

COLUMBIA PROPERTY TRUST, INC.  
Form DEF 14A  
April 25, 2013

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

SCHEDULE 14A

(RULE 14a-101)  
SCHEDULE 14A INFORMATION

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

Filed by the Registrant  [x]  
Filed by a Party other than the Registrant  [ ]  
Check the appropriate box:  
 [ ] Preliminary Proxy Statement  
 [ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 [x] Definitive Proxy Statement  
 [ ] Definitive Additional Materials  
 [ ] Soliciting Material Pursuant to § 240.14a-12  
COLUMBIA PROPERTY TRUST, INC.  
(Name of Registrant as Specified in its Charter)

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[x] No fee required.  
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(3) Filing Party:  
(4) Date Filed:

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COLUMBIA PROPERTY TRUST, INC.  
One Glenlake Parkway, Suite 1200  
Atlanta, Georgia 30328

NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS  
AND INTERNET AVAILABILITY OF PROXY MATERIALS

Dear Stockholder:

On Wednesday, July 17, 2013, we will hold our 2013 annual meeting of stockholders at the Atlanta Marriott Perimeter Center, 246 Perimeter Center Parkway NE, Atlanta, Georgia 30346. The meeting will begin at 1:30 p.m. Directions to the 2013 annual meeting of stockholders can be obtained by calling our Investor Relations department at 1-800-557-4831.

We are holding this meeting to:

1. Elect eight directors to hold office for one-year terms expiring in 2014.  
The board of directors recommends a vote FOR each nominee.

2. Approve the 2013 Long-Term Incentive Plan.  
The board of directors recommends a vote FOR the proposal.

3. Attend to other business properly presented at the meeting.

Your board of directors has selected April 21, 2013 as the record date for determining stockholders entitled to vote at the meeting.

This proxy statement, proxy card, and our 2012 Annual Report to stockholders are being mailed to you on or about April 30, 2013.

Whether or not you plan to attend the meeting and vote in person, we urge you to have your vote recorded as early as possible. Stockholders have the following three options for submitting their votes by proxy:

(1) over the Internet, using the control number shown on the enclosed proxy card;

(2) by telephone, using the control number shown on the enclosed proxy card; or

(3) by mail, using the enclosed proxy card.

Because we are a widely held REIT with more than 130,000 recordholders, your vote is very important! Your immediate response will help avoid potential delays and may save us significant additional expenses associated with soliciting stockholder votes.

**IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JULY 17, 2013:**

Our Proxy Statement, Form of Proxy Card and 2012 Annual Report to stockholders are also available at <http://www.columbiapropertytrust.com/proxy>

By Order of the Board of Directors

John L. Dixon  
Chairman  
Atlanta, Georgia  
April 30, 2013



## QUESTIONS AND ANSWERS

We are providing you with this proxy statement, which contains information about the items to be voted on at our annual stockholders meeting. To make this information easier to understand, we have presented some of the information in a question-and-answer format.

Q: Why did you send me this proxy statement?

A: We sent you this proxy statement and the enclosed proxy card because our board of directors is soliciting your proxy to vote your shares at the 2013 annual stockholders meeting. This proxy statement includes information that we are required to provide to you under the rules of the Securities and Exchange Commission ("SEC") and is designed to assist you in voting.

Q: What is a proxy?

A: A proxy is a person who votes the shares of stock of another person who cannot attend a meeting in person. The term "proxy" also refers to the proxy card. When you return the enclosed proxy card, you are giving your permission to vote your shares of common stock at the annual meeting. The people who will vote your shares of common stock at the annual meeting are E. Nelson Mills, Wendy W. Gill, or Randall D. Fretz, each of whom are our officers. They will vote your shares of common stock as you instruct, unless you return the proxy card and give no instructions. If you submit your proxy without instructions, they will vote FOR all of the director nominees and FOR the approval of the 2013 Long-Term Incentive Plan. With respect to any other proposals to be voted on, they will vote in accordance with the recommendation of the board of directors or, in the absence of such a recommendation, in their discretion. They will not vote your shares of common stock if you do not return the enclosed proxy card. This is why it is important for you to return the proxy card to us (or vote by proxy via Internet or by telephone) as soon as possible whether or not you plan on attending the meeting in person.

Q: When is the annual meeting and where will it be held?

A: The annual meeting will be held on Wednesday, July 17, 2013, at 1:30 p.m. at the Atlanta Marriott Perimeter Center, 246 Perimeter Center Parkway NE, Atlanta, Georgia 30346. Directions to the 2013 annual meeting of stockholders can be obtained by calling our Investor Relations department at 1-800-557-4831.

Q: How many shares of common stock are outstanding?

A: As of April 21, 2013, there were 544,870,411.2 shares of our common stock issued and outstanding.

Q: What is a "broker non-vote"?

A: A "broker non-vote" occurs when a broker holding stock on behalf of a beneficial owner submits a proxy but does not vote on a non-routine proposal because the broker does not have discretionary power with respect to that item and has not received instructions from the beneficial owner. Brokers may not exercise discretionary voting in uncontested director elections at stockholder meetings and are prohibited from giving a proxy to vote with respect to an election of directors without receiving voting instructions from a beneficial owner. Beneficial owners of

shares held in broker accounts are advised that, if they do not timely provide instructions to their broker, their shares will not be voted in connection with the election of directors or with respect to the proposal to approve a long-term incentive plan at the annual meeting.

Q: What is a "quorum"?

A: A "quorum" consists of the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at the annual meeting. There must be a quorum present in order for the annual meeting to be a duly held meeting at which business can be conducted. If you submit your proxy, even if you abstain from voting, then your shares will be counted toward the presence of a quorum.

Q: What may I vote on?

A: You may vote on the election of nominees to serve on the board of directors, the adoption of the 2013 Long-Term Incentive Plan and on any other proposal to be voted on.

Q: How does the board of directors recommend I vote on each proposal?

A: The board of directors recommends a vote FOR each of the nominees for election as director who are named as such in this proxy statement and a vote FOR the proposal to adopt the 2013 Long-Term Incentive Plan.

Q: Who is entitled to vote?

A: Anyone who owned our common stock at the close of business on April 21, 2013, the record date, is entitled to vote at the annual meeting. Every stockholder is entitled to one vote for each share of common stock held, including fractional shares.

Q: How do I vote?

You may vote your shares of common stock either in person or by proxy. Whether or not you plan to attend the meeting and vote in person, we urge you to have your proxy vote recorded in advance of the meeting. Stockholders have the following three options for submitting their votes by proxy: (1) over the Internet, using the unique control number found on the enclosed proxy card; (2) by telephone, using the unique control number found on the enclosed proxy card; or (3) by mail, using the enclosed proxy card. If you have Internet access, we encourage you to vote by proxy via the Internet. It is convenient and it saves us significant postage and processing costs. In addition, when you vote by proxy via the Internet or by phone prior to the meeting date, your proxy vote is recorded immediately and there is no risk that postal delays will cause your proxy vote to arrive late and, therefore, not be counted. For further instructions on voting, see your enclosed proxy card in this proxy statement. If you attend the annual meeting, you also may submit your vote in person, and any previous proxy votes that you submitted, whether by Internet, phone, or mail, will be superseded by the vote that you cast at the annual meeting. If you return your signed proxy card, your shares will be voted as you instruct, unless you give no instructions with respect to one or more of the proposals. If you submit your proxy without instructions, your shares of common stock will be voted "FOR" the nominees for director and "FOR" the proposal to adopt the 2013 Long-Term Incentive Plan. With respect to any other proposals to be voted on, your shares of common stock will be voted in accordance with the recommendation of the board of directors or, in the absence of such a recommendation, in the discretion of Ms. Gill or Messrs. Mills or Fretz.

Q: What if I vote by proxy and then change my mind?

A: You have the right to revoke your proxy at any time before the meeting by:

- (1) notifying Randall D. Fretz, our Secretary;
- (2) attending the meeting and voting in person;
- (3) returning another proxy card, dated after your first proxy card, provided we receive the second proxy card before the annual meeting date; or
- (4)

recasting your proxy vote on the proxy voting Web site or by telephone. Only the most recent proxy vote will be counted, and all others will be discarded regardless of the method of voting.

Q: Will my vote make a difference?

A: Yes. As discussed below, your vote could affect the composition of our board of directors and whether we adopt the 2013 Long-Term Incentive Plan. Moreover, your presence by proxy or in person is needed to ensure that the proposals can be acted upon. Because we are a widely held REIT (with more than 130,000 recordholders), your vote is VERY IMPORTANT! Your immediate response will help avoid potential delays and may save us significant additional expenses associated with soliciting stockholder votes.

Q: What are the voting requirements to elect the board of directors?

A: Under our charter, a plurality of the votes cast is required for the election of the directors. This means that the director nominee with the most votes for a particular board seat is elected for that seat. Because the number of nominees does not exceed the number of board seats, a nominee need only receive a single "for" vote to be elected. Abstentions, "withhold" votes and broker non-votes should have no effect on the outcome of the election, but they will count toward the establishment of a quorum.

However, in order to enhance your ability to influence the composition of the board of directors in an uncontested election such as this, we have adopted a policy requiring each of the nominees to agree to offer to resign should he receive fewer "for" votes than "withhold" votes. If a director must offer to resign because of "withhold" vote totals the Nominating and Corporate Governance Committee must accept or reject the offer of resignation within 90 days following certification of the stockholder vote. If the Nominating and Corporate Governance Committee accepts the offer, then the resignation will be effective upon acceptance. If the Nominating and Corporate Governance Committee rejects the offer, it must publicly disclose its reasons for doing so. The offer of resignation also may be accepted at a stockholder meeting duly called for the express purpose of accepting such resignation and electing a successor to fill the vacancy created thereby. More details of this policy are set out under "Proposal 1. Election of Directors." The policy is set forth in our Corporate Governance Guidelines, a copy of which is available on our Web site at [www.columbiapropertytrust.com](http://www.columbiapropertytrust.com). Proxies received will be voted FOR each nominee for director unless stockholders designate otherwise.

