as a result of the service provider fees charged between the Company and the VIE. The Company has determined it is not the primary beneficiary as of December 31, 2012 or 2011.

Wells REIT II was formed on July 3, 2003 as a Maryland corporation that has elected to be taxed as a real estate investment trust for federal income tax purposes. As of December 31, 2012, Wells REIT II's total debt and equity is \$1.7 million and \$3.2 billion, respectively.

See Note 3 for amounts due from Wells REIT II as of December 31, 2012 and 2011.

### **Salary and General and Administrative Expense Reimbursements**

The Company is reimbursed for certain expenses related to administrative services provided to the Wells Products by WREAS II, WRES and other WREF subsidiaries under the Advisory Agreement and Property Management Agreement (see Note 3). Such amounts are allocated among the various WREF entities based on certain allocation criteria. In the opinion of management, this allocation is a reasonable estimation of such expenses. The related reimbursements are recognized by the Company when earned.

### **Asset Management Fees**

The Company performs asset management services and records fees on a monthly basis related to all properties owned by Wells REIT II, subject to certain vacancy limitations. Such fees are recognized by the Company when earned.

## 2. Summary of Significant Accounting Policies (continued)

### Income Taxes

WREAS II and WRES are both single member limited liability companies. All federal and state income tax positions taken or anticipated to be taken in the income tax returns are attributable to the owners and not to the entities. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. Tax years that remain subject to examination by major tax jurisdictions date back to the year ended December 31, 2008. As of December 31, 2012 and 2011, there are no known items which would result in a material accrual related to where the Company has federal or state attributable tax positions.

### Risks and Uncertainties

The Company depends exclusively on the Wells Products for substantially all of its revenues. The Company's operations would be significantly impacted by a decline in services provided to the Wells Products. Consequently, any such decline could have a material adverse effect on the financial position and results of operations of the Company in the period of decline.

The Company maintains its cash in bank deposits, which at times may exceed federally-insured limits. The Company has not experienced any losses in such accounts.

### Subsequent Events

The Company has evaluated subsequent events through February 27, 2013, which is the date these carve-out combined financial statements were available to be issued. All subsequent events, if any, requiring recognition as of December 31, 2012, have been incorporated into these carve-out combined financial statements.

## 3. Related Party Transactions

On October 22, 2004, Wells Management entered into a Property Management Agreement with Wells REIT II. On January 1, 2011, the Property Management Agreement with Wells REIT II was amended by WREF and its subsidiaries to assign the Property Management Agreement to WREAS II through June 30, 2012. On July 1, 2012, a new Property Management Agreement with Wells REIT II was entered into by Wells Management. This agreement will automatically extend each year unless one or both parties agree to terminate the agreement. Either party may terminate the Property Management Agreement upon 60 days' written notice.

On November 1, 2004, Wells Capital entered into an advisory agreement (Advisory Agreement) with Wells REIT II through July 31, 2010. On August 1, 2010, Wells REIT II signed an Advisory Agreement with WREAS II. On January 1, 2011, Wells REIT II renewed the Advisory Agreement with the Company through July 31, 2011, under substantially the same terms. On August 1, 2011, Wells REIT II amended certain components of the Advisory Agreement and extended the agreement through December 31, 2011. This amended advisory agreement (Amended Advisory Agreement) limits the reimbursements. Wells REIT II will not reimburse the Company for general and administrative expenses and personnel expenses that would cause the total general and administrative expense reimbursements from Wells REIT II to exceed \$18,721,166 for the annual period from January 1, 2011 through December 31, 2011. Further, Wells REIT II's personnel expense reimbursements shall not exceed \$10,554,167, for the annual period from January 1, 2011 through December 31, 2011. On January 1, 2012, Wells REIT II renewed the Amended Advisory Agreement through March 31, 2012 (Second Amended Advisory Agreement) with substantially the same terms, except for Wells REIT II will not reimburse the Company for general and administrative expenses and personnel expenses that would cause the total general and administrative expense reimbursements from Wells REIT II to exceed \$4,542,000 for the three-month period or \$18,167,000 annualized. Further, Wells REIT II's personnel expense reimbursements shall not exceed \$2,500,000 for the three-month period or \$10,000,000 annualized. Whereas the Amended Advisory Agreement

