COUSINS PROPERTIES INC
Form 10-K
February 12, 2015

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

FORM 10-K

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

For the fiscal year ended December 31, 2014

or

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

For the transition period from to

Commission file number 001-11312

COUSINS PROPERTIES INCORPORATED
(Exact name of registrant as specified in its charter)

Georgia	58-0869052
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
191 Peachtree Street NE, Suite 500, Atlanta, Georgia	30303-1740
(Address of principal executive offices)	(Zip Code)

(404) 407-1000
(Registrant's telephone number, including area code)

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

Title of each class	Name of Exchange on which registered
Common Stock ($1 par value)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No ý

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 ý 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨

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

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. (Check one):

Large accelerated filer ý	Accelerated filer ¨
Non-accelerated filer o (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 ý

As of June 30, 2014, the aggregate market value of the common stock of Cousins Properties Incorporated held by non-affiliates was $2,316,983,943 based on the closing sales price as reported on the New York Stock Exchange. As of February 9, 2015, 216,437,991 shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's proxy statement for the annual stockholders meeting to be held on May 5, 2015 are incorporated by reference into Part III of this Form 10-K.

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FORWARD-LOOKING STATEMENTS

Certain matters contained in this report are “forward-looking statements” within the meaning of the federal securities laws and are subject to uncertainties and risks, as itemized in Item 1A included in this Form 10-K. These forward-looking statements include information about possible or assumed future results of the Company's business and the Company's financial condition, liquidity, results of operations, plans, and objectives. They also include, among other things, statements regarding subjects that are forward-looking by their nature, such as:

- the Company's business and financial strategy;
- the Company's ability to obtain future financing arrangements;
- future acquisitions and future dispositions of operating assets;
- future acquisitions of land;
- future development and redevelopment opportunities;
- future dispositions of land and other non-core assets;
- projected operating results;
- market and industry trends;
- future distributions;
- projected capital expenditures; and
- interest rates.

The forward-looking statements are based upon management's beliefs, assumptions, and expectations of the Company's future performance, taking into account information currently available. These beliefs, assumptions, and expectations may change as a result of possible events or factors, not all of which are known. If a change occurs, the Company's business, financial condition, liquidity, and results of operations may vary materially from those expressed in forward-looking statements. Actual results may vary from forward-looking statements due to, but not limited to, the following:

- the availability and terms of capital and financing;
- the ability to refinance indebtedness as it matures;
- the failure of purchase, sale, or other contracts to ultimately close;
- the failure to achieve anticipated benefits from acquisitions and investments or from dispositions;
- the potential dilutive effect of common stock offerings;
- the availability of buyers and adequate pricing with respect to the disposition of assets;
- risks related to the geographic concentration of our portfolio;
- risks and uncertainties related to national and local economic conditions, the real estate industry in general, and the commercial real estate markets in particular;
- changes to the Company's strategy with regard to land and other non-core holdings that require impairment losses to be recognized;
- leasing risks, including the ability to obtain new tenants or renew expiring tenants, and the ability to lease newly developed and/or recently acquired space;
- the adverse change in the financial condition of one or more of its tenants;
- volatility in interest rates and insurance rates;
- the availability of sufficient investment opportunities;
- competition from other developers or investors;
- the risks associated with real estate developments and acquisitions (such as zoning approval, receipts of required permits, construction delays, cost overruns, and leasing risk);
- the loss of key personnel;
- the potential liability for uninsured losses, condemnation, or environmental issues;
- the potential liability for a failure to meet regulatory requirements;
- the financial condition and liquidity of, or disputes with, joint venture partners;
- any failure to comply with debt covenants under credit agreements; and
- any failure to continue to qualify for taxation as a real estate investment trust.

The words “believes,” “expects,” “anticipates,” “estimates,” “plans,” “may,” “intend,” “will,” or similar expressions are intend identify forward-looking statements. Although the Company believes its plans, intentions, and expectations reflected in any forward-looking statements are reasonable, the Company can give no assurance that such plans, intentions, or expectations will be achieved. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of future events, new information, or otherwise, except as required under U.S. federal securities laws.

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PART I

Item 1. Business

Corporate Profile

Cousins Properties Incorporated (the “Registrant” or “Cousins”) is a Georgia corporation, which has elected to be taxed as a real estate investment trust (“REIT”). Through December 31, 2014, Cousins Real Estate Corporation (“CREC”), including its subsidiaries, was a taxable entity wholly-owned by the Registrant, which was consolidated with the Registrant. CREC owned, developed, and managed its own real estate portfolio and performed certain real estate related services for other parties. On December 31, 2014, CREC merged into the Registrant. Coincident with this merger, the Registrant formed Cousins TRS Services LLC ("CTRS"), a new taxable entity wholly-owned by the Registrant. Upon formation, CTRS received a capital contribution of certain real estate assets and contracts that were previously owned by CREC. CTRS will own and manage its own real estate portfolio and perform certain real estate related services for other parties beginning in 2015. The Registrant, its subsidiaries, CREC and CTRS combined are hereafter referred to as the “Company.” The Company's common stock trades on the New York Stock Exchange under the symbol “CUZ.”

Company Strategy

The Company’s strategy is to create value for its stockholders through the acquisition, development, ownership, and management of Class A office assets and opportunistic mixed-use developments in Sunbelt markets, with a particular focus on Georgia, Texas, and North Carolina. The Company’s strategy is based on a simple platform, trophy assets, opportunistic investments, and a strong balance sheet. This approach enables the Company to maintain a targeted, asset-specific approach to investing where it seeks to leverage its acquisition and development skills, relationships, market knowledge, and operational expertise.

2014 Activities

During 2014, the Company engaged in several transactions that increased its investment in Class A office assets in its target markets through acquisition and development activities, enhanced the value of its existing assets through leasing activities, and maintained its strong balance sheet through equity and debt activities. The following is a summary of the significant 2014 activities of the Company.

Acquisition Activity

- Purchased Fifth Third Center, a Class-A office tower in the Charlotte central business district submarket, for $215 million.
- Purchased Northpark Town Center, a Class-A office complex in the Central Perimeter submarket of Atlanta, for $348 million.

Development Activity

- Commenced construction of Research Park V, a Class-A office building in the Northwest submarket of Austin, Texas which is expected to have 173,000 square feet of space with a total projected cost of $44 million.
- Formed a joint venture to develop Victory Center, a Class-A office tower in the Uptown submarket of Dallas, Texas which is expected to have 466,000 square feet of space. The joint venture acquired the land in 2014.
- Substantially completed construction of Colorado Tower, a Class-A office tower in downtown Austin, Texas, containing 373,000 square feet of space. Total expected costs for the project are $126.1 million and the building is 95% leased.
- Continued construction of the second phase of Emory Point in Atlanta, Georgia, which is expected to consist of 307 apartments and 45,000 square feet of retail space, with a total projected cost of $75.3 million. The Company expects to complete this project in the first half of 2015.

Disposition Activity

- Sold 600 University Park Place, a 123,000 square foot office building in Birmingham, Alabama, for $19.7 million.
- Sold Lakeshore Park Plaza, a 197,000 square foot office building in Birmingham, Alabama, for $25.0 million.
- Sold Mahan Village, a 147,000 square foot retail property in Tallahassee, Florida, for $29.5 million.
- Through Cousins Watkins LLC, sold four retail properties in Tennessee and Florida which totaled 339,000 square feet. The Company received proceeds from the venture (after debt repayment) related to this sale of $19.8 million.
- Sold 777 Main, a 980,000 square foot office tower in Ft. Worth, Texas, for $167.0 million.

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Financing Activity

- Issued 26.7 million shares of common stock in two offerings generating net proceeds of $321.9 million.
- Redeemed all outstanding shares of Series B Cumulative Redeemable Preferred Stock for $94.8 million.
- Recast its credit facility to, among other things, increase the size to $500 million, extend the maturity to 2019 and reduce the per annum variable interest rate spread and other fees.
- Closed a non-recourse mortgage loan on 816 Congress with a principal balance of $85.0 million, a fixed interest rate of 3.75%, and a term of ten years. The loan requires interest only payments through November 2016.

Portfolio Activity

- Leased or renewed 2.2 million square feet of office space.

Other Activity

- In the first quarter of 2014, increased the quarterly common stock dividend from $0.045 per share to $0.075 per share.
- In the first quarter of 2015, increased the quarterly common stock dividend to $0.08 per share.

Environmental Matters

The Company's business operations are subject to various federal, state, and local environmental laws and regulations governing land, water, and wetlands resources. Among these are certain laws and regulations under which an owner or operator of real estate could become liable for the costs of removal or remediation of certain hazardous or toxic substances present on or in such property. Such laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of such substances, or the failure to properly remediate such substances, may subject the owner to substantial liability and may adversely affect the owner's ability to develop the property or to borrow using such real estate as collateral.

The Company typically manages this potential liability through performance of Phase I Environmental Site Assessments and, as necessary, Phase II environmental sampling, on properties it acquires or develops, although no assurance can be given that environmental liabilities do not exist, that the reports revealed all environmental liabilities or that no prior owner created any material environmental condition not known to the Company. In certain situations, the Company has also sought to avail itself of legal and regulatory protections offered by federal and state authorities to prospective purchasers of property. Where applicable studies have resulted in the determination that remediation was required by applicable law, the necessary remediation is typically incorporated into the acquisition or development activity of the relevant property. The Company is not aware of any environmental liability that the Company's management believes would have a material adverse effect on the Company's business, assets, or results of operations.

Certain environmental laws impose liability on a previous owner of a property to the extent that hazardous or toxic substances were present during the prior ownership period. A transfer of the property does not necessarily relieve an owner of such liability. Thus, although the Company is not aware of any such situation, the Company may be liable in respect to properties previously sold. The Company believes that it and its properties are in compliance in all material respects with all applicable federal, state, and local laws, ordinances, and regulations governing the environment.

Competition

The Company competes with other real estate owners with similar properties located in its markets and distinguishes itself to tenants/buyers primarily on the basis of location, rental rates/sales prices, services provided, reputation, and the design and condition of the facilities. The Company also competes with other real estate companies, financial institutions, pension funds, partnerships, individual investors, and others when attempting to acquire and develop properties.

Executive Offices; Employees

The Registrant's executive offices are located at 191 Peachtree Street, Suite 500, Atlanta, Georgia 30303-1740. On December 31, 2014, the Company employed 257 people.

Available Information

The Company makes available free of charge on the "Investor Relations" page of its website, www.cousinsproperties.com, its filed and furnished reports on Forms 10-K, 10-Q, and 8-K, and all amendments thereto, as soon as reasonably practicable after the reports are filed with or furnished to the Securities and Exchange Commission (the "SEC").

The Company’s Corporate Governance Guidelines, Director Independence Standards, Code of Business Conduct and Ethics, and the Charters of the Audit Committee, the Investment Committee, and the Compensation, Succession, Nominating

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and Governance Committee of the Board of Directors are also available on the "Investor Relations" page of the Company's website. The information contained on the Company's website is not incorporated herein by reference. Copies of these documents (without exhibits, when applicable) are also available free of charge upon request to the Company at 191 Peachtree Street, Suite 500, Atlanta, Georgia 30303-1740, Attention: Marli Quesinberry, Investor Relations. Ms. Quesinberry may also be reached by telephone at (404) 407-1898 or by facsimile at (404) 407-1899. In addition, the SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers, including the Company, that file electronically with the SEC at www.sec.gov.

Item 1A. Risk Factors

Set forth below are the risks we believe investors should consider carefully in evaluating an investment in the securities of Cousins Properties Incorporated.

General Risks of Owning and Operating Real Estate

Our ownership of commercial real estate involves a number of risks, the effects of which could adversely affect our business.

General economic and market risks. Our assets are subject to general economic and market risks. As such, in a general economic decline or recessionary climate, our assets may not generate sufficient cash to pay expenses, service debt, or cover maintenance, and, as a result, our results of operations and cash flows may be adversely affected. Factors that may adversely affect the economic performance and value of our properties include, among other things:

- changes in the national, regional and local economic climate;
- local real estate conditions such as an oversupply of rentable space or a reduction in demand for rentable space;
- the attractiveness of our properties to tenants or buyers;
- competition from other available properties;
- changes in market rental rates and related concessions granted to tenants including, but not limited to, free rent, tenant allowances, and tenant improvement allowances; and
- the need to periodically repair, renovate, and re-lease buildings.

Uncertain economic conditions may adversely impact current tenants in our various markets and, accordingly, could affect their ability to pay rents owed to us pursuant to their leases. In periods of economic uncertainty, tenants are more likely to close less profitable locations and/or to declare bankruptcy; and, pursuant to various bankruptcy laws, leases may be rejected and thereby terminated. Furthermore, our ability to sell or lease our properties at favorable rates, or at all, may be negatively impacted by general or local economic conditions.

Our ability to collect rent from tenants may affect our ability to pay for adequate maintenance, insurance, and other operating costs (including real estate taxes). Also, the expense of owning and operating a property is not necessarily reduced when circumstances such as market factors cause a reduction in income from the property. If a property is mortgaged and we are unable to meet the mortgage payments, the lender could foreclose on the mortgage and take title to the property. In addition, interest rate levels, the availability of financing, changes in laws, and governmental regulations (including those governing usage, zoning and taxes) may adversely affect our financial condition.

Impairment risks. We regularly review our real estate assets for impairment; and based on these reviews, we may record impairment losses that have an adverse effect on our results of operations. Negative or uncertain market and economic conditions, as well as market volatility, increase the likelihood of incurring impairment losses. If management decides to sell a real estate asset rather than holding it for long term investment or reduces its estimates of future cash flows on a real estate asset, the risk of impairment increases. The magnitude and frequency with which these charges occur could materially and adversely affect our business, financial condition, and results of operations.

Leasing risk. Our operating revenues are dependent upon entering into leases with, and collecting rents from, our tenants. Tenants whose leases are expiring may desire to decrease the space they lease and/or may be unwilling to continue their lease. When leases expire or are terminated, replacement tenants may not be available upon acceptable terms and market rental rates may be lower than the previous contractual rental rates. Also, our tenants may approach us for additional concessions in order to remain open and operating. The granting of these concessions may adversely affect our results of operations and cash flows to the extent that they result in reduced rental rates, additional capital improvements, or allowances paid to, or on behalf of, the tenants.

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Tenant and property concentration risk. As of December 31, 2014, our top 20 tenants represented 41% of our annualized base rental revenues with no single tenant accounting for more than 7% of our annualized base rent. In addition, as of December 31, 2014, 24% of our annualized base rent comes from tenants in the energy sector with no other sector representing more than 19% of our annualized base rent. The inability of any of our significant tenants to pay rent or to vacate their premises prior to, or at the conclusion of, their lease terms could have a significant negative impact on our results of operations or financial condition if a suitable replacement tenant is not secured in a timely manner. In addition, a prolonged period of low oil or natural gas prices or other factors negatively impacting the energy industry could have an adverse impact on our energy tenants' ability to pay rent or could cause them to vacate their premises prior to, or at the conclusion of, their lease terms. These events could have a significant adverse impact on our results of operations or financial condition.

For the three months ended December 31, 2014, 45% of our net operating income was derived from the metropolitan Houston area and 39% was derived from the metropolitan Atlanta area. Any adverse economic conditions impacting Atlanta or Houston could adversely affect our overall results of operations and financial condition. Given the fact that the Houston metropolitan area is dependent upon the energy sector, a prolonged period of low oil or natural gas prices, or other factors negatively impacting the energy industry could have an adverse impact on our ability to maintain the occupancy of our Houston properties or could cause us to lease space at rates below current in place rents or at rates below the rates we have leased space in our Houston properties over the prior year. In addition, factors negatively impacting the energy industry could reduce the market values of our Houston properties which could reduce our net asset value and adversely affect our financial condition and results of operations, or cause a decline in the value of our common stock.

Uninsured losses and condemnation costs. Accidents, earthquakes, terrorism incidents, and other losses at our properties could adversely affect our operating results. Casualties may occur that significantly damage an operating property, and insurance proceeds may be less than the total loss incurred by us. Although we maintain casualty insurance under policies we believe to be adequate and appropriate, including rent loss insurance on operating properties, some types of losses, such as those related to the termination of longer-term leases and other contracts, generally are not insured. Certain types of insurance may not be available or may be available on terms that could result in large uninsured losses. Property ownership also involves potential liability to third parties for such matters as personal injuries occurring on the property. Such losses may not be fully insured. In addition to uninsured losses, various government authorities may condemn all or parts of operating properties. Such condemnations could adversely affect the viability of such projects.

Environmental issues. Environmental issues that arise at our properties could have an adverse effect on our financial condition and results of operations. Federal, state, and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real estate to investigate and clean up hazardous or toxic substances or petroleum product releases at a property. If determined to be liable, the owner or operator may have to pay a governmental entity or third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with the contamination, or perform such investigation and clean-up itself. Although certain legal protections may be available to prospective purchasers of property, these laws typically impose clean-up responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the regulated substances. Even if more than one person may have been responsible for the release of regulated substances at the property, each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages and costs resulting from regulated substances emanating from that site. We are not currently aware of any environmental liabilities at locations that we believe could have a material adverse effect on our business, assets, financial condition, or results of operations. Unidentified environmental liabilities could arise, however, and could have an adverse effect on our financial condition and results of operations.

Joint venture structure risks. Similar to other real estate companies, we have interests in various joint ventures (including partnerships and limited liability companies) and may in the future invest in real estate through such structures. Our venture partners may have rights to take actions over which we have no control, or the right to withhold approval of actions that we propose, either of which could adversely affect our interests in the related joint

ventures and in some cases our overall financial condition and results of operations. These structures involve participation by other parties whose interests and rights may not be the same as ours. For example, a venture partner might have economic and/or other business interests or goals which are incompatible with our business interests or goals and that venture partner may be in a position to take action contrary to our interests. In addition, such venture partners may default on their obligations, which could have an adverse impact on the financial condition and operations of the joint venture. Such defaults may result in our fulfilling their obligations that may, in some cases, require us to contribute additional capital to the ventures. Furthermore, the success of a project may be dependent upon the expertise, business judgment, diligence, and effectiveness of our venture partners in matters that are outside our control. Thus, the involvement of venture partners could adversely impact the development, operation, ownership, or disposition of the underlying properties.

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Liquidity risk. Real estate investments are relatively illiquid and can be difficult to sell and convert to cash quickly. As a result, our ability to sell one or more of our properties, whether in response to any changes in economic or other conditions or in response to a change in strategy, may be limited. In the event we want to sell a property, we may not be able to do so in the desired time period, the sales price of the property may not meet our expectations or requirements, and we may be required to record an impairment loss on the property as a result.

Compliance or failure to comply with federal, state and local regulatory requirements could result in substantial costs. Our properties are subject to various federal, state, and local regulatory requirements, such as the Americans with Disabilities Act and state and local fire, health, and life safety requirements. Compliance with these regulations may involve upfront expenditures and/or ongoing costs. If we fail to comply with these requirements, we could incur fines or other monetary damages. We do not know whether existing requirements will change or whether compliance with existing or future requirements will require significant unanticipated expenditures that will affect our cash flows and results of operations.

Financing Risks

At certain times, interest rates and other market conditions for obtaining capital are unfavorable, and, as a result, we may be unable to raise the capital needed to invest in acquisition or development opportunities, maintain our properties, or otherwise satisfy our commitments on a timely basis, or we may be forced to raise capital at a higher cost or under restrictive terms, which could adversely affect returns on our investments, our cash flows, and results of operations.

We generally finance our acquisition and development projects through one or more of the following: our Credit Facility, non-recourse mortgages, the sale of assets, construction loans, joint venture equity, and the issuance of common stock. Each of these sources may be constrained from time to time because of market conditions, and the related cost of raising this capital may be unfavorable at any given point in time. These sources of capital, and the risks associated with each, include the following:

- Credit facilities. Terms and conditions available in the marketplace for credit facilities vary over time. We can provide no assurance that the amount we need from our Credit Facility will be available at any given time, or at all, or that the rates and fees charged by the lenders will be reasonable. We incur interest under our Credit Facility at a variable rate. Variable rate debt creates higher debt service requirements if market interest rates increase, which would adversely affect our cash flow and results of operations. Our Credit Facility contains customary restrictions, requirements and other limitations on our ability to incur indebtedness, including restrictions on unsecured debt outstanding, restrictions on secured recourse debt outstanding, and requirements to maintain minimum fixed charge coverage ratios. Our continued ability to borrow under our Credit Facility is subject to compliance with these covenants.
- Non-recourse mortgages. The availability of financing is dependent upon various conditions, including the willingness of mortgage lenders to lend at any given point in time. Interest rates and loan-to-value ratios may also be volatile, and we may from time to time elect not to proceed with mortgage financing due to unfavorable terms offered by lenders. Inability to access the mortgage market could adversely affect our ability to finance acquisition or development activities. In addition, if a property is mortgaged to secure payment of indebtedness and we are unable to make the mortgage payments, the lender may foreclose, resulting in loss of income and asset value. We may not be able to refinance debt secured by our properties at the same levels or on the same terms, which could adversely affect our business, financial condition and results of operations. Further, at the time a mortgage matures, the property may be worth less than the mortgage amount and, as a result, the Company may determine not to refinance the mortgage and permit foreclosure, generating a loss to the Company and defaults on other mortgages.
- Property sales. Real estate markets tend to experience market cycles. Because of such cycles, the potential terms and conditions of sales, including prices, may be unfavorable for extended periods of time. In addition, our status as a REIT limits our ability to sell properties, which may affect our ability to liquidate an investment. As a result, our ability to raise capital through property sales in order to fund our acquisition and development projects or other cash needs could be limited. In addition, mortgage financing on a property may prohibit prepayment and/or impose a prepayment penalty upon the sale of that property, which may decrease the proceeds from a sale or refinancing or make the sale or refinancing impractical.

Construction loans. Construction loans generally relate to specific assets under construction and fund costs above an initial equity amount deemed acceptable to the lender. Terms and conditions of construction facilities vary, but they generally carry a term of two to five years, charge interest at variable rates, require the lender to be satisfied with the nature and amount of construction costs prior to funding and require the lender to be satisfied with the level of pre-leasing prior to closing. Construction loans frequently require a portion of the loan to be recourse to

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the Company in addition to being recourse to the the equity in the asset. While construction lending is generally competitive and offered by many financial institutions, there may be times when these facilities are not available or are only available upon unfavorable terms which could have an adverse effect on our ability to fund development projects or on our ability to achieve the returns we expect.

- Joint ventures. Joint ventures, including partnerships or limited liability companies, tend to be complex arrangements, and there are only a limited number of parties willing to undertake such investment structures. There is no guarantee that we will be able to undertake these ventures at the times we need capital.
- Common stock. Common stock offerings may have a dilutive effect on our earnings per share and funds from operations per share. The actual amount of dilution, if any, from any future offering of common stock will be based on numerous factors, particularly the use of proceeds and any return generated thereby, and cannot be determined at this time. The per share trading price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market in connection with an offering, or otherwise, or as a result of the perception or expectation that such sales could occur. We can also provide no assurance that conditions will be favorable for future issuances of common stock when we need the capital, which could have an adverse effect on our ability to fund acquisition and development activities.

As a result of any additional indebtedness incurred to consummate investment activities, we may experience a potential material adverse effect on our financial condition and results of operations.

The incurrence of new indebtedness could have adverse consequences on our business, such as:

- requiring us to use a substantial portion of our cash flow from operations to service our indebtedness, which would reduce the available cash flow to fund working capital, capital expenditures, development projects and other general corporate purposes and reduce cash for distributions;
- limiting our ability to obtain additional financing to fund our working capital needs, acquisitions, capital expenditures or other debt service requirements or for other purposes;
- increasing the costs of incurring additional debt;
- increasing our exposure to floating interest rates;
- limiting our ability to compete with other companies who are not as highly leveraged, as we may be less capable of responding to adverse economic and industry conditions;
- restricting us from making strategic acquisitions, developing properties or exploiting business opportunities;
- restricting the way in which we conduct our business because of financial and operating covenants in the agreements governing our existing and future indebtedness;
- exposing us to potential events of default (if not cured or waived) under covenants contained in our debt instruments that could have a material adverse effect on our business, financial condition and operating results;
- increasing our vulnerability to a downturn in general economic conditions; and
- limiting our ability to react to changing market conditions in our industry.

The impact of any of these potential adverse consequences could have a material adverse effect on our results of operations, financial condition, and liquidity.

Covenants contained in our Credit Facility and mortgages could restrict or hinder our operational flexibility, which could adversely affect our results of operations.

Our Credit Facility imposes financial and operating covenants on us. These covenants may be modified from time to time, but covenants of this type typically include restrictions and limitations on our ability to incur debt, as well as limitations on the amount of our unsecured debt, limitations on distributions to stockholders, and limitations on the amount of joint venture activity in which we may engage. These covenants may limit our flexibility in making business decisions. If we fail to comply with these covenants, our ability to borrow may be impaired, which could potentially make it more difficult to fund our capital and operating needs. Our failure to comply with such covenants could cause a default, and we may then be required to repay our outstanding debt with capital from other sources. Under those circumstances, other sources of capital may not be available to us or may be available only on unattractive terms, which could materially and adversely affect our financial condition and results of operations. In addition, the cross default provision on the Credit Facility may affect business decisions on other mortgage debt.

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Some of our property mortgages contain customary negative covenants, including limitations on our ability, without the lender's prior consent, to further mortgage that property, to enter into new leases, to modify existing leases, or to sell the property. Compliance with these covenants and requirements could harm our operational flexibility and financial condition.

Our degree of leverage could limit our ability to obtain additional financing or affect the market price of our securities.

Total debt as a percentage of either total asset value or total market capitalization is often used by analysts to gauge the financial health of equity REITs such as us. If our degree of leverage is viewed unfavorably by lenders or potential joint venture partners, it could affect our ability to obtain additional financing. In general, our degree of leverage could also make us more vulnerable to a downturn in business or the economy. In addition, increases in our debt to market capitalization ratio, which is in part a function of our stock price, or to other measures of asset value used by financial analysts, may have an adverse effect on the market price of common stock.

Real Estate Acquisition and Development Risks

We face risks associated with the development of real estate, such as delay, cost overruns and the possibility that we are unable to lease a portion of the space that we build, which could adversely affect our results.

Development activities contain certain inherent risks. Although we seek to minimize risks from commercial development through various management controls and procedures, development risks cannot be eliminated. Some of the key factors affecting development of commercial property are as follows:

- The availability of sufficient development opportunities. Absence of sufficient development opportunities could result in our experiencing slower growth in earnings and cash flows. Development opportunities are dependent upon a wide variety of factors. Availability of these opportunities can be volatile as a result of, among other things, economic conditions and product supply/demand characteristics in a particular market.

- Abandoned predevelopment costs. The development process inherently requires that a large number of opportunities be pursued with only a few actually being developed. We may incur significant costs for predevelopment activity for projects that are later abandoned, which would directly affect our results of operations. For projects that are later abandoned, we must expense certain costs, such as salaries, that would have otherwise been capitalized. We have procedures and controls in place that are intended to minimize this risk, but it is likely that we will incur predevelopment expense on subsequently abandoned projects on an ongoing basis.

- Project costs. Construction and leasing of a project involves a variety of costs that cannot always be identified at the beginning of a project. Costs may arise that have not been anticipated or actual costs may exceed estimated costs. These additional costs can be significant and could adversely impact our return on a project and the expected results of operations upon completion of the project. Also, construction costs vary over time based upon many factors, including the demand for building materials. We attempt to mitigate the risk of unanticipated increases in construction costs on our development projects through guaranteed maximum price contracts and pre-ordering of certain materials, but we may be adversely affected by increased construction costs on our current and future projects.

- Leasing risk. The success of a commercial real estate development project is heavily dependent upon entering into leases with acceptable terms within a predefined lease-up period. Although our policy is to achieve pre-leasing goals (which vary by market, product type and circumstances) before committing to a project, it is expected that not all the space in a project will be leased at the time we commit to the project. If the additional space is not leased on schedule and upon the expected terms and conditions, our returns, future earnings and results of operations from the project could be adversely impacted. Whether or not tenants are willing to enter into leases on the terms and conditions we project and on the timetable we expect will depend upon a number of factors, many of which are outside our control. These factors may include:
  - general business conditions in the local or broader economy or in the prospective tenants' industries;
  - supply and demand conditions for space in the marketplace; and

- level of competition in the marketplace.

- Reputation risks. We have historically developed and managed a significant portion of our real estate portfolio and believe that we have built a positive reputation for quality and service with our lenders, joint venture partners and tenants. If we were viewed as developing underperforming properties, suffered sustained losses on our investments,

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defaulted on a significant level of loans or experienced significant foreclosure or deed in lieu of foreclosure of our properties, our reputation could be damaged. Damage to our reputation could make it more difficult to successfully develop or acquire properties in the future and to continue to grow and expand our relationships with our lenders, joint venture partners and tenants, which could adversely affect our business, financial condition, and results of operations.

