Chambers Street®

2014 Annual Report

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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission File Number: 001-35933

CHAMBERS STREET PROPERTIES

(Exact name of registrant as specified in its charter)

Maryland	**56-2466617**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

47 Hulfish Street, Suite 210, Princeton, New Jersey 08542
(Address of principal executive offices) (Zip Code)

(609) 683-4900
(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock, $.01 par value	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☒ NO ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ (do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the voting and non-voting common shares held by non-affiliates of Chambers Street Properties was approximately $1,893,409,009 based on the quoted closing price on the New York Stock Exchange for such shares on June 30, 2014.

The number of shares outstanding of the registrant's common shares, $0.01 par value, was 236,920,675 as of February 26, 2015.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for its 2015 Annual Shareholders' Meeting expected to be filed on or about to April 29, 2015 are incorporated by reference into Part III of this Annual Report on Form 10-K.

This Annual Report on Form 10-K omits financial statements required under Rule 3-09 of Regulation S-X, for Goodman Princeton Holdings (Lux), S.a.r.l. (the "European JV"). An amendment to this Annual Report on Form 10-K will be filed as soon as practicable following the availability of the financial statements.

CHAMBERS STREET PROPERTIES
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PART I.

ITEM 1. BUSINESS

Overview

We are a self-administered real estate investment trust (a "REIT"), focused on acquiring, owning and managing net leased industrial and office properties leased to creditworthy tenants. We have elected to be taxed as a REIT for U.S. federal income tax purposes. Our common shares are listed on the New York Stock Exchange (the "NYSE") under the ticker symbol "CSG."

As of December 31, 2014, we owned, on a consolidated basis, 102 industrial (primarily warehouse/distribution) and office properties located in 18 U.S. states (Arizona, California, Colorado, Florida, Illinois, Indiana, Kansas, Kentucky, Maryland, Massachusetts, Minnesota, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Texas and Virginia) and in the United Kingdom, encompassing approximately 25.3 million rentable square feet. Our consolidated properties were approximately 97.5% leased (based upon rentable square feet) as of December 31, 2014. As of December 31, 2014, 77 of our consolidated properties were net leased to single tenants, which encompassed approximately 20.6 million rentable square feet.

In addition, we owned, on an unconsolidated basis, 26 industrial (primarily warehouse/distribution) and office properties located in eight U.S. states (Arizona, Florida, Illinois, Indiana, North Carolina, Ohio, Tennessee and Texas) and in three European countries (France, Germany and the United Kingdom) encompassing approximately 12.4 million rentable square feet. Our unconsolidated properties were approximately 99.9% leased (based upon rentable square feet) as of December 31, 2014. As of December 31, 2014, 20 of our unconsolidated properties were net leased to single tenants, which encompassed approximately 11.5 million rentable square feet.

We operate in an umbrella partnership REIT structure in which our operating partnership, CSP Operating Partnership, LP ("CSP OP"), indirectly owns all of our consolidated properties and all of our interests in our unconsolidated properties, and we are the 100% owner and sole general partner. For each interest in our common shares of beneficial interest $0.01 par value (the "common shares") that we issue, an equal interest in the limited partnership units of CSP OP is issued to us in exchange for the cash proceeds from the issuance of the interest in our common shares. As of December 31, 2014, we owned 100% of the limited partnership units of CSP OP directly or indirectly through a wholly-owned taxable REIT subsidiary.

Unless the context otherwise requires or indicates, references to the "Company," "we," "our" and "us" refer to the activities of and the assets and liabilities of the business and operations of Chambers Street Properties and its subsidiaries. References to unconsolidated properties include properties owned through unconsolidated joint ventures and do not include properties owned by CB Richard Ellis Strategic Partners Asia II-A, L.P. ("CBRE Strategic Partners Asia"). See Note 4 "Investments in Unconsolidated Entities" in the notes to our consolidated financial statements for additional information.

History

We were formed in Maryland on March 30, 2004 and commenced operations in July 2004 following an initial private placement of our common shares. Since the Company was established, we have raised equity capital of approximately $2.5 billion in gross proceeds through two public offerings of our common shares to finance our real estate investment activities.

Prior to July 1, 2012, all of our business activities were managed by the former investment advisor pursuant to advisory agreements. On July 1, 2012, we became a self-managed company and changed our name from CB Richard Ellis Realty Trust to Chambers Street Properties in accordance with a plan determined by our Board of Trustees. In addition, as of April 30, 2013, the transitional services agreement with CSP OP and the former investment advisor that we had entered into as part of our transition to a self-managed company ended and we became fully responsible for the management of our day-to-day operations.

On May 21, 2013, we listed our common shares on the NYSE under the symbol "CSG" (the "Listing") and concurrently commenced a modified "Dutch Auction" tender offer to purchase up to $125.0 million in value of the common shares from our shareholders, which was completed on June 26, 2013.

Available Information; Corporate Governance Documents

Our principal office is located at 47 Hulfish Street, Suite 210, Princeton, New Jersey 08542. Our telephone number is (609) 683-4900. Our website is *http://www.ChambersStreet.com.* The information found on, or otherwise accessible through, our website is not incorporated information and does not form a part of this Annual Report on Form 10-K or any other report or document we file with or furnish to the Security

Exchange Commission (the "SEC"). We make available, free of charge, on or through the "SEC Filings" section of our website, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. You can also read and copy any materials we file with the SEC at its Public Reference Room at 100 F Street, NE, Washington, DC 20549 (1-800-SEC-0330). The SEC maintains an Internet site *(http://www.sec.gov)* that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

The following documents relating to our corporate governance are also available free of charge on our website under "Investor Relations — Governance Documents" and available in print to any security holder upon request:

- Corporate Governance Guidelines;
- Code of Business Conduct and Ethics;
- Bylaws;
- Declaration of Trust;
- Whistleblowing and Whistleblower Protection Policy;
- Audit Committee Charter;
- Compensation Committee Charter; and
- Nominating and Corporate Governance Committee Charter.

You may request copies of any of these documents by writing to:

Chambers Street Properties
47 Hulfish Street, Suite 210
Princeton, New Jersey 08542
Attention: Investor Relations

Business Strategy

We focus on investing in industrial and office properties that are primarily net leased to investment grade or creditworthy tenants on long-term leases through acquisitions of existing properties or build-to-suit projects. We believe the credit quality of many of our tenants, the length of our leases, the relatively modest capital expense requirements of our industrial properties and our single-tenant focus help us to enhance shareholder value. We monitor the credit of our tenants to stay abreast of any material changes in credit quality. We monitor tenant credit by (1) reviewing the credit ratings of tenants (or their parent companies) that are rated by nationally recognized rating agencies, (2) reviewing financial statements that are publicly available or that are required to be delivered to us under the applicable lease, (3) monitoring news reports regarding our tenants and their underlying businesses and (4) monitoring the timeliness of rent collections. We also believe that our senior management team's extensive experience will allow us to identify and consummate the acquisition and development of high-quality net leased properties. Our strategy is to grow our portfolio with properties targeted to provide steady income, sustaining tenant relationships and enhancing the value of our existing properties. We continue to execute our strategy and expand our portfolio through the following:

- *Acquisitions.* We believe high-quality industrial and office properties, which are net leased to tenants with strong credit profiles, represent attractive investments. We target acquisitions in markets with above-average projected rental growth, strong tenant demand and significant barriers to new construction.
- *Build-to-Suit Opportunities.* We also intend to pursue build-to-suit opportunities that have attractive development yields and leased to tenants with strong credit profiles on a long-term basis.
- *Maximize Cash Flow Through Internal Growth.* We seek investments with fixed rent escalations over long-term leases that provide stable, increasing cash flow. We have typically structured our property acquisitions to achieve a positive spread between our cost of capital and the yields achieved on our investments. The majority of our existing leases have embedded rental rate growth as they provide for periodic increases in rent.

- *Capital Recycling.* We intend to pursue a disciplined capital allocation strategy by selectively disposing of properties that are no longer consistent with our investment strategy or whose returns appear to have been maximized. To the extent that we dispose of properties, we intend to redeploy the capital into investment opportunities that we believe are more attractive or to reduce debt.
- *Actively Manage a Strong and Flexible Capital Structure.* We expect to maintain a prudent capital structure with access to multiple sources of equity and debt financing. We continue to stagger our debt maturities and utilize a balance of secured and unsecured borrowings. We continue to have a mix of fixed- and floating-rate debt and intend to maintain modest total leverage. As a means to reduce our exposure to foreign currency fluctuations, we endeavor to retain debt in the local currency of our international properties.

We employ an enhanced income investment strategy designed to maximize risk-adjusted returns by purchasing, actively managing and selling properties located in the business districts and suburban markets of major metropolitan areas. Our primary focus is on industrial (primarily warehouse/distribution) and office properties. When making investment decisions we consider relevant risks and financial factors, including market conditions, the creditworthiness of major tenants, the expected levels of rental and occupancy rates, current and projected cash flow of the property, the location, condition and use of the property, suitability for future development, income-producing capacity, the prospects for long-range appreciation, liquidity and income tax considerations.

Although we are not limited as to the form our investments may take, our investments in real estate generally take the form of holding fee title or a long-term leasehold estate in the properties we acquire. We may acquire such interests either directly in CSP OP or indirectly by acquiring membership interests in, or acquisitions of property through, limited liability companies or through investments in joint ventures, partnerships, co-tenancies or other co-ownership arrangements with developers of properties, or other persons.

Development and Construction of Properties

We have directly, or in partnership with third-parties, invested in, and may in the future invest in properties that are to be, wholly or partially, constructed or completed. We are not restricted in our ability to invest in such properties. To help ensure performance by the builders of properties that are under construction, completion of properties under construction may be guaranteed at the price contracted either by an adequate completion bond, performance bond or other appropriate instruments. We may rely, however, upon the substantial net worth of the contractor or developer or a personal guarantee accompanied by financial statements showing a substantial net worth provided by an affiliate of the person entering into the construction or development contract as an alternative to a completion bond or performance bond. Development of real estate properties is subject to risks relating to a builder's ability to control construction costs or to build in conformity with plans, specifications and timetables.

Joint Venture Investments

We have entered into, and may in the future enter into, joint ventures, partnerships and other co-ownership arrangements or participations with real estate developers, owners and other third-parties for the purpose of developing, owning and operating real properties. In determining whether to invest in a particular joint venture, we will evaluate the relevant real property or development opportunity under the same criteria employed for the selection of our real estate property investments.

Industry Segments

We view our consolidated property operations as two reportable segments: Industrial Properties and Office Properties, which participate in the acquisition, development, ownership and operation of high quality real estate assets in their respective regions. We had one non-reportable segment, which was Retail Properties. However, during the quarter ended September 30, 2014, we sold our last remaining retail property, therefore, eliminating the non-reportable segment from future reportable presentations. Information regarding our reportable segments can be reviewed under Note 14, "Segment Disclosure," in the accompanying consolidated financial statements.

Geographic Areas of Properties

We currently operate in two consolidated property geographic areas, the United States and the United Kingdom. As of December 31, 2014, we also had ownership interests in (i) the Goodman Princeton Holdings (Jersey) Limited joint venture (the "UK JV"), which owned interests in properties in the United Kingdom and (ii) the Goodman Princeton Holdings (LUX) SARL joint venture (the "European JV"), which owned interests in properties in Germany and France. Information relative to the UK JV and the European JV can be reviewed under Note 4, "Investments in Unconsolidated Entities" in the accompanying consolidated financial statements.

Regulations

Our properties, as well as any other properties that we may acquire in the future, are subject to various international, U.S. federal, state and local laws, ordinances and regulations, including, among other things, zoning regulations, land use controls and environmental controls. Our properties are subject to regulation under federal laws, such as the Americans with Disabilities Act ("ADA"), under which all public accommodations must meet federal requirements related to access and use by disabled persons, state and local laws addressing matters such as earthquake, fire and life safety requirements or international laws. Although we believe that our properties substantially comply with present requirements under applicable governmental regulations and laws, none of our properties have been audited or investigated for compliance by any regulatory agency. If we were not in compliance with material provisions of the ADA or other regulations affecting our properties, we might be required to take remedial action, which could include making modifications or renovations to properties. Federal, state or local governments may also enact future laws and regulations that could require us to make significant modifications or renovations to our properties. If we were to incur substantial costs to comply with the ADA or any other regulations or laws, our financial condition, results of operations, cash flow, the quoted trading prices of our securities and ability to satisfy our debt service obligations and to pay distributions to shareholders could be adversely affected. We believe that we have all permits and approvals necessary under current law to operate our properties.

Environmental Matters

We will not close the purchase of any property unless and until we obtain an environmental assessment and are generally satisfied with the environmental status of the property. A Phase I environmental site assessment basically consists of a visual survey of the building and the property in an attempt to identify areas of potential environmental concern, visually observing neighboring properties to assess surface conditions or activities that may have an adverse environmental impact on the property, and contacting local governmental agency personnel and performing a regulatory agency file search in an attempt to determine any known environmental concerns in the immediate vicinity of the property. A Phase I environmental site assessment does not generally include any sampling or testing of soil, groundwater or building materials from the property. We may pursue additional assessments or reviews if the Phase I site assessment indicates that further environmental investigation is warranted.

In connection with our assessment and selection of investment partners, property managers, development managers and other service providers, we will consider their experience and reputation in the areas of environmental sustainability, including experience in the development and operation of buildings certified under the LEED (Leadership in Energy and Environmental Design) Green Building Rating System promulgated by the US Green Building Counsel. We will evaluate the sustainability of a prospective investment property by assessing its Energy Star score, its preliminary LEED score (or equivalent foreign standards), and sustainability measures that have been or can be implemented, such as recycling, water conservation and green cleaning methods. We will consider operational, maintenance and capital improvement practices for existing properties designed to increase energy efficiency, reduce waste and otherwise lessen environmental impacts while remaining conscious of economic performance.

Competition

We compete for real property investments with other REITs and institutional investors such as pension funds, private real estate investment funds, insurance company investment accounts, private investment companies, individuals and other entities engaged in real estate activities, some of which have greater financial resources than we do. Such competition may result in an increase in the amount we must pay to acquire a property or may require us to forgo an investment in properties which would otherwise meet our investment criteria. Leasing of real estate is also highly competitive in the current market, and we will experience competition for tenants from owners and managers of competing projects. As a result, we may have to provide rent concessions, incur expenses for tenant improvements or offer other inducements to enable us to timely lease vacant space, all of which may have an adverse impact on our results of operations. At the time we elect to dispose of our properties, we will also be in competition with sellers of similar properties to locate suitable purchasers.

Employees

As of December 31, 2014, we had 33 full-time employees. None of our employees are represented by a collective bargaining unit.

Leasing and Asset Management

Our asset management team collaborates with existing tenants to understand and attempt to meet their expansion, contraction and lease term renewal/extension needs. The team's ongoing communications with the tenants allows us to understand and address those requirements as and when they arise, which has allowed us to experience favorable renewal/expansion and occupancy rates.

ITEM 1A. RISK FACTORS

You should carefully consider these risk factors, together with all of the other information included in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes thereto, before you decide whether to make an investment in our securities. The risks set out below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, prospects, financial condition, cash flows, liquidity, FFO, Core FFO, AFFO, results of operations, share price, ability to service our indebtedness, and/or ability to make cash distributions to our shareholders (including those necessary to maintain our REIT qualification). In such case, the value and trading price of our common shares could decline, and you may lose all or a significant part of your investment. Some statements in the following risk factors constitute forward looking statements. See Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations-Cautionary Note Regarding Forward-Looking Statements."

Risks Related To Our Business and Our Properties

Real estate investments are long-term illiquid investments and may be difficult to sell in response to changing economic conditions.

Real estate investments are subject to certain inherent risks. Real estate investments are generally long-term investments that cannot be quickly converted to cash. Real estate investments are also subject to adverse changes in general economic conditions or local conditions that may reduce the demand for industrial, office or other types of properties. Other factors can also affect real estate values, including:

- possible international and U.S. federal, state or local regulations and controls affecting rents, prices of goods, fuel and energy consumption and prices, water and environmental restrictions;
- increasing labor and material costs;
- the perceptions of tenants and prospective tenants of the convenience, attractiveness and safety of our properties;
- competition from comparable properties;
- the occupancy rate of our properties;
- the ability to collect all rents from tenants on a timely basis;
- the effects of any bankruptcies or insolvencies of major tenants;
- civil unrest;
- acts of nature, including earthquakes, hurricanes and other natural disasters that may result in losses not covered by our insurance;
- acts of terrorism or war;
- increases in operating costs, taxes and insurance costs not subject to reimbursement;
- changes in interest rates and in the availability, cost and terms of mortgage or other funding; and
- other factors which are beyond our control.

Adverse economic conditions in the geographic regions in which we purchase properties may adversely affect our income and our ability to pay distributions to our shareholders.

A commercial property's income and value may be adversely affected by national and regional economic conditions, local real estate conditions such as an oversupply of properties or a reduction in demand for properties, availability of "for sale" properties, competition from other similar properties, our ability to provide adequate maintenance, insurance and management services, increased operating costs (including real estate taxes), the desirability and location of the property and changes in market rental rates. Our income will be adversely affected if a significant number of tenants are unable to pay rent or if our properties cannot be rented on favorable terms. Additionally, if tenants of properties that we lease on a triple-net basis fail to pay required tax, utility or other impositions, we could be required to pay those costs, which would adversely affect funds available for future acquisitions or cash available for distributions.

Our performance is linked to economic conditions in the regions where our properties are located and in the market for industrial (primarily warehouse/distribution) and office properties generally. As of December 31, 2014, approximately 42.4% of our portfolio (based on approximate total acquisition costs, with our unconsolidated properties included at our pro rata share of effective ownership) consisted of properties located in New Jersey (15.1%); Florida (8.2%); Texas (7.7%); California (5.8%); and South Carolina (5.6%). Therefore, to the extent that there are adverse economic conditions in those regions, and in these markets generally, that impact the applicable market rents, such conditions could result in a reduction of our income and cash available for distributions and thus affect the amount of distributions we can make to investors as well as the amounts we could otherwise receive upon a sale of a property in a negatively affected region.

Adverse economic conditions affecting the particular industries of our tenants may adversely affect our income and our ability to pay distributions to our shareholders.

We are subject to certain industry concentrations with respect to our properties, including the following, which, as of December 31, 2014, accounted for the percentage of our share of annualized base rent, with our unconsolidated properties included at our pro rata share of effective ownership, as indicated: Financial Services (13.5%); Pharmaceutical and Health Care Related (12.3%); Consumer Products (11.6%); Internet Retail (9.9%); and Defense and Aerospace (6.6%). Adverse economic conditions affecting a particular industry of one or more of our tenants could affect the financial ability of one or more of our tenants to make payments under their leases, which could cause delays in our receipt of rental revenues or a vacancy in one or more of our properties for a period of time. Therefore, changes in economic conditions of the particular industry of one or more of our tenants could reduce our ability to pay dividends and the value of one or more of our properties at the time of sale of such properties.

A concentration of our investments in a limited number of property classes may leave our profitability vulnerable to a downturn in such sectors.

At any one time, a significant portion of our property investments may be in a limited number of property classes. As of December 31, 2014, our investments were in two property classes, industrial (primarily warehouse/distribution) (46%) and office (54%) based on approximate total acquisition costs, with our unconsolidated properties included at our pro rata share of effective ownership. As a result, we are subject to risks inherent in investments in these classes and downturns in the businesses conducted at these properties could adversely impact our revenues and financial condition.

Our results of operations rely on major tenants and insolvency, bankruptcy or receivership of these or other tenants could adversely affect our results of operations.

As of December 31, 2014, based on leases in effect for consolidated properties and unconsolidated joint venture properties, our five largest tenants (Amazon.com, Barclay's Capital, Raytheon Company, U.S. General Services Administration and Lord Abbett & Co.) together represented approximately 24.0% of our recognized annual base rent, with our unconsolidated properties included at our pro rata share of effective ownership. Our rental revenue depends on entering into leases with and collecting rents from tenants. General and regional economic conditions may adversely affect our major tenants and potential tenants in our markets. Our major tenants may experience a material business downturn, weakening their financial condition and potentially resulting in their failure to make timely rental payments and/or a default under their leases. In many cases, we have made substantial up front investments in the applicable leases, through tenant improvement allowances and other concessions, as well as typical transaction costs (including professional fees and commissions) that we may not be able to recover. In the event of any tenant default, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment.

The bankruptcy or insolvency of a major tenant also may adversely affect the income produced by our properties. If any tenant becomes a debtor in a case under the U.S. Bankruptcy Code, we cannot evict the tenant solely because of the bankruptcy. In addition, the bankruptcy court might authorize the tenant to reject and terminate their lease with us. The bankruptcy of a tenant or lease guarantor could delay our efforts to collect past due balances under the relevant leases, and could ultimately preclude collection of these sums. If a lease is rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages. Any unsecured claim we hold may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims, and there are restrictions under bankruptcy laws that limit the amount of the claim we can make if a lease is rejected.

Our revenue and cash flow could be materially adversely affected if any of our significant tenants were to become bankrupt or insolvent, suffer a downturn in their business, fail to abide by the terms of their leases, fail to renew their leases at all or renew on terms less favorable to us than their current terms.

Because we are dependent on our tenants for substantially all of our revenue, our success is materially dependent on the financial stability and ongoing business vitality of our tenants.

Lease payment defaults by tenants could cause us to reduce the amount of distributions to shareholders. A default of a tenant on its lease payments would cause us to lose revenue from the property and possibly incur additional operating expenses. In the event of such a default, we may experience delays in enforcing our rights as a landlord and may incur substantial costs in protecting our investment and leasing our property. If a lease is terminated, we cannot assure you that we will be able to lease the property for the rent previously received or sell the property without incurring a loss. Further, we may be required to make rent or other concessions to tenants, accommodate requests for renovations, make build-to-suit remodeling and other improvements or provide additional services to our tenants. As a result, we may have to make significant capital or other expenditures in order to retain tenants whose leases expire and to attract new tenants in sufficient numbers. A default by a tenant, the failure of a guarantor to fulfill its obligations or other premature termination of a lease, or a tenant's election not to extend a lease upon its expiration, could have an adverse effect on our financial condition and our ability to pay distributions. Certain of our properties are occupied by only a single tenant and, therefore, the success of those properties will be materially dependent on the financial stability of such tenants.

We are subject to risks involved in single tenant leases, and the default by one or more tenants could materially and adversely affect us.

As of December 31, 2014, approximately 85.0% of our portfolio (based on net rentable square footage for our consolidated and unconsolidated properties) consists of properties leased to single tenants. Any of our tenants may experience a downturn in its business at any time that may significantly weaken its financial condition or cause its failure. As a result, such tenant may decline to extend or renew its lease upon expiration, fail to make rental payments when due or declare bankruptcy. The default, financial distress or bankruptcy of a single tenant could cause interruptions in the receipt of rental revenue and/or result in a vacancy, which is likely to result in the complete reduction in the operating cash flows generated by the property leased to that tenant and may decrease the value of that property. In addition, a majority of our leases generally require the tenant to pay all or substantially all of the operating expenses normally associated with the ownership of the property, such as utilities, real estate taxes, insurance and routine maintenance. Following a vacancy at a single-tenant property, we will be responsible for all of the operating costs at such property until it can be re-let, if at all.

A property that incurs a significant vacancy could be difficult to sell or lease.

A property may incur a vacancy either by the default of a tenant under its lease or the expiration of one of our leases. Some of our properties may be specifically suited to the particular needs of the existing tenant based on the type of business the tenant operates. As of December 31, 2014, leases representing 1.6% of our annualized base rent, with our unconsolidated properties included at our pro rata share of effective ownership, were scheduled to expire during 2015. We cannot assure you that leases will be renewed or that our properties will be re-let at rental rates equal to or above our current average rental rates or that substantial rent abatements, tenant improvements, early termination rights or below-market renewal options will not be offered to attract new tenants or retain existing tenants. We may have difficulty obtaining a new tenant for any vacant space in our properties, particularly if the space limits the types of businesses that can use the space without major renovation. In addition, the number of vacant or partially vacant properties in a market or submarket could adversely affect our ability to re-lease the space at attractive rental rates. If a vacancy on any of our properties continues for a long period of time, we may suffer reduced revenues resulting in less cash to be distributed to shareholders. In addition, the resale value of any such property could be diminished because the market value of a particular property may depend principally upon the value of the leases of such property.

If one or more of our tenants file for bankruptcy protection, we may be precluded from collecting all sums due.

If one or more of our tenants, or the guarantor of a tenant's lease, commences, or has commenced against it, any proceeding under any provision of the U.S. Bankruptcy Code, as amended, or any other legal or equitable proceeding under any bankruptcy, insolvency, rehabilitation, receivership or debtor's relief statute or law (bankruptcy proceeding), we may be unable to collect sums due under relevant leases. Any or all of the tenants, or a guarantor of a tenant's lease obligations, could be subject to a bankruptcy proceeding.

Such a bankruptcy proceeding may bar our efforts to collect pre-bankruptcy debts from these entities or their properties, unless we are able to obtain an enabling order from the bankruptcy court. In the event of a bankruptcy proceeding, we cannot assure you that the tenant or its trustee will assume our lease. If a lease is rejected by a tenant in bankruptcy, we would only have a general unsecured claim against the tenant, and may not be entitled to any further payments under the lease. A tenant's or lease guarantor's bankruptcy proceeding could hinder or delay efforts to collect past due balances, and could ultimately preclude collection of these sums. Such an event could cause a decrease or cessation of rental payments which would mean a reduction in our cash flow and the amount available for distribution to our shareholders.

We may be required to fund future tenant improvements to improve our properties in order to retain and attract tenants, which could adversely affect us, including our operations, financial condition and cash flow.

When a tenant at one of our properties does not renew its lease or otherwise vacates its space in one of our buildings, it is likely that, in order to attract one or more new tenants, we will be required to expend substantial funds for tenant improvements to the vacated space and other lease-up costs. We may need to raise capital to make such expenditures. If we are unable to do so or our capital is otherwise unavailable, we may be unable to make the required capital expenditures. If we are required to use net cash from operations to fund any such significant tenant improvements and other lease-up costs, our operations, financial condition and cash flow could be adversely impacted.

If our tenants are unable to secure financing necessary to continue to operate their businesses and pay us rent, we could be materially and adversely affected.

Certain of our tenants rely on external sources of financing to operate their businesses. If these tenants are unable to secure financing necessary to continue to operate their businesses, they may be unable to meet their rent obligations or be forced to declare bankruptcy and reject their leases, which could materially and adversely affect us.

Our net leases may require us to pay property related expenses that are not the obligations of our tenants.

Under the terms of all of our net leases, in addition to satisfying their rent obligations, our tenants are responsible for the payment of real estate taxes, insurance and ordinary maintenance and repairs. However, under the provisions of future leases with our tenants, we may be required to pay some expenses, such as the costs of environmental liabilities, roof and structural repairs, insurance, certain non-structural repairs and maintenance. If our properties incur significant expenses that must be paid by us under the terms of our leases, our business, financial condition and results of operations will be adversely affected and the amount of cash available to meet expenses and to make distributions to holders of our common shares may be reduced.

The actual rents we receive for the properties in our portfolio may be less than our asking rents, and we may experience lease roll down from time to time, which could negatively impact our ability to generate cash flow growth.

As a result of various factors, including potential competitive pricing pressure specific to certain submarkets, general economic weakness and the desirability of our properties compared to other properties in our submarkets, we may be unable to realize the asking rents across the properties in our portfolio. In addition, the degree of discrepancy between our asking rents and the actual rents we are able to obtain may vary both from property to property and among different leased spaces within a single property. If we are unable to obtain rental rates that are on average comparable to our asking rents across our portfolio, then our ability to generate cash flow growth will be negatively impacted. In addition, depending on asking rental rates at any given time as compared to expiring leases in our portfolio, from time to time rental rates for expiring leases may be higher than starting rental rates for new leases, which can negatively impact our future cash flow.

We will be subject to additional risks as a result of any joint ventures.

We have entered, and may in the future enter, into joint ventures for the acquisition, development or improvement of properties. We have purchased and developed, and may in the future purchase and develop, properties in joint ventures or in partnerships, co-tenancies or other co-ownership arrangements with sellers of properties, affiliates of sellers, developers or other persons. Such investments may involve risks not otherwise present with an investment in real estate, including, for example:

- the possibility that our co-venturer, co-tenant or partner in an investment might become bankrupt;
- that maturities of debt encumbering our jointly owned investments may not be able to be refinanced at all or on terms that are as favorable as the current terms;
- that such co-venturer, co-tenant or partner may at any time have economic or business interests or goals which are or become inconsistent with our business interests or goals, including inconsistent goals relating to the sale of properties owned by such co-venturer, co-tenant or partner or the timing of the termination and liquidation of such party;
- the possibility that we may incur impairments and liabilities as the result of actions taken by the controlling party;
- that such co-venturer, co-tenant or partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives;

- the possibility that our co-venturer, co-tenant or partner in an investment might default on any financings that we may provide to the joint venture; and
- that we will not manage the properties, or be able to select the management for the property, that a joint venture owns.

Actions by such a co-venturer, co-tenant or partner might have the result of subjecting the property to liabilities in excess of those contemplated and may have the effect of reducing our returns. We have ownership interests in three joint ventures that, as of December 31, 2014, owned interests in 26 properties.

It may be difficult for us to exit a joint venture after an impasse.

In our joint ventures, there will be a potential risk of impasse in some business decisions because our approval and the approval of each co-venturer may be required for some significant operating decisions. In any joint venture, we may have the right to buy all or a portion of the other co-venturer's interest or to sell all or a portion of our own interest on specified terms and conditions in the event of an impasse. In the event of an impasse, it is possible that neither party will have the funds necessary to complete a buy-out. In addition, we may experience difficulty in locating a third-party purchaser for our joint venture interest and in obtaining a favorable sale price for the interest or, in certain cases, may require the prior written consent of the general partner or managing member of the venture. As a result, it is possible that we may not be able to exit the relationship if an impasse develops.

If third-party managers providing property management services for certain of our properties or their personnel are negligent in their performance of, or default on, their management obligations, our tenants may not renew their leases or we may become subject to unforeseen liabilities.

We have entered into agreements with third-party management companies to provide property management services for certain of our properties, and we expect to enter into similar agreements with respect to properties we acquire in the future. We cannot supervise these third-party managers and their personnel on a day-to-day basis and we cannot assure you that they will manage our properties in a manner that is consistent with their obligations under our agreements, that they will not be negligent in their performance or engage in other criminal or fraudulent activity, or that these managers will not otherwise default on their management obligations to us. Specifically, we may not audit their accounting policies and procedures and we may not evaluate the adequacy of their insurance. If any of the foregoing occurs, our relationships with our tenants could be damaged, which may prevent the tenants from renewing their leases, and we could incur liabilities resulting from loss or injury to our properties or to persons at our properties. Furthermore, if we identify that a property management company is not performing its duties as necessary, our ability to replace that property management company may be limited. Such events could adversely impact our operations, financial condition, cash flow and our ability to make distributions to our shareholders.

Development and construction of our properties may result in delays and increased costs and risks.

We have invested, and may in the future invest, in the acquisition, expansion and development of properties upon which we (or a joint venture partner) will develop and construct improvements. We will be subject to the following risks associated with such development and redevelopment activities:

- unsuccessful development or redevelopment opportunities could result in direct expenses to us;
- construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable;
- time required to complete the construction or redevelopment of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting our cash flow and liquidity;
- contractor and subcontractor disputes, strikes, labor disputes or supply disruptions;
- the builder's failure to perform may necessitate legal action by us to rescind the purchase or the construction contract or to compel performance;
- additional risks when we make periodic progress payments or other advances to such builders prior to completion of construction;
- failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all (delays in completion of construction could also give tenants the right to terminate pre-construction leases for space at a newly developed project);

- delays with respect to obtaining or the inability to obtain necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws;
- occupancy rates and rents of a completed project may not be sufficient to make the project profitable;
- if our projections of rental income and expenses and estimates of the fair market value of a property upon completion of construction are inaccurate, we may pay too much for a property; and
- the availability and pricing of financing to fund our development activities on favorable terms or at all.

Factors such as those discussed above can result in increased costs of a project or loss of our investment, which could adversely impact operating results and financial condition.

Competition for investments may reduce the number of acquisition opportunities available to us and increase costs of those acquisitions, which may impede our growth.

The current market for acquisitions that meet our investment criteria is extremely competitive. We experience competition for such real property investments from corporations, other real estate investment trusts, pension plans, sovereign funds and other entities engaged in real estate investment activities. This competition may increase the demand for the types of properties in which we typically invest and, therefore, reduce the number of suitable acquisition opportunities available to us and increase the prices paid for such acquisition properties. In addition, the number of entities and the amount of funds competing for suitable investments may increase. This competition will increase if investments in real estate become more attractive relative to other forms of investment. Any such increase would result in increased demand for these assets and therefore increased prices paid for them. A significant increase in competition for acquisitions may impede our growth.

We may be unable to identify and successfully complete acquisitions and even if acquisitions are identified and completed, we may fail to successfully operate acquired properties, which could materially and adversely affect us and impede our growth.

Our ability to identify and acquire properties on favorable terms and successfully operate or redevelop them may be exposed to the following significant risks:

- even if we enter into agreements for the acquisition of properties, these agreements are subject to customary conditions to closing, including completion of due diligence investigations to our satisfaction and other conditions that are not within our control, which may not be satisfied, and we may be unable to complete an acquisition after making a non-refundable deposit and incurring certain other acquisition-related costs;
- we may be unable to finance the acquisition on favorable terms in the time period we desire, or at all;
- we may spend more than budgeted to make necessary improvements or renovations to acquired properties;
- we may not be able to obtain adequate insurance coverage for new properties;
- acquired properties may be located in new markets where we may face risks associated with a lack of market knowledge or understanding of the local economy, lack of business relationships in the area and unfamiliarity with local governmental and permitting procedures;
- we may be unable to integrate quickly and efficiently new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations, and as a result our results of operations and financial condition could be adversely affected;
- market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and
- we may incur significant costs and divert management attention in connection with evaluating and negotiating potential acquisitions, including ones that we are subsequently unable to complete.

Any delay or failure on our part to identify, negotiate, finance and consummate such acquisitions in a timely manner and on favorable terms, or operate acquired properties to meet our financial expectations, could impede our growth and adversely affect our financial condition, results of operations, and cash flow.

General economic conditions may affect the timing of the sale of our properties and the purchase price we receive.

We intend to hold the various real properties in which we invest until such time as we determine that the sale or other disposition thereof appears to be advantageous. We cannot predict with any certainty the various market conditions affecting real estate investments that will exist at any particular time in the future. Due to the uncertainty of market conditions that may affect the future disposition of our properties, we cannot assure you that we will be able to sell our properties at a profit. Further, we cannot predict the length of time that will be needed to find a willing purchaser and to close the sale of any property.

We may acquire properties or portfolios of properties through tax-deferred contribution transactions, which could result in shareholder dilution and limit our ability to sell such assets.

In the future we may acquire properties or portfolios of properties through tax-deferred contribution transactions in exchange for partnership interests in our operating partnership, which may result in shareholder dilution. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we could deduct over the tax life of the acquired properties, and may require that we agree to protect the contributors' ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties and/or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions could limit our ability to sell an asset at a time, or on terms, that would be favorable absent such restrictions.

We may acquire or finance properties with lock-out provisions, which may prohibit us from selling a property, or may require us to maintain specified debt levels for a period of years on some properties.

Lock-out provisions, which preclude pre-payments of a loan, could materially restrict us from selling or otherwise disposing of or refinancing properties. These provisions would affect our ability to turn our investments into cash and thus affect cash available for distributions to investors. Lock-out provisions may prohibit us from reducing the outstanding indebtedness with respect to any properties, refinancing such indebtedness on a non-recourse basis at maturity, or increasing the amount of indebtedness with respect to such properties. Lock-out provisions could impair our ability to take other actions during the lock-out, which could negatively impact our operations and financial condition. In addition, lock-out provisions could preclude us from participating in major transactions that could result in a disposition of our assets or a change in control even though that disposition or change in control might be in the best interests of our shareholders. Further, if we sell properties by providing financing to purchasers, defaults by the purchasers would adversely affect our operations and financial condition.

We may obtain only limited warranties when we purchase a property and would have only limited recourse in the event our due diligence did not identify any issues that lower the value of our property.

The seller of a property often sells such property in its "as is" condition on a "where is" basis and "with all faults," without any warranties of merchantability or fitness for a particular use or purpose. In addition, purchase agreements may contain only limited warranties, representations and indemnifications that will only survive for a limited period after the closing. The purchase of properties with limited warranties increases the risk that we may lose some or all of our invested capital in the property as well as the loss of rental income from that property.

We may experience a decline in the fair value of our assets, which may have a material impact on our financial condition, liquidity and results of operations.

A decline in the fair market value of our assets may require us to recognize a permanent impairment against such assets under U.S. Generally Accepted Accounting Principles ("GAAP"), if we were to determine that we do not have the ability and intent to hold such assets to maturity or for a period of time sufficient to allow for recovery to the amortized cost of such assets. If such a determination were to be made, we would recognize unrealized losses through earnings and write down the amortized cost of such assets to a new cost basis, based on the fair value of such assets on the date they are considered to be other-than-temporarily impaired. Such impairment charges reflect non-cash losses at the time of recognition; subsequent disposition or sale of such assets could further affect our future losses or gains, as they are based on the difference between the sale price received and adjusted amortized cost of such assets at the time of sale.

We may become subject to litigation, which could have a material and adverse effect on our financial condition, results of operations and cash flow.

We may become subject to litigation, including claims relating to our operations, offerings, and otherwise in the ordinary course of business. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. We generally intend to defend ourselves vigorously; however, we cannot be certain of the ultimate outcomes of any claims that may arise in the future. Resolution of these types of matters against us may result in our having to pay significant fines, judgments,

or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, could adversely impact our earnings and cash flows, thereby having an adverse effect on our financial condition, results of operations and cash flow. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and cash flows, expose us to increased risks that would be uninsured, and/or adversely impact our ability to attract officers and trustees.

Real estate related taxes may increase and if these increases are not passed on to tenants, our income will be reduced.

Some local real property tax assessors may seek to reassess some of our properties as a result of our acquisition of the properties. Generally, from time to time our property taxes increase as property values or assessment rates change or for other reasons deemed relevant by the assessors. An increase in the assessed valuation of a property for real estate tax purposes will result in an increase in the related real estate taxes on that property. In some areas where we have properties, declines in other tax revenues for the states are resulting in the states considering increases to future property and other business related tax rates. Although some tenant leases may permit us to pass through such tax increases to the tenants for payment, there is no assurance that renewal leases or future leases will be negotiated on the same basis. Increases not passed through to tenants may adversely affect our financial condition, results of operation, cash flow and our ability to make distributions to our shareholders.

If we purchase environmentally hazardous property, our operating results could be adversely affected.

Under various U.S. federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the cost of removal or remediation of hazardous or toxic substances on, under or in such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require expenditures. Environmental laws provide for sanctions in the event of noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. In connection with the acquisition and ownership of our properties, we may be potentially liable for such costs. The cost of defending against claims of liability, complying with environmental regulatory requirements or remediating any contaminated property could have a material adverse effect on our business, assets or results of operations and, consequently, amounts available for distribution. Any costs or expenses relating to environmental matters may not be covered by insurance. Existing conditions at some of our properties, historical operations at or near some of our properties, and use of hazardous materials by some of our tenants are all potential environmental liabilities. These liabilities may exceed our environmental insurance coverage limits or transactional indemnities. We carry what we believe to be commercially reasonable environmental insurance. Our environmental insurance policies are subject to various terms, conditions and exclusions. Similarly, in connection with some transactions we obtain environmental indemnities that may not be honored by the indemnitors or may fail to address resulting liabilities adequately. Therefore, we cannot provide any assurance that our insurance coverage or transactional indemnities will be sufficient or that our liability, if any, will not have a material adverse effect on our financial condition, results of operations, cash flows, quoted trading price of our common shares, and our ability to satisfy our debt service obligations and make distributions to our shareholders.

Uninsured losses relating to real property may adversely affect our operations and financial condition.

In the event that any of our properties incurs a casualty loss that is not fully covered by insurance, the value of our assets will be reduced by any such uninsured loss. In addition, we may have limited funding to repair or reconstruct the damaged property, and we cannot assure you that any such source of funding will be available to us for such purposes in the future. Furthermore, insurance may be unavailable or uneconomical. In particular, insurance coverage relating to flood or earthquake damage or terrorist acts may not be available or affordable. Also, due to changes in codes and ordinances, environmental considerations and other factors, it may not be feasible to use insurance proceeds to replace a building after it has been damaged or destroyed or the proceeds could be insufficient. If any of our properties were to experience a catastrophic loss that is not fully covered by insurance, it could disrupt our operations, delay revenue and result in large expenses to repair or rebuild the property. Such events could adversely affect our cash flow and ability to make distributions to our shareholders.

We may incur significant costs complying with various federal, state and local laws, regulations and covenants that are applicable to our properties and, in particular, costs associated with complying with regulations such as the Americans with Disabilities Act of 1990 may result in unanticipated expenses.

The properties in our portfolio are subject to various covenants and international and U.S. federal, state and local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances, zoning restrictions and restrictive covenants imposed by community developers may restrict our use of our properties and may require us to obtain approval from local officials or restrict our use of our properties and may require us to obtain approval from local officials of community standards

organizations at any time with respect to our properties, including prior to acquiring a property or when undertaking renovations of any of our existing properties. Among other things, these restrictions may relate to fire and safety, seismic or hazardous material abatement requirements. There can be no assurance that existing laws and regulatory policies will not adversely affect us or the timing or cost of any future acquisitions or renovations, or that additional regulation will not be adopted that increase such delays or result in additional costs. Our growth strategy may be affected by our ability to obtain permits, licenses and zoning relief. Our failure to obtain such permits, licenses and zoning relief or to comply with applicable laws could have an adverse effect on our financial condition, results of operations and cash flow.

In addition, under the Americans with Disabilities Act of 1990, or ADA, all places of public accommodation are required to meet certain U.S. federal requirements related to access and use by disabled persons. Noncompliance with the ADA could result in an order to correct any non-complying feature, which could result in substantial capital expenditures. We do not conduct audits or investigations of all of these properties to determine their compliance and we cannot predict the ultimate cost of compliance with the ADA, or other legislation. If one or more of our properties in which we invest is not in compliance with the ADA, or other legislation, then we would be required to incur additional costs to bring the property into compliance. If we incur substantial costs to comply with the ADA and the FHAA or other legislation, our financial condition, results of operations, cash flow, price per share of our common shares and our ability to satisfy debt service obligations and to pay distributions could be adversely affected.

We may incur significant financial penalties if we fail to comply with various laws and regulations.

Our properties, as well as any other properties that we may acquire in the future, are subject to various international, U.S. federal, state and local laws, ordinances and regulatory requirements, including, among other things, zoning regulations, land use controls and environmental controls. We are also subject to various labor relations laws. We may incur financial penalties enforced by external regulatory bodies if we fail to comply with these various laws, ordinances and regulatory requirements, which could have an adverse effect on our financial condition, results of operations and cash flow.

Your investment may be subject to additional risks when we make international investments.

We purchase properties located outside the U.S. These investments may be affected by factors peculiar to the laws and business practices of the jurisdictions in which the properties are located. These laws may expose us to risks that are different from and in addition to those commonly found in the U.S. Foreign investments could be subject to the following risks:

- changes in laws, treaties and regulatory requirements, including changes in land use and zoning laws;
- enactment of laws relating to the foreign ownership of real property and laws restricting the ability of foreign persons or companies to remove profits earned from activities within the country to the person's or company's country of origin;
- difficulties and costs associated with complying with a wide variety of complex laws, treaties and regulations;
- fluctuations in foreign currency exchange rates, which may adversely impact the fair values and earnings streams of our international holdings and, therefore, the returns on our non-dollar denominated investments. We do not currently hedge our foreign currency exposure, which may result in losses on investments as a result of exchange rate fluctuations;
- adverse market conditions caused by terrorism, civil unrest, natural disasters and changes in national or local governmental or economic conditions;
- the willingness of domestic or foreign lenders to make mortgage loans in certain countries and changes in the availability, cost and terms of mortgage funds resulting from varying national economic policies;
- the imposition of unique tax structures and changes in real estate and other tax rates and other operating expenses in particular countries;
- our ability to qualify as a REIT; and
- general political and economic instability.

If we expand our international activities, these risks could increase in significance which in turn could adversely affect our results of operations and financial condition.

Terrorist attacks and other acts of violence or war may affect the market for our common shares, the industry in which we conduct our operations and our profitability.

Terrorist attacks may harm our results of operations and financial condition. We cannot assure you that there will not be terrorist attacks in the localities in which we conduct business. More generally, any of these events could cause consumer confidence and spending to decrease or result in increased volatility in the worldwide financial markets and economy. These attacks or armed conflicts may adversely impact our operations or financial condition. In addition, losses resulting from these types of events may be uninsurable.

Your investment return may be reduced if we are required to register as an investment company under the Investment Company Act of 1940, as amended.

We do not intend to invest in marketable securities, and we do not intend to register as an investment company under the Investment Company Act of 1940, as amended, (the "Investment Company Act"). If we were obligated to register as an investment company, we would have to comply with a variety of substantive requirements under the Investment Company Act that impose, among other things:

- limitations on capital structure;
- restrictions on specified investments;
- prohibitions on transactions with affiliates; and
- compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly increase our operating expenses.

In general, we expect to be able to rely on the exclusion from registration provided by Section 3(c)(5)(C) of the Investment Company Act. In order to qualify for this exclusion, at least 55% of our portfolio must be comprised of real property and mortgages and other liens on an interest in real estate (collectively, "qualifying assets") and at least 80% of our portfolio must be comprised of real estate-related assets. Qualifying assets include mortgage loans, mortgage-backed securities that represent the entire ownership in a pool of mortgage loans and other interests in real estate. In order to maintain our exclusion from registering as an investment company under the Investment Company Act, we must continue to engage primarily in the business of purchasing or otherwise acquiring real estate or interests in real estate.

To maintain compliance with the exclusion from registration provided by section 3(c)(5)(C) of the Investment Company Act, we may be unable to sell assets we would otherwise want to sell, and may need to sell assets we would otherwise wish to retain. In addition, we may have to acquire additional income or loss generating assets that we might not otherwise have acquired or may have to forego opportunities to acquire interests in companies that we would otherwise want to acquire and would be important to our investment strategy. If we were required to register as an investment company, our business would be adversely affected and we would be prohibited from engaging in our business as currently contemplated because the Investment Company Act, among other things, imposes significant limitations on leverage. Criminal and civil actions could also be brought against us if we failed to comply with the Investment Company Act. In addition, our contracts could be unenforceable (unless a court in equity were to require enforcement), and a court could appoint a receiver to take control of us and liquidate our business. Although we intend to monitor our portfolio, there can be no assurance that we will be able to maintain our exclusion from registration as an investment company under the Investment Company Act. Further, in August of 2011, the SEC solicited public comment on a wide range of issues relating to Section 3(c)(5)(C) of the Investment Company Act, including the nature of the assets that qualify for purposes of the exclusion and leverage used by mortgage related vehicles. There can be no assurance that the laws and regulations governing the Investment Company Act status of companies primarily owning real estate related assets, including the SEC or its staff providing more specific or different guidance regarding this exclusion, will not change in a manner that adversely affects our operations. To the extent that the SEC or its staff provides more specific or different guidance, we may be required to adjust our strategy accordingly. Any additional guidance from the SEC staff could provide additional flexibility to us, or it could further inhibit our ability to pursue the strategies we have chosen.

We rely on information technology in our operations, and any failure, inadequacy, interruption or security failure of that technology could harm our business.

We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and to manage or support a variety of business processes, including financial transactions and records and tenant and lease data. We purchase some of our information technology from vendors, on whom our systems depend. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential information, including but not limited to tenant information and information relating to financial accounts. Although we have taken steps to protect the security of our information systems

and the data maintained in those systems, it is possible that our safety and security measures will not be able to prevent the systems' improper functioning or damage, or the improper access or disclosure of confidential information. Any failure to maintain proper function, security and availability of our information systems could interrupt our operations, damage our reputation and subject us to liability claims or regulatory penalties, which could have an adverse effect on our business, financial condition and results of operations.

We face risks relating to cybersecurity attacks that could cause loss of confidential information and other business disruptions.

We rely extensively on computer systems to manage our business, and our business is at risk from and may be impacted by cybersecurity attacks. These could include attempts to gain unauthorized access to our data and computer systems. Attacks can be both individual and/or highly organized attempts organized by very sophisticated hacking organizations. We employ a number of measures to prevent, detect and mitigate these threats, which include password protection, frequent password change events, firewall detection systems, frequent backups, a redundant data system for core applications and annual penetration testing; however, there is no guarantee such efforts will be successful in preventing a cyber-attack. A cybersecurity attack could compromise the confidential information of our employees, tenants and vendors. A successful attack could disrupt and affect the business operations.

Risks Related to Our Organization and Structure

We have limited experience operating as a self-managed company, which makes our future performance difficult to predict. As a result of our transition to self-management, we may be exposed to risks which we have not historically encountered.

We have a limited operating history as a self-managed company. Historically, all of our business activities were managed by our former investment advisor pursuant to the fourth amended and restated advisory agreement, which terminated according to its terms on June 30, 2012. As a result, our future performance as a self-managed company is more difficult to predict. In addition, as an employer, we are subject to those potential liabilities that are commonly faced by employers, such as workers' disability and compensation claims, potential labor disputes, and other employee-related liabilities and grievances, and we will bear the costs of the establishment and maintenance of such plans.

Our success depends to a significant degree upon the continued contributions of certain key personnel, each of whom would be difficult to replace. If we were to lose the benefit of the experience, efforts and abilities of one or more of these individuals, our operating results could suffer.

We rely on a small number of persons who comprise our existing key management team to implement our business and investment strategies. Our ability to achieve our investment objectives and to make distributions to our shareholders is dependent upon the continued performance of our Board of Trustees and our key management personnel. While we entered into employment agreements with certain of our key management personnel, they may nevertheless cease to provide services to us at any time. In addition, if any member of our Board of Trustees were to resign, we would lose the benefit of such trustee's governance and experience. The loss of services of any of our key management personnel, or our inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business and financial results.

On November 10, 2014, we announced that the Nominating and Corporate Governance Committee of our Board of Trustees will lead, effective immediately, the process of identifying a successor for our Chief Executive Officer who will retire effective upon the naming of an interim or permanent Chief Executive Officer. The search for and transition to a successor Chief Executive Officer may result in disruptions to our business and uncertainty among investors, employees and others concerning our future direction and performance. Any such disruptions and uncertainty, as well as the failure to successfully identify, attract or retain a successor Chief Executive Officer, could have an adverse effect on our business, results of operations and financial condition.

Restrictions on ownership of a controlling percentage of our shares may limit your opportunity to receive a premium on your shares.

To assist us in complying with the share ownership requirements necessary for us to qualify as a REIT, our declaration of trust currently prohibits, with certain exceptions, direct or constructive ownership by any person of more than 9.8% by number or value, whichever is more restrictive, of our outstanding common shares and more than 9.8% by number or value, whichever is more restrictive, of any outstanding preferred shares. Our Board of Trustees, in its sole discretion, may exempt a person from the share ownership limits. Additionally, our declaration of trust prohibits direct or constructive ownership of our shares that would otherwise result in our failure to qualify as a REIT. The constructive ownership rules in our declaration of trust are complex and may cause the outstanding shares owned by a group of related individuals or entities to be deemed to be constructively owned by one individual or entity. As a result, the acquisition of less than any ownership limit by an individual or entity could cause that individual or entity to own constructively in excess of any ownership limit of our outstanding

shares. Any attempt to own or transfer our shares in excess of either ownership limit without the consent of our Board of Trustees shall be void, and will result in the shares being transferred to a charitable trust. These provisions may inhibit market activity and the resulting opportunity for our shareholders to receive a premium for their shares that might otherwise exist if any person were to attempt to assemble a block of our shares in excess of the number of shares permitted under our declaration of trust and which may be in the best interests of our shareholders.

Maryland takeover statutes could restrict a change of control, which could have the affect of inhibiting a change in control even if a change in control were in our shareholders' interests.

Under the Maryland General Corporate Law (the "MGCL") as applicable to REITs, certain "business combinations" between a Maryland REIT and an interested shareholder or an affiliate of an interested shareholder are prohibited for five years after the most recent date on which the interested shareholder becomes an interested shareholder. These business combinations include a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested shareholder is defined as:

- any person who beneficially owns 10% or more of the voting power of the Company's outstanding voting shares; or
- an affiliate or associate of the Company who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding shares of the Company.

A person is not an interested shareholder under the statute if our Board of Trustees approves in advance the transaction by which he otherwise would have become an interested shareholder.

After the five-year prohibition, any business combination between the Maryland REIT and an interested shareholder generally must be recommended by our Board of Trustees and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding voting shares of the Company; and
- two-thirds of the votes entitled to be cast by holders of outstanding voting shares of the Company other than shares held by the interested shareholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested shareholder.

The business combination statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer, including potential acquisitions that might involve a premium price for our common shares or otherwise be in the best interests of our shareholders.

Our Board of Trustees has adopted a resolution exempting the Company from the provisions of the MGCL relating to business combinations with interested shareholders or affiliates of interested shareholders. However, such resolution can be altered or repealed, in whole or in part, at any time by our Board of Trustees. If such resolution is repealed, the business combination statute could have the effect of discouraging offers to acquire us and of increasing the difficulty of consummating these offers, even if our acquisition would be in our shareholders' best interests.

Certain provisions of the MGCL applicable to Maryland real estate investment trusts permit our Board of Trustees, without shareholder approval and regardless of what is currently provided in our declaration of trust or bylaws, to adopt certain mechanisms, some of which (for example, a classified board) we do not have. These provisions may have the effect of limiting or precluding a third party from making an acquisition proposal for us or of delaying, deferring or preventing a change in our control under circumstances that otherwise could provide the holders of our common shares with the opportunity to realize a premium over the then current market price.

The MGCL also limits the ability of a third-party to buy a large stake in us and exercise voting power in electing trustees.

The MGCL, as applicable to REITs, provides that "control shares" of a Maryland REIT acquired in a "control share acquisition" have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares owned by the acquiror, by officers or by trustees who are employees of the corporation. "Control shares" are voting shares that would entitle the acquirer to exercise voting power in electing trustees within specified ranges of voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained shareholder approval. A "control share acquisition" means the acquisition of issued and outstanding control shares, subject to certain exceptions. The control share acquisition statute does not apply (i) to shares acquired in a merger, consolidation or share exchange if we are a party to the transaction, or (ii) to acquisitions approved or exempted by our declaration of trust or bylaws. Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions

by any person of our shares. We cannot assure you that such provision will not be amended or eliminated at any time in the future. If such provision is eliminated, the control share acquisition statute could have the effect of discouraging offers to acquire us and increasing the difficulty of consummating any such offers, even if our acquisition would be in our shareholders' best interests.

We are authorized to issue preferred shares. The issuance of preferred shares could adversely affect the holders of our common shares issued pursuant to our public offerings.

Our declaration of trust authorizes us to issue up to 1,000,000,000 shares, of which 10,000,000 shares are designated as preferred shares. Subject to approval by our Board of Trustees, we may issue preferred shares with rights, preferences, and privileges that are more beneficial than the rights, preferences, and privileges of our common shares. Holders of our common shares do not have preemptive rights to acquire any shares issued by us in the future. If we ever create and issue preferred shares with a distribution preference over common shares, payment of any distribution preferences on outstanding preferred shares would reduce the amount of funds available for the payment of distributions on our common shares. In addition, holders of preferred shares are normally entitled to receive a preference payment in the event we liquidate, dissolve or wind up before any payment is made to our common shareholders, thereby reducing the amount a common shareholder might otherwise receive upon such an occurrence. Also, under certain circumstances, the issuance of preferred shares may have the effect of delaying or preventing a change in control of the Company.

Our Board of Trustees may change our strategies, policies or procedures without shareholder approval, which may subject us to different and more significant risks in the future.

Our investment, financing, leverage and distribution policies and our policies with respect to all other activities, including growth, debt, capitalization and operations, are determined by our Board of Trustees. These policies may be amended or revised at any time and from time to time at the discretion of our Board of Trustees without notice to or a vote of our shareholders. This could result in us conducting operational matters, making investments or pursuing different business or growth strategies. Under these circumstances, we may expose ourselves to different and more significant risks in the future, which could have a material adverse effect on our business and growth. In addition, our Board of Trustees may change our policies with respect to conflicts of interest provided that such changes are consistent with applicable legal requirements. A change in these policies could have an adverse effect on our financial condition, results of operations, cash flow, per share trading price of our common shares and ability to satisfy our principal and interest obligations and to make distributions to our shareholders.

If we fail to maintain an effective system of integrated internal controls, we may not be able to report our financial results accurately, which could have a material adverse effect on us.

We are required to report our operations on a consolidated basis under GAAP and, in some cases, on a property-by-property basis. If we fail to maintain proper overall business controls, our results of operations could be harmed or we could fail to meet our reporting obligations. In addition, the existence of a material weakness or significant deficiency could result in errors in our financial statements that could require a restatement, cause us to fail to meet our reporting obligations and cause shareholders to lose confidence in our reported financial information, which could have a material adverse effect on us. In the case of joint ventures, we may also be subject to additional risks and uncertainties in that we may be dependent upon, and subject to liability, losses or reputation damage relating to, overall business controls, that are not under our control which could have a material adverse effect of us.

Changes in accounting rules, assumptions and/or judgments could materially and adversely affect us.

Accounting rules for certain aspects of our and our joint ventures' operations are highly complex and involve significant judgment and assumptions. These complexities could lead to a delay in the preparation of our or our joint ventures' financial statements and the delivery of this information to our shareholders. Furthermore, changes in accounting rules or in our accounting assumptions and/or judgments, such as asset impairments, could materially impact our financial statements. Under any of these circumstances, we could be materially and adversely affected.

Fraud, misconduct or inadvertent errors made by employees or third parties may cause financial loss, litigation or regulatory action, which could result in an adverse effect on our business, financial condition and results of operations.

We are dependent on our employees and third parties for our operations and financial affairs. Fraud, misconduct or inadvertent errors by our employees or third parties could cause financial harm to us or expose us to litigation or regulatory action and injure our reputation. These types of conduct could include, among other types, unauthorized expenditures, misappropriation of funds, incorrect reporting of our transactions or errors or misstatements in required filings. Our ability to protect against and detect fraud, misconduct or inadvertent errors is limited and

we may not be successful in detecting and remedying these actions, which may adversely affect our business, financial condition and results of operations.

Risks Related to Our Debt Financing

Dislocations or volatility in the capital and credit markets could adversely affect us.

Dislocations or volatility in the financial markets have the potential to affect, particularly in the near term, the value of our properties and our investments in unconsolidated joint ventures, the availability or the terms of financing that we and our unconsolidated joint ventures have or may anticipate utilizing, and the ability of us and our unconsolidated joint ventures to make principal and interest payments on or refinance any outstanding debt when due. It may also impact the ability of our tenants and potential tenants to enter into new leases or satisfy rental payments under existing leases. Capital market dislocations or volatility may potentially cause certain financial institutions to fail or to seek federal assistance. In the event of a failure of a lender or counterparty to a financial contract, obligations under the financial contract might not be honored and many forms of assets may be at risk and may not be fully returned to us. Should a financial institution fail to fund its committed amounts when contractually obligated to do so, our ability to meet our obligations could be materially and adversely impacted.

We could become more highly leveraged and an increase in debt service could adversely affect our cash flow and ability to make distributions.

We had approximately $1.5 billion of outstanding indebtedness (consolidated and unconsolidated at our pro rata share), excluding net premiums, representing approximately 45.5% of the approximate total acquisition cost of our consolidated and unconsolidated properties, including intangibles, as of December 31, 2014.

Our level of debt and the limitations imposed on us by our debt agreements could have significant adverse consequences, including the following:

- our cash flow may be insufficient to meet our required principal and interest payments;
- we may be unable to borrow additional funds as needed or on favorable terms, which could, among other things, adversely affect our ability to meet operational needs;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our current indebtedness;
- we may be forced to dispose of one or more of our properties, possibly on unfavorable terms or in violation of certain loan covenants to which we may be subject;
- we may violate restrictive covenants in our loan documents, which would entitle the lenders to accelerate our debt obligations; and
- our default under any loan with cross default provisions could result in a default on other indebtedness.

If we become more highly leveraged, then the resulting increase in debt service could adversely affect our ability to make payments on outstanding indebtedness and to pay our anticipated distributions and/or the distributions required to qualify as a REIT, and could harm our financial condition.

Our growth depends on external sources of capital that are outside of our control, which may affect our ability to seize strategic opportunities, satisfy debt obligations and make distributions to our shareholders.

In order to qualify as a REIT, we must distribute to our shareholders, on an annual basis, at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. In addition, we will be subject to U.S. federal income tax at regular corporate rates to the extent that we distribute less than 100% of our net taxable income (including net capital gains) and will be subject to a 4% nondeductible excise tax on the amount by which our distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, we may need to rely on third-party sources to fund our capital needs. We may not be able to obtain financing on favorable terms, in the time period we desire, or at all. Any additional debt we incur will increase our leverage. Our access to third-party sources of capital depends, in part, on:

- general market conditions;

- the market's perception of our growth potential;
- our current debt levels;
- our current and expected future earnings; and
- our cash flow and cash distributions.

If we cannot obtain capital from third-party sources, we may not be able to acquire or redevelop properties when strategic opportunities exist, satisfy our principal and interest obligations or make the cash distributions to our shareholders necessary to maintain our qualification as a REIT.

Our unsecured credit facility will restrict our ability to engage in some business activities, including our ability to incur additional indebtedness in excess of agreed amounts and make certain investments, which could adversely affect our financial condition, results of operations and cash flow.

Our unsecured credit facility contains customary negative covenants and other financial and operating covenants that, among other things:

- restrict our ability to incur additional indebtedness in excess of agreed amounts;
- restrict our ability to incur certain types of liens;
- restrict our ability to make certain investments;
- restrict our ability to merge with another company;
- restrict our ability to sell or dispose of assets;
- restrict our ability to make distributions to shareholders; and
- require us to satisfy minimum financial coverage ratios, minimum tangible net worth requirements and maximum leverage ratios.

These limitations will restrict our ability to engage in some business activities, which could adversely affect our financial condition, results of operations and cash flow. In addition, our unsecured credit facility contains specific cross-default provisions with respect to specified other indebtedness, giving the lenders the right to declare a default if we are in default under other loans in some circumstances.

If we fail to make our debt payments, we could lose our investment in a property.

We intend to secure the loans we obtain to fund future property acquisitions with mortgages on some of our properties. If we are unable to make our debt payments as required, a lender could foreclose on the property or properties securing its debt. This could cause us to lose part or all of our investment which in turn could cause a reduction in the value of the shares and the dividends payable to our shareholders.

Increases in interest rates could increase the amount of our debt payments, adversely affect our ability to pay dividends to our shareholders and could also adversely affect the values of the properties we own.

We expect that we will incur additional indebtedness in the future. Interest we pay could reduce cash available for distributions. Additionally, if we incur variable rate debt, increases in interest rates would increase our interest costs, which would reduce our cash flows and our ability to service indebtedness and, therefore, our ability to pay dividends to you. In addition, if we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments in properties at times which may not permit realization of the maximum return on such investments.

If we enter into financing arrangements involving balloon payment obligations, it may adversely affect our ability to pay dividends.

Our financing arrangements may require us to make a lump-sum or "balloon" payment at maturity. Our ability to make a balloon payment at maturity is uncertain and may depend upon our ability to obtain additional financing or our ability to sell the property. At the time the balloon payment is due, we may or may not be able to refinance the balloon payment on terms as favorable as the original loan or sell the property at a price sufficient to make the balloon payment. A refinancing or sale under these circumstances could affect the rate of return to shareholders and the projected time of disposition of our assets. In addition, payments of principal and interest made to service our debts may leave us

with insufficient cash to pay the distributions that we are required to pay to qualify as a REIT. In such case, we may be forced to borrow funds to make the distributions required to qualify as a REIT.

Failure to hedge effectively against interest rate changes may adversely affect our results of operations.

Subject to maintaining our qualification as a REIT, we may seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements, such as interest cap agreements and interest rate swap agreements. These agreements may fail to protect or could adversely affect us because, among other things:

- interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates;
- available interest rate hedges may not correspond directly with the interest rate risk for which protection is sought;
- the duration of the hedge may not match the duration of the related liability;
- the amount of income that a REIT may earn from hedging transactions (other than through taxable REIT subsidiaries) is limited by U.S. federal tax provisions governing REITs;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction;
- the party owing money in the hedging transaction may default on its obligation to pay;
- we could incur significant costs associated with the settlement of the agreements;
- the underlying transactions could fail to qualify as highly-effective cash flow hedges under FASB ASC "Derivative and Hedging"; and
- a court could rule that such an agreement is not legally enforceable.

We have adopted a policy relating to the use of derivative financial instruments to hedge interest rate risks related to our borrowings. This policy governs our use of derivative financial instruments to manage the interest rates on our variable rate borrowings. Our policy states that we will not use derivatives for speculative or trading purposes and intend only to enter into contracts with major financial institutions based on their credit rating and other factors, but our Board of Trustees may choose to change these policies in the future. Hedging may reduce the overall returns on our investments, which could reduce our cash available for distribution to our shareholders. Failure to hedge effectively against interest rate changes may materially adversely affect our financial condition, results of operations and cash flow.

Risks Related to our Common Shares

The price of our common shares has fluctuated and may continue to fluctuate significantly, which may make it difficult for you to sell our common shares when you want or at prices you find attractive.

The price of our common shares on the NYSE constantly changes and has been subject to significant price fluctuations. We expect that the market price of our common shares will continue to fluctuate significantly. Our share price can fluctuate as a result of a variety of factors, many of which are beyond our control. These factors may include:

- actual or anticipated variations in our quarterly operating results;
- changes in our earnings estimates or publication of research reports about us or the real estate industry;
- future sales of substantial amounts of common shares by our existing or future shareholders;
- increases in market interest rates, which may lead purchasers of our common shares to demand a higher yield;
- changes in market valuations of similar companies;
- adverse market reaction to any increased indebtedness we incur in the future;
- additions or departures of key personnel;

- actions by institutional shareholders;
- speculation in the press or investment community; and
- general market and economic conditions.

In addition, the stock market in general may experience extreme volatility that may be unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the market price of our common shares.

Future offerings of debt securities, which would be senior to our common shares, or equity securities, which would dilute our existing shareholders and may be senior to our common shares, may adversely affect the market price of our common shares.

In the future, we may issue debt or equity securities, including medium term notes, senior or subordinated notes and classes of preferred or common shares. Debt securities or preferred shares will generally be entitled to receive payments, both current and in connection with any liquidation or sale, prior to the holders of our common shares. Our Board of Trustees may issue such securities without shareholder approval and under the MGCL may amend our declaration of trust to increase the aggregate number of authorized capital shares or the number of authorized capital shares of any class or series without shareholder approval. We are not required to offer any such additional debt or equity securities to existing common shareholders on a preemptive basis. Therefore, offerings of common shares or other equity securities may dilute the percentage ownership interest of our existing shareholders. To the extent we issue additional equity interests, our shareholders' percentage ownership interest in us will be diluted. Depending upon the terms and pricing of any additional offerings and the value of our real properties and other real estate related assets, our shareholders may also experience dilution in both the book value and fair market value of their shares. As a result, future offerings of debt or equity securities, or the perception that such offerings may occur, may reduce the market price of our common shares and/or the distributions that we pay with respect to our common shares.

Our distributions to shareholders may change, which could adversely affect the market price of our common shares.

All distributions on our common shares are at the sole discretion of our Board of Trustees and depend upon our actual and projected financial condition, results of operations, cash flows, liquidity and funds from operations, maintenance of our REIT qualification and such other matters as our Board of Trustees may deem relevant from time to time. We cannot guarantee the amount and timing of distributions paid in the future, if any. In the future we may not be able to make distributions or may need to fund such distributions from external sources, as to which no assurances can be given. In addition, we may choose to retain operating cash flow for investment purposes, working capital reserves or other purposes, and these retained funds, although increasing the value of our underlying assets, may not correspondingly increase the market price of our common shares. Our failure to meet the market's expectations with regard to future cash distributions likely would adversely affect the market price of our common shares.

Certain shareholders may be subject to withholding and reporting requirements under FATCA.

Sections 1471 through 1474 of the Internal Revenue Code of 1986 (the "Internal Revenue Code") and the Treasury Regulations promulgated thereunder ("FATCA") generally impose a withholding tax of 30% ("FATCA withholding") on certain gross amounts of income not effectively connected with a U.S. trade or business paid to certain "foreign financial institutions" and certain other U.S.-owned "non-financial foreign entities," unless various information reporting requirements are satisfied. Amounts subject to FATCA withholding generally include gross U.S.-source dividends and gross proceeds from the sale of shares, paid on or after January 1, 2017. To avoid withholding under FATCA, shareholders that are subject to these rules generally will be obligated to comply with certain information reporting and disclosure requirements.

An investor may be subject to FATCA withholding with respect to dividends or gross proceeds on or after January 1, 2017. Shareholders are encouraged to consult their tax advisers regarding the possible application of FATCA to their investment in our common shares.

Increases in market interest rates may result in a decrease in the value of our common shares.

One of the factors that may influence the price of our common shares will be the dividend distribution rate on our common shares (as a percentage of the price of our common shares) relative to market interest rates. If market interest rates rise, prospective purchasers of common shares may expect a higher distribution rate. Higher interest rates would not, however, result in more funds being available for distribution and, in fact, would likely increase our borrowing costs and might decrease our funds available for distribution. We therefore may not be able, or we may not choose, to provide a higher distribution rate. As a result, prospective purchasers may decide to purchase other securities rather than our common shares, which would reduce the demand for, and result in a decline in the market price of, our common shares.

If securities analysts downgrade our common shares or the real estate sector, the price of our common shares could decline.

The trading market for our common shares relies in part upon the research and reports that industry or financial analysts publish about us or our business. We have no control over these analysts. Furthermore, if one or more of the analysts who do cover us downgrades our shares or our industry, or the stock of any of our competitors, the price of our common shares could decline. If one or more of these analysts ceases coverage of the Company, we could lose attention in the market, which in turn could cause the price of our common shares to decline.

Risks Related to Our Taxation as a REIT

If we fail to qualify as a REIT in any taxable year, our operations and ability to make distributions will be adversely affected because we will be subject to U.S. federal income tax on our taxable income at regular corporate rates with no deductions for distributions made to shareholders.

We believe that we are organized and operate in conformity with the requirements for qualification and taxation as a REIT under the Internal Revenue Code, and that our method of operation enables us to continue to meet the requirements for qualification and taxation as a REIT under the Internal Revenue Code. So long as we qualify as a REIT, we generally will not be subject to U.S. federal income tax on our net taxable income that we currently distribute to our shareholders. In order for us to qualify as a REIT, we must satisfy certain requirements established under highly technical and complex provisions of the Internal Revenue Code and Treasury Regulations for which there are only limited judicial or administrative interpretations, and which involve the determination of various factual matters and circumstances not entirely within our control.

If we were to fail to qualify as a REIT for any taxable year, or if we failed to meet our distribution requirements we would be subject to U.S. federal income tax on our taxable income at regular corporate rates with no deductions for distributions made to shareholders. Further, in such event, we would generally be disqualified from treatment as a REIT for the four taxable years following the year in which we lose our REIT qualification. Accordingly, the loss of our REIT qualification would reduce our net earnings available for investment or distribution to shareholders because of the substantial tax liabilities that would be imposed on us. We might also be required to borrow funds or sell investments to pay the applicable tax.

We may be subject to tax on our undistributed net taxable income or be forced to borrow funds to make distributions required to qualify as a REIT.

