

Section 1: 10-Q (10-Q)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

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

For the quarterly period ended March 31, 2019
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

(State or other jurisdiction of
incorporation or organization)

3344 Peachtree Road NE, Suite 1800, Atlanta, Georgia
(Address of principal executive offices)

58-0869052

(I.R.S. Employer
Identification No.)

30326-4802
(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	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$1 par value per share	CUZ	New York Stock Exchange ("NYSE")

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 Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class

Outstanding at May 6, 2019

Common Stock, \$1 par value per share

420,586,130 shares

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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 the Annual Report on Form 10-K for the year ended December 31, 2018 and as itemized herein. These forward-looking statements include information about possible or assumed future results of the business and our 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:

- 2019 guidance and underlying assumptions;
- business and financial strategy;
- future debt financings;
- future acquisitions and dispositions of operating assets;
- future acquisitions and dispositions of land, including ground leases;
- future development and redevelopment opportunities, including fee development opportunities;
- future issuances and repurchases of common stock;
- future distributions;
- projected capital expenditures;
- market and industry trends;
- entry into new markets;
- future changes in interest rates;
- the benefits of the proposed transactions involving us and TIER REIT, Inc. ("TIER"), including all future financial and operating results, plans, objectives, expectations and intentions;
- benefits of the proposed transactions with TIER to tenants, employees, stockholders, and other constituents of the combined company;
- integrating TIER with us;
- the expected timetable for completing the proposed transactions with TIER; and
- all statements that address operating performance, events, or developments that we expect or anticipate will occur in the future — including statements relating to creating value for stockholders.

Any forward-looking statements are based upon management's beliefs, assumptions, and expectations of our future performance, taking into account information that is 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, our 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;
- the ability to refinance or repay indebtedness as it matures;
- the failure of purchase, sale, or other contracts to ultimately close;
- the failure to achieve anticipated benefits from acquisitions, investments, or dispositions;
- the potential dilutive effect of common stock or operating partnership unit issuances;
- the availability of buyers and pricing with respect to the disposition of assets;
- changes in national and local economic conditions, the real estate industry, and the commercial real estate markets in which we operate (including supply and demand changes), particularly in Atlanta, Charlotte, Austin, Phoenix, and Tampa where we have high concentrations of our lease revenue;
- changes to our 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, the ability to lease newly developed and/or recently acquired space, the failure of a tenant to occupy leased space, and the risk of declining leasing rates;
- changes in the needs of our tenants brought about by the desire for co-working arrangements, trends toward utilizing less office space per employee, and the effect of telecommuting;
- any adverse change in the financial condition of one or more of our major tenants;
- volatility in interest rates and insurance rates;
- competition from other developers or investors;
- the risks associated with real estate developments (such as zoning approval, receipt of required permits, construction delays, cost overruns, and leasing risk);
- cyber security breaches;
- changes in senior management and 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;

- any failure to continue to qualify for taxation as a real estate investment trust and meet regulatory requirements;
- potential changes to state, local, or federal regulations applicable to our business;
- material changes in the rates or the ability to pay dividends on common shares or other securities;
- potential changes to the tax laws impacting REITs and real estate in general;
- risks associated with the ability to consummate the proposed transactions with TIER and the timing of the closing of the proposed transactions with TIER;
- the failure to obtain debt financing arrangements in connection with the proposed transactions with TIER;
- the ability to secure favorable interest rates on debt financing incurred in connection with the proposed transactions with TIER;
- the ability to successfully integrate our operations and employees in connection with the proposed transaction with TIER;
- the ability to realize anticipated benefits and synergies of the proposed transactions with TIER;
- the outcome of pending litigation related to the merger with TIER;
- the amount of the costs, fees, expenses, and charges related to the proposed transactions with TIER; and
- those additional risks and factors discussed in reports filed with the Securities and Exchange Commission (“SEC”) by the Company and TIER, and those additional risks and factors discussed in reports filed with the SEC by the Company.