- Governmental approvals. All necessary zoning, land-use, building, occupancy and other required governmental permits and authorization may not be obtained, may only be obtained subject to onerous conditions or may not be obtained on a timely basis resulting in possible delays, decreased profitability, and increased management time and attention.

We may face risks associated with property acquisitions.

The risks associated with property acquisitions are similar to those described above for real estate development. However, certain additional risks may be present for property acquisitions. These risks may include:

- difficulty finding properties that are consistent with our strategy and that meet our standards;
- difficulty negotiating with new or existing tenants;
- the extent of competition in a particular market for attractive acquisitions may hinder our desired level of property acquisitions or redevelopment projects;
- the costs and timing of repositioning or redeveloping acquired properties may be greater than our estimates;
- the occupancy levels, lease-up timing and rental rates may not meet our expectations;
- the acquired properties may fail to meet internal projections or otherwise fail to perform as expected;
- the acquired property may be in a market that is unfamiliar to us and could present additional unforeseen business challenges;
- the timing of property acquisitions may lag the timing of property dispositions, leading to periods of time where projects' proceeds are not invested as profitably as we desire;
- the inability to obtain financing for acquisitions on favorable terms or at all;
- the inability to successfully integrate the operations, maintain consistent standards, controls, policies and procedures, or realize the anticipated benefits of acquisitions within the anticipated time frames or at all;
- the inability to effectively monitor and manage our expanded portfolio of properties, retain key employees or attract highly qualified new employees;
- the possible decline in value of the acquired assets;
- the diversion of our management’s attention away from other business concerns; and
- the exposure to any undisclosed or unknown issues, expenses, or potential liabilities relating to acquisitions.

In addition, we may acquire properties subject to liabilities with no, or limited, recourse against the prior owners or other third parties. As a result, if a liability were asserted against us based upon ownership of those properties, we might have to pay substantial sums to settle or contest it. Any of these risks could cause a failure to realize the intended benefits of our acquisitions and could have a material adverse effect on our financial condition, results of operations, and the market price of our common stock.

General Business Risks

We are dependent upon the services of certain key personnel, the loss of any of whom could adversely impair our ability to execute our business.

One of our objectives is to develop and maintain a strong management group at all levels. At any given time, we could lose the services of key executives and other employees. None of our key executives or other employees is subject to employment contracts. Further, we do not carry key person insurance on any of our executive officers or other key employees. The loss of services of any of our key employees could have an adverse effect upon our results of operations, financial condition and our ability to execute our business strategy.

Our restated and amended articles of incorporation contain limitations on ownership of our stock, which may prevent a change in control that might otherwise be in the best interests of our stockholders.

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Our restated and amended articles of incorporation impose limitations on the ownership of our stock. In general, except for certain individuals who owned stock at the time of adoption of these limitations, and except for persons that are granted waivers by our Board of Directors, no individual or entity may own more than 3.9% of the value of our outstanding stock. The ownership limitation may have the effect of delaying, inhibiting or preventing a transaction or a change in control that might involve a premium price for our stock or otherwise be in the best interest of our stockholders.

Our operating results and the market price of our common stock may fluctuate.

Our operating results have fluctuated greatly in the past, due to, among other things, volatility in land sales, property sales, and impairment losses. We have simplified our business and focus our resources on Class A office properties in our primary markets which we expect to make our operating results less volatile over time. Therefore, our historical performance may not be a meaningful indicator of our future results.

The market prices of shares of our common stock have been, and may continue to be, subject to fluctuation due to many events and factors such as those described in this report including:

- actual or anticipated variations in our operating results, funds from operations or liquidity;
- the general reputation of real estate as an attractive investment in comparison to other equity securities and/or the reputation of the product types of our assets compared to other sectors of the real estate industry;
- material changes in the energy industry or other significant tenant industry concentration;
- the general stock and bond market conditions, including changes in interest rates or fixed income securities;
- changes in tax laws;
- changes to our dividend policy;
- changes in market valuations of our properties;
- adverse market reaction to the amount of our outstanding debt at any time, the amount of our maturing debt and our ability to refinance such debt on favorable terms;
- any failure to comply with existing debt covenants;
- any foreclosure or deed in lieu of foreclosure of our properties;
- additions or departures of key executives and other employees;
- actions by institutional stockholders;
- uncertainties in world financial markets;
- the realization of any of the other risk factors described in this report; and
- general market and economic conditions, in particular, market and economic conditions of Atlanta, Georgia and Houston,Texas.

Many of the factors listed above are beyond our control. Those factors may cause market prices of shares of our common stock to decline, regardless of our financial performance, condition and prospects. The market price of shares of our common stock may fall significantly in the future, and it may be difficult for our stockholders to resell our common stock at prices they find attractive.

If our future operating performance does not meet the projections of our analysts or investors, our stock price could decline.

Independent securities analysts publish quarterly and annual projections of our financial performance. These projections are developed independently by third-party securities analysts based on their own analyses, and we undertake no obligation to monitor, and take no responsibility for, such projections. Such estimates are inherently subject to uncertainty and should not be relied upon as being indicative of the performance that we anticipate for any applicable period. Our actual revenues, net income and funds from operations may differ materially from what is projected by securities analysts. If our actual results do not meet analysts' guidance, our stock price could decline significantly.

We face risks associated with security breaches through cyber attacks, cyber intrusions, or otherwise, as well as other significant disruptions of our information technology (IT) networks and related systems.

We face risks associated with security breaches or disruptions, whether through cyber attacks or cyber intrusions over the Internet, malware, computer viruses, attachments to emails, persons inside our organization, or persons with access to systems inside our organization, and other significant disruptions of our IT networks and related systems.

The risk of a security breach or disruption, particularly through cyber attacks or cyber intrusion, including by computer hackers, foreign governments, and

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cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Our IT networks and related systems are essential to the operation of our business and our ability to perform day-to-day operations (including managing our building systems) and, in some cases, may be critical to the operations of certain of our tenants. There can be no assurance that our efforts to maintain the security and integrity of these types of IT networks and related systems will be effective or that attempted security breaches or disruptions would not be successful or damaging. A security breach or other significant disruption involving our IT networks and related systems could adversely impact our financial condition, results of operations, cash flows, liquidity, and the market price of our common stock.

Federal Income Tax Risks

Any failure to continue to qualify as a REIT for federal income tax purposes could have a material adverse impact on us and our stockholders.

We intend to continue to operate in a manner to qualify as a REIT for federal income tax purposes. Qualification as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code (the "Code"), for which there are only limited judicial or administrative interpretations. Certain facts and circumstances not entirely within our control may affect our ability to qualify as a REIT. In addition, we can provide no assurance that legislation, new regulations, administrative interpretations or court decisions will not adversely affect our qualification as a REIT or the federal income tax consequences of our REIT status.

If we were to fail to qualify as a REIT, we would not be allowed a deduction for distributions to stockholders in computing our taxable income. In this case, we would be subject to federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates. Unless entitled to relief under certain Code provisions, we also would be disqualified from operating as a REIT for the four taxable years following the year during which qualification was lost. As a result, we would be subject to federal and state income taxes which could adversely affect our results of operations and distributions to stockholders. Although we currently intend to operate in a manner designed to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause us to revoke the REIT election.

In order to qualify as a REIT, under current law, we generally are required each taxable year to distribute to our stockholders at least 90% of our net taxable income (excluding any net capital gain). To the extent that we do not distribute all of our net capital gain or distribute at least 90%, but less than 100%, of our other taxable income, we are subject to tax on the undistributed amounts at regular corporate rates. In addition, we are subject to a 4% nondeductible excise tax to the extent that distributions paid by us during the calendar year are less than the sum of the following:

- 85% of our ordinary income;
- 95% of our net capital gain income for that year; and
- 100% of our undistributed taxable income (including any net capital gains) from prior years.

We generally intend to make distributions to our stockholders to comply with the 90% distribution requirement to avoid corporate-level tax on undistributed taxable income and to avoid the nondeductible excise tax. Distributions could be made in cash, stock or in a combination of cash and stock. Differences in timing between taxable income and cash available for distribution could require us to borrow funds to meet the 90% distribution requirement, to avoid corporate-level tax on undistributed taxable income and to avoid the nondeductible excise tax. Satisfying the distribution requirements may also make it more difficult to fund new investment or development projects.

Certain property transfers may be characterized as prohibited transactions, resulting in a tax on any gain attributable to the transaction.

From time to time, we may transfer or otherwise dispose of some of our properties. Under the Code, any gains resulting from transfers or dispositions, from other than our taxable REIT subsidiary, that are deemed to be prohibited transactions would be subject to a 100% tax on any gain associated with the transaction. Prohibited transactions generally include sales of assets that constitute inventory or other property held for sale to customers in the ordinary course of business. Since we acquire properties primarily for investment purposes, we do not believe that our occasional transfers or disposals of property are deemed to be prohibited transactions. However, whether or not a transfer or sale of property qualifies as a prohibited transaction depends on all the facts and circumstances surrounding

the particular transaction. The Internal Revenue Service may contend that certain transfers or disposals of properties by us are prohibited transactions. While we believe that the Internal Revenue Service would not prevail in any such dispute, if the Internal Revenue Service were to argue successfully that a transfer or disposition of property constituted a prohibited transaction, we would be required to pay a tax equal to 100% of any gain allocable to us from the prohibited transaction. In addition, income from a prohibited transaction might adversely affect our ability to satisfy the income tests for qualification as a REIT for federal income tax purposes.

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Disclosure Controls and Internal Control over Financial Reporting Risks

Our business could be adversely impacted if we have deficiencies in our disclosure controls and procedures or internal control over financial reporting.

The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. In addition, new system implementations, such as our recent conversion from the JD Edwards information system to the Yardi information system, increase the risk that undetected errors in publicly disclosed financial information will occur. While management will continue to review the effectiveness of our disclosure controls and procedures and internal control over financial reporting, there can be no guarantee that our internal control over financial reporting will be effective in accomplishing all control objectives at all times. Deficiencies, including any material weakness, in our internal control over financial reporting which may occur in the future could result in misstatements of our results of operations, restatements of our financial statements, a decline in our stock price, or otherwise materially adversely affect our business, reputation, results of operations, financial condition or liquidity.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

The following table sets forth certain information related to operating properties in which the Company has an ownership interest. Information presented in note 5 to the consolidated financial statements provides additional information related to the Company’s unconsolidated joint ventures. Except as noted, all information presented is as of December 31, 2014:

Operating Properties

	Property Description	Metropolitan Area	Rentable Square Feet	Financial Statement Presentation	Company's Ownership Interest	Company's Share End of Period Leased	Company's Share Weighted Average Occupancy (1)	% of Total Net Operating Income (2)	Property Level Debt ($000)	Annualize Base Rents (5)
I.	OFFICE PROPERTIES									
	Greenway Plaza (3)	Houston	4,348,000	Consolidated	100%	95.6%	92.8%	34%	—	
	Post Oak Central (3)	Houston	1,280,000	Consolidated	100%	95.6%	95.7%	11%	185,109	
	2100 Ross Avenue	Dallas	844,000	Consolidated	100%	86.3%	81.3%	3%	—	
	816 Congress	Austin	435,000	Consolidated	100%	90.4%	87.6%	3%	85,000	
	The Points at Waterview	Dallas	203,000	Consolidated	100%	83.5%	81.6%	1%	14,598	
	TEXAS		7,110,000					52%	284,707	
	Northpark Town Center (3)	Atlanta	1,528,000	Consolidated	100%	92.6%	87.6%	10%	—	
	191 Peachtree Tower	Atlanta	1,225,000	Consolidated	100%	89.4%	85.8%	7%	100,000	
	The American Cancer Society	Atlanta	996,000	Consolidated	100%	84.4%	84.5%	5%	131,083	

	Center Promenade	Atlanta	777,000	Consolidated	100%	92.8%	82.2%	5%	110,946	
	Terminus 100	Atlanta	656,000	Unconsolidated	50%	95.6%	94.3%	3%	65,820	
	North Point Center East (3)	Atlanta	540,000	Consolidated	100%	96.5%	92.6%	3%	—	
	Terminus 200	Atlanta	566,000	Unconsolidated	50%	87.8%	84.3%	2%	41,000	
	Meridian Mark Plaza	Atlanta	160,000	Consolidated	100%	98.3%	96.2%	2%	25,408	
	Emory University Hospital Midtown Medical Office Tower	Atlanta	358,000	Unconsolidated	50%	100.0%	99.2%	2%	37,500	
	GEORGIA		6,806,000					39%	511,757	
	Gateway Village	Charlotte	1,065,000	Unconsolidated	50%	100.0%	100%	1%	17,765	
	Fifth Third Center	Charlotte	698,000	Consolidated	100%	83.4%	79.8%	6%	—	
	NORTH CAROLINA		1,763,000					7%	17,765	
	TOTAL OFFICE PROPERTIES		15,679,000					98%	814,229	$257,226
II.	OTHER PROPERTIES									
	Emory Point Apartments (Phase I) (4)	Atlanta	404,000	Unconsolidated	75%	91.6%	68.6%	2%	36,328	
	Emory Point Retail (Phase I)	Atlanta	80,000	Unconsolidated	75%	90.0%	77.3%	—%	7,194	
	TOTAL OTHER PROPERTIES		484,000					2%	43,522	$1,360
	TOTAL PORTFOLIO		16,163,000					100%	857,751	

(1) Weighted average economic occupancy represents an average of the square footage occupied at the property during the year. If the property was purchased during the year, average economic occupancy is calculated from the date of purchase forward.

(2) Net operating income represents rental property revenues less rental property operating expenses for the three moths ended December 31, 2014.

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(3) Contains multiple buildings that are grouped together for reporting purposes.
(4) This property consists of 443 units.
(5) Annualized base rents represents the sum of the annualized rent each tenant is paying as of the end of the reporting period. If a tenant is not paying rent due to a free rent concession, annualized base rent is calculated based on the annualized base rent the tenant will pay in the first period it is required to pay rent.
(6) Included in this amount is $11.1 million of Annualized Base Rent for tenants in a free rent period.
(7) Included in this amount is $91,000 of Annualized Base Rent for tenants in a free rent period.

Lease Expirations

As of December 31, 2014, the Company's portfolio included 16 operating office properties. The weighted average remaining lease term of these office properties was approximately six years as of December 31, 2014. Most of the major tenant leases in these properties provide for pass through of operating expenses and contractual rents which escalate over time. The leases expire as follows:

Year of Expiration	Number of Tenants	Square Feet Expiring (1)	% of Leased Space	Annual Contractual Rents ($000's) (2)	% of Total Annual Contractual Rents	Annual Contractual Rent/Sq. Ft. (2)
2015	123	911,276	6.9%	$17,691	5.7%	$19.41
2016	110	1,293,613	9.7%	26,268	8.5%	20.31
2017	123	1,552,776	11.7%	32,008	10.4%	20.61
2018	73	1,098,573	8.3%	22,717	7.3%	20.68
2019	93	1,224,994	9.2%	29,935	9.7%	24.44
2020	52	778,477	5.9%	18,276	5.9%	23.48
2021	42	1,059,455	8.0%	26,127	8.5%	24.66
2022	37	1,292,396	9.7%	28,560	9.2%	22.10
2023	42	1,102,805	8.3%	25,174	8.2%	22.83
2024 &Thereafter	57	2,960,055	22.3%	82,121	26.6%	27.74
Total	752	13,274,420	100.0%	$308,877	100.0%	$23.27

Note: Excludes apartment and retail lease expirations.
(1) Company's share.
(2) Annual Contractual Rent shown is the estimated rate in the year of expiration. It includes the minimum contractual rent paid by the tenant which, in most of the office leases, includes a base year of operating expenses.

Development Pipeline

As of December 31, 2014, the Company had the following projects under development ($ in thousands):

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Project	Type	Metropolitan Area	Company's Ownership Interest	Project Start Date	Number of Apartment Units/Square Feet	Estimated Project Cost (1)	Project Cost Incurred to Date (1)	Percent Leased	Percent Occupied	Initial Occupancy		Estimated Stabilization (4)
Colorado Tower	Office	Austin, TX	100%	2Q13	373,000	$126,100	$86,150	95%	—%	1Q15	(2)	1Q16
Research Park V	Office	Austin, TX	100%	4Q14	173,000	$44,000	$5,233	—%	—%	4Q15	(2)	4Q16
Emory Point (Phase II)	Mixed	Atlanta, GA	75%	4Q13		$75,300	$44,863					
Apartments					307			—%	—%	2Q15	(3)	2Q16
Retail					45,000			62%	—%	2Q15	(3)	2Q16

Note: This schedule shows projects currently under active development through the point of stabilization. Amounts included in the estimated project cost column represent the estimated costs of the project through stabilization. Significant estimation is required to derive these costs and the final costs may differ from these estimates. The projected stabilization dates are also estimates and are subject to change as the project proceeds through the development process.

(1) Amount represents 100% of the estimated project cost. Colorado Tower is being funded 100% by the Company, and Emory Point Phase II is being funded with a combination of equity from the partners and a $46 million construction loan. Emory Point Phase II will initially be funded by equity contributions until the partners have contributed their required equity amounts. All subsequent funding is expected to come from the Emory Point Phase II construction loan. As of December 31, 2014, $9.6 million was outstanding on the Emory Point Phase II construction loan.

(2) Represents the estimated quarter within which the Company estimates the first office square feet to be occupied.

(3) Represents the estimated quarter within which the first apartment/retail is expected to be occupied.

(4) Stabilization represents the quarter within which the Company estimates it will achieve 90% economic occupancy or one year from Initial Occupancy.

Inventory of Land

As of December 31, 2014, the Company owned the following land holdings either directly or indirectly through joint ventures:

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	Metropolitan Area	Company's Ownership Interest	Total Developable Land (Acres)	Company's Share of Developable Land (Acres)
COMMERCIAL				
North Point	Atlanta	100.00%	32	
Wildwood Office Park	Atlanta	50.00%	22	
The Avenue Forsyth-Adjacent Land	Atlanta	100.00%	10	
Wildwood Office Park	Atlanta	100.00%	10	
549 / 555 / 557 Peachtree Street	Atlanta	100.00%	1	
Georgia			75	
Victory Center	Dallas	75.0%	3	
Texas			3	
COMMERCIAL LAND HELD			78	67
COST BASIS OF COMMERCIAL LAND HELD			$34,599	$15,777
RESIDENTIAL (1)				
Paulding County	Atlanta	50.00%	4,706	
Blalock Lakes	Atlanta	100.00%	2,657	
Callaway Gardens (2)	Atlanta	100.00%	218	
Georgia			7,581	
Padre Island	Corpus Christi	50.00%	15	
Texas			15	
RESIDENTIAL LAND HELD			7,596	5,235
COST BASIS OF RESIDENTIAL LAND HELD			$24,600	$19,022
GRAND TOTAL LAND HELD			7,674	5,302
GRAND TOTAL COST BASIS OF LAND HELD			$59,199	$34,799

(1) Residential represents land that may be sold to third parties as lots or in large tracts for residential or commercial development.

(2) Company's ownership interest is shown at 100% as Callaway Gardens is owned in a joint venture which is consolidated within the Company. The partner is entitled to a share of the profits after the Company's capital is recovered.

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable.

Item X. Executive Officers of the Registrant

The Executive Officers of the Registrant as of the date hereof are as follows:

Name	Age	Office Held
Lawrence L. Gellerstedt III	58	President, Chief Executive Officer
Gregg D. Adzema	50	Executive Vice President, Chief Financial Officer
John S. McColl	52	Executive Vice President
M. Colin Connolly	38	Senior Vice President, Chief Investment Officer
John D. Harris, Jr.	55	Senior Vice President, Chief Accounting Officer, Treasurer and Assistant Secretary
Pamela F. Roper	41	Senior Vice President, General Counsel and Corporate Secretary

Family Relationships

There are no family relationships among the Executive Officers or Directors.

Term of Office

The term of office for all officers expires at the annual stockholders' meeting. The Board retains the power to remove any officer at any time.

Business Experience

Mr. Gellerstedt was appointed President and Chief Executive officer and Director in July 2009. From February 2009 to July 2009, Mr. Gellerstedt served as President and Chief Operating Officer. From May 2008 to February 2009, Mr. Gellerstedt served as Executive Vice President and Chief Development Officer.

Mr. Adzema was appointed Executive Vice President and Chief Financial Officer in November 2010. Prior to joining the Company, Mr. Adzema served as Chief Investment Officer of Hayden Harper Inc., an investment advisory and hedge fund company, from October 2009 to November 2010.

Mr. McColl was appointed Executive Vice President in December 2011. From February 2010 to December 2011, Mr. McColl served as Executive Vice President-Development, Office Leasing and Asset Management. From May 1997 to February 2010, Mr. McColl served as Senior Vice President.

Mr. Connolly was appointed Senior Vice President and Chief Investment Officer in May 2013. From September 2011 to May 2013, Mr. Connolly served as Senior Vice President. Prior to joining the Company, Mr. Connolly served as Executive Director with Morgan Stanley from December 2009 to August 2011 and as Vice President with Morgan Stanley from December 2006 to December 2009.

Mr. Harris was appointed Senior Vice President and Chief Accounting Officer in February 2005. In May 2005, Mr. Harris was appointed Assistant Secretary. In December 2014, Mr. Harris was appointed Treasurer.

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Ms. Roper was appointed Senior Vice President, General Counsel, and Corporate Secretary in October 2012. From February 2008 to October 2012, Ms. Roper served as Senior Vice President, Associate General Counsel, and Assistant Secretary.

PART II

Item 5. Market for Registrant's Common Stock and Related Stockholder Matters

Market Information

The high and low sales prices for the Company's common stock and dividends declared per common share were as follows:

	2014 Quarters				2013 Quarters			
	First	Second	Third	Fourth	First	Second	Third	Fourth
High	$11.77	$12.50	$13.30	$13.20	$10.84	$11.28	$10.87	$11.45
Low	$10.10	$11.23	$11.95	$10.69	$8.34	$9.30	$9.30	$9.94
Dividends	$0.075	$0.075	$0.075	$0.075	$0.045	$0.045	$0.045	$0.045
Payment Date	2/24/2014	5/28/2014	8/25/2014	12/19/2014	2/22/2013	5/29/2013	8/26/2013	12/20/2013

Holders

The Company's common stock trades on the New York Stock Exchange (ticker symbol CUZ). On February 9, 2015, there were 754 common stockholders of record.

Purchases of Equity Securities

For information on the Company's equity compensation plans, see note 13 of the accompanying consolidated financial statements, which is incorporated herein.

The Company purchased the following common shares during the fourth quarter of 2014:

	Total Number of Shares Purchased (1)	Average Price Paid per Share (1)
October 1 - 31	—	$—
November 1 - 30	21,553	$13.10
December 1 - 31	—	$—
	21,553	$13.10

(1) All activity for the fourth quarter of 2014 related to the remittances of shares for income taxes associated with option exercises.

Performance Graph

The following graph compares the five-year cumulative total return of the Company's Common Stock with the NYSE Composite Index, the FTSE NAREIT Equity Index and the SNL US REIT Office Index. The graph assumes a $100 investment in each of the indices on December 31, 2009 and the reinvestment of all dividends.

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COMPARISON OF CUMULATIVE TOTAL RETURN OF ONE OR MORE COMPANIES, PEER GROUPS, INDUSTRY INDICES AND/OR BROAD MARKETS

	Fiscal Year Ended					
Index	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Cousins Properties Incorporated	100.00	114.77	90.40	120.52	151.34	172.22
NYSE Composite Index	100.00	113.60	109.43	127.11	160.65	171.67
FTSE NAREIT Equity Index	100.00	127.96	138.57	163.60	167.63	218.16
SNL US REIT Office Index	100.00	121.29	120.20	137.70	146.75	184.99

Item 6. Selected Financial Data

The following selected financial data sets forth consolidated financial and operating information on a historical basis. This data has been derived from the Company’s consolidated financial statements and should be read in conjunction with the consolidated financial statements and notes thereto. The data below has been restated for discontinued operations detailed in note 3 of the consolidated financial statements.

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	For the Years Ended December 31,				
	2014	2013	2012	2011	2010
	($ in thousands, except per share amounts)				
Rental property revenues	$343,910	$194,420	$114,208	$94,704	$90,373
Fee income	12,519	10,891	17,797	13,821	14,442
Other	4,954	5,430	4,841	9,600	38,008
Total revenues	361,383	210,741	136,846	118,125	142,823
Rental property operating expenses	155,934	90,498	50,329	40,817	39,133
Reimbursed expenses	3,652	5,215	7,063	6,208	6,303
General and administrative expenses	19,784	21,940	23,208	24,166	28,679
Depreciation and amortization	140,018	76,277	39,424	30,666	32,602
Interest expense	29,110	21,709	23,933	26,677	35,136
Impairment losses	—	—	488	96,818	2,554
Other	4,859	11,697	7,922	9,951	34,142
Total expenses	353,357	227,336	152,367	235,303	178,549
Loss on extinguishment of debt and interest rate swaps	—	—	(94)	—	(9,827)
Benefit (provision) for income taxes from operations	20	23	(91)	186	1,079
Income (loss) from unconsolidated joint ventures	11,268	67,325	39,258	(18,299)	9,493
Gain on sale of investment properties	12,536	61,288	4,053	3,494	1,946
Income (loss) from continuing operations	31,850	112,041	27,605	(131,797)	(33,035)
Discontinued operations	21,158	14,788	20,314	8,330	21,002
Net income (loss)	53,008	126,829	47,919	(123,467)	(12,033)
Net income attributable to noncontrolling interests	(1,004)	(5,068)	(2,191)	(4,958)	(2,540)
Preferred share original issuance costs	(3,530)	(2,656)	—	—	—
Preferred dividends	(2,955)	(10,008)	(12,907)	(12,907)	(12,907)
Net income (loss) available to common stockholders	$45,519	$109,097	$32,821	$(141,332)	$(27,480)
Net income (loss) from continuing operations attributable to controlling interest per common share—basic and diluted	$0.12	$0.66	$0.12	$(1.44)	$(0.48)
Net income (loss) per common share—basic and diluted	$0.22	$0.76	$0.32	$(1.36)	$(0.27)
Dividends declared per common share	$0.30	$0.18	$0.18	$0.18	$0.36
Total assets (at year-end)	$2,667,330	$2,273,206	$1,124,242	$1,235,535	$1,371,282
Notes payable (at year-end)	$792,344	$630,094	$425,410	$5,394,423	$509,509
Stockholders’ investment (at year-end)	$1,673,458	$1,457,401	$620,342	$603,692	$760,079
Common shares outstanding (at year-end)	216,513	189,666	104,090	103,702	103,392

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the selected financial data and the consolidated financial statements and notes.

Overview of 2014 Performance and Company and Industry Trends

The Company's strategy is to create value for its stockholders through the acquisition, development, ownership, and management of Class A office assets and opportunistic mixed-use developments in Sunbelt markets, with a particular focus on Georgia, Texas, and North Carolina. During 2014, the Company completed the acquisition of two properties, substantially completed the development of one office tower and commenced development activities on two other

development projects, all within its target markets. To fund its investment activities, the Company completed the disposition of its remaining grocery-anchored retail assets as well as the disposition of three of its non-core office assets in addition to issuing common equity and closing a long term mortgage loan on an existing office building. As a result of these activities, the Company increased its size (in terms of total market capitalization) by 20% while lowering its debt to total market capitalization ratio to 29%. In addition,

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the Company became more diversified geographically by increasing its exposure to North Carolina and Georgia while decreasing its exposure to Texas.

Investment Activity

The Company's investment strategy is to purchase Class A office assets or locate opportunistic development or redevelopment projects in its core markets to which it can add value through relationships, capital, or market expertise. During 2014, the Company purchased an office tower in the downtown submarket of Charlotte and purchased a three building office property in the Central Perimeter submarket of Atlanta. The Charlotte acquisition, Fifth Third Center, is a Class A office tower that the Company acquired for $215 million. The building was 82% occupied upon acquisition, providing potential to increase the value of the asset through leasing activities, and the Company estimates that existing leases are, on average, below market. The Company also believes that it purchased the property below replacement cost. The Atlanta acquisition, Northpark Town Center, also represents a value opportunity. The Company acquired this 1.5 million square foot complex of Class A office buildings for $358 million which is below the Company's estimate of replacement cost. Upon acquisition, the property was 87% leased, which the Company increased to 93% at year end, in part, through a 68,000 square foot lease it sourced and negotiated prior to closing. The Company believes that existing leases are below market rates.

The Company has grown significantly over the past two years through acquisitions at prices and with characteristics that management believes provide opportunity to increase value through leasing and repositioning activities. Management believes that the number of similar acquisition opportunities will be lower in 2015 while development opportunities are expected to increase. The Company has historically been an active developer and has maintained its development platform. As a result, the Company is positioned to take advantage of near-term development opportunities.