As a REIT, we generally must distribute at least 90% of our annual net taxable income (excluding net capital gain) to our shareholders and we are subject to regular corporate income tax to the extent that we distribute less than 100% of our annual net taxable income. In addition, we are subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. In order to make distributions necessary to qualify as a REIT and avoid the payment of income and excise taxes, we may need to borrow funds on a short-term, or possibly long-term, basis, use proceeds from our public offerings or future public offerings, or sell properties, even if the then prevailing market conditions are not favorable for borrowings or sales. Our need for cash to make distributions could result from, among other things, a difference in timing between the actual receipt of cash and inclusion of income for U.S. federal income tax purposes, the effect of non-deductible capital expenditures, the creation of reserves and the repayment of indebtedness.

Complying with the REIT requirements may cause us to forego and/or liquidate otherwise attractive investments.

To maintain our REIT qualification, we must satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our shareholders and the ownership of our shares. We may be required to make distributions to shareholders at times when it would be more advantageous to reinvest cash in our business or when we do not have funds readily available for distribution. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

In particular, we must ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and qualified real estate assets. The remainder of our investment in securities (other than government securities, securities of any taxable REIT subsidiary or qualified REIT subsidiary of ours and securities that are qualified real estate assets) generally may not include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities and qualified real estate assets) may consist of the securities of any one issuer. If we fail to comply with these requirements at the end of any calendar quarter, we must remedy the failure within 30 days or qualify for certain statutory relief provisions to avoid losing qualification as a REIT and

suffering adverse tax consequences. To meet these tests, we may be required to take or forgo taking actions that we otherwise would otherwise consider advantageous. For instance, in order to satisfy the gross income or asset tests applicable to REITs under the Internal Revenue Code, we may be required to forego investments that we otherwise would make. In addition, we may be required to make distributions to shareholders at disadvantageous times or when we do not have funds readily available for distribution. These actions could have the effect of reducing our income and amounts available for distribution to our shareholders. Thus, compliance with the REIT requirements may hinder our investment performance.

Dividends payable by REITs generally do not qualify for reduced U.S. federal income tax rates.

The maximum U.S. federal income tax rate for dividends payable by domestic corporations to individual U.S. shareholders is 20%. Dividends payable by REITs, however, are generally not eligible for the reduced rates and therefore maybe subject to a 39.6% maximum U.S. federal individual income tax on ordinary income. The more favorable rates applicable to regular corporate dividends could cause investors who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our shares.

We will pay some taxes.

Even if we qualify as a REIT for U.S. federal income tax purposes, we will be required to pay some U.S. federal, state, local and foreign taxes on our income and property, including a 100% penalty tax on any gain recognized on property held primarily for sale to customers in the ordinary course of a trade or business. In addition, our taxable REIT subsidiary will be subject to U.S. federal, state and local corporate taxes. To the extent that we or our taxable REIT subsidiary is required to pay U.S. federal, state, local or foreign taxes, we will have less cash available for distribution to our shareholders.

The ability of our Board of Trustees to revoke our REIT election without shareholder approval may cause adverse consequences to our shareholders.

Our charter provides that our Board of Trustees may revoke or otherwise terminate our REIT election, without the approval of our shareholders, if it determines that it is no longer in our best interests to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our taxable income and we would no longer be required to distribute most of our taxable income to our shareholders, which may have adverse consequences on the total return to our shareholders and the value of our shares.

Legislative or regulatory action could adversely affect investors.

In recent years, numerous legislative, judicial and administrative changes have been made to the U.S. federal income tax laws applicable to investments similar to an investment in our shares. Additional changes to tax laws are likely to continue to occur in the future, and we cannot assure you that any such changes will not adversely affect the taxation of us or our shareholders. Any such changes could have an adverse effect on an investment in our shares or on the market value or the resale potential of our properties.

ITEM 1B. UNRESOLVED STAFF COMMENTS

We did not have any unresolved comments with the staff of the SEC as of the date of this Annual Report on Form 10-K.

ITEM 2. PROPERTIES

Properties

As of December 31, 2014, we owned, on a consolidated basis, 102 industrial (primarily warehouse/distribution) and office properties located in 18 U.S. states (Arizona, California, Colorado, Florida, Illinois, Indiana, Kansas, Kentucky, Maryland, Massachusetts, Minnesota, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Texas and Virginia) and in the United Kingdom, encompassing approximately 25.3 million net rentable square feet. Our consolidated properties were approximately 97.5% leased (based upon rentable square feet) as of December 31, 2014. As of December 31, 2014, 77 of our consolidated properties were net leased to single tenants, which encompassed approximately 20.6 million rentable square feet.

In addition, we owned, on an unconsolidated basis, 26 industrial (primarily warehouse/distribution) and office properties located in eight U.S. states (Arizona, Florida, Illinois, Indiana, North Carolina, Ohio, Tennessee and Texas) and in three European countries (France, Germany and the United Kingdom) encompassing approximately 12.4 million rentable square feet. Our unconsolidated properties were approximately 99.9% leased (based upon rentable square feet) as of December 31, 2014. As of December 31, 2014, 20 of our unconsolidated properties were net leased to single tenants, which encompassed approximately 11.5 million rentable square feet.

References to unconsolidated properties include properties owned through unconsolidated joint ventures and do not include properties owned by CBRE Strategic Partners Asia, which is an investment in an unconsolidated entity. See Note 4 "Investments in Unconsolidated Entities" in the notes to our consolidated financial statements for the material terms of our unconsolidated joint venture agreements.

The following table provides information relating to our properties as of December 31, 2014 ($ in thousands):

Property and Market		Date Acquired	Year Built	Net Rentable Square Feet	Percentage Leased	Approximate Total Acquisition Cost[1]
Industrial						
Consolidated Industrial						
300 Constitution Drive[2][3]	Boston, MA	11/3/2004	1998	330,000	—%	$ 19,805
505 Century Parkway[2]	Dallas, TX	1/9/2006	1997	100,000	100.0%	6,095
631 International Parkway[2]	Dallas, TX	1/9/2006	1998	73,112	100.0%	5,407
660 North Dorothy[2]	Dallas, TX	1/9/2006	1997	120,000	100.0%	6,836
Bolingbrook Point III	Chicago, IL	8/29/2007	2006	185,045	100.0%	18,170
Community Cash Complex 1[2]	Spartanburg, SC	8/30/2007	1960	207,038	100.0%	2,690
Community Cash Complex 2[2]	Spartanburg, SC	8/30/2007	1978	145,058	100.0%	2,225
Community Cash Complex 3[2]	Spartanburg, SC	8/30/2007	1981	116,413	73.0%	1,701
Community Cash Complex 4[2]	Spartanburg, SC	8/30/2007	1984	33,019	100.0%	547
Community Cash Complex 5[2]	Spartanburg, SC	8/30/2007	1984	53,033	100.0%	824
Fairforest Building 1[2]	Spartanburg, SC	8/30/2007	2000	51,028	100.0%	2,974
Fairforest Building 2[2][3]	Spartanburg, SC	8/30/2007	1999	104,160	100.0%	5,379
Fairforest Building 3[2][3]	Spartanburg, SC	8/30/2007	2000	100,000	100.0%	5,760
Fairforest Building 4[2]	Spartanburg, SC	8/30/2007	2001	190,606	100.0%	5,640
Fairforest Building 5[3]	Spartanburg, SC	8/30/2007	2006	316,491	100.0%	16,968
Fairforest Building 6[3]	Spartanburg, SC	8/30/2007	2005	101,055	100.0%	7,469
Fairforest Building 7[2][3]	Spartanburg, SC	8/30/2007	2006	101,459	84.0%	5,626
Greenville/Spartanburg Industrial Park[2]	Spartanburg, SC	8/30/2007	1990	67,375	100.0%	3,388
Highway 290 Commerce Park Building 1[2]	Spartanburg, SC	8/30/2007	1995	150,000	100.0%	5,388
Highway 290 Commerce Park Building 5[2]	Spartanburg, SC	8/30/2007	1993	30,000	100.0%	1,420
Highway 290 Commerce Park Building 7[2]	Spartanburg, SC	8/30/2007	1994	93,971	100.0%	4,889
HJ Park Building 1[2]	Spartanburg, SC	8/30/2007	2003	70,000	100.0%	4,216
Jedburg Commerce Park[2][3]	Charleston, SC	8/30/2007	2007	512,686	88.0%	41,991

Property and Market		Date Acquired	Year Built	Net Rentable Square Feet	Percentage Leased	Approximate Total Acquisition Cost[1]
Kings Mountain I[3]	Charlotte, NC	8/30/2007	1998	100,000	100.0%	5,497
Kings Mountain II	Charlotte, NC	8/30/2007	2002	301,400	100.0%	11,311
Mount Holly Building	Charleston, SC	8/30/2007	2003	100,823	100.0%	6,208
North Rhett I	Charleston, SC	8/30/2007	1973	284,750	100.0%	10,302
North Rhett II	Charleston, SC	8/30/2007	2001	101,705	100.0%	7,073
North Rhett III[2][3]	Charleston, SC	8/30/2007	2002	79,972	100.0%	4,812
North Rhett IV[3]	Charleston, SC	8/30/2007	2005	316,040	100.0%	17,060
Orangeburg Park Building[3]	Charleston, SC	8/30/2007	2003	101,055	100.0%	5,474
Orchard Business Park 2[2]	Spartanburg, SC	8/30/2007	1993	17,500	—%	761
Union Cross Building I	Winston-Salem, NC	8/30/2007	2005	100,853	100.0%	6,585
Union Cross Building II	Winston-Salem, NC	8/30/2007	2005	316,130	100.0%	17,216
Highway 290 Commerce Park Building 2[2][3]	Spartanburg, SC	9/24/2007	1995	100,000	100.0%	4,626
Highway 290 Commerce Park Building 6[2][3]	Spartanburg, SC	11/1/2007	1996	105,000	100.0%	3,760
Kings Mountain III[2][3]	Charlotte, NC	3/14/2008	2007	541,910	100.0%	25,728
13201 Wilfred Lane[2]	Minneapolis, MN	6/29/2009	1999	335,400	100.0%	15,340
140 Depot Street[2]	Boston, MA	7/31/2009	2009	238,370	100.0%	18,950
West Point Trade Center[2]	Jacksonville, FL	12/30/2009	2009	601,500	100.0%	29,000
1985 International Way	Cincinnati, OH	10/27/2010	1998	189,400	59.0%	14,800
3660 Deerpark Boulevard[3]	Jacksonville, FL	10/27/2010	2002	321,500	100.0%	15,300
4701 Gold Spike Drive	Dallas, TX	10/27/2010	2002	420,360	100.0%	20,300
Tolleson Commerce Park II	Phoenix, AZ	10/27/2010	1999	217,422	100.0%	9,200
Millers Ferry Road[2]	Dallas, TX	6/2/2011	2011	1,020,000	100.0%	40,366
Aurora Commerce Center[2]	Denver, CO	11/30/2011	2007	406,959	100.0%	24,500
2400 Dralle Road[2][3]	Chicago, IL	3/20/2012	2011	1,350,000	100.0%	64,250
Midwest Commerce Center I[2][3]	Kansas City, KS	8/16/2012	2009	1,107,000	100.0%	62,950
20000 S Diamond Lake Rd.	Minneapolis, MN	11/7/2012	2004	280,577	100.0%	18,500
Gateway at Riverside[2][3]	Baltimore, MD	11/30/2012	1991	800,798	100.0%	49,229
Mid-Atlantic Distribution Center – Bldg. A[2]	Baltimore, MD	12/28/2012	2008	672,000	100.0%	43,150
Goodyear Crossing II	Phoenix, AZ	3/1/2013	2009	820,384	100.0%	64,883
1200 Woods Chapel Road[2][3]	Spartanburg, SC	8/8/2013	2008	156,800	100.0%	10,750
445 Airtech Parkway[2][3]	Indianapolis, IN	1/2/2014	2013	622,440	100.0%	30,200
1 Rocket Road	Los Angeles - South Bay, CA	7/31/2014	2008	514,753	100.0%	46,650
1659 Sauget Business Blvd[2]	St. Louis, MO	10/24/2014	2008	502,500	100.0%	21,100
325 Centerpoint Blvd[2]	Northeast, PA	11/18/2014	2008	744,080	100.0%	45,750
550 Oak Ridge Drive[2]	Northeast, PA	11/18/2014	2005	615,600	100.0%	40,700
125 Capital Road[2]	Northeast, PA	11/18/2014	2007	144,000	100.0%	8,700
14-46 Alberigi Drive[2]	Northeast, PA	11/18/2014	2005	140,800	100.0%	10,500
Total Consolidated Industrial[4]			**2005**	**18,041,330**	**97.0%**	**$ 1,006,889**
Unconsolidated Industrial						
Buckeye Logistics Center[2][6]	Phoenix, AZ	6/12/2008	2008	1,009,351	100.0%	$ 52,797
12200 President's Court[2][6]	Jacksonville, FL	9/30/2008	2008	772,210	100.0%	29,995
201 Sunridge Blvd.[2][6]	Dallas, TX	9/30/2008	2008	822,550	100.0%	25,690
Allpoints at Anson Bldg. 1[2][6]	Indianapolis, IN	9/30/2008	2008	1,036,573	100.0%	42,684
125 Enterprise Parkway[2][6]	Columbus, OH	12/10/2008	2008	1,142,400	100.0%	38,088
AllPoints Midwest Bldg. 1[2][6]	Indianapolis, IN	12/10/2008	2008	1,200,420	100.0%	41,428
Fairfield Distribution Ctr. IX[6]	Tampa, FL	5/13/2009	2008	136,212	100.0%	7,151
Amber Park[2][7]	South Normanton, UK	6/10/2010	1997	208,423	100.0%	12,514
Brackmills[2][7]	Northampton, UK	6/10/2010	1984	186,618	100.0%	13,407
Düren[2][8]	Rhine-Ruhr, Germany	6/10/2010	2008	391,494	100.0%	13,148
Schönberg[2][8]	Hamburg, Germany	6/10/2010	2009	453,979	100.0%	13,819

Property and Market		Date Acquired	Year Built	Net Rentable Square Feet	Percentage Leased	Approximate Total Acquisition Cost[1]
Langenbach[2,8]	Munich, Germany	10/28/2010	2010	225,106	100.0%	18,573
Graben Distribution Center I[8]	Munich, Germany	12/20/2011	2011	1,017,868	100.0%	54,962
Graben Distribution Center II[8]	Munich, Germany	12/20/2011	2011	73,367	100.0%	6,868
Valley Park, Unit D[2,7]	Rugby, UK	3/19/2012	2011	146,491	100.0%	10,247
Koblenz Distribution Center[8]	Rhine-Ruhr, Germany	12/12/2012	2012	1,070,126	100.0%	63,021
Bodenheim Logistikzentrum[8]	Frankfurt, Germany	11/25/2013	2012	442,816	100.0%	25,392
Hansalinie Distribution Center[8]	Bremen, Germany	11/25/2013	2012	320,463	100.0%	24,226
Lille-Douai Distribution Center[8]	Lille, France	12/17/2013	2013	970,765	100.0%	62,746
Total Unconsolidated Industrial[4,5]			**2009**	**11,627,232**	**100.0%**	**$ 556,756**
Total Industrial[4]			**2006**	**29,668,562**	**98.2%**	**$ 1,563,645**
Office						
Consolidated Office						
REMEC Corporate Campus 1[2]	San Diego, CA	9/15/2004	1983	34,000	100.0%	$ 6,833
REMEC Corporate Campus 2[2]	San Diego, CA	9/15/2004	1983	30,477	100.0%	6,125
REMEC Corporate Campus 3[2]	San Diego, CA	9/15/2004	1983	37,430	100.0%	7,523
REMEC Corporate Campus 4[2]	San Diego, CA	9/15/2004	1983	30,778	100.0%	6,186
602 Central Boulevard[2,3]	Coventry, UK	4/27/2007	2001	50,502	100.0%	23,847
Lakeside Office Center	Dallas, TX	3/5/2008	2006	98,750	98.0%	17,994
Enclave on the Lake[2]	Houston, TX	7/1/2008	1999	171,091	100.0%	37,827
Avion Midrise III[2]	Washington, DC Metro	11/18/2008	2002	71,507	100.0%	21,111
Avion Midrise IV[2]	Washington, DC Metro	11/18/2008	2002	71,504	100.0%	21,112
3011, 3055 & 3077Comcast Place[2]	East Bay, CA	7/1/2009	1988	219,631	100.0%	49,000
Crest Ridge Corporate Center I[2]	Minneapolis, MN	8/17/2009	2009	116,338	100.0%	28,419
5160 Hacienda Dr[2]	East Bay, CA	4/8/2010	1988	201,620	100.0%	38,500
10450 Pacific Center Court[2,3]	San Diego, CA	5/7/2010	1985	134,000	100.0%	32,750
225 Summit Ave[2,3]	Northern NJ	6/21/2010	1966	142,500	100.0%	40,600
One Wayside Road	Boston, MA	6/24/2010	1998	200,605	100.0%	55,525
100 Tice Blvd	Northern NJ	9/28/2010	2007	208,911	100.0%	67,600
Ten Parkway North	Chicago, IL	10/12/2010	1999	99,566	100.0%	25,000
Pacific Corporate Park[2,3]	Washington, DC Metro	11/15/2010	2002	696,387	96.0%	144,500
100 Kimball Drive[2]	Northern NJ	12/10/2010	2006	175,000	100.0%	60,250
70 Hudson Street	New York City Metro	4/11/2011	2000	409,272	100.0%	155,000
90 Hudson Street	New York City Metro	4/11/2011	1999	431,658	100.0%	155,000
Sky Harbor Operations Center[2]	Phoenix, AZ	9/30/2011	2003	396,179	100.0%	53,500
1400 Atwater Drive[2,3]	Philadelphia, PA	10/27/2011	2013	299,809	100.0%	82,224
Sabal Pavilion[2]	Tampa, FL	12/30/2011	1998	120,500	100.0%	21,368
701 & 801 Charles Ewing Blvd.[2]	Princeton, NJ	12/28/2012	2009	110,765	100.0%	28,310
1400 Perimeter Park Drive	Raleigh, NC	3/1/2013	1991	44,916	100.0%	6,165
22535 Colonial Pkwy	Houston, TX	3/1/2013	2009	89,750	100.0%	17,673
3900 North Paramount Parkway	Raleigh, NC	3/1/2013	1999	100,987	100.0%	18,523
3900 South Paramount Parkway	Raleigh, NC	3/1/2013	1999	119,170	100.0%	20,859
Atrium I	Columbus, OH	3/1/2013	1996	315,102	100.0%	45,071
Celebration Office Center III	Orlando, FL	3/1/2013	2009	100,924	100.0%	18,420
Easton III	Columbus, OH	3/1/2013	1999	135,485	100.0%	20,194
McAuley Place	Cincinnati, OH	3/1/2013	2001	190,096	94.0%	32,309
Miramar I[3]	Ft. Lauderdale, FL	3/1/2013	2001	94,060	100.0%	23,912
Miramar II	Ft. Lauderdale, FL	3/1/2013	2001	128,540	100.0%	31,910
Norman Pointe I	Minneapolis, MN	3/1/2013	2000	212,722	93.0%	36,232
Norman Pointe II	Minneapolis, MN	3/1/2013	2007	324,296	87.3%	46,113
Northpoint III	Orlando, FL	3/1/2013	2001	108,499	100.0%	22,394

Property and Market		Date Acquired	Year Built	Net Rentable Square Feet	Percentage Leased	Approximate Total Acquisition Cost[1]
Point West I	Dallas, TX	3/1/2013	2008	182,700	100.0%	31,795
The Landings I	Cincinnati, OH	3/1/2013	2006	175,695	100.0%	30,249
The Landings II	Cincinnati, OH	3/1/2013	2007	175,076	95.0%	23,977
Carpenter Corporate Center I & II[2]	Dallas, TX	7/31/2013	2008	226,822	100.0%	49,509
Total Consolidated Office[4]			**2000**	**7,283,620**	**98.5%**	**$ 1,661,409**
Unconsolidated Office						
Aspen Corporate Center 500[2,6]	Nashville, TN	9/30/2008	2008	180,147	100.0%	$ 29,936
Regency Creek I[6,9]	Raleigh, NC	12/21/2010	2008	122,087	100.0%	18,000
West Lake at Conway[6]	Chicago, IL	3/24/2011	2008	98,304	100.0%	14,060
Weston Pointe I[6]	Ft. Lauderdale, FL	3/24/2011	1999	97,579	98.0%	15,507
Weston Pointe II[6]	Ft. Lauderdale, FL	3/24/2011	2000	97,180	93.0%	18,701
Weston Pointe III[6]	Ft. Lauderdale, FL	3/24/2011	2003	97,178	100.0%	18,867
Weston Pointe IV[6]	Ft. Lauderdale, FL	3/24/2011	2006	96,175	100.0%	22,605
Total Unconsolidated Office[4,5]			**2005**	**788,650**	**98.8%**	**$ 137,676**
Total Office[4]			**2001**	**8,072,270**	**98.5%**	**$ 1,799,085**
Total Properties[4]			**2003**	**37,740,832**	**98.3%**	**$ 3,362,730**

(1) Approximate acquisition cost for unconsolidated properties is at our pro rata share of effective ownership.
(2) This property is unencumbered.
(3) Includes undeveloped land zoned for future office and industrial use.
(4) Total or weighted average. Weighted average Year Built is weighted based upon approximate Total Acquisition Costs. Weighted average Percentage Leased is weighted based upon Net Rentable Square Feet.
(5) Does not include properties held through our investment in CBRE Strategic Partners Asia.
(6) This property is held through the Duke/Hulfish, LLC joint venture (the "Duke JV").
(7) This property is held through the UK JV.
(8) This property is held through the European JV.
(9) This property was sold in January 2015.

Property Type Distribution

Our property type distribution as of December 31, 2014 was as follows:

	Consolidated Properties		Unconsolidated Properties[1]		Consolidated & Unconsolidated Properties[1]	
	Properties	Net Rentable Square Feet	Properties	Net Rentable Square Feet	Properties	Net Rentable Square Feet
Industrial						
Triple Net Single-Tenant	48	15,510,853	18	11,184,416	66	26,695,269
Multi-Tenant	10	2,097,934	1	442,816	11	2,540,750
Other Single-Tenant	2	432,543	—	—	2	432,543
Total Industrial	60	18,041,330	19	11,627,232	79	29,668,562
Office						
Triple Net Single-Tenant	29	5,043,825	2	277,325	31	5,321,150
Multi-Tenant	7	1,551,768	4	415,150	11	1,966,918
Other Single-Tenant	6	688,027	1	96,175	7	784,202
Total Office	42	7,283,620	7	788,650	49	8,072,270
All Properties						
Triple Net Single-Tenant	77	20,554,678	20	11,461,741	97	32,016,419
Multi-Tenant	17	3,649,702	5	857,966	22	4,507,668
Other Single-Tenant	8	1,120,570	1	96,175	9	1,216,745
Total Properties	102	25,324,950	26	12,415,882	128	37,740,832

(1) Includes unconsolidated properties held through our Duke JV, European JV and UK JV. Net rentable square feet is at 100%.

Geographic Distribution

Our geographic distribution as of December 31, 2014 was as follows ($ in thousands):

	Consolidated Properties			Unconsolidated Properties[1]			Consolidated & Unconsolidated Properties[1]			% of Approximate Acquisition Cost
	Properties	Net Rentable Square Feet	Approximate Acquisition Cost	Properties	Net Rentable Square Feet	Approximate Acquisition Cost	Properties	Net Rentable Square Feet	Approximate Acquisition Cost	
Domestic										
New Jersey	6	1,478,106	$ 506,760	—	—	$ —	6	1,478,106	$ 506,760	15.1%
Florida	7	1,475,523	162,304	6	1,296,534	112,826	13	2,772,057	275,130	8.2%
Texas	10	2,502,585	233,802	1	822,550	25,690	11	3,325,135	259,492	7.7%
California	8	1,202,689	193,567	—	—	—	8	1,202,689	193,567	5.8%
South Carolina	28	3,807,037	189,921	—	—	—	28	3,807,037	189,921	5.6%
Ohio	5	991,454	151,800	1	1,142,400	38,088	6	2,133,854	189,888	5.6%
Pennsylvania	5	1,944,289	187,874	—	—	—	5	1,944,289	187,874	5.6%
Virginia	3	839,398	186,723	—	—	—	3	839,398	186,723	5.6%
Arizona	3	1,433,985	127,583	1	1,009,351	52,797	4	2,443,336	180,380	5.4%
Minnesota	5	1,269,333	144,604	—	—	—	5	1,269,333	144,604	4.3%
Illinois	4	2,137,111	128,520	1	98,304	14,060	5	2,235,415	142,580	4.2%
North Carolina	8	1,625,366	111,884	1	122,087	18,000	9	1,747,453	129,884	3.9%
Indiana	1	622,440	30,200	2	2,236,993	84,112	3	2,859,433	114,312	3.4%
Massachusetts	3	768,975	94,280	—	—	—	3	768,975	94,280	2.8%
Maryland	2	1,472,798	92,379	—	—	—	2	1,472,798	92,379	2.7%
Kansas	1	1,107,000	62,950	—	—	—	1	1,107,000	62,950	1.9%
Tennessee	—	—	—	1	180,147	29,936	1	180,147	29,936	0.9%
Colorado	1	406,959	24,500	—	—	—	1	406,959	24,500	0.7%
Kentucky	1	189,400	14,800	—	—	—	1	189,400	14,800	0.4%
Total Domestic	101	25,274,448	2,644,451	14	6,908,366	375,509	115	32,182,814	3,019,960	89.8%
International										
Germany	—	—	—	8	3,995,219	220,009	8	3,995,219	220,009	6.5%
France	—	—	—	1	970,765	62,746	1	970,765	62,746	1.9%
United Kingdom	1	50,502	23,847	3	541,532	36,168	4	592,034	60,015	1.8%
Total International	1	50,502	23,847	12	5,507,516	318,923	13	5,558,018	342,770	10.2%
Total	102	25,324,950	$ 2,668,298	26	12,415,882	$ 694,432	128	37,740,832	$ 3,362,730	100.0%

(1) Includes unconsolidated properties held through our Duke JV, European JV and UK JV. Number of Properties and Net Rentable Square Feet are included at 100% and Approximate Acquisition Cost is at our pro rata share of effective ownership.

Significant Tenants

The following table details our largest tenants as of December 31, 2014 ($ in thousands):

	Major Tenants[3]	Primary Industry	Credit Rating[1] S&P	Credit Rating[1] Moody's	Consolidated & Unconsolidated Properties[2] Net Rentable Square Feet	Annualized Base Rent Cash	Annualized Base Rent GAAP[4]	% of Cash Annualized Base Rent
1	Amazon.com	Internet Retail	AA-	Baa1	6,540,667	$ 27,483	$ 26,389	9.9%
2	Barclay's Capital	Financial Services	A	A2	409,272	12,278	9,225	4.4%
3	Raytheon Company	Defense and Aerospace	A	A3	666,290	10,582	11,248	3.8%
4	U.S. General Services Administration	Government	AA+	Aa1	418,682	9,962	10,827	3.6%
5	Lord Abbett & Co.	Financial Services	—	—	174,989	6,475	6,791	2.3%
6	JP Morgan Chase	Financial Services	A	A3	396,179	6,212	6,626	2.2%
7	Nuance Communications, Inc.	Software	BB-	Ba3	200,605	5,842	5,842	2.1%
8	Endo Health Solutions Inc.	Pharmaceutical and Healthcare Related	—	—	299,809	5,717	6,338	2.1%
9	Eisai, Inc.	Pharmaceutical and Healthcare Related	—	—	208,911	5,189	5,217	1.9%
10	Comcast of California	Telecommunications	A-	A3	219,631	5,073	5,042	1.8%
11	Charles Komar & Sons, Inc.[5]	Apparel Retail	—	—	159,341	4,933	4,093	1.8%
12	PPD Development LP	Pharmaceutical and Healthcare Related	B	B3	251,475	4,893	4,643	1.8%
13	Deloitte LLP	Professional Services	—	—	175,000	4,740	4,660	1.7%
14	The Coleman Company, Inc.	Consumer Products	BB	Ba3	1,107,000	4,683	4,569	1.7%
15	Barr Laboratories, LLC	Pharmaceutical and Healthcare Related	A-	A3	142,500	4,489	4,426	1.6%
16	Clorox International Co	Consumer Products	BBB+	Baa1	1,350,000	4,484	4,429	1.6%
17	Unilever	Consumer Products	A+	A1	1,594,760	4,250	4,058	1.5%
18	Nationwide Mutual Insurance Co	Insurance	A+	A1	315,102	3,808	3,761	1.4%
19	Carl Zeiss Meditec	Pharmaceutical and Healthcare Related	—	—	201,620	3,770	3,395	1.4%
20	Kimberly-Clark Global Sales, Inc.	Consumer Products	A	A2	744,080	3,621	3,279	1.3%
21	Humana	Pharmaceutical and Healthcare Related	BBB+	Baa3	226,822	3,592	3,731	1.3%
22	ConAgra Foods Packaged Foods, LLC	Food Service and Retail	BBB-	Baa2	741,860	3,423	3,270	1.2%
23	NDB Capital Markets Corporation	Financial Services	—	—	97,138	3,400	3,737	1.2%
24	Whirlpool Corporation	Consumer Products	BBB	Baa2	1,020,000	3,385	3,429	1.2%
25	Prime Distribution Services	Logistics Distribution	—	—	1,200,420	3,256	3,038	1.2%
26	NCS Pearson, Inc.	Education	BBB+	Baa1	167,218	3,196	2,794	1.2%
27	Space Exploration Technologies Corp	Defense and Aerospace	—	—	514,753	3,168	3,913	1.1%
28	Bob's Discount Furniture	Home Furnishings/Home Improvement	—	—	672,000	3,098	3,154	1.1%
29	Noxell Corporation	Consumer Products	—	—	800,797	3,088	3,274	1.1%
30	SBM Atlantia, Inc.	Petroleum and Mining	—	—	171,091	3,080	2,659	1.1%
31	Kellogg Sale Company	Consumer Products	BBB+	Baa2	1,142,400	3,033	2,854	1.1%
32	Royal Caribbean Cruises Ltd	Travel/Leisure	BB	Ba1	128,540	2,893	2,462	1.0%
33	Time Warner Cable Inc.	Telecommunications	BBB	Baa2	134,000	2,814	2,655	1.0%
34	REMEC Defense and Space	Defense and Aerospace	—	—	132,685	2,736	2,753	1.0%
35	Syngenta Seeds Inc	Agriculture	A+	A2	116,338	2,728	2,575	1.0%
36	American Home Mortgage	Financial Services	—	—	182,700	2,713	2,676	1.0%
37	Dr Pepper / Seven Up, Inc.	Food Service and Retail	BBB+	Baa1	601,500	2,611	2,696	0.9%
38	Citicorp North America, Inc.	Financial Services	A-	Baa2	175,695	2,574	2,570	0.9%
39	Mercy Health Partners of SW Ohio	Pharmaceutical and Healthcare Related	—	—	124,671	2,564	2,099	0.9%
40	Lear Operations Corporation	Vehicle Related Manufacturing	BB+	Ba2	477,263	2,546	2,285	0.9%
	Other (approx 151) tenants				12,684,991	79,287	83,086	28.6%
					37,088,795	$ 277,669	$ 276,568	100.0%

(1) Credit rating is for our tenant, its guarantor or its parent company.
(2) Includes unconsolidated properties held through our Duke JV, European JV and UK JV. Net Rentable Square Feet is at 100% and annualized base rent is at our pro rata share of effective ownership.
(3) In certain cases in which our tenant is a wholly-owned subsidiary of its parent company, the parent company is listed as our tenant.
(4) Includes amortization of straight line rent, above-market leases and lease inducement. Excludes operating expense reimbursements.
(5) Cash annualized base rents represent amounts to be paid by the tenant after the free rent period.

Indebtedness

The following table details our encumbered and unencumbered properties as of December 31, 2014 ($ in thousands):

	Consolidated Properties			Unconsolidated Properties[(1)]			Consolidated & Unconsolidated Properties[(1)]		
	Properties	Approximate Acquisition Cost	Debt Balance	Properties	Approximate Acquisition Cost	Debt Balance	Properties	Approximate Acquisition Cost	Debt Balance
Encumbered Properties	40	$ 1,202,711	$ 596,008	13	$ 352,106	$ 162,489	53	$ 1,554,817	$ 758,497
Unencumbered Properties	62	1,465,587	—	13	342,326	—	75	1,807,913	—
Total Properties	102	$ 2,668,298	$ 596,008	26	$ 694,432	$ 162,489	128	$ 3,362,730	$ 758,497

(1) Number of Properties is at 100%. Approximate Acquisition Cost and Debt Balance for Unconsolidated Properties is at our pro rata share of effective ownership.

Insurance Coverage on Properties

We carry comprehensive general liability coverage and umbrella liability coverage on all of our properties with limits of liability which we deem adequate. Similarly, we are insured against the risk of direct physical damage in amounts we believe to be adequate to reimburse us on a replacement basis for costs incurred to repair or rebuild each property, including loss of rental income during the reconstruction period. The cost of such insurance is passed through to tenants whenever possible.

ITEM 3. LEGAL PROCEEDINGS

We were not party to any material legal proceedings at December 31, 2014.

ITEM 4. MINE SAFETY DISCLOSURE

None.

PART II.

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

Market Information

On May 21, 2013, we listed our common shares on the NYSE under the ticker symbol "CSG." Prior to that time, there was no public market for our common shares. On February 26, 2015, the reported closing price per share was $8.20 and the number of our common shares issued and outstanding was 236,920,675. On February 26, 2015, there were approximately 1,991 shareholders of record. This figure does not include common shares held by brokers and other institutions on behalf of shareholders.

The following table sets forth the high and low sales prices of our common stock as reported on the NYSE:

2014	High	Low
First Quarter	$ 8.23	$ 7.52
Second Quarter	8.24	7.47
Third Quarter	8.19	7.31
Fourth Quarter	8.33	7.46

2013	High	Low
Second Quarter	$ 10.10	$ 8.75
Third Quarter	9.76	7.16
Fourth Quarter	9.55	7.57

Distributions

The following were the distributions declared per share by quarter on our common shares:

	2014	2013
First Quarter	$ 0.126	$ 0.150
Second Quarter	0.126	0.150
Third Quarter	0.126	0.125
Fourth Quarter	0.126	0.126 [(1)]

(1) Beginning in the fourth quarter of 2013, the Company declared and paid monthly dividends of $0.042 per share for the months of October, November and December 2013.

In order to qualify as a REIT under the Internal Revenue Code, we generally must make distributions to our shareholders each year in an amount at least equal to 90% of our REIT taxable income (as determined without regard to the dividends paid deduction and excluding net capital gain). Our distribution policy is subject to revision at the discretion of our Board of Trustees without notice to you or shareholder approval. All distributions will be made by us at the discretion of our Board of Trustees and will be based upon out Board of Trustee's evaluation of our assets, operating results, historical and projected cash flows (and source thereof), historical and projected equity offering proceeds from our offerings, historical and projected debt incurred, projected investments and capital requirements, the anticipated timing between receipt of our equity offering proceeds and investment of those proceeds, maintenance of REIT qualifications, applicable provisions of Maryland law, general economic, market and industry conditions, any liquidity event options we may pursue, and such other factors as our Board of Trustees deems relevant.

Offerings

On November 6, 2013, we filed a shelf registration statement on Form S-3 (the "Shelf") with the SEC to register unallocated quantities of:

- common shares;

- preferred shares;
- depositary shares representing entitlement to all rights and preferences of fractions of preferred shares of a specified class or series and represented by depositary receipts;
- warrants to purchase common shares, preferred shares or depositary shares; and
- rights to purchase common shares or preferred shares.

The Shelf was automatically effective upon its filing and will be valid for three years.

On November 6, 2013, we and CSP OP entered into four separate Equity Distribution Agreements with certain sales agents, pursuant to which we may sell, from time to time, our common shares having an aggregate offering price of up to $250.0 million. Sales of our common shares may be made in ordinary brokers' transactions on the NYSE, in negotiated transactions or transactions that are deemed to be "at the market" ("ATM") offerings, including sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices. We may use these proceeds and proceeds from the sale of its debt securities to repay debt, including borrowings under our unsecured revolving credit facility, to make acquisitions of properties or portfolios of properties, or for general corporate purposes. As of December 31, 2014, there have been no sales of common shares under the ATM program.

Unregistered Sales and Repurchases of Securities

We did not sell any unregistered securities or repurchase any equity securities (except for common shared tendered by certain of our employees as set forth in Note 10 "Equity Incentive Plan and Performance Bonus Plan" in the accompanying consolidated financial statements) during the year ended December 31, 2014.

Available Shares

At our annual shareholders' meeting held on May 31, 2013, our shareholders approved the 2013 equity incentive plan. A description of the material terms of the 2013 equity incentive plan, as well as a copy of the 2013 equity incentive plan, were included in our definitive proxy statement on Schedule 14A filed with the SEC on April 12, 2013. Our key employees, directors, trustees, officers, advisors, consultants or other personnel of ours and our subsidiaries or other persons expected to provide significant services to us or our subsidiaries would be eligible to be granted incentive share options, non-qualified share options, share appreciation rights, restricted shares, restricted share units, dividend equivalent rights and other equity-based awards as contemplated in the 2013 equity incentive plan. As of December 31, 2014, there were 4,045,493 common shares available for grant under the 2013 equity incentive plan.

Equity Compensation Plan Information

Information about our equity compensation plan is incorporated by reference in Item 12 of Part III of this Annual Report on Form 10-K.

Shareholder Return Performance

The following graph shows our cumulative total shareholder return from the period beginning with the initial Listing of our common shares on the NYSE on May 21, 2013 and ending on December 31, 2014. The graph assumes a $100 investment in each of the indexes on May 21, 2013 and the reinvestment of all dividends. There can be no assurance that the performance of our common shares will continue in line with the same or similar trends depicted on the graph below:

	Period Ending							
	5/21/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014
Chambers Street Properties	100.00	101.61	90.48	80.02	82.61	86.85	82.67	89.88
S&P 500	100.00	96.45	101.51	112.18	114.20	120.18	121.54	127.53
MSCI US REIT (RMS)	100.00	88.78	86.11	85.53	94.07	100.65	97.53	111.51

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our consolidated financial data on a historical basis for the periods ended December 31, 2014, 2013, 2012, 2011, and 2010:

Chambers Street Properties
(in thousands, except share data)

	2014	2013	2012	2011	2010
Statement of Operations Data:					
Revenues					
Rental	$ 210,180	$ 196,706	$ 145,432	$ 119,081	$ 67,921
Tenant Reimbursements	59,730	53,306	33,411	26,735	14,045
Other Property Income	1,780	—	—	—	—
Total Revenues	271,690	250,012	178,843	145,816	81,966
Expenses					
Property Operating	36,757	31,221	21,464	19,191	9,397
Real Estate Taxes	39,567	37,971	22,636	17,650	10,939
General and Administrative	31,333	23,138	14,660	5,132	5,315
Investment Management Fee	—	489	29,695	20,908	11,595
Acquisition-Related	2,272	2,690	7,752	14,464	17,443
Depreciation and Amortization	109,292	102,793	72,383	60,353	31,659
Impairment of Real Estate	27,563	—	—	—	—
Transition and Listing	—	12,681	8,249	—	—
Total Expenses	246,784	210,983	176,839	137,698	86,348
Other Expenses and Income					
Interest and Other Income	652	1,321	2,235	1,607	1,260
Interest Expense	(55,311)	(47,295)	(33,845)	(33,261)	(14,704)
Interest Expense and Net Change in Fair Value of Non-Qualifying Derivative Financial Instruments	71	614	(118)	(303)	(1,073)
Gain on Sale of Real Estate	21,164	—	—	—	—
Loss on Early Extinguishment of Debt	(477)	(1,051)	(17,284)	(108)	(72)
Gain on Conversion of Equity Interest to Controlling Interest	—	75,763	—	—	—
Total Other (Expenses) Income	(33,901)	29,352	(49,012)	(32,065)	(14,589)
(Loss) Income Before Provision for Income Taxes and Equity in Income of Unconsolidated Entities	(8,995)	68,381	(47,008)	(23,947)	(18,971)
Provision For Income Taxes	(780)	(287)	(266)	(456)	(296)
Equity in Income of Unconsolidated Entities	28,823	12,111	3,959	3,590	8,838
Income (Loss) From Continuing Operations	19,048	80,205	(43,315)	(20,813)	(10,429)
Discontinued Operations					
Income (Loss) from Discontinued Operations	—	382	720	1,227	(189)
Gain (Loss) from Sale of Real Estate	—	2,759	(413)	301	—
Total Income (Loss) From Discontinued Operations	—	3,141	307	1,528	(189)
Net Income (Loss)	19,048	83,346	(43,008)	(19,285)	(10,618)
Net (Income) Loss Attributable to Non-Controlling Operating Partnership Units	—	(82)	32	26	18
Net Income (Loss) Attributable to Common Shareholders	$ 19,048	$ 83,264	$ (42,976)	$ (19,259)	$ (10,600)

Chambers Street Properties (continued)
(in thousands, except share data)

	2014	2013	2012	2011	2010
Per Share Data:					
Basic and Diluted Net Income (Loss) Per Share from Continuing Operations Attributable to Common Shareholders	$ 0.08	$ 0.33	$ (0.17)	$ (0.11)	$ (0.08)
Basic and Diluted Net Income (Loss) Per Share Attributable to Common Shareholders	$ 0.08	$ 0.34	$ (0.17)	$ (0.10)	$ (0.08)
Weighted Average Common Shares Outstanding—Basic and Diluted	236,866,656	242,379,680	248,154,277	192,042,918	136,456,565
Dividends Declared Per Share	$ 0.504	$ 0.551	$ 0.600	$ 0.600	$ 0.600
Balance Sheet Data:					
Investments in Real Estate, After Accumulated Depreciation and Amortization	$ 2,089,190	$ 2,074,444	$ 1,677,637	$ 1,431,959	$ 1,055,975
Investments in Unconsolidated Entities	423,693	514,802	515,829	537,631	410,062
Real Estate and Other Assets Held for Sale	—	—	—	—	22,056
Total Assets	2,869,808	3,010,596	2,554,862	2,440,700	1,716,720
Secured Notes Payable, Net	610,608	681,200	502,232	638,921	365,592
Unsecured Term Loan Facilities	570,000	570,000	—	—	—
Unsecured Revolving Credit Facility	200,044	170,044	265,000	25,000	60,000
Liabilities Related to Real Estate and Other Assets Held for Sale	—	—	—	—	441
Total Liabilities	1,508,841	1,525,946	894,039	768,941	491,954
Non-Controlling Interest—Operating Partnership Units	—	—	2,464	2,464	2,464
Non-Controlling Interest—Class B Interest	—	—	200	—	—
Non-Controlling Interest—Variable Interest Entity	—	—	826	686	—
Shareholders' Equity	1,360,967	1,484,650	1,657,333	1,668,609	1,222,302
Total Liabilities, Non-Controlling Interests and Shareholders' Equity	2,869,808	3,010,596	2,554,862	2,440,700	1,716,720

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

Explanatory Note

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements, the notes thereto, and the other financial data included elsewhere in this Form 10-K.

Cautionary Note Regarding Forward-Looking Statements

This document contains various "forward-looking statements." You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "would," "could," "should," "seeks," "approximately," "intends," "plans," "projects," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Statements regarding the following subjects may be impacted by a number of risks and uncertainties:

- our business strategy;
- our ability to obtain future financing arrangements;
- estimates relating to our future distributions;
- our understanding of our competition;
- market trends;
- projected capital expenditures;
- the impact of technology on our assets, operations and business; and
- the use of the proceeds of any offerings of securities.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. You should carefully consider these risks before you make an investment decision with respect to our common shares of beneficial interest $0.01 par value (the "common shares"), along with the following factors that could cause actual results to vary from our forward-looking statements:

- general volatility of the securities markets in which we participate;
- national, regional and local economic climates;
- changes in supply and demand for industrial and office properties;
- adverse changes in the real estate markets, including increasing vacancy, increasing competition and decreasing rental revenue;
- availability and credit worthiness of prospective tenants;
- our ability to maintain rental rates and maximize occupancy;
- our ability to identify and secure acquisitions;
- our ability to successfully manage growth and/or operate acquired properties;
- our pace of acquisitions and/or dispositions of properties;
- risks related to development projects (including construction delay, cost overruns or our inability to obtain necessary permits);
- payment of distributions from sources other than cash flows and operating activities;
- receiving and maintaining corporate debt ratings and changes in the general interest rate environment;
- availability of capital (debt and equity);
- our ability to refinance existing indebtedness or incur additional indebtedness;

- ability to comply with our debt covenants;
- unanticipated increases in financing and other costs, including a rise in interest rates;
- the actual outcome of the resolution of any conflict;
- material adverse actions or omissions by any of our joint venture partners;
- our ability to operate as a self-managed company;
- availability of and ability to retain our executive officers and other qualified personnel;
- future terrorist attacks or epidemics in the United States or abroad;
- the ability of CSP OP to qualify as a partnership for U.S. federal income tax purposes;
- our ability to qualify as a real estate investment trust (a "REIT") for U.S. federal income tax purposes;
- foreign currency fluctuations;
- changes to accounting principles and policies and guidelines applicable to REITs;
- legislative or regulatory changes adversely affecting REITs and the real estate business;
- environmental, regulatory and/or safety requirements; and
- other factors discussed under Item 1A Risk Factors of this Annual Report on Form 10-K for the year ended December 31, 2014 and those factors that may be contained in any filing we make with the SEC, Including Part II, Item 1A of Form 10-Q filings.

Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of future events, new information or otherwise. For a further discussion of these and other factors that could impact our future results, performance or transactions, see Item 1A. "Risk Factors."

Overview

We are a self-administered REIT focused on acquiring, owning and managing net leased industrial and office properties leased to creditworthy tenants. We have elected to be taxed as a REIT for U.S. federal income tax purposes. We operate in an umbrella partnership REIT structure in which our operating partnership, CSP Operating Partnership, LP ("CSP OP"), indirectly owns all of our consolidated properties and all of our interests in our unconsolidated properties, and we are the 100% owner and sole general partner.

We were formed in Maryland on March 30, 2004 and commenced operations in July 2004 following an initial private placement of our common shares. Since the company was established, we have raised equity capital of approximately $2.5 billion in gross proceeds through two public offerings of our common shares to finance our real estate investment activities.

Prior to July 1, 2012, all of our business activities were managed by the former investment advisor pursuant to advisory agreements. On July 1, 2012, we became a self-managed company and changed our name from CB Richard Ellis Realty Trust to Chambers Street Properties in accordance with a plan determined by our Board of Trustees. In addition, as of April 30, 2013, the transitional services agreement with CSP OP ("Transitional Services Agreement") and the former investment advisor that we had entered into as part of our transition to a self-managed company ended and we became fully responsible for the management of our day-to-day operations.

On May 21, 2013, we listed our common shares on the New York Stock Exchange (the "NYSE") under the symbol "CSG" (the "Listing") and concurrently commenced a modified "Dutch Auction" tender offer to purchase up to $125.0 million in value of the common shares (the "Tender Offer") from our shareholders, which was completed on June 26, 2013.

As of December 31, 2014, we owned, on a consolidated basis, 102 industrial (primarily warehouse/distribution) and office properties located in 18 U.S. states (Arizona, California, Colorado, Florida, Illinois, Indiana, Kansas, Kentucky, Maryland, Massachusetts, Minnesota, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Texas and Virginia) and in the United Kingdom, encompassing approximately 25.3 million net rentable square feet. Our consolidated properties were approximately 97.5% leased (based upon rentable square feet) as of December 31, 2014. As of December 31, 2014, 77 of our consolidated properties were net leased to single tenants, which encompassed approximately 20.6 million rentable square feet.

In addition, we owned, on an unconsolidated basis, 26 industrial (primarily warehouse/distribution) and office properties located in eight U.S. states (Arizona, Florida, Illinois, Indiana, North Carolina, Ohio, Tennessee and Texas) and in three European countries (France, Germany and the United Kingdom) encompassing approximately 12.4 million rentable square feet. Our unconsolidated properties were approximately 99.9% leased (based upon rentable square feet) as of December 31, 2014. As of December 31, 2014, 20 of our unconsolidated properties were net leased to single tenants, which encompassed approximately 11.5 million rentable square feet.

Business Strategy

We focus on investing in industrial and office properties that are primarily net leased to investment grade or creditworthy tenants on long-term leases through acquisitions of existing properties or build-to-suit projects. We believe the credit quality of many of our tenants, the length of our leases, the relatively modest capital expense requirements of our industrial properties and our single-tenant focus help us to enhance shareholder value. We monitor the credit of our tenants to stay abreast of any material changes in credit quality. We monitor tenant credit by (1) reviewing the credit ratings of tenants (or their parent companies) that are rated by nationally recognized rating agencies, (2) reviewing financial statements that are publicly available or that are required to be delivered to us under the applicable lease, (3) monitoring news reports regarding our tenants and their underlying businesses and (4) monitoring the timeliness of rent collections. We also believe that our senior management team's extensive experience will allow us to identify and consummate the acquisition and development of high-quality net leased properties. Our strategy is to grow our portfolio with properties targeted to provide steady income, sustaining tenant relationships and enhancing the value of our existing properties. We continue to execute our strategy and expand our portfolio through the following:

Acquisitions. We believe high-quality industrial and office properties, which are net leased to tenants with strong credit profiles, represent attractive investments. We target acquisitions in markets with above-average projected rental growth, strong tenant demand and significant barriers to new construction. During the year ended December 31, 2014, we continued to expand our portfolio with the purchase of seven wholly owned industrial properties for $203.6 million, each of which is fully leased to a creditworthy tenant.

Build-to-Suit Opportunities. We also intend to pursue build-to-suit opportunities that have attractive development yields and leased to tenants with strong credit profiles on a long-term basis.

Maximize Cash Flow Through Internal Growth. We seek investments with fixed rent escalations over long term leases that provide stable, increasing cash flow. We have typically structured our property acquisitions to achieve a positive spread between our cost of capital and the yields achieved on our investments. A majority of our existing leases have embedded rental rate growth as they provide for periodic increases in rent.

Capital Recycling. We intend to pursue a disciplined capital allocation strategy by selectively disposing of properties that are no longer consistent with our investment strategy or whose returns appear to have been maximized. To the extent that we dispose of properties, we intend to redeploy the capital into investment opportunities that we believe are more attractive or to reduce debt. During the year ended December 31, 2014, consistent with our investment strategy to dispose of non-core office assets, we sold three office properties for approximately $64.7 million and we also sold our last retail property located in the United Kingdom for approximately $63.0 million. The sale of this asset represents the completion of our exit from retail properties. In addition, we also sold four multi-tenant office properties held in the Duke JV for approximately $71.8 million, of which our pro rata share was approximately $57.4 million.

Actively Manage a Strong and Flexible Capital Structure. We expect to maintain a prudent capital structure with access to multiple sources of equity and debt financing. We continue to stagger our debt maturities and utilize a balance of secured and unsecured borrowings. We continue to have a mix of fixed and floating-rate debt and intend to maintain modest total leverage. As a means to reduce our exposure to foreign currency fluctuations, we endeavor to retain debt in the local currency of our international properties.

During the year ended December 31, 2014, we completed the following activities in order to maintain a prudent capital structure:

- On January 2, 2014, we paid off the notes payable secured by Avion Midrise III and IV in the amount of $20.0 million.
- On January 7, 2014, we obtained a BBB- corporate rating from Standard and Poor's Rating Services ("S&P"). S&P also gave us a stable outlook, reflecting our high-quality real estate portfolio and selective acquisition strategy, which S&P believes will support solid revenue and earnings growth in the near future.
- On July 1, 2014, we paid off the notes payable secured by 12650 Ingenuity Drive, a property we sold in November 2014, in the amount of $11.6 million prior to its maturity date of October 1, 2014.
- On July 23, 2014, in connection with the sale of Maskew Retail Park, we paid off the secured notes payable of $23.8 million and terminated the related swap agreement.

- On July 31, 2014, in connection with the acquisition of 1 Rocket Road, we assumed secured debt with an outstanding principal balance of $18.7 million and a premium balance of $2.6 million.
- On November 6, 2014, we paid off the notes payable secured by Bolingbrook Point III in the amount of $7.9 million prior to its maturity date of January 1, 2015.
- On December 16, 2014, in connection with the sale of Deerfield Commons, we paid off the secured notes payable of $9.1 million.

In addition, on February 2, 2015, we paid off the notes payable secured by One Wayside Road in the amount of $23.8 million prior to their maturity dates of August 1, 2015.

Factors that May Influence the Results of Operations

Economic conditions, leasing activity and real estate capital availability all continued to improve through 2013 and 2014. Industrial leasing activity has strengthened over the past few years with the improvement in economic drivers such as employment, industrial production, international trading volumes and consumer confidence. Office leasing activity is also improving with recovering employment, beginning in the tech and energy sectors, and now broadening across other sectors including business and financial services, and healthcare. Whereas industrial and office leasing activity in the immediately preceding years was substantially weighted toward large corporate tenants, starting in 2013 and continuing into 2014, activity trended towards normalization in the market for smaller tenants.

In concert with this leasing activity, market rent trends remain positive in most major markets. Driven by market rent growth and investor demand, construction and development activity has begun to increase, including both single-tenant build-to-suit and speculative projects. Beginning in 2013, we observed speculative construction activity expanding to a wider selection of markets, although development still remains below long-term averages.

Debt and equity capital availability for commercial real estate investment continued to improve during 2013 and 2014, resulting in increasing competition to acquire properties. Even with this increased competition, we believe we remain well positioned to acquire properties that fit our investment parameters, due to our strong liquidity position, modest near-term capital needs and excellent portfolio. We intend to continue to focus our strategy on enhancing the value of our existing properties, sustaining our tenant relationships, and growing our portfolio by continuing to selectively acquire high-quality and well-leased properties.

Leasing Activity

Our ability to maintain high occupancy rates is a principal driver of maintaining and increasing rental revenue. Our leasing activity for the year ended December 31, 2014 is presented in the table below ($ in thousands):

		Prior Lease[1]		New Lease[1]			
	Square Feet	Annualized Base Rent[2] Cash	Annualized Base Rent[2] GAAP[3]	Annualized Base Rent[2] Cash	Annualized Base Rent[2] GAAP[3]	Tenant Improve-ments & Leasing Commis-sions[4]	Average Lease Term (in years)[5]
Industrial Properties							
Consolidated							
Renewals	841,370	$ 3,404	$ 3,085	$ 3,417	$ 4,013	$ 781	4.00
New Tenants - Previously Leased Space[6]	950,680	3,585	3,446	3,665	3,597	2,786	4.00
New Tenants - Not Previously Leased Space[7]	493,838	—	—	1,734	1,833	3,181	15.50
Total Consolidated	2,285,888	6,989	6,531	8,816	9,443	6,748	4.60
Unconsolidated							
Renewals	1,008,094	4,111	4,338	4,142	4,156	575	2.10
Total Unconsolidated	1,008,094	4,111	4,338	4,142	4,156	575	0.50
Consolidated & Unconsolidated							
Renewals	1,849,464	7,515	7,423	7,559	8,169	1,357	3.20
New Tenants - Previously Leased Space[6]	950,680	3,585	3,446	3,665	3,597	2,786	4.00
New Tenants - Not Previously Leased Space[7]	493,838	—	—	1,734	1,833	3,181	5.90
Total Consolidated & Unconsolidated	3,293,982	11,100	10,869	12,958	13,599	7,324	3.80
Office Properties							
Consolidated							
Renewals	209,469	3,345	3,616	3,074	3,437	4,387	8.80
New Tenants - Previously Leased Space	126,541	3,818	3,934	3,807	4,006	1,113	9.90
New Tenants - Not Previously Leased Space[7]	245,418	—	—	6,677	5,915	19,602	14.00
Total Consolidated	581,428	7,163	7,550	13,558	13,358	25,102	11.70
Unconsolidated							
Renewals	22,114	325	577	318	626	220	3.80
New Tenants - Previously Leased Space[6]	140,421	2,007	2,168	2,243	2,364	2,043	4.80
New Tenants - Not Previously Leased Space[7]	36,820	—	—	567	411	306	2.30
Total Unconsolidated	199,355	2,332	2,745	3,128	3,401	2,569	4.20
Consolidated & Unconsolidated							
Renewals	231,583	3,670	4,193	3,392	4,063	4,607	8.40
New Tenants - Previously Leased Space[6]	266,962	5,825	6,102	6,050	6,370	3,156	8.00
New Tenants - Not Previously Leased Space[7]	282,238	—	—	7,244	6,326	19,908	13.10
Total Consolidated & Unconsolidated	780,783	9,495	10,295	16,686	16,759	27,671	10.30
Total Properties							
Consolidated							
Renewals	1,050,839	6,749	6,701	6,491	7,450	5,168	6.60
New Tenants - Previously Leased Space[6]	1,077,221	7,403	7,380	7,472	7,603	3,899	7.00
New Tenants - Not Previously Leased Space[7]	739,256	—	—	8,411	7,748	22,783	12.40
Total Consolidated	2,867,316	14,152	14,081	22,374	22,801	31,850	8.90
Unconsolidated							
Renewals	1,030,208	4,436	4,915	4,460	4,782	795	2.20
New Tenants - Previously Leased Space[6]	140,421	2,007	2,168	2,243	2,364	2,043	4.80
New Tenants - Not Previously Leased Space[7]	36,820	—	—	567	411	306	2.30
Total Unconsolidated	1,207,449	6,443	7,083	7,270	7,557	3,144	3.00
Consolidated & Unconsolidated							
Renewals	2,081,047	11,185	11,616	10,951	12,232	5,963	4.80
New Tenants - Previously Leased Space[6]	1,217,642	9,410	9,548	9,715	9,967	5,942	6.50
New Tenants - Not Previously Leased Space[7]	776,076	—	—	8,978	8,159	23,089	11.70
Total Consolidated & Unconsolidated	4,074,765	$ 20,595	$ 21,164	$ 29,644	$ 30,358	$ 34,994	7.50

(1) Prior lease amounts represent rents in place at the time of expiration or termination. New lease amounts represent rents in place at the time of lease commencement.
(2) Cash Annualized Base Rent for each lease equals (i) 12 times the monthly cash base rent due as of December 31, 2014, or (ii) for any lease still in an initial free or reduced rent period as of December 31, 2014, 12 times the monthly cash base rent due upon expiration of the initial free or reduced rent period. U.S. Generally Accepted Accounting Principles ("GAAP") Annualized Base Rent includes the effect of straight-line rent. Cash and GAAP annualized base rent amounts for unconsolidated properties are included at pro rata share.
(3) GAAP amounts for prior leases include above/below market rents if applicable.
(4) Includes tenant improvement costs and lease commissions incurred to execute the lease and not necessarily paid in the current quarter.
(5) Weighted average initial lease term (in years) weighted by annualized cash base rent.
(6) Represents leases signed to new tenants for space that was previously leased since the later of (i) twelve months ago or (ii) the date we acquired the property.
(7) Represents leases signed to new tenants for space that was not previously leased since the later of (i) twelve months ago or (ii) the date we acquired the property.

The following table sets forth percentage leased and average annual net effective rent information regarding our total portfolio of consolidated properties and unconsolidated properties as of December 31, 2014 and 2013. Percentage leased information is presented at 100% and average annual net effective rent information is presented at our pro-rata share for our unconsolidated properties (in thousands, except percentage data):

	Total Square Feet		% of Total Square Feet		% Leased		Average Annual Net Effective Rent[1]	
	2014	2013	2014	2013	2014	2013	2014	2013
Consolidated Properties:								
Office	7,284	7,559	28.8%	33.7%	98.5%	97.2%	$ 151,063	$ 148,719
Industrial	18,041	14,757	71.2%	65.7%	97.0%	93.8%	66,643	57,634
Other	—	144	—%	0.6%	—%	100.0%	—	4,850
Total	25,325	22,460	100.0%	100.0%	97.5%	95.0%	$ 217,706	$ 211,203
Unconsolidated Properties:								
Office	789	1,307	6.4%	10.2%	98.8%	91.5%	$ 12,065	$ 17,916
Industrial	11,627	11,501	93.6%	89.8%	100.0%	100.0%	42,797	38,260
Total	12,416	12,808	100.0%	100.0%	99.9%	99.1%	$ 54,862	$ 56,176
Consolidated and Unconsolidated Properties:								
Office	8,073	8,866	21.4%	25.1%	98.5%	96.4%	$ 163,128	$ 166,635
Industrial	29,668	26,258	78.6%	74.5%	98.2%	96.5%	109,440	95,894
Other	—	144	—%	0.4%	—%	100.0%	—	4,850
Total	37,741	35,268	100.0%	100.0%	98.3%	96.5%	$ 272,568	$ 267,379

(1) Average Annual Net Effective Rent is calculated as the total average annual cash base rental payments, adjusted for free rent periods. There is no effect given to other landlord concessions and it excludes payments received from tenants for reimbursement of real estate taxes and operating expenses.

Tenant Lease Expirations

Our ability to maintain occupancy rates and net effective rents primarily depends upon our continuing ability to re-lease expiring space. We have limited near term lease expirations with an average remaining lease term of 6.48 years as of December 31, 2014. In addition, approximately 87.0% of our base rent is scheduled to expire after 2016. The following table sets forth a schedule of expiring leases for our consolidated and unconsolidated properties as of December 31, 2014 (Expiring Net Rentable Square Feet and Expiring Base Rent in thousands):

	Consolidated Properties		Unconsolidated Properties(1)			Consolidated & Unconsolidated Properties(1)		
	Expiring Net Rentable Square Feet	Expiring Base Rent	Expiring Net Rentable Square Feet	Expiring Base Rent	Number Of Expiring Leases	Expiring Net Rentable Square Feet	Expiring Base Rent	Percentage of Expiring Base Rent
2015	768	$ 4,326	22	$ 393	24	790	$ 4,719	1.6%
2016	1,747	31,276	547	2,323	29	2,294	33,599	11.3%
2017	1,727	15,755	964	5,920	26	2,691	21,676	7.3%
2018	2,154	21,332	2,119	10,526	30	4,273	31,858	10.7%
2019	3,843	26,554	2,815	11,026	27	6,658	37,581	12.6%
2020	2,170	19,677	104	2,144	18	2,274	21,821	7.3%
2021	4,747	38,114	2,167	8,714	23	6,914	46,828	15.7%
2022	663	7,908	1,360	6,256	6	2,023	14,164	4.7%
2023	3,353	30,431	1,188	5,251	19	4,541	35,682	12.0%
2024	705	19,859	12	264	6	717	20,123	6.7%
Thereafter	2,807	25,238	1,107	4,930	17	3,914	30,168	10.1%
Total	24,684	$ 240,470	12,405	$ 57,747	225	37,089	$ 298,219	100.0%
Weighted Average Remaining Term (Years)(2):								
Triple Net Single-Tenant Properties(3)		6.52		6.34			6.48	
Multi-Tenant Properties		7.80		4.79			7.27	
Other Single-Tenant Properties		4.52		5.00			4.57	
Total Weighted Average Remaining Term (Years)(2)		6.58		6.03			6.48	

(1) Expiring Net Rentable Square Feet for Unconsolidated Properties is at 100%. Expiring Base Rent for Unconsolidated Properties is at our pro rata share of effective ownership.

(2) Weighted Average Remaining Term is the average remaining term weighted by Expiring Base Rent.

(3) Triple Net Single-Tenant Properties include certain properties that have minimal secondary tenant(s).

The leases scheduled to expire in 2015 and 2016 represent approximately 3.1 million rentable square feet or 12.9% of our total expiring base rent. We believe that, on average, the current market rental rates are approximately 17% below the expiring cash rental rates and approximately 3% above the expiring GAAP rental rates for leases scheduled to expire during 2015 and 2016, although individual properties within any particular market presently may be leased either above, below, or at the current quoted market rates within that market, and the average rental rates for individual markets may be above, below, or at the average cash rental rate of our overall portfolio. Our ability to re-lease available space depends upon both general market conditions and the market conditions in the specific regions in which individual properties are located.

Property Portfolio Size

Our portfolio size at the end of each quarter since the commencement of our initial public offering (October 24, 2006) through December 31, 2014 is as follows (Net Rentable Square Feet and Approximate Total Acquisition Cost in thousands):

	Consolidated Properties			Unconsolidated Properties(1)			Consolidated & Unconsolidated Properties(1)		
Cumulative Property Portfolio as of:	Properties	Net Rentable Square Feet	Approximate Total Acquisition Cost	Properties	Net Rentable Square Feet	Approximate Total Acquisition Cost	Properties	Net Rentable Square Feet	Approximate Total Acquisition Cost
12/31/2006	9	878	$ 86,644	—	—	$ —	9	878	$ 86,644
3/31/2007	9	878	86,644	—	—	—	9	878	86,644
6/30/2007	10	928	110,491	—	—	—	10	928	110,491
9/30/2007	42	5,439	348,456	—	—	—	42	5,439	348,456
12/31/2007	44	5,576	353,594	—	—	—	44	5,576	353,594
3/31/2008	47	6,257	426,856	—	—	—	47	6,257	426,856
6/30/2008	47	6,257	426,856	1	605	35,636	48	6,862	462,492
9/30/2008	49	6,483	486,777	6	3,307	193,773	55	9,790	680,550
12/31/2008	52	6,771	582,682	8	5,649	273,205	60	12,420	855,887
3/31/2009	52	6,771	582,717	8	5,649	273,130	60	12,420	855,847
6/30/2009	53	7,106	598,103	11	5,976	305,308	64	13,082	903,411
9/30/2009	57	7,805	719,822	11	5,976	305,202	68	13,781	1,025,024
12/31/2009	60	8,630	791,314	13	6,904	356,158	73	15,534	1,147,472
3/31/2010	58	8,407	748,835	18	7,392	418,818	76	15,799	1,167,653
6/30/2010	62	9,086	916,210	22	8,633	471,615	84	17,719	1,387,825
9/30/2010	63	9,295	983,810	22	8,633	471,615	85	17,928	1,455,425
12/31/2010	73	12,800	1,308,560	30	9,901	629,268	103	22,701	1,937,828
3/31/2011	73	12,800	1,308,560	43	11,950	903,508	116	24,750	2,212,068
6/30/2011	75	14,614	1,657,966	43	12,356	917,566	118	26,970	2,575,532
9/30/2011	74	13,906	1,689,048	43	12,355	918,771	117	26,261	2,607,819
12/31/2011	77	14,434	1,747,299	45	13,851	997,506	122	28,285	2,744,805
3/31/2012	78	15,784	1,824,403	46	13,997	1,007,753	124	29,781	2,832,156
6/30/2012	78	15,784	1,842,359	46	13,997	1,007,753	124	29,781	2,850,112
9/30/2012	78	16,831	1,920,218	46	13,997	1,008,246	124	30,828	2,928,464
12/31/2012	82	18,995	2,070,272	47	15,067	1,071,267	129	34,062	3,141,539
3/31/2013	99	22,314	2,572,995	30	11,748	713,722	129	34,062	3,286,717
6/30/2013	99	22,405	2,573,034	30	11,748	713,722	129	34,153	3,286,756
9/30/2013	101	22,791	2,630,692	30	11,748	713,722	131	34,539	3,344,414
12/31/2013	99	22,460	2,595,194	30	12,807	740,525	129	35,267	3,335,719
3/31/2014	100	23,082	2,625,394	29	12,702	728,205	129	35,785	3,353,599
6/30/2014	100	23,083	2,625,394	29	12,829	734,556	129	35,912	3,359,950
9/30/2014	100	23,453	2,618,304	29	12,829	734,556	129	36,282	3,352,860
12/31/2014	102	25,325	2,668,298	26	12,416	694,432	128	37,741	3,362,730

(1) Net Rentable Square Feet for unconsolidated properties is at 100%. Approximate Total Acquisition Cost for unconsolidated properties is at our pro rata share of effective ownership.

Critical Accounting Policies

Management believes our most critical accounting policies are accounting for lease revenues (including straight-line rent), regular evaluation of whether the value of a real estate asset has been impaired, real estate purchase price allocations and accounting for our derivatives and hedging activities and fair value of financial instruments and investment, if any. Each of these items involves estimates that require management to make judgments that are subjective in nature. Management relies on its experience, collects historical data and current market data, and analyzes these assumptions in order to arrive at what it believes to be reasonable estimates. Under different conditions or assumptions, materially different amounts could be reported related to the accounting policies described below. In addition, application of these accounting policies involves the exercise of judgments on the use of assumptions as to future uncertainties and, as a result, actual results could materially differ from these estimates.

Revenue Recognition and Valuation of Receivables

All leases are classified as operating leases and minimum rents are recognized on a straight-line basis over the terms of the leases. The excess of rents recognized over amounts contractually due pursuant to the underlying leases is recorded as deferred rent. In connection with various leases, we have received irrevocable stand-by letters of credit totaling $20.3 million and $14.5 million as security for such leases at December 31, 2014 and 2013, respectively.

Reimbursements from tenants, consisting of amounts due from tenants for common area maintenance, real estate taxes, insurance and other recoverable costs, are recognized as revenue in the period the expenses are incurred. Tenant reimbursements are recognized and presented on a gross basis when we are the primary obligor with respect to incurring expenses and with respect to having the credit risk.

In addition, rental revenue is impacted by management’s evaluation of whether we or the tenant is the owner of tenant improvements. The determination of whether we are or the tenant is the owner of the tenant improvements for accounting purposes is subject to significant judgment. When we conclude that we are not the owner and the tenant is the owner of tenant improvements for accounting purposes, we record our contribution towards those improvements as a lease incentive, which is amortized as a reduction to rental revenue on a straight-line basis over the term of the related lease, and rental revenue recognition begins when the tenant takes possession of or controls the space.

Tenant receivables and deferred rent receivables are carried net of the allowances for uncollectible current tenant receivables and deferred rent. Management's determination of the adequacy of these allowances is based primarily upon evaluations of historical loss experience, individual receivables, current economic conditions, and other relevant factors. The allowances are increased or decreased through the provision for bad debts. The allowance for uncollectible rent receivable was approximately $62,000 and $24,000 as of December 31, 2014 and 2013, respectively.

Investments in Real Estate and Related Long-Lived Assets (Impairment Evaluation)

We record investments in real estate at cost and capitalize improvements and replacements when they extend the useful life, increase capacity, or improve the efficiency of the asset. We expense costs of repairs and maintenance as incurred. We compute depreciation using the straight-line method over the estimated useful lives of our real estate assets, which we expect to be approximately 39 years for buildings and improvements, three to five years for equipment and fixtures and the shorter of the useful life or the remaining lease term for tenant improvements and leasehold interests.

We are required to make subjective assessments as to the useful lives of our properties for purposes of determining the amount of depreciation to record on an annual basis with respect to our investments in real estate. These assessments have a direct impact on our net income because, if we were to shorten the expected useful lives of our investments in real estate, we would depreciate these investments over fewer years, resulting in more depreciation expense and lower net income on an annual basis throughout the expected useful lives of the related assets.

When circumstances such as adverse market conditions indicate a possible impairment of the value of a property, we review the recoverability of the property's carrying value. The review of recoverability is based on our estimate of the future undiscounted cash flows, excluding interest charges, expected to result from the property's use and eventual disposition. Our forecast of these cash flows considers factors such as expected future operating income, market and other applicable trends and residual value, as well as the effects of leasing demand, competition and other factors. These factors contain subjectivity and thus are not able to be precisely estimated. If impairment exists due to the inability to recover the carrying value of a property, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the property, which may be below the balance of any non-recourse mortgage financing. We are required to make subjective assessments as to whether there are impairments in the values of our investments in real estate.