The words “believes,” “expects,” “anticipates,” “estimates,” “plans,” “may,” “intend,” “will,” or similar expressions are intended to identify forward-looking statements. Although we believe that our plans, intentions, and expectations reflected in any forward-looking statements are reasonable, we can give no assurance that such plans, intentions, or expectations will be achieved. We undertake 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.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	March 31, 2019	December 31, 2018
	(unaudited)	
Assets:		
Real estate assets:		
Operating properties, net of accumulated depreciation of \$459,423 and \$421,495 in 2019 and 2018, respectively	\$ 3,714,115	\$ 3,603,011
Projects under development	35,282	24,217
Land	35,868	72,563
	3,785,265	3,699,791
Cash and cash equivalents	3,456	2,547
Restricted cash	170	148
Notes and accounts receivable	10,558	13,821
Deferred rents receivable	91,240	83,116
Investment in unconsolidated joint ventures	167,429	161,907
Intangible assets, net	146,994	145,883
Other assets	46,081	39,083
Total assets	\$ 4,251,193	\$ 4,146,296
Liabilities:		
Notes payable	\$ 1,116,474	\$ 1,062,570
Accounts payable and accrued expenses	91,477	110,159
Deferred income	55,074	41,266
Intangible liabilities, net of accumulated amortization of \$45,545 and \$42,473 in 2019 and 2018, respectively	53,869	56,941
Other liabilities	106,070	54,204
Total liabilities	1,422,964	1,325,140
Commitments and contingencies		
Equity:		
Stockholders' investment:		
Preferred stock, \$1 par value, 20,000,000 shares authorized, 6,867,357 shares issued and outstanding in 2019 and 2018	6,867	6,867
Common stock, \$1 par value, 700,000,000 shares authorized, 430,926,519 and 430,724,520 shares issued in 2019 and 2018, respectively	430,927	430,725
Additional paid-in capital	3,605,692	3,606,191
Treasury stock at cost, 10,339,735 shares in 2019 and 2018	(148,473)	(148,473)
Distributions in excess of cumulative net income	(1,124,596)	(1,129,445)
Total stockholders' investment	2,770,417	2,765,865
Nonredeemable noncontrolling interests	57,812	55,291
Total equity	2,828,229	2,821,156
Total liabilities and equity	\$ 4,251,193	\$ 4,146,296

See accompanying notes.

COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited, in thousands, except per share amounts)

	Three Months Ended	
	March 31,	
	2019	2018
Revenues:		
Rental property revenues	\$ 123,345	\$ 113,348
Fee income	8,728	2,894
Other	660	960
	132,733	117,202
Expenses:		
Rental property operating expenses	43,487	40,191
Reimbursed expenses	932	942
General and administrative expenses	11,460	6,809
Interest expense	10,820	9,778
Depreciation and amortization	45,861	45,093
Acquisition costs	3	91
Other	180	320
	112,743	103,224
Income from unconsolidated joint ventures	2,904	2,885
Gain (loss) on sale of investment properties	13,111	(372)
Loss on extinguishment of debt	—	(85)
Net income	36,005	16,406
Net income attributable to noncontrolling interests	(664)	(363)
Net income available to common stockholders	\$ 35,341	\$ 16,043
Net income per common share — basic and diluted	\$ 0.08	\$ 0.04
Weighted average shares — basic	420,510	420,154
Weighted average shares — diluted	427,607	427,695

See accompanying notes.

COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
Three Months Ended March 31, 2019 and 2018
(unaudited, in thousands)