### 3. Related Party Transactions (continued)

limits the reimbursement revenue for WREAS II, it does not limit the amount due to WREAS II service providers. In addition, acquisition fees will not exceed \$1,500,000 during the term of the agreement or exceed 2% of gross proceeds of Wells REIT II under the dividend reinvestment program (DRP) in 2012. On April 1, 2012, Wells REIT II renewed the agreement through June 30, 2012 (Third Amended Advisory Agreement), with substantially the same terms. The Amended Advisory Agreement, Second Amended Advisory Agreement, and Third Amended Advisory Agreement are collectively referred to as the Amended Advisory Agreements.

On July 1, 2012, WREAS II and Wells REIT II entered into the Initial Term Advisory Agreement with the same expense reimbursement limitations per the Amended Advisory Agreements for the annual period January 1, 2012 through December 31, 2012. Fees otherwise due under the terms of the agreement will be reduced by \$83,333 per month for the period July 1, 2012 through December 31, 2012. Wells REIT II will pay the Company \$21,000 per month for occupancy costs for WREAS II's dedicated office space. Stockholder and communications services and expense reimbursements related thereto will be earned under a new Investor Services Agreement between Wells REIT II and Wells Capital.

On July 1, 2012, WREF, WREAS II and Wells REIT II entered into a Transition Services Agreement (TSA) that expires on December 31, 2013. The TSA grants Wells REIT II the option, in its sole discretion upon delivery of written notice to WREF at any time on or after January 1, 2013 and before the expiration of this agreement on December 31, 2013, to require WREF to transfer, convey and assign to Wells REIT II all of the issued and outstanding equity interests in WREAS II. Under the terms of the TSA, Wells REIT II will pay WREF \$500,000 per month from July 31, 2012 to June 30, 2013 for transition services.

On December 28, 2012, Wells REIT II amended the TSA (Amended TSA) to grant Wells REIT II the option, in its sole discretion upon delivery of written notice to WREF at any time on or after January 1, 2013 and before the expiration of this agreement on December 31, 2013, to require WREF to transfer, convey, and assign to Wells REIT II all of the issued and outstanding equity interests in WRES. As soon as reasonably practicable: (i) WREF will transfer, convey and assign to Wells REIT II all of the outstanding equity interests in WREAS II and WRES, and (ii) WREF will enter into a Consulting Services Agreement with respect to the provision of certain services currently provided under the Initial Term Advisory Agreement. The Amended TSA limits the acquisition and advisory fees to \$1,500,000 for 2012 and 2013 combined. Additionally, disposition fees from July 1, 2012 to December 31, 2013 will not exceed \$1,500,000. Per the Amended TSA, Wells REIT II will pay WREF \$500,000 per month from July 31, 2013 to November 30, 2013 with \$250,000 due December 31, 2013 for transition services. The Consulting Services Agreement is between WREF and Wells REIT II and states that Wells REIT II will pay an asset management consulting fee, similar to the asset management fee paid to WREAS II under the Initial Term Advisory Agreement.

Pursuant to the Advisory Agreement, the Amended Advisory Agreements, the Initial Term Advisory Agreement, TSA, Amended TSA, and the Property Management Agreement, the Company is entitled to the following fees and reimbursements:

#### **Acquisition and Advisory Fees**

As the advisor to Wells REIT II, the Company receives fees for the investigation, selection and acquisition of properties of 2% of the gross proceeds raised by Wells REIT II. Since the close of the Wells REIT II public offering on June 30, 2010, the Company has only earned acquisition and advisory fees on the shares issued through the Wells REIT II DRP. Beginning August 1, 2011, the Amended Advisory Agreement states the Company will no longer earn acquisition and advisory fees on the shares issued through the Wells REIT II DRP. In addition, the Amended Advisory Agreements allow for acquisition and advisory fees of 1% of the amount actually paid for the future purchase of new properties. The fee is limited to the lesser of \$1,500,000 or 2% of gross proceeds from Wells REIT II DRP for each calendar year. The Company earned acquisition and advisory fees of \$1,500,000 and \$1,304,896, respectively, for the years ended December 31, 2012 and 2011.