Q: What are the voting requirements to approve the proposal to adopt the 2013 Long-Term Incentive Plan?

A: Approval of the 2013 Long-Term Incentive Plan requires the affirmative vote of the holders of at least a majority of the votes cast thereon. You may vote for or against or abstain on the proposal. Abstentions and broker non-votes will not have an effect on the proposal to adopt the 2013 Long-Term Incentive Plan. Proxies received will be voted FOR the proposal to adopt the 2013 Long-Term Incentive Plan unless stockholders designate otherwise.

Q: How will voting on any other business be conducted?

A: Although we do not know of any business to be considered at the annual meeting other than the election of directors and the proposal to adopt the 2013 Long-Term Incentive Plan, if any other business is properly presented at the annual meeting, your signed proxy card gives authority to E. Nelson Mills, our Chief Executive Officer and President; Wendy W. Gill, our Senior Vice President and Treasurer; and Randall D. Fretz, our Senior Vice President and Secretary; and each of them, to vote on such matters in accordance with the recommendation of the board of directors or, in the absence of such a recommendation, in their discretion.





Q: When are the stockholder proposals for the next annual meeting of stockholders due?

Stockholders interested in nominating a person as a director or presenting any other business for consideration at our annual meeting of stockholders in 2014 may do so by following the procedures prescribed in Section 2.12 of our Bylaws and in Rule 14a-8 under the Securities Exchange Act of 1934. To be eligible for presentation to and  
A: action by the stockholders at the 2014 annual meeting, director nominations and other stockholder proposals must be received by Randall D. Fretz, our Secretary, no later than March 16, 2014. To also be eligible for inclusion in our proxy statement for the 2014 annual meeting, director nominations and other stockholder proposals must be received by Mr. Fretz by December 31, 2013.

Q: Who pays the cost of this proxy solicitation?

We will pay all the costs of soliciting these proxies. We have contracted with Georgeson, Inc., a Delaware corporation, d/b/a Computershare Fund Services ("CFS"), to assist us in the distribution of proxy materials and the solicitation of proxies. We expect to pay CFS fees of approximately \$69,000 to solicit proxies plus other fees and expenses for other services related to this proxy solicitation, which include review of proxy materials;  
A: dissemination of brokers' search cards; distribution of proxy materials; operating online and telephone voting systems; and receipt of executed proxies. We also will reimburse brokerage houses and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to our stockholders. Our officers and employees as well as employees of Wells Real Estate Funds, Inc. ("Wells Real Estate Funds") with whom we have an investor services agreement may also solicit proxies, but they will not be specifically compensated for these services.

Q: Is this proxy statement the only way that proxies are being solicited?

No. In addition to mailing this proxy solicitation material, employees of CFS, our employees, and our officers as  
A: well as employees of Wells Real Estate Funds also may solicit proxies in person, via the Internet, by telephone, or by any other electronic means of communication or by other means of communication we deem appropriate.

Q: If I share my residence with another stockholder, how many copies of the Annual Report and Proxy Statement will I receive?

A: In accordance with a notice previously sent to our stockholders, we are sending only a single set of the annual report and proxy statement to any household at which two or more stockholders reside if they share the same last name or we reasonably believe they are members of the same family, unless we have received instructions to the contrary from any stockholder at that address. This practice is known as "householding" and stems from rules adopted by the SEC. This practice reduces the volume of duplicate information received at your household and helps us reduce costs. Each stockholder subject to householding will continue to receive a separate proxy card or voting instruction card. We will deliver promptly, upon written or oral request, a separate copy of the annual report or proxy statement, as applicable, to a stockholder at a shared address to which a single copy of the document was previously delivered. If you received a single set of these documents for this year, but you would prefer to receive your own copy, you may direct requests for separate copies to the following address: Columbia Property Trust Investor Relations, c/o DST Systems, Inc., P.O. Box 219073, Kansas City, MO 64121-9073 or call us at 1-800-557-4831. If you are a stockholder who receives multiple copies of our proxy materials, you may request

householding by contacting us in the same manner and requesting a householding consent form.

Q: What if I consent to have one set of materials mailed now but change my mind later?

A: You may withdraw your householding consent at any time by contacting our Investor Relations department at the address and telephone number provided above. We will begin sending separate copies of stockholder communications to you within 30 days of receipt of your instruction.

5

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Q: The reason I receive multiple sets of materials is because some of the shares belong to my children. What happens if they move out and no longer live in my household?

A: When we receive notice of an address change for one of the members of the household, we will begin sending separate copies of stockholder communications directly to the stockholder at his or her new address. You may notify us of a change of address by contacting our Investor Relations department at the address and telephone number provided above.

Q: If I plan to attend the annual meeting in person, should I notify anyone?

A: While you are not required to notify anyone in order to attend the annual meeting, if you do plan to attend the meeting, we would appreciate it if you would mark the appropriate box on the enclosed proxy card to let us know how many stockholders will be attending the meeting so that we will be able to prepare a suitable meeting room for the attendees.

Q: Where can I find more information?

A: You may access, read and print copies of the proxy materials for this year's annual meeting, including our proxy statement, form of proxy card, and annual report to stockholders, at the following Web address:  
<http://www.columbiapropertytrust.com/proxy>.

We also file annual, quarterly, and current reports; proxy statements; and other information with the SEC. You may read and copy any reports, statements, or other information we file with the SEC on the Web site maintained by the SEC at [www.sec.gov](http://www.sec.gov). Our SEC filings also are available to the public at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, DC 20549. You also may obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the public reference facilities.

## CERTAIN INFORMATION ABOUT MANAGEMENT

### The Board of Directors

Our board of directors has oversight responsibility for our operations and makes all major decisions concerning our business. We currently have nine directors, eight of whom are being nominated for reelection at the annual meeting. Douglas P. Williams notified our board of directors on February 25, 2013 that, for personal reasons, he would not stand for reelection as a director this year. Therefore, our board of directors has determined to reduce the size of our board of directors to eight following the annual meeting (the end of Mr. Williams' term as one of our directors). The members of our Nominating and Corporate Governance Committee are currently conducting a search for additional independent directors and we expect to expand the size of our board at such time as suitable candidates have been identified. Our board of directors held 11 meetings during 2012. For biographical information regarding our directors, see "Executive Officers and Directors" on page 15.

Effective February 28, 2013, our board has established the following committees: Audit Committee, Compensation Committee, Conflicts Committee, Executive Committee, Nominating and Corporate Governance Committee, and Operations Committee. Prior to February 28, 2013, our board of directors had established the following committees: Audit Committee, Asset Management Committee, Compensation Committee, Conflicts Committee, Finance and Planning Committee, Nominating and Corporate Governance Committee, Shareholder Relations Committee and Strategic Planning Committee. Information regarding each of the committees is set forth below.

### Director Independence

Although our shares are not listed for trading on any national securities exchange, a majority of the members of our board of directors, and all of the members of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and all of the other committees of our board of directors, except the Executive Committee, are "independent" as defined by the NYSE. The NYSE standards provide that to qualify as an independent director, in addition to satisfying certain bright-line criteria, the board of directors must affirmatively determine that a director has no material relationship with us (either directly or as a partner, stockholder, or officer of an organization that has a relationship with us). The board of directors has determined that Charles R. Brown, Richard W. Carpenter, Bud Carter, John L. Dixon, George W. Sands and Neil H. Strickland each qualifies as an independent director under the NYSE standards.

### The Audit Committee

#### General

The Audit Committee's primary function is to assist our board of directors in fulfilling its responsibilities by overseeing our independent auditors and reviewing the financial information to be provided to our stockholders and others, the system of internal control over financial reporting that our management has established, and our audit and financial reporting process. The Audit Committee also is responsible for overseeing our compliance with applicable laws and regulations and for establishing procedures for the ethical conduct of our business. The Audit Committee fulfills these responsibilities primarily by carrying out the activities enumerated in the Audit Committee Charter adopted by our board of directors in 2003. The Audit Committee Charter is available on our Web site at [www.columbiapropertytrust.com](http://www.columbiapropertytrust.com).

The members of the Audit Committee are George W. Sands (Chairman), Neil H. Strickland and Charles R. Brown. All of the members of the Audit Committee are "independent" as defined by the NYSE. The board of directors has determined that Mr. Sands satisfies the SEC's requirements for an audit committee financial expert. During 2012, the Audit Committee met four times.

#### Independent Auditors

During the year ended December 31, 2012 Deloitte & Touche LLP served as our independent auditor and provided certain domestic and international tax and other services. Deloitte & Touche LLP has served as our independent auditor since May 14, 2008. The Audit Committee has engaged Deloitte & Touche LLP as our independent auditor to audit our financial statements for the year ended December 31, 2013. The Audit Committee may, however, select new auditors at any time in the future in its discretion if it deems such decision to be in our best interest. Any decision to select new auditors would be disclosed to the stockholders in accordance with applicable securities laws.



Representatives from Deloitte & Touche LLP are expected to be present at the annual meeting, to have the opportunity to make a statement if they desire to do so, and to be available to respond to appropriate questions posed by any stockholders.

#### Preapproval Policies

The Audit Committee Charter imposes a duty on the Audit Committee to preapprove all auditing services performed for us by our independent auditors, as well as all permitted nonaudit services (including the fees and terms thereof) in order to ensure that the provision of such services does not impair the auditors' independence. Unless a type of service to be provided by the independent auditors has received "general" preapproval, it will require "specific" preapproval by the Audit Committee.