	Preferred Stock	Common Stock	Additional Paid-In Capital	Treasury Stock	Distributions in Excess of Net Income	Stockholders' Investment	Nonredeemable Noncontrolling Interests	Total Equity
Balance December 31, 2018	\$ 6,867	\$ 430,725	\$ 3,606,191	\$(148,473)	\$ (1,129,445)	\$ 2,765,865	\$ 55,291	\$2,821,156
Net income	—	—	—	—	35,341	35,341	664	36,005
Common stock issued pursuant to stock based compensation	—	202	(1,106)	—	—	(904)	—	(904)
Amortization of stock options and restricted stock, net of forfeitures	—	—	607	—	—	607	—	607
Contributions from nonredeemable noncontrolling interests	—	—	—	—	—	—	2,581	2,581
Distributions to nonredeemable noncontrolling interests	—	—	—	—	—	—	(724)	(724)
Common dividends (\$0.0725 per share)	—	—	—	—	(30,492)	(30,492)	—	(30,492)
Balance March 31, 2019	\$ 6,867	\$ 430,927	\$ 3,605,692	\$(148,473)	\$ (1,124,596)	\$ 2,770,417	\$ 57,812	\$2,828,229
Balance December 31, 2017	\$ 6,867	\$ 430,350	\$ 3,604,776	\$(148,373)	\$ (1,121,647)	\$ 2,771,973	\$ 53,138	\$2,825,111
Net income	—	—	—	—	16,043	16,043	363	16,406
Common stock issued pursuant to stock based compensation	—	232	(991)	—	—	(759)	—	(759)
Cumulative effect of change in accounting principle	—	—	—	—	22,329	22,329	—	22,329
Amortization of stock options and restricted stock, net of forfeitures	—	(9)	551	—	—	542	—	542
Distributions to nonredeemable noncontrolling interests	—	—	—	—	—	—	(399)	(399)
Common dividends (\$0.065 per share)	—	—	—	—	(27,315)	(27,315)	—	(27,315)
Balance March 31, 2018	\$ 6,867	\$ 430,573	\$ 3,604,336	\$(148,373)	\$ (1,110,590)	\$ 2,782,813	\$ 53,102	\$2,835,915

See accompanying notes.

COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Three Months Ended March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 36,005	\$ 16,406
Adjustments to reconcile net income to net cash provided by operating activities:		
(Gain) loss on sale of investment properties	(13,111)	372
Depreciation and amortization	45,861	45,093
Amortization of deferred financing costs and premium/discount on notes payable	615	552
Stock-based compensation expense, net of forfeitures	607	542
Effect of non-cash adjustments to revenues	(11,933)	(9,996)
Income from unconsolidated joint ventures	(2,904)	(2,885)
Operating distributions from unconsolidated joint ventures	2,536	2,564
Loss on extinguishment of debt	—	85
Changes in other operating assets and liabilities:		
Change in other receivables and other assets, net	(1,720)	(7,094)
Change in operating liabilities, net	(11,455)	(24,733)
Net cash provided by operating activities	44,501	20,906
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investment property sales	57,676	—
Property acquisition, development, and tenant asset expenditures	(122,785)	(60,175)
Investment in unconsolidated joint ventures	(5,566)	(21,613)
Distributions from unconsolidated joint ventures	—	242
Change in notes receivable and other assets	(23)	(795)
Other	—	(472)
Net cash used in investing activities	(70,698)	(82,813)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from credit facility	160,000	—
Repayment of credit facility	(103,600)	—
Repayment of notes payable	(2,710)	(2,161)
Payment of deferred financing costs	—	(6,013)
Contributions from nonredeemable noncontrolling interests	2,581	—
Distributions to nonredeemable noncontrolling interests	(724)	(399)
Common dividends paid	(27,326)	(25,169)
Other	(1,093)	(759)
Net cash provided by (used in) financing activities	27,128	(34,501)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	931	(96,408)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF PERIOD	2,695	205,745
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	\$ 3,626	\$ 109,337

See accompanying notes.

COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2019
(Unaudited)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

Cousins Properties Incorporated ("Cousins"), a Georgia corporation, is a publicly traded (NYSE: CUZ), self-administered, and self-managed real estate investment trust ("REIT"). Cousins conducts substantially all of its operations through Cousins Properties LP ("CPLP"). Cousins owns approximately 98% of CPLP and consolidates CPLP. Cousins TRS Services LLC ("CTRS"), which is wholly owned by CPLP, is a taxable entity which owns and manages its own real estate portfolio and performs certain real estate related services for other parties. Cousins, CPLP, CTRS, and their subsidiaries are hereinafter referred to collectively as "the Company."

The Company develops, acquires, leases, manages, and owns Class A office and mixed-use properties in Sunbelt markets with a focus on Georgia, Texas, North Carolina, Arizona, and Florida. Cousins has elected to be taxed as a REIT and intends to, among other things, distribute 100% of its net taxable income to stockholders, thereby eliminating any liability for federal income taxes under current law. Therefore, the results included herein do not include a federal income tax provision for Cousins.