In 2014, the Company commenced construction of Research Park V, a 173,000 square foot office building in Austin which is expected to cost $44 million, $5.1 million of which is land that the Company already owned. This building will complete the Company's multi-phase Research Park office development in northwest Austin. Also during 2014, the Company formed a joint venture to develop Victory Center in Uptown Dallas. This property is expected to be a 466,000 square foot, Class A office tower. In addition, the Company substantially completed construction of Colorado Tower, a 373,000 square foot office tower in Austin in 2014, and the first tenants moved into the building in early 2015. Colorado Tower is currently 95% leased. Finally, the Company continues construction of Emory Point Phase II, a mixed use project consisting of apartments and retail space in Atlanta. The Company expects to complete this project in the first half of 2015.

The Company is currently conducting pre-development activities on projects in Decatur, Georgia and Chapel Hill, North Carolina and expects to break ground on these projects in 2015. The Company is pursuing additional development opportunities that may result in projects that commence in 2015 or thereafter.

Disposition Activity

To help finance the investment activity discussed above and to continue to reposition its portfolio, the Company disposed of $259.1 million in non-core operating assets during 2014. The strategic result of these dispositions is that the Company no longer holds assets in the Birmingham, Alabama and Ft. Worth, Texas markets and no longer owns stand-alone, grocery-anchored or power center retail assets.

The Company exited the Birmingham market with the sales of 600 University Park Place and Lakeshore Park Plaza. The Company sold these assets for a total of $44.7 million. The Company also reduced its retail exposure with the sale of its interests in five Publix-anchored shopping centers. The Company received net proceeds from these sales of $47.4 million after debt repayment and after payments to the Company's partner in the joint ventures that owned these assets. In addition to these sales, the Company sold 777 Main, its 980,000 square foot office tower in Downtown Ft. Worth, Texas, for $167.0 million. The Company had acquired this asset in 2013 as part of the transaction to acquire Greenway Plaza in Houston, Texas. The Company sold this property because Ft. Worth is not a core market for the Company, and the Company believed that opportunities for leveraging growth in this market were limited.

Throughout 2014, the Company reduced its share of land holdings by 484 acres, including the sale of land in Wildwood Office Park, Paulding County and Blalock Lakes. These sales, combined with the transfer of the Research Park V land to projects under construction, reduced the Company's share of the net book value of its land holdings by

$10.0 million.

In 2014, the Company considered pursuing a strategic joint venture for 191 Peachtree to harvest value that the Company created since its purchase in 2006. Although the Company will continue to consider this strategy for 191 Peachtree, it is also considering raising capital from different sources to meet its investment needs.

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Financing Activity

The Company entered 2014 with a strong balance sheet, and one of its ongoing strategic objectives is to maintain a strong balance sheet that provides it with the flexibility to act on investment opportunities as they arise. The Company issued 26.7 million shares of common stock in two offerings that generated net proceeds of $321.9 million. The Company also generated $85.0 million of gross proceeds upon the closing of a non-recourse mortgage loan on 816 Congress. This loan has a fixed annual interest rate of 3.75% and a term of 10 years. The Company also recast its credit facility during 2014. The recast credit facility increased the size of the facility from $350 million to $500 million, extended the maturity date from 2016 to 2019, and reduced the per annum variable rate spread and other fees.

Portfolio Activity

In 2014, the Company leased or renewed 2.2 million square feet of office space. The weighted average net effective rent per square foot, representing base rent less operating expense reimbursements and leasing costs, for new or renewed non-amenity leases with terms greater than one year was $17.17 per square foot in 2014. Cash basis net effective rent per square foot increased 20% on spaces that have been previously occupied in the past year. Cash basis net effective rent represents net rent at the end of the term paid by the prior tenant compared to the net rent at the beginning of the term paid by the current tenant. The same property leasing percentage remained stable throughout the year.

Market Conditions

The Company continues to target high barrier-to-entry submarkets in Atlanta, Austin, Charlotte, Dallas and Houston. Management believes these Sunbelt cities possess some of the most robust economic and market fundamentals including above-average population and job growth, steady office absorption, positive rent growth and limited new supply.

Atlanta, while slower to recover from the recent recession, is showing positive signs of economic growth, having added 63,000 new jobs in 2013 and over 64,000 new jobs in 2014. The metro area’s diverse economic base coupled with its major research universities provide a platform for positive economic development with job growth forecast at 2.2% over the next four years compared to the national average of 1.3%.

Austin is the Company’s strongest market in terms of employment and forecasted job growth over the next four years. Job growth in Austin over the past 12 months has been almost double the national average and the unemployment rate is 4.1% compared to the national average of 5.6%. Class-A office rents have grown 25% since 2010 as vacancy rates have dropped below 10%. With limited new supply under way in our targeted submarket of downtown Austin, the office market is well positioned to see continued rent growth into 2015.

The Charlotte office market continues to improve. The city emerged from the recent recession with a more diversified economy, and its low cost, business-friendly environment has lured many high-profile relocations and expansions. New supply is limited; as a result, overall vacancy is less than 10% and rental rates for new space are strong relative to the past several years.

Dallas, fueled by corporate relocations and expansions, has experienced job growth over the last year twice the national average. Office vacancy rates are as low as they have been in recent years and market fundamentals are expected to remain strong in 2015. The Dallas economy has become more diverse compared to previous cycles. Since 2010, the largest share of office demand was generated by insurance, financial services and technology with only 5% of office growth coming from the energy sector.

Houston has experienced four years of employment growth, adding approximately 440,000 new jobs since 2010, or three jobs for every job lost in the downturn. With an estimated GDP of $517.4 billion for 2014, the region ranks as the nation’s fourth largest economy. Houston’s accelerated growth, however, is beginning to face uncertainty as the recent volatility in energy prices has raised questions about the sustainability of the positive trends. Although Houston's economy is substantially dependent upon the energy industry, it also has a major medical complex and may be positively impacted bythe pending expansion of the Panama Canal.

When the Company entered the Houston market in 2013, it focused on two specific submarkets: Galleria and Greenway. These submarkets have what management believes are high barriers to entry with few available development sites and minimal new supply. Therefore, management believes that there is potential to increase rents as leases expire, and renewals or releasing occurs. In addition, of the Company's top 10 customer in Houston

representing 52% of the entire Houston portfolio, eight carry an investment grade rating. With this tenant roster and these submarkets, management believes that it is well-positioned in Houston.

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Going forward, the Company expects to generate returns and create stockholder value through the lease up of its existing portfolio, through the execution of its development pipeline, and through opportunistic acquisition and development investments within its core markets.

Critical Accounting Policies

The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as outlined in the Financial Accounting Standards Board's Accounting Standards Codification, and the notes to consolidated financial statements include a summary of the significant accounting policies for the Company. The preparation of financial statements in accordance with GAAP requires the use of certain estimates, a change in which could materially affect revenues, expenses, assets or liabilities. Some of the Company's accounting policies are considered to be critical accounting policies, which are ones that are both important to the portrayal of a company's financial condition and results of operations, and ones that also require significant judgment or complex estimation processes. The Company's critical accounting policies are as follows:

Real Estate Assets

Cost Capitalization. The Company is involved in all stages of real estate ownership, including development. Prior to the point a project becomes probable of being developed (defined as more likely than not), the Company expenses predevelopment costs. After management determines the project is probable, all subsequently incurred predevelopment costs, as well as interest, real estate taxes, and certain internal personnel and associated costs directly related to the project under development, are capitalized in accordance with accounting rules. If the Company abandons development of a project that had earlier been deemed probable, the Company charges all previously capitalized costs to expense. If this occurs, the Company's predevelopment expenses could rise significantly. The determination of whether a project is probable requires judgment by management. If management determines that a project is probable, interest, general and administrative, and other expenses could be materially different than if management determines the project is not probable.

During the predevelopment period of a probable project and the period in which a project is under construction, the Company capitalizes all direct and indirect costs associated with planning, developing, leasing, and constructing the project. Determination of what costs constitute direct and indirect project costs requires management, in some cases, to exercise judgment. If management determines certain costs to be direct or indirect project costs, amounts recorded in projects under development on the balance sheet and amounts recorded in general and administrative and other expenses on the statements of operations could be materially different than if management determines these costs are not directly or indirectly associated with the project.

Once a project is constructed and deemed substantially complete and held for occupancy, carrying costs, such as real estate taxes, interest, internal personnel, and associated costs, are expensed as incurred. Determination of when construction of a project is substantially complete and held available for occupancy requires judgment. The Company considers projects and/or project phases to be both substantially complete and held for occupancy at the earlier of the date on which the project or phase reached economic occupancy of 90% or one year after it is substantially complete. The Company's judgment of the date the project is substantially complete has a direct impact on the Company's operating expenses and net income for the period.

Operating Property Acquisitions. Upon acquisition of an operating property, the Company records the acquired tangible and intangible assets and assumed liabilities at fair value at the acquisition date. Fair value is based on estimated cash flow projections that utilize available market information and discount and/or capitalization rates as appropriate. Estimates of future cash flows are based on a number of factors including historical operating results, known and anticipated trends, and market and economic conditions. The acquired assets and assumed liabilities for an acquired operating property generally include, but are not limited to: land, buildings, and identified tangible and intangible assets and liabilities associated with in-place leases, including tenant improvements, leasing costs, value of above-market and below-market leases, and value of acquired in-place lease.

The fair value of land is derived from comparable sales of land within the same submarket and/or region. The fair value of buildings, tenant improvements, and leasing costs are based upon current market replacement costs and other relevant market rate information.

The fair value of the above-market or below-market component of an acquired in-place lease is based upon the present value (calculated using a market discount rate) of the difference between (i) the contractual rents to be paid pursuant to the lease over its remaining term and (ii) management's estimate of the rents that would be paid using fair market rental rates and rent escalations at the date of acquisition over the remaining term of the lease. In-place leases at acquired properties are reviewed at the time of acquisition to determine if contractual rents are above or below current market rents for the acquired property, and an identifiable intangible asset or liability is recorded if there is an above-market or below-market lease.

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The fair value of acquired in-place leases is derived based on management's assessment of lost revenue and costs incurred for the period required to lease the "assumed vacant" property to the occupancy level when purchased. This fair value is based on a variety of considerations including, but not necessarily limited to: (1) the value associated with avoiding the cost of originating the acquired in-place leases; (2) the value associated with lost revenue related to tenant reimbursable operating costs estimated to be incurred during the assumed lease-up period; and (3) the value associated with lost rental revenue from existing leases during the assumed lease-up period. Factors considered in performing these analyses include an estimate of the carrying costs during the expected lease-up periods, such as real estate taxes, insurance, and other operating expenses, current market conditions, and costs to execute similar leases, such as leasing commissions, legal, and other related expenses.

The amounts recorded for above-market and in-place leases are included in other assets on the balance sheets, and the amounts for below-market leases are included in other liabilities on the balance sheets. These amounts are amortized on a straight-line basis as an adjustment to rental income over the remaining term of the applicable leases.

The determination of the fair value of the acquired tangible and intangible assets and assumed liabilities of operating property acquisitions requires significant judgments and assumptions about the numerous inputs discussed above. The use of different assumptions in these fair value calculations could significantly affect the reported amounts of the allocation of the acquisition related assets and liabilities and the related amortization and depreciation expense recorded for such assets and liabilities. In addition, since the value of above-market and below-market leases are amortized as either a reduction or increase to rental income, respectively, the judgments for these intangibles could have a significant impact on reported rental revenues and results of operations.

Depreciation and Amortization. The Company depreciates or amortizes operating real estate assets over their estimated useful lives using the straight-line method of depreciation. Management uses judgment when estimating the life of real estate assets and when allocating certain indirect project costs to projects under development. Historical data, comparable properties, and replacement costs are some of the factors considered in determining useful lives and cost allocations. The use of different assumptions for the estimated useful life of assets or cost allocations could significantly affect depreciation and amortization expense and the carrying amount of the Company's real estate assets.

Impairment. Management reviews its real estate assets on a property-by-property basis for impairment. This review includes the Company's operating properties and the Company's land holdings.

The first step in this process is for management to use judgment to determine whether an asset is considered to be held and used or held for sale, in accordance with accounting guidance. In order to be considered a real estate asset held for sale, management must, among other things, have the authority to commit to a plan to sell the asset in its current condition, have commenced the plan to sell the asset and have determined that it is probable that the asset will sell within one year. If management determines that an asset is held for sale, it must record an impairment loss if the fair value less costs to sell is less than the carrying amount. All real estate assets not meeting the held for sale criteria are considered to be held and used.

In the impairment analysis for assets held and used, management must use judgment to determine whether there are indicators of impairment. For operating properties, these indicators could include a decline in a property's leasing percentage, a current period operating loss or negative cash flows combined with a history of losses at the property, a decline on lease rates for that property or others in the property's market, or an adverse change in the financial condition of significant tenants. For land holdings, indicators could include an overall decline in the market value of land in the region, a decline in development activity for the intended use of the land or other adverse economic and market conditions.

If management determines that an asset that is held and used has indicators of impairment, it must determine whether the undiscounted cash flows associated with the asset exceed the carrying amount of the asset. If the undiscounted cash flows are less than the carrying amount of the asset, the Company must reduce the carrying amount of the asset to fair value.

In calculating the undiscounted net cash flows of an asset, management must estimate a number of inputs. For operating properties, management must estimate future rental rates, expenditures for future leases, future operating

expenses, and market capitalization rates for residual values, among other things. For land holdings, management must estimate future sales prices as well as operating income, carrying costs, and residual capitalization rates for land held for future development. In addition, if there are alternative strategies for the future use of the asset, management must assess the probability of each alternative strategy and perform a probability-weighted undiscounted cash flow analysis to assess the recoverability of the asset. Management must use considerable judgment in determining the alternative strategies and in assessing the probability of each strategy selected.

In determining the fair value of an asset, management exercises judgment on a number of factors. Management may determine fair value by using a discounted cash flow calculation or by utilizing comparable market information. Management must determine an appropriate discount rate to apply to the cash flows in the discounted cash flow calculation. Management

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must use judgment in analyzing comparable market information because no two real estate assets are identical in location and price.

The estimates and judgments used in the impairment process are highly subjective and susceptible to frequent change. If management determines that an asset is held and used, the results of operations could be materially different than if it determines that an asset is held for sale. Different assumptions management uses in the calculation of undiscounted net cash flows of a project, including the assumptions associated with alternative strategies and the probabilities associated with alternative strategies, could cause a material impairment loss to be recognized when no impairment is otherwise warranted. Management's assumptions about the discount rate used in a discounted cash flow estimate of fair value and management's judgment with respect to market information could materially affect the decision to record impairment losses or, if required, the amount of the impairment losses.

Revenue Recognition – Valuation of Receivables

Notes and accounts receivable are reduced by an allowance for amounts that may become uncollectible in the future. The Company reviews its receivables regularly for potential collection problems in computing the allowance to record against its receivables. This review requires management to make certain judgments regarding collectibility, notwithstanding the fact that ultimate collections are inherently difficult to predict. Economic conditions fluctuate over time, and the Company has tenants in many different industries which experience changes in economic health, making collectibility prediction difficult. Therefore, certain receivables currently deemed collectible could become uncollectible, and those reserved could ultimately be collected. A change in judgments made could result in an adjustment to the allowance for doubtful accounts with a corresponding effect on net income.

Investment in Joint Ventures

The Company holds ownership interests in a number of joint ventures with varying structures. Management evaluates all of its joint ventures and other variable interests to determine if the entity is a variable interest entity ("VIE"), as defined in accounting rules. If the venture is a VIE, and if management determines that the Company is the primary beneficiary, the Company consolidates the assets, liabilities and results of operations of the VIE. The Company quarterly reassesses its conclusions as to whether the entity is a VIE and whether consolidation is appropriate as required under the rules. For entities that are not determined to be VIEs, management evaluates whether or not the Company has control or significant influence over the joint venture to determine the appropriate consolidation and presentation. Generally, entities under the Company's control are consolidated, and entities over which the Company can exert significant influence, but does not control, are accounted for under the equity method of accounting.

Management uses judgment to determine whether an entity is a VIE, whether the Company is the primary beneficiary of the VIE, and whether the Company exercises control over the entity. If management determines that an entity is a VIE with the Company as primary beneficiary or if management concludes that the Company exercises control over the entity, the balance sheets and statements of operations would be significantly different than if management concludes otherwise. In addition, VIEs require different disclosures in the notes to the financial statements than entities that are not VIEs. Management may also change its conclusions and, thereby, change its balance sheets, statements of comprehensive income, and notes to the financial statements, based on facts and circumstances that arise after the original consolidation determination is made. These changes could include additional equity contributed to entities, changes in the allocation of cash flow to entity partners, and changes in the expected results within the entity.

Management performs an impairment analysis of the recoverability of its investments in joint ventures on a quarterly basis. As part of this analysis, management first determines whether there are any indicators of impairment in any joint venture investment. If indicators of impairment are present for any of the Company's investments in joint ventures, management calculates the fair value of the investment. If the fair value of the investment is less than the carrying value of the investment, management must determine whether the impairment is temporary or other than temporary, as defined by GAAP. If management assesses the impairment to be temporary, the Company does not record an impairment charge. If management concludes that the impairment is other than temporary, the Company records an impairment charge.

Management uses considerable judgment in the determination of whether there are indicators of impairment present and in the assumptions, estimations and inputs used in calculating the fair value of the investment. These judgments are similar to those outlined above in the impairment of real estate assets. Management also uses judgment in making

the determination as to whether the impairment is temporary or other than temporary. The Company utilizes guidance provided by the SEC in making the determination of whether the impairment is temporary. The guidance indicates that companies consider the length of time that the impairment has existed, the financial condition of the joint venture, and the ability and intent of the holder to retain the investment long enough for a recovery in market value. Management's judgment as to the fair value of the investment or on the

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conclusion of the nature of the impairment could have a material impact on the results of operations and financial condition of the Company.

Income Taxes – Valuation Allowance

The Company establishes a valuation allowance against deferred tax assets if, based on the available evidence, it is more likely than not that such assets will not be realized. The realization of a deferred tax asset ultimately depends on the existence of sufficient taxable income in either the carryback or carryforward periods under tax law. The Company periodically assesses the need for valuation allowances for deferred tax assets based on the "more likely than not" realization threshold criterion. In the assessment, appropriate consideration is given to all positive and negative evidence related to the realization of the deferred tax assets. This assessment requires considerable judgment by management and includes, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carryforward periods, its experience with operating loss and tax credit carryforwards, and tax planning alternatives. If management determines that the Company requires a valuation allowance on its deferred tax assets, income tax expense or benefit could be materially different than if management determines no such valuation allowance is necessary.

Recoveries from Tenants

Recoveries from tenants for operating expenses are determined on a calendar year and on a lease by lease basis. The most common types of cost reimbursements in our leases are utility expenses, building operating expenses, real estate taxes, and insurance, for which the tenant pays its pro rata share in excess of a base year amount, if applicable. The computation of these amounts is complex and involves numerous judgments, including the interpretation of terms and other customer lease provisions. Leases are not uniform in dealing with such cost reimbursements and there are many variations in the computation. We accrue income related to these payments each month. We make monthly accrual adjustments, positive or negative, to recorded amounts to our best estimate of the annual amounts to be billed and collected with respect to the cost reimbursements. After the end of the calendar year, we compute each customer's final cost reimbursements and, after considering amounts paid by the tenant during the year, issue a bill or credit for the appropriate amount to the tenant. The differences between the amounts billed less previously received payments and the accrual adjustments are recorded as increases or decreases to revenues when the final bills are prepared, which occurs during the first half of the subsequent year.

Stock-based Compensation

The Company has several types of stock-based compensation plans. These are described in note 13, as are the accounting policies by type of award. Compensation cost for all stock-based awards requires measurement at estimated fair value on the grant date and compensation cost is recognized over the service vesting period, which represents the requisite service period. The grant date fair value for compensation plans that contain market measures are performed using complex pricing valuation models that require the input of assumptions, including judgments to estimate expected life, expected stock price volatility, and assumed dividend yield. Specifically, the grant date fair value of performance-based restricted stock units are calculated using a Monte Carlo simulation pricing model and the grant date fair value of stock option grants are calculated using the Black-Scholes valuation model.

Discussion of New Accounting Pronouncements

In 2014, The Financial Accounting Standards Board ("FASB") issued new guidance related to the presentation of discontinued operations. Prior to this new guidance, the Company included activity for all assets held for sale and disposals in discontinued operations on its statements of operations. Under the new guidance, only assets held for sale and disposals representing a major strategic shift in operations, such as the disposal of a line of business, a significant geographical area, or a major equity investment, will be presented as discontinued operations. Additionally, the new guidance requires expanded disclosures about discontinued operations that will provide more information about their assets, liabilities, income, and expenses. The guidance is effective for periods beginning after December 15, 2014. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued. The Company adopted this guidance in the second quarter of 2014.

In 2014, the FASB issued new guidance related to the accounting for revenue from contracts with customers which requires a new five-step model to recognize revenue. Under the new guidance, companies will recognize revenue when the seller satisfies a performance obligation, which would be when the buyer takes control of the good or service. This new guidance could result in different amounts of revenue being recognized and could result in revenue being recognized in different reporting periods than it is under the current guidance. The new guidance specifically excludes revenue associated with lease contracts. The guidance is effective for periods beginning after December 15, 2016 and early adoption is prohibited. Retrospective

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application will be required either to all periods presented or with the cumulative effect of initial adoption recognized in the period of adoption.

Results of Operations For The Three Years Ended December 31, 2014

General

The Company's financial results have historically been significantly affected by purchase and sale transactions. Accordingly, the Company's historical financial statements may not be indicative of future operating results. During 2014, the Company purchased Fifth Third Center and Northpark Town Center (collectively, the "2014 Acquisitions"). During 2013, the Company purchased Greenway Plaza, 777 Main, 816 Congress and Post Oak Central (collectively, the "2013 Acquisitions"). In 2012, the Company purchased 2100 Ross.

Rental Property Revenues

Rental property revenues increased $149.5 million (77%) between 2014 and 2013 as a result of the following:

- Increase of $124.1 million as a result of the 2013 Acquisitions;
- Increase of $17.5 million as a result of the 2014 Acquisitions;
- Increase of $2.4 million as a result of higher average occupancy at Promenade;
- Increase of $2.3 million as a result of higher average occupancy at 2100 Ross; and
- Decrease of $2.5 million as a result of the 2013 sale of 50% of the Company's interest in Terminus 100.

Rental property revenues increased $80.2 million (70%) between 2013 and 2012 as a result of the following:

- Increase of $87.7 million as a result of the 2013 Acquisitions;
- Increase of $6.5 million as a result of the 2012 acquisition of 2100 Ross;
- Increase of $1.9 million at 191 Peachtree due to higher economic occupancy;
- Increase of $1.7 million at Mahan Village as a result of the commencement of operations in late 2012;
- Increase of $1.3 million at Promenade due to higher economic occupancy; and
- Decrease of $19.7 million due to the sale of 50% of the Company’s interest in Terminus 100.

Fee Income

Fee income increased $1.6 million (15%) between 2014 and 2013 due to the receipt of a $4.5 million participation interest in 2014 related to a contract that the Company assumed in the acquisition of an entity several years ago. Under this contract, the Company is entitled to receive a portion of the proceeds from the sale of a project that the entity developed and from payments received from a related seller-financed note. The payment in 2014 represents the final payment that the Company will receive under this arrangement.

Fee income decreased approximately $6.9 million (39%) between 2013 and 2012. This decrease is primarily due to the receipt of a $4.5 million participation interest in 2012 related to the contract discussed above. Fee income also decreased as a result of a decrease in reimbursed expenses primarily due to the third quarter 2013 sale of the Company’s interest in two unconsolidated joint ventures, CP Venture Two LLC and CP Venture Five LLC, and the sale of The Avenue Murfreesboro retail center, which was held through the CF Murfreesboro Associates unconsolidated joint venture. The Company was earning management and leasing fees associated with these ventures that ended upon the sale of the Company’s interest in these ventures.

Rental Property Operating Expenses

Rental property operating expenses increased $65.4 million (72%) between 2014 and 2013 as a result of the following:

- Increase of $58.6 million as a result of the 2013 Acquisitions;
- Increase of $6.1 million as a result of the 2014 Acquisitions;
- Increase of $1.3 million as a result of higher average occupancy at 2100 Ross;
- Increase of $609,000 as a result of higher average occupancy at Promenade; and
- Decrease of $598,000 as a result of the 2013 sale of 50% of the Company's interest in Terminus 100.

Rental property operating expenses increased $40.2 million (80%) between 2013 and 2012 as a result of the following:

- Increase of $40.4 million as a result of the 2013 Acquisitions;
- Increase of $3.4 million as a result of the 2012 acquisition of 2100 Ross;

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- Increase of $1.1 million at 191 Peachtree due to higher economic occupancy; and
- Decrease of $5.5 million due to the sale of 50% of the Company’s interest in Terminus 100.

Reimbursed Expenses

Reimbursed expenses decreased $1.6 million (30%) between 2014 and 2013 and decreased $1.8 million (26%) between 2013 and 2012. Reimbursed expenses are primarily incurred on projects for which the Company pays management and development expenses and is later reimbursed by the client. The offsetting income related to these expenses is recorded in fee income.

General and Administrative Expenses

General and administrative (G&A) expenses decreased $2.2 million (10%) between 2014 and 2013 as a result of the following:

- Decrease of bonus expense of $814,000 as a result of lower bonuses awarded;
- Increase in stock-based compensation expense of $402,000 due to an increase in the Company's stock price between years and higher relative performance on the performance based restricted stock units; and
- Increase in capitalized salaries of $2.3 million as a result of increased development activities and internal costs associated with a software implementation.

G&A expense decreased $1.3 million (5%) between 2013 and 2012 as a result of the following:

- Decrease in employee salaries and benefits, other than stock-based compensation and bonus, of $2.0 million due to a decrease in the number of corporate employees between 2013 and 2012;
- Increase in capitalized salaries of $2.3 million as a result of increased development activity;
- Increase in stock-based compensation expense of $1.7 million primarily due to an increase in the Company's stock price between years and higher relative performance on the perormance based restricted stock units; and
- Increase in bonus expense of $1.2 million as a result of the Company exceeding its bonus goals for 2013.

Interest Expense

Interest expense increased $7.4 million (34%) between 2014 and 2013 as a result of the following:

- Higher interest expense of $5.5 million as a result of the Post Oak Central loan that closed in 2013;
- Higher interest expense of $3.3 million as a result of the Promenade loan that closed in 2013;
- Higher interest expense of $709,000 as a result of the new 816 Congress loan;
- Higher interest expense of $1.1 million related to higher average borrowings under the Credit Facility during the year;
- Lower interest expense of $2.2 million due to higher capitalized interest in 2014 as a result of an increase in development expenditures in 2014; and
- Lower interest expense of $725,000 as a result of the sale of 50% of Terminus 100 in 2013.

Interest expense decreased $2.2 million (9%) between 2013 and 2012 as a result of the following:

- Lower interest expense of $6.5 million as a result of the sale of 50% of Terminus 100;
- Lower interest expense of $1.5 million related to lower average borrowings under the Credit Facility during the year;
- Higher interest expense of $2.6 million related to the Post Oak Central loan;
- Higher interest expense of $1.6 million related to the Promenade loan;
- Higher interest expense of $1.1 million due to lower capitalized interest in 2013 as a result of a reduction in development expenditures in 2013; and
- Higher interest expense of $784,000 related to the 191 Peachtree Tower loan that closed in 2012.

Depreciation and Amortization

Depreciation and amortization increased $63.7 million (84%) between 2014 and 2013 as a result of the following:

- Increase of $54.9 million as a result of the 2013 Acquisitions;
- Increase of $8.9 million as a result of the 2014 Acquisitions;

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- Increase of $666,000 as a result of higher average occupancy at Promenade; and
- Decrease of $825,000 as a result of the 2013 sale of 50% of the Company's interest in Terminus 100.

Depreciation and amortization increased $36.9 million (93%) between 2013 and 2012 as a result of the following:

- Increase of $37.6 million as a result of the 2013 Acquisitions;
- Increase of $4.4 million as a result of the 2012 acquisition of 2100 Ross;
- Increase of $1.2 million at 191 Peachtree due to higher economic occupancy;
- Increase of $662,000 at Mahan Village as a result of the commencement of operations in late 2012;
- Increase of $572,000 at Promenade due to higher economic occupancy; and
- Decrease of $8.0 million due to the sale of 50% of the Company’s interest in Terminus 100.

Acquisition and Related Costs

Acquisition and related costs decreased $6.4 million between 2014 and 2013 primarily as a result of the Texas Acquisition in 2013. Included in acquisition and related costs in 2013 is $2.6 million in costs associated with a term loan that was obtained in connection with the Texas Acquisition but was terminated unused upon closing of the acquisition. Acquisition and related costs in 2012 related primarily to the acquisition of 2100 Ross.

Income from Unconsolidated Joint Ventures

In 2014, 2013, and 2012, the Company had a considerable amount of activity that affected income (loss) from unconsolidated joint ventures. In 2014, Cousins Watkins LLC sold substantially all of its assets and the Company recognized income from unconsolidated joint ventures of $2.2 million as a result. Also in 2014, Wildwood Associates sold a tract of land that resulted in the recognition of $2.1 million in income from unconsolidated joint ventures.