We assess whether there has been impairment in the value of our consolidated and unconsolidated long-lived assets whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount to the future net cash flows, undiscounted and without interest, expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. The estimated fair value of the asset group identified for step two testing is based on either the income approach with market discount rate, terminal capitalization rate and rental rate assumptions being most critical, or on the sales comparison approach to similar properties. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Purchase Accounting for Acquisition of Investments in Real Estate

We apply the business combination method to all acquired real estate investments. The purchase consideration of the real estate is allocated to the acquired tangible assets, consisting primarily of land, site improvements, building and tenant improvements and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, other value of in-place leases, value of tenant relationships and acquired ground leases, based in each case on their fair values. Loan premiums, in the case of above-market rate loans, or loan discounts, in the case of below-market loans, will be recorded based on the fair value of any loans assumed in connection with acquiring the real estate.

The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, and the "as-if-vacant" value is then allocated to all land (or acquired ground lease if the land is subject to a ground lease) and site improvements based on management's determination of the relative fair values of these assets. Management determines the as-if-vacant fair value of a property by underwriting the property as if it were vacant and subsequently re-leased at the market. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses associated with the property. Management also estimates costs to execute similar leases including leasing commissions and tenant improvements.

In allocating the purchase consideration of the identified intangible assets and liabilities of an acquired property, above-market and below-market in-place lease values are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases; and (ii) management's estimate of fair market lease rates for the corresponding in-place leases measured over a period equal to the remaining non-cancelable term of the lease and, for below-market leases, over a period equal to the initial term plus any below-market fixed rate renewal periods. The capitalized below-market lease values, also referred to as acquired lease obligations, are amortized as an increase to rental income over the initial terms of the respective leases and any below-market fixed rate renewal periods. The capitalized above-market lease values are amortized as a decrease to rental income over the initial terms of the prospective leases.

The aggregate value of other acquired intangible assets, consisting of in-place leases and tenant relationships, is measured by the estimated cost of operations during a theoretical lease-up period to replace in-place leases, including lost revenues and any unreimbursed operating expenses, plus an estimate of deferred leasing commissions for in-place leases. This aggregate value is allocated between in-place lease value and tenant relationships based on management's evaluation of the specific characteristics of each tenant's lease; however, the value of tenant relationships has not been separated from in-place lease value for the real estate acquired as such value and its consequence to amortization expense is immaterial for these particular acquisitions. Should future acquisitions of properties result in allocating material amounts to the value of tenant relationships, an amount would be separately allocated and amortized over the estimated life of the relationship. The value of in-place leases is amortized to expense over the remaining non-cancelable periods of the respective leases. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to that lease would be written-off.

Accounting for Derivative Financial Investments and Hedging Activities

All of our derivative instruments are carried at fair value on the balance sheet. Derivative instruments designated in a hedge relationship to mitigate exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. We formally document all relationships between hedging instruments and hedged items, as well as our risk-management objective and strategy for undertaking each hedge transaction. We periodically review the effectiveness of each hedging transaction, which involves estimating future cash flows. Cash flow hedges are accounted for by recording the fair value of the derivative instrument on the balance sheet as either an asset or liability, with a corresponding amount recorded in other comprehensive income within shareholders' equity. Calculation of a fair value

of derivative instruments also requires management to use estimates. Amounts will be reclassified from other comprehensive income to the income statement in the period or periods the hedged forecasted transaction affects earnings.

Derivative instruments designated in a hedge relationship to mitigate exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. The changes in fair value hedges are accounted for by recording the fair value of the derivative instruments on the balance sheet as either assets or liabilities, with the corresponding amount recorded in current period earnings. As of December 31, 2014, all of our interest rate swap derivatives were designated as qualifying cash flow hedges and follow the accounting treatment discussed above.

We disclose the fair values of derivative instruments and their gains and losses in a tabular format. We also provide more information about our liquidity by disclosing derivative features that are credit risk-related. Finally, we cross-reference within footnotes to enable financial statement users to locate important information about derivative instruments; see Note 7 "Risk Management and Use of Financial Instruments" and Note 12 "Fair Value of Financial Instruments and Investments" for a further discussion of our derivative financial instruments.

Fair Value of Financial Instruments and Investments

We generally determine or calculate the fair value of financial instruments using the appropriate present value or other valuation techniques, such as discounted cash flow analyses, incorporating available market discount rate information for similar types of instruments and our estimates for non-performance and liquidity risk. These techniques are significantly affected by the assumptions used, including the discount rate, credit spreads, and estimates of future cash flow. The Investment Manager of CBRE Strategic Partners Asia applies valuation techniques for our investment carried at fair value based upon the application of the income approach, the direct market comparison approach, the replacement cost approach or third party appraisals to the underlying assets held in the unconsolidated entity in determining the net asset value attributable to our ownership interest therein. The financial assets and liabilities recorded at fair value in our consolidated financial statements are the interest rate swaps and our investment in CB Richard Ellis Strategic Partners Asia II-A, L.P. ("CBRE Strategic Partners Asia") (a real estate entity which qualifies as an investment company under the Investment Company Act of 1940, as amended, with respect to its accounting treatment).

The remaining financial assets and liabilities which are only disclosed at fair value are comprised of all other notes payable, the unsecured line of credit and other debt instruments. We determined the fair value of our secured notes payable and other debt instruments by performing discounted cash flow analyses using an appropriate market discount rate. We calculate the market discount rate by obtaining period-end treasury rates for fixed-rate debt, or London Inter-Bank Offering Rate ("LIBOR") rates for variable-rate debt, for maturities that correspond to the maturities of our debt and then adding an appropriate credit spread derived from information obtained from third-party financial institutions. These credit spreads take into account factors such as our credit standing, the maturity of the debt, whether the debt is secured or unsecured, and the loan-to-value ratios of the debt.

The carrying amounts of our cash and cash equivalents, restricted cash, accounts receivable and accounts payable approximate fair value due to their short-term maturities.

Results of Operations

As of December 31, 2014, we owned and operated 102 consolidated office and industrial properties and 26 unconsolidated office and industrial properties. As of December 31, 2013, we owned and operated 99 consolidated office, industrial and other properties and 30 unconsolidated office and industrial properties. Our consolidated leased percentage as of December 31, 2014 and 2013 was 97.5% and 95.0%, respectively. Our unconsolidated leased percentage as of December 31, 2014 and 2013 was 99.9% and 99.1%, respectively.

The properties acquired or consolidated during 2014, 2013 and 2012 are presented in the table below:

Property	Market		Date of Acquisition	Property Type	Purchase Price ('000s)	Net Rentable Square Feet
2014 Acquisitions						
445 Airtech Parkway	Indianapolis	IN	1/2/2014	Industrial	$ 30,200	622,440
1 Rocket Road	Los Angeles - South Bay	CA	7/31/2014	Industrial	46,650	514,753
1659 Sauget Business Blvd	St. Louis	MO	10/24/2014	Industrial	21,100	502,500
325 Center Point Blvd	Northeast	PA	11/18/2014	Industrial	45,750	744,080
550 Oak Ridge Drive	Northeast	PA	11/18/2014	Industrial	40,700	615,600
125 Capital Road	Northeast	PA	11/18/2014	Industrial	8,700	144,000
14-46 Alberigi Drive	Northeast	PA	11/18/2014	Industrial	10,500	140,800
Total 2014 Wholly-Owned Property Acquisitions					$ 203,600	3,284,173
2013 Acquisitions						
Carpenter Corporate Center I and II	Dallas	TX	7/31/2013	Office	$ 49,509	226,822
1200 Woods Chapel Road	Spartanburg	SC	8/8/2013	Industrial	10,750	156,800
Total 2013 Wholly-Owned Property Acquisitions					$ 60,259	383,622
2013 Properties Consolidated						
Duke Portfolio[(1)]	Various		3/1/2013	Office/ Industrial	$ 98,100	3,318,402
2012 Acquisitions						
2400 Dralle Road	Chicago	IL	3/20/2012	Industrial	$ 64,250	1,350,000
Midwest Commerce Center I	Kansas City	KS	8/16/2012	Industrial	62,950	1,107,000
20000 S. Diamond Lake Road	Minneapolis	MN	11/7/2012	Industrial	18,500	280,577
Gateway at Riverside	Baltimore	MD	11/30/2012	Industrial	49,229	800,797
701 & 801 Charles Ewing Blvd	Princeton	NJ	12/28/2012	Office	28,310	110,765
Mid-Atlantic Distribution Center - Bldg A	Baltimore	MD	12/28/2012	Industrial	43,150	672,000
Total 2012 Wholly-Owned Property Acquisitions					$ 266,389	4,321,139

(1) We acquired Duke's 20% interest in 17 properties that were held by Duke JV.

Net Operating Income

Management internally evaluates the operating performance and financial results of our property portfolio based on Net Operating Income. We define "Net Operating Income" as: rental income, tenant reimbursements and other property income less property and related expenses (operating and maintenance and real estate taxes) and excludes other non-property income and expenses, interest expense, depreciation and amortization, and corporate general and administrative expenses. Property operating expenses include insurance, property management, repairs and maintenance, security, janitorial, landscaping and other administrative expenses incurred to operate our properties. Corporate general and administrative expenses represent costs unrelated to property operations or transaction costs. These expenses primarily include corporate office expenses, employee compensation and benefits as well as costs of being a public company including certain audit fees, regulatory fees, legal costs and other professional fees.

Net Operating Income is considered by our management to be an important and appropriate supplemental performance measure to net income (loss) because we believe it helps both investors and management to understand the core operations of our properties excluding

corporate and financing related costs and non-cash depreciation and amortization. Net Operating Income is an unlevered operating performance metric of our properties and allows for a useful comparison of the operating performance of individual assets or groups of assets. This measure thereby provides an operating perspective not immediately apparent from GAAP income (loss) from operations or net income (loss). In addition, Net Operating Income is considered by many in the real estate industry to be a useful starting point for determining the value of a real estate asset or group of assets. Other real estate companies may use different methodologies for calculating Net Operating Income, and accordingly, our presentation of Net Operating Income may not be comparable to other real estate companies. Because of the exclusion of the items shown in the reconciliation below, Net Operating Income should only be used as a supplemental measure of our financial performance and not as an alternative to GAAP income (loss) from operations or net income (loss).

Comparison of the Years Ended December 31, 2014 and 2013

The following table summarizes the historical results of operations of our portfolio for the years ended December 31, 2014 and 2013 (in thousands):

	For the Year Ended December 31, 2014	For the Year Ended December 31, 2013	$ Change	% Change
Net Operating Income, as defined	$ 195,366	$ 180,820	$ 14,546	8.0 %
Expense:				
General and Administrative	31,333	23,138	8,195	35.4 %
Investment Management Fee	—	489	(489)	(100.0)%
Acquisition-Related	2,272	2,690	(418)	(15.5)%
Depreciation and Amortization	109,292	102,793	6,499	6.3 %
Impairment of Real Estate	27,563	—	27,563	100.0 %
Transition and Listing	—	12,681	(12,681)	(100.0)%
Total Expenses	170,460	141,791	28,669	20.2 %
Other Expenses and Income:				
Interest and Other Income	652	1,321	(669)	(50.6)%
Interest Expense	(55,311)	(47,295)	(8,016)	16.9 %
Interest Expense and Net Change in Fair Value of Non-Qualifying Derivative Financial Instruments	71	614	(543)	(88.4)%
Gain on Sale of Real Estate	21,164	—	21,164	— %
Loss on Early Extinguishment of Debt	(477)	(1,051)	574	— %
Gain on Conversion of Equity Interest to Controlling Interest	—	75,763	(75,763)	— %
Total Other (Expenses) Income	(33,901)	29,352	(63,253)	(215.5)%
(Loss) Income Before Provision for Income Taxes and Equity in Income of Unconsolidated Entities	(8,995)	68,381	(77,376)	(113.2)%
Provision for Income Taxes	(780)	(287)	(493)	171.8 %
Equity in Income of Unconsolidated Entities	28,823	12,111	16,712	138.0 %
Income from Continuing Operations	19,048	80,205	(61,157)	(76.3)%
Discontinued Operations				
Income from Discontinued Operations	—	382	(382)	(100.0)%
Gain on Sale of Real Estate	—	2,759	(2,759)	— %
Total Income from Discontinued Operations	—	3,141	(3,141)	(100.0)%
Net Income	$ 19,048	$ 83,346	$ (64,298)	(77.1)%

The following tables summarize the Net Operating Income, as defined, for our total portfolio, excluding our unconsolidated properties, for the year ended December 31, 2014 and 2013 (in thousands):

Year Ended December 31, 2014	Same Office Properties[1]	Acquisition Office[2]	Same Industrial Properties[1]	Acquisition Industrial[3]	Other[4]	Total
Rental Revenue	$ 99,351	$ 43,793	$ 50,151	$ 10,090	$ 6,795	$ 210,180
Tenant Reimbursement	25,588	16,775	13,809	2,057	1,501	59,730
Other Property Income	—	1,069	711	—	—	1,780
Total Revenues	124,939	61,637	64,671	12,147	8,296	271,690
Property Operating	17,118	12,118	5,401	862	1,258	36,757
Real Estate Taxes	16,815	9,500	11,544	1,212	496	39,567
Total Expenses	33,933	21,618	16,945	2,074	1,754	76,324
Net Operating Income	$ 91,006	$ 40,019	$ 47,726	$ 10,073	$ 6,542	$ 195,366

Year Ended December 31, 2013	Same Office Properties[1]	Acquisition Office[2]	Same Industrial Properties[1]	Acquisition Industrial[3]	Other[4]	Total
Rental Revenue	$ 98,738	$ 35,124	$ 50,265	$ 3,991	$ 8,588	$ 196,706
Tenant Reimbursement	23,540	12,282	14,985	863	1,636	53,306
Other Property Income	—	—	—	—	—	—
Total Revenues	122,278	47,406	65,250	4,854	10,224	250,012
Property Operating	16,692	9,005	3,803	336	1,385	31,221
Real Estate Taxes	16,001	7,498	13,425	579	468	37,971
Total Expenses	32,693	16,503	17,228	915	1,853	69,192
Net Operating Income	$ 89,585	$ 30,903	$ 48,022	$ 3,939	$ 8,371	$ 180,820

(1) Properties owned as of January 1, 2013 and still owned as of December 31, 2014.
(2) Includes results, from the dates of acquisition through the periods presented, for the office properties acquired or consolidated during 2013.
(3) Includes results, from the dates of acquisition through the periods presented, for the industrial properties acquired or consolidated during 2013 and 2014.
(4) Includes results from all properties sold during 2014.

Year Ended December 31, 2014 as compared to the Year Ended December 31, 2013

	Same Office Properties		Acquisition Office		Same Industrial Properties		Acquisition Industrial		Other		Total	
	$ Change	% Change	$ Change	% Change	$ Change	% Change	$ Change	% Change	$ Change	% Change	$ Change	% Change
Rental Revenue	$ 613	0.6%	$ 8,669	24.7%	$ (114)	(0.2)%	$ 6,099	152.8%	$ (1,793)	(20.9)%	$ 13,474	6.8%
Tenant Reimbursement	2,048	8.7%	4,493	36.6%	(1,176)	(7.8)%	1,194	138.4%	(135)	(8.3)%	6,424	12.1%
Other Property Income	—	—%	1,069	100.0%	711	— %	—	—%	—	— %	1,780	100.0%
Total Revenues	2,661	2.2%	14,231	30.0%	(579)	(0.9)%	7,293	150.2%	(1,928)	(18.9)%	21,678	8.7%
Property Operating	426	2.6%	3,113	34.6%	1,598	42.0 %	526	156.5%	(127)	(9.2)%	5,536	17.7%
Real Estate Taxes	814	5.1%	2,002	26.7%	(1,881)	(14.0)%	633	109.3%	28	6.0 %	1,596	4.2%
Total Expenses	1,240	3.8%	5,115	31.0%	(283)	(1.6)%	1,159	126.7%	(99)	(5.3)%	7,132	10.3%
Net Operating Income	$ 1,421	1.6%	$ 9,116	29.5%	$ (296)	(0.6)%	$ 6,134	155.7%	$ (1,829)	(21.8)%	$ 14,546	8.0%

Net Operating Income

Net Operating Income increased $14.5 million, or 8.0%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013 primarily as a result of:

- An increase in revenues of $21.7 million which is primarily due to:
    - an increase of $21.5 million from our Acquisition Office and Acquisition Industrial Properties (collectively the "Acquisition Properties"):
        - an increase of $14.8 million and $5.7 million from rental revenue and tenant reimbursements, respectively; and
        - an increase of $1.1 million from our Acquisition Office Properties due to lease termination fees included in other property income;
- The increase in revenues are offset by an increase of $7.1 million in property operating expenses and real estate taxes primarily due to:
    - an increase of $6.3 million from our Acquisition Properties; and
    - a net increase of $1.0 million from our Same Office Properties and Same Industrial Properties (collectively the "Same Properties") which is primarily comprised of:
        - an increase of $1.2 million in property operating expenses and real estate taxes in our Same Office Properties, which is partially due to a $0.8 million increase in real estate taxes in 2014 at our 90 Hudson property (there is a partial offsetting increase in tenant reimbursement revenue for this amount)
        - a decrease of $0.3 million primarily due to a reduction in real estate taxes in our Same Industrial Properties, which is driven by vacancies in our 300 Constitution and North Rhett I properties. North Rhett I was re-leased during the latter half of 2014, with the new tenant taking occupancy in early 2015.
- An offsetting decrease of $1.8 million from the Other Properties, which consisted of properties sold during 2014. Due to the early adoption of *ASU No. 2014-08* during the year ended December 31, 2014, these properties remained classified within continuing operations for all periods presented.

Other Expenses and Income

General and Administrative and Investment Management Fee

General and administrative expense increased $8.2 million, or 35.4%, to $31.3 million for the year ended December 31, 2014 compared to $23.1 million for the year ended December 31, 2013. The net increase was primarily due to $6.5 million for severance expenses and an increase in payroll and administrative costs associated with the growth of the Company.

Our increase in general and administrative expenses was offset by a reduction of $0.5 million in investment management fees due to the termination of the Transitional Services Agreement.

Acquisition-Related

Acquisition-related expenses decreased $0.4 million, or 15.5%, to $2.3 million for the year ended December 31, 2014 compared to $2.7 million for the year ended December 31, 2013. The decrease was due to fewer properties acquired during the year ended December 31, 2014 compared to the amount acquired during the same period in 2013.

Depreciation and Amortization

Depreciation and amortization expense increased $6.5 million, or 6.3%, to $109.3 million for the year ended December 31, 2014 as compared to $102.8 million for the year ended December 31, 2013. The increase was primarily due to the properties acquired or consolidated during 2014 and 2013.

Impairment of Real Estate

During the year ended December 31, 2014, we recognized an impairment of $27.6 million attributable to our 70 Hudson Street property. There was no impairment of real estate during the year ended December 31, 2013.

Transition and Listing

Transition expenses from being an externally managed company to a self-managed company ("Transition Costs") were primarily incurred in 2012 during our transition to self-management. During the year ended December 31, 2013, we incurred $11.9 million of expenses in connection with the Listing and the completion of the Tender Offer.

Interest and Other Income

Interest and other income decreased $0.7 million, or 50.6%, to $0.7 million for the year ended December 31, 2014 compared to $1.3 million for the year ended December 31, 2013.

Interest Expense

Interest expense increased $8.0 million, or 16.9%, to $55.3 million for the year ended December 31, 2014 compared to $47.3 million for the year ended December 31, 2013 primarily as a result of an increase in our weighted average outstanding debt balance.

Interest Expense and Net Change in Fair Value of Non-Qualifying Derivative Financial Instruments

During the year ended December 31, 2013, our derivative instruments incurred a gain of $0.6 million, which was primarily attributable to the gain on fair value on interest rate swaps for the TD and Wells Fargo term loans during the period when they were not designated as hedging instruments. All of the Company's derivative financial instruments qualify for hedge accounting treatment as of December 31, 2014.

Gain on Sale of Real Estate

During the year ended December 31, 2014, we had a gain of $21.2 million related to the sale of our four office and retail properties during the year ended December 31, 2014.

Loss on Early Extinguishment of Debt

During the year ended December 31, 2014, we incurred a loss on early extinguishment of debt of $0.5 million attributable to the write-off of deferred financing costs related to the Deerfield Commons disposition. During the year ended December 31, 2013, we incurred a loss on early extinguishment of debt of $1.1 million, which was primarily attributable to the write-off of deferred financing costs related to the WF Term Loan #3 that replaced the WF Term Loan #1.

Gain on Conversion of Equity Interest to Controlling Interest

During the year ended December 31, 2013, gain on conversion of equity interest to controlling interest was $75.8 million, which was attributable to our acquisition of Duke Realty's 20% interest in 17 properties held by the Duke JV.

Equity in Income of Unconsolidated Entities

Equity in income of unconsolidated entities increased $16.7 million, or 138.0%, to $28.8 million for the year ended December 31, 2014 compared to $12.1 million for the year ended December 31, 2013. The increase was primarily due to our pro rata gain on the sale of the three Duke JV office properties during the fourth quarter of 2014.

Comparison of the Year Ended December 31, 2013 and 2012

The following table summarizes the historical results of operations of our portfolio for the years ended December 31, 2013 and 2012 (in thousands):

	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012	$ Change	% Change
Net Operating Income, as defined	$ 180,820	$ 134,743	$ 46,077	34.2 %
Expense:				
General and Administrative	23,138	14,660	8,478	57.8 %
Investment Management Fee	489	29,695	(29,206)	(98.4)%
Acquisition-Related	2,690	7,752	(5,062)	(65.3)%
Depreciation and Amortization	102,793	72,383	30,410	42.0 %
Transition and Listing	12,681	8,249	4,432	53.7 %
Total Expenses	141,791	132,739	9,052	6.8 %
Other Income and Expenses:				
Interest and Other Income	1,321	2,235	(914)	(40.9)%
Interest Expense	(47,295)	(33,845)	(13,450)	39.7 %
Interest Expense and Net Change in Fair Value of Non-Qualifying Derivative Financial Instruments	614	(118)	732	(620.3)%
Loss on Early Extinguishment of Debt	(1,051)	(17,284)	16,233	(93.9)%
Gain on Conversion of Equity Interest to Controlling Interest	75,763	—	75,763	100.0 %
Total Other Income (Expenses)	29,352	(49,012)	78,364	(159.9)%
Income (Loss) Before Provision for Income Taxes and Equity in Income of Unconsolidated Entities	68,381	(47,008)	115,389	(245.5)%
Provision for Income Taxes	(287)	(266)	(21)	7.9 %
Equity in Income of Unconsolidated Entities	12,111	3,959	8,152	205.9 %
Income (Loss) from Continuing Operations	80,205	(43,315)	123,520	(285.2)%
Discontinued Operations				
Income from Discontinued Operations	382	720	(338)	(46.9)%
Gain (Loss) on Sale of Real Estate	2,759	(413)	3,172	(768.0)%
Total Income from Discontinued Operations	3,141	307	2,834	923.1 %
Net Income (Loss)	$ 83,346	$ (43,008)	$ 126,354	(293.8)%

The following tables summarize the Net Operating Income, as defined, for our total portfolio, excluding our unconsolidated properties, for the year ended December 31, 2013 and 2012 (in thousands):

Year Ended December 31, 2013	Same Office Properties[1]	Acquisition Office[2]	Same Industrial Properties[1]	Acquisition Industrial[3]	Other[4]	Total
Rental Revenue	$ 96,445	$ 37,417	$ 33,208	$ 21,048	$ 8,588	$ 196,706
Tenant Reimbursement	22,275	13,547	9,085	6,763	1,636	53,306
Total Revenues	118,720	50,964	42,293	27,811	10,224	250,012
Property Operating	15,836	9,861	3,322	817	1,385	31,221
Real Estate Taxes	14,926	8,573	8,182	5,822	468	37,971
Total Expenses	30,762	18,434	11,504	6,639	1,853	69,192
Net Operating Income	$ 87,958	$ 32,530	$ 30,789	$ 21,172	$ 8,371	$ 180,820

Year Ended December 31, 2012	Same Office Properties[1]	Acquisition Office[2]	Same Industrial Properties[1]	Acquisition Industrial[3]	Other[4]	Total
Rental Revenue	$ 94,314	$ 26	$ 36,563	$ 5,799	$ 8,730	$ 145,432
Tenant Reimbursement	23,107	14	8,144	717	1,429	33,411
Total Revenues	117,421	40	44,707	6,516	10,159	178,843
Property Operating	16,880	—	2,984	223	1,377	21,464
Real Estate Taxes	14,446	11	7,072	549	558	22,636
Total Expenses	31,326	11	10,056	772	1,935	44,100
Net Operating Income	$ 86,095	$ 29	$ 34,651	$ 5,744	$ 8,224	$ 134,743

(1) Properties owned as of January 1, 2012 and still owned as of December 31, 2014.
(2) Includes results, from the dates of acquisition through the periods presented, for the office properties acquired or consolidated during 2012 and 2013
(3) Includes results, from the dates of acquisition through the periods presented, for the industrial properties acquired or consolidated during 2012 and 2013.
(4) Includes results from all properties sold during 2014.

Year Ended December 31, 2013 as compared to the Year Ended December 31, 2012

	Same Office Properties		Acquisition Office		Same Industrial Properties		Acquisition Industrial		Other		Total	
	$ Change	% Change	$ Change	% Change	$ Change	% Change	$ Change	% Change	$ Change	% Change	$ Change	% Change
Rental Revenue	$ 2,131	2.3 %	$ 37,391	143,811.5%	$ (3,355)	(9.2)%	$ 15,249	263.0%	$ (142)	(1.6)%	$ 51,274	35.3%
Tenant Reimbursement	(832)	(3.6)%	13,533	96,664.3%	941	11.6 %	6,046	843.2%	207	14.5 %	19,895	59.5%
Total Revenues	1,299	1.1 %	50,924	127,310.0%	(2,414)	(5.4)%	21,295	326.8%	65	0.6 %	71,169	39.8%
Property Operating	(1,044)	(6.2)%	9,861	—%	338	11.3 %	594	266.4%	8	0.6 %	9,757	45.5%
Real Estate Taxes	480	3.3 %	8,562	77,836.4%	1,110	15.7 %	5,273	960.5%	(90)	(16.1)%	15,335	67.7%
Total Expenses	(564)	(1.8)%	18,423	167,481.8%	1,448	14.4 %	5,867	760.0%	(82)	(4.2)%	25,092	56.9%
Net Operating Income	$ 1,863	2.2 %	$ 32,501	112,072.4%	$ (3,862)	(11.1)%	$ 15,428	268.6%	$ 147	1.8 %	$ 46,077	34.2%

Net Operating Income

Net Operating Income increased $46.1 million, or 34.2%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012 primarily as a result of:

- An increase in revenues of $71.2 million which is primarily due to:
    - an increase of $72.2 million from our Acquisition Properties;
    - partially offset by a $1.1 million decrease due to early 2013 tenant move-outs at our 300 Constitution and North Rhett 1 properties
- The increase in revenues are offset by an increase of $25.1 million in property operating expenses and real estate taxes primarily due to:
    - an increase of $24.3 million from our Acquisition Properties; and
    - a net increase of $0.9 million from our Same Properties which is primarily comprised of:
        - an increase of $1.4 million primarily due to an increase in real estate taxes in our Same Industrial Properties, which is partially due to a $1.1 million increase in real estate taxes in 2013 at our 2400 Dralle Road property (there is a offsetting increase in tenant reimbursement revenue for this amount); and
        - an offsetting decrease of $0.6 million in property operating expenses and real estate taxes in our Same Office Properties, which is partially due to a $1.0 million decrease in property operating expenses in 2013 at our 70 and 90 Hudson property (there is a partial offsetting decrease in tenant reimbursement revenue for this amount)
- An increase of $0.1 million from the Other Properties, which consist of properties sold during 2014. Due to the early adoption of *ASU No. 2014-08* during the year ended December 31, 2014, these properties remain classified within continuing operations for all periods presented.

Other Expenses and Income

General and Administrative and Investment Management Fee

General and administrative expense increased $8.5 million, or 57.8%, to $23.1 million for the year ended December 31, 2013 compared to $14.7 million for the year ended December 31, 2012. The increase was primarily due to the internalization of management as of July 1, 2012 as we now incur expenses for services previously provided by the former investment advisor. Expenses for services previously provided by our former investment advisor are now included in General and administrative expenses. These services include employee salaries and benefits, various information technology costs and occupancy costs.

Our increase in general and administrative expenses is offset by a reduction of $29.2 million in investment management fees due to the termination of the Transitional Services Agreement with the former investment advisor.

Acquisition-Related

Acquisition-related expenses decreased $5.1 million, or 65.3%, to $2.7 million for the year ended December 31, 2013 compared to $7.8 million for the year ended December 31, 2012. The decrease was primarily due to a reduction of $3.2 million in acquisition fees paid to the former investment advisor during the year ended December 31, 2013 compared to the year ended December 31, 2012.

Depreciation and Amortization

Depreciation and amortization expense increased $30.4 million, or 42.0%, to $102.8 million for the year ended December 31, 2013 as compared to $72.4 million for the year ended December 31, 2012. The increase was primarily due to the properties acquired or consolidated during 2013 and 2012.

Transition and Listing Expenses

Transition and Listing expenses increased $4.4 million, or 53.7%, to $12.7 million for the year ended December 31, 2013 as compared to $8.2 million for the year ended December 31, 2012. Transition costs were primarily incurred in 2012 during our transition to self-management. During the year ended December 31, 2013, we incurred $12.0 million of expenses in connection with the Listing and the completion of the Tender Offer. We do not anticipate incurring any further listing costs in future periods.

Interest and Other Income

Interest and other income decreased $0.9 million, or 40.9%, to $1.3 million for the year ended December 31, 2013 compared to $2.2 million for the year ended December 31, 2012.

Interest Expense

Interest expense increased $13.5 million, or 39.7%, to $47.3 million for the year ended December 31, 2013 compared to $33.8 million for the year ended December 31, 2012 primarily as a result of an increase in our weighted average outstanding debt balance in the current year period partially offset by a reduction in the weighted average interest rate. The increase in our weighted average debt outstanding balance was due to the March 2013 assumption of $229.5 million (amount is inclusive of a premium) of mortgage debt secured by the 17 properties in which we acquired our joint venture partner's remaining ownership interest (the "Duke Portfolio"). We also borrowed $570.0 million under our new unsecured term loan facilities in 2013.

Interest Expense and Net Change in Fair Value of Non-Qualifying Derivative Financial Instruments

During the year ended December 31, 2013, our derivative instruments incurred a gain of $0.6 million compared to $0.1 million for the year ended December 31, 2012. The increase was primarily attributable to the gain on fair value on interest rate swaps on the TD and Wells Fargo term loans during the period when these were not designated as hedging instruments.

Loss on Early Extinguishment of Debt

During the year ended December 31, 2013, we incurred a loss on early extinguishment of debt of $1.1 million compared to $17.3 million for the year ended December 31, 2012. The loss on early extinguishment of debt during the year ended December 31, 2013 was primarily attributable to the non-cash write-off of deferred financing costs related to the WF Term Loan #3 that replaced the WF Term Loan #1. The loss on early extinguishment of debt during the year ended December 31, 2012 was primarily attributable to the replacement of our revolving credit facility and the early repayment of secured notes payable (and termination of associated swaps) in the prior year period.

Gain on Conversion of Equity Interest to Controlling Interest

During the year ended December 31, 2013, gain on conversion of equity investment to controlling interest was $75.8 million, which was attributable to the purchase of the Duke Portfolio. There was no gain on conversion of equity investment to controlling interest during the year ended December 31, 2012.

Equity in Income of Unconsolidated Entities

Equity in income of unconsolidated entities increased $8.2 million, or 205.9%, to $12.1 million for the year ended December 31, 2013 compared to $4.0 million for the year ended December 31, 2012. The increase was primarily due to our pro rata gain on the sale of the Afton Ridge Shopping Center of $3.3 million as well as the improved performance of the Duke JV.

Liquidity and Capital Resources

Sources of Liquidity

Liquidity is a measurement of the ability to meet cash requirements, which principally include funding investments and ongoing commitments, to repay borrowings, to make distributions to our shareholders and other general business needs. Our sources of funds will primarily be property operating cash flows, borrowings, including under our unsecured revolving credit facility, term loans or other forms of secured or unsecured financing that we may enter into from time to time, and net proceeds from divestitures of properties. Additionally, we expect other financing opportunities could provide additional sources of funds, including the issuance of common equity (through our at-the-market offering program or otherwise), preferred equity or debt securities. Our ability to raise funds is dependent on general economic conditions, general market conditions for REITs, and our operating performance. We believe that these cash resources will be sufficient to satisfy our cash

requirements and we do not anticipate a need to raise funds from other than these sources within the next twelve months. We believe that we have sufficient cash flow from operations to continue as a going concern for the next twelve months and into the foreseeable future. From time to time, we may consider strategic transactions, which may include a sale, merger, acquisition or other form of business combination or recapitalization.

While we may be able to anticipate and plan for certain liquidity needs, there may be unexpected increases in uses of cash that are beyond our control and which would affect our financial condition and results of operations. For example, we may be required to comply with new laws or regulations that cause us to incur unanticipated capital expenditures for our properties, thereby increasing our liquidity needs. Even if there are no material changes to our anticipated liquidity requirements, our sources of liquidity may be fewer than, and the funds available from such sources may be less than, anticipated or needed. As of December 31, 2014, we had $40.1 million in cash as well as approximately $650.0 million available under our unsecured revolving credit facility. Of the $40.1 million in cash, approximately $1.7 million is held in a financial institution in the United Kingdom.

Net Cash Flow from Operations

Cash flow from operations is our primary source of liquidity and is dependent upon the occupancy level of our portfolio, the net effective rental rates achieved on our leases, the collectability of rent and operating escalations and recoveries from our tenants and the level of operating and other costs. The properties in our portfolio are primarily located in markets throughout the United States. Positive or negative changes in economic or other conditions, adverse weather conditions and natural disasters in these markets may affect our overall performance.

Unsecured Term Loan Facilities

We intend to enter into unsecured term loan facilities from time to time for general corporate purposes, to fund potential acquisitions and to potentially repay long-term debt. The following table summarizes the balance and terms of our unsecured term loan facilities as of December 31, 2014 and December 31, 2013 (in thousands):

				Outstanding Balance	
Term Loan Facility	Unswapped Interest Rate	Effective Interest Rate[1]	Maturity Date	December 31, 2014	December 31, 2013
WF Term Loan #2[2]	LIBOR + 1.50%	2.49%	3/7/2018	$ 200,000	$ 200,000
WF Term Loan #3[2]	LIBOR + 1.50%	3.12%	1/15/2019	200,000	200,000
TD Term Loan[3]	LIBOR + 1.75%	3.28%	3/6/2020	50,000	50,000
Capital One Term Loan[2]	LIBOR + 1.75%	4.32%	1/31/2021	120,000	120,000
Total Unsecured Term Loan Facilities				$ 570,000	$ 570,000

(1) Represents the rate at which interest expense is recorded for financial reporting purposes, which reflects the effect of the interest rate swaps, excluding debt issuance costs.
(2) As of December 31, 2014 and December 31, 2013, the applicable LIBOR rate was 0.156% and 0.165%, respectively, for these loans.
(3) As of December 31, 2014 and December 31, 2013, the applicable LIBOR rate was 0.156% and 0.16875%, respectively, for this loan.

Unsecured Revolving Credit Facility

We intend to borrow under our unsecured revolving credit facility from time to time for general corporate purposes, to fund potential acquisitions and to potentially repay long-term debt. The following table summarizes the balance and terms of our unsecured revolving credit facility as of December 31, 2014 and 2013 (in thousands):

	December 31, 2014	December 31, 2013
Outstanding Borrowings	$ 200,044	$ 170,044
Remaining Borrowing Capacity	649,956	679,956
Total Borrowing Capacity	$ 850,000	$ 850,000
Interest Rate[1]	1.46%	1.47%
Facility Fee[2]	30 bps	30 bps
Maturity Date[3]	January 15, 2018	January 15, 2018

(1) Calculated based on one-month LIBOR plus 1.30% as of December 31, 2014 and 2013.
(2) The facility fee is based on the unsecured revolving credit facility's total borrowing capacity.
(3) We may exercise an option to extend the maturity date by one year.

Secured Debt Financing

From time to time, we partially fund property acquisitions with secured mortgage financing. The following table details our encumbered and unencumbered properties as of December 31, 2014 (Approximate Acquisition Cost and Debt Balance in thousands):

	Consolidated Properties			Unconsolidated Properties[1]			Consolidated & Unconsolidated Properties[1]		
	Properties	Approximate Acquisition Cost	Debt Balance	Properties	Approximate Acquisition Cost	Debt Balance	Properties	Approximate Acquisition Cost	Debt Balance
Encumbered Properties	40	$ 1,202,711	$ 596,008	13	$ 352,106	$ 162,489	53	$ 1,554,817	$ 758,497
Unencumbered Properties	62	1,465,587	—	13	342,326	—	75	1,807,913	—
Total Properties	102	$ 2,668,298	$ 596,008	26	$ 694,432	$ 162,489	128	$ 3,362,730	$ 758,497

(1) Number of Properties at 100%. Approximate Acquisition Cost and Debt Balance for Unconsolidated Properties is at our pro rata share of effective ownership. Does not include our investment in CBRE Strategic Partners Asia.

Depending on market conditions, our debt financing may be as much as approximately 65% of the value of the cost of our assets before non-cash reserves and depreciation. The amount of debt we place on an individual property, or the amount of debt incurred by an individual entity in which we invest, may be more or less than 65% of the value of such property or the value of the assets owned by such entity, depending on market conditions and other factors.

In fact, depending on market conditions and other factors, we may choose not to place debt on our portfolio or our assets and may choose not to borrow to finance our operations or to acquire properties. Any indebtedness we do incur will likely be subject to continuing covenants, and we will likely be required to make continuing representations and warranties in connection with such debt. Moreover, some or all of our debt may be secured by some or all of our assets. If we default in the payment of interest or principal on any such debt, breach any representation or warranty in connection with any borrowing or violate any covenant in any loan document, our lender may accelerate the maturity of such debt requiring us to immediately repay all outstanding principal. If we are unable to make such payment, our lender could foreclose on our assets that are pledged as collateral to such lender. The lender could also sue us or force us into bankruptcy.

Debt Covenants and Restrictions

As of December 31, 2014, we were in compliance with all financial debt covenants. See Note 6 "Debt" in the notes to our consolidated financial statements for additional information.

At-The-Market Offering

On November 6, 2013, we and CSP OP entered into four separate Equity Distribution Agreements with certain sales agents, pursuant to which we may sell, from time to time, our common shares having an aggregate offering price of up to $250.0 million. Sales of our common shares may be made in ordinary brokers' transactions on the NYSE, in negotiated transactions or transactions that are deemed to be "at the market" ("ATM") offerings, including sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices. We may use these proceeds and proceeds from the sale of its debt securities to repay debt, including borrowings under our unsecured revolving credit facility, to make acquisitions of properties or portfolios of properties, or for general corporate purposes. As of December 31, 2014, there have been no sales of common shares under the ATM program.

Shelf Registration

On November 6, 2013, we filed an automatically effective shelf registration statement on Form S-3 with the Security Exchange Commission that may permit us, from time to time, to facilitate public offerings of our securities. We evaluate the capital markets on an ongoing basis for opportunities to raise capital, and, as circumstances warrant, we may issue securities of all of these types in one or more offerings at any time and from time to time on an opportunistic basis, depending upon, among other things, market conditions, available pricing and capital needs. However, there can be no assurance that we will be able to complete any such offerings of securities. We may use these proceeds to repay debt, including borrowings under our unsecured revolving credit facility, to make acquisitions of properties or portfolios of properties, or for general corporate purposes.

Sale of Real Estate Properties

We regularly work to identify, consider and pursue opportunities to dispose of non-strategic properties on an opportunistic basis with the intent of using the proceeds generated from the dispositions to fund new strategic acquisitions, to repay long-term debt and for other general corporate purposes. The timing of any potential future dispositions will depend on market conditions and our capital needs. Our ability to dispose of such properties on favorable terms, or at all, is dependent upon a number of factors including the availability of credit to potential buyers to purchase properties at prices that we consider acceptable.

Transactions with Unconsolidated Joint Ventures

Transactions with unconsolidated joint ventures also provide a source of liquidity. Our unconsolidated joint ventures will from time to time obtain debt financing or sell properties and will then distribute to us, and our joint venture partners, all or a portion of the proceeds from such transactions.

Debt Composition

Our consolidated and pro rata share of unconsolidated debt is comprised of the following as of December 31, 2014 ($ in thousands):

	Consolidated Debt[1]			Unconsolidated Debt[2]			Consolidated & Unconsolidated Debt[1][2]		
	Scheduled Amortization	Term Maturities	Total	Scheduled Amortization	Term Maturities	Total	Scheduled Amortization	Term Maturities	Total
Amount									
Fixed Interest Rate Debt	$ 75,392	$ 1,090,616	$ 1,166,008	$ 8,181	$ 154,308	$ 162,489	$ 83,573	$ 1,244,924	$ 1,328,497
Floating Interest Rate Debt	—	200,044	200,044	—	—	—	—	200,044	200,044
Total	$ 75,392	$ 1,290,660	$ 1,366,052	$ 8,181	$ 154,308	$ 162,489	$ 83,573	$ 1,444,968	$ 1,528,541
Weighted Average Remaining Term (years):									
Fixed Interest Rate Debt			3.79			5.00			3.94
Floating Interest Rate Debt			3.04			N/A			3.04
Total			3.68			5.00			3.82
Weighted Average Interest Rate:									
Fixed Interest Rate Debt			4.22%			3.50%			4.13%
Floating Interest Rate Debt			1.46%			N/A			1.46%
Total			3.82%			3.50%			3.78%

(1) Consolidated debt amount includes a $200.0 million outstanding balance on our unsecured revolving credit facility as of December 31, 2014. The unsecured revolving credit facility may be extended for an additional year from January 2018 to January 2019. The annual facility fee of 0.30% is not reflected in the interest rate amounts included this table.

(2) Unconsolidated debt amounts are at our pro rata share of effective ownership.

Contractual Obligations and Commitments

The following table provides information with respect to our contractual obligations as of December 31, 2014 (in thousands):

Contractual Obligations	Less than One Year	One to Three Years	Three to Five Years	More than Five Years	Total
Principal Payments - Secured Notes Payable	$ 131,717	$ 181,434	$ 181,336	$ 101,521	$ 596,008
Principal Payments - Unsecured Term Loan Facilities	—	—	400,000	170,000	570,000
Principal Payments - Unsecured Revolving Credit Facility	—	—	200,044	—	200,044
Principal Payments - Unconsolidated Debt at Pro Rata Share [1]	1,043	63,090	2,501	95,855	162,489
Interest Payments - Fixed-Rate Debt[2]	48,135	73,172	42,144	14,519	177,970
Interest Payments - Variable-Rate Debt[3]	2,920	5,840	122	—	8,882
Interest Payments - Unconsolidated Debt at Pro Rata Share[1]	2,798	5,427	5,181	4,476	17,882
Ground Lease Payments	273	546	584	4,474	5,877
Total	$ 186,886	$ 329,509	$ 831,912	$ 390,845	$ 1,739,152

(1) Unconsolidated debt excludes amounts due to our investment in CBRE Strategic Partners Asia.

(2) Amounts include the expected net payments due under our interest rate swap agreements where in each case we have swapped our variable interest rate payments due under the debt agreements for fixed rates of interest payments.

(3) As of December 31, 2014, our variable rate debt consisted of amounts outstanding under our unsecured revolving credit facility. The variable interest rate payments are based on LIBOR plus a spread of 1.30%. As of December 31, 2014, LIBOR was 0.156%.

Debt Maturities

The following table details our consolidated and unconsolidated debt maturities as of December 31, 2014 (in thousands):

	Consolidated Debt[1]			Unconsolidated Debt[2]			Consolidated & Unconsolidated Debt[1][2]			
	Scheduled Amortization	Term Maturities	Total	Scheduled Amortization	Term Maturities	Total	Scheduled Amortization	Term Maturities	Total	Weighted Average Interest Rate[3][4]
2015	$ 16,143	$ 115,575	$ 131,718	$ 1,044	$ —	$ 1,044	$ 17,187	$ 115,575	$ 132,762	4.69%
2016	13,271	121,341	134,612	1,099	—	1,099	14,370	121,341	135,711	5.45%
2017	12,495	34,327	46,822	1,157	60,835	61,992	13,652	95,162	108,814	3.73%
2018	10,276	462,336	472,612	1,218	—	1,218	11,494	462,336	473,830	2.32%
2019	7,982	300,786	308,768	1,283	—	1,283	9,265	300,786	310,051	2.59%
2020	6,290	65,846	72,136	1,351	47,301	48,652	7,641	113,147	120,788	3.84%
2021	3,743	190,449	194,192	1,029	46,172	47,201	4,772	236,621	241,393	4.80%
2022	1,870	—	1,870	—	—	—	1,870	—	1,870	—%
2023	1,987	—	1,987	—	—	—	1,987	—	1,987	—%
2024	1,167	—	1,167	—	—	—	1,167	—	1,167	6.33%
Thereafter	168	—	168	—	—	—	168	—	168	5.80%
Total	$ 75,392	$ 1,290,660	$1,366,052	$ 8,181	$ 154,308	$ 162,489	$ 83,573	$1,444,968	$ 1,528,541	3.78%

(1) Consolidated debt amount includes a $200.0 million outstanding balance on the unsecured revolving credit facility as of December 31, 2014. The unsecured revolving credit facility expires January 15, 2018. We have an option to extend the maturity date by one year.
(2) Unconsolidated debt amounts are at our pro rata share of effective ownership.
(3) Weighted average interest rate is calculated using the maturity date of our various debt.
(4) Weighted average interest rate for 2018 debt maturity consists of 1.46% floating interest rate for the revolving credit facility and 2.95% of interest rate for all other fixed rate debt.

Other Capital Commitments

As of December 31, 2014, we anticipate spending $21.7 million in the next twelve months for tenant improvements and lease commissions related to our consolidated properties.

Distribution Policy

We elected to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2004. As a REIT, we generally will not be subject to U.S. federal income tax on income that we distribute currently to our shareholders. Under the Internal Revenue Code of 1986 (the "Internal Revenue Code"), REITs are subject to numerous organizational and operational requirements, including a requirement that they generally distribute at least 90% of their annual net taxable income (excluding net capital gains) to their shareholders. If we fail to qualify for taxation as a REIT in any year, our income will be taxed at regular corporate rates, and we may be precluded from qualifying for treatment as a REIT for the four-year period following our failure to qualify.

In order to qualify as a REIT under the Internal Revenue Code, we generally must make distributions to our shareholders each year in an amount at least equal to 90% of our REIT taxable income (as determined without regard to the dividends paid deduction and excluding net capital gain). Our distribution policy is subject to revision at the discretion of our Board of Trustees without notice to you or shareholder approval. All distributions will be made by us at the discretion of our Board of Trustees and will be based upon out Board of Trustee's evaluation of our assets, operating results, historical and projected cash flows (and source thereof), historical and projected equity offering proceeds from our offerings, historical and projected debt incurred, projected investments and capital requirements, the anticipated timing between

receipt of our equity offering proceeds and investment of those proceeds, maintenance of REIT qualifications, applicable provisions of Maryland law, general economic, market and industry conditions, and such other factors as our Board of Trustees deems relevant.

It is anticipated that distributions generally will be taxable as ordinary income to our shareholders, although a portion of such distributions may be designated by us as a return of capital or as capital gain. We will furnish annually to each of our shareholders a statement setting forth distributions paid during the preceding year and their characterization as ordinary income, return of capital or capital gains.

The following table presents total distributions declared and paid and distributions per share as well as the source of payment of such distributions, for the years ended December 31, 2014 and 2013 (in thousands, except per share amounts):

2014 Quarters	First	Second	Third	Fourth
Total distributions declared and paid	$ 29,820	$ 29,862	$ 29,854	$ 29,852
Distributions per share	$ 0.126	$ 0.126	$ 0.126	$ 0.126
Amount of distributions per share funded by cash flows provided by operations	$ 0.126	$ 0.126	$ 0.126	$ 0.126
2013 Quarters	**First**	**Second**	**Third**	**Fourth**
Total distributions declared and paid	$ 37,272	$ 35,486	$ 29,562	$ 29,794
Distributions per share	$ 0.150	$ 0.150	$ 0.125	$ 0.126
Amount of distributions per share funded by cash flows provided by operations	$ 0.1213	$ 0.1053	$ 0.125	$ 0.126
Amount of distributions per share funded by uninvested proceeds from financings of our properties	$ 0.0287	$ 0.0447	$ —	$ —

On April 29, 2014, our Board of Trustees approved a monthly distribution of $0.042 per common share for each of the months of July, August and September of 2014. The July dividend was paid on August 7, 2014 to all shareholders of record on July 31, 2014, the August dividend was paid on September 8, 2014 to all shareholders of record on August 29, 2014, and the September dividend was paid on October 7, 2014 to all shareholders of record on September 30, 2014.

On July 31, 2014, our Board of Trustees approved a monthly distribution of $0.042 per common share for each of the months of October, November and December of 2014. The October dividend was paid on November 7, 2014 to all shareholders of record on October 30, 2014, the November dividend was paid on December 8, 2014 to all shareholders of record on November 26, 2014, and the December dividend was paid on January 7, 2015 to all shareholders of record on December 30, 2014.

On October 27, 2014, our Board of Trustees approved a monthly distribution of $0.0425 per common share for each of the months of January, February and March of 2015. The January dividend was paid on February 6, 2015 to all shareholders of record on January 30, 2015, the February dividend will be paid on March 6, 2015 to all shareholders of record on February 27, 2015, and the March dividend will be paid on April 8, 2015 to all shareholders of record on March 31, 2015.

On February 20, 2015, our Board of Trustees approved a monthly distribution of $0.0425 per common share for each of the months of April, May and June of 2015. The April dividend will be paid on May 8, 2015 to all shareholders of record on April 30, 2015, the May dividend will be paid on June 8, 2015 to all shareholders of record on May 29, 2015, and the June dividend will be paid on July 9, 2015 to all shareholders of record on June 30, 2015.

Historical Cash Flows

Our net cash provided by operating activities increased by $29.1 million to $161.8 million for the year ended December 31, 2014, compared to $132.7 million for the year ended December 31, 2013. The increase was primarily due to Net Operating Income generated by the properties acquired or consolidated since January 1, 2013. In addition, we paid expenses to our former investment advisor during the year ended December 31, 2013 that were accrued for as of December 31, 2012.

Net cash used in investing activities was $24.6 million for the year ended December 31, 2014, compared to $271.7 million for the year ended December 31, 2013. The decrease was primarily attributable to proceeds of $122.8 million received from the sale of our four office properties and $58.3 million of distributions received due to the sale of four office properties through the Duke JV and the partial sale of a property

through CBRE Strategic Partners Asia which offset the increase of $63.8 million paid for acquisitions during the current period as compared to the prior year period. In addition, we also made contributions to our unconsolidated entities to repay various notes payable secured by properties held within the joint ventures in the prior year period.

Net cash used in financing activities increased by $294.0 million to $179.3 million for the year ended December 31, 2014, compared to net cash provided by financing activities of $114.7 million for the year ended December 31, 2013. During the year ended December 31, 2013, we received $570.0 million from borrowings under our unsecured term loan facilities offset by $172.4 million paid to complete our Tender Offer.

Off-Balance Sheet Arrangements

As of December 31, 2014, we had four Investments in Unconsolidated Entities: (i) a 5.07% ownership interest in CBRE Strategic Partners Asia; (ii) an 80% ownership interest in the Duke JV; (iii) an 80% ownership interest in the Goodman Princeton Holdings (Jersey) Limited joint venture (the "UK JV"); and (iv) an 80% ownership interest in the Goodman Princeton Holdings (LUX) SARL joint venture (the "European JV"). Our investments are discussed in Note 4, to the accompanying consolidated financial statements "Investments in Unconsolidated Entities."

Inflation

The real estate market has not been affected significantly by inflation in the past several years due to the relatively low inflation rate. We expect to include provisions in the majority of our tenant leases designed to protect us from the impact of inflation. We expect these provisions will include reimbursement billings for operating expense pass-through charges, real estate tax and insurance reimbursements, or in some cases, annual reimbursement of operating expenses above a certain allowance. Due to the generally long-term nature of these leases, annual rent increases may not be sufficient to cover inflation and rent may be below market.

Non-GAAP Supplemental Financial Measures: FFO, Core FFO and AFFO

Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, many industry analysts and investors consider presentations of operating results for REITs that use historical cost accounting to be insufficient. Consequently, the National Association of Real Estate Investment Trusts, or NAREIT, created Funds from Operations, or FFO, as a supplemental measure of REIT operating performance.

FFO is a non-GAAP measure that is commonly used in the real estate industry. The most directly comparable GAAP measure to FFO is net income. FFO, as we define it, is presented as a supplemental financial measure. Management believes that FFO is a useful supplemental measure of REIT performance. FFO does not present, nor do we intend for it to present, a complete picture of our financial condition and/or operating performance. We believe that net income, as computed under GAAP, appropriately remains the primary measure of our performance and that FFO, when considered in conjunction with net income, improves the investing public's understanding of the operating results of REITs and makes comparisons of REIT operating results more meaningful.

We compute FFO in accordance with standards established by NAREIT. Modifications to the NAREIT calculation of FFO are common among REITs, as companies seek to provide financial measures that meaningfully reflect their business and provide greater transparency to the investing public as to how the management team considers their results of operations. As a result, our FFO may not be comparable to FFO as reported by other REITs that do not compute FFO in accordance with the NAREIT definition, or that interpret the NAREIT definition differently than we do. The revised NAREIT White Paper on FFO defines FFO as net income or loss computed in accordance with GAAP, excluding extraordinary items, as defined by GAAP, impairment charges and gains and losses from sales of depreciable operating property, plus real estate related depreciation and amortization (excluding amortization of deferred financing costs and depreciation of non-real estate assets), and after adjustment for unconsolidated partnerships and joint ventures.

Management believes that NAREIT's definition of FFO reflects the fact that real estate, as an asset class, generally appreciates over time, and that depreciation charges required by GAAP do not always reflect the underlying economic realities. Likewise, the exclusion from NAREIT's definition of FFO of impairment charges and gains and losses from the sales of previously depreciated operating real estate assets allows investors and analysts to readily identify the operating results of the long-term assets that form the core of a REIT's activity and assists in comparing those operating results between periods. Thus, FFO provides a performance measure that, when compared year over year, reflects the impact on our operations from trends in occupancy rates, rental rates and operating costs. Management also believes that FFO provides useful information to the investment community about our financial performance when compared to other REITs, since FFO is generally recognized as the industry standard for reporting the operations of REITs.

However, changes in the accounting and reporting rules under GAAP (for acquisition fees and expenses from a capitalization/depreciation model to an expensed-as-incurred model) that have been put into effect since the establishment of NAREIT's definition of FFO have prompted an increase in the non-cash and non-operating items included in FFO. We calculate Core FFO as FFO exclusive of the net effects of acquisition costs, interest rate swap gains/losses, transition and listing costs, and unrealized gain/loss in investments in unconsolidated entities. Core FFO is a useful measure to management's decision-making process. As discussed below, period to period fluctuations in the excluded items can be driven by short-term factors that are not particularly relevant to our long-term investment decisions, long-term capital structures or long-term tax planning and tax structuring decisions.

We believe that Core FFO appropriately presents our results of operations on a comparative basis. The items that we exclude from net income are subject to significant fluctuations from period to period that cause both positive and negative effects on our results of operations, often in inconsistent and unpredictable directions. For example, our acquisition costs are primarily the result of the volume of our acquisitions completed during each period, and therefore we believe such acquisition costs are not reflective of our operating results during each period. Similarly, unrealized gains or losses that we have recognized during a given period are based primarily upon changes in the estimated fair market value of certain of our investments due to changes in market conditions and do not necessarily reflect the operating performance of these properties during the corresponding period. During the year ended December 31, 2012, the Company began the process of transitioning from being an externally managed company to a self-managed company and we believe the costs incurred to accomplish this transition involve many costs which are being excluded to arrive at Core FFO. Lastly, we incurred certain costs during the year ended December 31, 2013, in connection with the Listing and the Tender Offer and believe the costs incurred should also be excluded to arrive at Core FFO.

We believe that Core FFO is useful to investors as a supplemental measure of operating performance. We believe that adjusting FFO to exclude acquisition costs provides investors a view of the performance of our portfolio over time, including if we cease to acquire properties on a frequent and regular basis and allows for a comparison of the performance of our portfolio with other REITs that are not currently engaging in acquisitions. We also believe that Core FFO may provide investors with a useful indication of our future performance, and of the sustainability of our current distribution policy. However, because Core FFO excludes acquisition costs, which are important components in an analysis of our historical performance, such supplemental measure should not be construed as a historical performance measure and may not be as useful a measure for estimating the value of our common shares.

We calculate AFFO as Core FFO exclusive of the net effects of (i) amortization associated with deferred financings costs; (ii) amortization of above- and below-market lease intangibles; (iii) amortization of premium on notes payable; (iv) amortization of deferred revenue related to tenant improvements, (v) deferred income taxes; (vi) share-based and other non-cash compensation expense; (vii) deferred straight-line rental revenue; and (viii) recurring capital expenditures.

FFO, Core FFO and AFFO measure cash generated from operating activities not in accordance with GAAP and should not be considered as alternatives to (i) net income (determined in accordance with GAAP), as indications of our financial performance, or (ii) to cash flow from operating activities (determined in accordance with GAAP) as measures of our liquidity, nor are they indicative of funds available to fund our cash needs, including our ability to make cash distributions. We believe that to further understand our performance, each of FFO, Core FFO and AFFO, should be compared with our reported net income and considered in addition to cash flows in accordance with GAAP, as presented in our Consolidated Financial Statements.

Not all REITs calculate FFO, Core FFO and AFFO (or an equivalent measure), in the same manner and therefore comparisons with other REITs may not be meaningful.

The following table presents our FFO, Core FFO and AFFO for the years ended December 31, 2014, 2013 and 2012 (in thousands, except share data):

	Year Ended December 31,		
	2014	2013	2012
Reconciliation of Net Income (Loss) to FFO, Core FFO and AFFO			
Net Income (Loss)	$ 19,048	$ 83,346	$ (43,008)
Real Estate Depreciation and Amortization	108,816	103,209	73,653
Pro Rata Share of Real Estate Depreciation and Amortization from Unconsolidated Entities	32,313	35,785	55,280
Impairment of Real Estate	27,563	—	—
Gain on Conversion of Equity Interest to Controlling Interest	—	(75,763)	—
(Gain) Loss on Sale of Real Estate	(21,164)	(2,759)	413
Pro Rata Share of Gain on Sale of Real Estate from Unconsolidated Entities	(13,638)	(2,823)	—
Pro Rata Share of Realized (Gain) Loss on Investment in CBRE Strategic Partners Asia	(896)	2,063	(443)
Funds from Operations	$ 152,042	$ 143,058	$ 85,895
Acquisition-Related Expenses	2,272	2,690	7,752
Pro Rata Share of Acquisition-Related Expense from Unconsolidated Entities	—	4,249	549
Loss on Early Extinguishment of Debt	477	1,051	17,284
Pro Rata Share of Loss on Early Extinguishment of Debt from Unconsolidated Entities	1,378	214	—
Severance-Related Expense	6,525	—	—
Net Change in Fair Value of Non-Qualifying Derivative Financial Instruments	(71)	(1,772)	(564)
Transition and Listing Expenses	—	12,681	8,249
Pro Rata Share of Unrealized Loss (Gain) on Investment in CBRE Strategic Partners Asia	854	(4,046)	70
Core Funds from Operations	$ 163,477	$ 158,125	$ 119,235
Amortization of Non-Cash Interest Expense	(1,112)	(367)	862
Pro Rata Share of Amortization of Non-Cash Interest Expense from Unconsolidated Entities	463	529	825
Amortization of Above and Below Market Leases	5,292	6,402	2,485
Pro Rata Share of Amortization of Above/Below Market Leases from Unconsolidated Entities	(212)	(195)	610
Amortization of Deferred Revenue Related to Tenant Improvements	(966)	(1,185)	—
Share-Based Compensation	3,326	1,907	245
Straight-Line Rent Adjustments, Net	(6,109)	(10,269)	(7,491)
Pro Rata Share of Straight-Line Rent Adjustments, Net from Unconsolidated Entities	1,348	(4,250)	(6,470)
Recurring Capital Expenditures	(12,625)	(7,939)	(3,742)
Pro Rata Share of Recurring Capital Expenditures from Unconsolidated Entities	(1,539)	(3,288)	(1,789)
Adjusted Funds from Operations	$ 151,343	$ 139,470	$ 104,770
Amounts per Share (Basic and Diluted):			
Net Income (Loss)	$ 0.08	$ 0.34	$ (0.17)
Funds from Operations	$ 0.64	$ 0.59	$ 0.35
Core Funds from Operations	$ 0.69	$ 0.65	$ 0.48
Adjusted Funds from Operations	$ 0.64	$ 0.58	$ 0.42

Subsequent Events

On January 9, 2015, our Board of Trustees' independent trustees, Messrs. Charles Black, Mark Brugger, James Francis, James Orphanides and Louis Salvatore, were awarded restricted share units ("RSUs") under the Company's 2013 Equity Incentive Plan on the following terms: (i) (y) Mr. Black was awarded 20,000 RSUs, and (z) Messrs. Brugger, Francis, Orphanides and Salvatore each were awarded 5,000 RSUs; and (ii) each award is subject to a mandatory deferral program. Pursuant to the mandatory deferral program, each RSU entitles a holder to receive one common share upon the earlier of (i) the sixth month anniversary of the holder's separation of service from the Company, and (ii) a change in control of the Company. Each RSU also entitles a holder to receive an amount equal to the dividends paid on one common share.

On January 23, 2015, the Duke JV sold an office property located in Raleigh, North Carolina for approximately $20.6 million, of which our pro rata share was approximately $16.4 million.

On February 2, 2015, we paid off the notes payable secured by One Wayside Road in the amount of $23.8 million prior to their maturity dates of August 1, 2015.

On February 10, 2015, we acquired a 11.8 acre undeveloped parcel in Goodyear, Arizona for a price of $1.7 million.

On February 20, 2015, our Board of Trustees approved a monthly distribution of $0.0425 per common share for each of the months of April, May and June of 2015. The April dividend will be paid on May 8, 2015 to all shareholders of record on April 30, 2015, the May dividend will be paid on June 8, 2015 to all shareholders of record on May 29, 2015, and the June dividend will be paid on July 9, 2015 to all shareholders of record on June 30, 2015.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES AND ABOUT MARKET RISK

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. In pursuing our business plan, we expect that the primary market risk to which we will be exposed is interest rate risk.

We may be exposed to the effects of interest rate changes primarily as a result of long-term debt used to maintain liquidity and fund expansion of our real estate investment portfolio and operations. Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve our objectives, we will borrow at fixed rates or variable rates and, in some cases, with the ability to convert variable rates to fixed rates. We may also enter into derivative financial instruments such as interest rate swaps and caps in order to mitigate our interest rate risk on a related financial instrument. We will not enter into derivative or interest rate transactions for speculative purposes. To illustrate the effect of movements in the interest rate markets, we performed a market sensitivity analysis on our outstanding hedging instruments. We applied various basis point spreads to the underlying interest rate curves of the derivative portfolio in order to determine the instruments' change in fair value. The following tables summarize the results of the analysis performed for the years ended December 31, 2014 and 2013, respectively (amounts in thousands):

			Effects of Change in Interest Rates as of December 31, 2014			
Type of Instrument	Notional Amount	Maturity Date	-100 Basis Points	-50 Basis Points	+50 Basis Points	+100 Basis Points
Qualifying Interest Rate Swap on Point West I Debt	$ 10,716	12/6/2016	(138)	(86)	99	199
Qualifying Interest Rate Swap on Wells Fargo Term Loan #2	$ 200,000	3/7/2018	(5,068)	(2,856)	3,007	5,961
Qualifying Interest Rate Swap on Atrium I Debt	$ 21,580	5/31/2018	(566)	(312)	333	659
Qualifying Interest Rate Swap on Wells Fargo Term Loan #3	$ 200,000	1/15/2019	(7,716)	(3,861)	3,759	7,445
Qualifying Interest Rate Swap on Easton III Debt	$ 6,280	1/31/2019	(227)	(114)	116	228
Qualifying Interest Rate Swap on TD Term Loan	$ 50,000	3/6/2020	(2,441)	(1,220)	1,178	2,322
Qualifying Interest Rate Swap on Capital One Term Loan	$ 120,000	1/31/2021	(6,892)	(3,405)	3,318	6,590

Type of Instrument		Notional Amount	Maturity Date	Effects of Change in Interest Rates as of December 31, 2013 -100 Basis Points	-50 Basis Points	+50 Basis Points	+100 Basis Points
Qualifying Interest Rate Swap on Maskew Retail Park Debt(1)	$	23,161	8/10/2014	(75)	(64)	64	128
Qualifying Interest Rate Swap on Point West I Debt	$	11,041	12/6/2016	(195)	(133)	147	299
Qualifying Interest Rate Swap on Wells Fargo Term Loan #2	$	200,000	3/7/2018	(8,212)	(4,175)	3,757	7,546
Qualifying Interest Rate Swap on Atrium I Debt	$	22,516	5/31/2018	(849)	(446)	419	843
Qualifying Interest Rate Swap on Wells Fargo Term Loan #3	$	200,000	1/15/2019	(9,712)	(4,935)	4,518	9,040
Qualifying Interest Rate Swap on Easton III Debt	$	6,466	1/31/2019	(288)	(151)	139	280
Qualifying Interest Rate Swap on TD Term Loan	$	50,000	3/6/2020	(2,883)	(1,446)	1,330	2,645
Qualifying Interest Rate Swap on Capital One Term Loan	$	120,000	1/31/2021	(8,055)	(4,115)	3,610	7,264

(1) Based on three month GBP-based LIBOR BBA Index with variable rate reset dates every 90 days during the term of the swaps.

The estimated fair value of our investment in CBRE Strategic Partners Asia is most sensitive to changes in capitalization rates for commercial properties in large urban areas in China, and among other factors, is also sensitive to currency exchange rate fluctuations and changes in the interest rates of China and the U.S., respectively. Decreases in capitalization rates and increases in interest rates generally increase the value of our investments. Changes in currency exchanges rates where the U.S. Dollar increases in value against the Chinese Yuan generally decrease the value of our investments.

Upon the maturity of our debt, there is a market risk as to the prevailing rates at the time of refinancing. Changes in market rates on our fixed-rate debt affect the fair market value of our debt but it has no impact on interest expense or cash flow. A 100 basis point increase or decrease in interest rates on our fixed rate debt would not increase or decrease our annual interest expense on our fixed rate debt.

A 100 basis point increase in interest rates would decrease the fair market value of our notes payable and unsecured term loan facilities by $40.0 million at December 31, 2014.

In addition to changes in interest rates, the value of our real estate is subject to fluctuations based on changes in local and regional economic conditions and changes in the creditworthiness of lessees, which may affect our ability to refinance our debt if necessary.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Part IV Item 15 beginning on page F-2 of this Annual Report on Form 10-K incorporated herein by reference.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We have formally adopted a policy for disclosure controls and procedures that provides guidance on the evaluation of disclosure controls and procedures and is designed to ensure that all corporate disclosure is complete and accurate in all material respects and that all information required to be disclosed in the periodic reports submitted by us under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods and in the manner specified in the Securities and Exchange Commission's rules and forms and that disclosure controls and procedures were effective to ensure that the information required to be disclosed by us is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only

reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in our periodic reports.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, as required by the Securities Exchange Act Rule 13(a)-15(e), our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rules 13a-15(f), including maintenance of (i) records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets, and (ii) policies and procedures that provide reasonable assurance that (a) transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, (b) our receipts and expenditures are being made only in accordance with authorizations of management and our Board of Trustees and (c) we will prevent or timely detect unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of the inherent limitations of any system of internal control. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses of judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper overriding of controls. As a result of such limitations, there is risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria established in *Internal Control —Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2014. The effectiveness of internal control over financial reporting as of December 31, 2014 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Changes in Internal Controls Over Financial Reporting

No changes in internal control over financial reporting occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and the Stockholders of
Chambers Street Properties
Princeton, New Jersey

We have audited the internal control over financial reporting of Chambers Street Properties and subsidiaries (the "Company") as of December 31, 2014, based on the criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2014 of the Company and our report dated March 2, 2015 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP
Los Angeles, California
March 2, 2015

ITEM 9B. OTHER INFORMATION

None.

PART III.

ITEM 10. TRUSTEES, EXECUTIVE OFFICERS OF THE REGISTRANT AND CORPORATE GOVERNANCE

The information required by Item 10 will be set forth in our Definitive Proxy Statement for our 2015 Annual Meeting of Shareholders, expected to be filed pursuant to Regulation 14A under the Securities and Exchange Act of 1934, as amended, on or about April 29, 2015 (the "2015 Proxy Statement"), and is incorporated herein by reference in accordance with General Instruction G(3) to Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 will be set forth in the 2015 Proxy Statement and is incorporated herein by reference.

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

The information required by Item 12 will be set forth in the 2015 Proxy Statement and is incorporated herein by reference.

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

The information required by Item 13 will be set forth in the 2015 Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 will be set forth in the 2015 Proxy Statement and is incorporated herein by reference.

PART IV.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

a) Financial Statements and Schedules

Reference is made to the "Index to Consolidated Financial Statements" of this report and the Consolidated Financial Statements included herein, beginning on page F-2.

b) Exhibits

In reviewing the agreements included as exhibits to this Annual Report on Form 10-K, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about us may be found elsewhere in this Annual Report on Form 10-K and our other public filings, which are available without charge through the SEC's website at http://www.sec.gov.

The following exhibits are filed as part of this Annual Report on Form 10-K.

EXHIBIT INDEX

Exhibit No.	
3.1	Articles of Amendment and Restatement to the Declaration of Trust of Chambers Street Properties (Previously filed as Exhibit 3.2 to the Current Report on Form 8-K (File No. 001-35933) filed June 26, 2013 and incorporated herein by reference).
3.2	Fourth Amended and Restated Bylaws of Chambers Street Properties (Previously filed as Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-35933) filed June 26, 2013 and incorporated herein by reference).
3.3	Form of Certificate for Common Shares (Previously filed as Exhibit 4.1 to the Registration Statement on Form S-3 (No. 333-192137) automatically effective upon filing on November 6, 2013 and incorporated herein by reference).
10.1†	2013 Equity Incentive Plan (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35933) filed June 4, 2013 and incorporated herein by reference).
10.2†	Form of Liquidity Award Agreement (Previously filed as Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-35933) filed June 26, 2013 and incorporated herein by reference).
10.3†	Form of Share Award Agreement (Previously filed as Exhibit 10.3 to the Current Report on Form 8-K (File No. 001-35933) filed June 26, 2013 and incorporated herein by reference).
10.4	Third Amended and Restated Agreement of Limited Partnership, by and among CB Richard Ellis Realty Trust and the limited partners named therein, dated April 27, 2012 (Previously filed as Exhibit 10.3 to the Current Report on Form 8-K (File 000-53200) filed April 30, 2012 and incorporated herein by reference).
10.5	Amendment No. 1 to the Third Amended and Restated Agreement of Limited Partnership, by and among Chambers Street Properties and the limited partners named therein, entered into as of July 1, 2012 (Previously filed as Exhibit 10.7 to the Quarterly Report on Form 10-Q (File 000-53200) filed August 14, 2012 and incorporated herein by reference).
10.6	Contribution Agreement, dated May 5, 2008, by and among Duke Realty Limited Partnership, Duke/Hulfish, LLC and CBRE Operating Partnership, L.P. (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File No. 000-53200) filed May 6, 2008 and incorporated herein by reference).
10.7	First Amendment to the Contribution Agreement, by and between Duke Realty Limited Partnership, Duke/Hulfish LLC and CBRE Operating Partnership, L.P. dated September 12, 2008 (Previously filed as Exhibit 10.7 to the Quarterly Report on Form 10-Q (File No. 000-53200) filed November 14, 2008 and incorporated herein by reference).
10.8	Shareholders' Agreement by and among Goodman Europe Development Trust, RT Princeton CE Holdings, LLC and Goodman Princeton Holdings (LUX) S.À R.L., dated June 10, 2010 (Previously filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 000-53200) filed August 13, 2010 and incorporated herein by reference).
10.9	Shareholders' Agreement by and among Goodman Jersey Holdings Trust, RT Princeton UK Holdings, LLC and Goodman Princeton Holdings (Jersey) Limited, dated June 10, 2010 (Previously filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q (File No. 000-53200) filed August 13, 2010 and incorporated herein by reference).
10.10	Duke/Hulfish, LLC Amended and Restated Limited Liability Company Agreement, by and between CBRE Operating Partnership, L.P. and Duke Realty Limited Partnership, dated December 17, 2010 (Previously filed as Exhibit 10.3 to the Current Report on Form 8-K (File 000-53200) filed December 23, 2010 and incorporated herein by reference).
10.11	Assumption of Mortgage and Security Agreement by and among U.S. Bank National Association, as trustee, as successor-in-interest to Bank of America, National Association, as successor by merger to LaSalle Bank National Association, as trustee for the registered holders of LB-UBS Commercial Mortgage Trust 2006-C4, Commercial Mortgage Pass-through Certificates, Series 2006-C4, 70 Hudson Street L.L.C., 70 Hudson Street Urban Renewal Associates, L.L.C., Hartz Financial Corp., RT 70 Hudson Street LLC, RT 70 Hudson Street Urban Renewal, LLC, CBRE Operating Partnership, L.P., and CB Richard Ellis Realty Trust dated April 11, 2011 (Previously filed as Exhibit 10.36 to Post-Effective Amendment No. 9 to the Registration Statement on Form S-11 (File No. 333-152653) filed on April 21, 2011 and incorporated herein by reference).
10.12	Loan Agreement, by and between 70 Hudson Street L.L.C., 70 Hudson Street Urban Renewal Associates, L.L.C. and Lehman Brothers Bank, FSB dated April 11, 2006 (Previously filed as Exhibit 10.37 to Post-Effective Amendment No. 9 to the Registration Statement on Form S-11 (File No. 333-152653) filed on April 21, 2011 and incorporated herein by reference).