All requests or applications for services to be provided by the independent auditor which do not require specific preapproval by the Audit Committee will be submitted to management and must include a detailed description of the services to be rendered. Management will determine whether such services are included within the list of services that have received the general preapproval of the Audit Committee. The Audit Committee will be informed on a timely basis of any such services rendered by the independent auditors.

Requests or applications to provide services that require specific preapproval by the Audit Committee will be submitted to the Audit Committee by both the independent auditors and the Principal Financial Officer, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence. The Chairman of the Audit Committee has been delegated the authority to specifically preapprove all services not covered by the general preapproval guidelines up to an amount not to exceed \$75,000 per occurrence. Amounts requiring preapproval in excess of \$75,000 per occurrence require specific preapproval by all members of the Audit Committee prior to engagement of our independent auditors. All amounts specifically preapproved by the Chairman of the Audit Committee in accordance with this policy are to be disclosed to the full Audit Committee at the next regularly scheduled meeting.

All services rendered by Deloitte & Touche LLP for the year ended December 31, 2012 were preapproved in accordance with the policies and procedures described above.

#### Principal Auditor Fees

The Audit Committee reviewed the audit and nonaudit services performed by our principal auditor, Deloitte & Touche LLP, as well as the fees charged by the principal auditor for such services. In its review of the nonaudit service fees, the Audit Committee considered whether the provision of such services is compatible with maintaining the independence of the principal auditor. The aggregate fees billed to us for professional accounting services, including the audit of our annual financial statements by our principal auditor for the years ended December 31, 2012 and 2011, are set forth in the table below.

	2012	2011
Audit fees	\$734,675	\$780,250
Audit-related fees	—	—
Tax fees	137,500	277,493
All other fees	—	—
Total fees	\$872,175	\$1,057,743

For purposes of the preceding table, the principal auditor's professional fees are classified as follows:

Audit fees - These are fees for professional services performed for the audit of our annual financial statements and the required review of quarterly financial statements and other procedures performed by the principal auditor in order for them to be able to form an opinion on our consolidated financial statements. These fees also cover services that are normally provided by independent auditors in connection with statutory and regulatory filings or engagements, including reviews of our financial statements included in our registration statements, as amended. Audit fees are presented for the period to which the audit work relates.

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Audit-related fees - These are fees for assurance and related services that traditionally are performed by independent auditors that are reasonably related to the performance of the audit or review of the financial statements, such as due diligence related to acquisitions and dispositions, attestation services that are not required

8

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by statute or regulation, internal control reviews, and consultation concerning financial accounting and reporting standards.

**Tax fees** - These are fees for all professional services performed by professional staff in our independent auditor's tax division, except those services related to the audit of our financial statements. These include fees for tax compliance, tax planning and tax advice, including federal, state, and local issues. Services also may include assistance with tax audits and appeals before the IRS and similar state and local agencies, as well as federal, state, and local tax issues related to due diligence. Tax fees are presented for the period in which the services were provided.

**All other fees** - These are fees for any services not included in the above-described categories, including assistance with internal audit plans and risk assessments.

#### Report of the Audit Committee

The Audit Committee reviews the financial reporting process on behalf of the board of directors. Our management has the primary responsibility for the financial statements and the reporting process, including the system of internal control over financial reporting. Membership on the Audit Committee does not call for the professional training and technical skills generally associated with career professionals in the field of accounting and auditing. In addition, the independent auditors devote more time and have access to more information than does the Audit Committee.

Accordingly, the Audit Committee's role does not provide any special assurance with regard to our financial statements, nor does it involve a professional evaluation of the quality of the audits performed by the independent auditors. In this context, the Audit Committee reviewed the 2012 audited financial statements with management, including a discussion of the quality and acceptability of our financial reporting, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee reviewed with Deloitte & Touche LLP, which is responsible for expressing an opinion on the conformity of those audited financial statements with U.S. generally accepted accounting principles, their judgments as to the quality and the acceptability of the financial statements and such other matters as are required to be discussed with the Audit Committee under Statement on Auditing Standards No. 61 (Communication with Audit Committees). The Audit Committee received from and discussed with Deloitte & Touche LLP the written disclosures and the letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding that firm's independence from us. In addition, the Audit Committee considered whether Deloitte & Touche LLP's provision of nonaudit services is compatible with maintaining its independence from us.

The Audit Committee discussed with Deloitte & Touche LLP the overall scope and plans for the audit. The Audit Committee meets periodically with the internal auditor and Deloitte & Touche LLP, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls, and the overall quality of our financial reporting.

In reliance on these reviews and discussions, the Audit Committee recommended to the board of directors, and the board approved, the inclusion of the 2012 audited financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012 for filing with the Securities and Exchange Commission.

April 19, 2013

The Audit Committee of the Board of Directors:  
George W. Sands (Chairman), Neil H. Strickland, and  
Charles R. Brown

#### The Compensation Committee

The members of our Compensation Committee are Neil H. Strickland (Chairman), John L. Dixon and George W. Sands, all of whom are independent directors. The primary responsibilities of our Compensation Committee are to review and approve corporate goals and objectives relevant to compensation of the chief executive officer, conduct an annual review and evaluation of the performance of the chief executive officer in light of those goals and objectives, and propose to the board of directors the compensation level of the chief executive officer based on such evaluation. The Compensation Committee will also make recommendations to the board of directors with respect to non chief

executive officer compensation, and incentive-compensation and equity-based plans that are subject to board approval. In addition, the Compensation Committee will review the compensation and benefits of the members of the board of directors annually and, when it deems appropriate, recommend

9

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to the board of directors changes in such compensation and benefits. Finally, the Compensation Committee produces an annual report on executive compensation for inclusion in our proxy statement after reviewing our compensation discussion and analysis. The Compensation Committee is composed solely of independent directors. The Compensation Committee was formed by the board of directors on December 14, 2012 upon the recommendation of the members of the Strategic Planning Committee in connection with the Company's transition to self-management. It did not hold any meetings in 2012.

Prior to December 14, 2012, we did not have a compensation committee as we had no paid employees and our executive officers did not receive compensation directly from us for services rendered to us. Our executive officers were also officers of our advisor and its affiliates and were compensated by these entities, in part, for their services to us. Thus, prior to the end of 2012, we did not expect our board of directors to be required to act upon matters of executive compensation. Our Conflicts Committee, which is composed of all of our independent directors, did, however, act upon the continuation, renewal or enforcement of the advisory agreement with our advisor pursuant to which the advisor received fees and reimbursement of expenses from which it compensated our executive officers. In addition, our Conflicts Committee was responsible for discharging the board's responsibilities relating to the compensation of our directors and was authorized to act upon matters of executive compensation as necessary.

In September, 2012, a subset of the members of the Conflicts Committee (which members later constituted the Compensation Committee) engaged the services of FPL Associates, L.P., a nationally recognized compensation consulting firm specializing in the real estate industry, to assist us in determining competitive executive compensation levels and the programs to implement. The Compensation Committee as established on December 14, 2012 has continued to work with FPL Associates to establish our employee compensation program, develop our time- and performance-based incentive compensation programs and establish our director compensation program. As part of FPL Associates' engagement, FPL Associates, among other things, has provided competitive market compensation data and has made recommendations for pay levels for each component of our executive compensation. FPL Associates has not been engaged by our executive officers to perform any work on their behalf and we consider FPL Associates to be an independent compensation consultant.

FPL Associates provided competitive market compensation for a peer group consisting of 12 public REITs primarily focused in the office REIT sector, with the majority focused in suburban office. At the time of the study, the peer group companies ranged in size, defined by total capitalization, from approximately \$1.5 billion to \$8.7 billion, with a median capitalization of \$4.7 billion. Columbia Property Trust's total capitalization of approximately \$5.7 billion placed it within the 75th percentile of the group. The peer group consisted of the following:

BioMed Realty Trust, Inc.	Brandywine Realty Trust	Corporate Office Properties Trust
Cousins Properties Incorporated	Douglas Emmett, Inc.	Duke Realty Corporation
Highwoods Properties, Inc.	Kilroy Realty Corporation	Liberty Property Trust
Mack-Cali Realty Corporation	Piedmont Office Realty Trust, Inc.	Washington Real Estate Investment Trust

Using market data and information it received from FPL Associates, the Compensation Committee, with input from management and the full board of directors, established the base salaries, target annual cash bonuses and equity awards for our executive officers. In establishing the total compensation amounts for our executive officers, the committee did not target compensation levels at any specific point or percentile against the peer group data, however, it did look to ensure that overall compensation levels did not exceed the market median, based on the peer groups presented by FPL Associates, unless substantial performance occurs.

At this year's annual meeting, we are asking our stockholders to approve our 2013 Long-Term Incentive Plan. The plan was designed in consultation with FPL Associates in order to provide us with the flexibility to offer performance-based compensation, including stock-based and incentive cash awards, as part of an overall compensation package to attract, motivate and retain qualified personnel. Certain officers, key employees, non-employee directors, or consultants of ours and our subsidiaries will be eligible to be granted cash awards, stock

options, stock appreciation rights, restricted stock, deferred stock awards, other stock-based awards, dividend equivalent rights, and performance-based awards under the 2013 Long-Term Incentive Plan at the discretion of our Compensation Committee. We anticipate that providing such persons with interests and awards of this nature will result in a closer alignment of their interests with our own interests and those of our stockholders, thereby motivating their efforts on our behalf and strengthening their desire to remain with us.

Our Chief Executive Officer has consulted with the Compensation Committee regarding 2013 compensation levels for each of our named executive officers (except for himself) based on recommendations to our Compensation Committee provided by FPL Associates. Our Chief Executive Officer will annually review the performance of each of the other named executive officers. Based on this review, he will make compensation recommendations to the Compensation Committee, including recommendations for performance targets, salary adjustments, annual cash bonuses, and long-term equity-based

incentive awards. Although the Compensation Committee considers these recommendations along with data provided by its other advisors, it retains full discretion to set all compensation.