### **3. Related Party Transactions (continued)**

#### **Asset Management Fees**

The Company receives asset management fees on a monthly basis equal to one-twelfth of 0.625% of the lower of cost or fair value of substantially all properties owned by Wells REIT II and Wells REIT II's investments in joint ventures, subject to certain vacancy limitations. The fee percentage remains at 0.625% until the monthly payment equals \$2,708,333, at which point the monthly payment will remain at \$2,708,333 until the value of all properties equals or exceeds \$6.5 billion. Once this milestone is achieved, the Wells REIT II asset management fee will be calculated at 0.50% of the cost of all Wells REIT II properties. Through March 31, 2011 the Wells REIT II asset management fee was calculated based on the 0.625% rate. On March 7, 2011, REIT II purchased the Market Square Buildings and as a result, the asset management fee reached the monthly amount of \$2,708,333, the maximum monthly fee until the value of all properties equals or exceeds \$6.5 billion. In November 2011 and 2012, a net asset valuation for all Wells REIT II properties was completed; however, there was no impact on the total monthly fee that the Company receives. Beginning July 1, 2012, a fee credit of \$83,333 was applied to the Wells REIT II asset management fee per the Initial Term Advisory Agreement reducing the monthly amount to \$2,625,000. The Company earned asset management fees of \$32,000,000 and \$32,093,942, respectively, for the years ended December 31, 2012 and 2011.

#### **Property Management and Leasing Fees**

In consideration for providing property management services, the Company collects property management and leasing fees from properties it manages on behalf of the Wells Products. The fees may be a flat fee or range from 1% to 6% of the rental income and operating reimbursements collected by the properties. The Company earned property management and leasing fees of \$6,037,243 and \$6,621,272, respectively, for the years ended December 31, 2012 and 2011.

#### **Salary and General and Administrative Expense Reimbursements**

The Company is reimbursed for all costs and expenses it incurs in fulfilling its duties for the Wells Products, including wages and salaries and other employee-related expenses of the Company's and affiliates' employees engaged in the real estate management, administration, finance, operations, and marketing functions. Employee-related expenses include taxes, insurance, and benefits relating to such employees, and legal, travel, and other out-of-pocket expenses that are directly related to the services they provide. The Company recorded reimbursement revenues of \$17,034,376 and \$17,468,489, respectively, for the years ended December 31, 2012 and 2011 for salary and general and administrative expenses.

#### **Disposition Fees**

Subject to certain limitations, the Company is entitled to receive disposition fees or real estate commissions in the event that, among other things, a substantial portion of the services rendered in connection with the disposition of one or more properties owned by Wells REIT II are performed by the Company. The Company earned disposition fees of \$1,311,400 and \$0, respectively, for the years ended December 31, 2012 and 2011.

#### **Participation Fees**

Under certain conditions, the Company is also entitled to receive a subordinated participation fee on net proceeds generated from the sale of properties by Wells REIT II and a subordinated incentive listing fee payable to the Company in the event that Wells REIT II becomes listed on a public stock exchange. The Company did not earn any participation fees for the years ended December 31, 2012 and 2011.

### 3. Related Party Transactions (continued)

#### Due from Affiliates

Due from affiliates primarily relates to reimbursements and fees due under the Amended Advisory Agreement, TSA, and Property Management Agreement as well as receivables from other Wells Products. The detail of amounts due from affiliates is provided below as of December 31, 2012 and 2011:

	<b>2012</b>	<b>2011</b>
Wells REIT II	\$ 1,985,353	\$ 3,845,030
Wells Core	107,623	72,970
Other Affiliates	122,024	33,541
	<b>\$ 2,215,000</b>	<b>\$ 3,951,541</b>

#### Due to Affiliates

WREAS II relies on Service Providers to assist in providing some of the services to Wells REIT II under the Advisory Agreement, Amended Advisory Agreement, and TSA (see Note 1). Due to affiliates is primarily comprised of amounts due for services performed by these Service Providers.