Exhibit No.	
10.13	Loan Assumption and Modification Agreement, by and among RT 90 Hudson, LLC and 90 Hudson Street L.L.C. and Teachers Insurance and Annuity Association of America dated April 11, 2011 (Previously filed as Exhibit 10.38 to Post-Effective Amendment No. 9 to the Registration Statement on Form S-11 (File No. 333-152653) filed on April 21, 2011 and incorporated herein by reference).
10.14	Omnibus Amendment to Loan Documents, by and between RT 90 Hudson, LLC and Teachers Insurance and Annuity Association of America dated July 14, 2011 (Previously filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q (File 000-53200) filed August 15, 2011 and incorporated herein by reference).
10.15	Amended and Restated Promissory Note, by and between RT 90 Hudson, LLC and Teachers Insurance and Annuity Association of America dated July 14, 2011 (Previously filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q (File 000-53200) filed August 15, 2011 and incorporated herein by reference).
10.16	Transition to Self-Management Agreement, by and among CB Richard Ellis Realty Trust, CBRE Operating Partnership, L.P., CBRE Global Investors, LLC and CBRE Advisors LLC, dated April 27, 2012 (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File 000-53200) filed April 30, 2012 and incorporated herein by reference).
10.17†	Employment Agreement by and among Chambers Street Properties, CSP Operating Partnership, LP and Jack A. Cuneo (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File 000-53200) filed October 1, 2012 and incorporated herein by reference).
10.18†	Employment Agreement by and among Chambers Street Properties, CSP Operating Partnership, LP and Philip L. Kianka (Previously filed as Exhibit 10.2 to the Current Report on Form 8-K (File 000-53200) filed October 1, 2012 and incorporated herein by reference).
10.19†	Employment Agreement by and among Chambers Street Properties, CSP Operating Partnership, LP and Martin A. Reid (Previously filed as Exhibit 10.3 to the Current Report on Form 8-K (File 000-53200) filed October 1, 2012 and incorporated herein by reference).
10.20	First Amendment, dated March 1, 2013, to the Amended and Restated Limited Liability Company Agreement of Duke/Hulfish, LLC, by and between CSP Operating Partnership, LP and Duke Realty LImited Partnership (previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File 000-53200) filed March 7, 2013 and incorporated herein by reference).
10.21	Amended, Restated and Consolidated Credit Agreement, dated September 26, 2013, by and among CSP Operating Partnership, LP as Borrower, Chambers Street Properties, as Parent, the financial institutions party thereto as Lenders, and Wells Fargo Bank, National Association, as Administrative Agent, Wells Fargo Securities, LLC and RBC Capital Markets, as Joint Lead Arrangers and Joint Bookrunners, Royal Bank of Canada, as Syndication Agent, and each of Bank of America, N.A., Bank of Montreal, Citibank, N.A., JPMorgan Chase Bank, N.A., Regions Bank, and Union Bank, N.A., as a Documentation Agent (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35933) filed October 1, 2013 and incorporated herein by reference).
10.22	Equity Distribution Agreement, dated November 6, 2013, by and among the Company, CSP Operating Partnership, LP and Wells Fargo Securities, LLC (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35933) filed November 7, 2013 and incorporated herein by reference).
10.23	Equity Distribution Agreement, dated November 6, 2013, by and among the Company, CSP Operating Partnership, LP and Citigroup Global Markets Inc. (Previously filed as Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-35933) filed November 7, 2013 and incorporated herein by reference).
10.24	Equity Distribution Agreement, dated November 6, 2013, by and among the Company, CSP Operating Partnership, LP and Merrill Lynch, Pierce, Fenner & Smith Incorporated (Previously filed as Exhibit 10.3 to the Current Report on Form 8-K (File No. 001-35933) filed November 7, 2013 and incorporated herein by reference).
10.25	Equity Distribution Agreement, dated November 6, 2013, by and among the Company, CSP Operating Partnership, LP and RBC Capital Markets, LLC (Previously filed as Exhibit 10.4 to the Current Report on Form 8-K (File No. 001-35933) filed November 7, 2013 and incorporated herein by reference).
10.26†	First Amendment to Employment Agreement by and among Chambers Street Properties, CSP Operating Partnership, LP and Martin A. Reid (Previously filed as Exhibit 10.36 to the Annual Report on Form 10-K (File No. 001-359333) filed March 3, 2014 and incorporated herein by reference).

Exhibit No.	
10.27†	Incentive Bonus Plan (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35933) filed July 31, 2014 and incorporated herein by reference).
10.28†	Form of Restricted Share Award Agreement (Previously filed as Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-35933) filed July 31, 2014 and incorporated herein by reference).
10.29†	Form of Restricted Share Unit Award Agreement (Previously filed as Exhibit 10.3 to the Current Report on Form 8-K (File No. 001-35933) filed July 31, 2014 and incorporated herein by reference).
10.30†	Form of Amended and Restated Indemnification Agreement (Previously filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-35933) filed November 3, 2014 and incorporated herein by reference).
10.31†	Memorandum of Retirement, dated November 9, 2014, by and among Chambers Street Properties, CSP Operating Partnership, LP and Jack A. Cuneo (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35933) filed November 10, 2014 and incorporated herein by reference).
10.32†	Form of Restricted Share Unit Award Agreement for Non-Employee Trustees (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35933) filed January 9, 2015 and incorporated herein by reference).
10.33†	Form of Restricted Share Unit Award Agreement for Employees, filed herewith.
10.34†	Form of Performance Vesting Restricted Share Unit Award Agreement, filed herewith.
12.1	Statement of Computation of Ratios, filed herewith.
21.1	List of Subsidiaries of Chambers Street Properties, filed herewith.
23.1	Consent of Deloitte & Touche LLP, filed herewith.
23.2	Consent of KPMG LLP, filed herewith.
24.1	Power of Attorney (included on the signature page to this Annual Report on Form 10-K).
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.1	Certification by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.2	Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
101*	The following materials from Chambers Street Properties' Annual Report on Form 10-K for the year ended December 31, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Cash Flows, (iv) the Consolidated Statements of Shareholders' Equity and Non-Controlling Interest and (v) the Notes to the Consolidated Financial Statements, filed herewith.

† Denotes a management contract or compensatory plan, contract or arrangement.

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CHAMBERS STREET PROPERTIES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and the Stockholders of
Chambers Street Properties
Princeton, New Jersey

We have audited the accompanying consolidated balance sheets of Chambers Street Properties and subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits. We did not audit the financial statements of Duke/Hulfish, LLC ("Duke"), the Company's investment in which is accounted for by use of the equity method. The Company's equity in the net assets of Duke was $239,376,000 and $292,548,000 as of December 31, 2014 and 2013, respectively, and its equity in the net income (loss) of Duke was $20,147,000, $3,914,000, and ($786,000) for the years ended December 31, 2014, 2013, and 2012, respectively. The financial statements of Duke were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Duke, is based solely on the report of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors (as to the amounts included for Duke/Hulfish, LLC), such consolidated financial statements present fairly, in all material respects, the financial position of Chambers Street Properties and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, based on our audits and (as to the amounts included for Duke) the report of the other auditors, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for and disclosure of discontinued operations for the year ended December 31, 2014 due to the adoption of Accounting Standards Update 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 2, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting based on our audit.

/s/ DELOITTE & TOUCHE LLP

Los Angeles, California
March 2, 2015

CHAMBERS STREET PROPERTIES

Consolidated Balance Sheets
as of December 31, 2014 and 2013
(In Thousands, Except Share Data)

	December 31, 2014	December 31, 2013
ASSETS		
Investments in Real Estate:		
Land	$ 630,840	$ 639,382
Land Available for Expansion	23,368	24,631
Buildings and Improvements	1,674,955	1,606,209
	2,329,163	2,270,222
Less: Accumulated Depreciation and Amortization	(239,973)	(195,778)
Net Investments in Real Estate	2,089,190	2,074,444
Investments in Unconsolidated Entities	423,693	514,802
Cash and Cash Equivalents	40,139	83,007
Restricted Cash	14,718	15,236
Tenant and Other Receivables, Net	11,216	10,394
Deferred Rent	39,429	35,499
Deferred Leasing Costs and Intangible Assets, Net	220,490	248,872
Deferred Financing Costs, Net	9,321	11,585
Prepaid Expenses and Other Assets	21,612	16,757
Total Assets	$ 2,869,808	$ 3,010,596
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Secured Notes Payable, Net	$ 610,608	$ 681,200
Unsecured Term Loan Facilities	570,000	570,000
Unsecured Revolving Credit Facility	200,044	170,044
Accounts Payable, Accrued Expenses and Other Liabilities	76,421	50,053
Intangible Liabilities, Net	26,248	28,070
Prepaid Rent and Security Deposits	15,569	16,648
Distributions Payable	9,951	9,931
Total Liabilities	1,508,841	1,525,946
COMMITMENTS AND CONTINGENCIES (NOTE 13)		
SHAREHOLDERS' EQUITY		
Common Shares of Beneficial Interest, $0.01 par value, 990,000,000 shares authorized; 236,920,675 and 236,463,981 issued and outstanding as of December 31, 2014 and 2013, respectively	2,364	2,359
Additional Paid-in-Capital	2,071,526	2,067,008
Accumulated Deficit	(689,654)	(589,313)
Accumulated Other Comprehensive (Loss) Income	(23,269)	4,596
Total Shareholders' Equity	1,360,967	1,484,650
Total Liabilities and Shareholders' Equity	$ 2,869,808	$ 3,010,596

See accompanying notes to consolidated financial statements.

CHAMBERS STREET PROPERTIES

Consolidated Statements of Operations
For the Years Ended December 31, 2014, 2013 and 2012
(In Thousands, Except Share and per Share Data)

	Year Ended December 31,		
	2014	2013	2012
REVENUES			
Rental	$ 210,180	$ 196,706	$ 145,432
Tenant Reimbursements	59,730	53,306	33,411
Other Property Income	1,780	—	—
Total Revenues	271,690	250,012	178,843
EXPENSES			
Property Operating	36,757	31,221	21,464
Real Estate Taxes	39,567	37,971	22,636
General and Administrative	31,333	23,138	14,660
Investment Management Fee	—	489	29,695
Acquisition-Related	2,272	2,690	7,752
Depreciation and Amortization	109,292	102,793	72,383
Impairment of Real Estate	27,563	—	—
Transition and Listing	—	12,681	8,249
Total Expenses	246,784	210,983	176,839
OTHER EXPENSES AND INCOME			
Interest and Other Income	652	1,321	2,235
Interest Expense	(55,311)	(47,295)	(33,845)
Interest Expense and Net Change in Fair Value of Non-Qualifying Derivative Financial Instruments	71	614	(118)
Gain on Sale of Real Estate	21,164	—	—
Loss on Early Extinguishment of Debt	(477)	(1,051)	(17,284)
Gain on Conversion of Equity Interest to Controlling Interest	—	75,763	—
Total Other (Expenses) Income	(33,901)	29,352	(49,012)
(Loss) Income Before Provision for Income Taxes and Equity in Income of Unconsolidated Entities	(8,995)	68,381	(47,008)
Provision For Income Taxes	(780)	(287)	(266)
Equity in Income of Unconsolidated Entities	28,823	12,111	3,959
INCOME (LOSS) FROM CONTINUING OPERATIONS	**19,048**	**80,205**	**(43,315)**
DISCONTINUED OPERATIONS			
Income from Discontinued Operations	—	382	720
Gain (Loss) on Sale of Real Estate	—	2,759	(413)
TOTAL INCOME FROM DISCONTINUED OPERATIONS	—	3,141	307
NET INCOME (LOSS)	**19,048**	**83,346**	**(43,008)**
Net (Income) Loss Attributable to Non-Controlling Operating Partnership Units	—	(82)	32
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ 19,048**	**$ 83,264**	**$ (42,976)**
Basic and Diluted Net Income (Loss) Per Share from Continuing Operations Attributable to Common Shareholders	$ 0.08	$ 0.33	$ (0.17)
Basic and Diluted Net Income (Loss) Per Share Attributable to Common Shareholders	$ 0.08	$ 0.34	$ (0.17)
Weighted Average Common Shares Outstanding-Basic and Diluted	236,866,656	242,379,680	248,154,277

See accompanying notes to consolidated financial statements.

CHAMBERS STREET PROPERTIES

Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended December 31, 2014, 2013 and 2012
(In Thousands)

	Year Ended December 31,		
	2014	2013	2012
NET INCOME (LOSS)	$ 19,048	$ 83,346	$ (43,008)
Foreign Currency Translation (Loss) Gain	(19,183)	7,834	4,415
Swap Fair Value Adjustments	(8,682)	5,349	10,662
COMPREHENSIVE (LOSS) INCOME	(8,817)	96,529	(27,931)
Comprehensive (Income) Loss Attributable to Non-Controlling Operating Partnership Units	—	(85)	17
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (8,817)	$ 96,444	$ (27,914)

See accompanying notes to consolidated financial statements.

CHAMBERS STREET PROPERTIES

Condensed Consolidated Statements of Cash Flows
For the Years Ended December 31, 2014, 2013 and 2012
(In Thousands)

	Year Ended December 31,		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss)	$ 19,048	$ 83,346	$ (43,008)
Adjustments to Reconcile Net Income (Loss) to Net Cash Flows Provided by Operating Activities:			
Equity in Income of Unconsolidated Entities	(28,823)	(12,111)	(3,959)
Distributions from Unconsolidated Entities	46,953	40,710	40,005
Gain on Interest Rate Swaps	(71)	(1,772)	(564)
Loss on Early Extinguishment of Debt	477	1,147	2,961
Gain on Sale of Real Estate	(21,164)	—	—
(Gain) Loss on Sale of Real Estate from Discontinued Operations	—	(2,759)	413
Gain on Conversion of Equity Investment to Controlling Interest	—	(75,763)	—
Depreciation and Amortization	109,292	103,400	73,653
Impairment of Real Estate	27,563	—	—
Amortization of Non-Cash Interest Expense	(1,112)	(367)	862
Amortization of Above and Below Market Leases	5,292	6,402	2,485
Share-Based Compensation	5,270	5,713	445
Straight-Line Rent Adjustment	(6,109)	(10,269)	(7,491)
Changes in Operating Assets and Liabilities:			
Tenant and Other Receivables	(833)	(3,737)	(1,639)
Prepaid Expenses and Other Assets	(183)	(5,935)	(3,080)
Accounts Payable, Accrued Expenses and Other Liabilities	6,173	4,657	32,481
Net Cash Flows Provided By Operating Activities	161,773	132,662	93,564
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Real Property	(179,201)	(115,377)	(266,491)
Proceeds from Sales of Real Estate	122,772	30,541	2,885
Investments in Unconsolidated Entities	(7,625)	(210,745)	(45,568)
Distributions from Unconsolidated Entities	58,262	50,908	32,468
Acquisition Deposit	—	(2,750)	—
Restricted Cash	833	(2,664)	(2,431)
Lease Commissions	(7,226)	(993)	(1,834)
Improvements to Variable Interest Entity	—	(11,254)	(55,998)
Improvements to Investments in Real Estate	(12,377)	(9,332)	(2,743)
Net Cash Flows Used in Investing Activities	(24,562)	(271,666)	(339,712)

CHAMBERS STREET PROPERTIES

Consolidated Statements of Cash Flows (continued)
For the Years Ended December 31, 2014, 2013 and 2012
(In Thousands)

	Year Ended December 31,		
	2014	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Proceeds from Common Shares—Public Offering	—	—	150,814
Redemption of Common Shares	—	(47,429)	(52,912)
Repurchase and Cancellation of Common Shares	—	(125,000)	—
Repurchase and Cancellation of Vested Shares	(747)	(1,585)	—
Payment of Distributions	(119,369)	(126,021)	(78,830)
Distribution to Non-Controlling Interest Operating—Partnership Units	—	(111)	(148)
Redemption of Class A - Operating Partnership Units	—	(2,279)	—
(Acquisition of)/Contribution from Non-Controlling Interest—Variable Interest Entity	—	(3,474)	140
Borrowings on Unsecured Revolving Credit Facility	120,000	454,087	265,000
Principal Payments on Unsecured Revolving Credit Facility	(90,000)	(549,043)	(25,000)
Proceeds from Secured Notes Payable	—	6,388	—
Proceeds from Unsecured Term Loan Facilities	—	570,000	—
Principal Payments on Secured Notes Payable	(88,618)	(53,823)	(137,272)
Payment of Financing Costs	(553)	(7,015)	(6,420)
Net Cash Flows (Used in) Provided by Financing Activities	(179,287)	114,695	115,372
EFFECT OF FOREIGN CURRENCY TRANSLATION	(792)	(39)	(146)
Net Decrease in Cash and Cash Equivalents	(42,868)	(24,348)	(130,922)
Cash and Cash Equivalents, Beginning of Year	83,007	107,355	238,277
Cash and Cash Equivalents, End of Year	$ 40,139	$ 83,007	$ 107,355
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash Paid During the Period for Interest	$ 56,604	$ 46,085	$ 33,056
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES			
Distributions Declared and Payable	$ 9,951	$ 9,931	$ 37,418
Accounts Payable and Accrued Expenses—Construction In Progress	$ 3,289	$ 727	$ 3,264
JV Contribution/Distribution—Expansion	$ —	$ 19	$ 697
Notes Payable Assumed on Acquisitions of Real Estate	$ 21,281	$ 216,011	$ —
Lease Inducement	$ 10,822	$ —	$ —
Proceeds from Dividend Reinvestment Program	$ —	$ 33,580	$ 65,421
Conversion of Duke JV Equity Investment to Controlling Interest	$ —	$ 139,558	$ —

See accompanying notes to consolidated financial statements.

CHAMBERS STREET PROPERTIES

Consolidated Statements of Shareholders' Equity
For the Years Ended December 31, 2014, 2013 and 2012
(In Thousands, Except Share Data)

	Common Shares		Additional Paid-in-Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount				
Balance at January 1, 2012	230,955,633	$ 2,309	$ 2,038,566	$ (348,602)	$ (23,664)	$ 1,668,609
Net Loss Attributable to Common Shareholders	—	—	—	(42,976)	—	(42,976)
Other Comprehensive Income	—	—	—	—	15,077	15,077
Net Contributions From Public Offering of Common Shares, $0.01 Par Value	24,057,013	241	236,438	—	—	236,679
Share-Based Compensation	300,000	—	245	—	—	245
Costs Associated with Public Offering	—	—	(18,337)	—	—	(18,337)
Redemption of Common Shares	(5,648,490)	(56)	(52,856)	—	—	(52,912)
Adjustment to Record Non-Controlling Interest at Redemption Value	—	—	(168)	—	—	(168)
Distributions ($0.600 per share)	—	—	—	(148,884)	—	(148,884)
Balance at December 31, 2012	249,664,156	2,494	2,203,888	(540,462)	(8,587)	1,657,333
Net Income Attributable to Common Shareholders	—	—	—	83,264	—	83,264
Other Comprehensive Income	—	—	—	—	13,183	13,183
Net Contributions From Public Offering of Common Shares, $0.01 Par Value	3,534,649	36	33,544	—	—	33,580
Share-Based Compensation	816,425	5	5,908	—	—	5,913
Repurchase and Cancellation of Vested Shares	(178,078)	(2)	(1,583)	—	—	(1,585)
Redemption of Common Shares	(4,996,934)	(50)	(47,379)	—	—	(47,429)
Adjustment to Record Non-Controlling Interest at Redemption Value	—	—	154	—	—	154
Acquisition of Non-Controlling Interest - VIE	—	—	(2,648)	—	—	(2,648)
Repurchase and Cancellation of Common Shares	(12,376,237)	(124)	(124,876)	—	—	(125,000)
Distributions ($0.551 per share)	—	—	—	(132,115)	—	(132,115)
Balance at December 31, 2013	236,463,981	2,359	2,067,008	(589,313)	4,596	1,484,650
Net Income Attributable to Common Shareholders	—	—	—	19,048	—	19,048
Other Comprehensive Loss	—	—	—	—	(27,865)	(27,865)
Share-Based Compensation	552,007	6	5,264	—	—	5,270
Repurchase and Cancellation of Vested Shares	(95,313)	(1)	(746)	—	—	(747)
Distributions ($0.504 per share)	—	—	—	(119,389)	—	(119,389)
Balance at December 31, 2014	236,920,675	$ 2,364	$ 2,071,526	$ (689,654)	$ (23,269)	$ 1,360,967

See accompanying notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2014, 2013 and 2012

Unless the context otherwise requires or indicates, references to "we," "the Company" "our," and "us" refer to the activities of and the assets and liabilities of the business and operations of Chambers Street Properties and its subsidiaries.

1. Organization and Nature of Business

Chambers Street Properties (NYSE: CSG) is a self-administered real estate investment trust (a "REIT") that focuses on acquiring, owning and managing net leased industrial and office properties leased to creditworthy tenants. We were formed under the laws of the state of Maryland on March 30, 2004, and have elected to be taxed as a REIT under sections 856 through 860 of the Internal Revenue Code of 1986 (the "Internal Revenue Code") beginning with the taxable period ended December 31, 2004.

We operate in an umbrella partnership REIT structure in which our operating partnership, CSP Operating Partnership, LP ("CSP OP"), indirectly owns all of our consolidated properties and all of our interests in our unconsolidated properties. CSP OP was formed in Delaware on March 30, 2004, and we are the 100% owner and sole general partner. For each interest in our common shares of beneficial interest $0.01 par value (the "common shares"), that we issue, an equal interest in the limited partnership units of CSP OP is issued to us in exchange for the cash proceeds from the issuance of the interest in our common shares. As of December 31, 2014, we owned 100% of the limited partnership units of CSP OP directly or indirectly through a wholly-owned taxable REIT subsidiary.

Prior to July 1, 2012, all of our business activities were managed by the former investment advisor pursuant to advisory agreements. On July 1, 2012, we became a self-managed company and changed our name from CB Richard Ellis Realty Trust to Chambers Street Properties in accordance with a plan determined by our Board of Trustees. In addition, as of April 30, 2013, the transitional services agreement with CSP OP ("Transitional Services Agreement") and the former investment advisor that we had entered into as part of our transition to a self-managed company ended and we are now responsible for the management of our day-to-day operations, including the supervision of our employees and third-party service providers. Acquisitions and asset management activities are performed by our employees, with certain services provided by third parties at market rates.

On May 21, 2013, we listed our common shares on the New York Stock Exchange (the "NYSE") under the symbol "CSG" (the "Listing") and concurrently commenced a modified "Dutch Auction" tender offer to purchase up to $125.0 million in value of the common shares (the "Tender Offer") from our shareholders. As a result of the Tender Offer, on June 26, 2013, we accepted for purchase 12,376,237 common shares at a purchase price of $10.10 per share, for an aggregate cost of approximately $125.0 million, excluding fees and expenses relating to the Tender Offer. As of December 31, 2014, we had 236,920,675 common shares issued and outstanding.

As of December 31, 2014, we owned, on a consolidated basis, 102 industrial (primarily warehouse/distribution) and office properties located in 18 U.S. states (Arizona, California, Colorado, Florida, Illinois, Indiana, Kansas, Kentucky, Maryland, Massachusetts, Minnesota, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Texas and Virginia) and in the United Kingdom, encompassing approximately 25.3 million net rentable square feet. Our consolidated properties were approximately 97.5% leased (based upon rentable square feet) (unaudited) as of December 31, 2014. As of December 31, 2014, 77 of our consolidated properties were net leased to single tenants, which encompassed approximately 20.6 million rentable square feet (unaudited).

We had ownership interests in four unconsolidated entities that, as of December 31, 2014, owned interests in 29 properties. Excluding those properties owned through our investment in CB Richard Ellis Strategic Partners Asia II-A, L.P. ("CBRE Strategic Partners Asia"), we owned, on an unconsolidated basis, 26 industrial (primarily warehouse/distribution) and office properties located in eight U.S. states (Arizona, Florida, Illinois, Indiana, North Carolina, Ohio, Tennessee and Texas) and three countries in Europe (France, Germany and the United Kingdom), encompassing approximately 12.4 million rentable square feet (unaudited). Our unconsolidated properties were approximately 99.9% leased (based upon rentable square feet) (unaudited) as of December 31, 2014. As of December 31, 2014, 20 of our unconsolidated properties were net leased to single tenants, which encompassed approximately 11.5 million rentable square feet (unaudited).

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") and reflect the accounts of the Company, CSP OP and its consolidated subsidiaries. The Company consolidates its wholly-owned properties and joint ventures it controls through either 1) voting rights or similar rights or 2) by means other than voting rights if the Company is deemed to be the primary beneficiary of a variable interest entity ("VIE"). All intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates

The preparation of financial statements, in conformity with GAAP, requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment in Unconsolidated Entities

We determine if an entity is a VIE based on several factors, including whether the entity's total equity investment at risk upon inception is sufficient to finance the entity's activities without additional subordinated financial support. We make judgments regarding the sufficiency of the equity at risk based first on a qualitative analysis, then a quantitative analysis, if necessary. In a quantitative analysis, we incorporate various estimates, including estimated future cash flows, asset holding periods and discount rates, as well as estimates of the probabilities of the occurrence of various scenarios occurring. If the entity is a VIE, we then determine whether to consolidate the entity as the primary beneficiary. We determine whether an entity is a VIE and, if so, whether it should be consolidated by utilizing judgments and estimates that are inherently subjective. If we made different judgments or utilized different estimates in these evaluations, it could result in differing conclusions as to whether or not an entity is a VIE and whether or not we consolidate such entity.

With respect to our majority limited membership interests in the Duke/Hulfish, LLC joint venture (the "Duke JV"), the Afton Ridge Joint Venture, LLC ("Afton Ridge"), the Goodman Princeton Holdings (Jersey) Limited joint venture (the "UK JV") and the Goodman Princeton Holdings (LUX) SARL joint venture (the "European JV"), we considered the Accounting Standards Codification ("ASC") Topic "*Consolidation*" ("FASB ASC 810") in determining that we did not have control over the financial and operating decisions of such entities due to the existence of substantive participating rights held by the minority limited members who are also the managing members of the Duke JV and Afton Ridge, and the investment advisors/managers of the UK JV and the European JV, respectively. Additionally, we concluded that each of these entities was under the shared control of its limited members. The accounting policies applied by each of these entities are consistent with those applied by us.

We carry our investments in our joint ventures using the equity method of accounting because we have the ability to exercise significant influence (but not control) over operating and financial policies of each such entity. We eliminate transactions with such equity method entities to the extent of our ownership in each such entity. Accordingly, our share of net income (loss) of these equity method entities is included in consolidated net income (loss).

Our determination of the appropriate accounting method with respect to our investment in CBRE Strategic Partners Asia, which is not considered a VIE, is partially based on CBRE Strategic Partners Asia's sufficiency of equity investment at risk which was triggered by a substantial paydown during 2009 of its subscription line of credit, which is backed by investor capital commitments to fund its operations. We account for this investment under the equity method of accounting.

CBRE Strategic Partners Asia is a limited partnership that qualifies for specialized industry accounting for investment companies. Specialized industry accounting allows investment companies to carry their investments at fair value, with changes in the fair value of the investments recorded in the statement of operations. On the basis of the guidance in ASC 970-323, the Company accounts for its investment in CBRE Strategic Partners Asia under the equity method. As a result, and in accordance with ASC 810-10-25-15, the specialized accounting treatment, principally the fair value basis applied by CBRE Strategic Partners Asia under the investment company guide, is retained in the recognition

of equity method earnings in the statement of operations of the Company. See Note 12 "Fair Value of Financial Instruments and Investments" for further discussion of the application of the fair value accounting to our investment in CBRE Strategic Partners Asia.

Consolidated Variable Interest Entities

In October 2011, one of our consolidated subsidiaries, RT Atwater Holding, LLC, entered into a real estate development venture with a subsidiary of the Trammel Crow Company ("TCC"), a wholly-owned subsidiary of CBRE Group, Inc., a former related party of ours, whereby we own 95% of the newly formed entity and TCC owns the remaining 5% of the entity. The new entity, RT/TC Atwater, LP ("Atwater"), was formed for the purpose of developing and then operating a build-to-suit suburban office and research facility for a single tenant that has agreed to a minimum lease term of 12 years starting from the completion of construction of the facility. Through the provisions of the Atwater, LP agreement, we and TCC collectively have the power to direct the activities that most significantly impact the economic performance of Atwater. Atwater was deemed a variable interest entity and we were the entity within the related party group determined to be most closely associated with Atwater. We began to consolidate the entity at its inception in October 2011. The construction of the Atwater property was substantially complete and ready for its intended use in January 2013 and upon substantial completion we acquired our outside partner's 5% interest in the project for approximately $3.5 million.

Segment Information

We currently operate our consolidated properties in two geographic areas, the United States and the United Kingdom. We view our consolidated property operations as two reportable segments, Industrial Properties and Office Properties, which participate in the acquisition, development, ownership, and operation of high quality real estate in their respective segments.

Cash Equivalents

We consider short-term investments with maturities of three months or less when purchased to be cash equivalents. As of December 31, 2014 and 2013, cash equivalents consisted primarily of investments in money market funds.

Restricted Cash

Restricted cash represents those cash accounts for which the use of funds is restricted by loan covenants. As of December 31, 2014 and 2013, our restricted cash balance was $14.7 million and $15.2 million, respectively, which represented amounts set aside as impounds for future property tax payments, property insurance payments and tenant improvement payments as required by our agreements with our lenders.

Discontinued Operations and Real Estate Held for Sale

A discontinued operation arises upon the disposal of a component of an entity (or upon the classification of a component as held for sale), provided that (1) the operations and cash flows of the component have been or will be eliminated from the entity's ongoing operations and (2) the entity will have no significant continuing involvement in the component after disposition. In a period in which a component has been disposed of or is classified as held for sale, the statements of operations for current and prior periods report the results of operations of the component as discontinued operations. In the first quarter of 2014, we adopted *ASU No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, which requires only disposals representing a strategic shift in operations (i.e., a disposal of a major geographic area, a major line of business, or a major equity method investment) to be presented as discontinued operations.

At such time as a property is deemed held for sale, such property is carried at the lower of: (1) its carrying amount or (2) fair value less costs to sell. In addition, a property being held for sale ceases to be depreciated. We classify operating properties as property held for sale in the period in which all of the following criteria are met:

- management, having the authority to approve the action, commits to a plan to sell the component;
- the component is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such components;

- an active program to locate a buyer and other actions required to complete the plan to sell the component has been initiated;
- the sale of the component is probable and the transfer of the component is expected to qualify for recognition as a completed sale within one year;
- the component is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- given the actions required to complete the plan to sell the component, it is unlikely that significant changes to the plan would be made or that the plan would be withdrawn.

Accounting for Derivative Financial Instruments and Hedging Activities

All of our derivative instruments are carried at fair value on the balance sheet. Derivative instruments designated in a hedge relationship to mitigate exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. We formally document all relationships between hedging instruments and hedged items, as well as our risk-management objective and strategy for undertaking each hedge transaction. We periodically review the effectiveness of each hedging transaction, which involves estimating future cash flows. Cash flow hedges are accounted for by recording the fair value of the derivative instrument on the balance sheet as either an asset or liability, with a corresponding amount recorded in other comprehensive income within shareholders' equity. Only the effective portion of qualifying hedging relationships are recorded to other comprehensive income with the ineffective portion recorded to earnings. Calculation of the fair value of derivative instruments also requires management to use estimates. Amounts will be reclassified from other comprehensive income to the income statement in the period or periods the hedged forecasted transaction affects earnings.

We have certain interest rate swap derivatives that are designated as qualifying cash flow hedges and follow the accounting treatment discussed above. We also have certain interest rate swap derivatives that do not qualify for hedge accounting, and accordingly, changes in fair values are recognized in current earnings.

Investments in Real Estate and Related Long Lived Assets (Impairment Evaluation)

Our investments in real estate are stated at depreciated cost. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives as follows:

Asset Description	Depreciable Lives
Buildings and Improvements	39 years
Site Improvements	15 - 25 years
Tenant Improvements	Shorter of the useful lives or the terms of the related leases

Improvements and replacements are capitalized when they extend the useful life, increase capacity, or improve the efficiency of the asset. Repairs and maintenance are charged to expense as incurred. Land available for expansion is recorded at cost and separated out accordingly.

We assess whether there has been impairment in the value of our long-lived assets whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount to the future net cash flows, undiscounted and without interest, expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. The estimated fair value of the asset group identified for step two testing is based on either the income approach with market discount rate, terminal capitalization rate and rental rate assumptions being most critical, or on the sales comparison approach to similar properties. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

We evaluate our investments in unconsolidated entities for indicators of impairment during each reporting period. A series of operating losses of an investee or other factors may indicate that a decrease in value of the Company's investment in the unconsolidated entity has occurred which is other-than-temporary. The amount of impairment recognized is the excess of the investment's carrying amount over its estimated

CHAMBERS STREET PROPERTIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
For the Years Ended December 31, 2014, 2013 and 2012

fair value, which may be below the balance of any non-recourse mortgage financing. If a property level impairment is recorded by an unconsolidated entity related to its assets, the Company's proportionate share is reflected in the equity in loss from unconsolidated entities with a corresponding decrease to its investment in unconsolidated entities. In the event the property were to be under development, the estimate of future cash flows includes all future expenditures necessary to develop the property. If the carrying amount exceeds the aggregate future cash flows, we would recognize an impairment loss to the extent the carrying amount exceeds the fair market value of the property

Additionally, the Company considers various qualitative factors to determine if a decrease in the value of the investment is other-than-temporary. These factors include age of the venture, intent and ability for the Company to recover its investment in the entity, financial condition and long-term prospects of the entity and its underlying real estate assets, short-term liquidity needs of the unconsolidated entity, trends in the economic environments or leasing markets where its real estate assets are located, overall projected returns on investment, and any defaults under contracts with third parties (including bank debt). If the Company believes that the decline in the fair value of the investment is temporary, then no impairment is recorded.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consisted of the following as of December 31, 2014 and 2013 (in thousands):

	December 31, 2014	December 31, 2013
Prepaid Insurance and Real Estate Taxes	$ 3,022	$ 2,699
Tenant Lease Inducement, Net	13,927	3,274
Acquisition Deposit	—	2,750
Derivative Asset	1,733	5,211
Other	2,930	2,823
Total	$ 21,612	$ 16,757

Purchase Accounting for Acquisition of Investments in Real Estate

We apply the business combination method to all acquired real estate investments. The purchase consideration of the real estate is allocated to the acquired tangible assets, consisting primarily of land, site improvements, building and tenant improvements and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, other value of in-place leases, value of tenant relationships and acquired ground leases, based in each case on their fair values. Loan premiums, in the case of above-market rate loans, or loan discounts, in the case of below-market loans, will be recorded based on the fair value of any loans assumed in connection with acquiring the real estate.

The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, and the "as-if-vacant" value is then allocated to all land (or acquired ground lease if the land is subject to a ground lease) and site improvements based on management's determination of the relative fair values of these assets. Management determines the as-if-vacant fair value of a property by underwriting the property as if it were vacant and subsequently re-leased at the market. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses associated with the property. Management also estimates costs to execute similar leases including leasing commissions and tenant improvements.

In allocating the purchase consideration of the identified intangible assets and liabilities of an acquired property, above-market and below-market in-place lease values are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases; and (ii) management's estimate of fair market lease rates for the corresponding in-place leases measured over a period equal to the remaining non-cancelable term of the lease and, for below-market leases, over a period equal to the initial term plus any below-market fixed rate renewal periods. The capitalized below-market lease values, also referred to as acquired lease obligations, are amortized as an increase to rental income over the

initial terms of the respective leases and any below-market fixed rate renewal periods. The capitalized above-market lease values are amortized as a decrease to rental income over the initial terms of the prospective leases.

The aggregate value of other acquired intangible assets, consisting of in-place leases and tenant relationships, is measured by the estimated cost of operations during a theoretical lease-up period to replace in-place leases, including lost revenues and any unreimbursed operating expenses, plus an estimate of deferred leasing commissions for in-place leases. This aggregate value is allocated between in-place lease value and tenant relationships based on management's evaluation of the specific characteristics of each tenant's lease; however, the value of tenant relationships has not been separated from in-place lease value for the real estate acquired as such value and its consequence to amortization expense is immaterial for these particular acquisitions. Should future acquisitions of properties result in allocating material amounts to the value of tenant relationships, an amount would be separately allocated and amortized over the estimated life of the relationship. The value of in-place leases is amortized to expense over the remaining non-cancelable periods of the respective leases. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to that lease would be written-off.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss). In the accompanying consolidated balance sheets, accumulated other comprehensive income (loss) consists of foreign currency translation adjustments and swap fair value adjustments for the qualifying portion of designated hedges.

Revenue Recognition and Valuation of Receivables

All leases are classified as operating leases and minimum rents are recognized on a straight-line basis over the terms of the leases. The excess of rents recognized over amounts contractually due pursuant to the underlying leases is recorded as deferred rent. In connection with various leases, we have received irrevocable stand-by letters of credit totaling $20.3 million and $14.5 million as security for such leases at December 31, 2014 and 2013, respectively.

Reimbursements from tenants, consisting of amounts due from tenants for common area maintenance, real estate taxes, insurance and other recoverable costs, are recognized as revenue in the period the expenses are incurred. Tenant reimbursements are recognized and presented on a gross basis, when we are the primary obligor with respect to incurring expenses and with respect to having the credit risk.

In addition, rental revenue is impacted by management’s evaluation of whether we or the tenant is the owner of tenant improvements. The determination of whether we are or the tenant is the owner of the tenant improvements for accounting purposes is subject to significant judgment. When we conclude that we are not the owner and the tenant is the owner of tenant improvements for accounting purposes, we record our contribution towards those improvements as a lease incentive, which is amortized as a reduction to rental revenue on a straight-line basis over the term of the related lease, and rental revenue recognition begins when the tenant takes possession of or controls the space.

Tenant receivables and deferred rent receivables are carried net of the allowances for uncollectible current tenant receivables and deferred rent. Management's determination of the adequacy of these allowances is based primarily upon evaluations of historical loss experience, individual receivables, current economic conditions, and other relevant factors. The allowances are increased or decreased through the provision for bad debts. The allowance for uncollectible rent receivable was $62,000 and $24,000 as of December 31, 2014 and 2013, respectively. During the years ended December 31, 2013 and 2012, we wrote off approximately $0.2 million and $0.4 million, respectively, of uncollectible receivables. We did not write off any uncollectible receivables in 2014.

Translation of Non-U.S. Currency Amounts

The financial statements and transactions of our United Kingdom real estate operation are recorded in their functional currency, namely the Great Britain Pound ("GBP") and are then translated into U.S. dollars ("USD").

Assets and liabilities of this operation are denominated in the functional currency and are then translated at exchange rates in effect at the balance sheet date. Revenues and expenses are translated at the average exchange rate for the reporting period. Translation adjustments are reported in "Accumulated Other Comprehensive Loss," a component of Shareholders' Equity.

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The carrying value of our United Kingdom assets and liabilities fluctuate due to changes in the exchange rate between the USD and the GBP. The exchange rate of the USD to the GBP was $1.5576 and $1.6573 at December 31, 2014 and 2013, respectively. The profit and loss average exchange rate of the USD to the GBP was approximately $1.6533, $1.5628 and $1.5865 for the years ended December 31, 2014, 2013 and 2012, respectively.

The carrying value of our assets and liabilities held within our European JV fluctuate due to changes in the exchange rate between the USD and the EUR. The exchange rate of the USD to the EUR was $1.2099 and $1.3753 at December 31, 2014 and 2013. The profit and loss average exchange rate of the USD to the EUR was approximately $1.3326, $1.3248 and $1.2877 for the years ended December 31, 2014, 2013 and 2012, respectively.

Transition and Listing Expenses

We incurred certain costs in connection with our transition from being an externally managed company to a self-managed company ("Transition Costs"). These Transition Costs consisted of legal, consulting and other third-party service provider costs incurred by us in order to execute on our Board of Trustees' decision to become a self-managed company. The Transition Costs were primarily incurred during 2012, with the exception of $0.7 million incurred during 2013 as a final settlement of the Transition Services Agreement.

We incurred certain costs in connection with the Listing and our Tender Offer in 2013. These Listing expenses consisted of legal, investment banking, share-based compensation, consulting and other third-party service provider costs incurred by us in order to complete the Listing and Tender Offer. Listing costs totaling $12.0 million were incurred during the year ended December 31, 2013. Of the Listing expenses incurred through December 31, 2013, $3.8 million was attributable to share-based compensation.

Income Taxes

We elected to be taxed as a REIT under the Internal Revenue Code commencing with our taxable year ended December 31, 2004. To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we generally distribute at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gain). It is our current intention to adhere to these requirements and maintain our REIT qualification. As a REIT, we generally will not be subject to corporate level U.S. federal income tax on net income we distribute currently to our shareholders. If we fail to qualify as a REIT in any taxable year, then we will be subject to U.S. federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. We believe that we have met all of the REIT organizational and operational requirements for the years ended December 31, 2014, 2013 and 2012, and we were not subject to any U.S. federal income taxes, other than U.S. federal income taxes on income generated by our Taxable REIT Subsidiary. As such, we have not provided for income taxes other than as addressed below.

ASC 740-10 Income Taxes requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

No deferred tax assets or liabilities were recorded as of December 31, 2014, other than as mentioned below related to the United Kingdom net operating losses. In addition, we believe that any current or deferred tax liability associated with our Taxable REIT Subsidiary would be *de minimis*.

We record uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position, and (2) for those tax positions

that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

We did not have any uncertain tax positions which would require us to record any unrecognized tax benefits or additional tax liabilities as of December 31, 2014.

Even if we qualify for taxation as a REIT, we may be subject to certain state, foreign, and local taxes on our income and property and to U.S. federal income and excise taxes on our undistributed taxable income, if any.

Included as a component of our tax provision, we have incurred income and other taxes (franchise, local and state government and international) related to our continuing operations in the amount of $0.8 million, $0.3 million and $0.3 million during the years ended December 31, 2014, 2013 and 2012, respectively.

The United Kingdom taxes real property operating results at a statutory rate of 20%. The properties which we hold in the United Kingdom have operated at a taxable loss to date and have generated a deferred tax asset of approximately $0.6 million consisting of these net operating loss carryforwards. We have provided for a full valuation allowance of $0.6 million as of December 31, 2014 on deferred tax assets because it is not likely that future operating profits in the United Kingdom would be sufficient to absorb the net operating losses.

The tax years from 2010 through 2014 remain open to examination by the taxing jurisdictions to which the Company is subject.

Deferred Financing Costs and Note Premiums/Discounts

Direct costs incurred in connection with obtaining financing are amortized over the respective term of the loan on a straight-line basis, which approximates the effective interest method.

Discounts/premiums on notes payable are amortized to interest expense based on the effective interest method.

Fair Value of Financial Instruments and Investments

We generally determine or calculate the fair value of financial instruments using appropriate present value or other valuation techniques, such as discounted cash flow analyses, incorporating available market discount rate information for similar types of instruments and our estimates for non-performance and liquidity risk. These techniques are significantly affected by the assumptions used, including the discount rate, credit spreads, and estimates of future cash flow. The Investment Manager of CBRE Strategic Partners Asia applies valuation techniques for our investment carried at fair value based upon the application of the income approach, the direct market comparison approach, the replacement cost approach or third party appraisals to the underlying assets held in the unconsolidated entity in determining the net asset value attributable to our ownership interest therein. As of December 31, 2014, the financial assets and liabilities recorded at fair value in our consolidated financial statements are our derivative instruments and our investment in CBRE Strategic Partners Asia.

The remaining financial assets and liabilities which are only disclosed at fair value are comprised of all other notes payable, the unsecured line of credit and other debt instruments. We determined the fair value of our secured notes payable and other debt instruments by performing discounted cash flow analyses using an appropriate market discount rate. We calculate the market discount rate by obtaining period-end treasury rates for fixed-rate debt, or London Inter-Bank Offering Rate ("LIBOR") rates for variable-rate debt, for maturities that correspond to the maturities of our debt and then adding an appropriate credit spread derived from information obtained from third-party financial institutions. These credit spreads take into account factors such as our credit standing, the maturity of the debt, whether the debt is secured or unsecured, and the loan-to-value ratios of the debt.

The carrying amounts of our cash and cash equivalents, restricted cash, tenant and other receivable and accounts payable approximate fair value due to their short-term maturities.

Share-based Compensation

For share-based awards for which there is no pre-established performance period, we recognize compensation costs over the service vesting period, which represents the requisite service period, on a straight-line basis.

For share-based awards in which the performance period precedes the grant date, we recognize compensation costs straight-lined over the requisite service period, which includes both the performance and service vesting periods. The requisite service period begins on the date the Compensation Committee of the Board of Trustees authorizes the award and adopts any relevant performance measures.

During the performance period for a share-based award program, we estimate the total compensation cost of the potential future awards. We then record compensation costs equal to the portion of the requisite service period that has elapsed through the end of the reporting period.

For share-based awards granted by the Company, CSP OP issues a number of common units equal to the number of common shares ultimately granted by us in respect of such awards.

New Accounting Standards

In April 2014, the FASB issued *ASU No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, which requires only disposals representing a strategic shift in operations (i.e., a disposal of a major geographic area, a major line of business, or a major equity method investment) to be presented as discontinued operations. The standard also requires expanded disclosures about discontinued operations and is intended to provide financial statement users with information about the ongoing trends in a company's results from continuing operations. ASU No. 2014-08 is effective in the first quarter of 2015 for public entities with calendar year ends. However, companies are permitted to early adopt the standard, beginning in the first quarter of 2014, but only for disposals or classifications as held for sale that have not been reported in financial statements previously issued or available for issuance. We early adopted this standard in the first quarter of 2014 and the adoption did not have a material effect on our financial condition, results of operations, or disclosures.

In May 2014, the FASB and IASB issued their final standard on revenue from contracts with customers. The standard, issued by the FASB as ASU 2014-09, outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including the guidance on real estate derecognition for most transactions. Entities have the option of using either a full retrospective or a modified approach to adopt the guidance in ASU 2014-09. For public entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016. Early application is not permitted. We are assessing the impact of this guidance on our consolidated financial statements and notes to our consolidated financial statements.

In June 2014, the FASB issued *ASU No. 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period*. The ASU clarifies that entities should treat performance targets that can be met after the requisite service period of a share-based payment award as performance conditions that affect vesting. Therefore, an entity would not record compensation expense (measured as of the grant date without taking into account the effect of the performance target) related to an award for which transfer to the employee is contingent on the entity's satisfaction of a performance target until it becomes probable that the performance target will be met. ASU No. 2014-12 will be effective for all entities for reporting periods (including interim periods) beginning after December 15, 2015, and early adoption is permitted. ASU 2014-12 may be adopted either prospectively for share-based payment awards granted or modified on or after the effective date, or retrospectively, using a modified retrospective approach. The modified retrospective approach would apply to share-based payment awards outstanding as of the beginning of the earliest annual period presented in the financial statements on adoption, and to all new or modified awards thereafter. The adoption of this guidance is not anticipated to have a material impact on our consolidated financial statements or notes to our consolidated financial statements.

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The ASU provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The adoption of this guidance is not anticipated to have a material impact on our consolidated financial statements or notes to our consolidated financial statements.

In March 2013, the FASB issued *ASU No. 2013-05, Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity*. ASU 2013-05 specifies that a cumulative translation adjustment (CTA) is attached to a parent company's investment in a foreign entity and should be released in a manner consistent with derecognition guidance on investments in entities. Therefore, the entire amount of the CTA associated with a foreign entity would be released upon 1) sale of a subsidiary or group of net assets within a foreign entity, which represents the substantially complete liquidation of the investment in the entity, 2) loss of a controlling financial interest in an investment in a foreign entity, or 3) step acquisition of a foreign entity. ASU 2013-05 does not change the requirement to release a pro rata portion of the CTA of the foreign entity into earnings for a partial sale of an equity method investment in a foreign entity. ASU 2013-05 is effective for interim periods and fiscal years beginning on or after December 15, 2013, with early adoption permitted. We have applied the guidance prospectively to any derecognition events that occurred after the effective date and do not expect the adoption of ASU 2013-05 to have a material impact on our consolidated results of operations or financial position.

3. Investment in Real Estate Activity

Wholly-Owned Property Acquisitions

During the year ended December 31, 2014, we acquired seven industrial properties. The acquisitions were funded with proceeds from our unsecured revolving credit facility and proceeds from the sale of properties.

Property	Market		Date of Acquisition	Purchase Price ('000s)	Net Rentable Square Feet (unaudited)	% Leased at 12/31/14	Property Type
445 Airtech Parkway[1]	Indianapolis	IN	1/2/2014	$ 30,200	622,440	100%	Industrial
1 Rocket Road[2]	Los Angeles - South Bay	CA	7/31/2014	46,650	514,753	100%	Industrial
1659 Sauget Business Blvd	St. Louis	MO	10/24/2014	21,100	502,500	100%	Industrial
325 Center Point Blvd	Northeast	PA	11/18/2014	45,750	744,080	100%	Industrial
550 Oak Ridge Drive	Northeast	PA	11/18/2014	40,700	615,600	100%	Industrial
125 Capital Road	Northeast	PA	11/18/2014	8,700	144,000	100%	Industrial
14-46 Alberigi Drive	Northeast	PA	11/18/2014	10,500	140,800	100%	Industrial
Total 2014 Wholly-Owned Property Acquisitions				$ 203,600	3,284,173		

(1) The purchase price includes a $2.8 million deposit paid during the fourth quarter of 2013.
(2) In connection with this acquisition, we assumed secured debt with an outstanding principal balance of $18.7 million that was recorded at fair value on the acquisition date, resulting in a premium of approximately $2.6 million.

During the year ended December 31, 2013, we acquired two office/industrial properties. The acquisitions were funded with proceeds from our unsecured revolving credit facility.

Property	Market		Date of Acquisition	Purchase Price ('000s)	Net Rentable Square Feet (unaudited)	% Leased at 12/31/14	Property Type
Carpenter Corporate Center I and II	Dallas	TX	7/31/2013	$ 49,509	226,822	100%	Office
1200 Woods Chapel Road	Spartanburg	SC	8/8/2013	10,750	156,800	100%	Industrial
Total 2013 Wholly-Owned Property Acquisitions				$ 60,259	383,622		

The following table summarizes the allocation of the fair value of amounts recognized for each major class of assets and liabilities for properties acquired during the year ended December 31, 2014 (in thousands):

	2014 Acquisitions							
	445 Airtech Parkway [1]	1 Rocket Road [2]	1659 Sauget Business Blvd [2]	325 Centerpoint Blvd [2]	550 Oak Ridge Drive [2]	125 Capital Road [2]	14-46 Alberigi Drive [2]	Total
Assets								
Land	$ 5,666	$ 15,887	$ 1,515	$ 5,856	$ 8,134	$ 1,759	$ 2,444	$ 41,261
Land Available for Expansion	1,070	—	—	—	—	—	—	1,070
Building and Improvements	19,443	30,774	17,524	35,009	28,859	6,098	6,892	144,599
Acquired In-Place Leases[3]	2,596	4,541	1,311	2,764	2,905	693	888	15,698
Acquired Above-Market Leases[4]	—	—	338	170	47	—	211	766
Deferred Leasing Costs[5]	—	947	467	1,951	755	150	297	4,567
Other Intangible Assets[6]	1,425	—	—	—	—	—	16	1,441
Prepaid Expenses and Other Assets	—	180	—	—	330	—	—	510
Total Assets Acquired	30,200	52,329	21,155	45,750	41,030	8,700	10,748	209,912
Liabilities								
Acquired Below-Market Leases[7]	—	2,894	55	—	—	—	248	3,197
Secured Notes Payable, Net	—	21,281	—	—	—	—	—	21,281
Other Liabilities Assumed	216	260	164	—	2,843	—	—	3,483
Total Assumed Liabilities	216	24,435	219	—	2,843	—	248	27,961
Net Assets Acquired	$ 29,984	$ 27,894	$ 20,936	$ 45,750	$ 38,187	$ 8,700	$ 10,500	$ 181,951

(1) Represents final allocation of the fair value of amounts recognized for each major class of assets and liabilities.
(2) Represents preliminary allocation of the fair value of amounts recognized for each major class of assets and liabilities.
(3) Represents acquired in-place leases with a weighted average amortization period of 6.17 years.
(4) Represents acquired below-market leases with a weighted average amortization period of 4.63 years.
(5) Represents deferred leasing costs with weighted average amortization period of 4.65 years.
(6) Represents other intangible assets with a weighted average amortization period of 9.92 years.
(7) Represents acquired below-market leases with a weighted average amortization period of 8.21 years.

The following table summarizes the combined results from operations for the 2014 acquisitions from their respective dates of acquisition through December 31, 2014 (in thousands):

Revenues	$ 5,709
Net Income	$ 99

The following table summarizes the final allocation of the fair value of amounts recognized for each major class of assets and liabilities for properties acquired during the year ended December 31, 2013 (in thousands):

	2013 Acquisitions		
	Carpenter Corporate Center I & II	1200 Woods Chapel Road	Total
Land	$ 5,901	$ 1,560	$ 7,461
Building and Improvements	35,950	7,357	43,307
Acquired In-Place Leases [1]	7,795	1,237	9,032
Acquired Above-Market Leases [1]	481	596	1,077
Total Acquired Assets	50,127	10,750	60,877
Acquired Below-Market Leases [2]	618	—	618
Total Assumed Liabilities	618	—	618
Net Assets Acquired	$ 49,509	$ 10,750	$ 60,259

(1) Represents in-place leases with a weighted average amortization period of 9.34 years and above-market leases with a weighted average amortization period of 7.56 years.

(2) Represents below-market leases with a weighted average amortization period of 9.92 years.

The following table summarizes the combined results from operations for Carpenter Corporate Center I & II and 1200 Woods Chapel Road from July 31, 2013 and August 8, 2013, the respective dates of acquisition, through December 31, 2013 (in thousands):

Revenues	$ 2,184
Net Income	$ 726

Purchase of Outside Equity Interests in Properties

On January 30, 2013, we completed construction of a build-to-suit project at 1400 Atwater Drive located in Malvern, Pennsylvania. The project had previously been accounted for as a consolidated VIE and all activity had been included on the consolidated balance sheet as Construction in progress - VIE. Upon substantial completion of construction, we acquired our outside partner's 5% interest in the project for approximately $3.5 million.

On March 1, 2013, we acquired the remaining 20% interest in 17 properties that were held in a joint venture with Duke Realty ("Duke Portfolio"). The properties are located in Phoenix, Raleigh/Durham, Houston, Columbus, Cincinnati, Orlando, Ft. Lauderdale, Minneapolis and Dallas and consisted of 16 office buildings and one warehouse/distribution building totaling 3,318,402 square feet. The acquisition was structured such that membership interests in each of the subsidiaries that hold the properties were distributed to Duke Realty and CSP OP on a pro rata basis in accordance with their percentage ownership interests in the Duke JV (80% to CSP OP and 20% to Duke Realty) and CSP OP then purchased Duke Realty's 20% membership interests in those subsidiaries, resulting in CSP OP owning a 100% interest in each of the property-owning subsidiaries. The purchase price was approximately $98.1 million to acquire the remaining 20% interest in these properties, corresponding to a valuation of approximately $490.7 million for a 100% interest in these properties. The transaction constituted a change in control of the previously unconsolidated 17 properties, which required a remeasurement of the net assets acquired to fair value. This resulted in a net gain of $75.8 million upon acquisition. The net assets acquired were also remeasured to fair value by the Duke JV In conjunction with the distribution of membership interests and resulted in a gain recognized by the Duke JV. In accordance with ASC 323-10-35-7, this gain has been eliminated as intra-entity profit.

CHAMBERS STREET PROPERTIES

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The following table summarizes the final allocation of the fair value of amounts recognized for each major class of assets and liabilities (in thousands):

Land	$ 60,310
Building and Improvements	364,174
Acquired In-Place Leases [1]	64,217
Acquired Above-Market Leases [1]	21,055
Total Acquired Assets	509,756
Secured Notes Payable, Net [2]	229,539
Acquired Below-Market Leases [3]	5,549
Total Assumed Liabilities	235,088
Fair Value of Acquired Net Assets (Represents 100% Interest)	$ 274,668

(1) Represents in-place leases with a weighted average amortization period of 6.84 years and above-market leases with a weighted average amortization period of 7.81 years.

(2) Secured notes payable is presented net of a premium of $13.5 million.

(3) Represents below-market leases with a weighted average amortization period of 7.83 years.

The following table summarizes the results from continuing operations since the consolidation of the Duke Portfolio on March 1, 2013 through December 31, 2013 (in thousands). We previously included the results from operations of the Duke Portfolio in equity in earnings:

Revenues	$ 50,142
Net income	$ 1,612

Pro Forma Information (unaudited)

The following unaudited pro forma results assumes that the acquisitions of 445 Airtech Parkway, 1 Rocket Road, 1659 Sauget Business Blvd, 325 Center Point Blvd, 550 Oak Ridge Drive, 125 Capital Road and 14-46 Alberigi Drive ("2014 Acquisitions"), were completed as of January 1, 2013. Non-recurring acquisition costs totaling $2.3 million are excluded from the 2014 pro forma results and are included in the year ended December 31, 2013 as an operating expense. These pro forma results do not purport to be indicative of what operating results would have been had the acquisitions actually occurred on January 1, 2013 and may not be indicative of future operating results (in thousands, except share data):

	Year Ended December 31,	
	2014	2013
Revenues	$ 284,494	$ 268,591
Net Operating Income	205,651	195,907
Net Income	24,637	86,291
Basic and Diluted Net Income per Share	$ 0.10	$ 0.35
Weighted Average Common Shares Outstanding - Basic and Diluted	236,866,656	242,379,680

The following unaudited pro forma results assumes that the 2014 Acquisitions were completed as of January 1, 2013 and that the acquisitions of Carpenter Corporate Center I & II and 1200 Woods Chapel Road and the remaining 20% equity interest in the Duke Portfolio ("2013 Acquisitions") were completed as of January 1, 2012. Non-recurring acquisition costs totaling $2.3 million are included in the year ended December 31, 2013 as an operating expense. Non-recurring acquisition costs totaling $2.7 million are excluded from the 2013 pro forma results and are included in the year ended December 31, 2012 as an operating expense. These unaudited pro forma results do not purport to be indicative of what operating results would have been had the acquisitions actually occurred on January 1, 2013 and 2012 and may not be indicative of future operating results (in thousands, except share data):

	Year Ended December 31,	
	2013	2012
Revenues	$ 284,242	$ 246,276
Net Operating Income	207,585	178,704
Net Income	19,621	30,970
Basic and Diluted Net Income per Share	$ 0.08	$ 0.12
Weighted Average Common Shares Outstanding - Basic and Diluted	242,379,680	248,154,277

Property Dispositions

The following table summarizes properties sold during the years ended December 31, 2014, 2013 and 2012 ($ in thousands):

Property	Market		Date of Disposition	Net Rentable Square Feet	Gross Sales Price	Property Type
2014 Dispositions						
Maskew Retail Park	Peterborough	UK	7/23/2014	144,400	$ 62,978	Retail
12650 Ingenuity Drive	Orlando	FL	11/18/2014	124,500	26,500	Office
Thames Valley Five	Reading	UK	11/24/2014	40,468	18,781	Office
Deerfield Commons	Atlanta	GA	12/16/2014	121,969	19,400	Office
Total 2014 Property Dispositions				431,337	$ 127,659	
2013 Dispositions						
Albion Mills Retail Park	Wakefield	UK	11/29/2013	55,294	$ 17,253	Retail
Summit Distribution Center	Salt Lake City	UT	12/20/2013	275,080	13,800	Industrial
Total 2013 Property Dispositions				330,374	$ 31,053	
2012 Dispositions						
Cherokee Corporate Park [1]	Spartanburg	SC	7/9/2012	60,000	$ 3,125	Industrial

(1) The Company recognized a loss from discontinued operatixons of $0.4 million in 2012 associated with a write-down of the property to its net sales value.

In connection with the Maskew Retail Park and Thames Valley Five dispositions, we had a gain of $13.2 million and $0.9 million, respectively, after closing and other transaction related costs. In addition, the 12650 Ingenuity Drive disposition resulted in a gain of $5.1 million and the Deerfield Commons disposition resulted in a gain of $5.6 million, after closing and other transaction related costs. In accordance with ASU 2013-05, we also recognized a CTA loss of $3.6 million related to the deregistration of Albion Mills Retail Park, which we disposed during 2013.

CHAMBERS STREET PROPERTIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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Discontinued Operations

Based on the early adoption of the new discontinued operations guidance *ASU No. 2014-08*, the sales of all properties during the year ended December 31, 2014 did not represent a strategic shift that has a major effect on the Company's operations and financial results. Accordingly, these properties remain classified within continuing operations for all periods presented. Prior to January 1, 2014, properties identified as held for sale and/or disposed of are presented in discontinued operations for all periods presented. The following table summarizes the income and expense components for 2013 and 2012 dispositions that comprise discontinued operations for the years ended December 31, 2013 and 2012 (in thousands):

	Year Ended December 31,	
	2013	2012
Revenues:		
Rental	$ 1,755	$ 2,311
Tenant Reimbursements	275	372
Total Revenues	2,030	2,683
Expenses:		
Property Operating	248	338
Real Estate Taxes	197	133
Depreciation and Amortization	607	1,270
Total Expenses	1,052	1,741
Interest and Other (Expense) Income	(80)	283
Interest Expense	(420)	(505)
Loss on Early Extinguishment of Debt	(96)	—
Total Other Expenses	(596)	(222)
Income from Discontinued Operations	382	720
Gain (Loss) from Sale of Real Estate	2,759	(413)
Total Income from Discontinued Operations	$ 3,141	$ 307

Impairment of Real Estate

The Company assesses on a regular basis whether there are any indicators that the carrying value of its real estate assets may be impaired. The impairment charges for assets not held for sale are calculated as the difference between the carrying value of the properties and the estimated fair value. During the year ended December 31, 2014, we recognized an impairment charge of $27.6 million in continuing operations related to our 70 Hudson Street property. The impairment charge resulted from a determination that the projected cash flows based upon the estimated holding period of the property was below the carrying amount of the property. Accordingly, we reduced the carrying value of this property to the property's current estimated fair value of approximately $94.0 million. The property is encumbered by a $114.1 million non-recourse mortgage loan. No impairments of long-lived assets were recognized during the years ended December 31, 2013 and 2012.

4. Investments in Unconsolidated Entities

As of December 31, 2014 and 2013, we owned the following number of properties through unconsolidated entities:

		Number of Properties	
		December 31,	
	Ownership %	2014	2013
Duke JV	80.0%	14	18
European JV	80.0%	9	9
UK JV	80.0%	3	3
CBRE Strategic Partners Asia	5.07%	3	3
		29	33

Investments in unconsolidated entities at December 31, 2014 and 2013 consist of the following (in thousands):

	December 31,	
	2014	2013
Duke JV	$ 239,376	$ 292,548
European JV	144,141	174,272
UK JV	33,189	36,794
Afton Ridge[(1)]	117	1,512
CBRE Strategic Partners Asia	6,870	9,676
	$ 423,693	$ 514,802

(1) Amount at December 31, 2013 represents cash and an escrow holdback at the joint venture. The Afton Ridge Shopping Center was sold during December 2013.

The following is a summary of the investments in unconsolidated entities for the years ended December 31, 2014 and 2013 (in thousands):

	December 31,	
	2014	2013
Investment Balance, January 1,	$ 514,802	$ 515,829
Contributions	7,625	210,745
Company's Equity in Net Income (including adjustments for basis differences)	28,823	12,111
Other Comprehensive Income of Unconsolidated Entities	(22,342)	7,293
Conversion of Duke JV Equity Investment to Controlling Interest	—	(139,558)
Distributions	(105,215)	(91,618)
Investment Balance, December 31,	$ 423,693	$ 514,802

Duke Joint Venture

We entered into an operating agreement for the Duke JV with Duke Realty on June 12, 2008. Duke acts as the managing member of the Duke JV and is entitled to receive fees in connection with the services it provides to the Duke JV, including asset management, construction, development, leasing and property management services. Duke is also entitled to a promoted interest in the Duke JV. We have joint approval rights over all major policy decisions.

On December 17, 2010, we entered into an amended and restated operating agreement for the Duke JV. The amended and restated operating agreement generally contains the same terms and conditions as the operating agreement dated June 12, 2008 described above, except for the following material changes: (i) Duke granted us a call option to acquire Duke's entire interest in the Duke JV which such interest shall be valued based on the opinions of qualified appraisers and which we can elect to exercise any time after June 30, 2012 upon the occurrence and adoption by resolution of certain triggering events and (ii) the Duke JV has certain rights to participate in the development of certain adjacent and nearby parcels of land currently owned by Duke.

2013 Transactions

On March 1, 2013, we acquired Duke's 20% interest in 17 properties that were held by Duke JV. See Note 3, *Investment in Real Estate Activity*, for a further discussion of this transaction.

On July 2, 2013, we contributed $79.8 million to the Duke JV for our 80% share of the payoff (inclusive of accrued interest) of five fixed rate mortgage notes that were cross-collateralized and secured by the following five properties: Buckeye Logistics Center, Aspen Corporate Center 500, AllPoints at Anson Bldg. 1, 12200 President's Court, and 201 Sunrise Blvd. The notes were paid in full by the joint venture on July 3, 2013 for the total remaining principal balance of $99.2 million.

On October 9, 2013, we contributed $40.7 million to the Duke JV for our 80% share of the payoff (inclusive of accrued interest) of two fixed rate mortgage notes that were collateralized and secured by AllPoints Midwest Bldg. 1 and 125 Enterprise Parkway. The notes were paid in full by the joint venture on October 11, 2013 for the total remaining principal balance of $50.8 million.

On November 7, 2013, the Duke JV sold two office properties located in St. Louis, Missouri for approximately $39.2 million. In connection with the sale of the properties, the Duke JV incurred a loss of $0.5 million. Our pro rata share of the net proceeds of the sale following loan satisfaction and payment of customary closing expenses was approximately $11.0 million.

2014 Transactions

On January 16, 2014, the Duke JV sold an office property located in Chicago, Illinois for approximately $13.1 million, of which our pro rata share was approximately $10.5 million.

On December 5, 2014, the Duke JV sold one office property located in Houston, Texas for approximately $32.8 million, of which our pro rata share was approximately $26.2 million.

On December 8, 2014, the Duke JV sold two office properties located in Columbus, Ohio for approximately $25.9 million, of which our pro rata share was approximately $20.7 million.

The following is the consolidated balance sheet of the Duke JV as of December 31, 2014 and 2013 (in thousands):

	December 31, 2014	December 31, 2013
Assets		
Investments in Real Estate (1)	$ 323,236	$ 403,818
Real Estate Investments and Other Assets Held-for-Sale	17,230	—
Other Assets	32,474	52,085
Total Assets	$ 372,940	$ 455,903
Liabilities and Equity		
Liabilities Related to Real Estate Investments Held-for-Sale	$ 11,048	$ —
Secured Notes Payable, net	56,891	79,761
Other Liabilities	6,344	11,055
Total Liabilities	74,283	90,816
CSP Equity	239,376	292,548
Other Investors' Equity	59,281	72,539
Total Liabilities and Equity	$ 372,940	$ 455,903

(1) Includes REIT Basis Adjustments for costs incurred by the Company outside of the Duke JV that are directly capitalizable to its investment in real estate assets acquired, including acquisition costs paid to our former investment advisor prior to January 1, 2009.

The following is the consolidated statements of operations of the Duke JV for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	Year Ended December 31, 2014	2013	2012
Total Revenue	$ 57,877	$ 67,500	$ 125,333
Operating Expenses	17,572	20,698	42,102
Net Operating Income	40,305	46,802	83,231
Depreciation and Amortization	26,352	30,568	59,663
Interest Expense	4,098	10,500	24,551
Gain on Sale of Real Estate	17,033	—	—
Loss on Extinguishment of Debt	(1,723)	—	—
Income (Loss) from Continuing Operations	25,165	5,734	(983)
Gain (Loss) from Discontinued Operations	18	(841)	—
Net Income (Loss)	25,183	4,893	(983)
Company Share in Net Income	20,147	3,914	(786)
Adjustments for REIT basis	(139)	448	(110)
CSP Equity in Net Income	$ 20,008	$ 4,362	$ (896)

UK JV and European JV

On June 10, 2010, we entered into two joint ventures with subsidiaries of the Goodman Group (ASX: GMG), ("Goodman"), one of which invests in logistics focused warehouse/distribution/logistics properties in the United Kingdom, (the "UK JV"), and the other of which invests in logistics focused warehouse/distribution/logistics properties in France, Belgium, the Netherlands, Luxembourg and Germany, (the "European JV"). We own an 80% interest in each joint venture and Goodman owns a 20% interest in each joint venture. The UK and European JVs pay certain fees to certain Goodman subsidiaries in connection with the services they provide to the UK and European JVs, including but not limited to investment advisory, development management and property management services. Goodman may also be entitled to a promote interest in the UK and European JVs.

UK JV

The shareholders' agreement pertaining to the UK JV is by and among RT Princeton UK Holdings, LLC (our wholly-owned subsidiary), Goodman Jersey Holding Trust and Goodman Princeton Holdings (Jersey) Limited, the UK JV, for the purpose of acquiring and holding, either directly or indirectly, up to £400.0 million in logistics focused warehouse/distribution/logistics properties.

During the investment period, the UK JV has a right of first offer, with respect to certain logistics development or logistics investment assets considered for investment in the UK by Goodman or us. If a deadlock has arisen pertaining to a major decision regarding a specific property, either shareholder may exercise a buy-sell option in relation to the relevant property. After the initial investment period, either shareholder wishing to exit the UK JV may exercise a buy-sell option with respect to their entire interest in the UK JV.

European JV

The shareholders' agreement pertaining to the European JV is by and among RT Princeton CE Holdings, LLC (our wholly-owned subsidiary), Goodman Europe Development Trust acting by its trustee Goodman Europe Development Pty Ltd. and Goodman Princeton Holdings (LUX) S.À.R.L., the European JV, for the purpose of acquiring and holding, either directly or indirectly, up to €400.0 million in logistics focused warehouse/distribution/logistics properties.