#### The Conflicts Committee

The members of our Conflicts Committee are John L. Dixon (Chairman), Charles R. Brown, Richard W. Carpenter, Bud Carter, Neil H. Strickland and George W. Sands, all of whom are independent directors. Prior to February 28, 2013, Mr. Strickland was the chairman of the Conflicts Committee and the duties of the Committee consisted of the following:

- reviewing and reporting on our policies;
- approving transactions with affiliates and reporting on their fairness to us;
- supervising and evaluating the performance and compensation of our advisor;
- reviewing our expenses and determining that they are reasonable and within the limits prescribed by our charter;
- approving borrowings in excess of limits set forth in our charter;
- approving acquisitions and dispositions;
- evaluating the performance of our officers; and
- considering plans with respect to the succession of our president in the event of his sudden incapacitation, death, or departure.

In addition, our Conflicts Committee discharged the board's responsibilities relating to compensation of our executives and directors. In this regard, the Conflicts Committee administered the granting of stock options to selected employees of Wells Capital, Inc. ("Wells Capital") and Wells Management Company, Inc. ("Wells Management"), affiliates of our former advisor, based upon recommendations from Wells Capital and Wells Management, and set the terms and conditions of such options in accordance with the 2003 Stock Option Plan. To date, no employee stock options have been issued. The Conflicts Committee also was responsible for administering the terms of the Independent Director Stock Option Plan, the terms of which are discussed in detail below under "Compensation of Directors - Independent Director Stock Option Plan."

Under the terms of the 2003 Stock Option Plan, and only to the extent permissible under Maryland law, the Conflicts Committee may expressly delegate to any individual or group of individuals some or all of the committee's authority to administer the plan, including authority to designate participants, determine terms, conditions, and amounts of option awards, and to grant awards. However, no delegation of duties and responsibilities may be made to eligible participants in the plan who are, or who are anticipated to become, persons subject to the short-swing profit rules of Section 16 of the Securities Exchange Act of 1934.

The Conflicts Committee does not have a separate committee charter. Its primary responsibilities were enumerated in the Company's charter and Corporate Governance Guidelines prior to our transition to self-management on February 28, 2013. The Conflicts Committee met ten times during 2012.

Effective February 28, 2013 the responsibilities of our Conflicts Committee were adjusted due to our transition to self-management. The Conflicts Committee is now responsible for reviewing and approving or disapproving all interested transactions, meaning any transaction, arrangement or relationship in which (i) the amount involved may be expected to exceed \$120,000 in any fiscal year, (ii) the Company will be a participant, and (iii) a related person has a direct or indirect material interest. A related person is defined as an executive officer, director or nominee for election as director, or a greater than 5% beneficial owner of the Company's common stock, or an immediate family member of the foregoing.

The Nominating and Corporate Governance Committee

General

The members of our Nominating and Corporate Governance Committee are John L. Dixon (Chairman), Richard W. Carpenter, Neil H. Strickland and Bud Carter. Prior to February 28, 2013, Mr. Strickland was the chairman of the Nominating

and Corporate Governance Committee. The members of the Nominating and Corporate Governance Committee are "independent" as defined by the NYSE.

The primary functions of the Nominating and Corporate Governance Committee are: (i) identifying individuals qualified to serve on the board of directors and recommending that the board of directors select a slate of director nominees for election by the stockholders at the annual meeting; (ii) developing and recommending to the board of directors a set of corporate governance guidelines and periodically reevaluating such guidelines for the purpose of suggesting amendments to them; and (iii) overseeing an annual evaluation of the board of directors and each of its committees. The Nominating and Corporate Governance Committee held three meetings during 2012. A copy of the Nominating and Corporate Governance Committee charter is available on our Web site at [www.columbiapropertytrust.com](http://www.columbiapropertytrust.com).

#### Board Membership Criteria

The Nominating and Corporate Governance Committee annually reviews with the board of directors the appropriate experience, skills, and characteristics required of board members in the context of the then-current membership of the board. This assessment includes, in the context of the perceived needs of the board at that time, issues of knowledge, experience, judgment, and skills such as an understanding of commercial real estate, capital markets, the securities brokerage industry, commercial banking, insurance, business leadership, accounting and financial management. No one person is likely to possess deep experience in all of these areas. Therefore, the board of directors and the Nominating and Corporate Governance Committee have sought a diverse board of directors whose members collectively possess these skills and experiences. Other considerations include the candidate's independence from conflict with us and the ability of the candidate to attend board meetings regularly and to devote an appropriate amount of effort in preparation for those meetings. It also is expected that independent directors nominated by the board of directors shall be individuals who possess a reputation and hold (or have held) positions or affiliations befitting a director of a large publicly held company and are (or have been) actively engaged in their occupations or professions or are otherwise regularly involved in the business, professional, or academic community. As detailed in the director biographies below, the board of directors and the Nominating and Corporate Governance Committee believe that the slate of directors recommended for election at the annual meeting possess these diverse skills and experiences.

#### Selection of Directors

The board of directors is responsible for selecting its own nominees and recommending them for election by the stockholders. The board delegates the screening process necessary to identify qualified candidates to the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee annually reviews director suitability and the continuing composition of the board; it then recommends director nominees who are voted on by the full board of directors. All director nominees then stand for election by the stockholders annually. In recommending director nominees to the board of directors, the Nominating and Corporate Governance Committee solicits candidate recommendations from its own members, other directors, and management. The Nominating and Corporate Governance Committee may engage the services of a search firm to assist in identifying potential director nominees. The Nominating and Corporate Governance Committee also will consider recommendations made by stockholders for director nominees who meet the established director criteria set forth above. In order to be considered by the Committee, recommendations made by stockholders must be submitted within the timeframe required to request a proposal to be included in the proxy materials. See "Stockholder Proposals" below. In evaluating the persons recommended as potential directors, the Nominating and Corporate Governance Committee will consider each candidate without regard to the source of the recommendation and take into account those factors that the Nominating and Corporate Governance Committee determines are relevant. Stockholders may directly nominate potential directors (without the recommendation of the Committee) by satisfying the procedural requirements for such nomination as provided in Article II, Section 2.12, of our Bylaws. Any stockholder may request a copy of our Bylaws free of charge by calling our Investor Relations department at 1-800-557-4831.

#### The Executive Committee

The members of the Executive Committee are John L. Dixon (Chairman), Richard W. Carpenter and E. Nelson Mills. The Executive Committee was formed by the board of directors on February 28, 2013 in connection with the

Company's transition to self-management. It did not hold any meetings in 2012. Our board of directors has not delegated any responsibilities to the executive committee of the board of directors. In the future our board of directors may authorize the executive committee to take certain actions on behalf of the board when board approval is needed between regularly scheduled meetings. We also expect management to discuss certain proposed matters with the executive committee to determine whether the matter would be appropriate to take before the full board of directors.



#### The Operations Committee

The members of the Operations Committee are Richard W. Carpenter (Chairman), Charles R. Brown, Bud Carter and John L. Dixon. The Operations Committee was formed by the board of directors on February 28, 2013 in connection with the Company's transition to self-management. It did not hold any meetings in 2012. The Operations Committee is expected to act on matters similar to those previously considered by the Asset Management Committee, the Finance and Planning Committee and the Stockholder Relations Committee.

#### The Asset Management Committee

The members of the Asset Management Committee were Charles R. Brown (Chairman), Richard W. Carpenter, and Bud Carter, all of whom are independent directors. The primary function of the Asset Management Committee was to advise the board of directors on investment criteria and acquisition policies, the general economic environment in various real estate markets, existing or prospective properties or tenants, property management matters, and portfolio diversification goals. The Asset Management Committee held fourteen meetings in 2012. Our board of directors dissolved the Asset Management Committee as of February 28, 2013 in connection with our transition to self-management.

#### The Finance and Planning Committee

The members of the Finance and Planning Committee were Richard W. Carpenter (Chairman), Charles R. Brown and George W. Sands, all of whom are independent directors. The primary function of the Finance and Planning Committee was to review and advise the board of directors on our overall financial performance, which included issues related to net proceeds raised, fees and expenses, operating earnings, dividends, capital structure, and budgetary and reporting processes. The Finance and Planning Committee held five meetings in 2012. Our board of directors dissolved the Finance and Planning Committee as of February 28, 2013 in connection with our transition to self-management.

#### The Stockholder Relations Committee

The members of the Stockholder Relations Committee were Bud Carter (Chairman), John L. Dixon and Neil H. Strickland, each of whom is an independent director. The primary function of the Stockholder Relations Committee was to advise the board of directors on various stockholders' issues including market conditions, issues relating to net proceeds raised from stockholders, and communications with stockholders. Through guidance and oversight, the Stockholder Relations Committee encouraged communications that provide stockholders with timely information in a cost-effective and user-friendly format. In addition, the Stockholder Relations Committee advised the board on market trends and competitive analysis. During 2012, the Stockholder Relations Committee held four meetings. Our board of directors dissolved the Stockholder Relations Committee as of February 28, 2013 in connection with our transition to self-management.

#### The Strategic Planning Committee

The members of the Strategic Planning Committee were John L. Dixon (Chairman), Charles R. Brown, Richard W. Carpenter, Bud Carter, George W. Sands and Neil H. Strickland, all of whom are independent directors. The Strategic Planning Committee was formed to assume the responsibility for the strategic planning necessary to assist the board of directors in its efforts to achieve the Company's long-term goals. The Strategic Planning Committee held nine meetings in 2012. Our board of directors dissolved the Strategic Planning Committee as of February 28, 2013 in connection with our transition to self-management.