The detail of amounts due to affiliates is provided below as of December 31, 2012 and 2011:

	<b>2012</b>	<b>2011</b>
Wells Capital	\$ 300,634	\$ 527,721
Wells Management	90,728	461,296
Total	<b>\$ 391,362</b>	<b>\$ 989,017</b>

#### Nonmonetary transactions

During 2011, the Company received a contribution of common stock of a former affiliated real estate investment trust related to the distribution to employees for the Wells Stock Distribution Plan I. This contribution was recorded at the fair value of the underlying stock as of the date of transfer.

### 4. Defined Contribution Plan

WREF sponsors a 401(k) defined contribution plan (the Plan) under which the Company is allowed to make contributions for all of its employees. The Plan functions as the primary retirement program for the Company. Eligible participants may contribute a percentage of their annual compensation, subject to maximum amounts established by the United States Internal Revenue Service. The Company makes employer-matching contributions equal to \$0.25 per dollar invested in the Plan for participants during their first two years of service. During the pay period beginning the participants' third year of service, the Company increases matching contributions to \$0.50 per dollar invested in the Plan. During the pay period beginning the participants' fourth year of service, the Company increases matching contributions to \$0.75 per dollar invested in the Plan. During the pay period beginning the participants' fifth year of service, the Company increases matching contributions to \$1.00 per dollar invested in the Plan. Employer matching contributions are 100% vested and non-forfeitable and are capped at 11% of each employee's income on a biweekly basis. The Company's contributions under this plan were \$525,491 and \$361,723, respectively, for the years ended December 31, 2012 and 2011 and are included in salaries and benefits expenses in the accompanying carve-out combined statements of operations.

## **5. Long-term Incentive Compensation Plan**

On November 14, 2006, WREF formally adopted a Long-Term Incentive Compensation Plan (LTIP) of which certain WRES employees are participants. On January 1, 2011, WREAS II formally adopted a similar LTIP referred to as LTIP Plan 2. The plans are a deferred compensation arrangement for a select group of management level employees employed directly by the Company. According to the LTIP agreements, senior management of WREF shall meet at least once in each calendar year and irrevocably specify the name of each employee who shall be entitled to participate in the LTIP. The award date is January 1 of the current calendar year and compensation expense is recognized over a three-year period. The Company's expense under the LTIP was \$680,802 and \$222,550, respectively, for the years ended December 31, 2012 and 2011 and is included in salaries and benefits expenses in the accompanying carve-out combined statements of operations.

As of December 31, 2012, the total LTIP unvested award balance is approximately \$650,000. Assuming the individual employees named under the plan meet all plan requirements, approximately \$410,000 will be recognized as compensation expense on January 1, 2014 and approximately \$240,000 will be recognized as compensation expense on January 1, 2015, unless early vesting is approved by management as allowed for in the plan documents. Distributions will be made within 60 plan days of vesting in accordance with the LTIP documents.

## **6. PNC Line of Credit**

On September 8, 2010, WREF and certain of its subsidiaries, including the Company, entered into a \$20,000,000 revolving credit facility agreement (PNC Line of Credit) with PNC Bank, National Association (PNC Bank), which originally expired September 8, 2012. On September 7, 2012, the PNC Line of Credit First Amendment extended this agreement to September 8, 2015. As of December 31, 2011, WREF had an outstanding balance of \$6,900,000 on the PNC Line of Credit. On December 11, 2012 the Company was released from the PNC Line of Credit. The PNC Line of Credit bears interest at various floating rate bases plus a spread, as may be elected by management at the time of each draw, and is payable monthly. The PNC Line of Credit is collateralized by 1,386,139 shares of common stock in Piedmont Office Realty Trust, Inc. owned by an affiliate of the Company. Mandatory prepayments may be required if a certain margin on the collateral, as defined in the PNC Line of Credit agreement, is not maintained.

## **7. Legal Matters**

In the ordinary course of business, the Company may become subject to litigation or claims. Except as disclosed below, there are no material pending legal proceedings involving the Company.

WRES has been named in a lawsuit in which the plaintiff was injured on a Wells REIT II property. The appropriate insurance provider has been notified. At this time, management is unable to determine if the likelihood of an unfavorable outcome is either probable or remote. Accordingly, no reserves have been provided for in the accompanying carve-out combined financial statements.