During the investment period, the European JV has a right of second offer (after another investment vehicle managed by Goodman) with respect to certain logistics development or logistics investment assets considered for investment by Goodman, and has a right of first offer with respect to certain logistics development or logistics investment assets considered for investment by us. If a deadlock has arisen pertaining to a major decision regarding a specific property, either shareholder may exercise a buy-sell option in relation to the relevant property. After the initial investment period, either shareholder wishing to exit the European JV may exercise a buy-sell option with respect to their entire interest in the European JV.

2013 Transactions

On November 26, 2013, the European JV completed the acquisitions of Hansalinie Distribution Center in Breman, Germany and Bodenheim Logistikzentrum in Frankfurt, Germany for approximately $62.0 million, exclusive of customary closing costs. The European JV partially funded the acquisition with a $25.4 million note payable secured by the new properties. We funded our pro rata share of the remaining purchase price using borrowings under our unsecured revolving credit facility.

On December 17, 2013, the European JV completed the acquisition of Lille-Douai Distribution Center, located in Lille, France for approximately $70.5 million, exclusive of customary closing costs. The European JV partially funded the acquisition with a $28.3 million note payable secured by the new property. We funded our pro rata share of the remaining purchase price using borrowings under our unsecured revolving credit facility.

The following is the consolidated balance sheet of the European JV as of December 31, 2014 and 2013 (in thousands):

	December 31, 2014	December 31, 2013
Assets		
Investments in Real Estate[1][2]	$ 274,128	$ 311,205
Other Assets[2]	49,435	71,713
Total Assets	$ 323,563	$ 382,918
Liabilities and Equity		
Secured Notes Payable, net	$ 135,173	$ 153,651
Other Liabilities[1]	8,214	11,427
Total Liabilities	143,387	165,078
CSP Equity	144,141	174,272
Other Investors' Equity	36,035	43,568
Total Liabilities and Equity	$ 323,563	$ 382,918

(1) Effective 2013, the intangible liabilities, which was formerly included in Investment in Real Estate has been reclassified into Other Liabilities. Amount reclassified was $3.4 million in 2013 and $2.5 million in 2014.
(2) Effective 2013, the Deferred Leasing Assets, which was formerly included in Investment in Real Estate has been reclassified into Other Assets. The amount reclassified was $35.9 million in 2013 and $27.1 million in 2014.

The following is the consolidated statements of operations of the European JV for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	Year Ended December 31, 2014	2013	2012
Total Revenue	$ 29,322	$ 19,581	$ 11,947
Operating Expenses	3,510	3,631	1,824
Net Operating Income	25,812	15,950	10,123
Acquisition and Related Expense	—	4,778	39
Depreciation and Amortization	12,100	7,636	5,388
Interest Expense	4,502	2,400	462
Net Income	9,210	1,136	4,234
CSP Equity in Net Income	$ 7,367	$ 909	$ 3,387

Afton Ridge Joint Venture

On September 18, 2008, we acquired a 90% ownership interest in Afton Ridge Joint Venture, LLC, or Afton Ridge, the owner of Afton Ridge Shopping Center, from unrelated third parties. CK Afton Ridge Shopping Center, LLC, a subsidiary of Childress Klein Properties, Inc., or CK Afton Ridge, retained a 10% ownership interest in Afton Ridge and continued to manage Afton Ridge Shopping Center. In connection with the services it provided, CK Afton Ridge received fees, including management, construction management and property management fees.

CHAMBERS STREET PROPERTIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
For the Years Ended December 31, 2014, 2013 and 2012

On July 2, 2013, we contributed $25.5 million to Afton Ridge to pay off the mortgage note secured by the property. The note was paid in full by the joint venture on July 3, 2013. Our joint venture partner reimbursed their portion of the loan payoff totaling $2.6 million upon sale of the property.

On December 11, 2013, the Afton Ridge Shopping Center was sold to an unaffiliated third party for $46.3 million. Our pro rata share of the net proceeds of the sale following payment of customary closing expenses was approximately $40.0 million.

CBRE Strategic Partners Asia

We have agreed to a capital commitment of up to $20.0 million in CBRE Strategic Partners Asia. As of December 31, 2014, we had funded approximately $17.5 million of our capital commitment and owned an ownership interest of approximately 5.07% in CBRE Strategic Partners Asia. CBRE Strategic Partners Asia was formed to purchase, reposition, develop, hold for investment and sell institutional quality real estate and related assets in targeted markets in Asia, including China, Japan, India, South Korea, Hong Kong, Singapore and other Asia Pacific markets. CBRE Strategic Partners Asia has an eight-year term (which began on January 31, 2008), which may be extended for up to two one-year periods with the approval of two-thirds of the limited partners.

CBRE Strategic Partners Asia is managed by CBRE Investors SP Asia II, LLC, or the Investment Manager, an affiliate of CBRE Global Investors. The Investment Manager is entitled to an annual management fee and acquisition fees. Our share of investment management fees paid to the Investment Manager was approximately $97,000, $111,000 and $144,000, for the years ended December 31, 2014, 2013 and 2012, respectively. Our share of acquisition fees paid to the Investment Manager was $49,000 for the year ended December 31, 2013. No acquisition fees were paid to the Investment Manager during the years ended December 31, 2014 and 2012.

CBRE Strategic Partners Asia is not obligated to redeem the interests of any of its investors, including us, prior to 2017. Except in certain limited circumstances such as transfers to affiliates or successor trustees or state agencies, we will not be permitted to sell our interest in CBRE Strategic Partners Asia without the prior written consent of the general partner, which the general partner may withhold in its sole discretion.

During the first quarter of 2013, five ownership interests in Japan that were owned by CBRE Strategic Partners Asia, were sold. During the second quarter of 2013, CBRE Strategic Partners Asia purchased one ownership interest in China.

On August 15, 2014, CBRE Strategic Partners Asia sold five floors at the Kowloon Commerce Center in Hong Kong for approximately $74.6 million, of which our pro rata share was approximately $1.9 million.

The following is the combined balance sheets of our investments in unconsolidated entities as of December 31, 2014 and 2013 (in thousands):

	December 31, 2014	December 31, 2013
Assets		
Investments in Real Estate [1][2][3]	$ 783,724	$ 955,899
Real Estate Investments and Other Assets Held-for-Sale	17,230	—
Other Assets[3]	93,462	142,816
Total Assets	$ 894,416	$ 1,098,715
Liabilities and Equity		
Liabilities Related to Real Estate Investments Held-for-Sale	$ 11,048	$ —
Secured Notes Payable, Net	192,064	233,412
Other Liabilities[2]	31,651	40,439
Total Liabilities	234,763	273,851
CSP Equity	423,693	514,801
Other Investors' Equity	235,960	310,063
Total Liabilities and Equity	$ 894,416	$ 1,098,715

(1) Includes REIT Basis Adjustments for costs incurred by the Company outside of the Duke JV that are directly capitalizable to its investment in real estate assets acquired, including acquisition costs paid to our former investment advisor prior to January 1, 2009.

(2) Effective 2013, the intangible liabilities, which was formerly included in Investment in Real Estate has been reclassified into Other Liabilities. Amount reclassified for the European JV was $3.4 million in 2013 and $2.5 million in 2014. Amount reclassified for the UK JV was $0.8 million in 2013 and $0.5 million in 2014.

(3) Effective 2013, the Deferred Leasing Assets, which was formerly included in Investment in Real Estate has been reclassified into Other Assets. For the European JV, amount reclassified was $35.9 million in 2013 and $27.1 million in 2014. For the UK JV, amount reclassified was $3.3 million in 2013 and $2.1 million in 2014.

CHAMBERS STREET PROPERTIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
For the Years Ended December 31, 2014, 2013 and 2012

The combined statements of operations for our investments in unconsolidated entities for the years ended December 31, 2014, 2013 and 2012 are as follows (in thousands):

	Year Ended December 31, 2014	2013	2012
Total Revenue	$ 89,670	$ 131,166	$ 153,131
Operating Expenses	24,069	29,917	50,204
Net Operating Income	65,601	101,249	102,927
Acquisition and Related Expense	—	4,778	686
Depreciation and Amortization	40,538	41,457	68,714
Interest Expense	8,600	13,673	26,516
Gain from Sales of Real Estate	17,033	3,628	—
Loss on Extinguishment of Debt	(1,723)	—	—
Income from Continuing Operations	31,773	44,969	7,011
Gain (Loss) from Discontinued Operations	18	(841)	—
Net Income	31,791	44,128	7,011
Company Share in Net Income	28,962	12,228	4,088
Adjustments for REIT basis	(139)	(117)	(129)
CSP Equity in Net Income	$ 28,823	$ 12,111	$ 3,959

5. Deferred Leasing Costs and Intangible Assets and Liabilities

The following table summarizes our deferred leasing costs and intangible assets, including acquired above-market leases, acquired in-place leases and other intangible assets and intangible liabilities, including acquired below-market leases and acquired above-market ground lease obligations (in thousands):

	December 31, 2014	December 31, 2013
Deferred Leasing Costs and Intangible Assets, Net:		
Deferred Leasing Costs	$ 22,481	$ 11,243
Accumulated Amortization	(4,218)	(3,016)
Deferred Leasing Costs, Net	18,263	8,227
Above-Market Leases	63,566	77,180
Accumulated Amortization	(30,311)	(33,577)
Above-Market Leases, Net	33,255	43,603
In-Place Leases	300,124	321,776
Accumulated Amortization	(132,414)	(124,734)
In-Place Leases, Net	167,710	197,042
Other Intangible Assets	1,425	—
Accumulated Amortization	(163)	—
Other Intangible Assets, Net	1,262	—
Total Deferred Leasing Costs and Intangible Assets, Net	$ 220,490	$ 248,872
Intangible Liabilities, Net:		
Below-Market Leases	$ 51,653	$ 49,751
Accumulated Amortization	(26,675)	(23,022)
Below-Market Leases, Net	24,978	26,729
Above-Market Ground Lease Obligation	1,501	1,501
Accumulated Amortization	(231)	(160)
Above-Market Ground Lease Obligation, Net	1,270	1,341
Total Intangible Liabilities, Net	$ 26,248	$ 28,070

The following table sets forth amortization related to intangible assets and liabilities for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	Year Ended December 31, 2014	2013	2012
Deferred Leasing Costs[1]	$ 1,731	$ 1,314	$ 714
Above-Market Leases[2]	9,498	10,374	7,658
In-Place Leases[1]	37,222	36,653	28,826
Other Intangible Assets[1]	163	—	—
Below-Market Leases[2]	(4,206)	(3,972)	(5,173)
Above-Market Ground Lease Obligation[3]	(71)	(71)	(71)

(1) The amortization of deferred leasing costs, in-place leases, and other intangible assets are recorded to depreciation and amortization expense in the condensed consolidated statements of operations for the periods presented.

(2) The amortization of above-market leases and below-market leases are recorded as reductions and additions to rental income, respectively, in the condensed consolidated statements of operations for the periods presented.

(3) The amortization of the above-market ground lease obligation is recorded as a decrease to property operating expense in the condensed consolidated statements of operations for the periods presented.

The following is a schedule of future amortization of deferred leasing costs, intangible assets and liabilities as of December 31, 2014 (in thousands):

	Intangible Assets				Intangible Liabilities	
	Deferred Leasing Costs	Acquired Above-Market Leases	Acquired In-Place Leases	Other Intangible Assets	Acquired Below-Market Leases	Above-Market Ground Lease Obligations
2015	$ 1,794	$ 8,464	$ 36,606	$ 144	$ 4,558	$ 71
2016	1,644	5,557	29,727	144	3,590	71
2017	1,497	4,466	25,254	144	3,098	71
2018	1,446	3,862	21,050	144	2,825	71
2019	1,299	3,300	17,284	144	2,604	71
Thereafter	10,583	7,606	37,789	542	8,303	915
	$ 18,263	$ 33,255	$ 167,710	$ 1,262	$ 24,978	$ 1,270

6. Debt

Secured notes payable are summarized as follows (in thousands):

Property	Stated Interest Rate	Effective Interest Rate[1]	Maturity Date	Outstanding Balance December 31, 2014	2013
One Wayside Road[2]	5.66%	5.25%	8/1/2015	$ 12,938	$ 13,352
One Wayside Road[2]	5.92%	5.25%	8/1/2015	10,854	11,169
Lakeside Office Center	6.03%	6.03%	9/1/2015	8,617	8,743
Celebration Office Center III[3]	4.25%	2.50%	12/1/2015	8,817	8,998
22535 Colonial Pkwy[3]	4.25%	2.50%	12/1/2015	7,889	8,051
Northpoint III[3]	4.25%	2.50%	12/1/2015	10,209	10,419
Goodyear Crossing II[3]	4.25%	2.50%	12/1/2015	19,489	19,891
3900 North Paramount Parkway[3]	4.25%	2.50%	12/1/2015	7,656	7,815
3900 South Paramount Parkway[3]	4.25%	2.50%	12/1/2015	7,656	7,815
1400 Perimeter Park Drive[3]	4.25%	2.50%	12/1/2015	2,320	2,368
Miramar I[3]	4.25%	2.50%	12/1/2015	9,095	9,283
Miramar II[3]	4.25%	2.50%	12/1/2015	12,250	12,503
70 Hudson Street	5.65%	5.15%	4/11/2016	114,108	116,100
Point West I - Swapped to Fixed	3.41%	3.41%	12/6/2016	10,716	11,041
100 Tice Blvd	5.97%	4.38%	9/15/2017	18,960	19,544
100 Tice Blvd	5.97%	4.38%	9/15/2017	18,960	19,543
4701 Gold Spike Drive[4]	4.45%	4.45%	3/1/2018	9,958	10,154
1985 International Way[4]	4.45%	4.45%	3/1/2018	6,920	7,055
3660 Deerpark Boulevard[4]	4.45%	4.45%	3/1/2018	7,153	7,294
Tolleson Commerce Park II[4]	4.45%	4.45%	3/1/2018	4,301	4,386
20000 S. Diamond Lake Road[4]	4.45%	4.45%	3/1/2018	6,265	6,388
Atrium I - swapped to fixed	3.78%	3.78%	5/31/2018	21,580	22,516
McAuley Place	3.98%	3.50%	9/1/2018	12,865	13,230
Easton III - Swapped to Fixed	3.95%	3.95%	1/31/2019	6,280	6,466
90 Hudson Street	5.66%	5.26%	5/1/2019	103,301	104,928
Fairforest Bldg. 6	5.42%	6.50%	6/1/2019	1,751	2,086
North Rhett I	5.65%	6.50%	8/1/2019	1,958	2,405
Kings Mountain II	5.47%	6.50%	1/1/2020	3,467	4,043
1 Rocket Road	6.60%	4.50%	8/1/2020	18,516	—
North Rhett II	5.20%	6.50%	10/1/2020	1,425	1,628
Mount Holly Bldg.	5.20%	6.50%	10/1/2020	1,425	1,628
Orangeburg Park Bldg.	5.20%	6.50%	10/1/2020	1,449	1,656
Kings Mountain I	5.27%	6.50%	10/1/2020	1,235	1,411
Ten Parkway North	4.75%	4.75%	1/1/2021	11,469	11,777
Union Cross Bldg. II	5.53%	6.50%	6/1/2021	5,755	6,471
Union Cross Bldg. I	5.50%	6.50%	7/1/2021	1,892	2,124

Property	Stated Interest Rate	Effective Interest Rate[1]	Maturity Date	Outstanding Balance December 31, 2014	2013
Norman Pointe I	5.24%	3.50%	10/1/2021	20,177	20,512
Norman Pointe II	5.24%	3.50%	10/1/2021	22,214	22,583
The Landings I	5.24%	3.50%	10/1/2021	15,185	15,437
The Landings II	5.24%	3.50%	10/1/2021	13,393	13,616
Fairforest Bldg. 5	6.33%	6.50%	2/1/2024	7,678	8,277
North Rhett IV	5.80%	6.50%	2/1/2025	7,862	8,414
Avion Midrise III & IV[5]	5.52%	7.00%	4/1/2014	—	19,979
Maskew Retail Park - Swapped to Fixed[6]	5.68%	5.68%	8/10/2014	—	23,161
12650 Ingenuity Drive[7]	5.62%	7.50%	10/1/2014	—	11,842
Bolingbrook Point III[8]	5.26%	5.26%	1/1/2015	—	7,900
Deerfield Commons I[9]	5.23%	5.23%	12/1/2015	—	9,290
Total Secured Notes Payable				596,008	665,292
Plus Premium				15,494	17,294
Less Discount				(894)	(1,386)
Total Secured Notes Payable, Net				$ 610,608	$ 681,200

(1) Represents the rate at which interest expense is recorded for financial reporting purposes, which reflects the amortization of any discounts/premiums, excluding debt issuance costs.
(2) This loan was paid off in full on February 2, 2015 prior to the maturity date.
(3) These nine loans are cross-collateralized.
(4) These five loans are cross-collateralized.
(5) This loan was paid off in full on January 2, 2014 prior to the maturity date.
(6) This loan was paid off in full on July 23, 2014 prior to the maturity date.
(7) This loan was paid off in full on July 1, 2014 prior to the maturity date.
(8) This loan was paid off in full on November 6, 2014 prior to the maturity date.
(9) This loan was paid off in full on December 16, 2014 prior to the maturity date.

Unsecured Term Loan Facilities

The terms of our Unsecured Term Loan Facilities and outstanding balances as of December 31, 2014 and December 31, 2013 are set forth in the table below (in thousands):

Term Loan Facility	Unswapped Interest Rate	Effective Interest Rate[1]	Maturity Date	Outstanding Balance December 31, 2014	2013
WF Term Loan #2[2]	LIBOR + 1.50%	2.49%	3/7/2018	$ 200,000	$ 200,000
WF Term Loan #3[2]	LIBOR + 1.50%	3.12%	1/15/2019	200,000	200,000
TD Term Loan[3]	LIBOR + 1.75%	3.28%	3/6/2020	50,000	50,000
Capital One Term Loan[2]	LIBOR + 1.75%	4.32%	1/31/2021	120,000	120,000
Total Unsecured Term Loan Facilities				$ 570,000	$ 570,000

(1) Represents the rate at which interest expense is recorded for financial reporting purposes, which reflects the effect of the interest rate swaps, excluding debt issuance costs.
(2) As of December 31, 2014 and December 31, 2013, the applicable LIBOR rate was 0.156% and 0.165%, respectively, for these loans.
(3) As of December 31, 2014 and December 31, 2013, the applicable LIBOR rate was 0.155% and 0.16875%, respectively, for this loan.

Unsecured Revolving Credit Facility

The terms of our unsecured revolving credit facility and outstanding balance are set forth in the table below (thousands):

	December 31, 2014	December 31, 2013
Outstanding Borrowings	$ 200,044	$ 170,044
Remaining Borrowing Capacity	649,956	679,956
Total Borrowing Capacity	$ 850,000	$ 850,000
Interest Rate[(1)]	1.46%	1.47%
Facility Fee[(2)]	30 bps	30 bps
Maturity Date[(3)]	January 15, 2018	January 15, 2018

(1) Calculated based on one-month LIBOR plus 1.30% as of December 31, 2014 and December 31, 2013.
(2) The facility fee is based on the unsecured revolving credit facility's total borrowing capacity.
(3) We may exercise an option to extend the maturity date by one year.

Debt Covenants and Restrictions

Certain of our secured notes payable are subject to certain financial covenants (interest coverage and loan to value).

As of December 31, 2014, our unsecured term loan facilities and revolving credit facility were subject to certain financial covenants that require, among other things: the maintenance of (i) a leverage ratio of not more than 0.60; (ii) a fixed charge coverage ratio of at least 1.50; (iii) a secured leverage ratio of not more than (a) 0.45 prior to September 30, 2014 for the Capital One Term Loan, March 6, 2015 for WF Term Loan #2, WF Term Loan #3, and unsecured revolving credit facility, or September 26, 2015 for the TD Term Loan, or (b) 0.40 thereafter; (iv) an unencumbered leverage ratio of not more than 0.60; (v) an unencumbered interest-service coverage ratio of at least 1.75; (vi) minimum tangible net worth of $1.5 billion plus 85% of the net proceeds of certain future equity issuances; and (vii) unencumbered asset value of at least $400.0 million. In addition, our unsecured term loan facilities and revolving credit facility contain a number of customary non-financial covenants including those restricting liens, mergers, sales of assets, certain investments in unimproved land and mortgage receivables, intercompany transfers, transactions with affiliates and distributions. The Company and certain of its subsidiaries have provided guarantees in connection with our unsecured term loan facilities and revolving credit facility. As of December 31, 2014, we were in compliance with all financial debt covenants.

The minimum principal payments due for our secured notes payable, unsecured term loan facilities and unsecured revolving credit facility are as follows as of December 31, 2014 (in thousands):

2015	$ 131,718
2016	134,612
2017	46,822
2018	472,613
2019	308,768
Thereafter	271,519
	$ 1,366,052

7. Risk Management and Use of Financial Instruments

Risk Management

In the course of our ongoing business operations, we encounter economic risk. There are three main components of economic risk: interest rate risk, credit risk and market risk. We are subject to interest rate risk on our interest-bearing liabilities. Credit risk is primarily the risk of inability or unwillingness of tenants to make contractually required payments and of counterparties on derivatives contracts to fulfill their obligations. Market risk is the risk of declines in the value of our properties due to changes in rental rates, interest rates, supply and demand of similar products and other market factors affecting the valuation of properties.

Derivative Financial Instruments

We utilize interest rate swaps to mitigate the effects of interest rate fluctuations on our variable-rate loans. Our strategy is to use a swap to convert the floating-rate borrowing (usually a secured note payable or an unsecured term loan facility) where LIBOR is consistently applied into a fixed-rate obligation with the only variable piece remaining is the spread between different reset dates when/if the swap and debt are not lined up. We generally enter into an interest rate swap agreement concurrently with the origination of the variable-rate loan for an equivalent principal amount for a period covering the term of the loan, which effectively converts our variable-rate debt to a fixed-rate loan. Our use of derivative instruments, including swaps, is limited by policy to hedging or mitigating commercial risk and we do not use derivative instruments for speculative, trading or investment purposes.

The following table sets forth the terms of our interest rate swaps at December 31, 2014 and 2013 (amounts in thousands):

	Notional Amount		Fair Value		Rate			
Type of Instrument	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	Index	Maturity Date
Interest Rate Swap[(1)]	$ 10,716	$ 11,041	$ (135)	$ (205)	1.3%	1.2%	LIBOR	12/6/2016
Interest Rate Swap[(2)]	200,000	200,000	1,467	2,854	0.8%	0.8%	LIBOR	3/7/2018
Interest Rate Swap[(1)]	21,580	22,516	(354)	(361)	1.6%	1.6%	LIBOR	5/31/2018
Interest Rate Swap	200,000	200,000	(1,540)	667	1.5%	1.4%	LIBOR	1/15/2019
Interest Rate Swap[(1)]	6,280	6,466	(127)	(86)	1.8%	1.8%	LIBOR	1/31/2019
Interest Rate Swap[(2)]	50,000	50,000	266	1,690	1.4%	1.3%	LIBOR	3/6/2020
Interest Rate Swap	120,000	120,000	(5,543)	(1,515)	2.4%	2.4%	LIBOR	1/31/2021
Interest Rate Swap[(3)]	—	23,161	—	(398)	—	2.9%	GBP LIBOR	8/10/2014

(1) We assumed this swap in connection with the purchase of the Duke Portfolio on March 1, 2013. This swap was designated as a hedging instrument under ASC 815-20 as of December 31, 2013. The swap was not designated as a hedging instrument under ASC 815-20 during the period from March 1, 2013 to March 31, 2013.
(2) We entered into these swaps in connection with the origination of the TD Term Loan and WF Term Loan #1 in March 2013. These swaps were designated as hedging instruments under ASC 815-20 as of December 31, 2013. These swaps were not designated as a hedging instruments under ASC 815-20 during the period from March 11, 2013 and March 12, 2013, respectively, to May 29, 2013.
(3) In connection with the Maskew Retail Park sale we paid off the secured debt with an outstanding principal of $23.8 million and terminated the related swap prior to the maturity date.

We record all derivative instruments on a gross basis in the condensed consolidated balance sheets. Accordingly, there are no offsetting amounts that net assets against liabilities. The asset and liability balances presented in the table below reflects the gross amounts of derivatives recorded in the consolidated balance sheets (in thousands):

	Asset Derivatives			Liability Derivatives		
		Fair value			Fair value	
Type of Instrument	Balance Sheet Location	December 31, 2014	December 31, 2013	Balance Sheet Location	December 31, 2014	December 31, 2013
Derivatives designated as hedging instruments						
Interest Rate Swaps	Prepaid Expenses and Other Assets	$ 1,733	$ 5,211	Accounts Payable, Accrued Expenses and Other Liabilities	$ 7,699	$ 2,565

The table below presents the effect of our derivative instruments on our consolidated statement of operations and consolidated statement of comprehensive income for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Derivatives Designated as Cash Flow Hedges:			
Loss Recognized in Other Comprehensive Income (OCI) (Effective Portion)	$ (17,851)	$ (116)	$ (7,024)
Loss Reclassified from AOCI into Interest Expense (Effective Portion)	(9,169)	(4,054)	(4,267)
Net Change in Fair Value of Derivative Financial Instruments (Ineffective Portion and Amount Excluded from Effectiveness Testing)	71	38	17
Loss on Swap Termination Recognized in Loss from Early Extinguishment of Debt	—	—	(14,306)
Derivatives Not Designated as Cash Flow Hedges:			
Realized and Unrealized Gain Recognized in Net Change in Fair Value of Non-Qualifying Interest Rate Swaps	$ —	$ 1,772	$ 564
Net Settlement Payments from Non-Qualifying Interest Rate Swaps	—	(1,158)	(682)
Loss Reclassified from AOCI into Gain on Conversion of Equity Interest to Controlling Interest	—	(1,414)	—

At December 31, 2014, the Company expects that the hedged forecasted transactions, for each of the outstanding qualifying cash flow hedging relationships, remains probable of occurring. During the next twelve months we anticipate reclassifying $7.6 million of amounts currently recorded in accumulated other comprehensive income to earnings.

Concentration of Credit Risk

Our credit risk relates primarily to cash, restricted cash, and interest rate swap agreements. Cash accounts at each U.S. institution are insured by the Federal Deposit Insurance Corporation up to $250,000 through December 31, 2014.

We have not experienced any losses to date on our invested cash and restricted cash. The interest rate swap agreements create credit risk. Credit risk arises from the potential failure of counterparties to perform in accordance with the terms of their contracts. Our risk management policies define parameters of acceptable market risk and limit exposure to credit risk. Credit exposure resulting from derivative financial instruments is represented by their fair value amounts, increased by an estimate of potential adverse position exposure arising from changes over time in interest rates, maturities, and other relevant factors. We do not anticipate nonperformance by any of our counterparties.

Our consolidated properties are located throughout the United States and in the United Kingdom. The ability of the tenants to honor the terms of their respective leases is dependent upon the economic, regulatory, and social factors affecting the communities in which the tenants operate. In addition, we do not have any tenant whose rents exceeds 10% of our total rental revenue.

8. Future Minimum Rents

The following is a schedule of future minimum rents to be received on non-cancelable operating leases from consolidated properties as of December 31, 2014 (in thousands):

2015	$ 214,235
2016	195,024
2017	182,642
2018	166,208
2019	147,567
Thereafter	456,763
	$ 1,362,439

9. Related Party Transactions

Prior to July 1, 2012, all of our business activities were managed by the former investment advisor pursuant to the fourth amended and restated advisory agreement ("Fourth Amended Advisory Agreement"), which terminated according to its terms on June 30, 2012. Effective July 1, 2012, we entered into the Transitional Services Agreement with the former investment advisor pursuant to which the former investment advisor would provide certain consulting related services to us at the direction of our officers and other personnel for a term which ended on April 30, 2013. As part of the Transitional Services Agreement, we paid $2.5 million on the effective date of the agreement to reimburse the former investment advisor for expenses incurred related to personnel costs. In addition, during 2013, we paid $0.7 million to the former investment advisor as a final settlement of the Transitional Services Agreement.

Pursuant to the Transitional Services Agreement, for services provided to us in connection with the investment management of our assets, the former investment advisor was paid an investment management consulting fee payable in cash consisting of (i) a monthly fee equal to one-twelfth of 0.5% of the aggregate cost (before non-cash reserves and depreciation) of all real estate investments within our portfolio and (ii) a monthly fee equal to 5.0% of the aggregate monthly net operating income derived from all real estate investments within our portfolio, subject to certain adjustments. For services provided to us in connection with the acquisition of assets, the former investment advisor or its affiliates was paid acquisition fees up to 1.5% of (i) the contract purchase price of real estate investments acquired by us, or (ii) when we make an investment indirectly through another entity, such investment's pro rata share of the gross asset value of real estate investments held by that entity. The total of all acquisition consulting fees payable with respect to real estate investments did not exceed an amount equal to 6% of the contract purchase price (or 6% of funds advanced with respect to mortgages) provided, however, that a majority of the uninterested members of the Board of Trustees could approve amounts in excess of this limit.

As required by the Transitional Services Agreement, we and the former investment advisor have agreed on a list of unacquired real estate investments for which the former investment advisor has performed certain acquisition related consulting services prior to the termination of the Transitional Service Agreement (a "Qualifying Property"). If any Qualifying Property is acquired by us within the nine months following the termination of the Transitional Services Agreement then we shall pay an acquisition consulting fee equal to 0.75% of (i) the contract purchase price of the real estate investments (including debt), or (ii) when we make an investment indirectly through another entity, such investment's pro rata share of the gross asset value of real estate investments held by that entity to the former investment advisor.

During the year ended December 31, 2014, we acquired one Qualifying Property and paid the former investment advisor $0.2 million in acquisition consulting fees. There are no further Qualifying Properties under the Transitional Services Agreement and we do not anticipate paying the former investment advisor any further acquisition consulting fees.

Previously, pursuant to the Fourth Amended Advisory Agreement and the Transitional Services Agreement, the former investment advisor and its affiliates performed services relating to property management, leasing, construction supervision and management, and brokerage services. The various fees paid to the former investment advisor are summarized in the table below for the years ended December 31, 2013 and 2012 (in thousands):

	Year Ended December 31,	
	2013	2012
Investment Management Fees	$ 489	$ 29,695
Transition Services Agreement Fees	686	2,500
Acquisition-Related Fees	1,895	5,159
Property Management Fees [(1)]	1,128	1,556
Leasing Commissions [(1)]	836	876
Construction Supervision and Management Fees [(1)]	873	1,049
Brokerage Fees	585	388
Mortgage Banking Fees and Other	—	26
Total	$ 6,492	$ 41,249

(1) Such fees for each service ranged from 2.0% to 5.0% of gross revenues received from a property that we owned.

At December 31, 2013, $0.6 million of amounts due to the former investment advisor for third party management fees was included in accounts payable, accrued expenses and other liabilities in the accompanying consolidated balance sheets. At December 31, 2012, $11.1 million of amounts due to the former investment advisor was included in accounts payable, accrued expenses and other liabilities in the accompanying consolidated balance sheets.

10. Equity Incentive Plan and Performance Bonus Plan

Equity Incentive Plan

At our annual shareholders' meeting held on May 31, 2013, our shareholders approved the 2013 equity incentive plan. Our key employees, directors, trustees, officers, advisors, consultants or other personnel of ours and our subsidiaries or other persons expected to provide significant services to us or our subsidiaries would be eligible to be granted incentive share options, non-qualified share options, share appreciation rights, restricted shares, restricted share units, dividend equivalent rights and other equity-based awards as contemplated in the 2013 equity incentive plan. As of December 31, 2014, there were 4,045,493 common shares available for grant under the 2013 equity incentive plan.

2014 Awards

On January 29, 2014, our Board's independent trustees, Messrs. Charles Black, Mark Brugger, James Francis, James Orphanides and Louis Salvatore, were awarded equity grants under the 2013 equity incentive plan on the following terms: (i) (x) Mr. Black's award was for 20,000 common shares, (y) Messrs. Orphanides and Salvatore each were awarded 5,000 common shares and (z) Messrs. Brugger and Francis each were awarded 1,550 common shares for a total of 33,100 and (ii) each award vested in its entirety, upon issuance. We recorded compensation expense based upon the $7.87 price per share on January 29, 2014.

On February 26, 2014, the Company and Operating Partnership entered into an amendment to Martin A. Reid's employment agreement, effective as of January 1, 2013, increasing Mr. Reid's annual target Long Term Incentive Award to 90,000 restricted common shares of the Company.

On March 15, 2014, a total of 401,875 restricted common shares were granted to our named executive officers (Messrs. Cuneo, Kianka and Reid) based on each executive's achievement of performance objectives during 2013, as determined at the discretion of our Compensation

Committee. Additionally, 25 of our employees were granted 143,450 restricted common shares, in the aggregate, on March 15, 2014. One-third of the restricted shares granted to our named executive officers and employees will vest on each of the first three anniversaries of grant if the grantee is employed by the Company on such anniversary. We recorded compensation expense based upon the $7.74 price per share on March 15, 2014. Compensation expense is recognized on a straight-line basis over the service vesting period of three years. We recognized share-based compensation expense of $1.9 million during the year ended December 31, 2014 as a result of granting the awards to our named executive officers and our employees.

On July 31, 2014, the Compensation Committee of the Board of Trustees (the "Compensation Committee") of the Company adopted and approved an incentive bonus plan, a form of restricted share award agreement, and a form of restricted share unit award agreement that may be used in connection with awards made pursuant to the 2013 equity incentive plan from time to time to the Company's trustees, executive officers and other employees.

The incentive bonus plan is intended to provide additional incentive for key employees of the Company to perform to the best of our abilities, to further the growth, development and financial success of the Company, and to enable us to attract and retain qualified and talented individuals. Restricted shares are awarded to grantees based on a time-based vesting formula. Restricted share units represent a contingent commitment of the Company to issue shares to a grantee based on certain performance-based goals determined by the Compensation Committee.

2013 Awards

On February 7, 2013, our Board's independent trustees, Messrs. Charles Black, James Orphanides and Louis Salvatore, were awarded equity grants under the amended and restated 2004 equity incentive plan on the following terms: (i) (x) Mr. Black's award was for $100,000 in common shares and (y) Messrs. Orphanides and Salvatore each were awarded $25,000 in common shares for a total of $150,000; and (ii) each award vested in its entirety, upon issuance.

On March 15, 2013, a total of 281,625 restricted common shares were granted to our named executive officers (Messrs. Cuneo, Kianka and Reid) based on each executive's achievement of performance objectives during 2012, as determined at the discretion of our Compensation Committee. Additionally, 21 of our employees were granted 117,300 restricted common shares, in the aggregate, on March 15, 2013. One-third of the restricted shares granted to our named executive officers and employees will vest in each of the first three anniversaries of grant if the grantee is employed by the Company on such anniversary. Compensation expense is recognized on a straight-line basis over the service vesting period of three years and takes into consideration an estimated forfeiture rate of 5%. We recognized share-based compensation expense of $1.0 million during the year ended December 31, 2013 as a result of granting the awards to our named executive officers and our employees.

As a result of the Listing on May 21, 2013, a total of 375,000 common shares were awarded to our named executive officers (Messrs. Cuneo, Kianka and Reid) and other members of our senior management. These shares fully vested on July 10, 2013. Additionally, on July 10, 2013, other employees were granted a total of 27,500 common shares as a result of the Listing as determined by the compensation committee of our Board of Trustees. These shares fully vested on July 10, 2013. We incurred $3.8 million in share-based compensation in connection with the Listing which is included in Transition and Listing expenses in the accompanying consolidated statements of operations for the year ended December 31, 2013.

2012 Awards

A total of 300,000 restricted common shares with time-based vesting were granted to Mr. Cuneo, Mr. Kianka and other members of senior management of the Company on September 25, 2012 and the grant date fair value of the awards was $3,000,000. Compensation expense will be recognized on a straight-line basis over the service vesting period of three years and will take into consideration an estimated forfeiture rate of 5%. We recognized stock based compensation expense of $245,000 during the year ended December 31, 2012 as a result of granting the awards to Mr. Cuneo, Mr. Kianka and other members of senior management.

Summary of Time-Based Restricted Common Shares

A summary of our Time-Based Restricted Common Shares from January 1, 2014 through December 31, 2014 is presented below:

	Nonvested		
	Common Shares	Weighted-Average Grant Date Fair Value per Share	Vested
Outstanding at January 1, 2014	598,925	$ 10.00	—
Granted	545,325	7.74	—
Vested	(317,133)	7.77	317,133
Forfeited	(26,418)	8.40	—
Canceled (1)	—	—	(95,313)
Outstanding at December 31, 2014	800,699	$ 8.68	221,820

(1) 47,206 and 48,107 common shares were tendered in accordance with the terms of the 2013 and 2012 equity incentive awards, respectively, to satisfy minimum state tax withholding requirements related to the restricted common shares that have vested. We accept the return of shares at the current quoted closing share price of the Company's common shares on the NYSE to satisfy tax obligations.

	2014	2013	2012
Compensation Expense Recorded During the Years ended December 31(1)(2)	$ 6,057	$ 5,713	$ 445
Unamortized Compensation Costs	$ 4,616	$ 4,444	$ 6,167
Shares Available for the Future Awards(3)	4,045,493	4,597,500	19,298,000

(1) 2014 compensation expense includes severance expense totaling $2.7 million.
(2) 2013 compensation expense includes expenses incurred in the Listing Expense totaling $3.8 million.
(3) Shares available for the future awards includes units under the 2013 equity incentive plan.

Retirement of Mr. Cuneo

On November 10, 2014, the Company announced the planned retirement of Mr. Cuneo. In connection with his retirement, Mr. Cuneo, the Company and CSP OP entered into a Memorandum of Retirement, which provides, among other things, that Mr. Cuneo will be treated as if he were terminated without cause under the terms of his existing employment agreement. Upon his retirement, Mr. Cuneo will be entitled to receive cash compensation and his common shares will become fully vested. In addition, Mr. Cuneo will be granted 200,000 common shares, will remain eligible to receive an annual cash bonus and equity grant for his services in 2014, and will continue to be compensated as currently until March 16, 2015. We recognized cash compensation expense related to Mr. Cuneo's retirement of approximately $3.3 million, which will be paid out in accordance with his employment agreement. A total amount of $5.1 million has been recognized in general and administrative expense for the year ended December 31, 2014 and an estimated $2.3 million is expected to be recognized in 2015.

401(k) Plan

We sponsor a 401(k) Qualified Safe-Harbor Retirement Plan for its eligible employees. Each employee's contribution is discretionary, but subject to specific limitations under the Internal Revenue Code. The 401(k) Safe-Harbor Plan provides for a matching contribution by the Company up to an amount equal to the sum of 100% of an employee's 401 (k) contributions that do not exceed 3% of annual compensation for the year, plus a matching contribution in an amount equal to the sum of 50% of an employee's 401 (k) contributions that exceed 3% of annual compensation for the plan year and that do not exceed 4% of annual compensation for the plan year. 401(k) contributions made by

employees and the Company vest immediately. For the year ended December 31, 2014, we contributed $0.2 million to the 401(k) plan. We did not provide an employer match during the years ended December 31, 2013 and 2012.

11. Shareholders' Equity

Common Shares

Under our current declaration of trust, we have the authority to issue a total of 1,000,000,000 shares of beneficial interest. Of the total shares authorized, 990,000,000 shares are designated as common shares, with a par value of $0.01 per share, and 10,000,000 shares are designated as preferred shares, with a par value of $0.01 per share.

On May 21, 2013, we listed our common shares on the NYSE under the symbol "CSG" and concurrently commenced the $125.0 million Tender Offer from our shareholders. As a result of the Tender Offer, on June 26, 2013, we accepted for purchase 12,376,237 common shares at a purchase price of $10.10 per share, for an aggregate cost of approximately $125.0 million, excluding fees and expenses relating to the Tender Offer.

In connection with the Listing, we terminated our dividend reinvestment plan effective as of the close of business on May 21, 2013. As of the close of business on May 21, 2013, we had issued a total of 8,869,829 common shares pursuant to our dividend reinvestment plan, and received approximately $84.3 million in gross proceeds.

In connection with the Listing, we terminated our share redemption program effective as of the close of business on May 21, 2013. During the years ended December 31, 2013 and 2012, we repurchased 4,996,935 common shares and 5,648,490 common shares, respectively, under our share redemption program for $47.4 million and $52.9 million, respectively.

On July 8, 2013, we eliminated 14,501 outstanding fractional common shares (the "Fractional Shares") by paying each holder of a Fractional Share an amount in cash equal to the fraction of a share being repurchased multiplied by the closing price of our common shares on the NYSE, as of the date of payment, rounded up to the nearest cent.

Beginning in the fourth quarter of 2013, we transitioned from quarterly distributions to paying distributions on a monthly basis as calculated pursuant to monthly record dates and distribution declaration dates.

At-The-Market Offering

On November 6, 2013, we and CSP OP entered into four separate Equity Distribution Agreements with certain sales agents, pursuant to which we may sell, from time to time, our common shares having an aggregate offering price of up to $250.0 million. Sales of our common shares may be made in ordinary brokers' transactions on the NYSE, in negotiated transactions or transactions that are deemed to be "at the market" ("ATM") offerings, including sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices. We may use these proceeds and proceeds from the sale of its debt securities to repay debt, including borrowings under our unsecured revolving credit facility, to make acquisitions of properties or portfolios of properties, or for general corporate purposes. As of December 31, 2014, there have been no sales of common shares under the ATM program.

Accumulated Other Comprehensive Income (Loss)

The following presents the changes in the balances of each component of accumulated other comprehensive income (loss) for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	Foreign Currency Translation Gain (Loss)	Swap Fair Value Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2012	$ (10,579)	$ (13,085)	$ (23,664)
Other Comprehensive Income Before Reclassifications	4,415	10,662	15,077
Balance at December 31, 2012	$ (6,164)	$ (2,423)	$ (8,587)
Other Comprehensive Income Before Reclassifications	7,834	1,295	9,129
Amounts Reclassified from Accumulated Other Comprehensive Income to Interest Expense	—	4,054	4,054
Balance at December 31, 2013	$ 1,670	$ 2,926	$ 4,596
Other Comprehensive Loss Before Reclassifications	(19,183)	(17,851)	(37,034)
Amounts Reclassified from Accumulated Other Comprehensive Income to Interest Expense	—	9,169	9,169
Balance at December 31, 2014	$ (17,513)	$ (5,756)	$ (23,269)

12. Fair Value of Financial Instruments and Investments

We apply the three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices for identical financial instruments in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as instruments that have little to no pricing observability as of the reported date. These financial instruments do not have two-way markets and are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

As of December 31, 2014 and December 31, 2013 , we held certain items that were required to be measured at fair value on a recurring basis. These included cash equivalents, interest rate swap derivative contracts and our equity method investment in CB Richard Ellis Strategic Partners Asia II-A, L.P. ("CBRE Strategic Partners Asia"). Cash equivalents consist of short-term, highly liquid, income-producing investments, all of which have maturities of 90 days or less, including money market funds and U.S. Government obligations. Derivative instruments are related to our economic hedging activities with respect to interest rates.

The fair values of the interest rate swap derivative agreements are estimated with the assistance of a third-party valuation specialist using the market standard methodology of discounting the future expected cash payments and receipts on the pay and receive legs of the interest rate swap agreements that swap the estimated variable rate mortgage note payment stream for a fixed rate receive payment stream over the period of the loan. The variable interest rates used in the calculation of projected receipts on the interest rate swap agreements are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities. We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements (where appropriate). Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by us and our counterparties. However, as of December 31, 2014 and December 31, 2013, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy. We have consistently applied these valuation techniques in all periods presented and believe we have obtained the most accurate information available for the types of derivative contracts we hold.

CHAMBERS STREET PROPERTIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
For the Years Ended December 31, 2014, 2013 and 2012

Our investment in CBRE Strategic Partners Asia is based on the Level 3 valuation inputs applied by the Investment Manager of this investment company utilizing a mix of different approaches for valuing the underlying real estate related investments within the investment company. The approaches include the income approach, direct market comparison approach and the replacement cost approach for newer properties. For investments owned more than one year, except for investments under construction or incurring significant renovation, it is CBRE Strategic Partners Asia's policy to obtain a third-party appraisal. For investments in real estate under construction or incurring significant renovation, the valuation analysis is prepared by the Investment Manager. On a quarterly basis, the Company obtains the financial results of CBRE Strategic Partners Asia and on an annul basis the Company receives audited financial statements.

Impairment of Real Estate

During the year ended December 31, 2014, we recognized an impairment charge of $27.6 million in continuing operations related to our 70 Hudson Street property. Accordingly, we reduced the carrying value of this property to the property's current estimated fair value of approximately $94.0 million. The inputs used to calculate the fair value included projected cash flows and risk-adjusted rate of return that we estimated would be used by a market participant in valuing the asset or by obtaining a range of third-party broker valuation estimates.

We utilized a discounted cash flow analysis to estimate the property's fair value. The unobservable inputs (Level 3) of our real estate that was recorded at fair value as of December 31, 2014 included a discount rate of 12%, a terminal capitalization rate of 6.5%, a market rent growth rate range of 3% - 3.4% and an expense growth rate of 3%.

The following items are measured at fair value on a recurring basis and non-recurring basis at December 31, 2014 and December 31, 2013 (in thousands):

	As of December 31, 2014			
	Fair Value Measurements Using:			
	Quoted Markets Prices (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets (Liabilities)				
Cash Equivalents	$ 1,573	$ —	$ —	$ 1,573
Interest Rate Swaps Designated as Cash Flow Hedges - Assets	—	1,733	—	1,733
Interest Rate Swaps Designated as Cash Flow Hedges - Liabilities	—	(7,699)	—	(7,699)
Investment in CBRE Strategic Partners Asia	—	—	6,870	6,870
Fair Value of Real Estate at Impairment[1]	—	—	94,000	94,000

(1) Represents a non-recurring fair value measurement.

	As of December 31, 2013			
	Fair Value Measurements Using:			
	Quoted Markets Prices (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets (Liabilities)				
Cash Equivalents	$ 1,069	$ —	$ —	$ 1,069
Interest Rate Swaps Designated as Cash Flow Hedges - Assets	—	5,211	—	5,211
Interest Rate Swaps Designated as Cash Flow Hedges - Liabilities	—	(2,565)	—	(2,565)
Investment in CBRE Strategic Partners Asia	—	—	9,676	9,676

The following table presents our activity for our investment in CBRE Strategic Partners Asia measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2014 and 2013, respectively (in thousands):

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	Investment in CBRE Strategic Partners Asia
Balance at January 1, 2014	$ 9,676
Distributions	(2,724)
Total Income on Fair Value Adjustment	769
Unrealized Loss in Fair Value Adjustment	(851)
Balance at December 31, 2014	$ 6,870

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	Investment in CBRE Strategic Partners Asia
Balance at January 1, 2013	$ 8,098
Total Income on Fair Value Adjustment	1,578
Balance at December 31, 2013	$ 9,676

Disclosure of Fair Value Financial Instruments

For disclosure purposes only, the following table summarizes our financial instruments and their estimated fair value at December 31, 2014 and December 31, 2013 (in thousands):

	December 31, 2014		December 31, 2013	
Financial Instrument	Carrying Value	Fair Value	Carrying Value	Fair Value
Secured Notes Payable[(1)]	$ 610,608	$ 628,194	$ 681,200	$ 721,728
Unsecured Term Loan Facilities[(1)]	$ 570,000	$ 577,196	$ 570,000	$ 570,272
Unsecured Revolving Credit Facility[(1)]	$ 200,044	$ 200,044	$ 170,044	$ 170,044

(1) Items are measured using Level 2 inputs.

These financial instruments do not have two-way markets and are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

13. Commitments and Contingencies

Ground Leases - We own a property that is subject to a long-term noncancellable ground lease obligation that contractually expires on November 30, 2032. We have three ten-year renewal options that will allow us to extend the expiration of the ground lease through November 30, 2062. The minimum commitment under the ground lease as of December 31, 2014 and thereafter is as follows (in thousands):

Year	Amount
2015	$ 273
2016	273
2017	273
2018	276
2019	308
Thereafter	4,474
	$ 5,877

Litigation—From time to time, we and our properties may be subject to legal proceedings, which arise in the ordinary course of our business. Currently, neither our company nor any of our properties are subject to, or threatened with, any legal proceedings for which the outcome is reasonably likely to have a material adverse effect on our financial statements.

Environmental Matters—We are not aware of any material environmental liability or any unasserted claim or assessment with respect to a material environmental liability that we believe would require additional disclosure or the recording of a loss contingency.

14. Segment Disclosure

As a result of the reassessment of our reportable segments during the period ended March 31, 2014, we view our consolidated property operations as two reportable segments: Industrial Properties and Office Properties. Based on this, we reclassified the prior period segment financial results to conform to the current year presentation. In addition, we had one non-reportable segment, which was Retail Properties. However, during the quarter ended September 30, 2014 we sold our last remaining retail property, therefore, eliminating the nonreportable segment from future reportable presentations. Management internally evaluates the operating performance and financial results of our segments based on net operating income. We also have certain general and administrative level activities including legal, accounting, tax preparation and shareholder servicing costs that are not considered separate operating segments.

We evaluate the performance of our segments based on net operating income, defined as: rental income, tenant reimbursements and other property income less property and related expenses (operating and maintenance and real estate taxes) and excludes other non-property income and expenses, interest expense, depreciation and amortization, and corporate general and administrative expenses.

The following table compares the net operating income for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Industrial Properties			
Revenues:			
Rental	$ 60,241	$ 54,256	$ 42,362
Tenant Reimbursements	15,866	15,848	8,861
Other Property Income	711	—	—
Total Revenues	76,818	70,104	51,223
Property and Related Expenses:			
Property Operating	6,263	4,139	3,207
Real Estate Taxes	12,756	14,004	7,621
Total Property and Related Expenses	19,019	18,143	10,828
Net Operating Income	$ 57,799	$ 51,961	$ 40,395
Office Properties			
Revenues:			
Rental	$ 147,619	$ 138,566	$ 99,111
Tenant Reimbursements	43,816	37,294	24,424
Other Property Income	1,069	—	—
Total Revenues	192,504	175,860	123,535
Property and Related Expenses:			
Property Operating	30,341	26,868	17,983
Real Estate Taxes	26,811	23,967	15,015
Total Property and Related Expenses	57,152	50,835	32,998
Net Operating Income	$ 135,352	$ 125,025	$ 90,537
Non-Reportable Properties			
Revenues:			
Rental	$ 2,320	$ 3,884	$ 3,959
Tenant Reimbursements	48	164	126
Total Revenues	2,368	4,048	4,085
Property and Related Expenses:			
Property Operating	153	214	274
Total Property and Related Expenses	153	214	274
Net Operating Income	$ 2,215	$ 3,834	$ 3,811

	Year Ended December 31,		
	2014	2013	2012
Reconciliation to Consolidated Net Income			
Total Segment Net Operating Income	$ 195,366	$ 180,820	$ 134,743
Expenses:			
General and Administrative	31,333	23,138	14,660
Investment Management Fee	—	489	29,695
Acquisition-related Expenses	2,272	2,690	7,752
Depreciation and Amortization	109,292	102,793	72,383
Impairment of Real Estate	27,563	—	—
Transition and Listing Expenses	—	12,681	8,249
	24,906	39,029	2,004
Other Expenses and Income			
Interest and Other Income	652	1,321	2,235
Interest Expense	(55,311)	(47,295)	(33,845)
Interest Expense and Net Change in Fair Value of Non-Qualifying Derivative Financial Instruments	71	614	(118)
Gain on Sale of Real Estate	21,164	—	—
Loss on Early Extinguishment of Debt	(477)	(1,051)	(17,284)
Gain on Conversion of Equity Investment to Controlling Interest	—	75,763	—
(Loss) Income from Continuing Operations Before Provision for Income Taxes and Equity in Income of Unconsolidated Entities	(8,995)	68,381	(47,008)
Provision for Income Taxes	(780)	(287)	(266)
Equity in Income of Unconsolidated Entities	28,823	12,111	3,959
Net Income (Loss) from Continuing Operations	19,048	80,205	(43,315)
Discontinued Operations			
Income from Discontinued Operations	—	382	720
Gain (Loss) on Sale of Real Estate	—	2,759	(413)
Income From Discontinued Operations	—	3,141	307
Net Income (Loss)	$ 19,048	$ 83,346	$ (43,008)

Condensed Assets	Year Ended December 31,		
	2014	2013	2012
Industrial Properties	$ 916,038	$ 725,566	$ 678,930
Office Properties	1,504,285	1,639,875	1,115,906
Other Properties	—	50,209	66,924
Non-Segment Assets[(1)]	449,485	594,946	616,276
Non-Segment Construction Progress and Other Assets—Variable Interest Entity	—	—	76,826
Total Assets	$ 2,869,808	$ 3,010,596	$ 2,554,862

(1) Non-segment assets primarily include our investments in unconsolidated entities.

Condensed Expenditures	Year Ended December 31,		
	2014	2013	2012
Industrial Properties	$ 216,532	$ 82,274	$ 239,470
Office Properties	11,197	510,081	29,582
Non-Segment Construction in Progress and Other Assets—Variable Interest Entity	—	—	56,180
Total Capital Expenditures	$ 227,729	$ 592,355	$ 325,232

15. Earnings per Share Attributable to Common Shareholders

The following table reconciles the numerator and denominator in computing the Company's basic and diluted per-share computations for net income attributable to common shareholders for the years ended December 31, 2014, 2013 and 2012 is as follows (in thousands except share data):

	Year Ended December 31, 2014	2013	2012
Numerator:			
Income (Loss) from Continuing Operations	$ 19,048	$ 80,205	$ (43,315)
(Income) Loss from Continuing Operations Attributable to Noncontrolling Interests	—	(82)	32
Allocation to Participating Securities (Nonvested Time-Based Shares)	(454)	(360)	(90)
Numerator for Basic and Diluted Income (Loss) from Continuing Operations	18,594	79,763	(43,373)
Income from Discontinued Operations	—	3,141	307
Numerator for Basic and Diluted Net Income (Loss) Attributable to Common Shareholders	$ 18,594	$ 82,904	$ (43,066)
Denominator:			
Basic Weighted Average Vested Shares Outstanding	236,866,656	242,379,680	248,154,277
Effect of Dilutive Securities - Performance-Based Shares[1]	—	—	—
Diluted Weighted Average Vested Shares Outstanding	236,866,656	242,379,680	248,154,277
Basic and Diluted Earnings Per Share:			
Income (Loss) from Continuing Operations Attributable to Common Shareholders per Share	$ 0.08	$ 0.33	$ (0.17)
Income from Discontinued Operations Attributable to Common Shareholders per Share	$ 0.00	$ 0.01	$ 0.00
Net Income (Loss) Attributable to Common Shareholders per Share	$ 0.08	$ 0.34	$ (0.17)

(1) 375,000 performance-based shares granted in September 2012 and subsequently vested in May 2013 are not included in the diluted weighted average share calculations for the year ended December 31, 2012 because the effect would be anti-dilutive.

16. Distributions

Earnings and profits, which determine the taxability of distributions to shareholders, will differ from income reported for financial reporting purposes due to the differences for federal income tax purposes including the treatment of loss on extinguishment of debt, revenue recognition, compensation expense and in the basis of depreciable assets and estimated useful lives used to compute depreciation.

CHAMBERS STREET PROPERTIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
For the Years Ended December 31, 2014, 2013 and 2012

The following table reconciles the distributions declared per common share to the distributions paid per common share during the years ended December 31, 2014, 2013 and 2012:

	2014	2013	2012
Distributions declared per common share	$ 0.504	$ 0.551	$ 0.600
Less: Distributions declared in the current period, and paid in the subsequent period	(0.042)	(0.042)	(0.150)
Add: Distributions declared in the prior year, and paid in the current year	0.042	0.150	0.150
Distributions paid per common share	$ 0.504	$ 0.659	$ 0.600

Distributions to shareholders during the years ended December 31, 2014, 2013 and 2012, totaled approximately $119.3 million, $159.6 million and $144.3 million, respectively.

The income tax treatment for distributions declared for the years ended December 31, 2014, 2013 and 2012 as identified above, were as follows (unaudited):

	2014		2013		2012	
Ordinary Income	$ 0.3200	63.5%	$ 0.2903	44.1%	$ 0.087	14.5%
Return of Capital	0.1195	23.7%	0.3614	54.8%	0.513	85.5%
Capital Gain	0.0644 [1]	12.8%	0.0073	1.1%	—	—%
	$ 0.504	100.0%	$ 0.659	100.0%	$ 0.600	100.0%

(1) 38.7% of the capital gain is comprised of a recaptured Section 1250 gain.

17. Quarterly Financial Information (unaudited)

Summarized quarterly financial data for the years ended December 31, 2014 and 2013 was as follows (in thousands, except per share amounts):

	2014 Quarter Ended			
	March 31	June 30	September 30	December 31
Total Revenue	$ 68,165	$ 66,628	$ 68,147	$ 68,750
Income from Continuing Operations	3,319	5,153	18,468	(7,892)
Net Income (Loss)	3,319	5,153	18,468	(7,892)
Net Income (Loss) Attributable to Common Shareholders	3,319	5,153	18,468	(7,892)
Net Income (Loss) Attributable to Common Shareholders per share-basic and diluted	$ 0.01	$ 0.02	$ 0.08	$ (0.03)

	2013 Quarter Ended			
	March 31	June 30	September 30	December 31
Total Revenue	$ 53,432	$ 66,556	$ 64,786	$ 65,238
Income (Loss) from Continuing Operations	81,999	(3,730)	745	1,191
Income from Discontinued Operations	91	90	114	2,846
Net Income (Loss)	82,090	(3,640)	859	4,037
Net Income (Loss) Attributable to Common Shareholders	82,007	(3,636)	856	4,037
Net Income (Loss) Attributable to Common Shareholders per share-basic and diluted	$ 0.33	$ (0.01)	$ 0.00	$ 0.02

18. Subsequent Events

On January 9, 2015, our Board of Trustees' independent trustees, Messrs. Black, Brugger, Francis, Orphanides and Salvatore, were awarded restricted share units ("RSUs") under the Company's 2013 Equity Incentive Plan on the following terms: (i) (y) Mr. Black was awarded 20,000 RSUs, and (z) Messrs. Brugger, Francis, Orphanides and Salvatore each were awarded 5,000 RSUs; and (ii) each award is subject to a mandatory deferral program. Pursuant to the mandatory deferral program, each RSU entitles a holder to receive one common share upon the earlier of (i) the sixth month anniversary of the holder's separation of service from the Company, and (ii) a change in control of the Company. Each RSU also entitles a holder to receive an amount equal to the dividends paid on one common share.

On January 23, 2015 , the Duke JV sold an office property located in Raleigh, North Carolina for approximately $20.6 million, of which our pro rata share was approximately $16.4 million.

On February 2, 2015, we paid off the notes payable secured by One Wayside Road in the amount of $23.8 million prior to their maturity dates of August 1, 2015.

On February 10, 2015, we acquired a 11.8 acre undeveloped parcel in Goodyear, Arizona for a price of $1.7 million.

On February 20, 2015, our Board of Trustees approved a monthly distribution of $0.0425 per common share for each of the months of April, May and June of 2015. The April dividend will be paid on May 8, 2015 to all shareholders of record on April 30, 2015, the May dividend will be paid on June 8, 2015 to all shareholders of record on May 29, 2015, and the June dividend will be paid on July 9, 2015 to all shareholders of record on June 30, 2015.

Schedule III—Properties and Accumulated Depreciation Through December 31, 2014 (In Thousands)

			Acquisition Costs												
Property	Location	Encumbrance Net	Land	Site Improve-ments	Land Avail-able for Expan-sion	Building and Improve-ments	Tenant Im-prove-ments	Total	Im-prove-ments Sub-sequent to Purchase Date	Total Cost	Accu-mulated De-precia-tion and Amor-tization	Net Invest-ments in Real Estate	De-precia-tion Life[(1)]	Date of Acquisition (A)/ Construction (C)[(2)]	
REMEC Corporate Campus	San Diego, CA	$ —	$ 11,862	$ —	—	$ 8,933	$ 3,217	$ 24,012	$ 95	$ 24,107	$ (5,041)	$ 19,066	39	9/15/2004	(A)
300 Constitution	Boston, MA	—	5,441	—	150	13,826	733	20,150	—	20,150	(4,337)	15,813	39	11/3/2004	(A)
660 North Dorothy	Dallas, TX	—	1,576	417	—	3,402	199	5,594	382	5,976	(1,559)	4,417	39	1/9/2006	(A)
505 Century	Dallas, TX	—	950	304	—	3,685	119	5,058	1,263	6,321	(1,582)	4,739	39	1/9/2006	(A)
631 International	Dallas, TX	—	923	238	—	2,912	285	4,358	548	4,906	(1,155)	3,751	39	1/9/2006	(A)
602 Central Blvd.	Coventry, UK	—	2,917	251	1,870	13,957	—	18,995	672	19,667	(2,985)	16,682	39	4/27/2007	(A)
Bolingbrook Point III	Chicago, IL	—	2,423	522	—	13,434	164	16,543	51	16,594	(2,932)	13,662	39	8/29/2007	(A)
Fairforest Bldg. 5	Spartanburg, SC	7,624	1,637	2,462	150	12,017	100	16,366	11	16,377	(3,565)	12,812	39	8/30/2007	(A)
Fairforest Bldg. 6	Spartanburg, SC	1,710	463	506	719	3,753	459	5,900	—	5,900	(1,374)	4,526	39	8/30/2007	(A)
Fairforest Bldg. 7	Spartanburg, SC	—	490	463	169	4,503	—	5,625	595	6,220	(1,579)	4,641	39	8/30/2007	(A)
HJ Park Bldg. 1	Spartanburg, SC	—	575	468	—	2,472	12	3,527	7	3,534	(709)	2,825	39	8/30/2007	(A)
North Rhett I	Charleston, SC	1,914	1,290	366	—	9,627	428	11,711	946	12,657	(2,421)	10,236	39	8/30/2007	(A)
North Rhett II	Charleston, SC	1,374	539	144	—	5,670	26	6,379	604	6,983	(1,749)	5,234	39	8/30/2007	(A)
North Rhett III	Charleston, SC	—	500	209	131	3,366	18	4,224	29	4,253	(754)	3,499	39	8/30/2007	(A)
North Rhett IV	Charleston, SC	7,614	2,203	1,716	229	12,445	91	16,684	—	16,684	(3,225)	13,459	39	8/30/2007	(A)
Jedburg Commerce Park	Charleston, SC	—	3,911	3,026	118	20,381	149	27,585	305	27,890	(5,527)	22,363	39	8/30/2007	(A)
Mount Holly Bldg.	Charleston, SC	1,374	1,012	1,050	—	3,699	18	5,779	55	5,834	(1,282)	4,552	39	8/30/2007	(A)
Orangeburg Park Bldg.	Charleston, SC	1,397	456	641	88	3,636	93	4,914	—	4,914	(1,090)	3,824	39	8/30/2007	(A)
Kings Mt. I	Charlotte, NC	1,193	66	362	442	3,097	166	4,133	89	4,222	(964)	3,258	39	8/30/2007	(A)
Kings Mt. II	Charlotte, NC	3,381	774	1,351	—	10,199	958	13,282	—	13,282	(3,148)	10,134	39	8/30/2007	(A)
Union Cross Bldg. I	Winston-Salem, NC	1,834	852	759	—	3,905	27	5,543	—	5,543	(1,120)	4,423	39	8/30/2007	(A)
Union Cross Bldg. II	Winston-Salem, NC	5,587	1,658	1,576	—	12,271	65	15,570	483	16,053	(3,165)	12,888	39	8/30/2007	(A)
Fairforest Bldg. 1	Spartanburg, SC	—	335	107	—	2,509	6	2,957	—	2,957	(452)	2,505	39	8/30/2007	(A)
Fairforest Bldg. 2	Spartanburg, SC	—	241	122	156	4,654	2	5,175	200	5,375	(907)	4,468	39	8/30/2007	(A)
Fairforest Bldg. 3	Spartanburg, SC	—	444	231	164	4,695	14	5,548	—	5,548	(863)	4,685	39	8/30/2007	(A)
Fairforest Bldg. 4	Spartanburg, SC	—	661	331	—	4,566	10	5,568	3,003	8,571	(967)	7,604	39	8/30/2007	(A)
Highway 290 Commerce Pk Bldg. 1	Spartanburg, SC	—	704	219	—	4,347	8	5,278	722	6,000	(806)	5,194	39	8/30/2007	(A)
Highway 290 Commerce Pk Bldg. 5	Spartanburg, SC	—	421	162	—	800	4	1,387	109	1,496	(220)	1,276	39	8/30/2007	(A)
Highway 290 Commerce Pk Bldg. 7	Spartanburg, SC	—	1,233	510	—	2,949	1	4,693	381	5,074	(795)	4,279	39	8/30/2007	(A)
Orchard Business Park 2	Spartanburg, SC	—	173	62	—	526	—	761	35	796	(145)	651	39	8/30/2007	(A)
Greenville/Spartanburg Ind. Pk	Spartanburg, SC	—	460	200	—	2,584	2	3,246	240	3,486	(595)	2,891	39	8/30/2007	(A)

Schedule III—Properties and Accumulated Depreciation Through December 31, 2014 (In Thousands)—(Continued)

Property	Location	Acquisition Costs: Encumbrance Net	Land	Site Improve-ments	Land Avail-able for Expan-sion	Building and Improve-ments	Tenant Im-prove-ments	Total	Im-prove-ments Sub-sequent to Purchase Date	Total Cost	Accu-mulated De-precia-tion and Amor-tization	Net Invest-ments in Real Estate	De-precia-tion Life[1]	Date of Acquisition (A)/ Construction (C)[2]	
Community Cash Complex 1	Spartanburg, SC	—	867	175	—	1,622	—	2,664	690	3,354	(960)	2,394	39	8/30/2007	(A)
Community Cash Complex 2	Spartanburg, SC	—	887	136	—	1,169	3	2,195	—	2,195	—	2,195	39	8/30/2007	(A)
Community Cash Complex 3	Spartanburg, SC	—	205	16	—	1,190	22	1,433	—	1,433	(219)	1,214	39	8/30/2007	(A)
Community Cash Complex 4	Spartanburg, SC	—	132	15	—	399	—	546	—	546	—	546	39	8/30/2007	(A)
Community Cash Complex 5	Spartanburg, SC	—	138	15	—	671	—	824	—	824	—	824	39	8/30/2007	(A)
Highway 290 Commerce Pk Bldg. 2	Spartanburg, SC	—	969	363	162	3,008	24	4,526	—	4,526	(653)	3,873	39	9/24/2007	(A)
Highway 290 Commerce Pk Bldg. 6	Spartanburg, SC	—	498	176	74	3,012	—	3,760	554	4,314	(647)	3,667	39	11/1/2007	(A)
Lakeside Office Center	Dallas, TX	8,617	4,328	817	—	10,497	1,140	16,782	626	17,408	(3,413)	13,995	39	3/5/2008	(A)
Kings Mt. III	Charlotte, NC	—	674	1,647	509	13,738	—	16,568	4,853	21,421	(4,209)	17,212	39	3/14/2008	(A)
Enclave on the Lake	Houston, TX	—	4,056	10,230	—	20,823	1,197	36,306	2,162	38,468	(7,869)	30,599	39	7/1/2008	(A)
Avion Midrise III & IV	Chantilly, VA	—	6,810	1,179	—	30,004	1,105	39,098	201	39,299	(6,380)	32,919	39	11/18/2008	(A)
13201 Wilfred Lane	Minneapolis, MN	—	2,274	412	—	11,049	129	13,864	—	13,864	(1,788)	12,076	39	6/29/2009	(A)
3011, 3055 & 3077 Comcast Place	East Bay, CA	—	7,013	998	—	21,858	7,739	37,608	—	37,608	(6,342)	31,266	39	7/1/2009	(A)
140 Depot Street	Boston, MA	—	3,560	1,172	—	11,898	158	16,788	—	16,788	(2,162)	14,626	39	7/31/2009	(A)
Crest Ridge Corporate Center I	Minneapolis, MN	—	4,624	335	—	16,024	3,174	24,157	28	24,185	(4,023)	20,162	39	8/17/2009	(A)
West Point Trade Center	Jacksonville, FL	—	5,843	2,925	—	16,067	368	25,203	4,849	30,052	(3,524)	26,528	39	12/30/2009	(A)
5160 Hacienda Drive	East Bay, CA	—	8,100	740	—	20,776	1,693	31,309	—	31,309	(3,510)	27,799	39	4/8/2010	(A)
10450 Pacific Center Court	San Diego, CA	—	4,501	724	499	20,410	1,061	27,195	—	27,195	(3,251)	23,944	39	5/7/2010	(A)
225 Summit Avenue	Northern, NJ	—	6,443	978	657	25,460	2,240	35,778	—	35,778	(4,203)	31,575	39	6/21/2010	(A)
One WaySide Road	Boston, MA	23,873	7,500	517	—	37,870	2,442	48,329	226	48,555	(5,939)	42,616	39	6/24/2010	(A)
100 Tice Blvd.	Northern, NJ	39,416	7,300	1,048	—	47,114	2,231	57,693	—	57,693	(6,294)	51,399	39	9/28/2010	(A)
Ten Parkway North	Chicago, IL	11,468	3,500	276	—	15,764	1,368	20,908	19	20,927	(2,340)	18,587	39	10/12/2010	(A)
4701 Gold Spike Drive	Dallas, TX	9,958	3,500	384	—	14,057	96	18,037	—	18,037	(1,697)	16,340	39	10/27/2010	(A)
1985 International Way	Hebron, KY	6,919	2,200	396	—	10,544	33	13,173	95	13,268	(1,272)	11,996	39	10/27/2010	(A)
3660 Deerpark Boulevard	Jacksonville, FL	7,153	2,061	438	339	10,036	67	12,941	—	12,941	(1,261)	11,680	39	10/27/2010	(A)
Tolleson Commerce Park II	Phoenix, AZ	4,301	2,200	567	—	4,753	62	7,582	187	7,769	(826)	6,943	39	10/27/2010	(A)
Pacific Corporate Park	Sterling, VA	—	13,928	47,023	7,200	46,993	14,810	129,954	110	130,064	(24,458)	105,606	39	11/15/2010	(A)
100 Kimball Drive	Northern, NJ	—	8,800	1,270	—	39,401	2,946	52,417	—	52,417	(5,609)	46,808	39	12/10/2010	(A)
70 Hudson Street	Jersey City, NJ	115,018	55,300	8,885	—	56,195	3,470	123,850	(35,918)	87,932	—	87,932	39	4/11/2011	(A)
90 Hudson Street	Jersey City, NJ	104,863	56,400	9,968	—	76,909	3,198	146,475	946	147,421	(11,453)	135,968	39	4/11/2011	(A)
Millers Ferry Road	Dallas, TX	—	5,835	8,755	—	18,412	688	33,690	150	33,840	(3,969)	29,871	39	6/2/2011	(A)
Sky Harbor Operations Center	Phoenix, AZ	—	—	20,848	—	19,677	4,565	45,090	—	45,090	(7,110)	37,980	39	9/30/2011	(A)

Schedule III—Properties and Accumulated Depreciation Through December 31, 2014 (In Thousands)—(Continued)

Property	Location	Acquisition Costs: Encumbrance Net	Land	Site Improve-ments	Land Avail-able for Expan-sion	Building and Improve-ments	Tenant Im-prove-ments	Total	Im-prove-ments Sub-sequent to Purchase Date	Total Cost	Accu-mulated De-precia-tion and Amor-tization	Net Invest-ments in Real Estate	De-precia-tion Life[1]	Date of Acquisition (A)/ Construction (C)[2]	
Atwater	Philadelphia, PA	—	5,818	11,583	1,033	29,113	30,719	78,266	—	78,266	(8,157)	70,109	39	10/27/2011	(A)
Aurora Commerce Center Bldg. C	Denver, CO	—	2,600	1,126	—	17,466	254	21,446	—	21,446	(1,714)	19,732	39	11/30/2011	(A)
Sabal Pavilion	Tampa, FL	—	3,900	1,394	—	10,734	1,656	17,684	251	17,935	(1,646)	16,289	39	12/30/2011	(C)
2400 Dralle Road	Chicago, IL	—	9,975	4,732	1,731	38,175	912	55,525	8	55,533	(3,825)	51,708	39	3/20/2012	(A)
Midwest Commerce Center I	Kansas City, KS	—	4,739	10,517	1,926	36,170	597	53,949	7	53,956	(3,983)	49,973	39	8/16/2012	(A)
20000 S. Diamond Lake Road	Minneapolis, MN	6,265	1,976	884	—	12,041	55	14,956	—	14,956	(794)	14,162	39	11/7/2012	(A)
Gateway at Riverside	Baltimore, MD	—	6,940	6,597	—	26,918	475	40,930	—	40,930	(2,450)	38,480	39	11/30/2012	(A)
Gateway II at Riverside	Baltimore, MD	—	772	253	1,545	—	—	2,570	—	2,570	(35)	2,535	39	11/30/2012	(A)
701 & 801 Charles Ewing Blvd	Princeton, NJ	—	2,376	3,832	—	14,306	2,268	22,782	190	22,972	(1,652)	21,320	39	12/28/2012	(A)
Mid-Atlantic Distribution Center - Bldg A	Baltimore, MD	—	7,033	3,578	—	24,780	385	35,776	7	35,783	(1,814)	33,969	39	12/28/2012	(A)
1400 Perimeter Park Drive	Raleigh, NC	2,359	765	541	—	3,320	332	4,958	—	4,958	(279)	4,679	39	3/1/2013	(A)
3900 North Paramount Parkway	Raleigh, NC	7,786	861	525	—	12,474	688	14,548	—	14,548	(768)	13,780	39	3/1/2013	(A)
3900 South Paramount Parkway	Raleigh, NC	7,787	1,062	650	—	13,842	552	16,106	—	16,106	(842)	15,264	39	3/1/2013	(A)
Point West I	Dallas, TX	10,716	3,616	1,888	—	21,811	1,339	28,654	—	28,654	(1,911)	26,743	39	3/1/2013	(A)
22535 Colonial Pkwy	Houston, TX	8,031	1,336	992	—	12,499	862	15,689	1,485	17,174	(958)	16,216	39	3/1/2013	(A)
Atrium I	Columbus, OH	21,580	4,131	1,990	—	28,589	3,559	38,269	634	38,903	(2,821)	36,082	39	3/1/2013	(A)
Easton III	Columbus, OH	6,280	2,164	1,591	—	11,944	1,246	16,945	235	17,180	(1,149)	16,031	39	3/1/2013	(A)
Landings I	Cincinnati, OH	16,728	1,689	1,229	—	21,824	1,529	26,271	—	26,271	(1,541)	24,730	39	3/1/2013	(A)
Landings II	Cincinnati, OH	14,740	1,434	877	—	18,637	1,009	21,957	1,082	23,039	(1,603)	21,436	39	3/1/2013	(A)
McAuley Place	Cincinnati, OH	13,056	1,467	637	—	19,996	1,901	24,001	507	24,508	(1,628)	22,880	39	3/1/2013	(A)
Miramar I	Ft. Lauderdale, FL	9,257	9,999	2,280	1,573	3,654	2,457	19,963	—	19,963	(991)	18,972	39	3/1/2013	(A)
Miramar II	Ft. Lauderdale, FL	12,471	9,841	1,857	—	13,949	2,056	27,703	—	27,703	(2,042)	25,661	39	3/1/2013	(A)
Northpoint III	Orlando, FL	10,392	3,157	1,510	—	15,081	1,165	20,913	—	20,913	(1,140)	19,773	39	3/1/2013	(A)
Celebration Office Center	Orlando, FL	8,966	4,892	1,529	—	8,499	657	15,577	8	15,585	(967)	14,618	39	3/1/2013	(A)
Goodyear Crossing II	Phoenix, AZ	19,836	7,471	2,919	—	46,349	492	57,231	60	57,291	(2,673)	54,618	39	3/1/2013	(A)
Norman Pointe I	Minneapolis, MN	22,159	3,369	1,089	—	25,906	1,615	31,979	384	32,363	(2,130)	30,233	39	3/1/2013	(A)
Norman Pointe II	Minneapolis, MN	24,681	1,483	1,123	—	36,298	4,818	43,722	4,166	47,888	(4,548)	43,340	39	3/1/2013	(A)
Carpenter Corporate Center I & II	Dallas, TX	—	5,901	1,160	—	31,201	3,588	41,850	185	42,035	(1,763)	40,272	39	7/31/2013	(A)
1200 Woods Chapel Road	Spartenburg, SC	—	896	2,373	664	4,925	58	8,916	—	8,916	(393)	8,523	39	8/8/2013	(A)
445 Airtech Parkway	Indianapolis, IN	—	3,028	2,636	1,070	19,201	242	26,177	—	26,177	(630)	25,547	39	1/2/2014	(A)
1 Rocket Road	Hawthorne, CA	20,930	15,486	402	—	30,043	731	46,662	—	46,662	(437)	46,225	39	7/31/2014	(A)
1659 Sauget Business Blvd	Sauget, IL	—	698	817	—	17,060	465	19,040	—	19,040	(49)	18,991	39	10/24/2014	(A)
325 CenterPoint Blvd	Pittston, PA	—	2,759	3,097	—	34,352	657	40,865	—	40,865	(108)	40,757	39	11/18/2014	(A)

Schedule III—Properties and Accumulated Depreciation Through December 31, 2014 (In Thousands)—(Continued)

		Acquisition Costs													
Property	Location	Encumbrance Net	Land	Site Improvements	Land Available for Expansion	Building and Improvements	Tenant Improvements	Total	Improvements Subsequent to Purchase Date	Total Cost	Accumulated Depreciation and Amortization	Net Investments in Real Estate	Depreciation Life[1]	Date of Acquisition (A)/ Construction (C)[2]	
550 Oak Ridge Drive	Hazle Township, PA	—	3,690	4,444	—	28,538	319	36,991	—	36,991	(93)	36,898	39	11/18/2014	(A)
125 Capital Road	Pittston, PA	—	762	996	—	6,059	39	7,856	—	7,856	(20)	7,836	39	11/18/2014	(A)
14-46 Alberigi Drive	Jessup, PA	—	815	1,629	—	6,745	147	9,336	—	9,336	(25)	9,311	39	11/18/2014	(A)
		$ 610,608	$ 416,537	$ 227,480	$ 23,368	$ 1,528,719	$ 133,247	$ 2,329,351	$ (188)	$ 2,329,163	$ (239,973)	$ 2,089,190			

(1) The initial costs of buildings and improvements are depreciated over 39 years using a straight-line method of accounting; site improvements are depreciated over a range of 15 to 25 years; and improvements capitalized subsequent to acquisition are depreciated over the shorter of the lease term or useful life.