#### Stockholder Communications with the Board of Directors

We have established several means for stockholders to communicate concerns to the board of directors. If the concern relates to our financial statements, accounting practices, or internal controls, stockholders should submit the concern in writing to the Chairman of our Audit Committee in care of our Secretary at our headquarters address. If the concern relates to our governance practices, business ethics, or corporate conduct, stockholders should submit the concern in writing to the Chairman of our Nominating and Corporate Governance Committee in care of our Secretary at our headquarters address. If uncertain as to which category a concern relates, a stockholder may communicate the concern to any one of the independent directors in care of our Secretary.

Stockholders also may communicate concerns with our directors at our annual meeting. All of our nine directors were in attendance at our 2012 annual meeting. We expect all of our directors to be present at our 2013 annual meeting.



## Board Leadership Structure and Role in Risk Oversight

### President and Board Chair Positions

It is the policy of the board of directors that the role of chairman is separate from that of president and chief executive officer. Therefore, the positions of chairman of the board and chief executive officer are held by separate persons. In addition, the board of directors has determined that the chairman shall be independent within the meaning of the NYSE listing standards. Currently our chairman of the board is Mr. Dixon and our president and chief executive officer is Mr. Mills. Mr. Dixon has served as chairman of the board of directors since December 31, 2012. Prior to his appointment as chairman of the board, Mr. Dixon served as an independent director since 2008. Prior to December 31, 2012, Leo Wells, one of our current directors, served as chairman of the board, a position he had held since 2003. Mr. Mills was appointed our president (in addition to continuing as one of our directors) effective July 21, 2010. Mr. Mills was given the additional title of chief executive officer effective February 28, 2013. Our board of directors has six independent directors out of a nine-member board.

The board believes that the current structure is appropriate and effective for our Company. The board believes that there are advantages to having an independent chairman of the board for matters such as communications and relations between the board, the president and chief executive officer, and other senior leadership; assisting the board in reaching consensus on particular strategies and policies; facilitating robust evaluation processes for senior leadership, the board, and the chief executive officer. In addition, the board believes that the current leadership structure helps to ensure that the appropriate level of oversight, independence and responsibility is applied to all board decisions, including risk oversight. The duties of the independent chairman of the board include: chairing meetings of the board of directors and executive sessions of the independent directors; facilitating discussion outside board meetings among the independent directors on key issues and concerns; serving as non-executive conduit to the chief executive officer of views, concerns and issues of the directors; interacting with external stakeholders, outside advisors and employees at the discretion of the board; and supporting proper flow of information to the board to ensure the opportunity for effective preparation and discussion of business under consideration. The chairman serves as an information resource for the independent directors and acts as a liaison between directors, committee chairs and management.

### Risk Oversight

The Company is exposed to a wide variety of risks in its business activities, including market, strategic, operational, financial, legal, competitive and regulatory risks. Our board of directors is responsible for oversight of risks facing the Company, while our management is responsible for day-to-day management of risk. In its oversight role, our board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. The board receives updates in the ordinary course from management and outside advisors regarding risks we face, including litigation and various operating risks. The risk oversight function is also administered through the standing committees of our board of directors, which oversee risks inherent in their respective areas of responsibility, reporting to our board regularly and involving our board as necessary. Our board committees oversee certain aspects of risk management as follows:

The Audit Committee assists the board in the oversight of the Company's risk management process. Periodically throughout the year, management reports to the Audit Committee regarding risk management. The nature and content of those reports are responsive to the requests of the Audit Committee. At least once annually a formal enterprise risk management report is presented by management to the full board of directors. The Audit Committee reviews and discusses with management and the independent auditor the Company's major financial risk exposures and any significant non-financial risk exposures, and related policies and practices to assess and control such exposures, including the Company's risk assessment and risk management policies. The Audit Committee also reviews the role of the board in the oversight of the Company's risks.

The Compensation Committee is responsible for overseeing the Company's overall compensation practices, policies and programs and assessing the risks associated with such practices, policies and programs, including risks related to the executive officer compensation programs such as those that are attendant to incentive-driven compensation plans.

The Nominating and Governance Committee is responsible for overseeing risks related to the composition and structure of the board of directors and its committees and the Company's corporate governance, including evaluating and considering evolving corporate governance best practices.

The board and its relevant committees review with management the risk management practices for which they have oversight responsibility. Further, we believe that our current leadership structure, including that of having an independent chairman, enhances the board's ability to oversee the Company's risks.

#### Executive Officers and Directors

We have provided below certain information about our executive officers and directors. All of our directors have terms expiring on the date of the 2013 annual meeting, and eight of our directors are being nominated to be re-elected to serve until the 2014 annual meeting and until their successors are elected and qualified.

Name	Position(s)	Age	Year First Became a Director
E. Nelson Mills	President, Chief Executive Officer and Director	52	2007
Randall D. Fretz	Senior Vice President and Secretary	60	N/A
Wendy W. Gill	Senior Vice President and Treasurer	38	N/A
John L. Dixon	Chairman of the Board and Director	70	2008
Charles R. Brown	Director	74	2003
Richard W. Carpenter	Director	76	2003
Bud Carter	Director	74	2003
George W. Sands	Director	68	2010
Neil H. Strickland	Director	77	2003
Leo F. Wells, III	Director	69	2003

E. Nelson Mills was appointed our president in July 2010 and chief executive officer in February 2013 and has served as one of our directors since April 2007; from April 2007 to March 2010 he qualified as an independent director. From February 2006 to February 2013, Mr. Mills served as a director of Wells Timberland REIT, Inc. ("Wells Timberland REIT"); from February 2006 to March 2010 he qualified as an independent director of Wells Timberland REIT. Mr. Mills served as the president and chief operating officer of Williams Realty Advisors, LLC from 2005 to 2009. While at Williams Realty Advisors, Mr. Mills was responsible for investment and financial strategy and was in charge of the design, formation and operation of a series of real estate investment funds.

Prior to joining Williams Realty Advisors in December 2004, Mr. Mills was a financial consultant to Timbervest, LLC, an investment manager specializing in timberland investments. From September 2000 to April 2004, Mr. Mills served as chief financial officer of Lend Lease Real Estate Investments (US), Inc., an investment manager specializing in the acquisition and management of commercial real estate, and from August 1998 to August 2000 served as a senior vice president of Lend Lease with responsibility for tax planning and administration and the supervision of various merger and acquisition activities. Prior to joining Lend Lease, Mr. Mills was a tax partner with KPMG LLP. Mr. Mills received a Bachelor of Science degree in Business Administration from the University of Tennessee and a Masters of Business Administration degree from the University of Georgia. Mr. Mills also is a Certified Public Accountant.

Among the most important factors that led to the board of directors' recommendation that Mr. Mills serve as our director are Mr. Mills' integrity, judgment, leadership, accounting and financial management expertise, commercial real estate expertise, familiarity with our Company and public company director experience.

Randall D. Fretz has been our Senior Vice President since 2003 and was appointed Secretary on February 28, 2013. Mr. Fretz served as Senior Vice President of Wells Capital; Executive Vice President Operations and Governance of Wells Real Estate Funds; Senior Vice President of Wells Timberland REIT; Senior Vice President of Wells Core Office Income REIT, Inc. ("Wells Core REIT"); and director of Wells Investment Securities ("WIS") and Wells Investment Management Company. Wells Real Estate Funds is an affiliate of our former advisor and directly or indirectly owns Wells Capital, Wells Management, WIS, Wells & Associates, Inc., Wells Development Corporation, Wells Asset Management, Inc., and Wells Core Office Income REIT Advisory Services, LLC. Effective March 2013, Mr. Fretz resigned from his positions with Wells' affiliated entities in connection with our transition to self-management. Mr. Fretz is primarily responsible for operations, governance, strategy, planning and special

corporate projects. Prior to joining Wells Capital in 2002, Mr. Fretz served for seven years as President of U.S. and Canada operations for Larson-Juhl, a world leader in custom art and picture-framing home decor. Mr. Fretz was

previously a Division Director at Bausch & Lomb, a manufacturer of optical equipment and products, and also held various senior positions at Tandem International and Lever Brothers. Mr. Fretz holds a bachelor's degree in each of Sociology and Physical Education from McMaster University in Hamilton, Ontario. He also earned a Masters of Business Administration degree from the Ivey School of Business in London, Ontario.

Wendy W. Gill is our Senior Vice President and Treasurer. Effective February 28, 2013, the board of directors 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 previously served 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 Wells Real Estate Funds. Ms. Gill joined Wells Real Estate Funds in 2002 as Director of Financial Reporting and Accounting. From 2007 to 2011, Ms. Gill served as Vice President and Chief Accounting Officer for Wells Real Estate Funds, in which capacity she was responsible for the financial and reporting functions for the real estate programs sponsored by Wells Real Estate Funds, including the public REITs, various public and private limited partnerships, and 1031 Exchange programs. Since 2011, Ms. Gill has dedicated all of her time to our operations. Prior to joining Wells Real Estate Funds 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.

John L. Dixon is the chairman of the board as of December 31, 2012, and has served as one of our independent directors since 2008. Mr. Dixon was appointed chairman of the board on December 31, 2012. Mr. Dixon has over 40 years of experience in the financial services industry and has spent the majority of his professional career serving in various executive roles for broker-dealer companies controlled or wholly owned by Pacific Life. Mr. Dixon's affiliation with Pacific Life began in 1984 as Vice President, Financial Planning with Lowry Financial Service Corporation, which became a wholly owned subsidiary of Pacific Life. During his 23-year tenure with Pacific Life, Mr. Dixon held numerous positions, and prior to his retirement from Pacific Life in June 2007, Mr. Dixon was President and Director of Pacific Select Group, LLC; Chairman and Chief Executive Officer of Mutual Service Corporation; Director of Waterstone Financial Group; Director of United Planners Financial Services; Director of Associated Financial Group, Inc. and Manager of M.L. Stern & Co. LLC. Upon his retirement from Pacific Life, Mr. Dixon assumed an interim position with LPL Financial to assist in the transition of Pacific Life firms acquired by LPL Financial. Mr. Dixon retired from full-time employment in June 2008. Mr. Dixon is an active member of the National Association of Corporate Directors (NACD) and is qualified as a NACD Board Leadership Fellow.