Basis of Presentation

The condensed consolidated financial statements are unaudited and were prepared by the Company in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). In the opinion of management, these financial statements reflect all adjustments necessary (which adjustments are of a normal and recurring nature) for the fair presentation of the Company's financial position as of March 31, 2019 and the results of operations for the three months ended March 31, 2019 and 2018. The results of operations for the three months ended March 31, 2019 are not necessarily indicative of results expected for the full year. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018. The accounting policies employed are substantially the same as those shown in note 2 to the consolidated financial statements included therein.

For the three months ended March 31, 2019 and 2018, there were no items of other comprehensive income. Therefore, no presentation of comprehensive income is required. Additionally, certain subtotals within the condensed consolidated statements of operations for the three months ended March 31, 2018 were removed to conform to the current period presentation.

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 Financial Accounting Standard Board's ("FASB") Accounting Standards Codification ("ASC"). 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.

In the first quarter of 2019, the Company transferred the right to acquire a building to a special purpose entity to facilitate a potential Section 1031 exchange under the Internal Revenue Code of 1986, as amended, and the special purpose entity acquired the building. To realize the tax deferral available under Section 1031, the Company must complete the exchange and relinquish title to the to-be-exchanged building within 180 days of the purchase date. The Company has determined that this special purpose entity is a VIE, and the Company is the primary beneficiary. Therefore, the Company consolidates this entity. As of March 31, 2019, this VIE had total assets of \$92.3 million, no significant liabilities, and no significant cash flows.

Recently Issued Accounting Standards

On January 1, 2019, the Company adopted Accounting Standards Update ("ASU") 2016-02, "Leases," ("ASC 842") which amended the previous standard for lease accounting by requiring lessees to record most leases on their balance sheets and making targeted changes to lessor accounting and reporting. The new standard requires lessees to record a right-of-use asset and a lease liability for leases and classify such leases as either finance or operating leases based on the principle of whether the lease is effectively a financed purchase of the leased asset by the lessee. The classification of the leases determines whether the lease expense is recognized based on an effective interest method (finance leases) or on a straight-line basis over the term of the lease (operating leases). The new standard also revised the treatment of indirect leasing costs and permits the capitalization and

amortization of direct leasing costs only. For the three months ended March 31, 2018, the Company capitalized \$1.2 million of indirect leasing costs.

The Company adopted the following optional practical expedients provided in ASC 842:

- no reassessment of any expired or existing contracts to determine if they contain a lease;
- no requirement to write-off any unamortized, previously capitalized, initial direct costs for existing leases;
- no recognition of right-of-use assets for leases with at term of one year or less;
- no requirement to separately classify and disclose non-lease components of revenue in lease contracts from the related lease components provided certain conditions are met; and,
- no requirement to reassess the classification of existing leases as finance leases versus operating leases.

For those leases where the Company is lessee, specifically ground leases, the adoption of ASC 842 required the Company to record a right-of-use asset and a lease liability on the consolidated balance sheet. The Company recorded right-of-use assets and lease liabilities in the amount of \$56.3 million upon the adoption of ASC 842. In calculating the right of use asset and lease liability the Company used a weighted average discount rate of 4.49%, which represented the Company's incremental borrowing rate related to the ground lease assets as of January 1, 2019. Ground leases executed before the adoption of ASC 842 are accounted for as operating leases and did not result in a materially different ground lease expense. However, most ground leases executed after the adoption of ASC 842 are expected to be accounted for as finance leases, which will result in ground lease expense being recorded using the effective interest method instead of the straight-line method over the term of the lease, resulting in higher ground lease expense in the earlier years of a ground lease when compared to the straight line method. The Company used the "modified retrospective" method upon adoption of ASC 842, which permitted application of the new standard on the adoption date as opposed to the earliest comparative period presented in its financial statements. For additional disclosures, see note 4 "Leases."

On January 1, 2018, the Company adopted, ASU 2017-05, "Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets" ("ASU 2017-05"). As a result of the adoption of ASU 2017-05, the Company recorded a cumulative effect from change in accounting principle, which credited distributions in excess of cumulative net income by \$22.3 million. This cumulative effect adjustment resulted from the 2013 transfer of a wholly-owned property to an entity in which it had a noncontrolling interest.