(2) Represents our date of acquisition or construction.

Investments in real estate (in thousands):

	December 31, 2014	2013	2012
Balance, Beginning of the Year	$ 2,270,222	$ 1,804,885	$ 1,514,633
Acquisitions	186,931	52,531	230,919
Dispositions	(103,982)	(27,259)	(3,715)
Improvements	11,910	10,056	2,688
Impairment of Real Estate	(35,918)	—	—
Improvements—Variable Interest Entity	—	(72,742)	60,360
Transfer from Joint Venture	—	502,751	—
Balance, End of the Year	$ 2,329,163	$ 2,270,222	$ 1,804,885

Accumulated depreciation related to investments in real estate (in thousands):

	December 31, 2014	2013	2012
Balance, Beginning of the Year	$ (195,778)	$ (132,129)	$ (88,084)
Additions	(69,584)	(65,565)	(44,402)
Dispositions	15,255	1,916	357
Impairment of Real Estate	10,134	—	—
Balance, End of the Year	$ (239,973)	$ (195,778)	$ (132,129)

The aggregate gross cost of our investments in real estate for U.S. Federal income tax purposes approximated $2.7 billion as of December 31, 2014.

Independent Auditors' Report

The Members
Duke/Hulfish, LLC:

We have audited the accompanying consolidated financial statements of Duke/Hulfish, LLC and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations and comprehensive income, members' equity, and cash flows for each of the years in the three-year period ended December 31, 2014, and the related notes to the consolidated financial statements. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule III.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Duke/Hulfish, LLC and its subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the each of the years in the three-year period ended December 31, 2014 in accordance with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule III, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the financial statements, Duke/Hulfish, LLC has changed its method of accounting for Discontinued Operations in 2014 due to the adoption of FASB ASU No. 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*.

/s/ KPMG LLP

Indianapolis, Indiana
February 27, 2015

DUKE/HULFISH, LLC AND SUBSIDIARIES

Consolidated Balance Sheets
December 31, 2014 and 2013

	2014	2013
Assets		
Land and Land Improvements	$ 79,821,076	$ 90,132,976
Buildings	272,689,564	313,087,526
Tenant Improvements	43,957,270	54,303,654
Construction in Progress	—	62,711
	396,467,910	457,586,867
Accumulated Depreciation	(75,482,009)	(68,842,408)
Net investment Property	320,985,901	388,744,459
Real estate investments and other assets held-for-sale	17,229,854	13,323,862
Cash and Cash Equivalents	2,069,115	3,854,062
Accounts Receivable, Net of Allowance for Doubtful Accounts of $43,742 and $0, Respectively	3,293,110	3,321,135
Accrued Straight Line Rent	7,348,398	8,821,147
Deferred Financing Fees, Net of Accumulated Amortization of $259,515 and $262,719, Respectively	515,475	854,486
Intangible Lease Assets and Deferred Leasing Costs, Net of Accumulated Amortization of $29,170,653 and $36,410,413, Respectively	18,579,794	33,887,957
Prepaid Insurance and Other Assets	667,068	705,459
	$ 370,688,715	$ 453,512,567
Liabilities and Members' Equity		
Liabilities Related to Real Estate Investments Held-for-Sale	$ 11,047,677	$ 496,413
Mortgage Notes Payable	57,221,650	79,760,611
Accounts Payable and Accrued Expenses	1,027,183	1,665,649
Accrued Real Estate Taxes	3,159,386	5,014,699
Accrued Interest	247,188	338,309
Prepaid Rent and Security Deposits	1,194,650	2,964,411
Other Liabilities	385,048	575,911
Total Liabilities	74,282,782	90,816,003
Members' Equity	296,405,933	362,696,564
	$ 370,688,715	$ 453,512,567

See accompanying notes to consolidated financial statements.

DUKE/HULFISH, LLC AND SUBSIDIARIES

Consolidated Statements of Operations and Comprehensive Income
Years Ended December 31, 2014, 2013, and 2012

	2014	2013	2012
Revenues:			
Contractual Rental Income	$ 58,760,813	$ 55,788,713	$ 53,519,534
Straight-Line Rental Adjustment	(883,236)	1,611,136	1,618,130
	57,877,577	57,399,849	55,137,664
Operating Expenses:			
Rental Expenses	7,873,118	7,415,893	7,022,896
Property Management Fees	1,473,436	1,403,112	1,392,826
Real Estate Taxes	7,209,523	7,166,944	6,258,770
Depreciation and Amortization	26,351,964	27,458,307	27,375,314
	42,908,041	43,444,256	42,049,806
Income from Rental Operations	14,969,536	13,955,593	13,087,858
Other Operating Activities:			
Gain on Sale of Real Estate	17,033,435	—	—
General and Administrative Expenses	(1,054,492)	(1,124,279)	(872,168)
Operating Income	30,948,479	12,831,314	12,215,690
Other Income (Expenses):			
Interest and Other Income	37,396	45,952	10,786
Interest Expense	(4,098,903)	(9,405,710)	(12,859,077)
Loss on Extinguishment of Debt	(1,723,002)	—	—
Income (Loss) from Continuing Operations	25,163,970	3,471,556	(632,601)
Discontinued Operations:			
(Loss) Income Before Gain on Distribution of Members' Interest, Loss on Extinguishment of Debt and Impairment Charge	(31,486)	2,241,980	(350,095)
Loss on Extinguishment of Debt	—	(267,935)	—
Impairment Charge	—	(553,173)	—
Gain on Distribution of Member's Interest	50,112	101,140,252	—
Income (Loss) from Discontinued Operations	18,626	102,561,124	(350,095)
Net Income (Loss)	25,182,596	106,032,680	(982,696)
Comprehensive Income (Loss):			
Derivative Instrument Activity	—	1,767,658	(814,838)
Comprehensive Income (Loss)	$ 25,182,596	$ 107,800,338	$ (1,797,534)

See accompanying notes to consolidated financial statements.

DUKE/HULFISH, LLC AND SUBSIDIARIES

Consolidated Statements of Members' Equity
Years Ended December 31, 2014, 2013, and 2012

	CSP Operating Partnership, LP	Duke Realty Limited Partnership	Total
Members' Equity-December 31, 2011	$ 375,093,041	$ 93,773,259	$ 468,866,300
Capital Contributions	1,691,094	422,773	2,113,867
Capital Distributions	(32,777,014)	(8,194,253)	(40,971,267)
Net Loss	(786,157)	(196,539)	(982,696)
Other Comprehensive Loss	(651,870)	(162,968)	(814,838)
Members' Equity-December 31, 2012	342,569,094	85,642,272	428,211,366
Capital Contributions	120,475,047	30,118,762	150,593,809
Capital Distributions	(259,127,159)	(64,781,790)	(323,908,949)
Net Income	84,826,144	21,206,536	106,032,680
Other Comprehensive Income	1,414,126	353,532	1,767,658
Members' Equity-December 31, 2013	$ 290,157,252	$ 72,539,312	$ 362,696,564
Capital Distributions	(73,178,582)	(18,294,645)	(91,473,227)
Net Income	20,146,077	5,036,519	25,182,596
Members' Equity-December 31, 2014	$ 237,124,747	$ 59,281,186	$ 296,405,933

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows
Years Ended December 31, 2014, 2013, and 2012

	2014	2013	2012
Cash Flows from Operating Activities:			
Net Income (Loss)	$ 25,182,596	$ 106,032,680	$ (982,696)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	26,570,729	33,490,625	61,481,758
Amortization of Deferred Financing Fees	110,244	438,630	881,890
Loss on Extinguishment of Debt	1,723,002	267,935	—
Impairment Charge	—	553,173	—
Gain on Sale of Real Estate	(17,033,435)	—	—
Gain on Distribution of Members' Interest	(50,112)	(101,140,252)	—
Straight-Line Rent Adjustment	883,236	(2,333,519)	(4,405,592)
Accounts Receivable, Net	703,463	993,300	(815,750)
Prepaid Insurance and Other Assets	15,003	1,021,127	(1,043,319)
Accounts Payable, Accrued Expenses, and Other Liabilities	(446,966)	(1,682,805)	(1,006,226)
Accrued Real Estate Taxes	(408,568)	492,122	1,382,497
Accrued Interest	(37,949)	(1,595,292)	(36,223)
Prepaid Rent and Security Deposits	(1,434,240)	(568,171)	(1,067,029)
Net Cash Provided by Operating Activities	35,777,003	35,969,553	54,389,310
Cash Flows from Investing Activities:			
Development of Real Estate Assets, Net of Amounts Accrued As of Year End	—	(23,340)	(871,267)
Recurring Building Improvements	(602,118)	(488,255)	(464,899)
Recurring Leasing and Tenant Improvement Costs	(1,522,565)	(4,920,220)	(5,043,468)
Proceeds from Depreciated Property Sales, Net	67,858,043	13,798,196	—
Net Cash Provided by (Used in) Investing Activities	65,733,360	8,366,381	(6,379,634)
Cash Flows from Financing Activities:			
Loan Acquisition Costs	—	—	(6,035)
Repayment of Mortgage Borrowings	(11,822,083)	(152,840,587)	(6,112,181)
Contributions from Members	—	150,570,469	1,242,600
Distributions to Members	(91,473,227)	(48,298,196)	(40,100,000)
Net Cash Provided by (Used in) Financing Activities	(103,295,310)	(50,568,314)	(44,975,616)
Net (Decrease) Increase in Cash and Cash Equivalents	(1,784,947)	(6,232,380)	3,034,060
Cash and Cash Equivalents At Beginning of Year	3,854,062	10,086,442	7,052,382
Cash and Cash Equivalents at End of Year	$ 2,069,115	$ 3,854,062	$ 10,086,442
Supplemental Cash Flow Disclosure:			
Cash Paid for Interest	$ 4,032,982	$ 13,378,042	$ 23,637,169
Supplemental Disclosure of Noncash Activities:			
Declared Distribution/Contribution-Anson and Buckeye Expansions	$ —	$ 23,340	$ 871,267
Distribution of Interests to CSP Operating Partnership, LP and Duke Realty Limited Partnership (Note 6)	$ —	$ 275,587,413	$ —
Write-Off of Fully Amortized Deferred Financing Fees	$ —	$ 1,086,386	$ —

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
December 31, 2014 and 2013

1. The Company

Duke/Hulfish, LLC (Company) was formed on April 29, 2008 (inception) by Duke Realty Limited Partnership (DRLP) and CBRE Operating Partnership, L.P. (collectively, the Members), to own and manage commercial real estate properties. Effective July 1, 2012, CBRE Operating Partnership, L.P. changed its name to CSP Operating Partnership, L.P. (CSP) which had no impact on the operating agreement. DRLP's and CSP's percentage membership interests in the Company are 20% and 80%, respectively. The term of the Company extends through December 31, 2033 unless the Company is dissolved earlier pursuant to other conditions as defined in the Company's amended and restated operating agreement.

As of December 31, 2014, the Company's portfolio consisted of seven single-tenant industrial buildings, three single-tenant office buildings, and four multi-tenant office buildings located in the Midwest, South, Southeast, and Southwest comprising approximately 7 million square feet. The portfolio was 99.86% leased as of December 31, 2014.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, DH Franklin, LLC, DH Anson, LLC, DH Jacksonville, LLC, DH Plainfield, LLC, DH Wilmer, LLC, DH Buckeye, LLC, DH West Jefferson, LLC, DH Tampa LLC, and Duke Princeton, LLC.

All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

(b) Real Estate Investments

Rental real property, including land, land improvements, buildings and building improvements, and tenant improvements, is included in investment property and are generally stated at cost. Buildings and land improvements are depreciated on the straight-line method over their estimated life not to exceed 40 and 15 years, respectively, and tenant improvement costs are depreciated on the straight-line method over the shorter of the useful life of the improvement or the term of the related lease.

Cost Capitalization: Direct and certain indirect costs clearly associated with and incremental to the development, construction, leasing, or expansion of real estate investments are capitalized as a cost of the property.

The Company capitalizes interest and direct and indirect project costs associated with the initial construction of a property up to the time the property is substantially complete and ready for its intended use. The Company believes the completion of the building shell is the proper basis for determining substantial completion. The interest rate used to capitalize interest is based upon the Company's average borrowing rate on existing debt.

The Company capitalizes direct and indirect costs, including interest costs, on vacant space during extended lease-up periods after construction of the building shell has been completed if costs are being incurred to ready the vacant space for its intended use. Once necessary work has been completed on a vacant space, project costs are no longer capitalized. The Company ceases capitalization of all project costs on extended lease-up periods after the shorter of a one-year period after the completion of the building shell or when the property attains 90% occupancy. In addition, all leasing commissions paid to third parties for new leases or lease renewals are capitalized and amortized over the life of the related lease.

Impairment of Real Estate: Real estate investments are individually evaluated for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such an evaluation is considered necessary, the Company compares the carrying amount of that real estate investment with the expected undiscounted cash flows that are directly associated with, and that are expected to arise as a direct result of, the use and eventual disposition of that real estate investment. The Company's estimate of the expected future cash flows used in testing for impairment is based on, among other things, estimates regarding future market conditions, rental rates, occupancy levels, costs of tenant improvements, leasing commissions and other tenant concessions, assumptions regarding the residual value of the real estate investments at the end of the anticipated holding period, and the length of the anticipated holding period and is, therefore, subjective by nature. These assumptions could differ materially from actual results. If the Company's strategy changes or if market

conditions otherwise dictate a reduction in the holding period and an earlier sale date, an impairment loss could be recognized and such loss could be material. To the extent the carrying amount of a real estate investment exceeds the associated estimate of undiscounted cash flows, an impairment loss is recorded to reduce the carrying value of the asset to its fair value. The Company recorded an impairment charge of $553,173 in 2013 related to two properties that sold during 2013 (Note 2) and one property that is classified as held-for-sale as of December 31, 2013 (Note 2). No impairment was recorded during 2014 or 2012.

The determination of the fair value of real estate investments is also highly subjective, especially in markets where there is a lack of recent comparable transactions. The Company primarily utilizes the income approach to estimate the fair value, when necessary, of the income producing properties. The Company utilizes marketplace participant assumptions to estimate the fair value of an income producing property to the extent an impairment charge is required to be measured. The estimation of future cash flows, as well as the selection of the discount rate and exit capitalization rate used in applying the income approach is also highly subjective.

Acquisition of Real Estate Property and Related Assets: There were no acquisitions of real estate property and related assets in 2014, 2013 or 2012. Acquisition costs are expensed as incurred.

The Company allocates the purchase price of acquired properties to net tangible and identified intangible assets based on their respective fair values, using all pertinent information available at the date of acquisition. The allocation to tangible assets (buildings, tenant improvements, and land) is based upon management's determination of the value of the property as if it were vacant. This "as-if vacant" value is estimated using an income, or discounted cash flow, approach that relies upon internally determined assumptions that the Company believes are consistent with current market conditions for similar properties. The most important assumptions in determining the allocation of the purchase price to tangible assets are the exit capitalization rate, discount rate, estimated market rents, and hypothetical expected lease-up periods. The purchase price of real estate assets is also allocated to intangible assets consisting of the above or below market component of in-place leases and the value of in-place leases.

The value allocable to the above- or below-market component of an acquired in-place lease is determined based upon the present value (using a discount rate that reflects the risks associated with the acquired leases) of the difference between (i) the contractual amounts to be received pursuant to the lease over its remaining term and (ii) management's estimate of the amounts that would be received using fair market rates over the remaining term of the lease. The amounts allocated to above-market leases and below-market leases are included in intangible lease assets and other liabilities, respectively, in the consolidated balance sheet and are amortized to rental income over the remaining terms of the respective leases.

Factors considered in determining the value allocable to in-place leases include estimates, during hypothetical expected lease-up periods of space that is actually leased at the time of acquisition, of lost rent at market rates, fixed operating costs that will be recovered from tenants, and theoretical leasing commissions required to execute similar leases. These intangible assets are included in intangible lease assets in the consolidated balance sheet and are amortized to depreciation and amortization over the remaining term of the existing lease.

(c) Cash Equivalents

Highly liquid investments with a maturity of three months or less when purchased are classified as cash equivalents.

(d) Valuation of Receivables

The Company reserves the entire receivable balance, including straight-line rent, of any tenant with an amount outstanding over 90 days. Additional reserves are recorded as necessary for more current amounts, where collectibility is deemed doubtful. Straight-line rent receivables for any tenant with long-term risk, regardless of the status of rent receivables, are reviewed and reserved as necessary.

(e) Deferred Costs

Costs incurred in connection with obtaining financing are amortized to interest expense, over the term of the related loan. All direct and indirect costs, including estimated internal costs, associated with the leasing of real estate investments owned by the Company are capitalized and amortized over the term of the related lease. The Company includes lease incentive costs, which are payments made on behalf of a tenant to sign a lease, in intangible lease assets and amortizes them on a straight-line basis over the respective lease terms as a reduction of rental

income. The Company includes as lease incentives amounts funded to construct tenant improvements owned by the tenant. Unamortized costs are charged to expense upon the early termination of the lease or upon early payment of the financing. In connection with the sale of one office building in Houston, the Company recorded a loss on debt extinguishment of $1,723,002 during 2014 which represents a prepayment premium and the unamortized financing costs. In connection with the sale of two office buildings in St. Louis, the Company recorded a loss on debt extinguishment of $267,935 during 2013 which represents the unamortized financing costs. Also included in deferred costs are a portion of the purchase price from previous acquisitions that were allocated to in-place lease intangible assets and above or below market leases which are amortized over the remaining life of the related leases.

Amortization expense for in-place lease intangible assets was $8,353,865, $12,697,040, and $24,924,650 for the years ended December 31, 2014, 2013 and 2012, respectively. Estimated amortization expense for the next five years and thereafter is as follows:

Year		
2015	$	5,741,801
2016		3,537,318
2017		3,490,025
2018		2,450,980
2019		563,317
Thereafter		343,829
	$	16,127,270

Net amortization expense for above or below market leases of $191,414, $478,632, and $1,798,959 is reflected as a reduction to contractual rental income in the accompanying 2014, 2013, and 2012 consolidated statements of operations, respectively. Estimated net amortization expense for the next five years and thereafter is as follows:

Year		
2015	$	183,093
2016		203,697
2017		172,965
2018		129,941
2019		70,585
Thereafter		270,096
	$	1,030,377

(f) Interest Rate Swap Agreement

Derivative financial instruments contain an element of risk such that counterparties may be unable to meet the terms of such agreements. The Company minimizes its risk exposure by limiting the counterparties to commercial and investment banks, which meet established credit and capital guidelines.

The Company entered into three interest rate swap agreements (the Swaps) to mitigate risk occurring from potential changes in interest rates relating to three mortgage notes originated in 2011 (Note 4). The objective for holding such a derivative is to decrease the Company's exposure to cash flow volatility, while maintaining liquidity and flexibility.

The Swaps became effective as of August 16, 2011 (the Effective Date) and were to expire on December 6, 2016, May 31, 2018 and January 31, 2019, respectively. The Swaps provided interest rate protection against the increase of one-month LIBOR above 2.00% starting on the Effective Date. The three Swaps provided for notional amounts of balances of $11,366,000, $23,452,000, and $6,652,000 and effectively fixed the

variable rate mortgage notes (Note 4) to provide for a fixed interest rate of 3.41%, 3.78%, and 3.95%, respectively, starting on the Effective Date.

During 2012, the Company's Swaps qualified for hedge accounting under FASB ASC 815, *Derivatives and Hedging*. Accordingly, for the years ended December 31, 2014, 2013, and 2012, the change in the fair value of the Swaps of $0, ($1,767,658) and $814,838, respectively, was recorded as a component of other comprehensive income in the accompanying consolidated statements of members' equity.On March 1, 2013, in connection with the distribution of the members' interests in these properties, these three Swaps were assumed by a newly formed entity (Note 6). The effectiveness of the Swaps was evaluated throughout their life using the hypothetical derivative method, under which the change in the Swaps' fair value were compared to the change in the fair value of a hypothetical swap. The ineffective portion of the hedge was insignificant for each period impacted; however, if it was significant, the ineffectiveness would have been recorded in interest expense in the accompanying consolidated statements of operations.

The Company valued derivative financial instruments using Level 2 inputs (see (j) below). Gains or losses resulting from changes in the value of derivatives are based on the intended use of the derivative and the resulting designation.

(g) Revenues

The timing of revenue recognition under an operating lease is determined based upon ownership of the tenant improvements. If the Company is the owner of the tenant improvements, revenue recognition commences after the improvements are completed and the tenant takes possession or control of the space. In contrast, if the Company determines that the tenant allowances they are funding are lease incentives, then the Company commences revenue recognition when possession or control of the space is turned over to the tenant. Rental income from leases with scheduled rental increases during their terms is recognized on a straight-line basis. The Company includes reimbursements of specified operating expenses in contractual rental income.

The Company records lease termination fees when a tenant has executed a definitive termination agreement with the Company and the payment of the termination fee is not subject to any material conditions that must be met or waived before the fee is due to the Company. The Company recognized $114,267, $33,291, and $36,553 in termination fees during 2014, 2013, and 2012, respectively.

(h) Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-02, *Other Comprehensive Income (Topic 220): Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income* (ASU 2014-02). ASU 2014-02 requires presentation of significant amounts reclassified out of accumulated other comprehensive income. Activity within other comprehensive income or loss includes the amortization to interest expense, over the lives of previously hedged loans, of the values of interest rate swaps that have been settled, as well as changes in the fair values of currently outstanding interest rate swaps that the Company has designated as cash flow hedges. Activity within other comprehensive income is not material for any individual type of activity, as well as for all activities in the aggregate, for all periods presented.

In April 2014, the FASB issued ASU No. 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* ("ASU 2014-08"). Under ASU 2014-08, only disposals representing a strategic shift in operations (for example, a disposal of a major geographic area or a major line of business) will be presented as discontinued operations, while significant continuing involvement with such dispositions will no longer preclude discontinued operations classification. As current GAAP generally requires companies that sell a single investment property to report the sale as a discontinued operation, the implementation of ASU 2014-08 will result in the Company reporting only sales that represent strategic shifts in operations as discontinued operations. ASU 2014-08 will also require additional disclosures for discontinued operations as well as for material property dispositions that do not meet the new criteria for discontinued operation classification.

ASU 2014-08 is effective for fiscal years beginning on or after December 15, 2014, with early adoption permitted only for disposals or classifications as held-for-sale that have not been reported in financial statements previously issued or available for issuance. The Company adopted ASU 2014-08 early and has applied it with respect to such items during 2014.

***(i) Property* Sales, Distributions and Discontinued Operations**

Gains on sales of all properties are recognized in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360-20, *Real Estate Sales*. The specific timing of the sale of a building is measured against various criteria in FASB ASC 360-20, *Real Estate Sales* related to the terms of the transactions and any continuing involvement in the form of management or financial assistance from the seller associated with the properties. The Company makes judgments based on the specific terms of each transaction as to the amount of the total profit from the transaction that the Company recognized considering the Company's level of future involvement with the property of the buyer that acquires the assets. If the full accrual sales criteria are not met, the Company defers gain recognition and accounts for the transaction using finance, installment or cost recovery methods, as appropriate, until the full accrual sales criteria are met. Estimated future costs to be incurred after the completion of each sale are included in the determination of the gain on sales.

Prior to the adoption of ASU 2014-08 and to the extent that a property has had operations prior to sale, and that the Company did not have continuing involvement with the property, gains from sales of depreciated property were included in discontinued operations.

Rental properties that do not meet the criteria for presentation as discontinued operations are classified as gain on sale of properties in the consolidated statements of operations.

On March 1, 2013, the Company distributed 17 buildings to a newly formed entity owned by the members. Simultaneously with the distribution of the properties, one of the members acquired the other member's entire interest in the newly formed entity for cash. The distribution of property was considered non-pro-rata and reflected at fair value of approximately $493,000,000, which resulted in a gain of $101,140,252 to the Company (Note 6). The results of the operations for these 17 buildings have been reclassified to discontinued operations in the accompanying statements of operations for all periods presented.

On November 7, 2013, the Company sold two office buildings located in St. Louis for $39,194,185, which included the assumption by the buyer of an existing mortgage note with a face value of $24,500,000. In connection with this sale the Company recorded an impairment charge of $267,825 and a loss on debt extinguishment of $267,935. The results of operations for these two office buildings have been reclassified to discontinued operations in the accompanying statements of operations for all periods presented.

On January 16, 2014, the Company sold a multi-tenant office building located in Chicago for $13,000,000. An impairment charge of $285,348 is included in the accompanying consolidated 2013 statement of operations. This building was classified as held-for-sale at December 31, 2013 thus the results of operations have been reclassified to discontinued operations in the accompanying statements of operations for all periods presented.

On December 5, 2014, the Company sold one office building located in Houston for $32,800,000, which included the payoff of an existing mortgage note with a face value of $11,000,000 and an outstanding principal balance of $10,384,817. In connection with this sale the Company recorded a gain on sale of $14,416,291 and a loss on debt extinguishment of $1,723,002. Due to the adoption of ASU 2014-08 the results of operations for this office building have not been reclassified to discontinued operations in the accompanying statements of operations as they did not meet the criteria for inclusion in discontinued operations.

On December 8, 2014, the Company sold two office buildings located in Columbus for $25,850,000. In connection with this sale the Company recorded a gain on sale of $2,617,144. Due to the adoption of ASU 2014-08 the results of operations for these two office buildings have not been reclassified to discontinued operations in the accompanying statements of operations as they did not meet the criteria for inclusion in discontinued operations.

On January 23, 2015, the Company sold a multi-tenant office building located in Raleigh for $20,550,000. The buyer assumed the existing mortgage note with a face value of $11,250,000 and a book value of $10,716,878 at December 31, 2014. This building was classified as held-for-sale at December 31, 2014 and due to the adoption of ASU 2014-08 the results of operations have not been reclassified to discontinued operations in the accompanying statements of operations as they did not meet the criteria for inclusion in discontinued operations.

Detail of income and loss before gain on distribution of members' interest, loss on extinguishment of debt and impairment charge are as follows:

	2014	2013	2012
Revenues:			
Contractual Rental Income	$ 56,670	$ 17,660,937	$ 67,417,335
Straight-Line Rental Income	—	722,383	2,778,192
	56,670	18,383,320	70,195,527
Operating Expenses:			
Rental Expenses	93,325	4,305,291	12,587,780
Property Management Fees	4,733	523,077	1,784,442
Real Estate Taxes	17,593	2,787,335	11,243,134
Depreciation and Amortization	—	5,531,385	32,287,226
	115,651	13,147,088	57,902,582
(Loss) Income from Rental Operations	(58,981)	5,236,232	12,292,945
General and Administrative Expenses	5,958	260,246	957,790
Operating (Loss) Income	(64,939)	4,975,986	11,335,155
Other Income (Expenses):			
Interest Expense	—	(2,784,922)	(11,692,392)
Interest and Other Income	33,453	50,916	7,142
(Loss) Income Before Gain on Distribution of Members' Interest, Loss on Extinguishment of Debt and Impairment Charge	(31,486)	2,241,980	(350,095)

(j) Income Taxes

The Company is subject to state and local income taxation in Texas, Tennessee, and certain Ohio municipalities. The net deferred tax asset or liability related to temporary differences impacting the Company's expected state and local income taxation is not material. For the years ended December 31, 2014, 2013, and 2012, the Company recorded current state and local income tax expenses of approximately $70,000, $192,000, and $247,000, respectively.

Except with respect to the state and local taxation in Texas, Tennessee, and Ohio municipalities, for federal and state income tax purposes, the Company is treated as a partnership and the allocated share of income or loss for the year is included in the income tax returns of the members accordingly, no other accounting for income taxes is required in the accompanying consolidated financial statements.

The Company accounts for uncertain tax positions in accordance with FASB ASC 740-10, *Income Taxes*, which prescribes the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FASB ASC 740-10 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting for interim periods, and disclosures for uncertain tax positions. The tax years from 2011 through 2014 remain open to examination by the taxing jurisdictions to which the Company is subject. As of December 31, 2014 and 2013, the Company recorded a liability for unrecognized tax benefits, a portion of which represents penalties and interest, of $269,000 and $134,000, respectively.

(k) Fair Value Measurements

Assets and liabilities recorded at fair value on the consolidated balance sheets are categorized based on the inputs to the valuation techniques as follows:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Company has access.

- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The fair value approximates the carrying value for all financial instruments except for indebtedness (Note 4).

(l) Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Related Party Transactions

The following summarizes the significant arrangements with entities affiliated with DRLP that provide services to the Company:

- Management and accounting services are provided for a fee equal to the greater of (1) 2% of the base rent under each lease or (2) the amount of property management fees recoverable from a tenant as additional rent under its lease, as defined. Other professional services are provided for a fee at established hourly rates. These fees amounted to $1,551,760, $2,040,726, and $3,568,760 for the years ended December 31, 2014, 2013, and 2012, respectively.
- Maintenance services are provided for a fee based on established hourly rates, which amounted to $581,362, $1,063,629, and $2,025,740 for the years ended December 31, 2014, 2013, and 2012, respectively.
- Administration is provided for a fee equal to 15 basis points (0.15%) per annum of the stated value of the properties owned by the Company or its subsidiaries. These fees amounted to $776,343, $974,191, and $1,540,769 for the years ended December 31, 2014, 2013, and 2012, respectively.
- Pursuant to the management agreement, DRLP obtains insurance from an affiliate on behalf of the Company. Amounts incurred for insurance premiums were $945,610, $1,253,059, and $2,198,653 for the years ended December 31, 2014, 2013, and 2012, respectively.
- Leasing costs are provided for a fee by an affiliate of DRLP based on the gross lease value of new leases. These fees amounted to $160,865, $397,388, and $694,310 for the years ended December 31, 2014, 2013, and 2012.
- Construction management services for tenant improvement costs and expansion projects are provided for a fee of 10% of hard costs, which amounted to $169,176, $567,907, and $630,110 in 2014, 2013, and 2012, respectively, and are capitalized into net investment property in the accompanying consolidated balance sheets.
- A receivable of $74,092 and a payable of $124,328 for operating expenses and administration fees due from/to DRLP or its affiliates is included in accounts payable and accrued expenses in the accompanying consolidated balance sheets as of December 31, 2014 and 2013, respectively.

4. Indebtedness

In 2008, the Company entered into seven mortgage notes with 40/86 Mortgage Capital, Inc. (40/86) totaling $150,000,000, which were secured by seven properties contributed in 2008. These mortgage notes bore interest at a fixed rate of 5.58% per annum and provided for monthly interest-only payments through October 1, 2013 ($99,200,000) and January 1, 2014, ($50,800,000) at which time all remaining unpaid interest and principal were due. In July 2013, the Company elected to prepay the $99,200,000 mortgage notes and in October 2013, the Company elected to prepay the $50,800,000 mortgage notes.

On November 24, 2010, the Company entered into eight mortgage notes with MetLife totaling $92,000,000. These mortgage notes bore interest at a fixed rate of 4.25% per annum and provided for monthly interest and principal payments based on a 30-year amortization period through December 1, 2015, at which time all remaining unpaid interest and principal were due. These mortgage notes were secured by nine properties. On March 1, 2013, in connection with the distribution of the members' interests in these properties, these eight mortgage notes were assumed by a newly formed entity (Note 6).

On August 8, 2011, the Company entered into two mortgage notes with Woodman of the World Life Insurance Society totaling $14,425,000. These mortgage notes bear interest at a fixed rate of 5% per annum and provide for monthly interest and principal payments based on a 25-year amortization period through September 1, 2021, at which time all remaining unpaid interest and principal are due. These mortgage notes are secured by two properties.

On August 16, 2011, the Company entered into a loan agreement for three notes with Wells Fargo Bank National Association (Wells Fargo) totaling $43,400,000. One mortgage note totaled $24,700,000 and bore interest at LIBOR plus 2% per annum, which was effectively fixed at 3.78% through an interest rate swap agreement (Note 2), and provided for monthly interest and principal payments based on a 20-year amortization period through May 31, 2018, at which time all remaining unpaid interest and principal was due. This mortgage note was secured by one property. A second mortgage note totaled $11,800,000 and bore interest at LIBOR plus 2% per annum, which was effectively fixed at 3.41% through an interest rate swap agreement (Note 2), and provided for monthly interest and principal payments based on a 25-year amortization period through December 6, 2016, at which time all remaining unpaid interest and principal was due. This mortgage note was secured by one property. A third mortgage note totaled $6,900,000 and bore interest at LIBOR plus 2% per annum, which was effectively fixed at 3.95% through an interest rate swap agreement (Note 2), and provided for monthly interest and principal payments based on a 25 year amortization period through January 31, 2019, at which time all remaining unpaid interest and principal was due. This mortgage note was secured by one property. On March 1, 2013, in connection with the distribution of the members' interests in these properties, these three mortgage notes were assumed by a newly formed entity (Note 6).

On August 25, 2011, the Company entered into two mortgage notes with Principal Life Insurance Company totaling $25,000,000. One mortgage note totaled $11,000,000 and bore interest at a fixed rate of 4.42% per annum and provided for monthly interest and principal payments based on a 30-year amortization period through September 1, 2021, at which time all remaining unpaid interest and principal was due. A second mortgage note totaled $14,000,000 and bore interest at a fixed rate of 3.98% per annum and provided for monthly interest and principal payments based on a 25-year amortization period through September 1, 2018, at which time all remaining unpaid interest and principal was due. These notes are secured by two properties acquired during 2010. On March 1, 2013, in connection with the distribution of the members' interests in one of the properties, the $14,000,000 mortgage note was assumed by a newly formed entity (Note 6). On December 5, 2014, in connection with the Company's sale of one office building located in Houston the buyer assumed the existing mortgage note with a face value of $11,000,000.

On September 12, 2011, the Company entered into five mortgage notes with John Hancock Life Insurance Company totaling $156,250,000. These mortgage notes bear interest at a fixed rate of 5.24% per annum and provide for monthly interest and principal payments based on a 30-year amortization period through October 1, 2021, at which time all remaining unpaid interest and principal are due. These mortgage notes are secured by eleven properties. On March 1, 2013, in connection with the distribution of the members' interests in these properties, two of the mortgage notes with a face value of $74,500,000 were assumed by a newly formed entity (Note 6). On November 7, 2013, in connection with the Company's sale of two office buildings located in St. Louis the buyer assumed the existing mortgage note with a face value of $24,500,000. The remaining two mortgage notes are secured by five properties.

The Company is in compliance with the terms and covenants of all of the mortgage notes at December 31, 2014 and 2013.

At December 31, 2014, the future minimum principal payments of mortgage notes payable including $10,716,878 classified as held-for-sale are as follows:

Year		
2015	$	1,304,143
2016		1,373,266
2017		1,446,054
2018		1,522,702
2019		1,603,414
Thereafter		60,688,949
	$	67,938,528

No interest was capitalized in 2014, 2013 or 2012.

The Company has estimated the fair value of the mortgage notes to be approximately $74,800,000 and $82,600,000 at December 31, 2014 and 2013, respectively. The estimated fair value has been determined by the Company using available market information and a discounted cash flow methodology using an interest rate of 3.4% at December 31, 2014 and 4.5% at December 31, 2013. Considerable judgment is required in interpreting market data to develop the estimates of fair value. The current market rate the Company utilized was internally estimated; therefore, the Company concluded its determination of the fair value of its fixed rate secured debt was primarily based upon Level 3 inputs (as described in Note 2) for the years ended December 31, 2014 and 2013. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the liability. The use of different assumptions or estimation methodologies may have a material effect on the estimated fair value amounts.

The following table summarizes the book value and changes in the fair value of the Company's mortgage notes for the year ended December 31, 2014:

	Book value at December 31, 2013	Book value at December 31, 2014	Fair value at December 31, 2013	Issuances	Payoffs/ Assumptions	Adjustments to fair value	Fair value at December 31, 2014
Mortgage notes	$ 79,760,611	67,938,528	82,600,000	—	(11,822,083)	4,022,083	74,800,000

5. Leasing Activity

The Company leases its operating properties to tenants under agreements that are classified as operating leases. At December 31, 2014, future minimum receipts from tenants on leases for each of the next five years and thereafter are as follows:

Year		
2015	$	40,012,552
2016		41,063,348
2017		40,636,017
2018		35,446,578
2019		19,265,640
Thereafter		28,465,341
	$	204,889,476

In addition to minimum rents, certain leases require reimbursements of specified operating expenses, which amounted to $13,837,655, $17,076,541, and $28,955,803 for the years ended December 31, 2014, 2013 and 2012, respectively and is included in contractual rental income.

One tenant occupies 30% of the Company's 7 million total square feet in two buildings. This tenant accounts for approximately 32% of future minimum receipts.

6. Members' Equity

Operating and Financing Distributions

The Company pays operating distributions to its members in accordance with the provisions of the Agreement dated May 5, 2008 and amended and restated December 17, 2010. The Agreement provides the Members a first tier return equal to 6.25% per annum of the Members' Unrecovered Capital, as defined, which shall be paid quarterly to the extent cash is available. CSP has priority over DRLP for payment of first tier returns. To the extent any first tier return is not paid, it shall accumulate and compound with interest on the unpaid amount at the first tier rate.

If the first tier return is paid, then available cash shall be paid pro rata to the Members until the Members have received a return of their Unrecovered Capital. Once the Members have received the return of their Unrecovered Capital, then the balance is distributed to the Members in accordance with their membership interests (80% to CSP and 20% to DRLP).

The primary distinction between the Members is the distribution priority and voting rights. CSP has priority on distributions and has greater voting rights than DRLP. However, all Major Decisions, as defined in the Agreement, require unanimous consent of all members of the Company's executive committee, which includes representation by the Members.

In addition, the Agreement provides for distributions of Net Capital Transaction Proceeds, as defined. Net Capital Transaction Proceeds are distributed first to members who have made priority loans. Proceeds would then be allocated to the Members in proportion to their Unrecovered Capital balances, which is 80% and 20% to CSP and DRLP, respectively. Excess proceeds would then be allocated to CSP until those distributions equal CSP's cumulative First Tier Return (6.25%) from the inception of the Company to the date of such distribution; then to DRLP until the distributions equal DRLP's cumulative First Tier Return (6.25%) from the inception of the Company to the date of such distribution; then to the Members in accordance with their percentage membership interests until the cumulative distributions received by CSP equal an amount needed to attain a 10% internal rate of return for CSP. The balance would then be allocated 25% to DRLP and 75% to CSP.

During 2012, CSP and DRLP made capital contributions of $994,080 and $248,520, respectively, to fund capital reserve requirements for the Wells Fargo notes. Also, operating proceeds of $32,080,000 and $8,020,000 were distributed to CSP and DRLP, respectively, for the year ended December 31, 2012. In addition, operating distributions of $697,014 and $174,253 to CSP and DRLP, respectively, were declared in 2012 and recontributed to the Company in order to fund development costs. The Company is treating these noncash amounts as capital distributions and capital contributions in the accompanying consolidated 2012 Statement of Members' Equity.

During 2013, CSP and DRLP made capital contributions of $120,456,376 and $30,114,094, respectively, to fund the repayment of the 40/86 mortgage notes (Note 4). Also, operating proceeds of $26,818,156 and $6,704,539 were distributed to CSP and DRLP, respectively, for the year ended December 31, 2013. In connection with the sale of two office buildings in St. Louis (Note 2), cash proceeds of $11,038,557 and $2,759,639 were distributed to CSP and DRLP, respectively. In addition, operating distributions of $18,672 and $4,668 to CSP and DRLP, respectively, were declared in 2013 and recontributed to the Company in order to fund development costs. The Company is treating these noncash amounts as capital distributions and capital contributions in the accompanying consolidated 2013 Statement of Members' Equity.

Operating proceeds of $27,200,000 and $6,800,000 were distributed to CSP and DRLP, respectively for the year ended December 31, 2014. In connection with the sale of the four office buildings in Chicago, Columbus and Houston (Note 2), cash proceeds of $45,978,582 and $11,494,645 were distributed to CSP and DRLP, respectively during 2014.

As of December 31, 2014 and 2013, there were no unpaid and accumulated first tier returns due to CSP or DRLP.

Distribution of Members' Interests

On March 1, 2013, the Company's ownership in certain special purpose entities holding 16 office buildings and one industrial building totaling 3.3 million square feet was distributed to a newly formed entity owned by the members. Simultaneously with the distribution of the properties, one of the members acquired the other member's entire interest in the newly formed entity for cash. The distribution of property was considered non-pro-rata and reflected at fair value of approximately $493,000,000, which resulted in a gain of $101,140,252 to the Company. Mortgage notes with a carrying value of $216,000,000 and an estimated fair value of $227,000,000 were included as part of the distribution. The write off of $2,182,275 of unamortized financing costs is also included in the gain on distribution of members' interests in the accompanying consolidated 2013 statement of operations.

Liquidation Distributions and Allocation of Net Income

Net income is allocated to the partners based on how proceeds would be allocated in connection with a hypothetical liquidation of the Company at book value. Proceeds would first be allocated to the Members in proportion to their Unrecovered Capital balances, which is 80% and 20% to CSP and DRLP, respectively. Excess proceeds would then be allocated to CSP until those distributions equal CSP's cumulative First Tier Return (6.25%) from the inception of the Company to the date of such distribution; then to DRLP until the distributions equal DRLP's cumulative First Tier Return (6.25%) from the inception of the Company to the date of such distribution; then to the Members in accordance with their percentage membership interests until the cumulative distributions received by CSP equal an amount needed to attain a 10% internal rate of return for CSP. The balance would then be allocated 25% to DRLP and 75% to CSP.

In connection with the amended and restated Agreement, the Agreement provides for a call option that upon the occurrence of a Trigger Event, as defined, CSP may elect to acquire DRLP's interest in the Company. The call price would be based on the average of each of the Members' qualified appraiser's written appraisals for the fair market value of the real estate properties if the appraisals are within 10% of the lower fair market value. If the appraisals are not within 10% of the lower fair market value, then a third appraisal is performed and the call price is calculated in accordance with the provisions of the Agreement.

7. Subsequent Event

The Company has evaluated subsequent events through February 27, 2015 and did not identify any additional items requiring disclosure.

DUKE/HULFISH, LLC AND SUBSIDIARIES

Properties and Accumulated Depreciation
December 31, 2014
(In thousands)

Property	Year Acquired	Encumbrances, Net	Initial Cost to the Joint Venture: Land	Land Improvements	Building	Tenant Improvements	Total Acq. Cost	Improvements Subsequent to Purchase Date	December 31, 2014 Total Cost	Accumulated Depreciation (2)
Buckeye Logistics Center	2008	$ —	$ 3,850	$ 3,575	$ 25,108	$ 6,651	$ 39,184	$ 20,454	$ 59,638	$ (12,617)
Aspen Corporate Center 500	2008	—	2,889	2,876	21,223	7,089	34,077	(121)	33,956	(8,897)
All Points at Anson Bldg. 1	2008	—	1,381	4,228	20,029	5,618	31,256	18,556	49,812	(11,091)
201 Sunridge Blvd.	2008	—	5,310	2,304	21,136	934	29,684	(10)	29,674	(4,850)
12200 President's Court	2008	—	6,064	5,985	21,836	776	34,661	—	34,661	(6,394)
AllPoints Midwest Bldg. 1	2008	—	3,370	6,720	33,769	3,889	47,748	64	47,812	(10,078)
125 Enterprise Parkway	2008	—	1,915	2,053	36,909	3,008	43,885	—	43,885	(8,182)
Fairfield Distribution Ctr. IX	2009	4,343	443	1,438	4,414	875	7,170	—	7,170	(1,467)
Regency Creek I*	2010	10,717	1,542	1,619	12,677	2,251	18,089	—	18,089	(3,001)
Weston Pointe I	2011	8,979	2,750	578	11,393	508	15,229	690	15,919	(1,593)
Weston Pointe II	2011	10,828	2,328	489	13,935	973	17,725	1,359	19,084	(2,490)
Weston Pointe III	2011	10,925	2,328	489	15,493	358	18,668	281	18,949	(1,936)
Weston Pointe IV	2011	13,089	2,296	689	15,266	3,008	21,259	270	21,529	(3,016)
West Lake at Conway	2011	9,058	2,253	1,261	8,387	1,757	13,658	721	14,379	(2,871)
Property Held-For-Sale		(10,717)	(1,542)	(1,619)	(12,677)	(2,251)	(18,089)	—	(18,089)	3,001
		$ 57,222	$ 37,177	$ 32,685	$ 248,898	$ 35,444	$ 354,204	$ 42,264	$ 396,468	$ (75,482)

* Property was classified as held-for-sale as of December 31, 2014 and is included in 'Real estate investments and other assets held-for-sale' within the December 31, 2014 consolidated balance sheet.

(1) The tax basis (in thousands) of the Company's real estate assets at December 31, 2014 was approximately $415,890 for federal income tax purposes.

(2) Depreciation of real estate is computed using the straight-line method over 40 years for buildings, 15 years for land improvements and shorter periods based on lease terms for tenant improvements.

	Real Estate Assets 2014	2013	2012	Accumulated Depreciation 2014	2013	2012
Balance at Beginning of the Year	$ 471,583	$ 868,935	$ 864,607	$ (70,155)	$ (90,746)	$ (56,648)
Construction Costs and Tenant Improvements	1,168	7,107	4,477	—	—	—
Depreciation Expense	—	—	—	(16,806)	(19,662)	(34,247)
Costs of Real Estate Sold or Distributed	(57,667)	(403,826)	—	7,951	40,173	—
Impairment Charge	—	(553)	—	—	—	—
Write-Off of Fully Amortized Assets	(527)	(80)	(149)	527	80	149
Balance at End of Year Including Held-for-Sale	414,557	471,583	868,935	(78,483)	(70,155)	(90,746)
Properties Held-For-Sale	(18,089)	(13,996)	(13,884)	3,001	1,313	807
Balance at End of the Year Excluding Held-for-Sale	$ 396,468	$ 457,587	$ 855,051	$ (75,482)	$ (68,842)	$ (89,939)

See accompanying independent auditors' report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHAMBERS STREET PROPERTIES

Dated: March 2, 2015

By: /s/ MARTIN A. REID
Name: **Martin A. Reid**
Title: **Chief Financial Officer**

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and trustees of Chambers Street Properties hereby severally constitute Jack A. Cuneo and Martin A. Reid, and each of them singly, our true and lawful attorneys and with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Annual Report on Form 10-K filed herewith and any and all amendments to said Annual Report on Form 10-K, and generally to do all such things in our names and in our capacities as officers and trustees to enable Chambers Street Properties to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Annual Report on Form 10-K and any and all amendments thereto.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ JACK A. CUNEO **Jack A. Cuneo**	President, Chief Executive Officer and Trustee, (Principal Executive Officer)	March 2, 2015
/s/ CHARLES E. BLACK **Charles E. Black**	Chairman of the Board and Trustee	March 2, 2015
/s/ LOUIS P. SALVATORE **Louis P. Salvatore**	Trustee	March 2, 2015
/s/ JAMES M. ORPHANIDES **James M. Orphanides**	Trustee	March 2, 2015
/s/ MARK W. BRUGGER **Mark W. Brugger**	Trustee	March 2, 2015
/s/ JAMES L. FRANCIS **James L. Francis**	Trustee	March 2, 2015
/s/ MARTIN A. REID **Martin A. Reid**	Executive Vice President, Chief Financial Officer, Secretary and Trustee (Principal Financial and Accounting Officer)	March 2, 2015

[Intentionally left blank]

EXHIBIT INDEX

Exhibit No.	
3.1	Articles of Amendment and Restatement to the Declaration of Trust of Chambers Street Properties (Previously filed as Exhibit 3.2 to the Current Report on Form 8-K (File No. 001-35933) filed June 26, 2013 and incorporated herein by reference).
3.2	Fourth Amended and Restated Bylaws of Chambers Street Properties (Previously filed as Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-35933) filed June 26, 2013 and incorporated herein by reference).
3.3	Form of Certificate for Common Shares (Previously filed as Exhibit 4.1 to the Registration Statement on Form S-3 (No. 333-192137) automatically effective upon filing on November 6, 2013 and incorporated herein by reference).
10.1†	2013 Equity Incentive Plan (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35933) filed June 4, 2013 and incorporated herein by reference).
10.2†	Form of Liquidity Award Agreement (Previously filed as Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-35933) filed June 26, 2013 and incorporated herein by reference).
10.3†	Form of Share Award Agreement (Previously filed as Exhibit 10.3 to the Current Report on Form 8-K (File No. 001-35933) filed June 26, 2013 and incorporated herein by reference).
10.4	Third Amended and Restated Agreement of Limited Partnership, by and among CB Richard Ellis Realty Trust and the limited partners named therein, dated April 27, 2012 (Previously filed as Exhibit 10.3 to the Current Report on Form 8-K (File 000-53200) filed April 30, 2012 and incorporated herein by reference).
10.5	Amendment No. 1 to the Third Amended and Restated Agreement of Limited Partnership, by and among Chambers Street Properties and the limited partners named therein, entered into as of July 1, 2012 (Previously filed as Exhibit 10.7 to the Quarterly Report on Form 10-Q (File 000-53200) filed August 14, 2012 and incorporated herein by reference).
10.6	Contribution Agreement, dated May 5, 2008, by and among Duke Realty Limited Partnership, Duke/Hulfish, LLC and CBRE Operating Partnership, L.P. (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File No. 000-53200) filed May 6, 2008 and incorporated herein by reference).
10.7	First Amendment to the Contribution Agreement, by and between Duke Realty Limited Partnership, Duke/Hulfish LLC and CBRE Operating Partnership, L.P. dated September 12, 2008 (Previously filed as Exhibit 10.7 to the Quarterly Report on Form 10-Q (File No. 000-53200) filed November 14, 2008 and incorporated herein by reference).
10.8	Shareholders' Agreement by and among Goodman Europe Development Trust, RT Princeton CE Holdings, LLC and Goodman Princeton Holdings (LUX) S.À R.L., dated June 10, 2010 (Previously filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 000-53200) filed August 13, 2010 and incorporated herein by reference).
10.9	Shareholders' Agreement by and among Goodman Jersey Holdings Trust, RT Princeton UK Holdings, LLC and Goodman Princeton Holdings (Jersey) Limited, dated June 10, 2010 (Previously filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q (File No. 000-53200) filed August 13, 2010 and incorporated herein by reference).
10.10	Duke/Hulfish, LLC Amended and Restated Limited Liability Company Agreement, by and between CBRE Operating Partnership, L.P. and Duke Realty Limited Partnership, dated December 17, 2010 (Previously filed as Exhibit 10.3 to the Current Report on Form 8-K (File 000-53200) filed December 23, 2010 and incorporated herein by reference).
10.11	Assumption of Mortgage and Security Agreement by and among U.S. Bank National Association, as trustee, as successor-in-interest to Bank of America, National Association, as successor by merger to LaSalle Bank National Association, as trustee for the registered holders of LB-UBS Commercial Mortgage Trust 2006-C4, Commercial Mortgage Pass-through Certificates, Series 2006-C4, 70 Hudson Street L.L.C., 70 Hudson Street Urban Renewal Associates, L.L.C., Hartz Financial Corp., RT 70 Hudson Street LLC, RT 70 Hudson Street Urban Renewal, LLC, CBRE Operating Partnership, L.P., and CB Richard Ellis Realty Trust dated April 11, 2011 (Previously filed as Exhibit 10.36 to Post-Effective Amendment No. 9 to the Registration Statement on Form S-11 (File No. 333-152653) filed on April 21, 2011 and incorporated herein by reference).
10.12	Loan Agreement, by and between 70 Hudson Street L.L.C., 70 Hudson Street Urban Renewal Associates, L.L.C. and Lehman Brothers Bank, FSB dated April 11, 2006 (Previously filed as Exhibit 10.37 to Post-Effective Amendment No. 9 to the Registration Statement on Form S-11 (File No. 333-152653) filed on April 21, 2011 and incorporated herein by reference).

Exhibit No.	
10.13	Loan Assumption and Modification Agreement, by and among RT 90 Hudson, LLC and 90 Hudson Street L.L.C. and Teachers Insurance and Annuity Association of America dated April 11, 2011 (Previously filed as Exhibit 10.38 to Post-Effective Amendment No. 9 to the Registration Statement on Form S-11 (File No. 333-152653) filed on April 21, 2011 and incorporated herein by reference).
10.14	Omnibus Amendment to Loan Documents, by and between RT 90 Hudson, LLC and Teachers Insurance and Annuity Association of America dated July 14, 2011 (Previously filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q (File 000-53200) filed August 15, 2011 and incorporated herein by reference).
10.15	Amended and Restated Promissory Note, by and between RT 90 Hudson, LLC and Teachers Insurance and Annuity Association of America dated July 14, 2011 (Previously filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q (File 000-53200) filed August 15, 2011 and incorporated herein by reference).
10.16	Transition to Self-Management Agreement, by and among CB Richard Ellis Realty Trust, CBRE Operating Partnership, L.P., CBRE Global Investors, LLC and CBRE Advisors LLC, dated April 27, 2012 (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File 000-53200) filed April 30, 2012 and incorporated herein by reference).
10.17†	Employment Agreement by and among Chambers Street Properties, CSP Operating Partnership, LP and Jack A. Cuneo (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File 000-53200) filed October 1, 2012 and incorporated herein by reference).
10.18†	Employment Agreement by and among Chambers Street Properties, CSP Operating Partnership, LP and Philip L. Kianka (Previously filed as Exhibit 10.2 to the Current Report on Form 8-K (File 000-53200) filed October 1, 2012 and incorporated herein by reference).
10.19†	Employment Agreement by and among Chambers Street Properties, CSP Operating Partnership, LP and Martin A. Reid (Previously filed as Exhibit 10.3 to the Current Report on Form 8-K (File 000-53200) filed October 1, 2012 and incorporated herein by reference).
10.20	First Amendment, dated March 1, 2013, to the Amended and Restated Limited Liability Company Agreement of Duke/Hulfish, LLC, by and between CSP Operating Partnership, LP and Duke Realty LImited Partnership (previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File 000-53200) filed March 7, 2013 and incorporated herein by reference).
10.21	Amended, Restated and Consolidated Credit Agreement, dated September 26, 2013, by and among CSP Operating Partnership, LP as Borrower, Chambers Street Properties, as Parent, the financial institutions party thereto as Lenders, and Wells Fargo Bank, National Association, as Administrative Agent, Wells Fargo Securities, LLC and RBC Capital Markets, as Joint Lead Arrangers and Joint Bookrunners, Royal Bank of Canada, as Syndication Agent, and each of Bank of America, N.A., Bank of Montreal, Citibank, N.A., JPMorgan Chase Bank, N.A., Regions Bank, and Union Bank, N.A., as a Documentation Agent (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35933) filed October 1, 2013 and incorporated herein by reference).
10.22	Equity Distribution Agreement, dated November 6, 2013, by and among the Company, CSP Operating Partnership, LP and Wells Fargo Securities, LLC (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35933) filed November 7, 2013 and incorporated herein by reference).
10.23	Equity Distribution Agreement, dated November 6, 2013, by and among the Company, CSP Operating Partnership, LP and Citigroup Global Markets Inc. (Previously filed as Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-35933) filed November 7, 2013 and incorporated herein by reference).
10.24	Equity Distribution Agreement, dated November 6, 2013, by and among the Company, CSP Operating Partnership, LP and Merrill Lynch, Pierce, Fenner & Smith Incorporated (Previously filed as Exhibit 10.3 to the Current Report on Form 8-K (File No. 001-35933) filed November 7, 2013 and incorporated herein by reference).
10.25	Equity Distribution Agreement, dated November 6, 2013, by and among the Company, CSP Operating Partnership, LP and RBC Capital Markets, LLC (Previously filed as Exhibit 10.4 to the Current Report on Form 8-K (File No. 001-35933) filed November 7, 2013 and incorporated herein by reference).
10.26†	First Amendment to Employment Agreement by and among Chambers Street Properties, CSP Operating Partnership, LP and Martin A. Reid (Previously filed as Exhibit 10.36 to the Annual Report on Form 10-K (File No. 001-359333) filed March 3, 2014 and incorporated herein by reference).

Exhibit No.	
10.27†	Incentive Bonus Plan (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35933) filed July 31, 2014 and incorporated herein by reference).
10.28†	Form of Restricted Share Award Agreement (Previously filed as Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-35933) filed July 31, 2014 and incorporated herein by reference).
10.29†	Form of Restricted Share Unit Award Agreement (Previously filed as Exhibit 10.3 to the Current Report on Form 8-K (File No. 001-35933) filed July 31, 2014 and incorporated herein by reference).
10.30†	Form of Amended and Restated Indemnification Agreement (Previously filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-35933) filed November 3, 2014 and incorporated herein by reference).
10.31†	Memorandum of Retirement, dated November 9, 2014, by and among Chambers Street Properties, CSP Operating Partnership, LP and Jack A. Cuneo (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35933) filed November 10, 2014 and incorporated herein by reference).
10.32†	Form of Restricted Share Unit Award Agreement for Non-Employee Trustees (Previously filed as Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35933) filed January 9, 2015 and incorporated herein by reference).
10.33†	Form of Restricted Share Unit Award Agreement for Employees, filed herewith.
10.34†	Form of Performance Vesting Restricted Share Unit Award Agreement, filed herewith.
12.1	Statement of Computation of Ratios, filed herewith.
21.1	List of Subsidiaries of Chambers Street Properties, filed herewith.
23.1	Consent of Deloitte & Touche LLP, filed herewith.
23.2	Consent of KPMG LLP, filed herewith.
24.1	Power of Attorney (included on the signature page to this Annual Report on Form 10-K).
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.1	Certification by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.2	Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
101*	The following materials from Chambers Street Properties' Annual Report on Form 10-K for the year ended December 31, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Cash Flows, (iv) the Consolidated Statements of Shareholders' Equity and Non-Controlling Interest and (v) the Notes to the Consolidated Financial Statements, filed herewith.

† Denotes a management contract or compensatory plan, contract or arrangement.

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

FORM 10-K/A
(Amendment No.1)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission File Number: 001-35933

CHAMBERS STREET PROPERTIES
(Exact name of registrant as specified in its charter)

Maryland	**56-2466617**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

47 Hulfish Street, Suite 210, Princeton, New Jersey 08542
(Address of principal executive offices) (Zip Code)

(609) 683-4900
(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock, $.01 par value	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☒ NO ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the voting and non-voting common shares held by non-affiliates of Chambers Street Properties was approximately $1,893,409,009 based on the quoted closing price on the New York Stock Exchange for such shares on June 30, 2014.

The number of shares outstanding of the registrant's common shares, $0.01 par value, was 236,860,895 as of February 26, 2015.

Documents Incorporated by Reference

Portions of the Registrant's Proxy Statement for its 2015 Annual Shareholders' Meeting expected to be filed on or about April 29, 2015 are incorporated by reference into Part IV of the Annual Report on Form 10-K.

Explanatory Note

On March 2, 2015, Chambers Street Properties (the "Company") filed with the Securities and Exchange Commission the Company's Annual Report on Form 10-K for the year ended December 31, 2014 (the "Report") indicating on the cover page that the Company would file an amendment to the Report to include the audited consolidated financial statements of Goodman Princeton Holdings (Lux) S.à.r.l. ("Goodman Princeton Holdings") as required by Rule 3-09 of Regulation S-X. Goodman Princeton Holdings is an equity method investment in which we own an ownership interest of approximately 80%. Accordingly, we are filing this Amendment No. 1 to the Report to amend Item 15 of the Report, to include the Goodman Princeton Holdings' audited consolidated financial statements as provided in Exhibit 99.1 attached hereto and the consent of Deloitte & Touche LLP, our independent auditors, with respect to its report on such audited consolidated financial statements, which is provided in Exhibit 23.1. In addition, in connection with the filing of this Amendment No. 1 to the Report and pursuant to Rule 12b-15 of the Securities Exchange Act of 1934, as amended, the currently dated certifications of the Company's interim chief executive officer and chief financial officer are attached as exhibits hereto.

Except as otherwise expressly noted herein, this Amendment No. 1 does not reflect events occurring after the filing of the Report on March 2, 2015 in any way, except to reflect the changes discussed herein. Accordingly, this Amendment No. 1 should be read in conjunction with the Report and the Company's other filings made subsequent to the filing of the Report.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

b) Exhibits — The exhibit index attached hereto is incorporated by reference under this item.

c) Financial Statements of Unconsolidated Joint Ventures:

The financial statements for Goodman Princeton Holdings are included as they meet the significant subsidiary definition of S-X 210.1-02(w) for the year ended December 31, 2014. The financial statements are listed as Exhibit 99.1 to this Amendment No. 1.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHAMBERS STREET PROPERTIES

Dated: March 30, 2015

By: /s/ MARTIN A. REID

Name: **Martin A. Reid**

Title: **Interim President and Chief Executive Officer, and Chief Financial Officer**

EXHIBIT INDEX

Exhibit No.	
23.1	Consent of Deloitte & Touche LLP, filed herewith.
31.1	Certification by the Interim President and Chief Executive Officer, and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.1	Certification by the Interim President and Chief Executive Officer, and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
99.1	Goodman Princeton Holdings (Lux) S.à.r.l. Consolidated Financial Statements, filed herewith.

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Independent Auditors' Report

To the Shareholders of
Goodman Princeton Holdings (Lux) S.à.r.l.

We have audited the accompanying consolidated financial statements of Goodman Princeton Holdings (Lux) S.à.r.l. and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2014, and the related consolidated statements of operations and comprehensive income (loss), shareholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements. Our audit also included financial statement schedule III.

Management's Responsibility for the Consolidated Financial Statements and Financial Statement Schedule

Management is responsible for the preparation and fair presentation of these consolidated financial statements and financial statement schedule in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Goodman Princeton Holdings (Lux) S.à.r.l. and its subsidiaries as of December 31, 2014, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

2013 and 2012 Financial Statements

The consolidated financial statements as of December 31, 2013 and for the two years then ended were not audited, reviewed, or compiled by us, and, accordingly, we express no opinion or other form of assurance on them.

/s/ Deloitte & Touche LLP

Los Angeles, California
March 30, 2015

GOODMAN PRINCETON HOLDINGS (Lux) S.à.r.l.

Consolidated Balance Sheets
as of December 31, 2014 and 2013 (Unaudited)
(In Thousands)

	2014	2013 (Unaudited)
ASSETS		
Land	$ 52,519	$ 59,405
Buildings and Improvements	237,777	261,934
	290,296	321,339
Less: Accumulated Depreciation	(16,168)	(10,134)
Net Investments in Real Estate	274,128	311,205
Cash and Cash Equivalents	13,226	9,869
Restricted Cash	146	617
Tenant and Other Receivables, Net	258	678
Deferred Rent	6,017	7,668
Deferred Financing Costs, Net of Accumulated Amortization of $769 and $391 (unaudited), Respectively	1,650	2,415
Intangible Lease Assets and Deferred Leasing Costs, Net of Accumulated Amortization of $11,338 and $8,155 (unaudited), Respectively	27,578	36,087
VAT Receivable	405	14,152
Prepaid Insurance and Other Assets	320	227
	$ 323,728	$ 382,918
LIABILITIES AND SHAREHOLDERS' EQUITY		
Mortgage Notes Payable	$ 135,173	$ 153,651
Accounts Payable, Accrued Expenses and Other Liabilities	1,513	3,586
Intangible Liabilities, Net of Accumulated Amortization of $1,679 and $1,214 (unaudited), Respectively	2,486	3,405
Accrued Interest	777	569
Prepaid Rent	3,438	4,304
Total Liabilities	143,387	165,515
Shareholders' Equity	180,341	217,403
	$ 323,728	$ 382,918

See accompanying notes to consolidated financial statements.

GOODMAN PRINCETON HOLDINGS (Lux) S.à.r.l.

Consolidated Statements of Operations and Comprehensive Income (Loss)
For the Years Ended December 31, 2014, 2013 (Unaudited), and 2012 (Unaudited)
(In Thousands)

	2014	2013 (Unaudited)	2012 (Unaudited)
Revenues:			
Rental	$ 28,245	$ 14,327	$ 7,620
Straight-Line Rents	(803)	3,448	3,640
Tenant Reimbursements	1,880	1,806	687
Total Revenues	29,322	19,581	11,947
Expenses:			
Property Operating	788	1,108	558
Investment Management Fees	1,371	973	599
Real Estate Taxes	1,149	1,060	217
Fund Administration Expenses	592	490	450
Depreciation and Amortization	12,100	7,636	5,388
Acquisition Related	—	4,388	39
Total Expenses	16,000	15,655	7,251
Other Expense:			
Interest Expense	(4,502)	(2,400)	(462)
Provision for Income Taxes	600	1,216	(1,654)
Net Income	9,420	2,742	2,580
Comprehensive (Loss) Income:			
Foreign Currency Translation (Loss) Gain	(24,867)	6,116	82
Comprehensive (Loss) Income	$ (15,447)	$ 8,858	$ 2,662

See accompanying notes to consolidated financial statements.

GOODMAN PRINCETON HOLDINGS (Lux) S.à.r.l.