During his financial services career, Mr. Dixon participated in many industry service organizations. He is a founding director of the Financial Planning Association (formerly the Institute of Certified Financial Planners) and previously served two terms as a director with the Institute of Certified Financial Planners from 1976 to 1977 and 2001 to 2003. From 1994 to 2003, Mr. Dixon served as a Trustee of the National Endowment for Financial Education where he was a member of the Investment Committee, the Executive Committee and served as Chairman of the Board of Trustees. Mr. Dixon received a four-year Certificate of Christian Education from Prairie Bible Institute in Alberta, Canada. He is a graduate of American College where he earned Masters of Science degrees in Financial Services and Management.

Among the most important factors that led to the board of directors' recommendation that Mr. Dixon serve as our chairman of the board are Mr. Dixon's integrity, judgment, leadership, knowledge of the securities brokerage industry, familiarity with our Company, and independence from our management.

Charles R. Brown is one of our independent directors. He has been involved in real estate activities for over 40 years. From 1971 to 1976, he served as Director of Marketing and Project Manager for Atlanta Center, one of the South's largest multiuse complexes. Atlanta Center is a two-million square-foot project in the central business district of Atlanta and includes a Hilton Hotel, a bank, and office and retail establishments. From 1976 to 1997, Mr. Brown was President of Technology Park/Atlanta, Inc., where he was instrumental in developing Technology Park/Atlanta, a 600-acre office park in Peachtree Corners, north of Atlanta, which was selected for the Governor's Award for its contribution to community economic development. During this time, Mr. Brown also developed John's Creek, a

1,800-acre mixed-use development located north of Atlanta, and Lenox Park, a 125-acre mixed-use property in Atlanta.

Mr. Brown is Chairman of CRB Realty Associates, a private real estate consulting firm. He previously served as president and vice chairman of Atlantic Station, LLC from 1997 to 2003. He was involved in the planning and development of Atlantic Station, a redevelopment project of the former steel mill of Atlantic Steel in Atlanta, Georgia. He also has represented one of the partnerships developing an office building constituting part of the Atlantic Station project.



Mr. Brown is a past President of the Georgia Tech Foundation, past Chairman of the Gwinnett County Chamber of Commerce and the Georgia Chamber of Commerce, and past Vice Chairman of the Georgia Governor's Development Council. He also served on the board of directors of the Georgia Department of Technical and Adult Education. He is a graduate of the Georgia Institute of Technology where he received a B.S. degree in Building Construction from the College of Architecture.

Among the most important factors that led to the board of directors' recommendation that Mr. Brown serve as our director are Mr. Brown's integrity, judgment, leadership skills, extensive commercial real estate expertise, familiarity with our Company, public company director experience, and independence from management and our advisor.

Richard W. Carpenter is one of our independent directors. He served as General Vice President of Real Estate Finance of The Citizens and Southern National Bank from 1975 to 1979, during which time his duties included the establishment and supervision of the United Kingdom Pension Fund, U.K.-American Properties, Inc., which was established primarily for investment in commercial real estate within the United States.

Mr. Carpenter is a managing partner of Carpenter Properties, L.P., a real estate limited partnership, and Chairman of the Board and a member of the Executive Committee and Audit Committee of MidCountry Financial Corp. He retired as President and director of Commonwealth Oil Refining Company, Inc. and Realmark Holdings in 2001.

Mr. Carpenter previously served as Vice Chairman of the board of directors of both First Liberty Financial Corp. and Liberty Savings Bank, F.S.B., and Chairman of the Audit Committee of First Liberty Financial Corp. He has been a member of the National Association of Real Estate Investment Trusts and formerly served as President and Chairman of the Board of Southmark Properties, an Atlanta-based REIT, which invested in commercial properties. Mr. Carpenter is a past Chairman of the American Bankers Association Housing and Real Estate Finance Division Executive Committee. Mr. Carpenter holds a Bachelor of Science degree from Florida State University, where he was named the outstanding alumnus of the School of Business in 1973.

Among the most important factors that led to the board of directors' recommendation that Mr. Carpenter serve as our director are Mr. Carpenter's integrity, judgment, leadership skills, extensive banking expertise, extensive commercial real estate expertise, public company director experience, familiarity with our Company and independence from management and our advisor.

Bud Carter is one of our independent directors. For more than 20 years, Mr. Carter was an award-winning broadcast news director and anchorman for several radio and television stations in the Midwest. Later, from 1975 to 1980, Mr. Carter served as General Manager of WTAZ-FM, a radio station in Peoria, Illinois, and served as Publisher and Editor of The Peoria Press, a weekly business and political journal. From 1981 until 1989, Mr. Carter was an owner and General Manager of Transitions, Inc., a corporate outplacement company in Atlanta, Georgia.

Mr. Carter currently chairs three monthly peer groups for Vistage International (formerly The Executive Committee), a leadership organization that offers members monthly peer workshops, one-on-one business coaching, speaker presentations and a library of online content for business executives. Mr. Carter was recruited in 1987 to be the chairman of the organization's first peer group in Atlanta. See "Transactions with Related Persons" below. Mr. Carter serves on the board of directors of the Kennesaw State Coles College of Business, the Springs Newspapers, and the Rockbridge Commercial Bank; earlier board service includes Creative Storage Systems, Inc., the DiversiTech Corporation, WaveBase9, Wells Dow Jones Wilshire US REIT Index Fund and the Wells Dow Jones Wilshire Global RESI Index Fund. He is a graduate of the University of Missouri, where he earned degrees in Liberal Arts and Journalism.

Among the most important factors that led to the board of directors' recommendation that Mr. Carter serve as our director are Mr. Carter's integrity, judgment, leadership, broad experience in working with CEOs and other business leaders, familiarity with our Company, public company director experience, and independence from management and our advisor.

George W. Sands has served as one of our independent directors since April 1, 2010. From April 1, 2010 until March 31, 2013 he also served as an independent director of Wells Timberland REIT. From 1970 to 2006, Mr. Sands served in various roles, including as a partner, with KPMG LLP and its predecessor firms, Peat Marwick Mitchell and Peat Marwick Main. While at KPMG, Mr. Sands served as the Southeast Area Managing Partner for the firm's Audit and Advisory Practice from 1998 until his retirement in 2006. During his career at KPMG, Mr. Sands also served as

Southeast Area Managing Partner of Manufacturing, Retailing and Distribution, Atlanta Office Managing Partner, and Securities and Exchange Reviewing Partner. He was a member of the KPMG's National Audit Leadership Team and a Trustee on the KPMG Foundation Board of Directors.

Mr. Sands currently serves on the Advisory Board of The Atlanta Alliance on Developmental Disabilities and is a member of The Rotary Club of Atlanta, where he has served as Treasurer. Mr. Sands also has served as a member of the Boards of the Metro Atlanta Chamber of Commerce, the Georgia Chamber of Commerce, and The Atlanta Convention and Visitors Bureau.

Mr. Sands received a Bachelor of Business Administration degree from the University of Georgia. He has been a member of the School of Accounting Advisory Council at University of Georgia. He is a retired Certified Public Accountant in the State of Georgia. Mr. Sands also served as an officer in the United States Army, including a tour of duty in the Republic of South Vietnam.

Among the most important factors that led to the board of directors' recommendation that Mr. Sands serve as our director are Mr. Sands' integrity, judgment, leadership, significant knowledge of public accounting, audit and financial management experience and independence from management and our advisor.

Neil H. Strickland is one of our independent directors. From 1998 to 2010, Mr. Strickland served as an independent trustee of the Wells Family of Real Estate Funds. He was employed by Loyalty Group Insurance (which subsequently merged with America Fore Loyalty Group and is now known as The Continental Group) as an automobile insurance underwriter. From 1957 to 1961, Mr. Strickland served as Assistant Supervisor of the Casualty Large Lines Retrospective Rating Department. From 1961 to 1964, Mr. Strickland served as Branch Manager of Wolverine Insurance Company, a full-service property and casualty service company, where he had full responsibility for underwriting of insurance and office administration in the State of Georgia. In 1964, Mr. Strickland and a nonactive partner started Superior Insurance Service, Inc., a property and casualty wholesale general insurance agency. Mr. Strickland served as President and was responsible for the underwriting and all other operations of the agency. In 1967, Mr. Strickland sold his interest in Superior Insurance Service, Inc. and started Strickland General Agency, Inc., a property and casualty general insurance agency concentrating on commercial customers. Mr. Strickland is currently the Senior Operations Executive of Strickland General Agency, Inc. and devotes most of his time to long-term planning, policy development, and senior administration.

Mr. Strickland is a Director of First Covenant Bank located in Woodstock, Georgia. He is a past President of the Norcross Kiwanis Club and served as both Vice President and President of the Georgia Surplus Lines Association. He also served as President and a director of the National Association of Professional Surplus Lines Offices. Mr. Strickland is a past director of First Capital Bank, a community bank, and from November 2004 to November 2005 served as a director of CNB Holdings, Inc., a publicly traded bank, both located in Georgia. Mr. Strickland attended Georgia State University, where he majored in business administration. He received his L.L.B. degree from Atlanta Law School.

