

COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
FUNDS FROM OPERATIONS

(unaudited, in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net Income Available to Common Stockholders	\$ 59,381	\$ 9,444	\$ 106,975	\$ 2,733
Depreciation and amortization of real estate assets:				
Consolidated properties	18,811	10,286	45,679	29,495
Discontinued properties	—	3,600	1,033	10,810
Share of unconsolidated joint ventures	3,079	2,475	10,450	7,631
Impairment loss on depreciable investment property, net of amounts attributable to noncontrolling interests	—	—	—	10,190
Gain on sale of depreciated properties:				
Consolidated properties	(3,643)	(60)	(60,709)	(146)
Discontinued properties	(3,371)	(60)	(3,552)	(820)
Share of unconsolidated joint ventures	(60,421)	—	(60,421)	(7,509)
Non-controlling interest related to the sale of depreciated properties	3,390	—	3,390	—
Other	—	—	—	(59)
Funds From Operations Available to Common Stockholders	\$ 17,226	\$ 25,685	\$ 42,845	\$ 52,325
Per Common Share — Basic and Diluted:				
Net Income Available	\$ 0.36	\$ 0.09	\$ 0.83	\$ 0.03
Funds From Operations	\$ 0.11	\$ 0.25	\$ 0.33	\$ 0.50
Weighted Average Shares — Basic	163,426	104,193	128,953	104,120
Weighted Average Shares — Diluted	163,603	104,203	129,121	104,125

The table above shows Funds From Operations Available to Common Stockholders (“FFO”) and the related reconciliation to Net Income Loss 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.

Management believes that FFO before special items provides analysts and investors with appropriate information related to its core operations and for the comparability of the results of its operations with other real estate companies.