2. MERGER WITH TIER REIT, INC.

On March 25, 2019, the Company and TIER REIT, Inc. ("TIER") entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which TIER will merge with and into a subsidiary of the Company (the "Merger"). Pursuant to the Merger Agreement, upon the terms and subject to the conditions of the Merger Agreement, upon closing, each share of TIER common stock, issued and outstanding, will be converted into the right to receive 2.98 newly issued shares of the Company's common stock. In addition, upon closing, each outstanding award of TIER restricted shares and restricted stock units will become fully vested (in the case of restricted stock units, to the extent provided in the TIER equity plan, and in the case of any performance-based restricted stock units, with performance determined to be achieved as set forth in the TIER equity plan) and will convert into newly issued shares of Company common stock on the same basis as other shares of TIER common stock.

The respective boards of directors (the "Board of Directors") of the Company and TIER have unanimously approved the Merger Agreement and have recommended that their respective stockholders approve their Merger-related proposals. Upon closing, two members of the Board of Directors of TIER, Scott W. Fordham and one additional independent member on the Board of Directors of TIER to be mutually agreed upon by the parties, will be appointed to the Board of Directors of the Company.

The closing of the Merger is subject to satisfaction or waiver of certain conditions, including: (1) approval of the Merger by TIER stockholders; (2) approval of the issuance of Company common stock by the Company's stockholders; (3) approval for listing on the New York Stock Exchange of the Company common stock to be issued in the Merger; (4) the absence of an injunction or law prohibiting the Merger; (5) the correctness of all representations and warranties, made by the parties to the Merger Agreement and performance by the parties of their obligations under the Merger Agreement (subject in most cases to materiality or material adverse effect qualifications) and receipt of an officer's certificate from each party attesting thereto; (6) receipt by the Company and by TIER of an opinion to the effect that the Merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and of an opinion as to the qualification of the Company and TIER, respectively, as a real estate investment trust ("REIT") under the Code; and (7) effectiveness of the registration statement that will contain the joint proxy statement/prospectus sent to Company and TIER stockholders.

The Merger Agreement contains customary representations and warranties by each party. The Company and TIER have also agreed to various customary covenants and agreements, including, among others, to conduct their business in the ordinary course

consistent with past practice during the period between the execution of the Merger Agreement and closing and to maintain REIT status. The Merger Agreement provides that, during the period from the date of the Merger Agreement until closing, TIER will be subject to certain restrictions on its ability to solicit alternative transaction proposals from third parties, to provide non-public information to third parties and to engage in discussions with third parties regarding alternative transaction proposals, subject to customary exceptions.

The Merger Agreement contains certain termination rights for the Company and TIER. The Merger Agreement can be terminated by mutual written consent or by either party (1) if there is a final nonappealable order, decree, or ruling permanently enjoining or otherwise prohibiting the consummation of the Merger; (2) if the Merger has not been consummated by 5:00 p.m., New York time, on October 31, 2019; (3) if the Company's stockholders fail to approve the issuance of Company common stock in connection with the Merger or TIER's stockholders fail to approve the Merger; or (4) if the other party has breached or failed to perform any of its representations, warranties, or covenants in a way that prevents satisfaction of a closing condition, subject to a cure period. In addition, the Company may terminate the Merger Agreement if the Board of Directors of TIER changes its recommendation with respect to the Merger or upon a willful breach by TIER of its obligations not to solicit alternative transaction proposals. TIER may terminate the Merger Agreement in order to enter into a definitive agreement with respect to a Superior Proposal (as defined in the Merger Agreement) (subject to compliance with certain terms and conditions included in the Merger Agreement). If the Merger Agreement is terminated because (1) the Board of Directors of TIER changes its recommendation to TIER stockholders with respect to the Merger; (2) TIER terminates the Merger Agreement to enter into a definitive agreement with respect to a Superior Proposal; or (3) TIER consummates or enters into an agreement for an alternative transaction within twelve months following termination under certain circumstances, TIER must pay a termination fee of \$45.5 million to the Company. The amount payable to the Company by TIER may also be reduced to the extent necessary to maintain Cousins' qualification as a REIT. Should any amount of the fee be unpaid because of REIT requirements, TIER shall place the unpaid amount of the fee in escrow and shall not release any portion thereof to Cousins unless and until Cousins receives a reasoned opinion from counsel or other tax advisor or a ruling from the IRS providing that Cousins' receipt of the unpaid fee will not impact its qualification as a REIT under the Code. The obligations of TIER to pay any unpaid portion of the fee shall terminate on December 31 following the date which is five years from the date of March 25, 2019. Amounts remaining in escrow after the obligation of TIER to pay the fee terminates shall be released to TIER.