Consolidated Statements of Shareholders' Equity
For the Years Ended December 31, 2014, 2013 (Unaudited), and 2012 (Unaudited)
(In Thousands, Except Share Data)

	Preferred Shares		Common Shares					
	Shares	Amounts	Shares	Amount	APIC	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders Equity
Balance at January 1, 2012 (Unaudited)	10,486,543,836	$ 135,035	12,500	$ 15	$ —	$ (3,296)	$ 2,298	$ 134,052
Issuance of Preferred Shares	3,066,437,257	39,726	—	—	—	—	—	39,726
Conversion of Preferred Shares	(198,750,000)	(2,575)	—	—	2,575	—	—	—
Foreign Currency Translation Gain	—	—	—	—	—	—	82	82
Net Income	—	—	—	—	—	2,580	—	2,580
Distribution on Preferred Shares	—	—	—	—	—	(42,186)	—	(42,186)
Balance at December 31, 2012 (Unaudited)	13,354,231,093	172,186	12,500	15	2,575	(42,902)	2,380	134,254
Issuance of Preferred Shares	6,168,317,067	84,149	—	—	—	—	—	84,149
Foreign Currency Translation Gain	—	—	—	—	—	—	6,116	6,116
Net Income	—	—	—	—	—	2,742	—	2,742
Distribution on Preferred Shares	—	—	—	—	—	(9,858)	—	(9,858)
Balance at December 31, 2013 (Unaudited)	19,522,548,160	256,335	12,500	15	2,575	(50,018)	8,496	217,403
Issuance of Preferred Shares	695,771,615	9,531	—	—	—	—	—	9,531
Foreign Currency Translation Loss	—	—	—	—	—	—	(24,867)	(24,867)
Net Income	—	—	—	—	—	9,420	—	9,420
Distribution on Preferred Shares	—	—	—	—	—	(31,146)	—	(31,146)
Balance at December 31, 2014	20,218,319,775	$ 265,866	12,500	$ 15	$ 2,575	$ (71,744)	$ (16,371)	$ 180,341

See accompanying notes to consolidated financial statements.

GOODMAN PRINCETON HOLDINGS (Lux) S.à.r.l.

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2014, 2013 (Unaudited), and 2012 (Unaudited)
(In Thousands)

	2014	2013 (Unaudited)	2012 (Unaudited)
Cash Flows from Operating Activities:			
Net Income	$ 9,420	$ 2,742	$ 2,580
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	11,964	7,625	5,388
Amortization of Loan Fees	469	295	78
Amortization of Leasing Costs	136	11	—
Amortization of Acquired Above Market Leases	488	115	41
Amortization of Acquired Below Market Leases	(674)	(251)	(387)
Restricted Cash	438	435	422
Straight-Line Rent Adjustment	803	(3,448)	(3,640)
Changes in Operating Assets and Liabilities			
Tenant and Other Receivables, Net	13,935	(4,153)	(9,984)
Prepaid Expenses and Other Assets	(150)	(55)	3,037
Accounts Payable, Accrued Expenses, and Other Liabilities	(2,018)	(6,539)	5,108
Net Cash Provided by (Used in) Operating Activities	34,811	(3,223)	2,643
Cash Flows from Investing Activities:			
Acquisition of Real Estate Assets	—	(132,516)	(78,776)
Building Improvements	(8,052)	—	—
Lease Commissions	(403)	(122)	—
Net Cash Used in Investing Activities	(8,455)	(132,638)	(78,776)
Cash Flows from Financing Activities:			
Proceeds from Mortgage Borrowings	—	66,624	79,522
Payment of Financing Costs	—	(1,341)	(1,337)
Net Proceeds from Preferred Shares	9,531	84,149	39,726
Distributions to Preferred Shares	(31,146)	(9,858)	(42,186)
Net Cash (Used in) Provided by Financing Activities	(21,615)	139,574	75,725
Effect of Foreign Currency Translation	(1,384)	3	52
Net Increase (Decrease) in Cash and Cash Equivalents	3,357	3,716	(356)
Cash and Cash Equivalents At Beginning of Year	9,869	6,153	6,509
Cash and Cash Equivalents at End of Year	$ 13,226	$ 9,869	$ 6,153
Supplemental Cash Flow Disclosure:			
Cash Paid for Interest	$ 3,812	$ 1,792	$ 200
Supplemental Disclosure of Noncash Investing and Financing Activities:			
Conversion of Preferred Shares	$ —	$ —	$ 2,575
Accounts Payable and Accrued Expenses - Building Improvements	$ 168	$ —	$ —

See accompanying notes to consolidated financial statements.

GOODMAN PRINCETON HOLDINGS (Lux) S.à.r.l.

Notes to Consolidated Financial Statements
For the Years Ended December 31, 2014, 2013 (Unaudited) and 2012 (Unaudited)

1. The Company

Goodman Princeton Holdings (Lux) S.à.r.l. ("Company") was formed on June 9, 2010 by RT Princeton CE Holdings, LLC ("RT Princeton Holdings" or "RTPH"), a wholly-owned subsidiary of CSP Operating Partnership, L.P. ("CSP") and Goodman Europe Development Trust ("Goodman" or "GEDT") for the purpose of acquiring and holding, either directly or indirectly, up to €400.0 million in industrial (primarily warehouse/distribution) properties. RT Princeton Holdings' and Goodman's shareholder interests in the Company are 80% and 20%, respectively. The terms of the RT Princeton Holdings and Goodman shareholder agreement extends through June 2015 and will continue after that date, unless terminated.

During the investment period, the Company had a right of second offer (after another investment vehicle managed by Goodman) with respect to certain logistics development or logistics investment assets considered for investment by Goodman. The right of second offer expired in June 2013. The Company also has a right of first offer with respect to certain logistics development or logistics investment assets considered for investment by CSP. If a deadlock has arisen pertaining to a major decision regarding a specific property, either shareholder may exercise a buy-sell option in relation to the relevant property. After the initial term, which ends on June 2015, either shareholder wishing to exit the Company may exercise a buy-sell option with respect to their entire interest in the Company.

As of December 31, 2014, the Company's portfolio consisted of nine properties, one multi-tenant and eight single-tenant industrial buildings located in Germany and France, comprising approximately 5.0 million square feet (unaudited). The portfolio was 100% leased as of December 31, 2014.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principleas ("GAAP"). The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Goodman Princeton Investments (Lux) S.à.r.l, Goodman Coriander Logistics (Lux) S.à.r.l., Goodman Aventurine Logistics (Lux) S.à.r.l., Goodman Marcasite Logistics (Lux) S.à.r.l., Goodman Langenbach Logistics (Lux) S.à.r.l., Goodman Celestite Logistics (Lux) S.à.r.l., Goodman Vanilla Logistics (Lux) S.à.r.l., Goodman Princeton Participation GmbH & Co KG, Goodman Princeton Participation Management GmbH, Goodman Chrome Logistics (Lux) S.à.r.l., Goodman Douai Logistics (France) SCI, Goodman Carmine Logistics (Lux) S.à.r.l., Goodman Sepia Logistics (Lux) S.à.r.l.. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

(b) Investments in Real Estate

Rental real estate property, including land, land improvements, buildings, building improvements, and tenant improvements is included in investments in real estate and are stated at cost. Improvements and replacements are capitalized when they extend the useful life, increase capacity, or improve the efficiency of the asset. Repairs and maintenance are charged to expense as incurred. Buildings and land improvements are depreciated on a straight-line method over their estimated life not to exceed 39 and 15 years, respectively. Tenant improvement costs are depreciated on the straight-line method over the shorter of the useful life of the improvement or the term of the related lease.

Cost Capitalization: Direct and certain indirect costs association with and incremental to the development, construction, leasing or expansion of the real estate investments are capitalized as a cost of the property. In 2013, a lease commission of $122,000 (unaudited) associated with a lease renewal at Goodman Aventurine Logistics (Lux) S.à.r.l. was capitalized. In 2014, lease commissions of $403,000 associated with lease renewals at Goodman Aventurine Logistics (Lux) S.à.r.l, and Goodman Langenbach Logistics (Lux) S.à.r.l. were capitalized.

Impairment of Real Estate: Real estate investments are individually evaluated for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such an evaluation is considered necessary, the Company compares the carrying amount of that real estate investment with the expected undiscounted cash flows that are directly associated with and expected to arise as a direct result of the use and eventual disposition of that real estate investment. There were no impairment adjustments booked in the years 2014, 2013 (unaudited) and 2012 (unaudited).

Purchase Accounting for Acquisition of Investments in Real Estate: The Company applies the business combination method to all acquired real estate investments. The purchase consideration of the real estate is allocated to the acquired tangible assets, consisting primarily of land, site improvements, building and tenant improvements and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases and other value of in-place leases, based in each case of their fair values. Loan premiums, in the case of above-market rate loans, or loan discounts, in the case of below-market rate loans, will be recorded based on the fair value of any loans assumed in connection with acquiring the real estate.

The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, and the "as-if-vacant" value is then allocated to all land (or acquired ground lease if the land is subject to ground lease) and site improvements based on management's determination of the relative fair values of these assets. Management determines the as-if-vacant fair value of a property by underwriting the property as if it were vacant and subsequently re-leased at the market. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses associated with the property. Management also estimates costs to execute similar leases including leasing commissions and tenant improvements.

In allocating the purchase consideration of the identified intangible assets and liabilities of an acquired property, above-market and below-market in place lease values are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases; and (ii) management's estimate of fair market lease rates for the corresponding in-place leases measured over a period equal to the remaining non-cancelable term of the lease and, for below-market leases, over a period equal to the initial term plus any below-market fixed rate renewal periods. The capitalized below-market lease values, also referred to as acquired lease obligations, are amortized as an increase to the rental income over the initial terms of the respective leases and any below-market fixed rate renewal periods. The capitalized above-market lease values are amortized as a decrease to rental income over the initial terms of the prospective leases.

The aggregate value of other acquired intangible assets, consisting of in-place leases and tenant relationships, is measured by the estimated cost of operations during a theoretical lease-up period to replace in-place leases, including lost revenues and any non-recoverable operating expenses, plus an estimate of deferred leasing commissions for in-place leases. This aggregate value is allocated between in-place lease value and tenant relationships based on management's evaluation of the specific characteristics of each tenant's lease, however, the value of tenant relationships has not been separated from in-place lease value for the real estate acquired as such value and its consequence to amortization expense is immaterial for these particular acquisitions. Should future acquisitions of properties result in allocating material amounts to the value of tenant relationships, an amount would be separately allocated and amortized over the estimated life of the relationship. The value of in-place leases is amortized to expense over the remaining non-cancelable periods of the respective leases. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to that lease would be written-off.

(c) Cash and Cash Equivalents

The Company considers short-term investments with maturities of three months or less when purchased to be cash equivalents. As of December 31, 2014 and 2013 (unaudited), there are no short-term investments or cash equivalents.

(d) Restricted Cash

Restricted cash represents those cash accounts for which the use of funds is restricted for rent subsidization. As of December 31, 2014 and 2013, our restricted cash balance was $146,000 and $617,000 (unaudited), respectively, which represented cash held in trust for Goodman Marcasite Logistics (Lux) S.á.r.l. for a rent subsidy received in advance from the local government. The prepaid rent subsidy is recorded to rental income earned on a monthly basis.

(e) Translation of Non-U.S. Currency Amounts

The financial statements and translations of the Company are recorded in their functional currency, namely the Euro ("EUR") and are then translated into U.S. dollars ("USD").

Assets and liabilities are denominated in the functional currency and are then translated at exchange rates in effect at the balance sheet date. Revenues and expenses are translated at the average exchange rate for the reporting period. Translation adjustments are reported in "Foreign currency translation gain (loss)", a component of Shareholders' Equity. There was foreign currency translation loss of $24,867,000 in 2014, a gain of $6,116,000 (unaudited) in 2013, and a gain of $82,000 (unaudited) in 2012.

The carrying value of the Company's assets and liabilities fluctuate due to changes in the exchange rate between the USD and the EUR. The exchange rate of the USD to the EUR was 1.2099 and 1.3753 (unaudited) at December 31, 2014 and 2013 , respectively. The profit and loss average exchange rate of the USD to the EUR was approximately 1.3326, 1.3248 (unaudited) and 1.2877 (unaudited) for the years ended December 31, 2014, 2013 and 2012, respectively.

(f) Deferred Financing Costs, Net

Costs incurred in connection with obtaining financing are amortized to interest expense, over the term of the related loan, which approximate the effective interest method.

(g) Revenue Recognition and Valuation of Receivables

All leases are classified as operating leases and minimum rents are recognized on a straight-line basis over the terms of the leases. The excess of rents recognized over amounts due for the underlying leases is recorded as deferred rent. Reimbursements from tenants, consisting of amounts due from tenants for common area maintenance, real estate taxes, insurance and other recoverable costs, are recognized as revenue in the period the expenses are incurred. Tenant reimbursements are recognized and presented on a gross basis, when the Company is the primary obligor with respect to incurring expenses and with respect to having the credit risk.

Tenant receivables and deferred rent receivables are carried net of the allowances for uncollectible current tenant receivables and deferred rent. Management's determination of the adequacy of these allowances is based primarily upon evaluations of historical loss experience, individual receivables, current economic conditions, and other relevant factors. The allowances are increased or decreased through the provision for bad debts. There was no provision or write off of bad debt as of December 31, 2014 and 2013 (unaudited), respectively.

(h) Income Taxes

The Company and its controlled entities are subject to tax in Germany and France on the profit for any year. Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the date of those financial statements.

ASC 740-10 Income Taxes requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

(i) Use of Estimates

The preparation of financial statements, in conformity with U.S. GAAP, requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Recent Accounting Pronouncements

In May 2014, the FASB and IASB issued their final standard on revenue from contracts with customers. The standard, issued by the FASB as ASU 2014-09, *Revenue From Contracts With Customers (Topic 606)* outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including the guidance on real estate derecognition for most transactions. Entities have the option of using either a full retrospective or a modified approach to adopt the guidance in ASU 2014-09. The ASU is effective for annual reporting periods beginning after December 15, 2017. Early adoption is permitted

for reporting periods beginning after December 15, 2016. The Company is assessing the impact of this guidance on the consolidated financial statements and notes to the consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 2015-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The ASU provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, with early adoption permitted. The adoption of this guidance is not anticipated to have a material impact on the consolidated financial statements or notes to the consolidated financial statements.

3. Property Acquisitions

Wholly-Owned Property Acquisitions

There were no acquisitions during the year ended December 31, 2014.

During the year ended December 31, 2013, the Company acquired three industrial properties. The 2013 property acquisitions were funded with capital contributions from the shareholders and loans secured by the acquired properties (unaudited) ($ in thousands):

Property	Market	Date of Acquisition	Purchase Price	Net Rentable Square Feet	% Leased at 12/31/14	Property Type
Hansalinie Distribution Center	Bremen, Germany	11/25/2013	$ 30,283	320,463	100%	Industrial
Bodenheim Logistikzentrum	Frankfurt, Germany	11/25/2013	31,740	442,816	100%	Industrial
Lille-Douai Distribution Center	Lille, France	12/17/2013	70,493	844,332	100%	Industrial
Total 2013 Wholly-Owned Property Acquisitions			$ 132,516	1,607,611		

The following table summarizes the final allocation of the fair value of amounts recognized for each major class of assets and liabilities for properties acquired during the year ended December 31, 2013 (in thousands):

	2013 Acquisitions (Unaudited)			
	Hansalinie Distribution Center	Bodenheim Logistikzentrum	Lille-Douai Distribution Center	Total
Land	$ 4,809	$ 6,587	$ 2,829	$ 14,225
Building and Improvements	21,422	25,309	54,918	101,649
Acquired In-Place Leases[(1)]	2,228	2,690	10,294	15,212
Acquired Above-Market Leases[(1)]	1,824	—	2,452	4,276
Total Acquired Assets	30,283	34,586	70,493	135,362
Acquired Below-Market Leases[(2)]	—	2,846	—	2,846
Total Assumed Liabilities	—	2,846	—	2,846
Net Assets Acquired	$ 30,283	$ 31,740	$ 70,493	$ 132,516

(1) Represents in-place leases with a weighted average amortization period of 10.87 years and above-market leases with a weighted average amortization period of 10.78 years.
(2) Represents below-market leases with a weighted average amortization period of 6.98 years.

4. Deferred Leasing Costs and Intangible Assets, Net

All direct and indirect costs, including estimated internal costs, associated with the leasing of real estate investments owned by the Company are capitalized and amortized over the term of the related lease. The lease commission amortization is reported under Depreciation and Amortization expense. It was $136,000, $11,000 (unaudited), and $0 (unaudited) for years 2014, 2013 and 2012, respectively.

Also included in deferred costs is a portion of the purchase price from previous acquisitions that was allocated to in-place lease intangible assets and above-market leases, which are amortized over the remaining life of the related leases.

Amortization expense for in-place lease intangible assets was $3,968,000, $2,486,000 (unaudited) and $2,444,000 (unaudited) for the years ended December 31, 2014, 2013 and 2012, respectively.

Amortization expense for above-market leases of $488,000, $115,000 (unaudited), and $41,000 (unaudited) is reflected as a reduction to contractual rental income in the accompanying 2014, 2013 and 2012 consolidated statements of operations, respectively.

The following table summarizes the deferred leasing costs and intangible assets, including acquired above-market leases and acquired in-place leases (in thousands):

	2014	2013 (Unaudited)
Deferred Leasing Costs and Intangible Assets, Net:		
Deferred Leasing Costs	$ 597	$ 256
Accumulated Amortization	(133)	(11)
Deferred Leasing Costs, Net	464	245
Above-Market Leases	4,583	4,182
Accumulated Amortization	(586)	(163)
Above-Market Leases, Net	3,997	4,019
In-Place Leases	33,737	39,805
Accumulated Amortization	(10,620)	(7,982)
In-Place Leases, Net	23,117	31,823
Total Deferred Leasing Costs and Intangible Assets, Net	$ 27,578	$ 36,087

5. Intangible Liabilities, Net

Intangible liabilities includes a portion of the purchase price from previous acquisitions that was allocated to below market leases, which are amortized over the remaining life of the related leases.

The following table summarizes the intangible liabilities including acquired below-market leases (in thousands):

	2014	2013 (Unaudited)
Intangible Liabilities, Net:		
Below-Market Leases	$ 4,165	$ 4,619
Accumulated Amortization	(1,679)	(1,214)
Total Intangible Liabilities, Net	$ 2,486	$ 3,405

Amortization expense for below market leases of $674,000, $251,000 (unaudited) and $387,000 (unaudited) is reflected as an addition to contractual rental income in the accompanying 2014, 2013 and 2012 consolidated statements of operations, respectively.

Estimated amortization expense for Deferred Leasing Costs and Intangible Assets and Liabilities for the the next five years and thereafter is as follows (in thousands):

	Assets			Liabilities
Year	Acquired Above-Market Leases	Acquired In-Place Leases	Deferred Leasing Costs	Acquired Below-Market Leases
2015	$ 423	$ 3,100	$ 199	$ (522)
2016	443	2,776	193	(460)
2017	443	2,776	53	(460)
2018	443	2,776	19	(460)
2019	443	2,543	—	(234)
Thereafter	1,802	9,146	—	(350)
	$ 3,997	$ 23,117	$ 464	$ (2,486)

6. Related Party Transactions

The Company appointed Goodman Europe (Lux) S.à r.l. as investment adviser (Investment Adviser), administrator (Administrator) and service provider (Service Provider) and appointed Goodman Operator (UK) Limited as regulated investments adviser (Regulated Investments Adviser). The Investment Adviser, the Regulated Investments Adviser, the Administrator, and the Service Provider are all related parties of the Company. All transactions with related parties are carried out on an arms' length basis. In addition to the investment advisory fee, the Company incurred property management, leasing and other administrative fees paid or payable to the Service Provider and Administrator, these fees are specified in the relevant Property Services Agreement, Administration and Services Agreement and Financial Administration Services Agreement. The Company has also purchased properties and building improvements from the affiliates of GEDT in 2012 (unaudited), 2013 (unaudited), and 2014. The fees paid or payable to those related parties are listed below:

- The Koblenz Distribution Center was purchased from Goodman Property Opportunities (Lux) S.à.r.l. SICAR for $78,776,000 (unaudited) on December 12, 2012.
- The Lille-Douai Distribution Center was purchased from Goodman France S.à.r.l. for $70,494,000 (unaudited) on December 17, 2013.
- The building expansions to the Lille-Douai Distribution Center were purchased from Goodman France S.à.r.l. for $7,939,000 on June 17, 2014. The retainer and accrued liability associated with the building expansion was $168,000 as of December 31, 2014.
- Investment management services are provided for a fee based on 35 bps of the gross asset value determined as of the end of the reporting period. These fees amounted to $1,371,000, $973,000 (unaudited), and $599,000 (unaudited) for the years ended December 31, 2014, 2013, and 2012, respectively.
- Management and accounting services are provided for a fee equal to 1.5% of the base rent under each lease. These fees amounted to $435,000, $275,000 (unaudited), and $178,000 (unaudited) for the years ended December 31, 2014, 2013, and 2012, respectively.
- Other property related services are provided for a fixed fee depending upon the entity, which amounted to $24,000, $32,000 (unaudited), and $9,000 (unaudited) for the years ended December 31, 2014, 2013, and 2012, respectively.
- Administration is provided for a fixed fee depending upon the entity. These fees amounted to $376,000, $263,000 (unaudited), and $213,000 (unaudited) for the years ended December 31, 2014, 2013, and 2012, respectively.

- Pursuant to the management agreement, debt management services are provided by the Regulated Investments Adviser. Amounts incurred for debt management were $0, $129,000 (unaudited), and $162,000 (unaudited) for the years ended December 31, 2014, 2013, and 2012, respectively.
- Leasing costs are provided for a fee by affiliates of the Service Provider based on the gross lease value and length of terms of new leases. These fees amounted to $266,000, $264,000 (unaudited), and $0 (unaudited) for the years ended December 31, 2014, 2013, and 2012.

In June 2010, the Company entered into investment advisory agreement with the Investment Adviser. The Investment Adviser is entitled to promote fees if the aggregate distributions exceed the Promote Threshold Return, which is determined based upon the internal rate of return ("IRR") as of June 30, 2015 ("First Calculation Date") and every five year anniversary thereafter, or upon final wind-up of the Company. If the promote threshold return is met on the First Calculation Date, the Investment Adviser is entitled to 50% of the Deemed Distributions as of that date per the advisory agreement. The promote threshold return is defined as the amount which when aggregated with all distributions actually made up to that time, would be required to be distributed to give all Shareholders a predetermined IRR.

7. Indebtedness

All mortgage notes payable are secured loans, summarized as follows (in thousands):

Mortgage Notes Payable	Effective Interest Rate	Maturity Date	Outstanding Balance December 31, 2014	Outstanding Balance December 31, 2013 (Unaudited)
Mortgage Notes Payable I	2.39%	July 27, 2017	$ 37,629	$ 42,773
Mortgage Notes Payable II	2.27%	November 11, 2017	38,415	43,666
Mortgage Notes Payable III	3.01%	November 25, 2020	14,278	16,229
Mortgage Notes Payable IV	3.01%	November 25, 2020	13,696	15,569
Mortgage Notes Payable V	3.13%	December 17, 2020	31,155	35,414
Total Mortgage Notes Payable			$ 135,173	$ 153,651

As of December 31, 2014 and 2013 (unaudited), all mortgage notes payable are interest-only and are in compliance with their respective loan covenants.

The minimum principal payments due for all secured loans are as follows as of December 31, 2014 (in thousands):

2015	$ —
2016	—
2017	76,044
2018	—
2019	—
Thereafter	59,129
	$ 135,173

The fair value of the Company's mortgage notes payable is determined by performing discounted cash flow analyses using an appropriate market discount rate. The market discount rate is calculated by obtaining period-end London InterBank Offering Rate ("LIBOR") rates for variable-rate debt, for maturities that correspond to the maturities of our debt and then adding an appropriate credit spread derived from information obtained from third-party financial institutions.

The Company applies the three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices for identical financial instruments in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as instruments that have little to no pricing observability as of the reported date. These financial instruments do not have two-way markets and are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

For disclosure purposes only, the following table summarizes our financial instruments and their estimated fair value at December 31, 2014 and December 31, 2013 (unaudited)(in thousands):

Financial Instrument	December 31, 2014 Carrying Value	December 31, 2014 Fair Value	December 31, 2013 Carrying Value (Unaudited)	December 31, 2013 Fair Value (Unaudited)
Mortgage Notes Payable[(1)]	$ 135,173	$ 142,332	$ 153,651	$ 156,995

(1) Items are measured using Level 2 inputs.

8. Risk Management and Concentration of Credit Risk

Risk Management

In the course of ongoing business operations, the Company encounters economic risk. There are three main components of economic risk: interest rate risk, tenant credit risk and market risk. The Company is subject to interest rate risk on the interest-bearing liabilities. Tenant credit risk is primarily the risk of inability or unwillingness of tenants to make contractually required payments. Market risk is the risk of declines in the value of the Company's properties due to changes in rental rates, interest rates, supply and demand of similar products and other market factors affecting the valuation of properties.

The Company's properties are located throughout France and Germany. The ability of the tenants to honor the terms of their respective leases is dependent upon the economic, regulatory, and social factors affecting the communities in which the tenants operate. One significant tenant ("Tenant"), a large online retailer, occupies 62% of the Company's portfolio and accounts for approximately 75% of future minimum rent. In 2014, the Tenant accounted for approximately 60% of the total rental revenue of the Company.

Concentration of Credit Risk

The Company's credit risk relates primarily to cash and restricted cash. Cash accounts at European institutions are not insured, and there is a risk associated with the loss of cash. The Company has not experienced any losses to date on cash or restricted cash.

9. Future Minimum Rents

The Company leases its operating properties to tenants under agreements that are classified as operating leases. At December 31, 2014, future minimum receipts from tenants on leases for each of the next five years and thereafter are as follows (in thousands):

Year	Amount
2015	$ 25,882
2016	25,754
2017	23,345
2018	22,124
2019	20,200
Thereafter	69,884
	$ 187,189

GOODMAN PRINCETON HOLDINGS (Lux) S.à.r.l.

Notes to Consolidated Financial Statements—(Continued)
For the Years Ended December 31, 2014, 2013 (Unaudited) and 2012 (Unaudited)

In addition to minimum rents, certain leases require reimbursements of specified operating expenses, which amounted to $1,880,000, $1,806,000 (unaudited) and $687,000 (unaudited) for the years ended December 31, 2014, 2013 and 2012, respectively.

10. Commitments and Contingencies

Litigation—From time to time, the Company and its properties may be subject to legal proceedings, which arise in the ordinary course of business. Currently, neither the Company nor any of its properties are subject to, or threatened with, any legal proceedings for which the outcome is reasonably likely to have a material adverse effect on the financial statements.

Environmental Matters—the Company is not aware of any material environmental liability or any unasserted claim or assessment with respect to a material environmental liability that the Company believes would require additional disclosure or the recording of a loss contingency.

11. Shareholders' Equity

RT Princeton Holdings and GEDT's shareholder interests in the Company are 80% and 20%, respectively. The terms of the RT Princeton Holdings and Goodman shareholder agreement extends through June 2015 and will continue after that date, unless terminated. Under the current shareholder agreement, Preferred Equity Certificates ("PECs"), each with a par value of €0.01, are authorized to be issued to finance investments. The PEC entitles the shareholder to receive preferential distributions of net income until such shareholder has received back, by way of yield on the PECs, an amount equal to its preferred returns. The PEC further entitles the shareholders to receive preferential distributions of capital proceeds representing unreturned capital (including redemption of PECs) and capital profit until such shareholder has received back, by way of yield on the PECs, an amount equal to its accrued but unpaid preferred returns.

During 2014, the Company issued 696 million shares of PECs to fund the expansion of Goodman Douai Logistics (France) SCI property. During 2014, RT Princeton Holdings and GEDT purchased 557 million and 139 million shares of PECs for $7,625,000 and $1,906,000, respectively, . During 2013, the Company issued 6,168 million shares of PECs to fund the acquisition of properties under Goodman Carmine Logistics (Lux) S.à.r.l., Goodman Sepia Logistics (Lux) S.à.r.l. and Goodman Douai Logistics (France) SCI. During 2013, RT Princeton Holdings and GEDT purchased 4,935 million and 1,233 million shares of PECs for $67,319,000 (unaudited) and $16,830,000 (unaudited), respectively. During 2012, the Company issued 3,066 million shares of PECs to fund acquisition of Goodman Coriander Logistics (Lux) S.à.r.l. During 2012, RT Princeton Holdings and GEDT purchased 2,453 million and 613 million shares of PECs for $31,781,000 (unaudited), and $7,945,000 (unaudited), respectively. In addition, during 2012 both RT Princeton Holdings and GEDT agreed to convert 159 million and 40 million shares of PECs to common equity without the issuance of additional common shares. The PECs conversions resulted in $2,060,000 (unaudited) and $515,000 (unaudited) of additional paid-in-capital for RT Princeton and GEDT, respectively.

Operating proceeds of $15,413,000 and $3,853,000 were distributed to RTPH and GEDT, respectively, for the year ended December 31, 2014. In addition, the Company received $11,880,000 of a VAT refund, which was distributed to the shareholders in 2014. In 2013, the distributions were $7,886,000 (unaudited) and $1,972,000 (unaudited) to RTPH and CEDT, respectively and were related to operating proceeds only. In 2012, operating proceeds of $3,681,000 and $920,000 were distributed for RTPH and GEDT, respectively, for the year ended December 31, 2012. In addition, the Company received proceeds from mortgage borrowings in the amount of $37,585,000 related to properties under Goodman Vanilla Logistics (Lux) S.à.r.l. and Goodman Celestite Logistics S.à.r.l., which were distributed the shareholders in 2012.

12. Income Taxes

The Company and its controlled entities are subject to income taxes in Germany and France. Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the date of those financial statements. Included as a component of the Company's tax benefit and provision (in the French and German tax jurisdictions), the Company has incurred income tax benefits in the amount of $600,000 and $1,216,000 (unaudited) for the years ended December 31, 2014, and 2013, respectively, and income tax provision of $1,654,000 (unaudited) for the year ended December 31, 2012. All income tax expenses and benefits incurred by the Company are deferred for the years ended December 31, 2014, 2013 and 2012.

GOODMAN PRINCETON HOLDINGS (Lux) S.à.r.l.

Notes to Consolidated Financial Statements—(Continued)
For the Years Ended December 31, 2014, 2013 (Unaudited) and 2012 (Unaudited)

Deferred income taxes result from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the years in which the temporary differences are expected to reverse. Significant components of the deferred tax assets and liabilities of the Company are as follows (in thousands):

	December 31, 2014	December 31, 2013 (Unaudited)
Deferred Tax Assets:		
Net Operating Loss Carry Forwards	$ 3,044	$ 2,978
Total Deferred Tax Assets	3,044	2,978
Valuation Allowance for Deferred Tax Assets	—	—
Deferred Tax Assets, Net of Valuation Allowance, included in Prepaid Insurance and Other Assets	3,044	2,978
Deferred Tax Liabilities:		
Investment in Real Estate and Intangibles, Net	$ 1,547	$ 1,656
Straight-line Rent Receivable and Capitalized Loan Fees, Net	1,335	1,760
Total Deferred Tax Liabilities included in Accounts Payable, Accrued Expenses and Other Liabilities	2,882	3,416
Net Deferred Tax Assets (Liabilities)	$ 162	$ (438)

As of December 31, 2014, the Company had net operating loss carryforwards ("NOLs") of approximately $16.6 million (€13.7 million) for income tax purposes that do not expire. These NOLs may be used to offset future taxable income generated by each of the properties. In Germany, the use of carried forward tax losses per year is limited to €1.0 million plus 60% of current income exceeding that amount. In France, the use of carried forward tax losses per year is limited to €1.0 million plus 50% of current income exceeding that amount.

The difference between the statutory tax rate and the effective tax rate relates to differences in tax rates among the foreign jurisdictions the Company operates in as well as the impact of permanent book tax differences associated with income tax deductions related to payments made under the Preferred Equity Certificates.

The Company had no material unrecognized tax benefits for the years ended December 31, 2014, 2013 (unaudited) or 2012 (unaudited), and as of December 31, 2014, the Company does not expect to record any material unrecognized tax benefits. Because no material unrecognized benefits have been recorded, no related interest or penalties have been calculated. The German statutory limitation period to issue or correct assessments is four years from the end of the year in which the return was filed. The statutory limitation period can be extended to five years due to taxpayer negligence or ten years in the event of tax evasion. In France, the standard statute of limitation for corporate income tax purposes expires at the end of the third year following the year in which tax is due. The three-year period is extended to ten years in certain cases (e.g. no return is filed in respect of activities carried out in France) or failure to disclose income from entities located in tax privileged countries.

13. Subsequent Events

The Company has evaluated subsequent events through March 30th, 2015, the date the financial statements were issued.

Schedule III

GOODMAN PRINCETON HOLDINGS (Lux) S.à.r.l.

Properties and Accumulated Depreciation
December 31, 2014
(In thousands)

Property	Location	Encumbrance Net	Acquisition Costs: Land	Acquisition Costs: Site Improvements	Acquisition Costs: Building and Improvements	Acquisition Costs: Tenant Improvements	Acquisition Costs: Total	Improvements Subsequent to Purchase Date	Total Cost	Accumulated Depreciation and Amortization	Net Investments in Real Estate	Depreciation Life[1]	Date of Acquisition (A)/ Construction (C)[2]	
Logistik Zentrum Düren	Rhine-Ruhr, Germany	$ —	$ 3,080	$ 381	$ 11,359	$ 36	$ 14,856	$ —	$ 14,856	$ 1,487	$ 13,369	39	6/10/2010	(A)
Logistik Zentrum Schönberg	Hamburg, Germany	—	5,536	400	9,553	65	15,554	—	15,554	1,307	14,247	39	6/10/2010	(A)
Münich Airport Logistics Centre (Langenbach)	Munich, Germany	—	3,542	207	15,122	40	18,911	109	19,020	1,709	17,311	39	10/28/2010	(A)
Graben Distribution Center I	Munich, Germany	33,873	4,212	3,022	50,396	799	58,429	—	58,429	4,712	53,717	39	12/20/2011	(A)
Graben Distribution Center II	Munich, Germany	3,756	629	445	5,823	58	6,955	—	6,955	554	6,401	39	12/20/2011	(A)
Koblenz Distribution Center	Rhine-Ruhr, Germany	38,415	8,409	7,404	48,994	756	65,563	—	65,563	3,627	61,936	39	12/12/2012	(A)
Bodenheim Logistikzentrum	Frankfurt, Germany	13,696	5,904	1,112	21,302	271	28,589	—	28,589	783	27,806	39	11/25/2013	(A)
Hansalinie Distribution Center	Bremen, Germany	14,278	4,311	1,123	17,859	220	23,513	—	23,513	608	22,905	39	11/25/2013	(A)
Lille-Douai Distribution Center	Lille, France	31,155	2,490	312	47,339	660	50,801	7,016	57,817	1,381	56,436	39	12/17/2013	(A)
		$ 135,173	$ 38,113	$ 14,406	$ 227,747	$ 2,905	$ 283,171	$ 7,125	$ 290,296	$ 16,168	$ 274,128			

(1) The initial costs of buildings and improvements are depreciated over 39 years using a straight-line method of accounting; site improvements are depreciated over a range of 15 to 25 years; and improvements capitalized subsequent to acquisition are depreciated over the shorter of the lease term or useful life.
(2) Represents our date of acquisition or construction.

Investments in real estate (in thousands):

	December 31, 2014	December 31, 2013 (Unaudited)	December 31, 2012 (Unaudited)
Balance, Beginning of the Year	$ 321,339	$ 196,508	$ 123,367
Acquisitions	—	115,340	70,201
Improvements	8,052	—	—
Adjustments	545	—	(644)
Foreign Currency Translation Effect	(39,640)	9,491	3,584
Balance, End of the Year	$ 290,296	$ 321,339	$ 196,508

Accumulated depreciation related to investments in real estate (in thousands):

	December 31, 2014	December 31, 2013 (Unaudited)	December 31, 2012 (Unaudited)
Balance, Beginning of the Year	$ 10,134	$ 4,615	$ 1,571
Additions	7,996	5,139	2,944
Foreign Currency Translation Effect	(1,962)	380	100
Balance, End of the Year	$ 16,168	$ 10,134	$ 4,615

The aggregate gross taxable basis of the Company's investments in real estate are $57 million and $201 million for France and Germany, respectively, for income tax purposes as of December 31, 2014. The Company does not have taxable assets in the U.S. tax jurisdiction and therefore does not file U.S. income tax returns.

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

FORM 10-K/A
(Amendment No. 2)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission File Number: 001-35933

CHAMBERS STREET PROPERTIES
(Exact name of registrant as specified in its charter)

Maryland	**56-2466617**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

47 Hulfish Street, Suite 210, Princeton, New Jersey 08542
(Address of principal executive offices) (Zip Code)

(609) 683-4900
(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock, $.01 par value	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☒ NO ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the voting and non-voting common shares held by non-affiliates of Chambers Street Properties was approximately $1,893,409,009 based on the quoted closing price on the New York Stock Exchange for such shares on June 30, 2014.

The number of shares outstanding of the registrant's common shares, $0.01 par value, was 236,860,895 as of April 17, 2015.

Documents Incorporated by Reference

None.

Explanatory Note

This Amendment No. 2 on Form 10-K/A (this "Form 10-K/A") amends the Annual Report on Form 10-K for the year ended December 31, 2014 of Chambers Street Properties filed with the Securities and Exchange Commission (the "SEC") on March 2, 2015 (as amended by Amendment No. 1 on Form 10-K/A filed with the SEC on March 30, 2015, the "Original Form 10-K"). This Form 10-K/A is being filed to include certain information that was to be incorporated by reference from our definitive proxy statement (pursuant to Regulation 14A under the Securities and Exchange Act of 1934, as amended (the "Exchange Act")) for our 2015 Annual Meeting of Shareholders. This Form 10-K/A hereby amends and restates in their entirety the cover page and Items 10 through 14 of Part III of the Original Form 10-K.

Except as otherwise expressly noted herein and the filing of related certifications, this Form 10-K/A does not amend any other information set forth in the Original Form 10-K, and we have not updated disclosures contained therein to reflect any events that occurred at a date subsequent to the date of the Original Form 10-K, except to reflect the disclosures discussed herein. Accordingly, this Form 10-K/A should be read in conjunction with the Original Form 10-K and our other filings with the SEC.

Unless the context requires otherwise, all references to "Chambers Street," "our company," "we," "our" and "us" mean Chambers Street Properties.

CHAMBERS STREET PROPERTIES
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SIGNATURES

PART III

ITEM 10. TRUSTEES, EXECUTIVE OFFICERS OF THE REGISTRANT AND CORPORATE GOVERNANCE

Trustees of Chambers Street Properties

On March 5, 2015, Jack A. Cuneo stepped down as our President and Chief Executive Officer and resigned from our Board of Trustees. Excluding the vacancy resulting from Mr. Cuneo's resignation, our Board of Trustees currently consists of six trustees each serving for a term of one year and until their successors are duly elected and qualify, which term expires at each annual meeting of shareholders. Our declaration of trust and bylaws provide that a majority of the entire Board of Trustees may at any time increase or decrease the number of trustees. However, unless our declaration of trust and bylaws are amended, the number of trustees may never be less than the minimum number required by the Maryland REIT law.

The following table and biographical descriptions set forth certain information with respect to each trustee of our Board of Trustees:

Name	Age	Position
Charles E. Black	66	Chairman of the Board of Trustees[1]
Mark W. Brugger	45	Trustee[1]
James L. Francis	53	Trustee[1]
James M. Orphanides	64	Trustee[1]
Martin A. Reid	59	Interim President, Interim Chief Executive Officer, Chief Financial Officer, Treasurer, Trustee
Louis P. Salvatore	68	Trustee[1]

(1) Independent trustee.

Charles E. Black. Mr. Black has been one of Chambers Street Properties' (NYSE: CSG) trustees since June 2004 and has been the Chambers Street's Chairman of the Board of Trustees since June 2012. Mr. Black is the Chief Executive Officer of CB Urban Development, a development company he founded in 2007 which specializes in mixed-use urban development projects. Mr. Black is also an attorney in private practice who represents developers, land owners and businesses in the development, entitlement, financing and implementation of politically sensitive, public and private real estate projects. In addition, Mr. Black is Managing Director-Public Private Partnership for Gafcon Inc., of San Diego, California. Mr. Black's area of special focus in the real estate industry relates to structuring the entitlement and financing of large public/private mixed-use developments anchored by sports venues, convention centers and other public facilities. Before founding CB Urban Development, Mr. Black was the Regional Senior Vice President (San Diego region) of The Irvine Company. Prior to joining The Irvine Company in March 2006, Mr. Black was the Executive Vice President of JMI Realty, where he had overall management responsibility for the development of Petco Park, the $450 million San Diego Padres baseball park that was completed in February 2004. Prior to joining JMI Realty in 2002, Mr. Black was the President and Chief Operating Officer of the San Diego Padres Baseball Club. From 1991 to 2002, Mr. Black was a partner in the law firm of Gray, Cary, Ware & Freidenrich LLP, where his areas of expertise included real estate acquisition and development, urban planning and development law and development financing. Mr. Black is a member of the Urban Land Institute (ULI) and the land economics society Lambda Alpha International. Mr. Black received a B.S. from the United States Air Force Academy and a J.D. from the University of California at Davis.

Mark W. Brugger. Mr. Brugger has been one of Chambers Street Properties' (NYSE: CSG) trustees since September 2013. Mr. Brugger is a founder of DiamondRock Hospitality Company ("DiamondRock") where he has served as Chief Executive Officer and a member of the Board of Directors since September 1, 2008. Until he was promoted to his current role, Mr. Brugger served as DiamondRock's Executive Vice President, Chief Financial Officer and Treasurer since its formation in 2004. Previously, Mr. Brugger served Marriott International in a number of roles, including as the Chief Executive Officer of Marriott International's synthetic fuels company from 2001 to 2004 and as Vice President of Project Finance from 2000 to 2004. From 1997 to 2000, Mr. Brugger served as Vice President of Investment Sales at Transwestern Commercial Services. From 1995 to 1997, Mr. Brugger was the Land Development Director for Brookfield Residential, formerly Coscan Washington, Inc. Mr. Brugger received a Juris Doctor cum laude from the American University Washington College of Law in 1995 and a B.A. from the University of Maryland at College Park in 1992.

James L. Francis. Mr. Francis has been one of Chambers Street Properties' (NYSE: CSG) trustees since September 2013. Mr. Francis is President and Chief Executive Officer and a Trustee of Chesapeake Lodging Trust, a lodging REIT ("Chesapeake"), positions he has held since Chesapeake's formation. Prior to co-founding Chesapeake, Mr. Francis served as the President and Chief Executive Officer and a director of Highland Hospitality Corporation ("Highland"), positions that he held from Highland's IPO in December 2003 to its sale in July 2007. Following the sale of Highland, Mr. Francis served as a consultant to the affiliate of JER Partners that acquired Highland until September 2008. Since September 2008, until Chesapeake's formation, Mr. Francis was a private investor. From June 2002 until joining Highland in December 2003, Mr. Francis served as the Chief Operating Officer, Chief Financial Officer and Treasurer of Barceló Crestline Corporation ("Barceló"), and served as Executive Vice President and Chief Financial Officer of Crestline Capital Corporation ("Crestline Capital"), prior to its acquisition by Barceló, from December 1998 to June 2002. Prior to the spin-off of Crestline Capital from Host Hotels & Resorts, Inc. (formerly Host Marriott Corporation, "Host Marriott"), Mr. Francis held various finance and strategic planning positions with Host Marriott and Marriott International, Inc. ("Marriott International"). From June 1997 to December 1998, Mr. Francis held the position of Assistant Treasurer and Vice President Corporate Finance for Host Marriott, where he was responsible for Host Marriott's corporate finance function, business strategy and investor relations. Over a period of ten years, Mr. Francis served in various capacities with Marriott International's lodging business, including Vice President of Finance for Marriott Lodging from 1995 to 1997; Brand Executive, Courtyard by Marriott from 1994 to 1995; Controller for Courtyard by Marriott and Fairfield Inn from 1993 to 1994; Director of Finance and Strategic Planning for Courtyard by Marriott and Fairfield Inn from 1991 to 1993; and Director of Hotel Development Finance from 1987 to 1991. Mr. Francis received his B.A. in Economics and Business from Western Maryland College and earned an M.B.A. in Finance and Accounting from Vanderbilt University.

James M. Orphanides. Mr. Orphanides has been one of Chambers Street Properties' (NYSE: CSG) trustees since October 2005. Since January 2010, Mr. Orphanides has been a Partner and the President of Centurion Holdings LLC. Mr. Orphanides has been retired from First Industrial American Title Insurance Company of New York since 2008 where he served as Chairman Emeritus and as a director until the company merged with its parent, First American Title Insurance Company in November 2010. Mr. Orphanides worked for First American from 1992 through 2008 in key executive positions including, from 1996 through 2007, as President, Chief Executive Officer and Chairman of the Board. Prior to joining First American, Mr. Orphanides was a Principal and President of Preferred Land Title Services, Inc. from 1982 to 1992. Mr. Orphanides was an executive at Commonwealth Land Title Insurance Company from 1979 to 1982 and an executive at Chicago Title Insurance Company from 1972 to 1979. Mr. Orphanides was a trustee of Wilshire Enterprises, Inc. from January 2009 through January 2010 where he was a member of the Audit committee and chaired strategic planning. Mr. Orphanides has been actively involved in many non-for profit organizations. Until January 2012, Mr. Orphanides sat on the Board of the American Ballet Theatre. Currently, Mr. Orphanides sits on the Boards of the Foundation for Medical Evaluation and Early Detection, Citizen Budget Commission and CUNY TV Foundation. Mr. Orphanides is also a member of the Hellenic American Bankers Association (HABA); the Economic Club of New York; TPC Golf Club at Jasna Polana in Princeton, New Jersey; the Nassau Club in Princeton, New Jersey, the Union League Club in New York City and the Metropolitan Club in New York City. Mr. Orphanides received a B.A. from Heidelberg College and an M.A. from Queens College of New York.

Martin A. Reid. Mr. Reid has been one of Chambers Street Properties' (NYSE: CSG) trustees since March 2005, its Interim President and Chief Executive Officer since March 2015, its Chief Financial Officer since June 2012, its Treasurer since September 2012, and its Secretary from September 2012 to April 2015. Prior to his appointment as Interim President and Chief Executive Officer, Mr. Reid served as Executive Vice President since September 2012. Mr. Reid has over 35 years of experience in the real estate industry and capital markets. His experience includes a wide range of real estate investment, financing and management activity in both public and private markets. From September 2010 to June 2012, Mr. Reid was the Executive Vice President, Development and Acquisitions at Interstate Hotels & Resorts where he was responsible for real estate holdings, sourcing and acquiring hotels, and identifying management contract opportunities. Prior to joining Interstate, Mr. Reid was a partner in Cheswold Real Estate Investment Management. Prior to joining Cheswold, Mr. Reid was a partner in Redstone Hotel Partners, advising on hotel transactions and fund raising activities. From 1998 until 2006, Mr. Reid was Managing Director-Capital Markets of Thayer Lodging Group where he was responsible for acquisitions, dispositions, capital raising and financial matters. Mr. Reid's broad background in real estate investment, capital markets and finance also includes experience in public accounting and financial reporting. Mr. Reid received a B.S. in Accounting from the State University of New York at Albany and an M.B.A. in Financial Management from Pace University. Mr. Reid is a Member of the American Institute of Certified Public Accountants and is a Full Member of the Urban Land Institute (ULI).

Louis P. Salvatore. Mr. Salvatore has been one of Chambers Street Properties' (NYSE: CSG) trustees since July 2012. Mr. Salvatore has been employed by Arthur Andersen LLP since 1967, where he currently works part-time focusing on the wind down of the public accounting practice. Mr. Salvatore was a partner at Arthur Andersen LLP from 1977 until 2002 and held a number of management positions with Arthur Andersen LLP including Office Managing Partner for Metro New York, Northeast Region Managing Partner, Member of the Worldwide Board of Partners and Interim Managing Partner of Andersen Worldwide. He also currently serves as an independent director and Chairman of the Audit Committee for public traded closed end and open end funds managed by Brookfield Asset Management and serves as a Board Member and Chairman of the Audit Committee for Turner Corporation and for SP Fiber Technologies Inc. Mr. Salvatore previously served as a Board Member and Chairman of the Audit Committee for Jackson Hewitt Tax Service Inc. from 2004 through 2011 and for Crystal River Capital Inc., a mortgage REIT sponsored by Brookfield Asset Management, from 2005 through 2010. In addition, Mr. Salvatore has served on the board of many of New York area civic and community organizations, including New York Partnership, United Way of New York City and Catholic Charities Dioceses of Brooklyn. Mr. Salvatore also holds a Masters Professional Director Certification from the American College of Corporate Directors. Mr. Salvatore received a B.S. in Accounting from Fordham University.

Non-Trustee Executive Officers of Chambers Street Properties

Philip L. Kianka. Mr. Kianka has been Chambers Street Properties' (NYSE: CSG) Executive Vice President and Chief Operating Officer since October 2008. Mr. Kianka has also been the Director of Operations of our former Investment Advisor since January 2006. Mr. Kianka was a Managing Director of CBRE Global Investors from January 2009 to June 2012. Mr. Kianka has over 30 years of experience in the real estate industry and has been involved in a wide range of activities including acquisitions, asset and portfolio management, development, dispositions, finance and joint venture structuring. Prior to joining CBRE Global Investors in January 2006, Mr. Kianka served as Vice President and senior asset manager for Lexington Properties Trust from 1997 to December 2005. Mr. Kianka also spent 13 years as Vice President at Merrill Lynch Hubbard, a real estate subsidiary of Merrill Lynch which acquired, operated and sold more than 100 properties valued at over $1.8 billion on behalf of over 240,000 individual investors. Mr. Kianka is a sustaining member of the Samuel Zell and Robert Lurie Real Estate Center at The Wharton School of the University of Pennsylvania, a member of The Greater Philadelphia Chapter of the National Association of Industrial and Office Properties and a full member of the Urban Land Institute. Mr. Kianka received a B.A. and a Masters of Architecture from Clemson University in Clemson, South Carolina and is a licensed architect in the State of New Jersey. Mr. Kianka is 58 years old.

Hugh S. O'Beirne. In April 2015, Mr. O'Beirne was appointed as Chambers Street Properties' (NYSE: CSG) Executive Vice President, Chief Legal Officer, General Counsel, and Secretary. Mr. O'Beirne was also appointed Chief Compliance Officer and Chief Risk Officer. Prior to his appointments, he served as our General Counsel since July 2012 and as the Senior Counsel for our former investment advisor since December 2007, where he has overseen and directed all of the legal affairs and compliance activities of our company. Mr. O'Beirne has 15 years of corporate and securities experience and 10 years of REIT experience. Prior to joining Chambers Street in December 2007, Mr. O'Beirne was a senior associate and member of the REIT practice at Alston & Bird LLP. Mr. O'Beirne joined Alston & Bird LLP in 2005. From 2000 through 2004, Mr. O'Beirne was an associate in the Corporate & Securities practice at Sidley Austin LLP. Mr. O'Beirne received a J.D. from Vanderbilt University School of Law in 2000, an M.A. from Boston College in 1997, and a B.A. from Merrimack College in 1993. Mr. O'Beirne is 44 years old.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act") requires our executive officers and trustees, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC. To our knowledge, based solely on a review of the copies of the forms received and written representations, we believe that during fiscal year 2014, our executive officers, trustees and persons who own more than 10% of a registered class of our equity securities complied with the beneficial ownership reporting requirements of Section 16(a) of the Exchange Act.

Amended and Restated Code of Business Conduct and Ethics

Our Board of Trustees has adopted an amended and restated code of business conduct and ethics that applies to our trustees, executive officers and employees. Among other matters, our amended and restated code of business conduct and ethics was designed to deter wrongdoing and to assist our trustees, executive officers and employees in promoting honest and ethical conduct, including the following: ethical handling of actual or apparent conflicts of interest between personal and professional relationships; full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications; compliance with applicable governmental laws, rules and regulations; prompt and anonymous internal reporting of violations of the code to appropriate persons identified in the code; and accountability for adherence to the code.

Any amendment to, or waiver of, this amended and restated code of business conduct and ethics may be made only by our Board of Trustees or one of our board committees specifically authorized for this purpose and we intend to disclose any changes in or waivers from our code of ethics by posting such information on our website or by filing a Current Report on Form 8-K. The amended and restated code of business conduct and ethics is available free of charge on our website at http:// www.chambersstreet.com under the Investor Relations—Corporate Overview "Governance Documents" section.

Consideration of Trustee Candidates

The Nominating and Corporate Governance Committee considers properly submitted shareholder recommendations for candidates for membership on our Board of Trustees as described below under "Identifying and Evaluating Trustee Candidates." In evaluating such recommendations, the Nominating and Corporate Governance Committee seeks to achieve a balance of knowledge, experience and capability on our Board of Trustees and to address the membership criteria set forth below under "Trustee Qualifications." Any shareholder recommendations for consideration by the Nominating and Corporate Governance Committee should include the nominee's name and qualifications for Board of Trustees membership. The recommending shareholder should also submit evidence of the shareholder's ownership of our shares, including the number of shares owned and the length of time of ownership. The recommendation should be addressed to Chambers Street Properties, 47 Hulfish Street, Suite 210, Princeton, New Jersey 08542, Attn: Secretary.

Trustee Qualifications. Our corporate governance guidelines contain the membership criteria for our Board of Trustees. Trustees should (i) possess the highest personal and professional ethics, integrity and values, exercise good business judgment and be committed to representing the long-term interests of our company and our shareholders, and (ii) have an inquisitive and objective perspective, practical wisdom and mature judgment. We endeavor to have a Board of Trustees representing a diverse education and experience that provides knowledge of business, financial, governmental or legal matters that are relevant to our business and to our status as a publicly owned company.

Trustees must be willing to devote sufficient time and effort to carrying out their duties and responsibilities effectively and should be committed to serve on our Board of Trustees for an extended period of time. Trustees who also serve as chief executive officers or hold equivalent positions at other companies should not serve on more than two other boards of public companies in addition to our Board of Trustees and other trustees should not serve on more than four other boards of public companies in addition to our Board of Trustees. Current positions in excess of these limits may be maintained, unless our Board of Trustees determines that doing so would impair the quality of the trustee's service to our Board of Trustees.

The Nominating and Corporate Governance Committee ensures that the potential nominee is not an employee or agent of and does not serve on the board of directors or similar managing body of any of our competitors and determines whether the potential nominee has an interest in any transactions to which we are a party.

Prior to a vote as to whether a potential nominee is recommended to the Board of Trustees, each member of the Nominating and Corporate Governance Committee is provided reasonable access to such potential nominee. Such access includes a reasonable opportunity to interview such potential nominee in person or by telephone and to submit questions to such potential nominee. In addition, each potential nominee provides the Nominating and Corporate Governance Committee with a written detailed biography and identify on which committees of the Board of Trustees, if any, the potential nominee would be willing to serve.

Identifying and Evaluating Trustee Candidates. The Nominating and Corporate Governance Committee may solicit recommendations for trustee nominees from any or all of the following sources: non-management trustees, the Chief Executive Officer and President, other executive officers, third-party search firms or any other source it deems appropriate. As described above, the Nominating and Corporate Governance Committee will also consider potential nominees recommended by shareholders.

The Nominating and Corporate Governance Committee will review and evaluate the qualifications of any proposed nominee that it is considering in compliance with the Nominating and Corporate Governance Committee's procedures for that purpose, and conduct inquiries it deems appropriate into the background of any proposed nominee. In identifying and evaluating a proposed nominee, the Nominating and Corporate Governance Committee may consider, in addition to the minimum qualifications for Nominating and Corporate Governance Committee-recommended nominees, all facts and circumstances that it deems appropriate or advisable, including, among other things, the skills of the proposed nominee, his or her depth and breadth of business experience, his or her independence and the needs of our Board. Neither the Nominating and Corporate Governance Committee nor our Board of Trustees has a specific policy with regard to the consideration of diversity in identifying trustee nominees, although both may consider diversity when identifying and evaluating proposed nominees. The Board of Trustees does not discriminate on the basis of race, color, national

origin, gender, religion, disability, or sexual preference in selecting trustee candidates. Each trustee must represent the interests of all of our shareholders. As noted above, the Nominating and Corporate Governance Committee, when recommending a candidate for nomination to the Board of Trustees, may consider whether the nominee, if elected, assists in achieving a mix of board members that represents a diversity of background and experience. The Nominating and Corporate Governance Committee will evaluate all proposed nominees that it considers or who have been properly recommended to it by a shareholder based on the same criteria and in substantially the same manner, with no regard to the source of the initial recommendation of the proposed candidate for nomination.

Audit Committee

We have a standing Audit Committee, consisting of Messrs. Salvatore (Chairman), Black, Brugger and Francis, each of whom is "independent" as such term is defined by the applicable rules of the SEC and the New York Stock Exchange (the "NYSE"). Our Audit Committee's primary functions are to select and appoint our independent registered public accounting firm (including overseeing the auditor's qualifications and independence) and to assist our Board of Trustees in fulfilling its oversight responsibilities by reviewing (i) the financial information to be provided to the shareholders and others, (ii) the system of internal controls that management has established, (iii) the performance of our internal audit function and independent auditor, and (iv) the audit and financial reporting process. Our Audit Committee also prepares the report that the rules of the SEC requires to be included in our annual proxy statement and provides an open avenue of communication among our independent registered public accounting firm, our internal auditors, our management and our Board of Trustees. Our Board of Trustees has approved a written charter for our Audit Committee, a copy of which is available on our website at http:// www.chambersstreet.com under the Investor Relations—Corporate Overview "Governance Documents" section.

Audit Committee Financial Expert

Our Board of Trustees has determined that our Audit Committee has at least one "audit committee financial expert," as defined in Item 407(d)(5) of SEC Regulation S-K, such expert being Mr. Louis P. Salvatore, and that he is "independent" as such term is defined by the applicable rules of the SEC and the NYSE. Mr. Salvatore has agreed to serve as our audit committee financial expert.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

This section describes the material elements of our executive compensation program, the compensation decisions our Compensation Committee has made under the program and the factors considered in making those decisions for our "named executive officers" or "executives" for 2014, who were:

Name	Position	Age
Jack A. Cuneo	Former President and Chief Executive Officer[(1)]	67
Martin A. Reid	Interim President and Chief Executive Officer, and Chief Financial Officer, and Treasurer	59
Philip L. Kianka	Executive Vice President and Chief Operating Officer	58

(1) On March 5, 2015, Mr. Cuneo stepped down as President and Chief Executive Officer and resigned from our Board of Trustees and Mr. Reid was named as our company's Interim President and Chief Executive Officer. The discussion in this Form 10-K/A regarding the various elements of Mr. Cuneo's 2014 compensation does not reflect any severance compensation, except as set forth under "—Mr. Cuneo's Memorandum of Retirement" on page 15 below, where the actual amounts that Mr. Cuneo receives in connection therewith are described.

Executive Summary

2014 Business Highlights

In 2014, we focused our efforts on disposing non-core office assets in our existing portfolio and acquiring high quality industrial assets. Further, we continued to successfully execute on our strategic objectives, including an intense focus on asset management, capital investment and balance sheet management.

We realized several significant accomplishments in 2014, including:

- We acquired seven wholly-owned industrial properties located in the United States for approximately $203.6 million, each of which is fully leased to a creditworthy tenant.
- Pursuant to our investment strategy, we disposed of non-core assets consisting of (i) three office properties for approximately $64.7 million located in the United States and the United Kingdom, (ii) our last retail property located in the United Kingdom for approximately $63.0 million, and (iii) four multi-tenant office properties held in the Duke JV for approximately $71.8 million (of which our pro rata share was approximately $57.4 million).
- We leased over 4.1 million net rentable square feet, and at December 31, 2014, our portfolio was 98.3% leased.
- Our 2014 operating activities helped grow our funds from operations, or FFO, from $0.59 per share in 2013 to $0.64 per share in 2014, and our core funds from operations, or Core FFO, from $0.65 per share in 2013 to $0.69 per share in 2014.
- We declared and paid monthly distributions on our common shares, returning approximately $119.4 million to shareholders.

Objectives of Our Compensation Program

The objectives of our compensation program include the following:

- to attract and retain leading talent in our areas of operation;
- to motivate our executives to work toward short-term financial efficiency and long-term value creation based on our overarching business strategy;
- to align the interests of our management with those of our shareholders; and
- to achieve the appropriate balance between risk and reward while avoiding the creation of incentives for unnecessary or excessive risk taking.

2014 Compensation Overview

Highlighted below are the key components of our executive compensation program, the purpose of each component and the process for determining each component.

Compensation Component	Description and Purpose	Process/Highlights
Annual Base Salary	● Fixed compensation necessary to attract and retain an exceptional management team. ● Based on competitive market, individual role, experience and potential.	● Salaries are fixed in the employment agreements of each of our executives. 2014 salaries for our named executive officers were the same as 2013 salaries. ● Refer to the subsection entitled "Annual Base Salary" under the discussion of "—How We Determine Executive Compensation—Our Executive Compensation Elements."

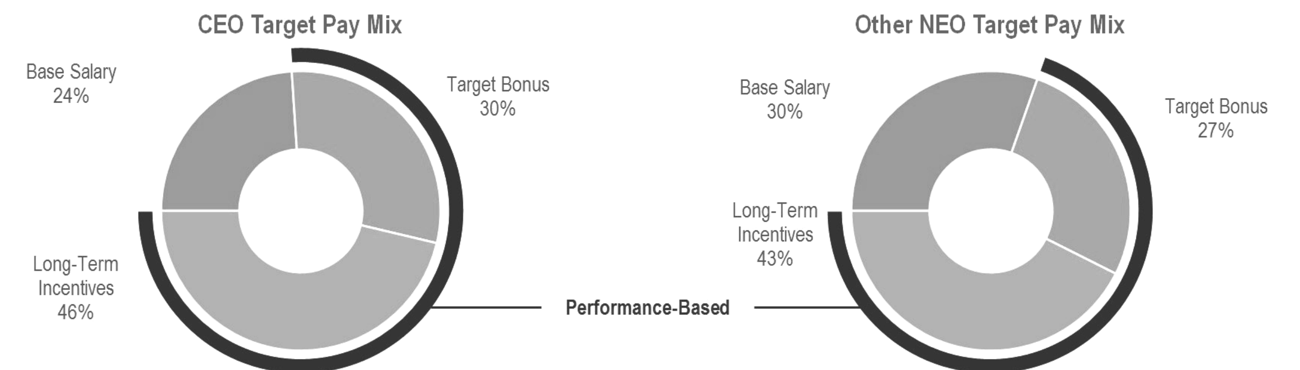
Compensation Component	Description and Purpose	Process/Highlights
Annual Cash Incentive Compensation	● Performance-based cash incentives that reward achievement of quantitative performance goals. ● Tied to our company's business plan and individual goals. ● Based 75% on our company's performance against four financial metrics (Core FFO per share, ratio of net debt to earnings before interest, taxes, depreciation and amortization, or EBITDA, dispositions of non-core assets, and percentage of portfolio leased), which are weighted based on relative importance. Refer to the Original Form 10-K for a reconciliation of FFO and Core FFO and refer to page 29 of this Form 10-K/A for a reconciliation of EBITDA to net income attributable to our common shareholders for the year ended December 31, 2014 and information regarding our use of these financial measures. ● Based 25% on individual performance goals.	● In 2014, Core FFO per share was $0.69 resulting in achievement of 100% of target for this component; ratio of net debt to EBITDA was 6.82x resulting in achievement of 72.1% of target for this component; disposition of non-core assets was $185.1 million resulting in achievement of 135.1% of target for this component; and percentage of portfolio leased was 98.3% resulting in achievement of 144.3% of target for this component. ● Despite our strong operational performance, the Committee was disappointed in our relative total shareholder return. As a result, the Committee reduced the bonuses funded for each of our named executive officers. Actual bonuses paid in 2015 (for 2014 performance) to our named executive officers ranged from 75% to 79.5% of executive's target opportunity. Mr. Reid also received an additional cash bonus of $100,000 for assisting our company in the transition to a new Chief Executive Officer. ● Refer to the subsection entitled "Annual Cash Incentive Compensation and Long-Term Equity Incentive Grants" under the discussion of "—How We Determine Executive Compensation—Our Executive Compensation Elements."

Compensation Component	Description and Purpose	Process/Highlights
Annual Long-Term Equity Incentive Grants	● Aligns executive compensation with total shareholder return over multi-year performance and vesting periods. ● The number of shares granted in 2015 (for 2014 performance) as a percentage of each executive's target based 100% on our company's performance against the same four financial metrics described above under Annual Cash Incentive Compensation. ● Starting with the 2015 grants (the size of which was based on 2014 performance), 50% of long-term equity incentives will be earned based on our company's three-year total shareholder return performance relative to peers.	● Grants are made in the first quarter each year with the number of shares based on the prior year's performance. ● The number of shares granted to each executive in 2014 was based on 2013 performance. Based on the Committee's assessment of our company's and each executive's 2013 performance, the Committee granted Messrs. Cuneo, Reid, and Kianka 93%, 97.2%, and 97.2% of their respective annual target equity opportunities. Mr. Cuneo also received in 2014 40,875 restricted shares based on achievement of performance objectives that were not previously achieved in 2012. The 2014 grants (for 2013 performance) consisted of restricted shares vesting in three equal annual installments from the grant date based on continued employment. ● The number of shares granted to each executive in 2015 was based on 2014 performance. Despite our strong operational performance, the Committee was disappointed in our relative total shareholder return. As a result, the Committee reduced the shares granted to each of our named executive officers. Based on the Committee's assessment of our company's and each executive's 2014 performance, the Committee granted Messrs. Cuneo, Reid, and Kianka 75%, 100%, and 83.3% of their respective annual target equity opportunities. Half of the shares granted in 2015 (for 2014 performance) were performance share units, or PSUs, that will be earned from 0% to 150% of the target number of PSUs based on our total shareholder return relative to an index of peers over a three-year performance period conditioned on continued employment. The other half of the shares were restricted share units, or RSUs, that vest in three equal annual installments from the date of grant based on continued employment. These awards will be included as a part of 2015 compensation in the Summary Compensation Table in our 2016 proxy statement. ● Refer to the subsection entitled "Annual Cash Incentive Compensation and Long-Term Equity Incentive Grants" under the discussion of "—How we Determine Executive Compensation—Our Executive Compensation Elements."

Compensation Component	Description and Purpose	Process/Highlights
Benefits and Perquisites	● Designed to attract and retain high performing employees. ● Named executive officers may participate in the same benefits plans as all other employees. There are no perquisites provided exclusively to our executives.	● Includes health, dental and vision insurance, group term life insurance, disability coverage, a 401(k) plan with matching contributions, and parking. ● All employee plans are reviewed annually.

Compensation Mix

Our executive compensation program is designed to balance short-term and long-term objectives, support management's sustained ownership of company shares, and reinforce the importance of shareholder value creation by awarding variable compensation to our executives. The following charts illustrate the target mix between direct compensation elements (base salary, annual cash bonus and long-term equity incentives in the form of RSUs and PSUs) for our former Chief Executive Officer and the average of our other named executive officers for 2014:



Our Compensation Committee determined that this balance is appropriate to emphasize variable, performance-based compensation, including, equity-based compensation, to enhance our executives' focus on performance, and to align the interests of our executives and our shareholders.

Compensation Best Practices

Our executive compensation practices are intended to be consistent with recognized corporate governance best practices, as illustrated in the following list of what we do and do not do:

What We Do:

- ✓ Our executives' total compensation opportunity is primarily based on performance, awarded through our short (annual) and long-term incentive compensation programs.
- ✓ Starting with 2015 grants based on 2014 performance, fifty percent of our long-term incentive compensation is in PSUs, intended to reward future performance, which vest based on our relative total shareholder return performance versus the constituents of a peer index over a period of three years from the date of the grant.
- ✓ We have robust share ownership guidelines for our named executive officers and trustees.
- ✓ Our Compensation Committee retains and meets regularly with an independent compensation consultant to advise on executive and trustee compensation
- ✓ A "clawback" policy is in effect to recover cash and equity compensation amounts inappropriately paid to our named executive officers in the event of a restatement of our financial statements.
- ✓ Our Compensation Committee regularly reviews our company's incentive compensation programs to ensure they are designed to create and maintain shareholder value and do not encourage excessive risk taking.

What We Do Not Do:

- × We do not provide golden parachute excise tax or other tax gross-ups.
- × We do not provide "single-trigger" cash severance upon a change in control.
- × We do not pay dividend equivalents on PSUs; we do not pay dividend equivalents on RSUs unless the underlying shares vest.
- × We do not provide executive perquisites.
- × Our equity plans expressly forbid option repricing, and exchange of underwater options for other awards or cash, without shareholder approval.
- × We prohibit executives and trustees from hedging and pledging company securities.

Objectives of our Compensation Program

Our company recognizes that the knowledge, skills, abilities, and commitment of our named executive officers are critical factors that drive our long-term value. Therefore, the primary objective of our Compensation Committee is to ensure that our company has in place a competitive and comprehensive compensation program that allows us to attract and retain qualified and talented individuals who possess the skills and expertise necessary to lead, manage, and grow our company. The Compensation Committee strives to achieve the appropriate balance between risk and reward while avoiding the creation of incentives for unnecessary or excessive risk taking.

Our Compensation Committee designed our executive compensation program for the 2014 fiscal year to motivate our executives to work toward long-term value creation based on our overarching business strategy. In particular, annual cash incentive compensation and the award of annual long-term equity incentive grants serve directly to align value creation of our executives with our shareholders. Annual cash incentive compensation is intended to reward the executive team for short-term financial efficiency. Recurring annual equity incentive grants are intended to focus executives on long-term shareholder value creation. Both are also intended to provide a strong and immediate retention mechanism consistent with market practice.

Shareholder Advisory Vote

During our 2014 Annual Meeting, shareholders were provided the opportunity to cast votes to approve a non-binding advisory resolution on executive compensation (a "say-on-pay" proposal). Approximately 96.5% of shareholders voting on the proposal voted to approve the non-binding advisory resolution on executive compensation. No changes were made to our programs directly

because of the 2014 vote outcome. However, each year, our Compensation Committee reviews our executive compensation program and related practices to ensure they continue to support our business strategies and remain consistent with corporate governance "best practices." For example, starting with 2015 long-term incentive grants for 2014 performance, half of the shares granted will vest based on our relative total shareholder return versus the constituents of a peer index. We have also broadened our clawback and anti-pledging policies for named executive officers. See "—Other Matters—Clawback Policy" and "—Other Matters —Anti-Hedging, Anti-Short Sale, and Anti-Pledging Policies." The Compensation Committee values feedback from shareholders and will continue to consider the results of our shareholders' advisory vote on executive compensation in its evaluation of our programs.

How We Determine Executive Compensation

Our Compensation Committee determines incentive compensation for our named executive officers and is comprised of four of our independent trustees, Messrs. Brugger (Chairman), Black, Orphanides and Salvatore, each of whom is "independent" as such term is defined by the applicable rules of the SEC and the NYSE. Mr. Brugger took over for Mr. Black as Chairman of our Compensation Committee in October of 2014.

Our Compensation Committee meets during the year to evaluate executive performance, to monitor market conditions in light of our goals and objectives, to solicit input from our independent compensation consultant on market practices, including peer group pay practices and new developments, and to review our executive compensation practices. As part of these meetings, in evaluating its executive compensation policies and practices for 2014, our Compensation Committee considered industry best practices and the compensation programs of our peers.

Peer Group

Peer group data is used for market comparisons in setting target pay levels to determine whether our current incentive compensation design continues to be appropriate. Our peer group constitutes REITs that are comparable in size, scope and complexity, and that have a type and amount of assets under management similar to us. Through consultation with Towers Watson and our executives, our Compensation Committee identified 19 companies as members of our peer group for 2014. The constituency of the peer group will be revisited each year to ensure it remains appropriate.