## **8. Subsequent Events**

On January 1, 2013, Wells REIT II and WREAS II entered into the Renewal Advisory Agreement through December 31, 2013 with the same expense reimbursement limitations as the Initial Term Advisory Agreement, however fees otherwise due under the terms of the agreement will be reduced by \$166,667 per month.

On February 8, 2013, Wells REIT II executed its option under the Amended TSA, in writing, setting the closing for February 28, 2013.

# Corporate Directory

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## Corporate Governance

Columbia Property Trust is subject to certain laws pertaining to corporate governance of publicly registered companies. As of December 31, 2012, Columbia Property Trust was fully compliant with all requirements of Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, which was enacted to increase corporate accountability. In 2012, in addition to the certifications required by Sections 302 and 906, Columbia Property Trust continued to document and test controls over its financial reporting processes in order to comply with Section 404(a) of the Sarbanes-Oxley Act of 2002 for the year ended December 31, 2012.

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## Executive Offices

One Glenlake Parkway  
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Atlanta, GA 30328-7267

**Toll-free** 800-899-8411  
**Home Office** 404-465-2200  
**Fax** 404-465-2201

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## Notice of Annual General Meeting

The Annual Meeting of the shareholders of Columbia Property Trust will be held at the Atlanta Marriott Perimeter Center at 246 Perimeter Center Parkway NE in Atlanta, Georgia, at 1:30 p.m., ET, on July 17, 2013.


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## Website access to U.S. Securities and Exchange Commission filings

All reports filed electronically by Columbia Property Trust with the U.S. Securities and Exchange Commission, including the Annual Report on Form 10-K, Quarterly Reports on Forms 10-Q, and current event reports on Forms 8-K, are accessible at [www.columbiapropertytrust.com](http://www.columbiapropertytrust.com).

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## Investor Relations and Communications

To sign up for electronic communications or for additional information about Columbia Property Trust, please visit our investor website, [www.columbiapropertytrust.com](http://www.columbiapropertytrust.com). To access your account information, click the  (lock) icon and choose "Investor/e-Delivery Log-In." Investors also may contact Columbia Property Trust Investor Relations for assistance at 800-557-4830 (Monday through Friday); 770-243-8198 (fax); or [Investor.Relations@columbiapropertytrust.com](mailto:Investor.Relations@columbiapropertytrust.com).

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## Transfer Agent

Mailing Address:  
c/o DST Systems, Inc.  
P.O. Box 219073  
Kansas City, MO 64121-9073

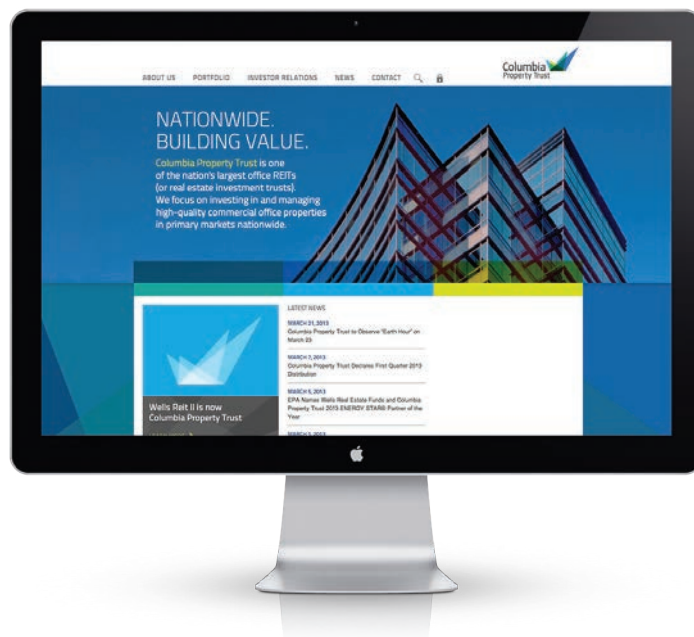
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## Street Address

c/o DST Systems, Inc.  
430 West 7th Street  
Suite 219073  
Kansas City, MO 64105

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Also online at [www.columbiapropertytrust.com](http://www.columbiapropertytrust.com)



[columbiapropertytrust.com](http://columbiapropertytrust.com)

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