In connection with the Merger, the Company has filed an amended registration statement on Form S-4 (File No. 333-230968), declared effective by the SEC on May 8, 2019, that includes a joint proxy statement of Cousins and TIER that also constitutes a prospectus of the Company.

The Merger is currently anticipated to close in the second quarter of 2019. During the three months ended March 31, 2019, the Company incurred no material merger-related expenses.

Two putative stockholder class action lawsuits have been filed by purported TIER stockholders challenging the disclosures made in connection with the Merger. The lawsuits seek to enjoin the Merger, to recover damages if the Merger is consummated, attorney's fees, and other relief. Additional lawsuits arising out of the Merger may be filed in the future. For a more detailed description of litigation in connection with the Merger, see note 9 "Commitments and Contingencies."

3. TRANSACTIONS WITH NORFOLK SOUTHERN RAILWAY COMPANY

On March 1, 2019, the Company entered into a series of agreements and executed related transactions with Norfolk Southern Railway Company ("NS") as follows:

- Sold land to NS for \$52.5 million.
- Executed a Development Agreement with NS whereby the Company will receive fees totaling \$5 million in consideration for development services for NS's corporate headquarters that will be constructed on the land sold to NS.
- Executed a Consulting Agreement with NS whereby the Company will receive fees totaling \$32 million in consideration for consulting services for NS's corporate headquarters. The Development Agreement and Consulting Agreement are collectively referred to below as the "Fee Agreements."
- Purchased a building from NS (the "1200 Peachtree Building") for \$82 million subject to a three-year market rate lease with NS that covers the entire building.

The Company sold the land to NS for \$5.0 million above its carrying amount, which included \$37.0 million of land purchased in 2018, \$6.5 million of land purchased in 2019, and \$4.0 million of site preparation work. The Company purchased the 1200 Peachtree Building from NS for an amount it determined to be \$10.3 million below the building's fair value.

In accordance with Accounting Standards Codification ("ASC") 606, the Company determined that all contracts and transactions associated with NS, with the exception of the aforementioned lease which will be accounted for in accordance with ASC 842, should be combined for accounting purposes given the fact that they were all executed simultaneously for the single commercial purpose of delivering and constructing a corporate headquarters for NS, and the contracts are interdependent and would not have been entered into separately. Further, the Company concluded that the Fee Agreements have a single performance

obligation to provide services to NS for a new corporate headquarters as the services being provided to NS are highly interdependent. The transaction price for the Fee Agreements was determined to be comprised of both cash and non-cash consideration associated with this arrangement. The cash consideration represents the amounts to be received under the Fee Agreements as well as the excess of the sales price of the land over the fair value of the land. The non-cash consideration represents the \$10.3 million excess of the fair value of the 1200 Peachtree Building over the amount the Company paid. The gross transaction price for the Fee Agreements was \$52.3 million.

In accordance with ASC 606, the Company determined that control of the services to be provided under the Fee Agreements is being transferred over time and, thus, the Company must recognize the transaction price in revenue as it satisfies the performance obligation. The Company determined that the inputs method of measuring progress of satisfying the performance obligation was the most appropriate method of recognizing revenue for the Fee Agreements. Therefore, the Company recognized revenue in the quarter ended March 31, 2019, and will recognize future revenue under the Fee Agreements based upon the time spent by the Company's employees in providing these services as compared to the total estimated time required to satisfy the performance obligation. During the three months ended March 31, 2019, the Company recognized \$6.6 million in fee income in its statements of operations related to the Fee Agreements.