The following companies comprise our current peer group of companies:

Peer Group Companies	
Acadia Realty Trust	Highwoods Properties Inc.
American Realty Capital Trust, Inc.	Hudson Pacific Properties, Inc.
Biomed Realty Trust Inc.	Kilroy Realty Corp.
Brandywine Realty Trust	Lexington Realty Trust
Corporate Office Properties Trust	Liberty Property Trust
DCT Industrial Trust Inc.	Mack-Cali Realty Corp.
EastGroup Properties Inc.	Piedmont Office Realty Trust, Inc.
First Industrial Realty Trust Inc.	Realty Income Corp.
Franklin Street Properties Corp.	Spirit Realty Capital, Inc.
Healthcare Trust of America, Inc.	Washington Real Estate Investment Trust

Pay Philosophy

Our compensation program is focused on a pay for performance design. Our pay philosophy is to provide target total direct compensation opportunities through a competitive, comprehensive and integrated package, which is targeted at the median pay range of our peers and is aligned with the achievement of our corporate goals and objectives. Our Compensation Committee also

has the discretion to deviate from this philosophy when business conditions warrant. Actual compensation earned can be above or below target, based upon the achievement of quantitative factors that are objectively determined.

Use of Independent Compensation Consultants

In fiscal years 2012 and 2013, our Compensation Committee, in consultation with our former independent compensation consultant, Towers Watson & Co., or Towers Watson, established a discretionary executive compensation program as our company transitioned to an internalized management structure. With the transition complete, for fiscal year 2014, our Compensation Committee developed and implemented, in consultation with Towers Watson, a performance-oriented executive incentive compensation plan based on objectively determinable quantitative factors aligned with our company's performance. For further detail about our new executive incentive compensation plan, see "—How we Determine Executive Compensation-—Our Executive Compensation Elements."

In addition, in 2014 Towers Watson provided our Compensation Committee with relevant data concerning the marketplace, our peer group and its own independent analysis and recommendations concerning executive compensation. Towers Watson also regularly participated in Compensation Committee meetings in 2014. Towers Watson did not provide any additional services to our Compensation Committee and did not provide any services to our company other than to the Compensation Committee.

In January 2015, our company engaged a new independent compensation consultant, Frederick W. Cook & Co., Inc., or Cook & Co., to replace Towers Watson. Cook & Co. has assisted our Compensation Committee in analyzing 2014 executive performance under our new executive incentive compensation plan and in allocating cash bonuses and equity to our executives. Going forward, Cook & Co. will assume and perform the duties for which we previously retained Towers Watson. Our Compensation Committee has reviewed the independence of Cook & Co.'s advisory role relative to the six consultant independence factors adopted by the SEC to guide listed companies in determining the independence of their compensation consultants, legal counsel, and other advisors. Following our review, our Compensation Committee concluded that Cook & Co. has no conflicts of interest, and provides our Compensation Committee with objective and independent executive compensation advisory services. Cook & Co. does not provide any additional services to our Compensation Committee and does not provide any services to our company other than to the Compensation Committee.

Our Executive Compensation Elements

Annual Base Salary

The annual base salary for each of our named executive officers is as follows and fixed in their respective employment agreements:

- Mr. Cuneo — $725,000 per year;
- Mr. Reid — $450,000 per year; and
- Mr. Kianka — $450,000 per year.

Their employment agreements are further described herein under "—Employment Agreements with our Named Executive Officers —Base Salary." Such base salary may be increased (but not decreased) at the discretion of our Compensation Committee. Base salaries are fixed at levels intended to reflect the scope of each executive's duties and responsibilities and further take into account the compensation paid by our peers for similar positions. In addition, we structure an executive's annual base salary to be a relatively low percentage (approximately 24%-30%) of total compensation as the Compensation Committee is focused on a pay-for-performance design.

Annual Cash Incentive Compensation and Long-Term Equity Incentive Grants

In fiscal year 2014, we introduced a new executive incentive compensation program for our named executive officers based on objective factors aligned with our company's performance. The two primary components of the incentive compensation program are:

- annual cash incentive compensation; and
- annual long-term equity incentive grants.

Our Compensation Committee determined that we should provide annual cash incentive compensation, sometimes referred to herein as a cash bonus, to motivate our named executive officers to achieve key short-term corporate strategic milestones and to reward achievement of certain individual goals. Annual long-term equity incentive awards for 2014 (granted in 2015) also motivate our named executive officers to achieve key annual objectives, and also reward our long-term absolute and relative total shareholder return performance, which further aligns the interests of executives with shareholder interests.

Establishing the Target Pools

For 2014, our Compensation Committee established a pool for each of the annual cash incentive compensation and annual long-term equity incentive grants. For the annual cash incentive compensation, the target amount of the pool equaled the sum of the annual cash incentive targets of each participant in the pool. For the annual long-term equity incentive grants, the target number of shares in the pool equaled the sum of each participant's annual equity incentive share target.

Determining the Actual Pools

Our company's performance was measured based on the four financial metrics illustrated in the table below. These financial metrics were determined through discussions with our company's management based upon on our company's strategic objectives. Each metric was assigned a weight based on its relative importance in execution of our strategy. The actual size of each pool was determined based on our company's performance during 2014. Each metric has a performance goal established at threshold, target and maximum levels. Threshold performance would result in an actual pool equal to 50% of the target pool, target performance would result in an actual pool equal to 100% of the target pool, and maximum performance would result in an actual pool equal to 150% of the target pool. Linear interpolation was applied between the threshold and target goals and the target and maximum goals.

The following table sets forth the metrics, weightings, and performance goals used to determine the size of the incentive compensation pools:

Metric	Weight Relative to Target Pool Amount	Performance Levels			
		Threshold Goal 50% of Target	Target Goal 100% of Target	Maximum Goal 150% of Target	Actual 106%(1)
(1) Core FFO per Share	50%	$0.655	$0.69	$0.725	$0.69
(2) Ratio of Net Debt to EBITDA	20%	7.0	6.6	6.2	6.82
(3) Disposition of Non-Core Assets	20%	$100 million	$150 million	$200 million	$185.1 million
(4) Percentage of Portfolio Leased	10%	94.5%	96.5%	98.5%	98.3%

(1) Total weighted target pool funding.

Allocation of the Pools

With respect to allocation of the annual cash incentive pool, our Compensation Committee's intention was to base 75% of the payout to individuals on our company's performance against the quantitative metrics set forth above and 25% on each individual's performance against individual goals set during 2014 by our Compensation Committee. The entire allocation of RSUs and PSUs was intended to be based upon our company's performance against the quantitative metrics set forth above. However, despite our strong operational performance, the Committee chose to exercise its discretion to reduce allocations of cash, RSUs, and PSUs because it was disappointed in our relative total shareholder return.

The long-term equity grants are divided equally between RSUs and PSUs.

Restricted Share Units

RSUs are intended to reward the prior performance of our company. Shares subject to RSUs vest in three equal annual installments from the date of grant contingent on the grantee's continued employment with our company. Our company pays an amount into an escrow account for the benefit of the grantee, measured by the dividends and other distributions paid with respect to the number of shares underlying the RSU, or a Dividend Equivalent, between the grant date and the date such RSU vests. The Dividend Equivalent is paid to the grantee on the relevant vesting dates of the RSU.

Performance Share Units

PSUs are intended to reward the future performance of our company. Each PSU represents a target number of shares equal to the amount allocated to it from the long-term equity incentive pool. PSUs offer executives the opportunity to earn more or less than the target amount of shares based on our company's achievement of total shareholder return over the three-year period commencing on January 1, 2015 against the achievement of total shareholder return for the same period by the companies included in the FTSE NAREIT All Equity Total Return Index. Total shareholder return means the total percentage return per share of our company's and each index company's common shares over this three year period based on their beginning and ending share prices, assuming contemporaneous reinvestment in such shares of all dividends and distributions at the closing price of one share on the date such dividend or other distribution was paid.

The following table summarizes the thresholds for determining the number of PSUs earned:

Our Company's Relative TSR Percentage Rank(1)	Percent of Target PSUs Earned
≥75th percentile	150% of Target PSUs
50th percentile	100% of Target PSUs
30th percentile	50% of Target PSUs
<30th percentile	0% of Target PSUs

(1) If the percentile rank falls between the 30th and 50th percentiles or between the 50th and 75th percentiles, the award earned will be calculated using linear interpolation.

2013 Compensation Determinations

Our Compensation Committee granted restricted stock to our executives on March 15, 2014 (for 2013 performance) pursuant to our prior discretionary compensation program.

Our Compensation Committee analyzed the relative achievements and efforts of our executives and our 2013 performance with respect to our peers, based on targeting the median pay ranges of our peers but allowing for top quartile payout for top quartile performance. The Compensation Committee determined the actual amount of the annual incentive award granted to Mr. Cuneo based on targeted amounts stated in his employment agreement. Mr. Cuneo recommended to the Compensation Committee that awards to Messrs. Reid and Kianka would be based on their targeted levels as stated in their respective employment agreements.

The table below sets forth the actual incentive compensation awarded to each executive in March of 2014 (for 2013 performance):

	2013 Annual Long-Term Equity Incentive Target	2013 Annual Long-Term Equity Incentive Awards
Jack A. Cuneo	200,000 shares	226,875 shares(1)
Martin A. Reid	90,000 shares	87,500 shares
Philip L. Kianka	90,000 shares	87,500 shares

(1) Our Compensation Committee determined on February 10, 2014, that each of the conditions established for the contingent payment of 40,875 restricted shares withheld from Mr. Cuneo's annual equity award for 2012 had been met. Accordingly, 40,875 restricted shares were awarded to Mr. Cuneo on March 15, 2014 in addition to the 186,000 shares for his 2013 performance.

The annual long-term equity incentive awards granted in 2015 for the performance period ended December 31, 2014 (which will be reported in the various tables in our 2016 proxy statement) are also addressed below because they are relevant to understanding the Compensation Committee's perspective on total compensation for fiscal year 2014.

2014 Compensation Determinations

Based on our company's 2014 performance, the size of each pool equaled approximately 106% of its target. However, based upon our 2014 total shareholder return, our Compensation Committee exercised its discretion to allocate to certain of our named executive officers certain amounts of cash, RSUs, and PSUs at less than their targets. The table below sets forth the actual incentive compensation awarded to each executive on March 13, 2015 from the pools of annual cash incentive compensation and annual equity grants of RSUs and PSUs and the target amounts. These incentive awards granted in 2015 (for 2014 performance) will be reported in the various tables in next year's proxy statement.

	2014 Annual Cash Incentive Target	2014 Annual Cash Incentive Awards	2014 Annual Long-Term Equity Incentive Target	2014 Annual Long-Term Equity Incentive Awards(1)
Jack A. Cuneo	$900,000(2)	$675,000	200,000 units	150,000 units
Martin A. Reid	$400,000	$318,000(3)	90,000 units	90,000 units
Philip L. Kianka	$400,000	$318,000	90,000 units	75,000 units

(1) 2014 annual long-term equity incentive awards divided equally between RSUs and PSUs.
(2) Mr. Cuneo's annual cash incentive target was increased in 2014 from $725,000 to $900,000.
(3) Does not include a cash award of $100,000 for Mr. Reid's service during the Chief Executive Officer transition during 2014.

Employee Benefits, Perquisites and Other Personal Benefits

For fiscal year 2014, our named executive officers participated in the same benefit plans as all other employees and we did not provide them any perquisites or personal benefits that are not otherwise offered on an employee-wide basis. We have a 401(k) Retirement Plan, or our 401(k) Plan, to cover eligible employees of ours and of any designated affiliate. Our 401(k) Plan permits eligible employees to defer a percentage of their annual compensation, subject to certain limitations imposed by the Internal Revenue Code as amended (the "Code"). The employees' elective deferrals are immediately vested and nonforfeitable upon contribution to the 401(k) Plan. We do not provide our named executive officers with a supplemental pension or any other retirement or nonqualified deferred compensation benefits that are in addition to the 401(k) benefits provided generally to our employees.

Mr. Cuneo's Memorandum of Retirement

On November 10, 2014, we announced that Mr. Cuneo would step down as our President and Chief Executive Officer and resign from our Board of Trustees when a successor or interim Chief Executive Officer was named in accordance with the terms of a Memorandum of Retirement entered into on November 9, 2014 among Mr. Cuneo, our company and CSP Operating Partnership, LP. We also announced that the search for Mr. Cuneo's successor would be led by the Nominating and Corporate Governance Committee of our Board of Trustees, and that such search would commence immediately. The Memorandum of Retirement provides, among other things, that Mr. Cuneo will be treated as if he was terminated without cause under the terms of his existing employment agreement.

On March 5, 2015, Mr. Cuneo stepped down when we named Mr. Reid as our company's Interim President and Chief Executive Officer. The terms of Mr. Reid's employment with us are described under "—Employment Agreements with our Named Executive Officers" on page 22 of this Form 10-K/A. Upon stepping down, Mr. Cuneo was entitled to receive an aggregate amount of $3.25 million, which constituted severance equal to two times the sum of his most recent base salary and target annual cash incentive compensation, and Mr. Cuneo's restricted common shares of our company fully vested. Mr. Cuneo also received 200,000 common shares pursuant to the Memorandum of Retirement. Prior to Mr. Reid's appointment, Mr. Cuneo continued to perform his duties as President and Chief Executive Officer, aided in the search for a successor, and performed such other duties as were directed by the Board of Trustees. Mr. Cuneo may also be available for ongoing advice and consultation for 24 months following Mr. Reid's appointment.

Other Matters

Risk Mitigation

Our Compensation Committee, in consultation with of Cook & Co., concluded that our compensation policies and practices do not give rise to risk taking that is reasonably likely to have a material adverse effect on us. Our Compensation Committee regularly reviews our Company's incentive compensation plans to ensure they are designed to create and maintain shareholder value and do not encourage excessive risk.

We do not believe that any of our compensation policies and practices encourage excessive risk-taking. Many elements of our executive compensation program serve to mitigate excessive risk-taking, including a mix of base salary, annual cash incentives and long-term equity incentives. Our base salary provides a guaranteed level of income that does not vary with performance. We balance incentives tied to short-term annual performance with equity incentives for which value is earned over a multiple-year period. In this way, our executives are motivated to consider the impact of decisions over the short, intermediate, and long terms.

Clawback Policy

We have adopted a formal clawback policy, which allows us to recoup incentive compensation paid to our current and former named executive officers based on financial results that are subsequently restated. Pursuant to this policy, if we are required to prepare an accounting restatement due to material noncompliance with any financial reporting requirement, then our Compensation Committee may require our current and former named executive officers to repay or forfeit to our company "excess compensation." Excess compensation includes annual cash incentive compensation and long term incentive compensation in any form received by that executive during the three-year period preceding the publication of the restated financial statements, that our Compensation Committee determines was in excess of the amount that such officer would have received had such compensation been determined based on the financial results reported in the restated financial statements.

Our Compensation Committee intends to periodically review this clawback policy and, as appropriate, conform it to any applicable final rules adopted pursuant to the Dodd Frank Wall Street Reform and Consumer Protection Act.

Anti-Hedging, Anti-Short Sale, and Anti-Pledging Policies

We have implemented policies pursuant to which members of our Board of Trustees, our executive officers and employees are strictly prohibited from (i) entering into certain forms of hedging and monetization transactions with securities of our company; (ii) selling any securities of our company that are not owned at the time of the sale ("short sale"); (iii) maintaining any standing orders to purchase or sell our common shares; (iv) entering into put, calls or other derivative securities transactions with securities of our company; (v) pledging our company's securities as collateral for obligations, including debt obligations, or (vi) holding our company's securities in a margin account.

Executive and Trustee Share Ownership Guidelines

We have adopted minimum share ownership guidelines to ensure alignment of the financial interests of our senior executives and members of our Board of Trustees with those of our shareholders. The share ownership guidelines apply to our Chief Executive Officer, his direct reports, and our Trustees. Unvested time-based equity awards, shares held for a participant in our 401(k) Plan, and shares held by a trust for estate planning purposes count toward satisfying the ownership requirements. Unvested PSUs do not count.

The share ownership guidelines require each of our Chief Executive Officer and his direct reports to maintain ownership of a minimum number of our common shares having a market value equal to or greater than a multiple (five times, in the case of our Chief Executive Officer, and three times, in the case of his direct reports) of such executive's base salary. Each executive must achieve the minimum ownership level within five years from the later of the date the guidelines were adopted on February 26, 2014 (for current executive officers) and the date of such executive's appointment (for new executive officers).

The share ownership guidelines require each of our Trustees to maintain ownership of a minimum number of our common shares having a market value equal to or greater than three times the Trustee's annual base retainer. Each Trustee must achieve the minimum ownership level within five years from the later of the date the guidelines were adopted on February 26, 2014 (for current Trustees) and the date of such Trustee's election to our Board or Trustees (for new Trustees).

Executives and Trustees who are not in compliance with the share ownership guidelines at the end of the five-year period are required to retain all of the net after-tax shares received upon vesting of their equity awards until they comply with these multiples.

Tax Treatment

We do not provide any gross‑up or similar payments to our named executive officers. According to their employment agreements, if any payments or benefits to be paid or provided to any of our named executive officers would be subject to "golden parachute" excise taxes under the Code, the executive's payments and benefits under his employment agreement will be reduced to the extent necessary to avoid such excise taxes, but only if such a reduction of pay or benefits would result in a greater net after-tax receipt for the executive.

The Compensation Committee takes into consideration the potential deductibility of our executives' compensation under Section 162 (m) of the Code and aims to structure our executives' compensation in a manner that will maximize deductibility. However, as a REIT, Section 162(m) has limited applicability to our tax costs. Our Compensation Committee may choose to implement programs that are not fully or partially deductible under Section 162(m) if such programs are in our best interest.

Compensation Committee Report

Our Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, our Compensation Committee recommended to our Board of Trustees that our Compensation Discussion and Analysis be included in this Form 10-K/A.

Submitted by our Compensation Committee

Mark W. Brugger (Chairman)
Charles E. Black
James M. Orphanides
Louis P. Salvatore

Summary Compensation Table

The following table sets forth certain information regarding the compensation paid to our "named executive officers" or the "executives." The table below reflects the total compensation earned by our named executive officers for the years ended December 31, 2012, December 31, 2013, and December 31, 2014. We did not have any employees prior to July 1, 2012, when the named executive officers and several other employees of an affiliate of our former investment advisor became employees of our company in connection with our transition to self-management.

Name And Principal Position	Year[3]	Salary ($)	Bonus[5] ($)	Non-Equity Incentive Plan Compensation[7] ($)	Share Awards ($)	All Other Compensation ($)	Total ($)
Jack A. Cuneo[1]	2014	725,000	—	675,000	1,756,013 (8)(9)	10,400 (12)	3,166,413
Former President and	2013	725,000	652,500	—	1,591,250	—	2,968,750
Chief Executive Officer	2012	346,533 (4)	1,725,000	—	1,500,000	17,500 (13)	3,589,033
Martin A. Reid[2]	2014	450,000	100,000 (6)	318,000	677,250 (8)(10)	4,846 (12)	1,550,096
Interim President and	2013	450,000	400,000	—	325,000	—	1,175,000
Chief Executive Officer, and Financial Officer, and Treasurer	2012	215,090 (4)	200,000	—	—	93,942 (13)	509,032
Philip L. Kianka	2014	450,000	—	318,000	677,250 (8)(11)	10,400 (12)	1,455,650
Executive Vice	2013	450,000	400,000	—	900,000	—	1,750,000
President and Chief Operating Officer	2012	215,090 (4)	900,000	—	750,000	15,670 (13)	1,880,760

(1) On March 5, 2015, Mr. Cuneo stepped down as President and Chief Executive Officer and resigned from our Board of Trustees and Mr. Reid was named as our company's Interim President and Chief Executive Officer. The discussion in this Form 10-K/A regarding the various elements of Mr. Cuneo's 2014 compensation does not reflect any severance compensation, except as set forth under "Compensation Discussion and Analysis-Mr. Cuneo's Memorandum of Retirement" on page 15 above, where the actual amounts that Mr. Cuneo receives in connection therewith are described.
(2) Mr. Reid was appointed Interim President and Chief Executive Officer on March 5, 2015.
(3) Bonus and Non-Equity Incentive Plan Compensation is reported for the fiscal year in which it was earned, including amounts paid or payable in a subsequent fiscal year. A share award is reported in the fiscal year in which it was granted, including awards earned in a prior fiscal year.
(4) Amounts shown reflect the base salary paid to each named executive officer for the period beginning on July 1, 2012, and ending on December 31, 2012.
(5) In 2014, our Compensation Committee developed and implemented an annual bonus plan based on objectively determinable quantitative performance factors. In prior years, although each executive had a target bonus, the plan was discretionary. Accordingly, our named executive officer's 2014 cash bonus is now reported under the column entitled "Non-Equity Incentive Plan Compensation." Amounts shown for fiscal years 2013 (paid in 2014) and 2012 (paid in 2013) reflect the cash bonus paid, respectively, based on the executive's achievement of performance objectives, as determined in the discretion of our Compensation Committee.
(6) Amount shown reflects compensation for Mr. Reid's service during 2014 in assisting our company during our Chief Executive Officer transition.
(7) In 2014, our Compensation Committee developed and implemented an annual bonus plan based on objectively determinable quantitative performance factors. In prior years, although each executive had a target bonus, the plan was discretionary. Accordingly, our named executive officer's 2014 cash bonus is now reported under the column entitled "Non-Equity Incentive Plan Compensation."
(8) Amounts shown are the grant date fair value of share awards determined in accordance with ASC 718 made to the executives in fiscal years 2014 (for 2013 performance) and 2013 (for 2012 performance), respectively, and in fiscal year 2012 in respect of sign-on awards. The assumptions used to calculate the grant date fair value of share awards granted are set forth under Note 2 of the Notes to the Consolidated Financial Statements included in our Annual Reports on Form 10-K. The per-share grant date fair value of the awards granted in 2014 was $7.74 per share, as determined in accordance with ASC 718.
(9) Pursuant to Mr. Cuneo's employment agreement, he (i) received an award of 186,000 restricted shares on March 15, 2014 (for 2013 performance) based on his achievement of performance objectives as determined in the discretion of our Compensation Committee, and (ii) received an award of 40,875 restricted shares on March 15, 2014 (for 2013 performance) based on his achievement of performance objectives as determined in the discretion of our Compensation Committee, with respect to 40,875 shares that were not earned for fiscal year 2012.
(10) Pursuant to Mr. Reid's employment agreement, as amended effective January 1, 2013, he received an award of 87,500 restricted shares on March 15, 2014 (for 2013 performance) based on his achievement of performance objectives as determined in the discretion of our Compensation Committee.
(11) Pursuant to Mr. Kianka's employment agreement he received an award of 87,500 restricted shares on March 15, 2014 (for 2013 performance) based on his achievement of performance objectives as determined in the discretion of our Compensation Committee.
(12) Amounts reflect matching contributions under our Section 401(k) plan.
(13) Amounts reflect reimbursement of legal fees incurred by each of our named executive officers in connection with the negotiation of the employment agreements in 2012, and fees paid to Mr. Reid in his capacity as an independent trustee of our company for the first six months of fiscal year 2012.

Our Compensation Committee awarded RSUs and PSUs to our named executive officers in respect of achievement of performance goals during fiscal year 2014 (granted in 2015) in the following aggregate amounts: Mr. Cuneo — 150,000; Mr. Reid — 90,000; and Mr. Kianka — 75,000. The awards granted for the achievement of performance goals during fiscal year 2014 (granted in 2015) to our named executive officers was based on the business performance of our company and the executive's performance during the 2014 fiscal year, as described in "Compensation Discussion and Analysis—2014 Compensation Determinations." One-half of the total shares granted were in the form of RSUs, which vest one-third on each of the first three anniversaries of the date of grant if the executive remains employed by our company on such anniversary. The other half of the total shares granted were in the form of PSUs, which offer executives the opportunity to earn from 0% to 150% of the target number of shares based on our company's total shareholder return over the three-year period commencing on January 1, 2015 relative to the total shareholder return for the same period of the companies included in the FTSE NAREIT All Equity Total Return Index, as described in "Compensation Discussion and Analysis—How We Determine Executive Compensation—Our Executive Compensation Elements—Annual Cash Incentive Compensation and Long-Term Equity Incentive Grants—Performance Share Units." These grants are not included in the table above because they were awarded in the 2015 fiscal year, even though the number of share units granted was based on performance in 2014. Equity awards held by our executives are subject to accelerated vesting upon certain terminations of employment pursuant to their employment agreements. See "Potential Payments Upon Termination or Termination Following a Change in Control."

2014 Grants of Plan-Based Awards

The following table sets forth certain information with respect to each grant of a plan-based award made to a named executive officer in the fiscal year ended December 31, 2014. Prior to fiscal year 2014, the amount of the annual cash bonus for each executive was determined by our Compensation Committee in its discretion. As described in our "Compensation Discussion and Analysis—2014 Compensation Determinations," the amount of the annual cash bonus and the number of the annual RSUs and PSUs granted to each executive in respect of performance in fiscal year 2014 was determined by our Compensation Committee based on quantitative metrics. The following table reflects the threshold, target, and maximum performance goals for non-equity incentive plan compensation under our new executive annual incentive compensation program and the share awards granted in fiscal year 2014 in respect of fiscal year 2013 performance under our prior discretionary compensation program.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			All Other Share Awards: Number of Shares or Units(2)(3) (#)	Grant Date Fair Value of Share Awards(4) ($)
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)		
Jack A. Cuneo	—	450,000	900,000	1,350,000	—	—
	March 15, 2014	—	—	—	226,875	1,756,013
Martin A. Reid	—	200,000	400,000	600,000	—	—
	March 15, 2014	—	—	—	87,500	677,250
Philip L. Kianka	—	200,000	400,000	600,000	—	—
	March 15, 2014	—	—	—	87,500	677,250

(1) Our Compensation Committee determined that annual cash incentive compensation for our named executive officers in respect of the achievement of performance goals during fiscal year 2014 (paid in March 2015) were as follows: Mr. Cuneo — $675,000; Mr. Reid — $318,000; and Mr. Kianka — $318,000. The annual cash incentive compensation for our named executive officers is based on the business performance of our company and each executive's performance during the 2014 fiscal year, as described above in "Compensation Discussion and Analysis—2014 Compensation Determinations." These cash awards are reflected in the Summary Compensation Table above.

(2) These awards were granted in 2014 (for 2013 performance). The number of restricted shares granted to our named executive officers was based on the business performance of our company and each executive's performance during fiscal year 2013, as determined by our Compensation Committee, in its discretion. One-third of the award vests on each of the first three anniversaries of the date of grant if the executive remains employed by our company on such anniversary.

(3) The columns "Threshold($)," "Target($)" and "Maximum($)" were omitted from this table with respect to Equity Incentive Plan Awards because of the discretionary nature of our 2013 compensation program. Our 2015 equity grants in respect of achievement of 2014 performance goals were objectively determinable based on quantitative metrics. Accordingly, beginning with our 2016 proxy statement, we will include the columns "Threshold($)," "Target($)" and "Maximum($)" for equity incentive plan awards.

(4) The grant date fair value of the awards as determined in accordance with ASC 718 is $7.74 per share. The assumptions used to calculate the grant date value of share awards are set forth under Note 2 of the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the SEC on March 2, 2015.

The equity awards included in this table were made pursuant to our 2013 Equity Incentive Plan, or the 2013 Plan. See "—Equity Compensation Plan Information," for a discussion of our 2013 Plan.

Pursuant to our named executive officers' employment agreements, each executive is eligible to receive an annual award of restricted shares (or an equivalent equity-based award) for each year during the term of their employment agreements, based on the business performance of our company and executive's performance during the prior fiscal year. The annual target award for each fiscal year during the term of the employment agreements is 200,000 shares for Mr. Cuneo and 90,000 shares for each of Mr. Reid and Mr. Kianka. See "Employment Agreements with our Named Executive Officers" for a discussion regarding the awards granted and that may be granted pursuant to our named executive officers' employment agreements.

In addition, our Compensation Committee determined that the annual share award in RSUs and PSUs granted to our named executive officers in respect of achievement of performance goals during fiscal year 2014 (granted in 2015) would be in the following aggregate amounts: Mr. Cuneo — 150,000; Mr. Reid — 90,000; and Mr. Kianka — 75,000. The awards granted were based on the business performance of our company and executive's performance during the 2014 fiscal year, as described in "Compensation Discussion and Analysis—2014 Compensation Determinations." One-half of the number of shares was granted in the form of RSUs, and the other half in the form of PSUs. These RSUs and PSUs were granted on March 13, 2015, and, accordingly, are not reflected in the table.

Outstanding Equity Awards at Fiscal Year End 2014

The following table sets forth certain information with respect to unvested share awards held by each named executive officer at the fiscal year ended December 31, 2014. We have not awarded any options to our named executive officers and no option awards were outstanding during the fiscal year ended December 31, 2014.

		Share Awards	
Name	Grant Date	Number of Shares or Units That Have Not Vested (#)	Market Value of Shares or Units That Have Not Vested(4) ($)
Jack A. Cuneo	March 15, 2014	226,875 (1)	1,828,613
	March 15, 2013	106,084 (2)	855,037
	September 28, 2012	50,000 (3)	403,000
Martin A. Reid	March 15, 2014	87,500 (1)	705,250
	March 15, 2013	21,667 (2)	174,636
Philip L. Kianka	March 15, 2014	87,500 (1)	705,250
	March 15, 2013	60,000 (2)	483,600
	September 28, 2012	25,000 (3)	201,500

(1) The number of restricted shares granted to each of our named executive officers in 2014 (for 2013 performance) as determined in the discretion of our Compensation Committee was as follows: Mr. Cuneo — 226,875; Mr. Reid — 87,500; and Mr. Kianka — 87,500. One-third of the restricted shares vests on each of the first three anniversaries of the date of grant if the executive remains employed by our company on such anniversary.

(2) Number of restricted shares granted to our named executive officers in 2013 (for 2012 performance) as determined in the discretion of our Compensation Committee was Mr. Cuneo — 159,125, Mr. Reid — 32,500, and Mr. Kianka — 90,000. One-third of the restricted shares vests on each of the first three anniversaries of the date of grant if the executive remains employed by our company on such anniversary.

(3) Restricted share awards were made to Messrs. Cuneo and Kianka (150,000 and 75,000, respectively) in connection with the execution of their employment agreements. One-third of the restricted shares vests on each of the first three anniversaries of the date of grant if the executive remains employed by our company on such anniversary.

(4) Value based on the closing price of our common shares of $8.06 per share on December 31, 2014.

2014 Option Exercises and Shares Vested

We have not awarded any options to our named executive officers and, therefore, there were no option awards outstanding during the fiscal year ended December 31, 2014.

	Share Awards		
Name	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)	
Jack A. Cuneo	103,041	784,537	(1)
Martin A. Reid	10,833	83,847	(2)
Philip L. Kianka	55,000	419,200	(3)

(1) Value for Mr. Cuneo computed based on the per share closing market price of the shares on the vesting date, as follows:

Date of Award	Vesting Date	Number of Shares Acquired on Vesting (#)	Market price at Vesting ($)	Value Realized on Vesting ($)
March 15, 2013	March 14, 2014	53,041	$ 7.74	$ 410,537
September 28, 2012	September 26, 2014	50,000	$ 7.48	$ 374,000

(2) Value for Mr. Reid computed based on the per share closing market price of the shares on the vesting date, as follows:

Date of Award	Vesting Date	Number of Shares Acquired on Vesting (#)	Market price at Vesting ($)	Value Realized on Vesting ($)
March 15, 2013	March 14, 2014	10,833	$ 7.74	$ 83,847

(3) Value for Mr. Kianka computed based on the per share closing market price of the shares on the vesting date, as follows:

Date of Award	Vesting Date	Number of Shares Acquired on Vesting (#)	Market price at Vesting ($)	Value Realized on Vesting ($)
March 15, 2013	March 14, 2014	30,000	$ 7.74	$ 232,200
September 28, 2012	September 26, 2014	25,000	$ 7.48	$ 187,000

Pension Benefits, Nonqualified Defined Contribution and Other Deferred Compensation

Our company does not provide supplemental pension or other retirement benefits, other than our tax-qualified 401(k) Plan. In addition, we do not have a nonqualified deferred compensation plan that provides for deferral of compensation on a basis that is not tax-qualified for our named executive officers.

Employment Agreements with our Named Executive Officers

On September 25, 2012, in connection with the appointment of our named executive officers, we entered into an employment agreement with each of our named executive officers, effective as of July 1, 2012. Except as noted, the terms of the employment agreements are substantially identical. Mr. Reid's employment agreement was amended effective January 1, 2013 as described in "—Annual Equity-Based Award" below. We entered into a Memorandum of Retirement with Mr. Cuneo on November 9, 2014 as described in "Compensation Discussion and Analysis—Mr. Cuneo's Memorandum of Retirement" above, which supplemented his employment agreement.

Term

The initial term of the employment agreements began on July 1, 2012, and ends on December 31, 2015, and will automatically renew for successive one-year periods unless our company or the executive give prior written notice of a non-renewal to the other party of their intent not to renew.

Base Salary

For a description of the base salaries paid to our named executive officers pursuant to the employment agreements, see "—How we Determine Executive Compensation—Our Executive Compensation Elements—Annual Cash Incentive Compensation and Long-Term Equity Incentive Grants."

Annual Cash Bonus

Each of our named executive officers is eligible to receive an annual target cash bonus for each calendar year during the term of his employment agreement if the executive is employed by our company through the date of payment. The actual amount of the bonus will be determined by our Compensation Committee.

The target annual bonus for 2014 for each executive was:

- Mr. Cuneo — $900,000;
- Mr. Reid — $400,000; and
- Mr. Kianka — $400,000.

For a description of the cash bonuses paid to our named executive officers, see "Compensation Discussion and Analysis—How we Determine Executive Compensation—Our Executive Compensation Elements—Annual Cash Incentive Compensation and Long-Term Equity Incentive Grants."

Annual Equity-Based Award

Each of our named executive officers is eligible to receive an annual target equity-based award if the executive is employed by our company at the end of each calendar year during the term of his employment agreement.

The target annual equity-based award, in number of shares, for each executive is:

- Mr. Cuneo — 200,000;
- Mr. Reid — 90,000; and
- Mr. Kianka — 90,000.

Effective January 1, 2013, our Compensation Committee approved an increase to Mr. Reid's target award from 65,000 to 90,000 restricted shares. On February 25, 2014, we entered into an amendment to Mr. Reid's employment agreement to reflect such increase.

These awards may be subject to service and performance-based vesting conditions. For a description of the equity-based awards made to our named executive officers, see " Compensation Discussion and Analysis—How we Determine Executive Compensation —Our Executive Compensation Elements—Annual Cash Incentive Compensation and Long-Term Equity Incentive Grants."

Sign-On Cash Bonus

In 2012, Messrs. Cuneo and Kianka received a cash bonus payment of $1,000,000 and $500,000, respectively, in connection with their execution of their employment agreement. Mr. Reid did not receive a sign-on bonus payment.

Sign-On Equity Award

In 2012, Messrs. Cuneo and Kianka received 150,000 and 75,000 restricted shares, respectively, in connection with the execution of their employment agreements. One-third of the restricted shares granted with respect to such awards will vest on each of the first three anniversaries of grant if the executive is employed by our company on such anniversary. Mr. Reid did not receive a sign-on equity award.

Liquidity Event Equity Award

Each of our named executive officers was entitled to receive an award of shares if a Liquidity Event occurred on or prior to July 1, 2014, and the executive is employed by our company on such date. A Liquidity Event occurred on May 21, 2013 and, accordingly, on July 10, 2013, Mr. Cuneo received 150,000 shares, Mr. Reid received 75,000 shares, and Mr. Kianka received 75,000 shares. The awards were fully vested upon grant, as determined by our Compensation Committee.

Employee Benefits

Our named executive officers will be entitled to participate in all present and future benefit and retirement plans of our company, and the executives and their dependents will be included in our company's hospitalization, major medical, disability, and group life insurance plans, so long as they are employed by our company.

Termination of Employment

As described in more detail in "—Potential Payments Upon Termination or Change in Control," our named executive officers will be entitled to receive certain severance payments and accelerated vesting of equity awards in connection with certain terminations of employment, including in connection with a Change of Control (as defined in the employment agreements). Such payments and benefits are conditioned upon the executive executing a general release of claims in favor of our company.

Restrictive Covenants

Our named executive officers are subject to (i) non-competition obligations during their employment and for two years thereafter for Mr. Cuneo and one year thereafter for Messrs. Reid and Kianka; (ii) non-solicitation obligations during their employment and for two years thereafter; (iii) non-disparagement obligations during their employment and for one year thereafter; and (iv) perpetual confidentiality obligations. However, regarding each of our named executive officers, the non-competition obligation will not apply to the executive following his termination of employment by our company for any reason within 180 days following a Change of Control.

Clawback

Any bonus (including cash bonuses), incentive-based, equity-based or other similar compensation paid to our named executive officers pursuant to any agreement or arrangement with our company which is required to be recovered under any law, government regulation or stock exchange listing requirement will be subject to the required deductions and clawback.

Cutback under Section 280G of the Code

If any payments or benefits to be paid or provided to any of our named executive officers would be subject to "golden parachute" excise taxes under the Code, the executive's payments and benefits under his employment agreement will be reduced to the extent necessary to avoid such excise taxes, but only if such a reduction of pay or benefits would result in a greater net after-tax receipt for the executive.

Hedging, Short Sales, and Pledging Policies

For a description of our hedging, short sale, and pledging policies, see "Compensation Discussion and Analysis—Other Matters—Anti-Hedging, Anti-Short Sale and Anti-Pledging Policies."

Mr. O'Beirne's Severance Agreement

We have entered into an amended and restated Severance Agreement with Mr. O'Beirne. If the company terminates Mr. O'Beirne's employment without Cause (as defined in the Severance Agreement) or Mr. O'Beirne terminates his employment for Good Reason

(as defined in the Severance Agreement), the company is required to pay Mr. O'Beirne an amount equal to the sum of his base salary plus his target annual bonus and a pro rata annual bonus for the year of termination based on the number of days he was in employed in the year and based on performance of the company for the full year. Mr. O'Beirne would also be entitled to continued payment for health insurance coverage for twelve months following termination to the same extent the company was paying for such coverage immediately prior to termination ("Health Care Continuation"). Mr. O'Beirne would also be entitled to pro rata vesting of his unvested time and performance vesting equity awards (based on the number of days he is employed in the vesting period and, in the case of performance-vesting awards, based on performance of the company through the date of termination of employment). If the Company terminates Mr. O'Beirne without Cause or he terminates his employment for Good Reason within 360 days following a Change in Control (as defined in the Severance Agreement), the Company is required to pay Mr. O'Beirne two times the sum of his base salary plus target annual bonus and a pro rata annual bonus for the year of termination based on Mr. O'Beirne's target bonus and the number of days he was employed in the year. If upon a Change in Control, the surviving or successor entity does not grant in exchange for equity awards held by Mr. O'Beirne equity that is readily traded on a major stock exchange, then all of his equity awards will fully vest. If the surviving or successor entity issues such readily traded stock, but Mr. O'Beirne is terminated without Cause or he terminates his employment for Good Reason or his employment terminates by reason of death or Disability (as defined in the Severance Agreement) within one year after the Change in Control, Mr. O'Beirne's equity awards will fully vest. If Mr. O'Beirne's employment terminates by reason of his death or Disability he is entitled to receive a pro rata annual cash bonus for the year of termination based on the number of days he was employed in the year of termination and the performance of the company for the full year of termination, Health Care Continuation and vesting of all time-based and performance-based equity awards, based on the performance of the company through the date of termination. During his employment and for a period of twelve months thereafter, Mr. O'Beirne is subject to standard non-competition and non-solicitation of employees covenants. However, the non-competition covenant does not apply if Mr. O'Beirne is terminated for any reason within twelve months following a Change in Control.

Compensation Committee Interlocks and Insider Participation

There are no Compensation Committee interlocks and none of our employees is a member of our Compensation Committee. The members of our Compensation Committee for the year ended December 31, 2014 were Messrs. Brugger (Chairman), Black, Orphanides and Salvatore, each of whom is an independent trustee. Our Board of Trustees appointed Mr. Brugger to serve as the Chairman of our Compensation Committee effective October 27, 2014.

Potential Payments Upon Termination or Termination Following a Change in Control

The impact of a termination of employment and a change in control of our company on the compensation and benefits of our named executive officers is governed by the executives' employment agreements. As described under "Compensation Discussion and Analysis—Mr. Cuneo's Memorandum of Retirement" above, Mr. Cuneo stepped down as our President and Chief Executive Officer on March 5, 2015, which was treated as a termination without cause under the terms of his existing employment agreement, and he became entitled to receive certain payments as described in his Memorandum of Retirement.

Termination of Employment Without Cause or for Good Reason

According to the employment agreements of each of our named executive officers, if the executive's employment is terminated by our company without Cause (as defined in the employment agreements) or by the executive's resignation for Good Reason (as defined in the employment agreements), then, if the executive executes a general release of claims in favor of our company, he will be entitled to:

- Continuation of Mr. Cuneo's base salary for 24 months (12 months for Messrs. Reid and Kianka), payable in installments, in accordance with our company's payroll practices;
- A lump sum payment equal to two times Mr. Cuneo's target cash bonus for the calendar year in which the termination occurs (one time for Messrs. Reid and Kianka); and
- Accelerated vesting of each grant made pursuant to an equity incentive plan of our company as if all service conditions had been met and all performance conditions had been achieved at target levels.

Termination of Employment by our Company Within 180 Days Following a Change of Control

If our company terminates the employment of any of our named executive officers for any reason within 180 days following a Change of Control (as defined in the employment agreements), then, if the executive executes a general release of claims in favor of our company, he will be entitled to:

- A lump sum payment equal to two times his annual base salary;
- A lump sum payment equal to two times his target cash bonus for the calendar year in which the termination occurs; and
- Accelerated vesting of each grant made pursuant to an equity incentive plan of our company as if all service conditions had been met and all performance conditions had been achieved at target levels.

If any payments or benefits to be paid or provided to any of our named executive officers would be subject to "golden parachute" excise taxes under the Code, the executive's payments and benefits under his employment agreement will be reduced to the extent necessary to avoid such excise taxes, but only if such a reduction of pay or benefits would result in a greater net after-tax compensation and benefits for the executive.

Termination of Employment Due to Death or Disability

In the event of termination in connection with the executive's death or disability, the executive's legal representative or estate will be entitled to:

- A lump sum payment equal to the executive's target cash bonus for the calendar year of termination; and
- Accelerated vesting of each grant made pursuant to an equity incentive plan of our company as if all service conditions had been met and all performance conditions had been achieved at target levels.

Termination of Employment Due to Nonrenewal

A termination of employment due to one of our named executive officers or our company notifying the other party that they are not renewing the employment agreement will not be deemed a termination by our company without Cause or by the executive for Good Reason. The executive will not be entitled to any compensation other than rights accrued as of the date of termination.

Termination of Employment for Cause or Resignation Without Good Reason

If the employment of one of our named executive officers is terminated by us for Cause (other than within 180 days following a Change of Control), or by the executive's resignation without Good Reason, the executive will not be entitled to receive any unpaid cash bonus for any previously completed calendar year.

Change of Control

A Change of Control, in and of its self, will not result in severance payments or benefits to our named executive officers, or in accelerated vesting of equity awards held by our executives.

The following table sets forth the compensation and benefits that each of our named executive officers would have received if his employment had terminated on December 31, 2014.

	Estimated Potential Payments Upon Termination or Change in Control				
Name and Termination and/or Change in Control Scenario	**Base Salary[2] ($)**	**Target Cash Bonus[3] ($)**	**Number of Outstanding Restricted Shares That Vest (#)**	**Total Value of Outstanding Restricted Shares That Vest[4] ($)**	**TOTAL ($)**
Jack A. Cuneo[1]					
-Death or Disability	—	900,000	382,959	3,086,650	3,986,650
-Without Cause or for Good Reason	1,450,000	1,800,000	382,959	3,086,650	6,336,650
-Cause or Resignation	—	—	—	—	—
-Expiration of the Term or Any Other Reason	—	—	—	—	—
-By the Company within 180 days following a CIC	1,450,000	1,800,000	382,959	3,086,650	6,336,650
Martin A. Reid					
-Death or Disability	—	400,000	109,167	879,886	1,279,886
-Without Cause or for Good Reason	450,000	400,000	109,167	879,886	1,729,886
-Cause or Resignation	—	—	—	—	—
-Expiration of the Term or Any Other Reason	—	—	—	—	—
-By the Company within 180 days following a CIC	900,000	800,000	109,167	879,886	2,579,886
Philip L. Kianka					
-Death or Disability	—	400,000	172,500	1,390,350	1,790,350
-Without Cause or for Good Reason	450,000	400,000	172,500	1,390,350	2,240,350
-Cause or Resignation	—	—	—	—	—
-Expiration of the Term or Any Other Reason	—	—	—	—	—
-By the Company within 180 days following a CIC	900,000	800,000	172,500	1,390,350	3,090,350

(1) On March 5, 2015, Mr. Cuneo stepped down as President and Chief Executive Officer and resigned from our Board of Trustees and Mr. Reid was named as our company's Interim President and Chief Executive Officer. The table above regarding Mr. Cuneo's severance does not reflect any additional amounts Mr. Cuneo receives in connection with his Memorandum of Retirement. See "Compensation Discussion and Analysis—Mr. Cuneo's Memorandum of Retirement" on page 15 above.

(2) As described in the narrative above this table, base salary will be paid as salary continuation in the event of a termination of employment without Cause or for Good Reason, and as a lump sum payment in the event of such a termination within 180 days following a Change of Control.

(3) As described in the narrative above this table, the cash bonus will be paid in a lump sum.

(4) Value based on the closing price of our common shares of $8.06 per share on December 31, 2014.

Compensation of Trustees

Trustees who are not independent do not receive additional compensation for their services as trustees. The following table sets forth the compensation earned by our independent trustees for the year ended December 31, 2014:

Name	Fees Earned or Paid in Cash ($)	Share Awards[1][2] ($)	All Other Compensation ($)	Total ($)
Charles E. Black	$ 328,199	$ 157,400	$ —	$ 485,599
Mark W. Brugger	$ 144,801	$ 12,199	$ —	$ 157,000
James L. Francis	$ 138,801	$ 12,199	$ —	$ 151,000
James M. Orphanides	$ 144,199	$ 39,350	$ —	$ 183,549
Louis P. Salvatore	$ 153,000	$ 39,350	$ —	$ 192,350

- The columns "Option Awards," "Non-Equity Incentive Plan Compensation," and "Change in Pension Value and Nonqualified Deferred Compensation Earnings" were omitted from this table as no such compensation was earned by our independent trustees for the 2014 fiscal year.

(1) On January 29, 2014, we awarded each of our independent trustees equity grants under our 2013 equity incentive plan with respect to their service during fiscal year 2013 on the following terms: (i) (a) Mr. Black's award was for 20,000 common shares, (b) Messrs. Orphanides' and Salvatore's award was for 5,000 common shares and (c) Messrs. Brugger's and Francis' award was for 1,550 common shares; and (ii) each award vested in its entirety, upon issuance.

(2) Amounts shown are the grant date fair value of the awards determined in accordance with ASC 718 made to independent trustees in fiscal year 2014.

During the 2014 fiscal year, each of our independent trustees (except for our Chairman of the Board) received an annual cash retainer of $100,000 and $2,000 per regularly scheduled committee meeting attended, $2,000 per special board meeting attended whether held in person or by telephone conference and an equity grant of 5,000 common shares (prorated as necessary based upon start date in 2013). Our Chairman of the Board received an annual cash retainer of $300,000 and an equity grant of 20,000 common shares. Our Chairman of the Board received additional compensation for board and committee chair positions and participation but did not receive compensation for meeting attendance. The chairperson of the Audit Committee received an additional annual fee of $20,000 and each member of the Audit Committee received an annual fee of $10,000. The chairperson of the Compensation Committee received an additional annual fee of $15,000 and each member of the Compensation Committee received an annual fee of $5,000. The chairperson of the Nominating and Corporate Governance Committee received an additional annual fee of $15,000 and each member of the Nominating and Corporate Governance Committee received an annual fee of $5,000.

All trustees received reimbursement of reasonable out-of-pocket expenses incurred in connection with their service as trustees for the fiscal year ended 2014. If a trustee was also an officer of ours, we did not pay separate compensation for those services rendered as a trustee for the fiscal year ended 2014.

Additionally, on January 9, 2015, we awarded each of our independent trustees equity grants under our 2013 equity incentive plan with respect to their service during fiscal year 2014 on the following terms: (i) (a) Mr. Black's award was for 20,000 restricted share units, or Trustee RSUs, (b) Messrs. Brugger's, Francis', Orphanides' and Salvatore's award was for 5,000 Trustee RSUs; (ii) each award vested in its entirety upon issuance; and (iii) each Trustee RSU entitles a holder to receive one common share of beneficial interest of our company upon the earlier of (a) the sixth month anniversary of the holder's separation of service from our company, and (b) a change in control of our company.

In 2014, the Board conducted a review of its compensation program for its independent trustees. Based on advice from its independent outside compensation consulting firm and a review of the compensation programs of members of its peer group, we modified the program effective for 2015 and thereafter in order to further align the independent trustees' interests with those of our shareholders. As part of this review, the Board decided that equity grants to independent trustees will be subject to a mandatory deferral program in the form of Trustee RSUs issued under our 2013 Equity Incentive Plan. Pursuant to the mandatory deferral program, each Trustee RSU entitles a holder to receive one common share of beneficial interest of our company, upon the earlier of (i) the sixth month anniversary of the holder's separation of service from our company, and (ii) a change in control of our company. Each Trustee RSU also entitles a holder to receive an amount equal to the dividends paid on one common share. The Trustee RSUs will increase share ownership by independent trustees during their service on the Board, which further aligns independent trustees' interests with the interests of our shareholders. For the fiscal year ending 2015, we have retained the same trustee compensation arrangements that were in place for 2014, except that (i) the annual cash retainer for the non-executive chairman of the board was decreased from $300,000 to $125,000 and the annual cash retainer for the other independent trustees was decreased from $100,000 to $50,000; (ii) the annual equity grant for all independent trustees will be $90,000 in Trustee RSUs; and (iii) independent trustees will earn board meeting fees of $500 per meeting commencing after the sixth meeting held during a calendar year.

Reconciliation of Net Income to EBITDA

We define EBITDA as net income (loss) computed in accordance with GAAP plus depreciation, amortization, taxes, interest expense and net change in fair value of non-qualifying derivative financial instruments, and proportionate share of interest, depreciation and amortization from unconsolidated joint ventures. EBITDA is presented solely as a supplemental disclosure with respect to liquidity because we believe it provides useful information regarding our ability to service or incur debt. Because all companies do not calculate EBITDA the same way, the presentation of EBITDA may not be comparable to similarly titled measures of other companies. The Company believes that net income is the financial measure calculated and presented in accordance with GAAP that is most directly comparable to EBITDA.

	Year Ended December 31, 2014
Net Income	$ 19,048
Interest Expense and Net Change in Fair Value of Derivative Financial Instruments (including discontinued operations)	55,240
Pro Rata Share of Interest Expense from Unconsolidated Entities	6,845
Depreciation and Amortization (including discontinued operations)	109,292
Pro Rata Share of Depreciation and Amortization from Unconsolidated Entities	32,313
Provision for Income Taxes	780
EBITDA	$ 223,518

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

Equity Compensation Plan Information

Equity compensation is currently granted pursuant to our 2013 Equity Incentive Plan, or our 2013 Plan, which is described below. Prior to our shareholders' approval of our 2013 Plan on May 31, 2013, equity compensation was granted pursuant to our Amended and Restated 2004 Equity Incentive Plan.

The following table sets forth information regarding outstanding options, warrants and rights under our 2013 Plan, and other outstanding obligations of ours under the executives' employment agreements and the employment agreements of certain of our employees as of December 31, 2014. The material terms of our 2013 Plan are described in "—2013 Equity Incentive Plan" below.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights[1] (a)	Weighted average exercise price of outstanding options, warrants and right (b)	Number of securities remaining available at fiscal year-end for future issuance under equity compensation plans (excluding securities reflected in column (a))[2] (c)
Equity compensation plans approved by shareholders	810,000	—	3,235,493
Equity compensation plans not approved by shareholders	—	—	—
Total	810,000	—	3,235,493

(1) As of December 31, 2014, we had the obligation to grant the following equity-based awards to our executives and employees pursuant to, and subject to the terms of, their employment agreements, as described under "Employment Agreements with our Named Executive Officers—Annual Equity-Based Award":

- An equity-based award with respect to Mr. Cuneo's services in 2014, where the target award for such calendar year was 200,000 restricted shares. For purposes of this table, it is assumed that the target award would be granted as restricted shares to Mr. Cuneo for fiscal year 2014. See also "Compensation Discussion and Analysis—Mr. Cuneo's Memorandum of Retirement" on page 15 above.

- An equity-based award with respect to Mr. Reid's and Mr. Kianka's services for 2014 and 2015, where the target award for such calendar years was 180,000 restricted shares, in the aggregate, for each of Mr. Reid and Mr. Kianka. For purposes of this table, it is assumed that the target award would be granted as restricted shares to each executive for each year.
- In addition, we have an obligation to one of our other employees to grant restricted shares for services for 2014 and 2015 pursuant to the terms of his employment agreement with a target of 25,000 restricted shares per year.

(2) This amount represents 4,045,493, the total number of shares available to us under our 2013 Plan as of December 31, 2014, to make grants of incentive and nonqualified share options, share appreciation rights, restricted shares, phantom shares, dividend equivalent rights, and other forms of equity-based compensation, minus the number of securities reflected in column (a).

2013 Equity Incentive Plan

On May 31, 2013, our shareholders approved our 2013 Equity Incentive Plan, or the 2013 Plan.

The purpose of our 2013 Plan is to provide us with the flexibility to use share options and other equity-based awards to provide a means of performance-based compensation. Key employees, directors, trustees, officers, advisors, consultants, and other personnel of ours and our subsidiaries, and other persons expected to provide significant services to us or our subsidiaries, are eligible to be granted incentive and nonqualified share options, share appreciation rights, restricted shares, restricted share units, dividend equivalent rights, and other forms of equity-based compensation under our 2013 Plan.

Our Compensation Committee has the authority to administer and interpret our 2013 Plan, to authorize the granting of awards to eligible participants, to determine the eligibility of eligible participants to receive an award, to determine the number of common shares to be covered under each award agreement, considering the position and responsibilities of the eligible participants, the nature and value to us of the eligible participants' present and potential contribution to our success, whether directly or through our subsidiaries, and such other factors as our Compensation Committee may deem relevant, to approve the form of award agreement, to determine the terms applicable to each award, which may differ among individual awards and participants, and may include performance goals, to extend at any time the period in which options or share appreciation rights may be exercised, provided that such awards cannot have a term longer than 10 years, to determine the extent to which the transferability of shares issued or transferred pursuant to an award is restricted, to decide all disputes arising in connection with the 2013 Plan, and to take any other actions, make all other determinations that it deems necessary or appropriate, and otherwise supervise the administration of the 2013 Plan.

Our 2013 Plan has been administered by a Compensation Committee consisting of two or more non-employee trustees, each of whom is intended to be, to the extent required by Rule 16b-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, a non-employee trustee and will, at such times as we are subject to Section 162(m) of the Code, qualify as an "outside director" for purposes of Section 162(m) of the Code.

Subject to adjustment upon certain corporate transactions or events, a maximum of 5,000,000 common shares may be subject to share options, share appreciation rights, restricted shares, restricted share units, dividend equivalent rights, and other forms of equity-based compensation awards under our 2013 Plan at the time of its approval. If an option or other award granted under our 2013 Plan or our 2004 Plan is canceled, expires or terminates, the shares that expire or terminate without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. In addition, shares subject to any restricted share unit, dividend equivalent right or other equity-based award (other than share options and share appreciation rights) that are settled in cash will again become available for the issuance of additional awards. Furthermore, awards granted in substitution, assumption, continuation or adjustment of awards remaining available for grant under our 2004 Plan or 2013 Plan pursuant to a change in control or other corporate transaction will not count against the number of shares remaining available for issuance under our 2013 Plan. The shares available under a shareholder-approved plan of an entity acquired by us will be available for awards granted to individuals who were not employees of ours immediately before such acquisition, and will not count against the number of shares remaining available for issuance under our 2013 Plan. Unless previously terminated by our Board of Trustees, no new award may be granted under our 2013 Plan after May 31, 2023.

For information about outstanding equity awards to our named executive officers and our executives' rights to grants of equity awards under our 2013 Plan, see "—2013 Grants of Plan-Based Awards" and "—Employment Agreements with our Named Executive Officers."

Security Ownership of Certain Beneficial Owners and Management

The following table presents information regarding the beneficial ownership of our common shares as of April 30, 2015 with respect to:

- each person who is the beneficial owner of more than five percent of our outstanding common shares;
- each of our trustees;
- each of our named executive officers as defined above under the "Compensation Discussion and Analysis" section; and
- all trustees and executive officers as a group.

Unless otherwise indicated, all shares are owned directly and the indicated person has sole voting and investment powers.

Name and Address	Shares Owned[1]	Percentage
Trustees and Executive Officers[2]:		
Charles E. Black	54,485 [3]	*
Mark W. Brugger	1,599 [4]	*
Jack A. Cuneo	536,779 [5]	*
James L. Francis	1,550 [6]	*
Philip L. Kianka	297,127 [7]	*
James M. Orphanides	140,022 [8]	*
Martin A. Reid	182,977 [9]	*
Louis P. Salvatore	17,500 [10]	*
All executive officers and trustees as a group (9 persons)	1,260,369 [11]	*
5% or Greater Owners:		
The Vanguard Group, Inc.[12]	15,265,676	6.44%
BlackRock, Inc.[13]	15,168,102	6.40%
FMR LLC[14]	14,016,078	5.92%

- Less than one percent.

(1) Beneficial ownership is determined in accordance with Rule 13d-3 of the Exchange Act. A person is deemed to be the beneficial owner of any shares of common shares if that person has or shares voting power or investment power with respect to those shares, or has the right to acquire beneficial ownership at any time within 60 days of the date of the table. As used herein, "voting power" is the power to vote or direct the voting of shares and "investment power" is the power to dispose or direct the disposition of shares.
(2) The address for each of our named executive officers is 47 Hulfish Street, Suite 210, Princeton, New Jersey 08542.
(3) Shares owned include 1,810 common shares held by spouse. In accordance with the SEC rules, this does not include 20,000 Trustee RSUs granted to Mr. Black.
(4) In accordance with the SEC rules, this does not include 5,000 Trustee RSUs granted to Mr. Brugger.
(5) Shares owned include 1,800 common shares held by spouse.
(6) In accordance with the SEC rules, this does not include 5,000 Trustee RSUs granted to Mr. Francis.
(7) In accordance with the SEC rules, this does not include unvested RSUs or PSUs granted to Mr. Kianka.
(8) In accordance with the SEC rules, this does not include 5,000 Trustee RSUs granted to Mr. Orphanides.
(9) In accordance with the SEC rules, this does not include unvested RSUs or PSUs granted to Mr. Reid.
(10) In accordance with the SEC rules, this does not include 5,000 Trustee RSUs granted to Mr. Salvatore.
(11) Includes shares beneficially owned by Mr. O'Beirne. In accordance with the SEC rules, this does not include unvested RSUs or PSUs.
(12) Based solely on information provided on a Schedule 13G/A filed by the Vanguard Group, Inc., on behalf of itself and certain of its affiliates, with the SEC on February 11, 2015. The business address of The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.
(13) Based solely on information provided on a Schedule 13G/A filed by BlackRock, Inc., on behalf of itself and certain of its affiliates, with the SEC on January 30, 2015. The business address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10022.
(14) Based solely on information provided on a Schedule 13G filed by FMR LLC, on behalf of itself and certain of its affiliates with the SEC on February 13, 2015. The business address of FMR LLC is 245 Summer Street, Boston, MA 02210.

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

Policies and Procedures With Respect to Related Party Transactions

It is the policy of our Board of Trustees that all related party transactions (generally, transactions involving amounts exceeding $120,000 in which a related party (trustees and executive officers or their immediate family members, or shareholders owning 5% of more of our outstanding stock)) shall be subject to approval or ratification in accordance with the following procedures.

Our Nominating and Corporate Governance Committee shall review the material facts of all related party transactions that require its approval and either approve or disapprove of the entry into the related party transaction, subject to some exceptions. If advance approval of a related party transaction is not feasible, then the related party transaction shall be considered and, if our Nominating and Corporate Governance Committee determines it to be appropriate, ratified at the next regularly scheduled meeting of our Nominating and Corporate Governance Committee. In determining whether to approve or ratify a related party transaction, our Nominating and Corporate Governance Committee will take into account, among other factors it deems appropriate, whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the transaction.

If a related party transaction will be ongoing, our Nominating and Corporate Governance Committee may establish guidelines for our management to follow in its ongoing dealings with the related party. Thereafter, our Nominating and Corporate Governance Committee, on at least an annual basis, shall review and assess ongoing relationships with the related party to see that they are in compliance with our Nominating and Corporate Governance Committee's guidelines and that the related party transaction remains appropriate.

All related party transactions shall be disclosed in our applicable filings with the SEC as required under SEC rules.

Related Party Transactions

Prior to July 1, 2012, all of our business activities were managed by the former investment advisor pursuant to the fourth amended and restated advisory agreement ("Fourth Amended Advisory Agreement"), which terminated according to its terms on June 30, 2012. Effective July 1, 2012, we entered into the transitional services agreement with CSP OP ("Transitional Services Agreement") with the former investment advisor pursuant to which the former investment advisor would provide certain consulting related services to us at the direction of our officers and other personnel for a term which ended on April 30, 2013. As part of the Transitional Services Agreement, we paid $2.5 million on the effective date of the agreement to reimburse the former investment advisor for expenses incurred related to personnel costs. In addition, during 2013, we paid $0.7 million to the former investment advisor as a final settlement of the Transitional Services Agreement.

Pursuant to the Transitional Services Agreement, for services provided to us in connection with the investment management of our assets, the former investment advisor was paid an investment management consulting fee payable in cash consisting of (i) a monthly fee equal to one-twelfth of 0.5% of the aggregate cost (before non-cash reserves and depreciation) of all real estate investments within our portfolio and (ii) a monthly fee equal to 5.0% of the aggregate monthly net operating income derived from all real estate investments within our portfolio, subject to certain adjustments. For services provided to us in connection with the acquisition of assets, the former investment advisor or its affiliates was paid acquisition fees up to 1.5% of (i) the contract purchase price of real estate investments acquired by us, or (ii) when we make an investment indirectly through another entity, such investment's pro rata share of the gross asset value of real estate investments held by that entity. The total of all acquisition consulting fees payable with respect to real estate investments did not exceed an amount equal to 6% of the contract purchase price (or 6% of funds advanced with respect to mortgages) provided, however, that a majority of the uninterested members of the Board of Trustees could approve amounts in excess of this limit.

As required by the Transitional Services Agreement, we and the former investment advisor have agreed on a list of unacquired real estate investments for which the former investment advisor has performed certain acquisition related consulting services prior to the termination of the Transitional Service Agreement (a "Qualifying Property"). If any Qualifying Property is acquired by us within the nine months following the termination of the Transitional Services Agreement then we shall pay an acquisition consulting fee equal to 0.75% of (i) the contract purchase price of the real estate investments (including debt), or (ii) when we make an investment indirectly through another entity, such investment's pro rata share of the gross asset value of real estate investments held by that entity to the former investment advisor.

During the year ended December 31, 2014, we acquired one Qualifying Property and paid the former investment advisor $0.2 million in acquisition consulting fees. There are no further Qualifying Properties under the Transitional Services Agreement and we do not anticipate paying the former investment advisor any further acquisition consulting fees.

Previously, pursuant to the Fourth Amended Advisory Agreement and the Transitional Services Agreement, the former investment advisor and its affiliates performed services relating to property management, leasing, construction supervision and management, and brokerage services. The various fees paid to the former investment advisor are summarized in the table below for the years ended December 31, 2013 and 2012 (in thousands):

	Year Ended December 31, 2013	Year Ended December 31, 2012
Investment Management Fees	$ 489	$ 29,695
Transition Services Agreement Fees	686	2,500
Acquisition-Related Fees	1,895	5,159
Property Management Fees [1]	1,128	1,556
Leasing Commissions [1]	836	876
Construction Supervision and Management Fees [1]	873	1,049
Brokerage Fees	585	388
Mortgage Banking Fees and Other	—	26
Total	$ 6,492	$ 41,249

(1) Such fees for each service ranged from 2.0% to 5.0% of gross revenues received from a property that we owned.

At December 31, 2013, $0.6 million of amounts due to the former investment advisor for third party management fees was included in accounts payable, accrued expenses and other liabilities in the accompanying consolidated balance sheets. At December 31, 2012, $11.1 million of amounts due to the former investment advisor was included in accounts payable, accrued expenses and other liabilities in the accompanying consolidated balance sheets.

Additionally, until June 30, 2017, if we attempt to effect certain types of transactions, including, but not limited to, a merger, consolidation or sale of 10% of more of our business, assets or voting securities (excluding the sale of any securities pursuant to a registration statement filed pursuant to the Securities Act of 1933, as amended), we have agreed under our Transition to Self-Management Agreement, by and among CB Richard Ellis Realty Trust, CBRE Operating Partnership, L.P., CBRE Global Investors, LLC and CBRE Advisors LLC, dated April 27, 2012 (the “Transition to Self-Management Agreement”) to engage CBRE Global Investors, LLC, our former sponsor, or an affiliate of our former sponsor to provide financial advice and assistance in connection therewith provided that such entity continues to have the sufficient expertise and resources to provide such financial advice and assistance. The transactional financial advisory fee payable by the Company to CBRE Global Investors or its affiliate upon the closing of a transaction will be equal to one-quarter of one percent (0.25%) of the consideration in the transaction, as defined in the Transition to Self-Management Agreement, plus the reimbursement of reasonable expenses.

Trustee Independence

Background. Our corporate governance guidelines provide that a majority of our trustees serving on the Board of Trustees must be independent as required by the listing standards of the NYSE and the rules promulgated by the SEC.

Independence Determinations Made by our Board of Trustees. Our Board of Trustees has determined, based upon its review of all relevant facts and circumstances and after considering all applicable relationships of which the Board of Trustees had knowledge, between or among the trustees and our company or our management, that each of Messrs. Black, Brugger, Francis, Orphanides and Salvatore has no material relationship with us (either directly or as a partner, shareholder or officer of an organization that has a relationship with us) and is "independent" as defined in the NYSE listing standards and the applicable SEC rules. No trustee participated in the final determination of his own independence.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Fee Disclosure

The following table lists the fees for services rendered by our independent registered public accounting firm for the years ended December 31, 2014 and 2013:

Services	2014	2013
Audit Fees		
Recurring Audit, Quarterly Reviews and Accounting Assistance for New Accounting Standards and Potential Transactions	$ 1,364,530	$ 1,161,500
Comfort Letters, Consents and Assistance with Documents Filed with the SEC and Securities Offerings	10,000	130,000
Total Audit Fees	1,374,530	1,291,500
Audit-Related Fees[(1)]	120,000	85,500
Tax Fees[(2)]	483,339	390,500
All Other Fees	—	—
Total	$ 1,977,869	$ 1,767,500

(1) Audit-related fees in 2014 consists of the audit of an unconsolidated joint venture pursuant to rule S-X 3-09. Audit-related fees in 2013 consist of a property audit required by a city taxing authority.

(2) Tax services consist of federal and state tax return preparation, and quarterly and annual REIT tax compliance.

Pre-Approval Policies and Procedures of our Audit Committee

Our Audit Committee must pre-approve, to the extent required by applicable law, all audit services and permissible non-audit services provided by our independent registered public accounting firm, except for any de minimis non-audit services. Non-audit services are considered de minimis if (i) the aggregate amount of all such non-audit services constitutes less than 5% of the total amount of revenues we paid to our independent registered public accounting firm during the fiscal year in which they are provided; (ii) we did not recognize such services at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to our Audit Committee's attention and approved prior to the completion of the audit by our Audit Committee or any of its member(s) who has authority to give such approval. None of the fees reflected above were approved by our Audit Committee pursuant to this de minimis exception. Our Audit Committee may delegate to one or more of its members the authority to grant pre-approvals. All services provided by Deloitte & Touche LLP in 2014 were pre-approved by our Audit Committee.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

b) Exhibits — The exhibit index attached hereto is incorporated by reference under this item.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHAMBERS STREET PROPERTIES

Dated: April 30, 2015

By: /s/ MARTIN A. REID
Name: **Martin A. Reid**
Title: **Interim President and Chief Executive Officer, and Chief Financial Officer**

EXHIBIT INDEX

Exhibit No.	
31.1	Certification by the Interim President and Chief Executive Officer, and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.

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TRUSTEES & OFFICERS

BOARD OF TRUSTEES

Charles E. Black
NON-EXECUTIVE CHAIRMAN OF THE BOARD
Chief Executive Officer
CB Urban Development

James M. Orphanides
INDEPENDENT TRUSTEE
Partner and President
Centurion Holdings LLC

James L. Francis
INDEPENDENT TRUSTEE
President, Chief Executive Officer
and Trustee
Chesapeake Lodging Trust

Louis P. Salvatore
INDEPENDENT TRUSTEE

Martin A. Reid
TRUSTEE
Interim President and Chief Executive Officer,
Chief Financial Officer, and Treasurer

EXECUTIVE TEAM AND OTHER OFFICERS

Martin A. Reid
Interim President and
Chief Executive Officer, and
Chief Financial Officer*

Philip L. Kianka
Executive Vice President and
Chief Operating Officer*

Christopher B. Allen
Executive Vice President
Capital Markets and Finance

Hugh S. O'Beirne
Executive Vice President and
Chief Legal Officer*

Gregory L. Vinson
Senior Vice President
Portfolio Management
and Acquisitions

Brian D. Welcker, CPM®, MCR
Senior Vice President
Portfolio Management

Heather Gentry
Vice President
Investor Relations

Sarah P. Hinton
Vice President and
Associate General Counsel

Dennis Keyes
Vice President
Portfolio Management

Andrew Kupchik
Vice President and
Assistant General Counsel

Laurie Manley
Vice President and Controller

Jess Morrison
Vice President
Capital Markets and Finance

Monali Shah
Vice President and Director
Human Resources

Glenn Wylie
Vice President
Portfolio Management

Michael Yocco
Vice President
Acquisitions

* "Executive Officer" within the meaning of the Securities Exchange Act of 1934, as amended and the rules promulgated pursuant thereto.

CORPORATE INFORMATION

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Princeton, NJ 08542
(609) 683-4900

Los Angeles Regional Office
515 South Flower Street
Suite 1020
Los Angeles, CA 90071
(213) 405-5920

Website
www.chambersstreet.com

Stock Listing
NYSE Symbol: CSG

Annual Meeting of Shareholders
Tuesday, December 15, 2015
9:00 AM ET
Nassau Inn Princeton
10 Palmer Square
Princeton, New Jersey 08542

Investor Relations
(609) 683-4900
heather.gentry@cspreit.com

Independent Registered Public Accounting Firm
Deloitte & Touche LLP
Los Angeles, California

Transfer Agent
Broadridge Corporate Issuer Solutions
1155 Long Island Avenue
Edgewood, NY 11717
shareholder.broadridge.com/chambersstreet
(855) 450-0288

Corporate Counsel
Clifford Chance
New York, New York

Form 10-K Availability
To request a free copy of the annual report on Form 10-K, please contact our Investor Relations department. Additionally, this document can be found on the Company's website at www.chambersstreet.com or on the SEC's EDGAR website, located at www.sec.gov. The Company will furnish copies of any exhibit listed herein that is not already provided with this report free of charge to any shareholder of the company receiving this report that so requests. Shareholders wishing to make such requests are directed to do so by writing to the attention of the Company's Investor Relations department at our corporate headquarters or by contacting such department via telephone at: (609) 683-4900.

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