In 2013, the Company sold its interests in CP Venture Two LLC and CP Venture Five LLC for $23.3 million and $30.0 million, respectively. The Company recorded gains from unconsolidated joint ventures on these transactions totaling $37.0 million. In addition, CF Murfreesboro Associates sold The Avenue Murfreesboro, the venture's only asset. The Company received a distribution from this sale of $33.8 million and recognized a gain from unconsolidated joint ventures of $23.5 million associated with this sale.

In 2012, the Company sold its interest in Palisades West LLC for $64.8 million and recognized a gain from unconsolidated joint ventures of $23.3 million associated with this sale. In addition, Ten Peachtree Place Associates sold Ten Peachtree Place to a third party. The Company received proceeds from this sale of $5.1 million and recognized a gain from unconsolidated joint ventures of $7.3 million associated with this sale. CP Venture Two LLC sold Presbyterian Medical Plaza to a third party and the Company received proceeds from the sale of $450,000 and recognized a gain of $167,000 associated with this sale. In addition, the Emory Point Phase I development project became operational within EP I LLC and the Company recorded $330,000 in its share of the losses from the start-up operations.

Gain on Sale of Investment Properties

Gain on sale of investment properties decreased $48.8 million between 2014 and 2013 and increased $57.2 million between 2013 and 2012. The 2014 amount includes a gains of the sale of 777 Main and Mahan Village of $6.2 million and $4.6 million, respectively. The 2013 amount includes a gain on the sale of Terminus 100 of $37.1 million, a gain on the acquisition of Terminus 200, which was acquired in stages, of $19.7 million, and the recognition of a deferred gain associated with CP Venture Two LLC of $3.6 million that was recognized when the Company sold its interest in CP Venture Two LLC. The 2012 and 2011 amounts include gains recognized on the sale of various land tracts during those years.

Discontinued Operations

In April 2014, the Financial Accounting Standards Board issued new guidance on discontinued operations. Under the new guidance, only assets held for sale and disposals representing a major strategic shift in operations will be presented as discontinued operations. This guidance is effective for periods beginning after December 15, 2014 with early adoption permitted. The Company adopted this new standard in 2014. As a result, two of the Company’s properties (777 Main and Mahan Village) that were sold subsequent to the adoption that under the previous guidance would have been considered discontinued operations, are not considered discontinued operations under the new guidance.

In 2014, the Company sold two assets in Birmingham, Alabama that had been classified as held for sale in 2013. The Company sold 600 University Park Place, a 123,000 square foot office building, for a gross sales price of $19.7 million, before adjustments for customary closing costs and other closing credits and sold Lakeshore Park Plaza, a 197,000 square foot office

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building, for a gross sales price of $25.0 million, before adjustments for customary closing costs and other closing credits. The combined sales prices of these two assets, along with the sales of 777 Main and Mahan Village, represents a weighted average 6.3% capitalization rate. Capitalization rates are calculated by dividing projected annualized net operating income by the sales price.

In 2013, the Company sold Tiffany Springs MarketCenter, a 238,000 square foot center in Kansas City, Missouri, for a sales price of $53.5 million, which represented a 7.9% capitalization rate. In 2013, the Company also sold the Inhibitex building, a 51,000 square foot medical office building in Atlanta, for $8.3 million, prior to the allocation of free rent credits, which represented a 9.1% capitalization rate.

In 2012, the Company sold the following retail assets: The Avenue Collierville, a 511,000 square foot center in Memphis, Tennessee, for a sales price of $55.0 million; The Avenue Forsyth, a 524,000 square foot center in Atlanta, Georgia for a sales price of $119.0 million; and The Avenue Webb Gin, a 322,000 square foot center in Atlanta, Georgia for a sales price of $59.6 million. The weighted average capitalization rates for these three retail projects was 7.8%. The Company also sold Galleria 75, a 111,000 square foot office building in Atlanta, Georgia, for a sales price of $9.2 million and a capitalization rate of 9.5%. In 2012, the Company also sold Cosmopolitan Center, a 51,000 square foot office building for a sales price of $7.0 million. The capitalization rate of Cosmopolitan Center was not a significant determinant of the sales price as it was being sold for its underlying land value as opposed to its in-place income stream. In 2012, the Company also sold its third party management and leasing business to Cushman & Wakefield.

Included in discontinued operations are the operations and gains on sale of all properties sold in 2014, 2013 and 2012 (with the exception of 777 Main and Mahan Village). Discontinued operations also includes the operations and gains recognized on the sale of the Company's third party management and leasing business. For 2012, discontinued operations includes impairment losses recorded on The Avenue Collierville and Inhibitex in the amounts of $12.2 million and $1.6 million, respectively.

Net Income Attributable to Noncontrolling Interest

The Company consolidates certain entities and allocates the partner's share of those entities' results to net income attributable to noncontrolling interests on the statements of comprehensive income. The noncontrolling interests' share of the Company's net income decreased $4.1 million between 2014 and 2013, and increased $2.9 million between 2013 and 2012. The 2014 amount includes $574,000 that was allocated to the noncontrolling partner in the entity that sold Mahan Village. The 2013 amount includes $3.4 million that was allocated to the noncontrolling partner in CP Venture Six LLC in connection with the Company's purchase of the partner's interest. The 2012 amount includes $2.1 million that was allocated to the noncontrolling partner in the entity that sold The Avenue Collierville and $1.8 million that was allocated to the noncontrolling partner in the entity that sold The Avenue Forsyth.

Preferred Stock Original Issuance Costs

In 2014, the Company redeemed all outstanding shares of its 7.5% Series B Cumulative Redeemable Preferred Stock. In connection with the redemption of Preferred Stock, the Company decreased net income available for common shareholders by $3.5 million (non-cash), which represents the original issuance costs applicable to the shares redeemed.

In 2013, the Company redeemed all outstanding shares of its 7.75% Series A Cumulative Redeemable Preferred Stock. In connection with the redemption of Preferred Stock, the Company increased net loss available for common shareholders by $2.7 million (non-cash), which represents the original issuance costs applicable to the shares redeemed.

Dividends to Preferred Stockholders

Dividends to preferred stockholders decreased $7.0 million between 2014 and 2013 and decreased $2.9 million between 2013 and 2012. These decreases are the result of the redemption of the Series B preferred stock in 2014 and the redemption of the Series A preferred stock in 2013. The Company has no remaining outstanding preferred stock as of December 31, 2014 and, as a result, in future periods will have no preferred stock dividends.

Funds from Operations

The table below shows Funds from Operations Available to Common Stockholders (“FFO”) and the related reconciliation to net income (loss) available to common stockholders for the Company. The Company calculates FFO

in accordance with the National Association of Real Estate Investment Trusts' ("NAREIT") definition, which is net income available to common stockholders (computed in accordance with GAAP), excluding extraordinary items, cumulative effect of change in accounting principle and gains on sale or impairment losses on depreciable property, plus depreciation and amortization of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures to reflect FFO on the same basis.

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FFO is used by industry analysts and investors as a supplemental measure of a REIT's operating performance. Historical cost accounting for real estate assets 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 investors and analysts have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. Thus, NAREIT created FFO as a supplemental measure of REIT operating performance that excludes historical cost depreciation, among other items, from GAAP net income. The use of FFO, combined with the required primary GAAP presentations, has been fundamentally beneficial, improving the understanding of operating results of REITs among the investing public and making comparisons of REIT operating results more meaningful. Company management evaluates operating performance in part based on FFO. Additionally, the Company uses FFO, along with other measures, to assess performance in connection with evaluating and granting incentive compensation to its officers and other key employees. The reconciliation of net income (loss) available to common stockholders to FFO is as follows for the years ended December 31, 2014, 2013, and 2012 (in thousands, except per share information):

	Year Ended December 31,		
	2014	2013	2012
Net Income (Loss) Available to Common Stockholders	$45,519	$109,097	$32,821
Depreciation and amortization:			
Consolidated properties	139,151	75,524	38,349
Discontinued properties	—	3,083	13,479
Share of unconsolidated joint ventures	11,915	13,434	10,215
Impairment losses on depreciable investment properties, net of amounts attributable to noncontrolling interests	—	—	11,748
Gain on sale of investment properties:			
Consolidated properties	(10,832)	(60,587)	(334)
Discontinued properties	(19,356)	(6,469)	(10,948)
Share of unconsolidated joint ventures	(1,767)	(60,345)	(30,662)
Noncontrolling interest related to the sale of depreciated properties	574	3,397	1,824
Funds From Operations Available to Common Stockholders	$165,204	$77,134	$66,492
Per Common Share—Basic and Diluted:			
Net Income (Loss) Available	$0.22	$0.76	$0.32
Funds From Operations	$0.81	$0.53	$0.64
Weighted Average Shares—Basic	204,216	144,255	104,117
Weighted Average Shares—Diluted	204,460	144,420	104,125

Same Property Net Operating Income

Net Operating Income is used by industry analysts, investors and Company management to measure operating performance of the Company's properties. Net Operating Income, which is rental property revenues less rental property operating expenses, excludes certain components from net income in order to provide results that are more closely related to a property's results of operations. Certain items, such as interest expense, while included in FFO and net income, do not affect the operating performance of a real estate asset and are often incurred at the corporate level as opposed to the property level. As a result, management uses only those income and expense items that are incurred at the property level to evaluate a property's performance. Depreciation and amortization are also excluded from Net Operating Income. Same Property Net Operating Income includes those office properties that have been fully operational in each of the comparable reporting periods. A fully operational property is one that has achieved 90% economic occupancy for each of the two periods presented or has been substantially complete and owned by the Company for each of the two periods presented and the preceding year. Same Property Net Operating Income allows analysts, investors and management to analyze continuing operations and evaluate the growth trend of the Company's portfolio.

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	Year ended December 31, 2014			
	2014	2013	% Change	
Net Operating Income - Consolidated Properties				
Rental property revenues	$343,910	$194,420	76.9	%
Rental property expenses	(155,934)	(90,498)	72.3	%
	187,976	103,922	80.9	%
Net Operating Income - Discontinued Operations				
Rental property revenues	$2,927	10,552	(72.3	)%
Rental property expenses	(1,128)	(4,157)	(72.9	)%
	1,799	6,395	(71.9	)%
Net Operating Income - Unconsolidated Joint Ventures	25,898	27,768	(6.7	)%
Total Net Operating Income	$215,673	$138,080	56.2	%
Net Operating Income				
Same Property	$58,859	$56,789	3.6	%
Non-Same Property	156,814	81,291	92.9	%
	$215,673	$138,080	56.2	%

Same Property Net Operating Income increased 3.6% between 2014 and 2013. This increase is primarily attributable to an increase in occupancy at North Point Center East and 191 Peachtree Tower as well as lower expenses and increased parking income at American Cancer Society Center.

Liquidity and Capital Resources

The Company’s primary liquidity sources are:

- Net cash from operations;
- Sales of assets;
- Borrowings under its Credit Facility;
- Proceeds from mortgage notes payable;
- Proceeds from equity offerings; and
- Joint venture formations.

The Company’s primary liquidity uses are:

- Property acquisitions;
- Expenditures on development projects;
- Building improvements, tenant improvements, and leasing costs;
- Principal and interest payments on indebtedness; and
- Common stock dividends.

Financial Condition

The Company’s goal is to maintain a conservative balance sheet with leverage ratios that will enable it to be positioned for future growth. During 2014, the Company's total assets increased from $2.3 billion at the beginning of the year to $2.7 billion at year end. In light of this growth, the Company took steps to maintain its relatively conservative balance sheet and to improve its leverage ratios.

During 2014, the Company purchased two office properties for gross proceeds of $563 million and began or continued the development of four other properties resulting in expenditures of $157.0 million. To fund these investments, the Company issued 26.7 million shares of common stock in two offerings generating net proceeds of $321.9 million. The Company generated an additional $85 million in proceeds from the closing of a mortgage loan and generated additional net proceeds of $244.5 million from the sale of properties.

The Company also improved its financial condition by redeeming all of its remaining preferred stock for $94.8 million, thereby eliminating preferred stock from its capital structure and, as a result, improving its fixed charges coverage ratio.

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In 2014, the Company recast its Credit Facility to, among other things, increase the size to $500 million, extend the maturity to May 28, 2019, and reduce the per annum variable interest rate spread and other fees. This transaction improved the financial condition of the Company by reducing the spread it pays over LIBOR and by extending the average maturity of its debt. At December 31, 2014, the Company had $140.2 million outstanding under its Credit Facility and the ability to borrow $359.8 million under the Credit Facility.

Consistent with its goals, the Company believes it will make additional investments in 2015 and beyond and expects to fund these activities with one or more of the following: sale of additional non-core assets, additional borrowings under its Credit Facility, mortgage loans on existing or newly acquired properties, issuance of common or preferred equity, and joint venture formation with third parties.

Contractual Obligations and Commitments

At December 31, 2014, the Company was subject to the following contractual obligations and commitments (in thousands):

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 years
Contractual Obligations:					
Company debt:					
Unsecured Credit Facility and construction loan	$140,200	$—	$—	$140,200	$—
Mortgage notes payable	652,144	8,826	162,205	115,267	365,846
Interest commitments (1)	176,333	31,642	72,516	37,644	34,531
Ground leases	146,223	1,549	3,300	3,311	138,063
Other operating leases	521	231	248	42	—
Total contractual obligations	$1,115,421	$42,248	$238,269	$296,464	$538,440
Commitments:					
Unfunded tenant improvements and other	102,485	63,621	22,516	5,348	11,000
Letters of credit	1,000	1,000	—	—	—
Performance bonds	1,386	117	100	—	1,169
Total commitments	$104,871	$64,738	$22,616	$5,348	$12,169

(1) Interest on variable rate obligations is based on rates effective as of December 31, 2014.

In addition, the Company has several standing or renewable service contracts mainly related to the operation of its buildings. These contracts were entered into in the ordinary course of business and are generally one year or less. These contracts are not included in the above table and are usually reimbursed in whole or in part by tenants.

In 2014, the Company entered into a $85 million non-recourse mortgage note payable, secured by 816 Congress. The loan has a fixed interest rate of 3.75% and matures in 2024. In 2013, the Company entered into a $188.8 million non-recourse mortgage note payable, secured by the Post Oak Central office buildings. The loan has a fixed interest rate of 4.26% and matures in 2020. In 2013, the Company also entered into a $114.0 million non-recourse mortgage note payable, secured by the Promenade office building. The loan has a fixed interest rate of 4.27% and matures in 2022.

The Company repaid the 100/200 North Point Center East mortgage loan during 2012 totaling $24.5 million. The Company repaid this note to provide flexibility to sell these assets or refinance them at a later date, depending upon its strategic direction.

In 2012, the Company entered into a $100.0 million non-recourse mortgage note payable, secured by the 191 Peachtree Tower office building. The loan has a fixed interest rate of 3.35% and matures in 2018.

The Company’s existing mortgage debt is primarily non-recourse, fixed-rate mortgage notes secured by various real estate assets. Many of the Company’s non-recourse mortgages contain covenants which, if not satisfied, could result in acceleration of the maturity of the debt. The Company expects that it will either refinance the non-recourse mortgages

at maturity or repay the mortgages with proceeds from other financings. As of December 31, 2014, the weighted average interest rate on the Company's consolidated debt was 3.99%.

Credit Facility Information

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The Company amended its $350 million Credit Facility in 2014, extending the maturity from February 2016 to May 2019, reducing the per annum variable interest rate, and providing for expansion that allows it to increase capacity under the Credit Facility to $750 million. The Company's Credit Facility bears interest at the London Interbank Offered Rate ("LIBOR") plus a spread, based on the Company's leverage ratio, as defined in the Credit Facility. At December 31, 2014, the Company had $140.2 million drawn on the facility and a total available borrowing capacity of $359.8 million on the facility. The amount that the Company may draw under the Credit Facility is a defined calculation based on the Company's unencumbered assets and other factors and is reduced by both letters of credit and borrowings outstanding.

The Credit Facility includes customary events of default, including, but not limited to, the failure to pay any interest or principal when due, the failure to perform under covenants of the credit agreement, incorrect or misleading representations or warranties, insolvency or bankruptcy, change of control, the occurrence of certain ERISA events and certain judgment defaults. The amounts outstanding under the Credit Facility may be accelerated upon an event of default. The Credit Facility contains restrictive covenants pertaining to the operations of the Company, including limitations on the amount of debt that may be incurred, the sale of assets, transactions with affiliates, dividends and distributions. The Credit Facility also includes certain financial covenants (as defined in the agreement) that require, among other things, the maintenance of an unencumbered interest coverage ratio of at least 2.00; a fixed charge coverage ratio of 1.50; and a leverage ratio of no more than 60%. The Company is currently in compliance with its financial covenants.

Future Capital Requirements

Over the long term, management intends to actively manage its portfolio of properties and strategically sell assets to exit its non-core holdings, reposition its portfolio of income-producing assets geographically and by product type, and generate capital for future investment activities. The Company expects to continue to utilize indebtedness to fund future commitments and expects to place long-term mortgages on selected assets as well as to utilize construction facilities for some development assets, if available and under appropriate terms.

The Company may also generate capital through the issuance of securities that include common or preferred stock, warrants, debt securities or depositary shares. In March 2013, the Company filed a shelf registration statement to allow for the issuance from time to time of such securities. Management will continue to evaluate all public equity sources and select the most appropriate options as capital is required.

The Company's business model is dependent upon raising or recycling capital to meet obligations. If one or more sources of capital are not available when required, the Company may be forced to reduce the number of projects it acquires or develops and/or raise capital on potentially unfavorable terms, or may be unable to raise capital, which could have an adverse effect on the Company's financial position or results of operations.

Cash Flows

The reasons for significant increases and decreases in cash flows between the years are as follows:

Cash Flows from Operating Activities

Cash flows provided by operating activities increased $5.1 million between 2014 and 2013 due to the following:

- Decrease of $57.1 million in operating distributions from joint ventures due to the 2013 sale of the Company's interests in CP Venture Two LLC and CP Venture Five LLC and the sale of The Avenue Murfreesboro through CF Murfreesboro Associates;
- Decrease of $7.6 million as a result of lower interest paid due to higher average debt outstanding during 2014;
- Decrease of $4.6 million as a result of discontinued operations; and
- The remaining increase is primarily a result of acquisition activities in 2014 and 2013.

Cash flows provided by operating activities increased $42.0 million between 2013 and 2012 due to the following:

- Increase of $29.7 million in operating distributions from joint ventures due to the sale of the Company's interests in CP Venture Two LLC and CP Venture Five LLC and the sale of The Avenue Murfreesboro through CF Murfreesboro Associates;
- Increase of $7.6 million as a result of lower interest paid due to lower average debt outstanding and a lower weighted average interest rate;
- Decrease of $22.8 million as a result of discontinued operations;

- Decrease of $14.2 million related to the deconsolidation of Terminus 100;

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- Decrease of $6.7 million as a result of higher acquisition and related costs associated with increased acquisition activity;
- Decrease of $3.5 million in fee income as a result of the sale of the Company's interest in CP Venture Two LLC and CP Venture Five LLC and the sale of The Avenue Murfreesboro through CF Murfreesboro Associates;
- Decrease of $3.5 million due to the receipt of a lease termination fee in 2012;
- Decrease of $3.4 million related to a participation interest in a former development project in 2012; and
- The remaining increase is primarily a result of acquisition activities in 2013 and 2012 and increased occupancy at 191 Peachtree Tower and Promenade in 2013.

Cash Flows from Investing Activities

Net cash used in investing activities decreased $804.6 million between 2014 and 2013 due to the following:

- Decrease of $815.5 million related to acquisition, development, and tenant asset expenditures. This decrease is primarily attributable to the 2014 acquisitions of Fifth Third and Northpark requiring less cash than the 2013 acquisitions of Post Oak Central, 816 Congress, Greenway Plaza, and 777 Main;
- Decrease of $62.5 million in distributions from unconsolidated joint ventures. In 2014, Cousins Watkins LLC sold all of its assets and made a distribution to the Company. In 2013, the Company sold its investments in CP Venture Two LLC and CP Venture Five LLC, sold The Avenue Murfreesboro retail center through CF Murfreesboro Associates, and received distributions from Crawford Long - CPI LLC as a result of a new mortgage note financing. The cash flows from the 2013 activities were greater than the cash flows from the 2014 activities.
- Increase of $65.5 million in proceeds from investment property sales. In 2014, the Company sold four operating properties and one tract of land. In 2013, the Company sold two operating properties and three tracts of land.

Net cash from investing activities decreased $1.5 billion between 2013 and 2012 due to the following:

- Increase of $1.4 billion in acquisition, development, and tenant asset expenditures. This increase is primarily attributable to the acquisition of Post Oak Central, 816 Congress, Greenway Plaza, and 777 Main in 2013 and 2100 Ross in 2012;
- Increase of $94.4 million due to a decrease in investment property sales. In 2013, the Company sold two operating properties and three tracts of land. In 2012, the Company sold six operating properties and four tracts of land;
- Increase of $3.7 million due to a decrease in proceeds from the sale of the third party management and leasing business; and
- Decrease of $15.9 million from joint ventures. In 2013, the Company sold its investments in CP Venture Two LLC and CP Venture Five LLC, sold The Avenue Murfreesboro retail center through CF Murfreesboro Associates, and received distributions from Crawford Long - CPI LLC as a result of a new mortgage note financing. In 2012, the Company sold its investment in Palisades West, received distributions from Ten Peachtree Place Associates from the sale of its only asset, and received distributions from CL Realty, L.L.C. and Temco Associates in connection with the sale of most of the assets owned in these two ventures. In addition, the Company invested more in its joint ventures as a result of capital contributions in EP II, which was formed and initially capitalized in 2013.

Cash Flows from Financing Activities

Net cash provided by financing activities decreased $634.7 million between 2014 and 2013 due to the following:

- Decrease of $504.4 million from the issuance of common stock;
- Decrease of $104.2 million in net debt borrowings;
- Increase of $27.3 million in common and preferred dividends paid;
- Decrease of $23.5 million in distributions from noncontrolling interests as a result of the 2013 sale of the Company's interest in CP Venture Five LLC; and
- Increase of $19.9 million in preferred stock redemptions.

Net cash used in financing activities increased $1.1 billion between 2013 and 2012 due to the following:

- Increase of $826.2 million from the issuance of common stock;
- Increase of $380.5 million from new debt, net of repayments;
- Decrease of $74.8 million from the redemption of preferred shares;
- Decrease of $9.9 million due to an increase of distributions to noncontrolling interests as a result of the sale of the Company's interest in CP Venture Five LLC; and

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- Decrease of $8.4 million due to an increase in common dividends paid related to the increase in common shares outstanding.

Capital Expenditures

The Company incurs costs related to its real estate assets that include acquisition of properties, development of new properties, redevelopment of existing or newly purchased properties, leasing costs for new or replacement tenants and ongoing property repairs and maintenance.

Capital expenditures for assets the Company develops or acquires and then holds and operates are included in the property acquisition, development, and tenant asset expenditures line item within investing activities on the statements of cash flows. Amounts accrued are removed from the table below (accrued capital adjustment) to show the components of these costs on a cash basis. Components of costs included in this line item for the years ended December 31, 2014, 2013 and 2012 are as follows (in thousands):

	2014	2013	2012
Acquisition of property	$551,153	$1,470,147	$63,562
Projects under development	63,911	16,829	13,387
Operating properties—leasing costs	10,431	14,594	20,179
Operating properties—building improvements	76,296	20,726	4,499
Land held for investment	—	—	480
Capitalized interest	2,535	518	407
Capitalized salaries	6,821	5,230	1,515
Accrued capital adjustment	(404)	(1,781)	1,040
Total property acquisition, development and tenant asset expenditures	$710,743	$1,526,263	$105,069

Capital expenditures decreased $815.5 million between 2014 and 2013 mainly due to decreased acquisition activity. In 2014, the Company acquired Fifth Third Center and Northpark Town Center. In 2013, the Company acquired Post Oak Central, 816 Congress Avenue, Greenway Plaza, and 777 Main. In addition, the Company was constructing Colorado Tower and commenced construction on Research Park V in 2014, causing an increase in projects under development. Leasing costs, as well as some of the tenant improvements and capitalized personnel costs, are a function of the number and size of executed new and renewed leases, which generally increased in 2014 due to the 2013 and 2014 acquisition activity. The amount of tenant improvements and leasing costs on a per square foot basis was $5.71 for 2014, but varies by lease and by market. Given the level of expected leasing and renewal activity in future periods and the 2013 and 2014 acquisitions, management anticipates future tenant improvement and leasing costs to be greater than those experienced in 2014.

Dividends. The Company paid common and preferred dividends of $64.5 million, $37.2 million, and $31.7 million in 2014, 2013 and 2012, respectively, which it funded with cash provided by operating activities. The Company expects to fund its quarterly distributions to common and preferred stockholders with cash provided by operating activities, proceeds from investment property sales, distributions from unconsolidated joint ventures and indebtedness, if necessary.

On a quarterly basis, the Company reviews the amount of the common dividend in light of current and projected future cash flows from the sources noted above and also considers the requirements needed to maintain its REIT status. In addition, the Company has certain covenants under its Credit Facility which could limit the amount of dividends paid. In general, dividends of any amount can be paid as long as leverage, as defined in the facility, is less than 60% and the Company is not in default under its facility. Certain conditions also apply in which the Company can still pay dividends if leverage is above that amount. The Company routinely monitors the status of its dividend payments in light of the Credit Facility covenants. In the first quarter of 2014, the Company increased the quarterly dividend on its common stock from $0.045 per share to $0.075 per share.

Effects of Inflation

The Company attempts to minimize the effects of inflation on income from operating properties by providing periodic fixed-rent increases or increases based on the Consumer Price Index and/or pass-through of certain operating expenses

of properties to tenants or, in certain circumstances, rents tied to tenants' sales.

Off Balance Sheet Arrangements

General. The Company has a number of off balance sheet joint ventures with varying structures, as described in note 5 of notes to consolidated financial statements. Most of the joint ventures in which the Company has an interest are involved in

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the ownership and/or development of real estate. A venture will fund capital requirements or operational needs with cash from operations or financing proceeds, if possible. If additional capital is deemed necessary, a venture may request a contribution from the partners, and the Company will evaluate such request. Except as previously discussed, based on the nature of the activities conducted in these ventures, management cannot estimate with any degree of accuracy amounts that the Company may be required to fund in the short or long-term. However, management does not believe that additional funding of these ventures will have a material adverse effect on its financial condition or results of operations.

Debt. At December 31, 2014, the Company's unconsolidated joint ventures had aggregate outstanding indebtedness to third parties of $395.0 million. These loans are generally mortgage or construction loans, most of which are non-recourse to the Company, except as described below. In addition, in certain instances, the Company provides "non-recourse carve-out guarantees" on these non-recourse loans. Certain of these loans have variable interest rates, which creates exposure to the ventures in the form of market risk to interest rate changes. At December 31, 2014, $2.7 million of the $12.7 million in recourse loans at unconsolidated joint ventures were recourse to the Company.

The Company guarantees repayment of up to $8.6 million of the EP II construction loan, which has a maximum amount available of $46.0 million. At December 31, 2014, the Company guaranteed $8.6 million based on amounts outstanding as of that date under this loan. This guarantee may be reduced and/or eliminated based on achievement of certain criteria.

Item 7A. Quantitative and Qualitative Disclosure about Market Risk

The Company's primary exposure to market risk results from its debt, which bears interest at both fixed and variable rates. The Company mitigates this risk by limiting its debt exposure in total and its maturities in any one year and weighting more towards fixed-rate, non-recourse debt compared to recourse, variable-rate debt in its portfolio. The fixed rate debt obligations limit the risk of fluctuating interest rates, and generally are mortgage loans secured by certain of the Company's real estate assets. The Company does not have consolidated fixed-rate mortgage debt maturing in 2015 and has only one such mortgage maturing in 2016 in the amount of $14.0 million. The Company, therefore, does not have significant exposure for the refinancing of its mortgage debt in the near term. At December 31, 2014, the Company had $652.1 million of fixed rate debt outstanding at a weighted average interest rate of 4.11%. At December 31, 2013, the Company had $412.4 million of fixed rate debt outstanding at a weighted average interest rate of 5.24%. The amount of fixed-rate debt outstanding increased and the weighted average interest rate decreased from 2013 to 2014 as a result of the Company entering into a $85.0 million non-recourse mortgage note payable secured by 816 Congress at a fixed interest rate of 3.75%. In addition, the Company effectively sold 50% of its interest in Terminus 100 to a third party. Based upon the ownership and management structure of the joint venture that owns Terminus 100 after these transactions, the Company accounts for its investment in this entity under the equity method and no longer consolidates the Terminus 100 mortgage note, which has a fixed rate of 5.25%. See note 8 of the notes to consolidated financial statements included in this Annual Report on Form 10-K for additional information regarding 2014 debt activity.

At December 31, 2014, the Company had $140.2 million of variable rate debt outstanding, which consisted of the Credit Facility at a weighted average interest rate of 1.25%. As of December 31, 2013, the variable rate debt consisted primarily of a the credit facility, which had $40 million outstanding at an interest rate of 1.67%. Borrowings under the Credit Facility increased in 2014 due to the cash outflow resulting from the acquisition of several real estate assets. Based on the Company's average variable rate debt balances in 2014, interest incurred would have increased by $1.3 million in 2014 if these interest rates had been 1% higher.