The following table summarizes the allocations of the estimated fair value of the assets and liabilities of the 1200 Peachtree Building discussed above (in thousands):

Tangible assets:		
Land and improvements	\$	19,495
Building		62,836
Tangible assets		<u>82,331</u>
Intangible assets:		
In-place leases		9,969
Intangible assets		<u>9,969</u>
Total net assets acquired	\$	<u><u>92,300</u></u>

4. LEASES

At March 31, 2019, the Company had three properties subject to operating ground leases with a weighted average remaining term of 74 years and two finance ground leases with a weighted average remaining term of five years. At March 31, 2019, the Company had right-of-use assets of \$68.1 million included in operating properties, projects under development, or land on the condensed consolidated balance sheets and a lease liability of \$68.0 million included in other liabilities on the condensed consolidated balance sheets. The weighted average discount rate at March 31, 2019 was 4.50%, which represents the Company's incremental borrowing rate related to the ground lease assets.

Rental payments on these ground leases are adjusted periodically based on either the Consumer Price Index, changes in developed square feet on the underlying leased asset, or on a pre-determined schedule. The monthly payments on a pre-determined schedule are recognized on a straight-line basis over the terms of the respective leases while payments resulting from changes in the Consumer Price Index or future development are not estimated as part of our measurement of straight-line rental expense.

For the three months ended March 31, 2019, the Company recognized \$839,000 of operating ground lease expense, of which no amounts represented variable lease expenses, and \$116,000 of interest expense related to finance ground leases. For the three months ended March 31, 2019, \$393,000 was paid in cash for operating ground leases and no cash payments were made for financing ground leases. At March 31, 2019 and December 31, 2018, respectively, the future minimum payments to be made by consolidated entities for ground leases are as follows (in thousands):

March 31, 2019

	Operating Ground Leases	Finance Ground Leases
2019	\$ 1,831	\$ 462
2020	2,460	462
2021	2,497	6,562
2022	2,497	162
2023	2,497	162
Thereafter	202,603	3,838
	<u>\$ 214,385</u>	<u>\$ 11,648</u>
Discount	(156,270)	(1,803)
Lease liability	<u>\$ 58,115</u>	<u>\$ 9,845</u>

December 31, 2018

	Operating Ground Leases	Finance Ground Leases
2019	\$ 2,441	\$ 462
2020	2,460	462
2021	2,497	6,562
2022	2,497	162
2023	2,497	162
Thereafter	202,603	3,838
	<u>\$ 214,995</u>	<u>\$ 11,648</u>
Discount	(156,867)	(1,918)
Lease liability	<u>\$ 58,128</u>	<u>\$ 9,730</u>

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 March 31, 2019 and December 31, 2018. The information included in the summary of operations table is for the three months ended March 31, 2019 and 2018 (in thousands):

SUMMARY OF FINANCIAL POSITION:	Total Assets		Total Debt		Total Equity		Company's Investment	
	2019	2018	2019	2018	2019	2018	2019	2018
Terminus Office Holdings	\$261,069	\$258,060	\$197,598	\$198,732	\$ 52,370	\$ 50,539	\$ 49,334	\$ 48,571
DC Charlotte Plaza LLLP	175,223	155,530	—	—	89,989	88,922	47,691	46,554
Austin 300 Colorado Project, LP	66,812	51,180	1	—	46,723	41,298	25,159	22,335
Carolina Square Holdings LP	113,906	106,187	74,649	74,638	27,017	28,844	15,862	16,840
HICO Victory Center LP	15,042	15,069	—	—	14,970	14,801	10,073	10,003
Charlotte Gateway Village, LLC	112,218	112,553	—	—	109,190	109,666	7,987	8,225
AMCO 120 WT Holdings, LLC	50,791	36,680	—	—	44,203	31,372	7,493	5,538
CL Realty, L.L.C.	4,168	4,169	—	—	4,139	4,183	2,864	2,886
Temco Associates, LLC	1,505	1,482	—	—	1,402	1,379	930	919
EP II LLC	246	247	—	—	164	165	30	30
EP I LLC	459	461	—	—	294	296	6	6
Wildwood Associates	11,147	11,157	—	—	11,085	11,108	(472) (1)	(460) (1)
Crawford Long - CPI, LLC	26,968	26,429	69,136	69,522	(43,258)	(44,146)	(20,648) (1)	(21,071) (1)
	<u>\$839,554</u>	<u>\$779,204</u>	<u>\$341,384</u>	<u>\$342,892</u>	<u>\$358,288</u>	<u>\$338,427</u>	<u>\$146,309</u>	<u>\$140,376</u>