Among the most important factors that led to the board of directors' recommendation that Mr. Strickland serve as our director are Mr. Strickland's integrity, judgment, leadership, insurance industry expertise, public company director experience, familiarity with our Company, and independence from management and our advisor.

Leo F. Wells, III, is one of our directors. Prior to December 31, 2012 he served as Chairman of the Board of directors and prior to July 2010 he served as our President. Since 2005, Mr. Wells has served as the President and from 2005 to 2007 as a director of Wells Timberland REIT. Since 2007, he has served as the President and as a director of Wells Core REIT. He also is the sole stockholder, sole director, chief executive officer and Treasurer of Wells Real Estate Funds. He also is the President, Treasurer, and sole director of Wells Capital; Wells Management; Wells Development Corporation, a company organized in 1997 to develop real estate properties; and Wells Asset Management, Inc., a company organized in 1997, which served as an investment adviser to the Wells Family of Real Estate Funds. He is the President, Treasurer, and a director of Wells & Associates, Inc., a real estate brokerage and investment company formed in 1976 and incorporated in 1978. From 1998 to 2009, Mr. Wells was also a trustee of the Wells Family of Real Estate Funds, an open-end management company organized as an Ohio business trust. From 1998 to 2007, Mr. Wells served as President and Chairman of the Board of Piedmont REIT, formerly known as Wells Real Estate Investment Trust, Inc., a public REIT sponsored by Wells Real Estate Funds until April 16, 2007, when Piedmont REIT acquired entities affiliated with Wells Real Estate Funds and became a self-advised REIT.

Mr. Wells was a real estate salesman and property manager from 1970 to 1973 for Roy D. Warren & Company, an Atlanta-based real estate company, and he was associated from 1973 to 1976 with Sax Gaskin Real Estate Company,

during which time he became a Life Member of the Atlanta Board of Realtors Million Dollar Club. From 1980 to February 1985 he served as Vice President of Hill-Johnson, Inc., a Georgia corporation engaged in the construction business. Mr. Wells holds a Bachelor of Business Administration degree in economics from the University of Georgia. Mr. Wells is a member of the Financial Planning Association (FPA).

Among the most important factors that led to the board of directors' recommendation that Mr. Wells serve as our director are Mr. Wells' leadership skills, integrity, judgment, knowledge of our Company and our advisor, commercial real estate expertise, knowledge of the retail securities brokerage industry, and public company director experience. On August 26, 2003, Mr. Wells and WIS entered into a Letter of Acceptance, Waiver, and Consent ("AWC") with the National Association of Securities Dealers, Inc. ("NASD") relating to alleged rule violations. The AWC set forth the NASD's findings that WIS and Mr. Wells had violated conduct rules relating to the provision of noncash compensation of more than \$100 to associated persons of NASD member firms in connection with their attendance at the annual educational and due diligence conferences sponsored by WIS in 2001 and 2002. Without admitting or denying the allegations and findings against them, WIS and Mr. Wells consented in the AWC to various findings by the NASD, which are summarized in the following paragraph:

In 2001 and 2002, Wells Investment Securities sponsored conferences attended by registered representatives who sold its real estate investment products. Wells Investment Securities also paid for certain expenses of guests of the registered representatives who attended the conferences. In 2001, Wells Investment Securities paid the costs of travel to the conference and meals for many of the guests, and paid the costs of playing golf for some of the registered representatives and their guests. Wells Investment Securities later invoiced registered representatives for the cost of golf and for travel expenses of guests, but was not fully reimbursed for such. In 2002, Wells Investment Securities paid for meals for the guests. Wells Investment Securities also conditioned most of the 2001 conference invitations on attainment by the registered representatives of a predetermined sales goal for Wells Investment Securities products. This conduct violated the prohibitions against payment and receipt of noncash compensation in connection with the sales of these products contained in NASD's Conduct Rules 2710, 2810, and 3060. In addition, Wells Investment Securities and Mr. Wells failed to adhere to all of the terms of their written undertaking, made in March 2001, not to engage in the conduct described above, thereby failing to observe high standards of commercial honor and just and equitable principles of trade in violation of NASD Conduct Rule 2110.

WIS consented to a censure, and Mr. Wells consented to suspension from acting in a principal capacity with an NASD member firm for one year. WIS and Mr. Wells also agreed to the imposition of a joint and several fine in the amount of \$150,000. Mr. Wells' one-year suspension from acting in a principal capacity ended on October 6, 2004.

#### Compensation of Executive Officers

During the year ended December 31, 2012 our executive officers did not receive compensation directly from us for services rendered to us. Our executive officers were also officers of our former advisor and its affiliates and were compensated by these entities, in part, for their services to us. Under the terms of the advisory agreement, our advisor was responsible for providing our day-to-day management, subject to the supervision of our board of directors. See "Related-Party Transactions" for a discussion of the fees paid and expenses reimbursed to our advisor and its affiliates in connection with managing our operations. Pursuant to the advisory agreement, we reimbursed our advisor for expenses incurred on our behalf. These expenses included salary reimbursements for the portion of Mr. Williams' salary allocated to us based on his time spent providing services to us for which our advisor does not receive a separate fee. Reimbursable expenses under the advisory agreement also included salary reimbursements for Mr. Mills' salary, all of which was allocated to us because Mr. Mills was engaged by the advisor to serve in a management role dedicated solely to overseeing our operations. Mr. Williams' offering-related efforts on our behalf were only part of his responsibilities as an employee of the advisor and its affiliates, and consequently his salary was divided among several programs for reimbursement purposes.

The following table shows the summary compensation reimbursements we made to our advisor or its affiliates for the compensation of Messrs. Mills and Williams allocated to us for the past three years.

Name and Principal Position	Year	Salary	Bonus	Total
E. Nelson Mills	2012	\$556,973	\$—	\$556,973
President, July 21, 2010 - Present	2011	\$542,539	\$—	\$542,539
	2010	\$345,934	\$500,000	\$845,934
Douglas P. Williams <sup>(2)</sup>	2012	\$42,681	\$—	\$42,681
Chief Financial Officer	2011	\$—	\$—	\$—
	2010	\$54,412	\$—	\$54,412

(1) With the exception of a signing bonus paid to E. Nelson Mills upon his appointment as our President, we do not reimburse our advisor for bonus amounts paid to our executive officers.

Reimbursement for Mr. Williams' salary included a blended mark-up of 29% that our advisor and its affiliates

(2) applied uniformly to all salary reimbursements it sought from us to cover benefits such as health and life insurance paid by our advisor and its affiliates.

#### Outstanding Equity Awards at Fiscal Year-End 2012

The following table shows the outstanding option awards held by our chief executive officer as of December 31, 2012. These awards were granted to E. Nelson Mills in connection with his appointment to our board of directors as an independent director in April 2007 and his re-election to our board in September 2007 in connection with our annual meeting.

Name	Number of Securities Underlying Unexercised Options Exercisable	Option Exercise Price (\$)	Option Expiration Date
E. Nelson Mills	3,500	12.00	(1)

(1) 2,500 options expire on April 18, 2017 and 1,000 options expire on September 12, 2017.

#### Compensation of Directors

We have provided below certain information regarding compensation paid to or earned by our directors during the 2012 fiscal year.

Name	Fees Earned or Paid in Cash (\$)	Total (\$)
E. Nelson Mills <sup>(1)</sup>	—	—
Leo F. Wells, III <sup>(1)</sup>	—	—
Douglas P. Williams <sup>(1)</sup>	—	—
Charles R. Brown <sup>(2)</sup>	91,905	91,905
Richard W. Carpenter <sup>(2)</sup>	90,405	90,405
Bud Carter <sup>(2)</sup>	89,905	89,905
John L. Dixon	74,500	74,500
George W. Sands	81,905	81,905
Neil H. Strickland <sup>(2)</sup>	83,905	83,905

(1) Directors who are also our executive officers do not receive compensation for services rendered as a director.

Messrs. Brown, Carpenter, Carter and Strickland each own options to purchase up to 6,500 shares of the

(2) Company's common stock at an exercise price of \$12.00. In accordance with FASB ASC Topic 718, we estimated the fair value of each stock option granted as of the date of the grant using the Black-Scholes-Merton model and concluded that the fair value of the options is insignificant.



#### Cash Compensation

During the year ended December 31, 2012 we paid each of our independent directors:  
• an annual retainer of \$32,000;

• \$1,500 per regularly scheduled board meeting attended;

• \$1,500 per regularly scheduled committee meeting attended (in addition, the Audit Committee chairperson receives an annual retainer of \$7,500 and all other committee chairpersons receive annual retainers of \$5,000 for serving in that capacity); and

• \$500 per special board meeting attended whether held in person or by telephone conference.

In addition, we reserved 100,000 shares of common stock for future issuance upon the exercise of stock options granted to the independent directors pursuant to our Independent Director Stock Option Plan (described below). All directors receive reimbursement of reasonable out-of-pocket expenses incurred in connection with attendance at meetings of the board of directors.

We paid our independent directors according to the same rates for the first three months of 2013, prorated to reflect the three-month period. Effective April 1, 2013 we pay our independent directors as follows, pro-rated to reflect the nine-month period:

• an annual cash retainer of \$65,000 and an annual equity retainer of \$40,000, subject to stockholder approval of the 2013 Long-Term Incentive Plan; if our stockholders do not approve the 2013 Long-Term Incentive Plan, the equity retainer will be paid in cash in an amount of \$40,000;

• the non-executive chairperson of the board receives an annual retainer of \$50,000; the Audit Committee chairperson receives an annual retainer of \$15,000; the Operations Committee chairperson receives an annual retainer of \$13,500; the Compensation Committee chairperson receives an annual retainer of \$10,000; and the Nominating and Corporate Governance Committee chairperson receives an annual retainer of \$8,500;

• each member of the Audit Committee receives an annual retainer of \$7,500; each member of the Operations Committee receives an annual retainer of \$6,750; each member of the Compensation Committee receives an annual retainer of \$5,000; and each member of the Nominating and Corporate Governance Committee receives an annual retainer of \$4,250.