The following table summarizes the Company's market risk associated with notes payable as of December 31, 2014. It includes the principal maturing, an estimate of the weighted average interest rates on those expected principal maturity dates and the fair values of the Company's fixed and variable rate notes payable. Fair value was calculated by discounting future principal payments at estimated rates at which similar loans could have been obtained at December 31, 2014. The information presented below should be read in conjunction with note 8 of notes to consolidated financial statements included in this Annual Report on Form 10-K. (The Company did not have a significant level of notes receivable at December 31, 2014, and the table does not include information related to notes

receivable.)

($ in thousands)	2015	2016	2017	2018	2019	Thereafter	Total
Notes Payable:							
Fixed Rate	$8,825	$24,095	$138,195	$105,734	$9,447	$365,848	$652,144
Average Interest Rate	4.87 %	5.21 %	6.23 %	3.37 %	3.60 %	3.44 %	4.11 %
Variable Rate	$—	$—	$—	$—	$140,200	$—	$140,200
Average Interest Rate (1)	—	—	—	—	1.25 %	—	1.25 %

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(1) Interest rates on variable rate notes payable are equal to the variable rates in effect on December 31, 2014.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements, notes to consolidated financial statements, and report of independent registered public accounting firm are included on pages F-1 through F-31.

Certain components of quarterly net income (loss) available to common stockholders disclosed below differ from those as reported on the Company's respective quarterly reports on Form 10-Q. As discussed in notes 2 and 3 of notes to consolidated financial statements, gains and losses from the disposition of certain real estate assets and the related historical operating results were reclassified as discontinued operations for all applicable periods presented. Additionally, impairment losses were recorded in certain quarters during both 2014 and 2013, as discussed in note 15 of notes to consolidated financial statements included in this Annual Report on Form 10-K. The following selected quarterly financial information (unaudited) for the years ended December 31, 2014 and 2013 should be read in conjunction with the consolidated financial statements and notes thereto included herein (in thousands, except per share amounts):

	Quarters			
	First	Second	Third	Fourth
2014	(Unaudited)			
Revenues	$81,725	$84,505	$89,098	$106,055
Income from unconsolidated joint ventures	1,287	2,027	2,030	5,924
Gain on sale of investment properties	161	1,327	81	10,967
Income (loss) from continuing operations	(121)	2,034	6,073	23,864
Discontinued operations	7,255	580	13,341	(18)
Net income	7,134	2,614	19,414	23,846
Net income attributable to controlling interest	6,979	2,485	19,322	23,218
Net income (loss) available to common stockholders	5,202	(2,223)	19,322	23,218
Basic and diluted net income (loss) per common share	0.03	(0.01)	0.09	0.11

	Quarters			
	First	Second	Third	Fourth
2013	(Unaudited)			
Revenues	$38,266	$42,251	$50,434	$79,520
Impairment losses	—	—	—	—
Income from unconsolidated joint ventures	1,652	1,132	63,078	1,463
Gain (loss) on sale of investment properties	57,153	406	3,801	(72)
Income from continuing operations	56,011	46	55,434	550
Discontinued operations	897	773	9,603	3,515
Net income	56,904	819	65,037	4,069
Net income attributable to controlling interest	56,397	307	61,158	3,902
Net income (loss) available to common stockholders	53,170	(5,579)	59,381	2,125
Basic and diluted net income (loss) per common share	0.51	(0.05)	0.36	0.01

The above per share quarterly information does not sum to full year per share information due to rounding. Other financial statements and financial statement schedules required under Regulation S-X are filed pursuant to item 15 of part IV of this report.

During 2014 and 2013, the Company's quarterly results varied as a result of the timing of the sales of assets, which generated gains within quarters of each year. These gains were recorded within gain (loss) on sale of investment properties, discounted operations and income from unconsolidated joint ventures.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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Not applicable.

Item 9A. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's control objectives. As of the end of the period covered by this annual report, we carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer along with the Chief Financial Officer, of the effectiveness, design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based upon the foregoing, the Chief Executive Officer along with the Chief Financial Officer concluded that our disclosure controls and procedures were effective. In addition, based on such evaluation we have identified no changes in our internal control over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Management on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States ("GAAP"). 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 our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Management, under the supervision of and with the participation of the Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2014. The framework on which the assessment was based is described in "Internal Control – Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, we concluded that we maintained effective internal control over financial reporting as of December 31, 2014. Deloitte & Touche, our independent registered public accounting firm, issued an opinion on the effectiveness of our internal control over financial reporting as of December 31, 2014, which follows this report of management.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Board of Directors and Stockholders of
Cousins Properties Incorporated
Atlanta, Georgia

We have audited the internal control over financial reporting of Cousins Properties Incorporated and subsidiaries (the "Company") as of December 31, 2014, based on 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 Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We 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 February 12, 2015 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule and included an explanatory paragraph regarding the Company’s change in method of accounting for and disclosure of discontinued operations and disposals of components of an entity due to the adoption of a new accounting standard.

/s/ DELOITTE & TOUCHE LLP
Atlanta, Georgia
February 12, 2015

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Item 9B. Other Information
None.

PART III
Item 10. Directors, Executive Officers and Corporate Governance
The information required by Items 401, 405, 406 and 407 of Regulation S-K is presented in item X in part I above and is included under the captions “Proposal 1 - Election of Directors” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the Proxy Statement relating to the 2015 Annual Meeting of the Registrant’s Stockholders, and is incorporated herein by reference. The Company has a Code of Business Conduct and Ethics (the “Code”) applicable to its Board of Directors and all of its employees. The Code is publicly available on the “Investor Relations” page of its website site at www.cousinsproperties.com. Section 1 of the Code applies to the Company’s senior executive and financial officers and is a “code of ethics” as defined by applicable SEC rules and regulations. If the Company makes any amendments to the Code other than technical, administrative or other non-substantive amendments, or grants any waivers, including implicit waivers, from a provision of the Code to the Company’s senior executive or financial officers, the Company will disclose on its website the nature of the amendment or waiver, its effective date and to whom it applies. There were no amendments or waivers during 2014.

Item 11. Executive Compensation
The information required by Items 402 and 407 of Regulation S-K is included under the captions “Executive Compensation” “Director Compensation” and "Compensation Committee Interlocks and Insider Participation" in the Proxy Statement relating to the 2015 Annual Meeting of the Registrant’s Stockholders is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
The information under the captions “Beneficial Ownership of Common Stock” and "Equity Compensation Plan Information" in the Proxy Statement relating to the 2015 Annual Meeting of the Registrant’s Stockholders is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence
The information under the caption “Certain Transactions” and “Director Independence” in the Proxy Statement relating to the 2015 Annual Meeting of the Registrant’s Stockholders is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services
The information under the caption “Summary of Fees to Independent Registered Public Accounting Firm” in the Proxy Statement relating to the 2015 Annual Meeting of the Registrant’s Stockholders has fee information for fiscal years 2014 and 2013 and is incorporated herein by reference.

PART IV
Item 15. Exhibits and Financial Statement Schedules
(a) 1. Financial Statements
A. The following consolidated financial statements of the Registrant, together with the applicable report of independent registered public accounting firm, are filed as a part of this report:

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	Page Number
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets—December 31, 2014 and 2013	F-3
Consolidated Statements of Operations for the Years Ended December 31, 2014, 2013, and 2012	F-4
Consolidated Statements of Equity for the Years Ended December 31, 2014, 2013, and 2012	F-5
Consolidated Statements of Cash Flows for the Years Ended December 31, 2014, 2013, and 2012	F-6
Notes to Consolidated Financial Statements	F-7

2. Financial Statement Schedule

The following financial statement schedule for the Registrant is filed as a part of this report:

	Page Number
A. Schedule III—Real Estate and Accumulated Depreciation—December 31, 2014	S-1 through S-4

NOTE: Other schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the financial statements or notes thereto.

(b) Exhibits

2.1	First Amendment to Membership Interest Purchase Agreement between 3280 Peachtree III LLC and MSREF VII Global U.S. Holdings (FRC), L.L.C., dated January 30, 2013, filed as Exhibit 2.2 to the Registrant's Form 8-K/A filed on March 26, 2013, and incorporated herein by reference. (Schedules and exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of any omitted exhibit or schedule to the Securities and Exchange Commission upon request.)
2.2	Sale and Contribution Agreement between Cousins Properties Incorporated, 3280 Peachtree I LLC, 3280 Peachtree III LLC and Terminus Acquisition Company LLC, dated February 4, 2013, filed as Exhibit 2.3 to the Registrant's Form 8-K/A filed on March 26, 2013, and incorporated herein by reference. (Schedules and exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of any omitted exhibit or schedule to the Securities and Exchange Commission upon request.)
2.3	Purchase and Sale Agreement (Post Oak Central) between Crescent POC Investors, L.P. and Cousins POC I LLC, dated February 4, 2013, filed as Exhibit 2.4 to the Registrant's Form 8-K/A filed on March 26, 2013, and incorporated herein by reference. (Schedules and exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of any omitted exhibit or schedule to the Securities and Exchange Commission upon request.)
2.4	Purchase and Sale Contract, dated as of July 19, 2013, by and between Crescent Crown Greenway Plaza SPV, LLC, Crescent Crown Seven Greenway SPV, LLC, Crescent Crown Nine Greenway SPV, LLC, and Crescent Crown Edloe Garage SPV, LLC and Cousins Properties Incorporated, filed as Exhibit 2.1 to the Registrant’s Current Report on Form 8-K filed July 29, 2013 and incorporated herein by reference. (Schedules and exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of any omitted exhibit or schedule to the Securities and Exchange Commission upon request.)
2.5	Purchase and Sale Contract, dated as of July 19, 2013, by and between Crescent One SPV, LLC and Cousins Properties Incorporated, filed as Exhibit 2.2 to the Registrant’s Current Report on Form 8-K filed July 29, 2013 and incorporated herein by reference. (Schedules and exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of any

	omitted exhibit or schedule to the Securities and Exchange Commission upon request.)
2.6	Purchase and Sale Contract for Northpark Town Center, dated as of August 1, 2014, by and between FulcoProp400LLC and FulcoProp56 LLC and Cousins Acquisitions Entity, LLC, a wholly owned subsidiary of the Registrant, filed as Exhibit 2.1 to the Registrant's Form 10-Q for the quarter ended September 30, 2014 and incorporated herein by reference. (Schedules and exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of any omitted exhibit or schedule to the Securities and Exchange Commission upon request.)
3.1	Restated and Amended Articles of Incorporation of the Registrant, as amended August 9, 1999, filed as Exhibit 3.1 to the Registrant's Form 10-Q for the quarter ended June 30, 2002, and incorporated herein by reference.
3.1.1	Articles of Amendment to Restated and Amended Articles of Incorporation of the Registrant, as amended July 22, 2003, filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on July 23, 2003, and incorporated herein by reference.

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3.1.2	Articles of Amendment to Restated and Amended Articles of Incorporation of the Registrant, as amended December 15, 2004, filed as Exhibit 3(a)(i) to the Registrant's Form 10-K for the year ended December 31, 2004, and incorporated herein by reference.
3.1.3	Articles of Amendment to Restated and Amended Articles of Incorporation of the Registrant, dated May 4, 2010, filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on May 10, 2010, and incorporated herein by reference.
3.1.4	Articles of Amendment to Restated and Amended Articles of Incorporation of the Registrant, as amended May 9, 2014, filed as Exhibit 3.1.4 to the Registrant's Form 10-Q for the quarter ended June 30, 2014, and incorporated herein by reference.
3.2	Bylaws of the Registrant, as amended and restated December 4, 2012, filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on December 7, 2012, and incorporated herein by reference.
4(a)	Dividend Reinvestment Plan as restated as of March 27, 1995, filed in the Registrant's Form S-3 dated March 27, 1995, and incorporated herein by reference.
10(a)(i)*	Cousins Properties Incorporated 1999 Incentive Stock Plan, as amended and restated, approved by the Stockholders on May 6, 2008, filed as Annex B to the Registrant's Proxy Statement dated April 13, 2008, and incorporated herein by reference.
10(a)(ii)*	Cousins Properties Incorporated 2005 Restricted Stock Unit Plan, filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated December 9, 2005, and incorporated herein by reference.
10(a)(iii)*	Amendment No. 1 to Cousins Properties Incorporated 2005 Restricted Stock Unit Plan, filed as Exhibit 10(a)(iii) to the Registrant's Form 10-Q for the quarter ended March 31, 2006, and incorporated herein by reference.
10(a)(iv)*	Cousins Properties Incorporated 1999 Incentive Stock Plan – Form of Key Employee Non-Incentive Stock Option and Stock Appreciation Right Certificate, amended effective December 6, 2007, filed as Exhibit 10(a)(vi) to the Registrant's Form 10-K for the year ended December 31, 2007, and incorporated herein by reference.
10(a)(v)*	Cousins Properties Incorporated 1999 Incentive Stock Plan – Form of Key Employee Incentive Stock Option and Stock Appreciation Right Certificate, amended effective December 6, 2007, filed as Exhibit 10(a)(vii) to the Registrant's Form 10-K for the year ended December 31, 2007, and incorporated herein by reference.
10(a)(vi)*	Cousins Properties Incorporated 2005 Restricted Stock Unit Plan – Form of Restricted Stock Unit Certificate, filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K dated December 11, 2006, and incorporated herein by reference.
10(a)(vii)*	Amendment No. 2 to the Cousins Properties Incorporated 2005 Restricted Stock Unit Plan, filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 18, 2006, and incorporated herein by reference.

10(a)(viii)*	Cousins Properties Incorporated 2005 Restricted Stock Unit Plan – Form of Restricted Stock Unit Certificate for Directors, filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on August 18, 2006, and incorporated herein by reference.
10(a)(ix)*	Form of Change in Control Severance Agreement, filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 31, 2007, and incorporated herein by reference.
10(a)(x)*	Amendment No. 1 to the Cousins Properties Incorporated 1999 Incentive Stock Plan, filed as Exhibit 10(a)(ii) to the Registrant's Form 10-Q for the quarter ended March 31, 2008, and incorporated herein by reference.
10(a)(xi)*	Amendment No. 4 to the Cousins Properties Incorporated 2005 Restricted Stock Unit Plan dated September 8, 2008, filed as Exhibit 10(a)(xiii) to the Registrant's Form 10-K for the year ended December 31, 2008, and incorporated herein by reference.
10(a)(xii)*	Amendment No. 5 to the Cousins Properties Incorporated 2005 Restricted Stock Unit Plan dated February 16, 2009, filed as Exhibit 10(a)(xiv) to the Registrant's Form 10-K for the year ended December 31, 2008, and incorporated herein by reference.
10(a)(xiii)*	Form of Amendment Number One to Change in Control Severance Agreement filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K dated May 12, 2009, and incorporated herein by reference.
10(a)(xiv)*	Amendment Number 6 to the Cousins Properties Incorporated 2005 Restricted Stock Unit Plan filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K dated May 12, 2009, and incorporated herein by reference.

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10(a)(xv)*	Form of Cousins Properties Incorporated Cash Long Term Incentive Award Certificate filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K dated May 12, 2009, and incorporated herein by reference.
10(a)(xvi)*	Cousins Properties Incorporated 2009 Incentive Stock Plan, as approved by the Stockholders on May 12, 2009, filed as Annex B to the Registrant's Proxy Statement dated April 3, 2009, and incorporated herein by reference.
10(a)(xvii)*	Cousins Properties Incorporated Director Non-Incentive Stock Option and Stock Appreciation Right Certificate under the Cousins Properties Incorporated 2009 Incentive Stock Plan, filed as Exhibit 10.2 to the Registrant's Form 10-Q for the quarter ended June 30, 2009, and incorporated herein by reference.
10(a)(xviii)*	Cousins Properties Incorporated 2005 Restricted Stock Unit Plan – Form of Restricted Stock Unit Certificate for 2010-2012 Performance Period filed as Exhibit 10(a)(xx) to the Registrant's Form 10-K for the year ended December 31, 2009, and incorporated herein by reference.
10(a)(xix)*	Cousins Properties Incorporated 2009 Incentive Stock Plan – Form of Key Employee Non-Incentive Stock Option Certificate filed as Exhibit 10(a)(xxi) to the Registrant's Form 10-K for the year ended December 31, 2009, and incorporated herein by reference.
10(a)(xx)*	Cousins Properties Incorporated 2009 Incentive Stock Plan – Form of Stock Grant Certificate filed as Exhibit 10(a)(xxii) to the Registrant's Form 10-K for the year ended December 31, 2009, and incorporated herein by reference.
10(a)(xxi)*	Form of New Change in Control Severance Agreement, filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on January 7, 2011, and incorporated herein by reference.
10(a)(xxii)*	Form of Amendment Number Two to Change in Control Severance Agreement, filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on January 7, 2011, and incorporated herein by reference.
10(a)(xxiii)*	Cousins Properties Incorporated 2009 Incentive Stock Plan – Form of Stock Grant Certificate filed as Exhibit 10(a)(xxv) to the Registrant's Form 10-K for the year ended December 31, 2010, and incorporated herein by reference.
10(a)(xxiv)*	Cousins Properties Incorporated 2009 Incentive Stock Plan – Form of Key Employee Non-Incentive Stock Option Certificate filed as Exhibit 10(a)(xxvi) to the Registrant's Form 10-K for the year ended December 31, 2010, and incorporated herein by reference.
10(a)(xxv)*	Cousins Properties Incorporated 2009 Incentive Stock Plan – Form of Key Employee Incentive Stock Option Certificate filed as Exhibit 10(a)(xxvii) to the Registrant's Form 10-K for the year ended December 31, 2010, and incorporated herein by reference.
10(a)(xxvi)*	Cousins Properties Incorporated 2005 Restricted Stock Unit Plan – Form of Restricted Stock Unit Certificate for 2011-2013 Performance Period filed as Exhibit 10(a)(xxviii) to the Registrant's Form 10-K for the year ended December 31, 2010, and incorporated herein by reference.
10(a)(xxvii)*	

	Cousins Properties Incorporated 2005 Restricted Stock Unit Plan – Form of Restricted Stock Unit Certificate for 2012-2016 Performance Period filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on February 3, 2012, and incorporated herein by reference.
10(a)(xxviii)*	Cousins Properties Incorporated 2009 Incentive Stock Plan – Form of Key Employee Incentive Stock Option Certificate filed as Exhibit 10.2 to the Registrant’s Current Report on Form 8-K filed on February 3, 2012, and incorporated herein by reference.
10(a)(xxix)*	Cousins Properties Incorporated 2005 Restricted Stock Unit Plan – Form of Restricted Stock Unit Certificate for 2012-2016 Performance Period, filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on February 3, 2012 and incorporated herein by reference.
10(a)(xxx)*	Cousins Properties Incorporated 2009 Incentive Stock Plan – Form of Stock Grant Certificate, filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on February 3, 2012 and incorporated herein by reference.
10(a)(xxxi)*	Cousins Properties Incorporated 2005 Restricted Stock Unit Plan — Form of Restricted Stock Unit Certificate for 2014-2016 Performance Period, filed as Exhibit 10(a)(xxxi) to the Registrant's Form 10-K for the year ended December 31, 2013, and incorporated herein by reference.
10(a)(xxxii)*	Cousins Properties Incorporated 2009 Incentive Stock Plan – Form of Stock Grant Certificate, filed as Exhibit 10(a)(xxxii) to the Registrant's Form 10-K for the year ended December 31, 2013, and incorporated herein by reference.

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10(a)(xxxiii)*†	Cousins Properties Incorporated 2005 Restricted Stock Unit Plan - Form of Restricted Stock Unit Certificate for 2015-2017 Performance period.
10(d)	Loan Agreement dated as of August 31, 2007, between Cousins Properties Incorporated, a Georgia corporation, as Borrower and JP Morgan Chase Bank, N.A., a banking association chartered under the laws of the United States of America, as Lender, filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 7, 2007, and incorporated herein by reference.
10(e)	Loan Agreement dated as of October 16, 2007, between 3280 Peachtree I LLC, a Georgia limited liability corporation, as Borrower and The Northwestern Mutual Life Insurance Company, as Lender, filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed October 17, 2007, and incorporated herein by reference.
10(f)	Contribution and Formation Agreement between Cousins Properties Incorporated, CP Venture Three LLC and The Prudential Insurance Company of America, including Exhibit U thereto, filed as Exhibit 10.1 to the Registrant's Form 8-K filed on May 4, 2006, and incorporated herein by reference.
10(g)	Form of Indemnification Agreement, filed as Exhibit 10.1 to the Registrant's Form 8-K dated June 18, 2007, and incorporated herein by reference.
10(h)	Third Amended and Restated Credit Agreement, dated as of May 28, 2014, among Cousins Properties Incorporated as the Borrower (and the Borrower Parties, as defined, and the Guarantors, as defined); JPMorgan Chase Bank, N.A., as Syndication Agent and an L/C Issuer; Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer; SunTrust Bank as Documentation Agent and an L/C Issuer; Wells Fargo Bank, N.A., PNC Bank, N. A., U.S. Bank National, N. A., Citizens Bank, N.A. and Morgan Stanley Senior Funding, Inc. as Co-Documentation Agents; The Northern Trust Company, First Tennessee Bank N.A. and Atlantic Capital Bank as Other Lender Parties; J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Inc. and SunTrust Robinson Humphrey, Inc. as Joint Lead Arrangers and Joint Bookrunners, filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on May 28, 2014, and incorporated herein by reference.
10(i)	Loan Agreement dated as of July 29, 2013 among Cousins Properties Incorporated, as the Borrower, certain consolidated entities of the Borrower from time to time party thereto, as the Guarantors, JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A., as Syndication Agent, and the other Lenders party thereto, filed as Exhibit 10.1 to the Registrant's Amendment No. 1 to Current Report on Form 8-K filed July 29, 2013 and incorporated herein by reference.
11	Computation of Per Share Earnings. Data required by SFAS No. 128, "Earnings Per Share," is provided in note 17 of notes to consolidated financial statements included in this Annual Report on Form 10-K, and incorporated herein by reference.
21†	Subsidiaries of the Registrant.
23†	Consent of Independent Registered Public Accounting Firm.
31.1†	

	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2†	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1†	Certification of 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.
32.2†	Certification of 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.
101†	The following financial information for the Registrant, formatted in XBRL (Extensible Business Reporting Language): (i) the condensed consolidated balance sheets, (ii) the condensed consolidated statements of operations, (iii) the condensed consolidated statements of equity, (iv) the condensed consolidated statements of cash flows, and (v) the notes to condensed consolidated financial statements.

* Indicates a management contract or compensatory plan or arrangement.

† Filed herewith.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Cousins Properties Incorporated
(Registrant)

Dated: February 12, 2015

BY: /s/ Gregg D. Adzema
Gregg D. Adzema
Executive Vice President and Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)

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

Signature	Capacity	Date
/s/ Lawrence L. Gellerstedt III Lawrence L. Gellerstedt III	Chief Executive Officer, President and Director (Principal Executive Officer)	February 12, 2015
/s/ Gregg D. Adzema Gregg D. Adzema	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 12, 2015
/s/ John D. Harris, Jr. John D. Harris, Jr.	Senior Vice President, Chief Accounting Officer, Treasurer and Assistant Secretary (Principal Accounting Officer)	February 12, 2015
/s/ Tom G. Charlesworth Tom G. Charlesworth	Director	February 12, 2015
/s/ James D. Edwards James D. Edwards	Director	February 12, 2015
/s/ Lillian C. Giornelli Lillian C. Giornelli	Director	February 12, 2015
/s/ S. Taylor Glover S. Taylor Glover	Chairman of the Board of Directors	February 12, 2015
/s/ James H. Hance, Jr. James H. Hance, Jr.	Director	February 12, 2015
/s/ Donna W. Hyland Donna W. Hyland	Director	February 12, 2015
/s/ R. Dary Stone R. Dary Stone	Director	February 12, 2015

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Board of Directors and Stockholders of
Cousins Properties Incorporated:
Atlanta, Georgia

We have audited the accompanying consolidated balance sheets of Cousins Properties Incorporated and subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedules listed in the Index at Item 15. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Cousins Properties Incorporated 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, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, during the second quarter of 2014, the Company changed its method of accounting for and disclosure of discontinued operations and disposals of components of an entity 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 February 12, 2015 expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
Atlanta, Georgia
February 12, 2015

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COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	December 31, 2014	2013
Assets:		
Real estate assets:		
Operating properties, net of accumulated depreciation of $324,543 and $235,707 in 2014 and 2013, respectively	$2,181,684	$1,828,437
Projects under development	91,615	21,681
Land	21,646	35,053
	2,294,945	1,885,171
Operating properties and related assets held for sale, net of accumulated depreciation and amortization of $21,444 in 2013	—	24,554
Cash and cash equivalents	—	975
Restricted cash	5,042	2,810
Notes and accounts receivable, net of allowance for doubtful accounts of $1,643 and $1,827 in 2014 and 2013, respectively	10,732	11,778
Deferred rents receivable	57,939	39,969
Investment in unconsolidated joint ventures	100,498	107,082
Intangible assets, net of accumulated amortization of $76,050 and $37,544 in 2014 and 2013, respectively	163,244	170,973
Other assets	34,930	29,894
Total assets	$2,667,330	$2,273,206
Liabilities:		
Notes payable	$792,344	$630,094
Accounts payable and accrued expenses	86,668	76,668
Deferred income	23,277	25,754
Intangible liabilities, net of accumulated amortization of $16,897 and $6,323 in 2014 and 2013, respectively	70,020	66,476
Other liabilities	21,563	15,242
Total liabilities	993,872	814,234
Commitments and contingencies	—	—
Equity:		
Stockholders' investment:		
Preferred stock, 20,000,000 shares authorized, $1 par value:		
Preferred stock, 7.50% Series B cumulative redeemable preferred stock, $1 par value, $25 liquidation preference, 20,000,000 shares authorized, -0- and 3,791,000 shares issued and outstanding in 2014 and 2013, respectively	—	94,775
Common stock, $1 par value, 350,000,000 and 250,000,000 shares authorized, 220,082,610 and 193,236,454 shares issued in 2014 and 2013, respectively	220,083	193,236
Additional paid-in capital	1,720,972	1,420,951
Treasury stock at cost, 3,570,082 shares in 2014 and 2013	(86,840)	(86,840)
Distributions in excess of cumulative net income	(180,757)	(164,721)
Total stockholders' investment	1,673,458	1,457,401
Nonredeemable noncontrolling interests	—	1,571
Total equity	1,673,458	1,458,972
Total liabilities and equity	$2,667,330	$2,273,206

See notes to consolidated financial statements.

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COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Year Ended December 31,		
	2014	2013	2012
Revenues:			
Rental property revenues	$343,910	$194,420	$114,208
Fee income	12,519	10,891	17,797
Other	4,954	5,430	4,841
	361,383	210,741	136,846
Costs and expenses:			
Rental property operating expenses	155,934	90,498	50,329
Reimbursed expenses	3,652	5,215	7,063
General and administrative expenses	19,784	21,940	23,208
Interest expense	29,110	21,709	23,933
Depreciation and amortization	140,018	76,277	39,424
Separation expenses	185	520	1,985
Acquisition and related costs	1,130	7,484	793
Other	3,544	3,693	5,632
	353,357	227,336	152,367
Loss on extinguishment of debt	—	—	(94)
Income (loss) from continuing operations before taxes, unconsolidated joint ventures, and sale of investment properties	8,026	(16,595)	(15,615)
Benefit (provision) for income taxes from operations	20	23	(91)
Income from unconsolidated joint ventures	11,268	67,325	39,258
Income from continuing operations before gain on sale of investment properties	19,314	50,753	23,552
Gain on sale of investment properties	12,536	61,288	4,053
Income from continuing operations	31,850	112,041	27,605
Income from discontinued operations:			
Income from discontinued operations	1,800	3,299	1,907
Gain on sale from discontinued operations	19,358	11,489	18,407
	21,158	14,788	20,314
Net income	53,008	126,829	47,919
Net income attributable to noncontrolling interests	(1,004)	(5,068)	(2,191)
Net income attributable to controlling interests	52,004	121,761	45,728
Preferred share original issuance costs	(3,530)	(2,656)	—
Dividends to preferred stockholders	(2,955)	(10,008)	(12,907)
Net income available to common stockholders	$45,519	$109,097	$32,821
Per common share information — basic and diluted:			
Income from continuing operations attributable to controlling interest	$0.12	$0.66	$0.12
Income from discontinued operations	0.10	0.10	0.20
Net income available to common stockholders	$0.22	$0.76	$0.32
Weighted average shares — basic	204,216	144,255	104,117
Weighted average shares — diluted	204,460	144,420	104,125

See notes to consolidated financial statements.

