

COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
FUNDS FROM OPERATIONS

(unaudited; in thousands, except per share amounts)

	Three Months Ended March 31,	
	2014	2013
Net Income Available to Common Stockholders	\$ 5,200	\$ 53,170
Depreciation and amortization of real estate assets:		
Consolidated properties	33,955	11,063
Discontinued properties	—	1,053
Share of unconsolidated joint ventures	2,998	3,204
(Gain) loss on sale of depreciated properties:		
Consolidated properties	—	(56,911)
Discontinued properties	(6,358)	(118)
Share of unconsolidated joint ventures	387	—
Funds From Operations Available to Common Stockholders	\$ 36,182	\$ 11,461
Per Common Share — Basic and Diluted:		
Net Income Available	\$ 0.03	\$ 0.51
Funds From Operations	\$ 0.19	\$ 0.11
Weighted Average Shares — Basic	191,739	104,119
Weighted Average Shares — Diluted	191,952	104,252

The table above shows Funds From Operations Available to Common Stockholders (“FFO”) and the related reconciliation to Net Income Available to Common Stockholders for Cousins Properties Incorporated and Subsidiaries. The Company calculated FFO in accordance with the National Association of Real Estate Investment Trusts' ("NAREIT") definition, which is net income (loss) available to common stockholders (computed in accordance with accounting principles generally accepted in the United States ("GAAP")), excluding extraordinary items, cumulative effect of change in accounting principle and gains or losses from sales of depreciable property, plus depreciation and amortization of real estate assets, impairment losses on depreciable investment property and after adjustments for unconsolidated partnerships and joint ventures to reflect FFO on the same basis.

FFO is used by industry analysts and investors as a supplemental measure of an equity 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. Management believes that 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.

Net effective rent represents base rent less operating expense reimbursements and leasing costs. Second generation leases exclude leases executed for spaces that were vacant upon acquisition, new leases in a development property, and leases for spaces that have been vacant for one year or more.