#### Independent Director Stock Option Plan

We adopted an Independent Director Stock Option Plan in September 2003, which was suspended in 2007 and expires in September of this year. Prior to suspending the plan, we had issued stock options to purchase 50,500 shares of common stock to our independent directors pursuant to this plan. Of these, options to purchase 29,500 shares of common stock remain outstanding. Available for future issuance under the plan are options to purchase 18,000 shares that were terminated in 2007 and options to purchase 3,000 shares that were terminated in 2006. We do not expect to issue additional options to our independent directors under the plan. As described in Proposal 2, we are currently asking stockholders to approve a new plan, the 2013 Long-Term Incentive Plan, which will provide for the granting of stock awards to non-employee directors, employees of and other bona fide service providers to the Company and its subsidiaries. If the 2013 Long-Term Incentive Plan is approved by our stockholders the Independent Director Stock Option Plan will terminate.

The exercise price for all options granted to date is \$12.00 per share. We have authorized and reserved a total of 100,000 shares for issuance under the plan. If the number of outstanding shares is changed into a different number or kind of shares or securities through a reorganization or merger in which we are the surviving entity, or through a combination, recapitalization, or otherwise, we will make an appropriate adjustment in the number and kind of shares that may be issued pursuant to exercise of the options. We also will make a corresponding adjustment to the exercise



price of the options granted prior to any change. Any such adjustment, however, will not change the total payment, if any, applicable to the portion of the options not exercised but will change only the exercise price for each share. Options will lapse on the first to occur of (i) the tenth anniversary of the date we grant them, (ii) the removal for cause of the independent director as a member of the board of directors, or (iii) three months following the date the independent

director ceases to be a director for any reason other than death or disability. Options may be exercised by payment of cash or through the delivery of common stock. Options are generally exercisable in the case of death or disability for a period of one year after death or the disabling event. No option issued may be exercised if such exercise would jeopardize our status as a REIT under the Internal Revenue Code. The independent directors may not sell, pledge, assign, or transfer their options other than by will or the laws of descent or distribution.

The term of the plan is 10 years. Upon our earlier dissolution or liquidation; upon our reorganization, merger, or consolidation with one or more corporations as a result of which we are not the surviving corporation; or upon sale of all or substantially all of our properties, the plan will terminate, and any outstanding options will terminate and be forfeited. The board of directors may provide in writing in connection with any such transaction for any or all of the following alternatives:

for the assumption by the successor corporation of the options granted or the replacement of the options with options covering the stock of the successor corporation, or a parent or subsidiary of such corporation, with appropriate adjustments as to the number and kind of shares and exercise prices;

for the continuance of the plan and the options by such successor corporation under the original terms; or

for the payment in cash or shares of common stock in lieu of and in complete satisfaction of such options.

#### Compensation Committee Interlocks and Insider Participation

Prior to December 14, 2012, we did not have a standing compensation committee as we had no paid employees and our executive officers did not receive compensation directly from us for services rendered to us. Our Conflicts Committee was responsible for discharging the board's responsibilities relating to the compensation of our directors and was expected to act upon matters of executive compensation as necessary. The members of the Conflicts Committee are Neil H. Strickland, Charles R. Brown, Richard W. Carpenter, Bud Carter, John L. Dixon, and George W. Sands, each of whom is an independent director.

Effective December 14, 2012 our board of directors established a Compensation Committee composed of Neil H. Strickland (Chairman), John L. Dixon and George W. Sands.

#### Equity Compensation Plan Information

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, which has been suspended and will terminate in September of this year.



## RELATED-PARTY TRANSACTIONS

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 Wells Real Estate Funds under the Investor Services Agreement). As of February 28, 2013, 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 related parties and us. Set forth below is a description of such transactions.

### Our Relationship with Wells Real Estate Funds

During 2012 certain of our executive officers, Douglas P. Williams and Randall D. Fretz, were also executive officers of Wells Real Estate Funds, our former sponsor, which was the manager of our former advisor. Leo F. Wells, III, the former chairman of our board of directors and one of our directors, is the sole director of Wells Real Estate Funds and indirectly owns 100% of its equity. A subsidiary of Wells Real Estate Funds provided our day-to-day management under the advisory agreement prior to February 28, 2013.

### Advisory Agreement

From our inception through February 27, 2013, a subsidiary of Wells Real Estate Funds provided our day-to-day management under the terms of several, uninterrupted advisory agreements 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 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 Advisor Assignment Option (as defined under "-Transition Services Agreement" below) 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 former 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 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 our advisor 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 our advisor 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 disposition in December 2012 of nine properties located in less desirable markets.

Effective July 1, 2012, monthly occupancy costs of \$21,000 were incurred for our advisor'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 also entered into the following contracts with Wells Real Estate Funds and its subsidiaries:

#### Transition Services Agreement

We entered into an agreement with our advisor and Wells Real Estate Funds for transition services (the "Transition Services Agreement"), for the period from July 1, 2012 to December 31, 2013, pursuant to which (i) Wells Real Estate Funds was required to transfer the assets and employees necessary to provide the services under the Advisory Agreement (other than investor services and property management) to our advisor by January 1, 2013, provided that if Wells Real Estate Funds was unable to transfer certain assets by then, Wells Real Estate Funds is required to 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 had the option to acquire our advisor at any time during 2013 (the "Advisor Assignment Option"). The Advisor Assignment Option closed as of February 28, 2013. No payment was associated with the assignment; however, we are required to pay Wells Real Estate Funds for the work required to transfer sufficient employees, proprietary systems and processes, and assets to our advisor to prepare for a successful transition to self-management. Accordingly, pursuant to the Transition Services Agreement, we are obligated to pay Wells Real Estate Funds a total of \$6.0 million payable in 12 monthly installments of \$0.5 million commencing on July 31, 2012. In addition, the Company and Wells Real Estate Funds will each pay half of any out-of-pocket and third-party costs and expenses

incurred in connection with providing the services except that our obligation to reimburse Wells Real Estate Funds for such expenses is limited to approximately \$250,000 in the aggregate. Pursuant to the Transition Services Agreement, at the close of the Advisor Assignment Option, we entered into a consulting services agreement with Wells Real Estate Funds as described below. The Transition Services Agreement is terminable if there is a material breach by Wells Real Estate Funds that is not cured or if Wells Real Estate Funds 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 Wells Real Estate Funds 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 obtained the right, at our option, to acquire the property management entity (the "Property Manager Assignment Option"), the entity charged with carrying out property management functions on behalf of our advisor, 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. We exercised the option and acquired the property management entity effective February 28, 2013.

Upon terminating the Advisory Agreement and effecting the Advisor Assignment Option, we were obligated to enter a new investor services agreement with Wells Real Estate Funds, which provides for the payment of various fees and reimbursement of third-party expenses to Wells Real Estate Funds (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 Wells Real Estate Funds 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 Wells Real Estate Funds 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 Wells Real Estate Funds (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 Advisor Assignment Option.

#### Investor Services Agreement

Upon the exercise of the Advisor Assignment Option, we entered into the Investor Services Agreement with Wells Real Estate Funds, which requires Wells Real Estate Funds 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 Wells Real Estate Funds for the services based on a reimbursement of costs and payroll plus a premium.

#### Consulting Services Agreement

Also upon the exercise of the Advisor Assignment Option, we entered a consulting services agreement with Wells Real Estate Funds (the "Consulting Services Agreement"). Under the Consulting Services Agreement, Wells Real Estate Funds will provide consulting services with respect to the same matters that our advisor 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 Wells Real Estate Funds 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, we were party to a property management, leasing, and construction management agreement with our advisor (the "Property Management Agreement"). Wells Management assigned all of its rights, title, and interest in the Property Management Agreement to our advisor on January 1, 2011. We consented to such assignment as required by the prior property management agreement. As part of this assignment, Wells Management guaranteed the performance of all of the advisor's 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 our advisor under the Property Management Agreement:

• For each property for which our advisor provided property management services, we paid our advisor a market-based property management fee based on gross monthly income of the property.

• For each property for which our advisor provided leasing agent services, our advisor 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 our advisor provided construction management services, our advisor 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 our advisor 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 Property Manager 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.

## STOCK OWNERSHIP

The following table shows, as of February 28, 2013, the amount of our common stock and stock options to purchase shares of our common stock (as indicated below) beneficially owned by (1) any person who is known by us to be the beneficial owner of more than 5% of the outstanding shares of common stock, (2) our directors, (3) our executive officers, and (4) all of our directors and executive officers as a group.

Name and Address of Beneficial Owner <sup>(1)</sup>	Amount and Nature of Beneficial Ownership (2)	Percentage
Leo F. Wells, III <sup>(3)</sup>	231,466	*
Randall D. Fretz	3,198	*
Charles R. Brown <sup>(4)</sup>	7,605	*
Richard W. Carpenter <sup>(4)</sup>	7,500	*
Bud Carter <sup>(4)(5)</sup>	49,889	*
John L. Dixon	14,432	*
Wendy W. Gill	—	*
E. Nelson Mills <sup>(6)</sup>	16,535	*
George W. Sands	—	*
Neil H. Strickland <sup>(4)</sup>	6,500	*
All officers and directors as a group <sup>(7)</sup>	337,125	*
Less than 1% of the outstanding common stock.		

(1) Address of each named beneficial owner is c/o Columbia Property Trust, Inc., One Glenlake Parkway, Suite 1200, Atlanta, Georgia 30328.

(2) None of the shares are pledged as security.