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COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
Years Ended December 31, 2014, 2013 and 2012
(In thousands)

	Preferred Stock	Common Stock	Additional Paid-In Capital	Treasury Stock	Distributions in Excess of Cumulative Net Income	Stockholders' Investment	Nonredeemable Noncontrolling Interests	Total Equity
Balance December 31, 2011	$169,602	$107,272	$687,835	$(86,840)	$(274,177)	$603,692	$33,703	$637,395
Net income (loss)	—	—	—	—	45,728	45,728	4,194	49,922
Common stock issued pursuant to:								
Director stock grants	—	72	468	—	—	540	—	540
Stock option exercises	—	—	—	—	—	—	—	—
Restricted stock grants, net of amounts withheld for income taxes	—	452	(659)	—	—	(207)	—	(207)
Amortization of stock options and restricted stock, net of forfeitures	—	(136)	2,380	—	—	2,244	—	2,244
Distribution to nonredeemable noncontrolling interests	—	—	—	—	—	—	(15,286)	(15,286)
Contributions from nonredeemable noncontrolling interests	—	—	—	—	—	—	1,300	1,300
Change in fair value of redeemable noncontrolling interests	—	—	—	—	—	—	—	—
Preferred dividends	—	—	—	—	(12,907)	(12,907)	—	(12,907)
Common dividends	—	—	—	—	(18,748)	(18,748)	—	(18,748)
Balance December 31, 2012	$169,602	$107,660	$690,024	$(86,840)	$(260,104)	$620,342	$22,611	$642,953
Net income	—	—	—	—	121,761	121,761	5,000	126,761

Common stock issued pursuant to:								
Director stock grants	—	50	494	—	—	544	—	544
Restricted stock grants, net of amounts withheld for income taxes	—	30	(1,209)	—	—	(1,179)	—	(1,179)
Amortization of stock options and restricted stock, net of forfeitures	—	(42)	1,940	—	—	1,898	—	1,898
Distributions to nonredeemable noncontrolling interests	—	—	—	—	—	—	(26,040)	(26,040)
Preferred dividends	—	—	—	—	(10,008)	(10,008)	—	(10,008)
Common dividends	—	—	—	—	(27,192)	(27,192)	—	(27,192)
Balance Balance December 31, 2013	$94,775	$193,236	$1,420,951	$(86,840)	$(164,721)	$1,457,401	$1,571	$1,458,972
Net income	—	—	—	—	52,004	52,004	1,004	53,008
Common stock issued pursuant to:								
Director stock grants	—	55	598	—	—	653	—	653
Stock option exercises	—	48	(326)	—	—	(278)	—	(278)
Common stock offering, net of issuance costs	—	26,700	295,196	—	—	321,896	—	321,896
Restricted stock grants, net of amounts withheld for income taxes	—	53	(978)	—	—	(925)	—	(925)
Amortization of stock options and restricted stock, net of forfeitures	—	(9)	2,001	—	—	1,992	—	1,992
Distributions to noncontrolling interests	—	—	—	—	—	—	(2,575)	(2,575)
Redemption of preferred shares	(94,775)	—	3,530	—	(3,530)	(94,775)	—	(94,775)
Preferred dividends	—	—	—	—	(2,955)	(2,955)	—	(2,955)
	—	—	—	—	(61,555)	(61,555)	—	(61,555)

Common dividends								
Balance December 31, 2014	$—	$220,083	$1,720,972	$(86,840)	$(180,757)	$1,673,458	$—	$1,673,458

See notes to consolidated financial statements.

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COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$53,008	$126,829	$47,919
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Impairment losses, including discontinued operations	—	—	14,278
Gain on sale of investment properties, including discontinued operations	(31,894)	(68,200)	(15,001)
Gain on sale of third party management and leasing business	—	(4,577)	(7,459)
Loss on extinguishment of debt, including discontinued operations	—	—	94
Depreciation and amortization, including discontinued operations	141,022	76,478	52,439
Amortization of deferred financing costs	604	615	1,056
Amortization of stock options and restricted stock, net of forfeitures	1,992	1,898	2,244
Effect of certain non-cash adjustments to rental revenues	(30,039)	(11,660)	(3,938)
Income from unconsolidated joint ventures	(11,268)	(67,325)	(39,258)
Operating distributions from unconsolidated joint ventures	10,296	67,101	37,379
Land and multi-family cost of sales, net of closing costs paid	302	967	1,659
Changes in other operating assets and liabilities:			
Change in other receivables and other assets, net	(644)	(9,619)	(851)
Change in operating liabilities	9,021	24,833	4,761
Net cash provided by operating activities	142,400	137,340	95,322
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from investment property sales	244,471	178,966	273,386
Proceeds from sale of third party management and leasing business	—	4,577	8,247
Property acquisition, development and tenant asset expenditures	(710,743)	(1,526,263)	(105,069)
Investment in unconsolidated joint ventures	(18,342)	(11,922)	(6,619)
Distributions from unconsolidated joint ventures	26,179	88,635	67,435
Collection of notes receivable	1,020	1,580	—
Change in notes receivable and other assets	(2,839)	(1,655)	2,504
Change in restricted cash	(1,361)	(111)	2,077
Net cash provided by (used in) investing activities	(461,615)	(1,266,193)	241,961
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from credit facility	764,575	365,075	417,900
Repayment of credit facility	(664,450)	(325,000)	(616,150)
Proceeds from other notes payable	85,068	304,275	113,026
Repayment of notes payable	(22,943)	(77,887)	(28,808)
Payment of loan issuance costs	(3,995)	(1,693)	(3,419)
Common stock issued, net of expenses	321,845	826,233	—
Common dividends paid	(61,555)	(27,192)	(18,748)
Preferred dividends paid	(2,955)	(10,008)	(12,907)
Redemption of preferred shares	(94,775)	(74,827)	—
Distributions to noncontrolling interests	(2,575)	(26,040)	(16,143)
Net cash provided by (used in) financing activities	318,240	952,936	(165,249)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(975)	(175,917)	172,034
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	975	176,892	7,599
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$—	$975	$176,892

See notes to consolidated financial statements.

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COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business: Cousins Properties Incorporated (“Cousins”), a Georgia corporation, is a self-administered and self-managed real estate investment trust (“REIT”). Through December 31, 2014, Cousins Real Estate Corporation (“CREC”) was a taxable entity wholly-owned by and consolidated within Cousins. CREC owned, developed, and managed its own real estate portfolio and performed certain real estate related services for other parties. On December 31, 2014, CREC merged into Cousins and coincident with this merger, Cousins formed Cousins TRS Services LLC ("CTRS"), a new taxable entity wholly-owned by Cousins. Upon formation, CTRS received a capital contribution of some of the real estate assets and contracts that were previously owned by CREC. CTRS will own and manage its own real estate portfolio and perform certain real estate related services for other parties beginning in 2015.

Cousins, CREC, CTRS and their subsidiaries (collectively, the “Company”) develop, acquire, lease, manage, and own primarily Class A office properties and opportunistic mixed-use developments in Sunbelt markets with a focus on Georgia, Texas, and North Carolina. As of December 31, 2014, the Company’s portfolio of real estate assets consisted of interests in 15.7 million square feet of office space, 80,000 square feet of retail space, and 404,000 square feet (443 units) of apartments.

Basis of Presentation: The consolidated financial statements include the accounts of the Company and its consolidated partnerships and wholly-owned subsidiaries. Intercompany transactions and balances have been eliminated in consolidation. The Company presents its financial statements in accordance with accounting principles generally accepted in the United States (“GAAP”) as outlined in the Financial Accounting Standard Board’s Accounting Standards Codification (the “Codification” or “ASC”). The Codification is the single source of authoritative accounting principles applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP.

For the three years ended December 31, 2014, there were no items of other comprehensive income. Therefore, no presentation of comprehensive income is required.

The Company evaluates all partnerships, joint ventures and other arrangements with variable interests to determine if the entity or arrangement qualifies as a variable interest entity (“VIE”), as defined in the Codification. If the entity or arrangement qualifies as a VIE and the Company is determined to be the primary beneficiary, the Company is required to consolidate the assets, liabilities, and results of operations of the VIE.

The Company has a joint venture with Callaway Gardens Resort, Inc. (“Callaway”) for the development of residential lots, which is anticipated to be funded fully through Company contributions. Callaway has the right to receive returns, but no obligation to fund any costs or absorb any losses. The Company is the sole decision maker for the venture and the development manager. The Company has determined that Callaway is a VIE, and the Company is the primary beneficiary. Therefore, the Company consolidates this joint venture. As of December 31, 2014 and 2013, Callaway had total assets of $2.1 million and $4.6 million, respectively, and no significant liabilities.

In 2014, the Company acquired a building and transferred it to a special purpose entity to facilitate a potential Section 1031 exchange under the Internal Revenue Code. To realize the tax deferral available under the Section 1031 exchange, the Company must complete the Section 1031 exchange, and take title to the to-be-exchanged building within 180 days of the acquisition date. The Company has determined that this entity is a VIE, and the Company is the primary beneficiary. Therefore, the Company consolidates this entity. As of December 31, 2014, this VIE had total assets of $353.2 million, no significant liabilities, and no significant cash flows.

Recently Issued Accounting Standards: In 2014, The Financial Accounting Standards Board ("FASB") issued new guidance related to the presentation of discontinued operations. Prior to this new guidance, the Company generally included activity for all assets held for sale and disposals in discontinued operations on the statements of operations. Under the new guidance, only assets held for sale and disposals representing a major strategic shift in operations, such as the disposal of a line of business, a significant geographical area, or a major equity investment, will be presented as discontinued operations. Additionally, the new guidance requires expanded disclosures about discontinued operations

that will provide more information about their assets, liabilities, income, and expenses. The guidance is effective for periods beginning after December 15, 2014. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued. The Company adopted this guidance in the second quarter of 2014.

In 2014, the FASB issued new guidance related to the accounting for revenue from contracts with customers which requires a new five-step model to recognize revenue. Under the new guidance, companies will recognize revenue when the seller

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satisfies a performance obligation, which would be when the buyer takes control of the good or service. This new guidance could result in different amounts of revenue being recognized and could result in revenue being recognized in different reporting periods than it is under the current guidance. The new guidance specifically excludes revenue associated with lease contracts. The guidance is effective for periods beginning after December 15, 2016 and early adoption is prohibited. Retrospective application will be required either to all periods presented or with the cumulative effect of initial adoption recognized in the period of adoption. The Company does not expect the adoption of this new guidance to have a material impact on its financial position or results of operations.

2. SIGNIFICANT ACCOUNTING POLICIES

Real Estate Assets

Cost Capitalization: Costs related to planning, developing, leasing, and constructing a property, including costs of development personnel working directly on projects under development, are capitalized. In addition, the Company capitalizes interest to qualifying assets under development based on average accumulated expenditures outstanding during the period. In capitalizing interest to qualifying assets, the Company first uses the interest incurred on specific project debt, if any, and next uses the Company's weighted average interest rate for non-project specific debt. The Company also capitalizes interest to investments accounted for under the equity method when the investee has property under development with a carrying value in excess of the investee's borrowings. To the extent debt exists within an unconsolidated joint venture during the construction period, the venture capitalizes interest on that venture-specific debt.

The Company capitalizes interest, real estate taxes, and certain operating expenses on the unoccupied portion of recently completed development properties from the date a project is substantially complete to the earlier of (1) the date on which the project achieves 90% economic occupancy or (2) one year after it is substantially complete.

The Company capitalizes direct leasing costs related to leases that are probable of being executed. These costs include commissions paid to outside brokers, legal costs incurred to negotiate and document a lease agreement, and internal costs that are based on time spent by leasing personnel on successful leases. The Company allocates these costs to individual tenant leases and amortizes them over the related lease term.

Impairment: For real estate assets that are considered to be held for sale according to accounting guidance, the Company records impairment losses if the fair value of the asset net of estimated selling costs is less than the carrying amount. For those long-lived assets that are held and used according to accounting guidance, management reviews each asset for the existence of any indicators of impairment. If indicators of impairment are present, the Company calculates the expected undiscounted future cash flows to be derived from such assets. If the undiscounted cash flows are less than the carrying amount of the asset, the Company reduces the asset to its fair value.

Acquisition of Operating Properties: The Company records the acquired tangible and intangible assets and assumed liabilities of operating property acquisitions at fair value at the acquisition date. The acquired assets and assumed liabilities for an operating property acquisition generally include but are not limited to: land, buildings and improvements, and identified tangible and intangible assets and liabilities associated with in-place leases, including leasing costs, value of above-market and below-market tenant leases, value of above-market and below-market ground leases, acquired in-place lease values, and tenant relationships, if any.

The fair value of land is derived from comparable sales of land within the same submarket and/or region. The fair value of buildings and improvements, tenant improvements, and leasing costs are based upon current market replacement costs and other relevant market rate information.

The fair value of the above-market or below-market component of an acquired in-place lease is based upon the present value (calculated using a market discount rate) of the difference between (i) the contractual rents to be paid pursuant to the lease over its remaining term and (ii) management's estimate of the rents that would be paid using fair market rental rates and rent escalations at the date of acquisition over the remaining term of the lease. The amounts recorded for above-market and below-market tenant leases are included in intangible assets and intangible liabilities, respectively, on the balance sheets and are amortized on a straight-line basis into rental property revenues over the remaining term of the applicable leases. The amounts recorded for above-market and below-market ground leases are included in intangible liabilities and intangible assets, respectively, and are amortized on a straight-line basis into

rental property operating expenses over the remaining terms of the applicable leases.

The fair value of acquired in-place leases is derived based on management's assessment of lost revenue and costs incurred for the period required to lease the "assumed vacant" property to the occupancy level when purchased. The amount recorded

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for acquired in-place leases is included in intangible assets and amortized as an increase to depreciation and amortization expense over the remaining term of the applicable leases.

Depreciation and Amortization: Real estate assets are stated at depreciated cost less impairment losses, if any. Buildings are depreciated over their estimated useful lives, which range generally from 24 to 42 years. The life of a particular building depends upon a number of factors including whether the building was developed or acquired and the condition of the building upon acquisition. Furniture, fixtures and equipment are depreciated over their estimated useful lives of three to five years. Tenant improvements, leasing costs and leasehold improvements are amortized over the term of the applicable leases or the estimated useful life of the assets, whichever is shorter. The Company accelerates the depreciation of tenant assets if it estimates that the lease term will end prior to the termination date. This acceleration may occur if a tenant files for bankruptcy, vacates its premises or defaults in another manner on its lease. Deferred expenses are amortized over the period of estimated benefit. The Company uses the straight-line method for all depreciation and amortization.

Discontinued Operations: Effective in 2014, only assets held for sale and disposals representing strategic shifts in operations will be reflected in discontinued operations. For previous periods, the Company classified the results of operations of all properties that have been sold or otherwise qualify as held for sale as discontinued operations if the property's operations are expected to be eliminated from ongoing operations and the Company will not have any significant continuing involvement in the operations of the property after the sale. The Company also classified any gains or losses on the sale of such properties as discontinued operations as well as any related impairment losses associated with such properties. The Company ceases depreciation of a property when it is categorized as held for sale. See note 3 for a detail of properties that meet these requirements.

Investment in Joint Ventures

For joint ventures that the Company does not control, but exercises significant influence, the Company uses the equity method of accounting. The Company's judgment with regard to its level of influence or control of an entity involves consideration of various factors including the form of its ownership interest; its representation in the entity's governance; its ability to participate in policy-making decisions; and the rights of other investors to participate in the decision-making process, to replace the Company as manager, and/or to liquidate the venture. These ventures are recorded at cost and adjusted for equity in earnings and cash contributions and distributions. Any difference between the carrying amount of these investments on the Company’s balance sheet and the underlying equity in net assets on the joint venture’s balance sheet is adjusted as the related underlying assets are depreciated, amortized, or sold. The Company generally allocates income and loss from an unconsolidated joint venture based on the venture's distribution priorities, which may be different from its stated ownership percentage.

The Company evaluates the recoverability of its investment in unconsolidated joint ventures in accordance with accounting standards for equity investments by first reviewing each investment for any indicators of impairment. If indicators are present, the Company estimates the fair value of the investment. If the carrying value of the investment is greater than the estimated fair value, management makes an assessment of whether the impairment is “temporary” or “other-than-temporary.” In making this assessment, management considers the following: (1) the length of time and the extent to which fair value has been less than cost, (2) the financial condition and near-term prospects of the entity, and (3) the Company’s intent and ability to retain its interest long enough for a recovery in market value.

The Company consolidates certain joint ventures that it controls. In cases where the entity’s documents do not contain a required redemption clause, the Company records the partner’s share of the entity in the equity section of the balance sheets in nonredeemable noncontrolling interests. In cases where the entity’s documents contain a provision requiring the Company to purchase the partner’s share of the venture at a certain value upon demand or at a future date, the Company records the partner’s share of the entity in redeemable noncontrolling interests on the balance sheets. Amounts recorded in redeemable noncontrolling interests are adjusted to the higher of fair value or the partner’s cost basis each reporting period. The effect of these adjustments is recorded in additional paid-in capital within total stockholders’ investment. The noncontrolling partners' share of all consolidated joint ventures' income is reflected in net income attributable to noncontrolling interest on the statements of operations.

Revenue Recognition

Rental Property Revenues: The Company recognizes contractual revenues from leases on a straight-line basis over the term of the respective lease. Certain of these leases also provide for percentage rents based upon the level of sales achieved by the lessee. Percentage rents are recognized once the specified sales target is achieved. In addition, leases typically provide for reimbursement of the tenants' share of real estate taxes, insurance, and other operating expenses to the Company. Operating expense reimbursements are recognized as the related expenses are incurred. During 2014, 2013, and 2012, the Company recognized $86.0 million, $43.9 million, and $26.2 million, respectively, in revenues, including discontinued operations, from tenants related to operating expenses.

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The Company makes valuation adjustments to all tenant-related accounts receivable based upon its estimate of the likelihood of collectibility of amounts due from the tenant. The amount of any valuation adjustment is based on the tenant's credit and business risk, history of payment, and other factors considered by management.

Fee Income: The Company recognizes development, management, and leasing fees when earned. The Company recognizes development, management, and leasing fees received from unconsolidated joint ventures and related salaries and other direct costs incurred by the Company as income and expense based on the percentage of the joint venture which the Company does not own. Correspondingly, the Company adjusts the investment in unconsolidated joint ventures asset when fees are paid to the Company by a joint venture in which the Company has an ownership interest. The Company amortizes these adjustments over a relevant period in income from unconsolidated joint ventures.

Land Sales: The Company recognizes sales and related cost of sales of land upon closing, the majority of which historically have been accounted for on the full accrual method. If a substantial continuing obligation exists related to the sale, the Company uses the percentage of completion method. If other criteria for the full accrual method are not met, the Company utilizes the installment method, cost recovery method, deposit method, or reduced-profit method as applicable.

Gain on Sale of Investment Properties: The Company recognizes a gain on sale of investment property when the sale of a property is consummated, the buyer's initial and continuing investment is adequate to demonstrate commitment to pay, any receivable obtained is not subject to future subordination, the usual risks and rewards of ownership are transferred, and the Company has no substantial continuing involvement with the property. If the Company has a commitment to the buyer and that commitment is a specific dollar amount, this commitment is accrued and the gain on sale that the Company recognizes is reduced. If the Company has a construction commitment to the buyer, management makes an estimate of this commitment, defers a portion of the profit from the sale, and recognizes the deferred profit as or when the commitment is fulfilled.

Income Taxes

Cousins has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"). To qualify as a REIT, Cousins must distribute annually at least 90% of its adjusted taxable income, as defined in the Code, to its stockholders and satisfy certain other organizational and operating requirements. It is management's current intention to adhere to these requirements and maintain Cousins' REIT status. As a REIT, Cousins generally will not be subject to federal income tax at the corporate level on the taxable income it distributes to its stockholders. If Cousins fails to qualify as a REIT in any taxable year, it will be subject to 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. Cousins may be subject to certain state and local taxes on its income and property, and to federal income taxes on its undistributed taxable income.

Through December 31, 2014, CREC was a C-Corporation for federal income tax purposes and used the liability method of accounting for income taxes. CTRS is also a C-Corporation for federal income tax purposes and uses the liability method for for accounting for income taxes. Tax return positions are recognized in the financial statements when they are "more-likely-than-not" to be sustained upon examination by the taxing authority. Deferred income tax assets and liabilities result from temporary differences. Temporary differences are differences between the tax bases of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future periods. A valuation allowance may be placed on deferred income tax assets, if it is determined that it is more likely than not that a deferred tax asset may not be realized.

Stock-Based Compensation

The Company has several types of stock-based compensation plans. These plans are described in note 13, as are the accounting policies by type of award. The Company recognizes compensation expense, net of forfeitures, arising from share-based payment arrangements granted to employees and directors in general and administrative expense in the statements of operations over the related awards' vesting period, which may be accelerated under the Company's retirement feature.

Earnings per Share ("EPS")

Net income (loss) per share-basic is calculated as net income (loss) available to common stockholders divided by the weighted average number of common shares outstanding during the period, including nonvested restricted stock which has nonforfeitable dividend rights. Net income (loss) per share-diluted is calculated as net income (loss) available to common stockholders divided by the diluted weighted average number of common shares outstanding during the period. Diluted weighted average number of common shares uses the same weighted average share number as in the basic calculation and adds the potential dilution that would occur if stock options (or any other contracts to issue common stock) were exercised and resulted in additional common shares outstanding, calculated using the treasury stock method. The numerator is reduced for the effect of preferred dividends in both the basic and diluted net income (loss) per share calculations.

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Stock options are dilutive when the average market price of the Company's stock during the period exceeds the option exercise price. However, in periods where the Company is in a net loss position, the dilutive effect of stock options is not included in the diluted weighted average shares total.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash and highly-liquid money market instruments. Highly-liquid money market instruments include securities and repurchase agreements with original maturities of three months or less, money market mutual funds, and United States Treasury Bills with maturities of 30 days or less. Restricted cash primarily represents amounts restricted under debt agreements for future capital expenditures or for specific future operating costs.

Software Cost Capitalization

Internal and external costs to develop computer software for internal use are capitalized during the development stage in accordance with GAAP. These capitalized costs include the costs to obtain the software, internal and external development costs, and automated data conversion. Training and manual data conversion costs are expensed as incurred.

Use of Estimates

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

3. PROPERTY TRANSACTIONS

Dispositions

In 2014, the FASB issued new guidance related to the presentation of discounted operations. See note 2 for further information. The new guidance applies to assets that are sold or meet the criteria for held for sale after the date of adoption. The Company adopted the new standard in 2014; and as a result, two of the Company's properties that were sold subsequent to the adoption that under the previous guidance would have been considered discontinued operations are not considered discontinued operations under the new guidance.

The Company sold the following properties in 2014, 2013, and 2012. The results of operations of the properties noted as discontinued operations are included in a separate section discontinued operations, in the statements of operations for all periods presented ($ in thousands):

Property	Property Type	Location	Square Feet	Sales Price	Discontinued Operations
2014					
777 Main	Office	Ft. Worth, TX	980,000	$167,000	No
Lakeshore Park Plaza	Office	Birmingham, AL	197,000	$25,000	Yes
Mahan Village	Retail	Tallahassee, FL	147,000	$29,500	No
600 University Park Place	Office	Birmingham, AL	123,000	$19,700	Yes
2013					
Tiffany Springs MarketCenter	Retail	Kansas City, MO	238,000	$53,500	Yes
Inhibitex	Office	Atlanta, GA	51,000	$8,300	Yes
2012					
The Avenue Forsyth	Retail	Atlanta, GA	524,000	$119,000	Yes
The Avenue Collierville	Retail	Memphis, TN	511,000	$55,000	Yes
The Avenue Webb Gin	Retail	Atlanta, GA	322,000	$59,600	Yes
Galleria 75	Office	Atlanta, GA	111,000	$9,200	Yes
Cosmopolitan Center	Office	Atlanta, GA	51,000	$7,000	Yes

In addition, the Company sold its third party management and leasing business in 2012. The operations of this business are presented as discontinued operations in the accompanying statements of operations. The Company recognized a gain on the sale of its third party management and leasing business of $7.5 million in 2012 and an additional gain of $4.6 million in 2013. The additional gain was based on the performance of the business for the year

subsequent to the sale.

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The following table details the components of income from discontinued operations for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	2014	2013	2012
Rental property revenues	$2,927	$10,552	$33,918
Other revenues	29	40	3,557
Third party management and leasing revenues	—	76	16,364
Third party management and leasing expenses	—	(99)	(13,678)
Impairment losses	—	—	(13,791)
Depreciation and amortization	—	(3,083)	(13,479)
Other expenses	(28)	(25)	(49)
Rental property operating expenses	(1,128)	(4,162)	(10,935)
Income from discontinued operations	$1,800	$3,299	$1,907

Gains (losses) related on sales of discontinued operations are as follows for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	2014	2013	2012
Lakeshore Park Plaza	$13,025	$—	$—
600 University Park Place	6,334	—	—
The Avenue Forsyth	1	(77)	4,508
Inhibitex	2	2,989	—
Tiffany Springs MarketCenter	(1)	3,697	—
Third party management and leasing business	(3)	4,577	7,459
Cosmopolitan Center	—	—	2,064
The Avenue Webb Gin	—	(2)	3,590
Other	—	305	786
Gain on sale of discontinued operations, net	$19,358	$11,489	$18,407

Acquisitions

In 2014, the Company acquired Northpark Town Center, a 1.5 million square foot office asset located in Atlanta, Georgia. The gross purchase price for this property was $348.0 million, before adjustments for customary closing costs and other closing credits. The Company incurred $643,000 in acquisition and related costs associated with this acquisition.

In 2014, the Company acquired Fifth Third Center, a 698,000 square foot Class A office tower located in the Charlotte, North Carolina central business district. The gross purchase price for this property was $215.0 million, before adjustments for customary closing costs and other closing credits. The Company incurred $328,000 in acquisition and related costs associated with this acquisition.

In 2013, the Company acquired Greenway Plaza, a 10-building, 4.3 million square foot office complex in Houston, Texas, and 777 Main, a 980,000 square foot Class A office building in the central business district of Fort Worth, Texas (collectively the “Texas Acquisition”). The aggregate purchase price for the Texas Acquisition was $1.1 billion, before adjustment for brokers fees, transfer taxes and other customary closing costs.

In conjunction with the Texas Acquisition, the Company entered into a $950 million Loan Agreement with JPMorgan Chase Bank, N.A. and Bank of America, N.A. (the "Term Loan") to assist, if necessary, in the funding of the Texas Acquisition. The Term Loan was not used to finance the Texas Acquisition and, pursuant to the agreement, terminated on the acquisition date. The Company incurred fees and other costs associated with the Term Loan of $2.6 million. In addition, the Company incurred $4.2 million in other acquisition costs related to the Texas Acquisition. The term loan costs and other acquisition costs are included in acquisition and related costs on the statement of operations.

In 2013, the Company acquired 816 Congress Avenue, a 435,000 square foot Class-A office property located in the central business district of Austin, Texas. The purchase price for this property, net of rent credits, was $102.4 million. The Company incurred $342,000 in acquisition and related costs associated with this acquisition.

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In 2013, the Company purchased the remaining 80% interest in MSREF/ Cousins Terminus 200 LLC for $53.8 million and simultaneously repaid the mortgage loan secured by the Terminus 200 property in the amount of $74.6 million. The Company recognized a gain of $19.7 million on this acquisition achieved in stages. Immediately thereafter, the Company contributed its interest in the Terminus 200 property and its interest in the Terminus 100 property, together with the existing mortgage loan secured by the Terminus 100 property, to a newly-formed entity, Terminus Office Holdings LLC ("TOH"), and sold 50% of TOH to institutional investors advised by J.P. Morgan Asset Management for $112.2 million. The Company recognized a gain of $37.1 million on this transaction. The Company incurred $122,000 in acquisition and related costs associated with these transactions. TOH closed a new mortgage loan on the Terminus 200 property in the amount of $82.0 million, and the Company received a distribution of $39.2 million from TOH as a result. TOH is an unconsolidated joint venture of the Company (see note 5).

Concurrent with the Terminus 100 and 200 transactions, the Company purchased Post Oak Central, a 1.3 million square foot, Class-A office complex in the Galleria district of Houston, Texas for $230.9 million, net of rent credits, from an affiliate of J.P. Morgan Asset Management. The Company incurred $231,000 in acquisition and related costs associated with this acquisition.

In 2012, the Company purchased 2100 Ross Avenue, a 844,000 square foot Class-A office building in the Arts District submarket of Dallas, Texas, and paid cash of $59.2 million. The Company incurred $408,000 in acquisition and related costs associated with this purchase.

The following tables summarize allocations of the estimated fair values of the assets and liabilities of the acquisitions discussed above (in thousands):

	Northpark Town Center	Fifth Third Center	Post Oak Central	Terminus 200	816 Congress Avenue	Texas Acquisition	2100 Ross Avenue
Tangible assets:							
Land and improvements	$24,577	$22,863	$88,406	$25,040	$6,817	$306,563	$5,987
Building	274,151	163,649	118,470	101,472	86,391	586,150	36,705
Tenant improvements	21,674	16,781	10,877	17,600	3,500	114,220	9,034
Other assets	—	1,014	—	101	—	—	—
Deferred rents receivable	—	—	—	44	—	—	—
Tangible assets	320,402	204,307	217,753	144,257	96,708	1,006,933	51,726
Intangible assets:							
Above-market leases	2,846	632	995	1,512	89	4,959	3,267
In-place leases	30,159	17,096	26,968	14,355	8,222	117,630	8,888
Below-market ground leases	—	338	—	—	—	2,958	—
Ground lease purchase option	—	—	—	—	2,403	—	—
Total intangible assets	33,005	18,066	27,963	15,867	10,714	125,547	12,155
Tangible liabilities:							
Accounts payable and accrued expenses	—	(1,026)	—	—	—	—	—
Total tangible liabilities	—	(1,026)	—	—	—	—	—
Intangible liabilities:							
Below-market leases	(8,018)	(9,374)	(14,792)	(9,273)	(2,820)	(47,170)	(436)
Above-market ground lease	—	—	—	—	(1,981)	(2,508)	—
Total intangible liabilities	(8,018)	(9,374)	(14,792)	(9,273)	(4,801)	(49,678)	(436)
Total net assets acquired	$345,389	$211,973	$230,924	$150,851	$102,621	$1,082,802	$63,445

See note 6 for a schedule of the timing of amortization of the intangible assets and liabilities and the weighted average amortization periods.

The following unaudited supplemental pro forma information is presented for the years ended December 31, 2014 and 2013, respectively. The pro forma information is based upon the Company's historical consolidated statements of

operations, adjusted as if the Northpark Town Center, Post Oak Central, Terminus, 816 Congress Avenue and the Texas Acquisition transactions discussed above had occurred at the beginning of each of the periods presented. The supplemental pro forma

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information is not necessarily indicative of future results or of actual results that would have been achieved had the transactions been consummated at the beginning of each period.

	2014	2013
	(unaudited, in thousands, except per share amounts)	
Revenues	$388,791	$354,047
Income from continuing operations	31,695	119,825
Net income	52,853	134,613
Net income available to common stockholders	45,364	116,881
Per share information:		
Basic	$0.22	$0.62
Diluted	$0.22	$0.62

4. NOTES AND ACCOUNTS RECEIVABLE

At December 31, 2014 and 2013, notes and accounts receivables included the following (in thousands):

	2014	2013
Notes receivable	$414	$1,445
Allowance for doubtful accounts related to notes receivable	(414)	(995)
Tenant and other receivables	11,961	12,160
Allowance for doubtful accounts related to tenant and other receivables	(1,229)	(832)
	$10,732	$11,778

At December 31, 2014 and 2013, the fair value of the Company’s notes receivable approximated the cost basis. Fair value was calculated by discounting future cash flows from the notes receivable at estimated rates in which similar loans would have been made at December 31, 2014 and 2013. The estimate of the rate, which is the most significant input in the discounted cash flow calculation, is intended to replicate notes of similar type and maturity. This fair value calculation is considered to be a Level 3 calculation under the accounting guidelines, as the Company utilizes internally generated assumptions regarding current interest rates at which similar instruments would be executed.

5.INVESTMENT IN UNCONSOLIDATED JOINT VENTURES

The following information summarizes financial data and principal activities of the Company’s unconsolidated joint ventures. The information included in the following table entitled summary of financial position is as of December 31, 2014 and 2013. The information included in the summary of operations table is for the years ended December 31, 2014, 2013 and 2012 (in thousands).

	Total Assets		Total Debt		Total Equity		Company's Inves	
SUMMARY OF FINANCIAL POSITION:	2014	2013	2014	2013	2014	2013	2014	2013
Terminus Office Holdings	$288,415	$297,815	$213,640	$215,942	$62,830	$69,867	$32,323	$35,
EP I LLC	85,228	88,130	58,029	57,092	26,671	29,229	22,905	25,3
EP II LLC	42,772	12,644	12,735	1	24,969	11,695	19,905	9,56
Charlotte Gateway Village, LLC	130,272	135,966	35,530	52,408	92,808	82,373	11,218	11,2
HICO Victory Center LP	9,962	—	—	—	9,962	—	7,572	—
CL Realty, L.L.C.	7,264	7,602	—	—	7,042	7,374	3,546	3,70
Temco Associates, LLC	6,910	8,474	—	—	6,709	8,315	3,027	4,08
Cousins Watkins LLC	—	51,653	—	27,710	—	23,081	—	17,2
Wildwood Associates	16,400	21,127	—	—	16,389	21,121	(1,106)(1)	(1,68
Crawford Long - CPI, LLC	29,946	32,042	75,000	75,000	(45,762)	(44,295)	(21,931)(1)	(21,(
Other	1,411	1,931	—	—	979	1,700	2	60
	$618,580	$657,384	$394,934	$428,153	$202,597	$210,460	$77,461	$84,

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	Total Revenues			Net Income (Loss)			Company's Share of Net Income (Loss)		
SUMMARY OF OPERATIONS:	2014	2013	2012	2014	2013	2012	2014	2013	2012
Terminus Office Holdings	$39,531	$33,109	$—	$663	$(408)	$—	$308	$(182)	$—
EP I LLC	12,049	8,261	796	2,583	100	(441)	1,937	75	(330
EP II LLC	—	—	—	—	—	—	—	—	—
Charlotte Gateway Village, LLC	33,903	33,281	32,901	11,645	10,693	9,704	1,176	1,176	1,176
HICO Victory Center LP	—	—	—	—	—	—	—	—	—
CL Realty, L.L.C.	1,573	1,603	2,667	1,069	1,027	1,068	542	524	221
Temco Associates, LLC	2,155	630	702	495	96	(65)	(6)	(12)	(236
Cousins Watkins LLC	4,415	5,483	5,575	8,286	55	(24)	4,168	2,306	2,397
Wildwood Associates	3,329	—	1	(1,704)	(151)	(139)	2,097	(75)	(70
Crawford Long - CPI, LLC	11,945	11,829	11,579	2,775	2,827	2,508	1,407	1,372	1,248
MSREF/ Cousins Terminus 200 LLC	(19)	1,197	12,265	14	(235)	(1,069)	3	(69)	(215
Palisades West LLC	—	—	15,401	—	(27)	5,330	—	—	25,547
Ten Peachtree Place Associates	—	—	2,488	—	—	20,895	—	—	7,843
CP Venture Five LLC	—	20,192	30,007	—	3,075	3,943	(17)	17,070	1,059
CP Venture Two LLC	—	12,965	19,533	—	7,033	10,473	—	21,590	1,208
CF Murfreesboro Associates	4	8,067	13,152	4	48,953	602	(390)	23,553	16
Other	441	490	1,271	(473)	(144)	(147)	43	(3)	(606
	$109,326	$137,107	$148,338	$25,357	$72,894	$52,638	$11,268	$67,325	$39,258

(1) Negative balances are included in deferred income on the balance sheets.

Terminus Office Holdings LLC ("TOH") – In 2013, TOH, a 50-50 joint venture between the Company and institutional investors advised by J.P. Morgan Asset Management ("JPM"), was formed for the purpose of owning and operating two office buildings in Atlanta, Georgia. See note 3 for further details. TOH has two non-recourse mortgage loans totaling $213.6 million that mature on January 1, 2023. The weighted average interest rate on these fixed rate loans is 4.69%. The Company does not consolidate TOH because the Company and its partner share decision making abilities and have joint control over the venture. Operating cash flows and proceeds from capital transactions of TOH are allocated to the partners equally until JPM receives an agreed upon return, after which the Company may receive an additional promoted interest. The assets of the venture in the above table include a cash balance of $7.9 million at December 31, 2014.

EP I LLC (“EP I”) – EP I is a joint venture between the Company, with a 75% ownership interest, and Lion Gables Realty Limited Partnership (“Gables”), with a 25% ownership interest, for the purpose of developing and operating Emory Point, the first phase of a mixed-use property in Atlanta, Georgia. The Company does not consolidate EP I because the Company and Gables share decision making abilities and have joint control over the venture. Operating cash flows and proceeds from capital transactions of EP I are allocated to the partners pro rata based on their percentage ownership interests. EP I has a non-recourse construction loan with and outstanding balance $58.0 million at December 31, 2014, and the loan bears interest at LIBOR plus 1.75%. The assets of the venture in the above table include a cash balance of $917,000 at December 31, 2014.

EP II LLC (“EP II”) – In 2013, EP II was formed between the Company, with a 75% ownership interest, and Lion Gables Realty Limited Partnership (“Gables”), with a 25% ownership interest, for the purpose of developing and operating Emory Point II, the second phase of a mixed-use property in Atlanta, Georgia. The Company does not consolidate EP II because the Company and Gables share decision making abilities and have joint control over the venture. Operating cash flows and proceeds from capital transactions of EP II are allocated to the partners pro rata based on their percentage ownership interests. EP II has a construction loan to provide for up to$46.0 million to fund construction, $12.7 million of which was outstanding at December 31, 2014, and the loan bears interest at LIBOR plus 1.85%. The loan matures October 9, 2016 and may be extended for two, one-year periods if certain conditions are met. The Company and Gables guarantee up to $8.6 million and $2.9 million of the construction loan, respectively. These

guarantees may be eliminated after project completion, based on certain conditions. The assets of the venture in the above table include a cash balance of $175,000 at December 31, 2014.

Charlotte Gateway Village, LLC ("Gateway") – Gateway is a 50-50 joint venture between the Company and Bank of America Corporation ("BOA"), which owns and operates Gateway Village, a 1.1 million square foot office building in Charlotte, North Carolina. The project is 100% leased to BOA through December 1, 2016. Gateway's net income or loss and cash distributions are allocated to the members as follows: first to the Company so that it receives a cumulative compounded return equal to 11.46% on its capital contributions, second to BOA until it receives an amount equal to the aggregate amount distributed to the Company, and then 50% to each member. The Company's total project return on Gateway is ultimately limited to an internal rate of return of 17% on its invested capital. Gateway has a non-recourse mortgage loan with an outstanding balance at December 31, 2014

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of $35.5 million, a maturity of December 1, 2016 and an interest rate of 6.41%. The assets of the venture in the above table include a cash balance of $3.2 million at December 31, 2014.

HICO Victory Center LP ("HICO") – In 2014, HICO, a joint venture between the Company and Hines Victory Center Associates Limited Partnership ("Hines"), was formed for the purpose of acquiring and subsequently developing an office parcel in Dallas, Texas. Pursuant to the joint venture agreement, all pre-development expenditures, other than land, are funded equally by the partners. The Company is required to fund 75% of the cost of land while Hines is required to fund 25%. If the partners decide to commence construction of an office building, the capital accounts and economics of the venture will be adjusted such that the Company will effectively own at least 90% of the venture and Hines will own up to 10%. As of December 31, 2014 the Company accounts for its investment in HICO under the equity method because it does not control the activities of the venture. If the partners decide to construct an office building within the venture, the Company expects to consolidate the venture. The Company's investment in HICO at December 31, 2014 includes its share of pre-development expenditures and its share of land purchased by the venture.

CL Realty, L.L.C. (“CL Realty”) – CL Realty, a 50-50 joint venture between the Company and Forestar Realty Inc. ("Forestar"), was one of two ventures through which the Company operated the majority of its residential land business. In the first quarter of 2012, CL Realty sold substantially all of its assets to Forestar. At December 31, 2014, CL Realty owned one parcel of land in Texas and mineral rights associated with one project in Texas. The assets of the venture in the above table include a cash balance of $413,000 at December 31, 2014.

Temco Associates, LLC (“Temco”) – Temco, a 50-50 joint venture between the Company and Forestar, was one of two ventures through which the Company operated the majority of its residential land business. In the first quarter of 2012, Temco sold substantially all of its assets to Forestar. At December 31, 2014, Temco owned various parcels of land and a golf course. The assets of the venture in the above table include a cash balance of $196,000 at December 31, 2014.

Cousins Watkins LLC ("CW") – CW was a joint venture between the Company and Watkins Retail Group (“Watkins”), for the purpose of owning and operating four retail centers in Tennessee and Florida. In 2014, CW sold substantially all of its assets and made a distribution of $19.8 million to the Company. Income from unconsolidated joint ventures includes the Company's share of the gain on the sale of these assets of $2.2 million.

Wildwood Associates (“Wildwood”) – Wildwood is a 50-50 joint venture between the Company and IBM which owns 27 acres of undeveloped land in the Wildwood Office Park in Atlanta, Georgia. In 2014, Wildwood sold a tract of land resulting in the Company recognizing income from unconsolidated joint ventures of $2.1 million. Of this income, $582,000 represents recognition of deferred income associated with Wildwood's negative investment. At December 31, 2014, the Company’s investment in Wildwood was a credit balance of $1.1 million. This credit balance resulted from cumulative distributions from Wildwood over time that exceeded the Company’s basis in its contributions, and essentially represents deferred gain not recognized at venture formation. This credit balance will decline as the venture’s remaining land is sold. The Company does not have any obligation to fund Wildwood’s working capital needs.

Crawford Long—CPI, LLC (“Crawford Long”) – Crawford Long is a 50-50 joint venture between the Company and Emory University and owns the Emory University Hospital Midtown Medical Office Tower, a 358,000 square foot medical office building located in Atlanta, Georgia. Crawford Long has a $75.0 million 3.5% fixed rate mortgage note, which matures on June 1, 2023. Upon closing of the new mortgage note in 2013, the Company received a distribution of $14.3 million from the joint venture. The assets of the venture in the above table include a cash balance of $812,000 at December 31, 2014.

MSREF/Cousins Terminus 200 LLC (“MSREF/T200”) – MSREF/T200 was a joint venture between the Company and Morgan Stanley, which owned and operated Terminus 200, a 566,000 square foot office building in the Buckhead district of Atlanta, Georgia. At December 31, 2012, the Company held a 20% interest in MSREF/T200 and Morgan Stanley held an 80% interest. In 2013, the Company purchased Terminus 200 from MSREF/T200. See note 3 for further details.

CP Venture Five LLC (“CPV Five”) – The Company held a 11.5% effective ownership interest in CPV Five, which owned five retail properties totaling 1.2 million rentable square feet; three in Atlanta, Georgia and two in Viera, Florida. In 2013, the Company sold its interest in CP Venture Two LLC and CPV Five to its partner and recognized a gain totaling $37.0 million.

CP Venture Two LLC (“CPV Two”) – The Company held a 10.4% effective ownership interest in CPV Two, which at December 31, 2012 owned three retail properties totaling 934,000 rentable square feet. In 2013, the Company sold its interest in CPV Two and CPV Five to its partner and recognized a gain totaling $37.0 million. During 2012, CPV Two sold Presbyterian Medical Plaza, a 69,000 square foot office building in Charlotte, North Carolina for a gain, the Company's share of which was $167,000.

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CF Murfreesboro Associates ("CF Murfreesboro") – CF Murfreesboro was a 50-50 joint venture between the Company and an affiliate of Faison Associates. CF Murfreesboro owned and operated The Avenue Murfreesboro, a 751,000 square foot retail center located in Nashville, Tennessee. In 2013, CF Murfreesboro sold The Avenue Murfreesboro, the venture's only asset. The Company recognized a gain on this transaction through income from unconsolidated joint ventures of $23.5 million.

Palisades West LLC ("Palisades") – The Company held a 50% interest in Palisades, which owned and operated two office buildings totaling 373,000 square feet in Austin, Texas. In 2012, the Company sold its interest in Palisades to its 50% partner and recognized a $23.3 million gain on the sale.

Ten Peachtree Place Associates ("TPPA") – TPPA was a 50-50 joint venture between the Company and a wholly-owned subsidiary of The Coca-Cola Company. TPPA owned Ten Peachtree Place, a 260,000 square foot office building located in Atlanta, Georgia. In 2012, Ten Peachtree Place was sold for $45.3 million to an unrelated third party. The Company recognized a gain on this transaction through income from unconsolidated entities of $7.3 million.

The Company recognized $5.2 million, $7.8 million, and $8.7 million of development, leasing, and management fees, including salary and expense reimbursements, from unconsolidated joint ventures in 2014, 2013 and 2012, respectively. See note 2, fee income, for a discussion of the accounting treatment for fees and reimbursements from unconsolidated joint ventures.

6. INTANGIBLE ASSETS

At December 31, 2014 and 2013, intangible assets included the following (in thousands):

	2014	2013
In-place leases, net of accumulated amortization of $62,302 and $26,239 in 2014 and 2013, respectively	$147,360	$152,830
Above-market tenant leases, net of accumulated amortization of $13,748 and $11,284 in 2014 and 2013, respectively	12,017	12,332
Below-market ground lease, net of accumulated amortization of $21 in 2013	—	1,680
Goodwill	3,867	4,131
	$163,244	$170,973

Intangible assets, other than goodwill, mainly relate to the acquisitions in 2014, 2013, and 2012 (see note 3). Aggregate net amortization expense related to intangible assets and liabilities was $32.7 million, $16.9 million, and $3.3 million for the years ended December 31, 2014, 2013, and 2012, respectively. Over the next five years and thereafter, aggregate amortization of these intangible assets and liabilities is anticipated to be as follows (in thousands):

	Below Market Rents	Above Market Ground Lease	Above Market Rents	In Place Leases	Total
2015	$(10,477)	$(55)	$2,784	$32,993	$25,245
2016	(9,803)	(55)	2,397	27,305	19,844
2017	(8,884)	(55)	1,717	20,430	13,208
2018	(8,092)	(55)	1,489	16,882	10,224
2019	(6,050)	(55)	997	11,760	6,652
Thereafter	(24,160)	(2,279)	2,633	37,990	14,184
	$(67,466)	$(2,554)	$12,017	$147,360	$89,357
Weighted average remaining lease term	9 years	49 years	7 years	7 years	

Goodwill relates entirely to the office reporting unit. As office assets are sold, either by the Company or by joint ventures in which the Company has an interest, goodwill is allocated to the cost of each sale. The following is a summary of goodwill activity for the years ended December 31, 2014 and 2013 (in thousands):

	2014	2013

Beginning Balance	$4,131	$4,751
Allocated to property sales	(264)	(620)
Ending Balance	$3,867	$4,131

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7. OTHER ASSETS

At December 31, 2014 and 2013, other assets included the following (in thousands):

	2014	2013
Lease inducements, net of accumulated amortization of $5,475 and $4,181 in 2014 and 2013, respectively	$12,245	$12,548
FF&E and leasehold improvements, net of accumulated depreciation of $19,137 and $17,684 in 2014 and 2013, respectively	10,590	8,743
Prepaid expenses and other assets	3,428	3,606
Predevelopment costs and earnest money	1,789	821
Loan closing costs, net of accumulated amortization of $2,286 and $2,621 in 2014 and 2013, respectively	6,878	4,176
	$34,930	$29,894

Lease inducements represent incentives paid to tenants in conjunction with leasing space, such as moving costs, sublease arrangements of prior space and other costs. These amounts are amortized into rental revenues over the individual underlying lease terms.

Predevelopment costs represent amounts that are capitalized related to predevelopment projects which the Company determines are probable of future development.

8. NOTES PAYABLE

The following table summarizes the terms of notes payable outstanding at December 31, 2014 and 2013 ($ in thousands):

Description	Interest Rate	Maturity	2014	2013
Post Oak Central mortgage note	4.26%	2020	185,109	188,310
Credit Facility, unsecured	1.27%	2019	140,200	40,075
The American Cancer Society Center mortgage note	6.45%	2017	131,083	132,714
Promenade mortgage note	4.27%	2022	110,946	113,573
191 Peachtree Tower mortgage note	3.35%	2018	100,000	100,000
816 Congress mortgage note	3.75%	2024	85,000	—
Meridian Mark Plaza mortgage note	6.00%	2020	25,408	25,813
The Points at Waterview mortgage note	5.66%	2016	14,598	15,139
Mahan Village LLC construction facility	1.80%	—	—	14,470
			$792,344	$630,094

Credit Facility

In 2014, the Company modified its $350 million senior unsecured line of credit by entering into the Third Amended and Restated Credit Agreement (the “New Facility”), which replaced the Second Amended and Restated Credit Agreement dated February 28, 2012 (the “Existing Facility"). The New Facility amended the Existing Facility by:

- Increasing the size by $150 million to $500 million;
- Extending the maturity date from February 28, 2016 to May 28, 2019;
- Reducing the per annum variable interest rate and other fees; and
- Providing for the expansion of the New Facility by an additional $250 million for a total available of $750 million, subject to receipt of additional commitments from lenders and other customary conditions.

The New Facility contains financial covenants that require, among other things, the maintenance of an unencumbered interest coverage ratio of at least 2.00; a fixed charge coverage ratio of at least 1.50; an overall leverage ratio of no more than 60%; and a minimum shareholders' equity in an amount equal to $1.0 billion, plus a portion of the net cash proceeds from certain equity issuances. The New Facility also contains customary representations and warranties and affirmative and negative

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covenants, as well as customary events of default. The amounts outstanding under the New Facility may be accelerated upon the occurrence of any events of default.

The interest rate applicable to the New Facility varies according to the Company's leverage ratio, and may, at the election of the Company, be determined based on either (1) the current London Interbank Offered Rate (LIBOR) plus the applicable spread as detailed below or (2) the greater of Bank of America's prime rate, the federal funds rate plus 0.50% or the one-month LIBOR plus 1.0% (the "Base Rate"), plus the applicable spread as detailed below. Fees on letters of credit issued under the New Facility are payable at an annual rate equal to the spread applicable to loans bearing interest based on LIBOR. The Company also pays an annual facility fee on the total commitments under the New Facility. The pricing spreads and the facility fee under the New Facility are as follows:

Leverage Ratio	Applicable % Spread for LIBOR	Applicable % Spread for Base Rate	Annual Facility Fee %
≤ 30%	1.10%	0.10%	0.15%
>30% but ≤ 35%	1.10%	0.10%	0.20%
>35% but ≤ 40%	1.15%	0.15%	0.20%
>40% but ≤ 45%	1.20%	0.20%	0.20%
>45% but ≤ 50%	1.20%	0.20%	0.25%
>50%	1.45%	0.45%	0.30%

At December 31, 2014, the Credit Facility's spread over LIBOR was 1.1%. The amount that the Company may draw under the Credit Facility is a defined calculation based on the Company's unencumbered assets and other factors. The total available borrowing capacity under the Credit Facility was $359.8 million at December 31, 2014, and the Credit Facility is recourse to the Company.

Other Debt Information

In 2014, the Company entered into a $85.0 million non-recourse mortgage note payable secured by 816 Congress. The mortgage note has a fixed rate of 3.75% and matures in November 2024. The Company also sold Mahan Village which was owned in a consolidated joint venture, and repaid the accompanying construction facility without penalty.

The real estate and other assets of The American Cancer Society Center (the "ACS Center") are restricted under the ACS Center loan agreement in that they are not available to settle debts of the Company. However, provided that the ACS Center loan has not incurred any uncured event of default, as defined in the loan agreement, the cash flows from the ACS Center, after payments of debt service, operating expenses and reserves, are available for distribution to the Company.

The majority of the Company's consolidated debt is fixed-rate long-term non-recourse mortgage notes payable. Assets with depreciated carrying values of $680.9 million were pledged as security on the $652.1 million mortgage notes payable. As of December 31, 2014, the weighted average maturity of the Company's consolidated debt was 5.4 years.

At December 31, 2014 and 2013, the estimated fair value of the Company's notes payable was $835.4 million and $654.1 million, respectively, calculated by discounting the debt's remaining contractual cash flows at estimated rates at which similar loans could have been obtained at December 31, 2014 and 2013. The estimate of the current market rate, which is the most significant input in the discounted cash flow calculation, is intended to replicate debt of similar maturity and loan-to-value relationship. These fair value calculations are considered to be Level 2 under the guidelines as set forth in ASC 820 as the Company utilizes market rates for similar type loans from third party brokers.

For the years ended December 31, 2014, 2013, and 2012, interest was recorded as follows (in thousands):

	2014	2013	2012
Total interest incurred	$31,862	$22,227	$25,570
Interest capitalized	(2,752)	(518)	(1,637)
Total interest expense	$29,110	$21,709	$23,933

Debt Maturities

Future principal payments due on the Company's notes payable at December 31, 2014 are as follows (in thousands):

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2015	$8,825
2016	24,095
2017	138,195
2018	105,734
2019	149,647
Thereafter	365,848
	$792,344

9. COMMITMENTS AND CONTINGENCIES

Commitments

The Company had a total of $102.5 million in future obligations under leases to fund tenant improvements and in other future construction obligations at December 31, 2014. The Company had outstanding letters of credit and performance bonds totaling $2.4 million at December 31, 2014. The Company recorded lease expense of $1.3 million, $1.1 million, and $963,000 in 2014, 2013, and 2012, respectively. The Company has future lease commitments under ground leases and operating leases totaling $146.7 million over weighted average remaining terms of 86.6 and 1.7 years, respectively. Amounts due under these lease commitments are as follows (in thousands):

2015	$1,780
2016	1,811
2017	1,737
2018	1,696
2019	1,657
Thereafter	138,063
	$146,744

Litigation

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

10. NONCONTROLLING INTERESTS

The Company consolidates various ventures that are involved in the ownership and/or development of real estate. The partner’s share of the entity, in cases where the entity’s documents do not contain a required redemption clause, is reflected in a separate line item called nonredeemable noncontrolling interests within equity in the balance sheets. Correspondingly, the partner’s share of income or loss is recorded in net income attributable to noncontrolling interests in the statements of operations.

Other consolidated ventures contain provisions requiring the Company to purchase the partners’ share of the venture at a certain value upon demand or at a future prescribed date. In these situations, the partner’s share of the entity is

recognized as redeemable noncontrolling interests and is presented between liabilities and equity in the balance sheets, with the corresponding

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share of income or loss in the venture recorded in net income attributable to noncontrolling interests in the statements of operations. The redemption values are evaluated each period and adjusted within equity to the higher of fair value or the partner's cost basis.

The following table details the components of redeemable noncontrolling interests in consolidated subsidiaries for the years ended December 31, 2014 and 2013 (in thousands):

	2014	2013
Beginning Balance	$—	$—
Net income attributable to redeemable noncontrolling interests	—	68
Distributions to redeemable noncontrolling interests	—	(68)
Ending Balance	$—	$—

The following reconciles the net income attributable to nonredeemable noncontrolling interests as recorded in the statements of equity and the net income (loss) attributable to redeemable noncontrolling interests as recorded outside of the equity section on the balance sheets to the net income attributable to noncontrolling interests on the statements of operations for the years ended December 31, 2014, 2013, and 2012 (in thousands):

	2014	2013	2012
Net income attributable to nonredeemable noncontrolling interests	$1,004	$5,000	$4,193
Net income attributable to redeemable noncontrolling interests	—	68	(2,002)
Net income attributable to noncontrolling interests	$1,004	$5,068	$2,191

11. STOCKHOLDERS' EQUITY

In 2014, the Company issued 26.7 million shares of common stock, in two offerings, resulting in net proceeds to the Company of $321.9 million, which includes customary legal, accounting, and other expenses. In 2013, the Company issued 85.6 million shares of common stock, in two offerings, resulting in net proceeds to the Company of $826.2 million.

In 2014, the Company redeemed all outstanding shares of its 7.5% Series B Cumulative Redeemable Preferred Stock, par value $1 per share, for $25 per share or $94.8 million, excluding accrued dividends. In connection with this redemption, the Company decreased net income available for common shareholders by $3.5 million (non-cash), which represents the original issuance costs applicable to the shares redeemed.

In 2013, the Company redeemed all outstanding shares of its 7 3/4% Series A Cumulative Redeemable Preferred Stock, par value $1 per share, for $25 per share or $74.8 million. In connection with this redemption, the Company increased net loss available for common shareholders by $2.7 million (non-cash), which represents the original issuance costs applicable to the shares redeemed. In addition, the Company reclassified these costs as well as the basis difference in the preferred stock repurchased by the Company in 2008 from Additional Paid-In Capital to Distributions in Excess of Net Income within the Company's statements of equity.

Ownership Limitations — In order to minimize the risk that the Company will not meet one of the requirements for qualification as a REIT, Cousins' Articles of Incorporation include certain restrictions on the ownership of more than 3.9% of the Company's total common and preferred stock, subject to waiver by Board of Directors.

Distribution of REIT Taxable Income — The following reconciles dividends paid and dividends applied in 2014, 2013, and 2012 to meet REIT distribution requirements (in thousands):

	2014	2013	2012
Common and preferred dividends paid	$64,510	$37,200	$31,655
Dividends treated as taxable compensation	(110)	(98)	(147)
Portion of dividends declared in current year, and paid in current year, which was applied to the prior year distribution requirements	(2,182)	(470)	—
Portion of dividends declared in subsequent year, and paid in subsequent year, which apply to current year distribution requirements	—	2,182	470
Dividends applied to meet current year REIT distribution requirements	$62,218	$38,814	$31,978

Tax Status of Distributions — The following summarizes the components of the taxability of the Company's distributions for the years ended December 31, 2014, 2013, and 2012:

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	Total Distributions Per Share	Ordinary Dividends	Long-Term Capital Gain	Unrecaptured Section 1250 Gain (A)	Cash Liquidation Distributions
Common:					
2014	$0.300000	$0.281564	$0.018436	$0.018436	$—
2013	$0.180000	$0.170355	$0.009645	$0.009457	$—
2012	$0.180000	$0.124724	$0.055276	$0.055276	$—
Series A Preferred:					
2014	$—	$—	$—	$—	$—
2013	$0.968750	$0.966882	$0.001868	$—	$25.000000
2012	$1.937500	$1.342220	$0.595280	$0.595280	$—
Series B Preferred:					
2014	$25.776040	$0.467750	$0.001000	$0.001000	$25.307290
2013	$1.875000	$1.774673	$0.100327	$0.098519	$—
2012	$1.875000	$1.298222	$0.576078	$0.576078	$—

(A) Represents a portion of the dividend allocated to long-term capital gain.

12. FUTURE MINIMUM RENTS

The Company’s leases typically contain escalation provisions and provisions requiring tenants to pay a pro rata share of operating expenses. The leases typically include renewal options and are classified and accounted for as operating leases.

At December 31, 2014 future minimum rents to be received by consolidated entities under existing non-cancelable leases are as follows (in thousands):

2015	$219,974
2016	218,991
2017	200,654
2018	191,446
2019	166,739
Thereafter	651,690
	$1,649,494

13. STOCK-BASED COMPENSATION

The Company maintains the 2009 Incentive Stock Plan (the “2009 Plan”), which allows the Company to issue awards of stock options, stock grants, or stock appreciation rights to employees and directors. As of December 31, 2014, 2,482,592 shares were authorized to be awarded pursuant to the 2009 Plan. The Company also maintains the 2005 Restricted Stock Unit ("RSU")Plan, as amended, which allows the Company to issue awards to employees that are paid in cash on the vesting date in an amount equal to the fair market value, as defined, of one share of the Company’s stock. The Company has granted stock options, restricted stock and restricted stock units to employees as discussed below.

Stock Options

At December 31, 2014, the Company had 2,210,905 stock options outstanding to key employees and outside directors pursuant to the 2009 Plan. The Company typically uses authorized, unissued shares to provide shares for option exercises. The stock options have a term of ten years from the date of grant and generally have a vesting period of four years, except director stock options, which vest immediately.

The Company calculates the fair value of each option grant on the grant date using the Black-Scholes option-pricing model, which requires the Company to provide certain inputs as follows:

- The risk-free interest rate utilized is the interest rate on U.S. Treasury Strips or Bonds having the same life as the estimated life of the Company’s option awards.
-

Expected life of the options granted is estimated based on historical data reflecting actual hold periods plus an estimated hold period for unexercised options outstanding.

- Expected volatility is based on the historical volatility of the Company's stock over a period equal to the estimated option life.
- The assumed dividend yield is based on the Company's expectation of an annual dividend rate for regular dividends over the estimated life of the option.

In 2014, 2013 and 2012, there were no stock option grants.

The Company recognizes compensation expense using the straight-line method over the vesting period of the options, with the offset recognized in additional paid-in capital. During 2014, 2013, and 2012, $140,000, $226,000 and $310,000, respectively, was recognized as compensation expense.

The Company anticipates recognizing $15,000 in future compensation expense related to stock options outstanding at December 31, 2014, which will be recognized in the first quarter of 2015. During 2014, total cash proceeds from the exercise of options equaled $1.7 million. As of December 31, 2014, the intrinsic value of the options outstanding and exercisable was $2.1 million. The intrinsic value is calculated using the exercise prices of the options compared to the market value of the Company's stock. At December 31, 2014 and 2013, the weighted-average contractual lives for the options outstanding and exercisable were 2.8 years and 3.2 years, respectively.

The following is a summary of stock option activity for the year ended December 31, 2014:

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	Number of Options (000s)	Weighted Average Exercise Price Per Option
Outstanding, beginning of year	3,078	$ 22.90
Exercised	(206)	$ 8.26
Forfeited/Expired	(661)	$ 28.18
Outstanding, end of year	2,211	$ 22.69
Options exercisable at end of year	2,180	$ 22.89

Restricted Stock

In 2014, 2013, and 2012, the Company issued 137,591, 159,782, and 470,306 shares of restricted stock to employees, which vest ratably over three years from the issuance date. In 2014, 2013, and 2012, the Company also issued 55,293, 50,085, and 72,153 shares of stock to independent members of the board of directors which vested immediately on the issuance date. All shares of restricted stock receive dividends and have voting rights during the vesting period. The Company records restricted stock in common stock and additional paid-in capital at fair value on the grant date, with the offsetting deferred compensation also recorded in additional paid-in capital. The Company records compensation expense over the vesting period. Compensation expense related to restricted stock was $1.8 million, $1.8 million, and $2.0 million in 2014, 2013, and 2012, respectively.

As of December 31, 2014, the Company had recorded $1.5 million of unrecognized compensation cost included in additional paid-in capital related to restricted stock, which will be recognized over a weighted average period of 1.7 years. The total fair value of the restricted stock which vested during 2014 was $2.7 million. The following table summarizes restricted stock activity during 2014:

	Number of Shares (000s)	Weighted-Average Grant Date Fair Value
Non-vested restricted stock at beginning of year	450	$ 8.00
Granted	138	$ 10.75
Vested	(236)	$ 8.00
Forfeited	(10)	$ 9.48
Non-vested restricted stock at end of year	342	$ 9.08

Restricted Stock Units

In 2011, the Company awarded 57,246 time-vested RSUs, which cliff vest three years from the date of grant. Time-vested RSU holders receive cash dividend payments for each unit held during the vesting period equal to the common dividends per share paid by the Company. These dividends are also recorded in compensation expense.

The following table summarizes time-vested RSU activity for 2014 (in thousands):

Outstanding at beginning of year	58
Vested	(58)
Outstanding at end of year	—

During 2014, 2013, and 2012, the Company awarded two types of performance-based RSUs to key employees: one based on the total stockholder return of the Company, as defined, as compared to that of a peer group of companies (the "TSR RSUs") and the other based on the ratio of cumulative funds from operations per share to targeted cumulative funds from operations per share (the “FFO RSUs”). The performance period for these awards is three years and the ultimate payout of these awards can range from 0% to 200% of the targeted number of units depending on the achievement of the performance metrics described above. The Company expenses an estimate of the fair value of the TSR RSUs over the performance period using a quarterly Monte Carlo valuation. The Company expenses the FFO RSUs over the vesting period using the fair market value of the Company’s stock at the reporting date multiplied by the anticipated number of units to be paid based on the current estimate of what the ratio is expected to be upon vesting. Dividend equivalents on the TSR RSUs and FFO RSUs will also be paid based upon the percentage vested. The targeted number of performance-based RSUs outstanding at December 31, 2014 are 161,783, 161,651, and 191,470 related to the 2014, 2013, and 2012 grants, respectively.

In 2012, the Company also issued 281,532 performance-based RSUs to the Chief Executive Officer. The payout of these awards can range from 0% to 150% of the targeted number of units depending on the total stockholder return of the Company,

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as defined, as compared to that of a peer group of companies. The performance period of the awards is five years with interim performance measurement dates at each of the third, fourth and fifth anniversaries. To the extent that the Company has attained the defined performance goals at the end each of these periods, one-third of the units may be credited after each of the third and fourth anniversaries, with the balance credited at the end of the fifth anniversary, and to be awarded subject to continuous employment on the fifth anniversary. This award is expensed using a quarterly Monte Carlo valuation over the vesting period.

The following table summarizes the performance-based RSU activity for 2014 (in thousands):

Outstanding at beginning of year	755
Granted	205
Exercised	(150)
Forfeited	(14)
Outstanding at end of year	796

The Company estimates future expense for all types of RSUs outstanding at December 31, 2014 to be $3.7 million (using stock prices and estimated target percentages as of December 31, 2014), which will be recognized over a weighted-average period of 1.5 years. During 2014, total cash paid for all types of RSUs and related dividend payments was $2.4 million.

During 2014, 2013, and 2012, $5.4 million, $5.3 million, and $2.5 million, respectively, was recognized as compensation expense related to RSUs for employees and directors.

Other Long-Term Compensation

In 2009, the Company granted a long-term incentive compensation award to key employees which will be settled in cash if the Company’s stock price achieves a specified level of growth at the testing dates and a service requirement is met. This award is valued using the Monte Carlo method. The Company reversed $28,000 and $286,000 in compensation expense related to this plan in 2014 and 2013, respectively, and recognized $101,000 in expense in 2012. This award expired in 2014 with no amounts paid to key employees thereunder.

14. RETIREMENT SAVINGS PLAN

The Company maintains a defined contribution plan (the “Retirement Savings Plan”) pursuant to Section 401 of the Internal Revenue Code (the “Code”) which covers active regular employees. Employees are eligible under the Retirement Savings Plan immediately upon hire, and pre-tax contributions are allowed up to the limits set by the Code. The Company has a match program of up to 3% of an employee’s eligible pre-tax Retirement Savings Plan contributions up to certain Code limits. Employees vest in Company contributions over a three-year period. The Company may change this percentage at its discretion, and, in addition, the Company could decide to make discretionary contributions in the future. The Company contributed $592,000, $422,000, and $722,000 to the Retirement Savings Plan for the 2014, 2013, and 2012 plan years, respectively.

15. INCOME TAXES

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Through December 31, 2014, CREC was a taxable entity and its consolidated benefit (provision) for income taxes from operations for the years ended December 31, 2014, 2013, and 2012 was as follows (in thousands):

	2014	2013	2012
Current tax benefit (provision):			
Federal	$—	$—	$—
State	20	23	(91)
	20	23	(91)
Deferred tax benefit (provision):			
Federal	—	—	—
State	—	—	—
	—	—	—
Benefit (provision) for income taxes from operations	$20	$23	$(91)

The net income tax benefit (provision) differs from the amount computed by applying the statutory federal income tax rate to CREC’s income before taxes for the years ended December 31, 2014, 2013 and 2012 as follows ($ in thousands):

	2014		2013		2012	
	Amount	Rate	Amount	Rate	Amount	Rate
Federal income tax benefit (expense)	$(1,124)	(35)%	$(1,287)	(35)%	$(4,368)	(35)%
State income tax benefit (expense), net of federal income tax effect	(125)	(4)%	(147)	(4)%	(91)	—%
Valuation allowance	1,644	50%	(361)	(10)%	7,055	57%
State deferred tax adjustment	(375)	(11)%	1,818	49%	(2,687)	(22)%
Other	—	—%	—	—%	—	—%
Benefit (provision) applicable to income (loss) from continuing operations	$20	—%	$23	—%	$(91)	—%

On December 31, 2014, CREC merged into Cousins and Cousins contributed some of the assets and contracts that were previously owned by CREC to Cousins TRS Services LLC ("CTRS"), a newly formed taxable REIT subsidiary of Cousins. Cousins retained many of CREC's tax benefits, including the significant portion of CREC's Federal and state tax carryforwards. Some of CREC's tax benefits were assumed by CTRS upon the contributions Cousins made to CTRS immediately following CREC's merger into Cousins. The deferred tax assets as of December 31, 2014 included in the table below include only those of CTRS. The deferred tax assets in the table below as of December 31, 2013 include those of CREC. The tax effect of significant temporary differences representing deferred tax assets and liabilities of CTRS and CREC, as applicable, as of December 31, 2014 and 2013 are as follows (in thousands):

	2014	2013
Income from unconsolidated joint ventures	$2,441	$7,361
Land	—	6,116
Long-term incentive equity awards	—	2,089
Interest carryforward	—	13,158
Federal and state tax carryforwards	—	50,253
Other	—	364
Total deferred tax assets	2,441	79,341
Valuation allowance	(2,441)	(79,341)
Net deferred tax asset	$—	$—

A valuation allowance is required to be recorded against deferred tax assets if, based on the available evidence, it is more likely than not that such assets will not be realized. When assessing the need for a valuation allowance, appropriate consideration should be given to all positive and negative evidence related to this realization. This evidence includes, among other things, the existence of current and recent cumulative losses, forecasts of future

profitability, the length of statutory carryforward periods, the Company's history with loss carryforwards and available tax planning strategies.

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As of December 31, 2014 the deferred tax asset of CTRS equaled $2.4 million and as of December 31, 2013 the deferred tax asset of CREC equaled $79.3 million with a valuation allowance placed against the full amount of each. The conclusion that a valuation allowance should be recorded as of December 31, 2014 was based the lack of evidence that CTRS, as a newly formed entity, could generate future taxable income to realize the benefit of the deferred tax assets. A valuation allowance was recorded as of December 31, 2013 based on losses at CREC in current and recent years, and the inability of the Company to predict, with any degree of certainty, when CREC would generate income in the future in amounts sufficient to utilize the deferred tax asset.

16. EARNINGS PER SHARE

The following table reconciles the denominator for the basic and diluted earnings per share computations shown on the consolidated statements of operations for the years ended December 31, 2014, 2013, and 2012 (in thousands):

	2014	2013	2012
Weighted average shares—basic	204,216	144,255	104,117
Dilutive potential common shares—stock options	244	165	8
Weighted average shares—diluted	204,460	144,420	104,125
Weighted average anti-dilutive stock options	1,553	2,208	5,836

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Anti-dilutive stock options represent stock options whose exercise price exceeds the average market value of the Company's stock. These anti-dilutive stock options are not included in the current calculation of dilutive weighted average shares, but could be dilutive in the future.

17. CONSOLIDATED STATEMENTS OF CASH FLOWS - SUPPLEMENTAL INFORMATION

Supplemental information related to cash flows, including significant non-cash activity affecting the Statements of Cash Flows, for the years ended December 31, 2014, 2013 and 2012 is as follows (in thousands):

	2014	2013	2012
Interest paid, net of amounts capitalized	$28,840	$21,216	$23,142
Income taxes paid	4	90	63
Non-Cash Transactions:			
Transfer from operating properties to operating properties and related assets held for sale	—	24,554	1,866
Transfer from projects under development to operating properties	—	25,629	—
Transfer from other assets to projects under development	—	3,062	—
Transfer from land to projects under development	5,185	—	—

18. REPORTABLE SEGMENTS

As of December 31, 2014, the Company had four reportable segments: Office, Retail, Land, and Other. In 2013 and 2012, the Company had an additional segment, Third Party Management and Leasing. In 2012, the Company sold its third party management and leasing business. See note 3 for detailed information. These reportable segments represent an aggregation of operating segments reported to the Chief Operating Decision Maker based on similar economic characteristics that include the type of product and the nature of service. Each segment includes both consolidated operations and joint ventures. The Office and Retail segments show the results for that product type. The Land segment includes results of operations for certain land holdings and single-family residential communities that are sold as developed lots to homebuilders. Fee income and related expenses for the third party-owned properties which are managed or leased by the Company are included in the Third Party Management and Leasing segment. The Other segment includes:

- fee income for third party owned and joint venture properties for which the Company performs management, development, and leasing services;
- compensation for corporate employees
- general corporate overhead costs and interest expense for consolidated and unconsolidated entities;
- income attributable to noncontrolling interests;

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- income taxes;
- depreciation; and
- preferred dividends

Company management evaluates the performance of its reportable segments in part based on funds from operations available to common stockholders ("FFO"). FFO is a supplemental operating performance measure used in the real estate industry. The Company calculated FFO using the National Association of Real Estate Investment Trusts' ("NAREIT") definition of FFO, which is net income (loss) available to common stockholders (computed in accordance with GAAP), excluding extraordinary items, cumulative effect of change in accounting principle, and gains on sale or impairment losses on depreciable property, plus depreciation and amortization of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures to reflect FFO on the same basis.

FFO is used by industry analysts, investors, and the Company as a supplemental measure of a REIT's operating performance. Historical cost accounting for real estate assets 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 investors and analysts have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. Thus, NAREIT created FFO as a supplemental measure of a REIT's operating performance that excludes historical cost depreciation, among other items, from GAAP net income. Management believes the use of FFO, combined with the required primary GAAP presentations, has been fundamentally beneficial, improving the understanding of operating results of REITs among the investing public and making comparisons of REIT operating results more meaningful. Company management evaluates operating performance in part based on FFO. Additionally, the Company uses FFO, along with other measures, to assess performance in connection with evaluating and granting incentive compensation to its officers and other key employees.

Segment net income, the balance of the Company's investment in joint ventures and the amount of capital expenditures are not presented in the following tables. Management does not utilize these measures when analyzing its segments or when making resource allocation decisions and, therefore, this information is not provided. FFO is reconciled to net income (loss) on a total Company basis (in thousands):

Year ended December 31, 2014	Office	Retail	Land	Other	Total
Net operating income	$206,551	$4,479	$—	$4,643	$215,673
Sales less costs of sales	—	—	3,868	42	3,910
Fee income	—	—	—	12,519	12,519
Other income	—	—	—	5,404	5,404
Gain on sale of third party management and leasing	—	—	—	(3)	(3)
Third party management and leasing expenses	—	—	—	(2)	(2)
Separation expenses	—	—	—	(210)	(210)
General and administrative expenses	—	—	—	(19,784)	(19,784)
Reimbursed expenses	—	—	—	(3,652)	(3,652)
Interest expense	—	—	—	(36,474)	(36,474)
Other expenses	—	—	—	(5,692)	(5,692)
Preferred stock dividends and original issuance costs	—	—	—	(6,485)	(6,485)
Funds from operations available to common stockholders	$206,551	$4,479	$3,868	$(49,694)	$165,204
Real estate depreciation and amortization, including Company's share of joint ventures					(151,066)
Gain on sale of depreciated investment properties, including Company's share of joint ventures					31,955
					(574)

Non-controlling interest related to the sale of depreciated properties					
Net income available to common stockholders					$45,519
Total Assets	$2,576,449	$5,587	$34,799	$50,495	$2,667,330

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Year ended December 31, 2013	Office	Retail	Land	Third Party Management and Leasing	Other	Total
Net operating income	$122,503	$13,278	$—	$ —	$2,299	$138,080
Sales less costs of sales	—	—	1,273	—	191	1,464
Fee income	—	—	—	76	10,891	10,967
Other income	—	—	—	—	3,528	3,528
Gain on sale of third party management and leasing business	—	—	—	4,576	—	4,576
Third party management and leasing expenses	—	—	—	(97)	—	(97)
Separation expenses	—	—	—	—	(520)	(520)
General and administrative expenses	—	—	—	—	(21,940)	(21,940)
Reimbursed expenses	—	—	—	—	(5,215)	(5,215)
Interest expense	—	—	—	—	(29,672)	(29,672)
Other expenses	—	—	—	—	(11,373)	(11,373)
Preferred stock dividends and original issuance costs	—	—	—	—	(12,664)	(12,664)
Funds from operations available to common stockholders	$122,503	$13,278	$1,273	$ 4,555	$(64,475)	$77,134
Real estate depreciation and amortization, including Company's share of joint ventures						(92,041)
Gain on sale of depreciated investment properties including the Company's share of joint ventures						127,401
Noncontrolling interest related to sale of depreciated properties						(3,397)
Net income available to common stockholders						$109,097
Total Assets	$2,163,123	$18,112	$47,235	$ —	$44,736	$2,273,206

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Year ended December 31, 2012	Office	Retail	Land	Third Party Management and Leasing	Other	Total
Net operating income	$80,907	$29,429	$—	$ —	$121	$110,457
Sales less costs of sales	—	—	4,915	—	309	5,224
Fee income	—	—	—	16,365	17,797	34,162
Other income	—	—	—	—	5,153	5,153
Gain on sale of third party management and leasing business	—	—	—	7,459	—	7,459
Third party management and leasing expenses	—	—	—	(13,675)	—	(13,675)
Separation expenses	—	—	—	—	(1,985)	(1,985)
General and administrative expenses	—	—	—	—	(23,208)	(23,208)
Reimbursed expenses	—	—	—	—	(7,063)	(7,063)
Interest expense	—	—	—	—	(28,154)	(28,154)
Impairment losses	—	—	—	—	(488)	(488)
Loss on extinguishment of debt	—	—	—	—	(94)	(94)
Other expenses	—	—	—	—	(8,389)	(8,389)
Preferred stock dividends and original issuance costs	—	—	—	—	(12,907)	(12,907)
Funds from operations available to common stockholders	$80,907	$29,429	$4,915	$ 10,149	$(58,908)	$66,492
Real estate depreciation and amortization, including Company's share of joint ventures						(62,043)
Impairment losses on depreciable investment properties, net of amounts attributable to noncontrolling interests						(11,748)
Gain on sale of depreciated investment properties, including Company's share of joint ventures						41,944
Other						(1,824)
Net income available to common stockholders						$32,821
Total Assets	$736,867	$151,417	$50,520	$ —	$185,438	$1,124,242

When reviewing the results of operations for the Company, management analyzes the following revenue and income items net of their related costs:

- Rental property operations;
- Land sales; and
- Gains on sales of investment properties.

These amounts are shown in the segment tables above in the same “net” manner as shown to management. In addition, management reviews the operations of discontinued operations and its share of the operations of its joint ventures in the same manner as the operations of its wholly-owned properties included in the continuing operations. Therefore, the information in the tables above includes the operations of discontinued operations and its share of joint ventures in the same categories as the operations of the properties included in continuing operations. Certain adjustments are required to reconcile the above segment information to the Company’s consolidated revenues. The following table reconciles information presented in the tables above to the Company’s consolidated revenues (in thousands):

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	2014	2013	2012
Net operating income	$215,673	$138,080	$110,457
Sales less cost of sales	3,910	1,464	5,224
Fee income	12,519	10,967	34,162
Other income	5,404	3,528	5,153
Rental property operating expenses	155,934	90,498	50,329
Cost of sales	325	1,753	1,833
Net operating income in joint ventures	(25,896)	(27,763)	(23,956)
Sales less cost of sales in joint ventures	(2,207)	(111)	(28)
Net operating income in discontinued operations	(1,800)	(6,390)	(22,983)
Fee income in discontinued operations	—	(76)	(16,364)
Other income in discontinued operations	(565)	(64)	(3,622)
Termination fees in discontinued operations and in joint ventures	(187)	—	—
Gain on land sales (included in gain on investment properties)	(1,727)	(1,145)	(3,719)
Total consolidated revenues	$361,383	$210,741	$136,486

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REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2014
(in thousands)

Description/Metropolitan Area	Encumbrances	Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period					
		Land and Improvements	Buildings and Improvements	Land and Improvements less Cost of Sales, Transfers and Other	Building and Improvements less Cost of Sales, Transfers and Other	Land and Improvements less Cost of Sales, Transfers and Other	Building and Improvements Cost of Sales, Transfers and Other	Total (a)	Accumulated Depreciation (a)	Date of Construction/ Renovation	Date Acq
OPERATING PROPERTIES											
Greenway Plaza Houston, TX	$—	$273,651	$595,547	$—	$34,018	$273,651	$629,565	903,216	$50,698	—	2013
Northpark Town Center Atlanta, GA	—	24,577	295,825	—	3,999	24,577	299,824	324,401	3,119	—	2014
Fifth Third Center Charlotte, NC	—	22,863	180,430	—	2,107	22,863	182,537	205,400	2,445	—	2014
191 Peachtree Tower Atlanta, GA	105,000	5,389	141,012	4,038	87,100	9,389	228,112	237,501	77,637	—	2006
Post Oak Central Houston, TX	188,000	87,264	129,347	—	24,033	87,264	153,380	240,644	15,561	—	2013
Promenade Atlanta, GA	110,000	13,439	102,790	—	31,003	13,439	133,793	147,232	18,735	—	2011
The American Cancer Society Center Atlanta, GA	135,000	5,226	67,370	—	31,319	5,226	98,689	103,915	63,724	—	1999
816 Congress Austin, TX	85,000	7,807	89,891	3,287	2,903	10,099	97,794	107,893	6,203	—	2013
2100 Ross Avenue Dallas, TX	—	5,987	45,739	—	33,854	5,987	79,593	85,580	10,427	—	2012
The Points at Waterview Suburban Dallas, TX	14,500	2,558	22,910	86	10,512	2,644	33,422	36,066	19,736	—	2000
Meridian Mark Plaza Atlanta, GA	25,000	2,219	—	—	27,105	2,219	27,105	29,324	16,688	1997	1997
555 North Point Center East Suburban Atlanta, GA	—	368	—	(3)	21,933	365	21,933	22,298	13,235	1998	1998
221 Peachtree Center Avenue Parking Garage Atlanta, GA	—	4,217	13,337	1	347	4,218	13,684	17,902	2,755	—	2007
333 North Point Center East Suburban Atlanta, GA	—	551	—	1	15,626	552	15,626	16,178	10,016	1996	1996

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COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
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(in thousands)

		Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period			
Description/Metropolitan Area	Encumbrances	Land and Improvements	Buildings and Improvements	Land and Improvements less Cost of Sales, Transfers and Other	Building and Improvements less Cost of Sales, Transfers and Other	Land and Improvements less Cost of Sales, Transfers and Other	Building and Improvements less Cost of Sales, Transfers and Other	Total (a)	Accu Dep
100 North Point Center East Suburban Atlanta, GA	$—	$1,475	$9,625	$(11)	$3,266	$1,464	$12,891	$14,355	$7,5
200 North Point Center East Suburban Atlanta, GA	—	1,726	7,920	$(14)	$4,690	$1,712	$12,610	$14,322	6,04
Total Operating Properties	$652,144	$458,293	$1,701,743	$7,376	$338,815	$465,669	$2,040,558	$2,506,227	$32
PROJECTS UNDER DEVELOPMENT									
Colorado Tower Austin, TX	$—	$—	$—	$—	$85,843	$—	$85,843	$85,843	$—
Research Park V Austin, TX	$—	$4,373	$—	$—	$1,399	$4,373	$1,399	$5,772	$—
Total Projects Under Development	$—	$4,373	$—	$—	$87,242	$4,373	$87,242	$91,615	$—
LAND									
Commercial Land									
Land Adjacent to The Avenue Forsyth Suburban Atlanta, GA	—	11,240	—	(7,540)	—	3,700	—	3,700	—
Blalock Lakes Suburban Atlanta, GA	—	9,646	—	(6,301)	—	3,345	—	3,345	—
549 / 555 / 557 Peachtree Street Atlanta, GA	—	5,988	—	(3,363)	—	2,625	—	2,625	—
North Point Suburban Atlanta, GA	—	10,294	—	(8,851)	—	1,443	—	1,443	—
Wildwood Suburban Atlanta, GA	—	10,214	—	(9,539)	—	675	—	675	—
Total Commercial Land	$—	$47,382	$—	$(35,594)	$—	$11,788	$—	$11,788	$—

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COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2014
(in thousands)

Description/Metropolitan Area	Encumbrances	Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period			Acc Dep
		Land and Improvements	Buildings and Improvements	Land and Improvements less Cost of Sales, Transfers and Other	Building and Improvements less Cost of Sales, Transfers and Other	Land and Improvements less Cost of Sales, Transfers and Other	Building and Improvements less Cost of Sales, Transfers and Other	Total (a)	
Residential Land									
Blalock Lakes Suburban Atlanta, GA	$—	$17,657	$—	$(12,386)	$—	$5,271	$—	$5,271	$—
Callaway Gardens Pine Mountain, GA	—	1,584	—	3,003	—	4,587	—	4,587	—
Total Residential Land	$—	$19,241	$—	$(9,383)	$—	$9,858	$—	$9,858	$—
Total Land	$—	$66,623	$—	$(44,977)	$—	$21,646	$—	$21,646	$—
Total Properties	$652,144	$529,289	$1,701,743	$(37,601)	$426,057	$491,688	$2,127,523	$2,619,488	$32

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December 31, 2014
(in thousands)

NOTES:

(a) Reconciliations of total real estate carrying value and accumulated depreciation for the three years ended December 31, 2014 are as follows:

	Real Estate			Accumulated Depreciation		
	2014	2013	2012	2014	2013	2012
Balance at beginning of period	$2,164,815	$997,323	$1,253,414	$257,151	$258,258	$289,473
Additions during the period:						
Acquisition	523,695	1,321,394	42,692	—	—	—
Improvements and other capitalized costs	109,959	86,376	49,559	—	—	—
Depreciation expense	—	—	—	86,824	56,234	48,607
	633,654	1,407,770	92,251	86,824	56,234	48,607
Deductions during the period:						
Cost of real estate sold or foreclosed	(178,981)	(240,278)	(334,552)	(19,432)	(57,341)	(79,822)
Impairment losses	—	—	(13,790)	—	—	—
Write-off of fully depreciated assets	—	—	—	—	—	—
	(178,981)	(240,278)	(348,342)	(19,432)	(57,341)	(79,822)
Balance at end of period	$2,619,488	$2,164,815	$997,323	$324,543	$257,151	$258,258

(b) Buildings and improvements are depreciated over 24 to 42 years. Leasehold improvements and other capitalized leasing costs are depreciated over the life of the asset or the term of the lease, whichever is shorter.

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