SUMMARY OF OPERATIONS:	Total Revenues		Net Income (Loss)		Company's Share of Income (Loss)	
	2019	2018	2019	2018	2019	2018
Charlotte Gateway Village, LLC	\$ 6,743	\$ 6,772	\$ 2,524	\$ 2,793	\$ 1,262	\$ 1,397
Terminus Office Holdings	11,797	10,922	1,831	1,599	880	830
Crawford Long - CPI, LLC	3,129	3,126	889	823	424	391
DC Charlotte Plaza LLLP	410	—	410	—	205	—
HICO Victory Center LP	130	96	130	96	62	50
Carolina Square Holdings LP	3,294	2,614	170	202	58	(175)
Austin 300 Colorado Project, LP	126	150	72	99	36	49
Temco Associates, LLC	32	48	15	22	11	11
Wildwood Associates	—	—	(23)	(1,000)	(12)	317
CL Realty, L.L.C.	—	—	(29)	(44)	(22)	(28)
EP I LLC	—	4	(2)	(16)	—	(12)
EP II LLC	—	—	—	(5)	—	(4)
AMCO 120 WT Holdings, LLC	—	—	(10)	(7)	—	—
Other	—	—	—	(5)	—	59
	<u>\$ 25,661</u>	<u>\$ 23,732</u>	<u>\$ 5,977</u>	<u>\$ 4,557</u>	<u>\$ 2,904</u>	<u>\$ 2,885</u>

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

6. INTANGIBLE ASSETS

Intangible assets on the balance sheets as of March 31, 2019 and December 31, 2018 included the following (in thousands):

	<u>2019</u>	<u>2018</u>
In-place leases, net of accumulated amortization of \$132,512 and \$125,130 in 2019 and 2018, respectively	\$ 108,552	\$ 105,964
Above-market tenant leases, net of accumulated amortization of \$20,910 and \$19,502 in 2019 and 2018, respectively	19,045	20,453
Below-market ground lease, net of accumulated amortization of \$690 and \$621 in 2019 and 2018, respectively	17,723	17,792
Goodwill	1,674	1,674
	<u>\$ 146,994</u>	<u>\$ 145,883</u>

The carrying amount of goodwill did not change during the three months ended March 31, 2019 and 2018.

7. OTHER ASSETS

Other assets on the balance sheets as of March 31, 2019 and December 31, 2018 included the following (in thousands):

	<u>2019</u>	<u>2018</u>
Furniture, fixtures and equipment, leasehold improvements, and other deferred costs, net of accumulated depreciation of \$26,057 and \$25,193 in 2019 and 2018, respectively	\$ 15,011	\$ 14,942
Predevelopment costs and earnest money	10,685	8,249
Prepaid expenses and other assets	9,971	5,087
Line of credit deferred financing costs, net of accumulated amortization of \$1,824 and \$1,451 in 2019 and 2018, respectively	5,632	5,844
Lease inducements, net of accumulated amortization of \$1,724 and \$1,545 in 2019 and 2018, respectively	4,782	4,961
	<u>\$ 46,081</u>	<u>\$ 39,083</u>

8. NOTES PAYABLE

The following table summarizes the terms of notes payable outstanding at March 31, 2019 and December 31, 2018 (in thousands):

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity (1)</u>	<u>2019</u>	<u>2018</u>
Term Loan, Unsecured	3.69%	2021	\$ 250,000	\$ 250,000
Senior Notes, Unsecured	3.91%	2025	250,000	250,000
Senior Notes, Unsecured	4.09%	2027	100,000	100,000
Fifth Third Center	3.37%	2026	142,715	143,497
Colorado Tower	3.45%	2026	118,849	119,427
Promenade	4.27%	2022	98,438	99,238
816 Congress	3.75%	2024	81,260	81,676
Credit Facility, Unsecured	3.54%	2023	56,400	—
Meridian Mark Plaza	6.00%	2020	23,391	23,524
			<u>\$ 1,121,053</u>	<u>\$ 1,067,362</u>
Unamortized loan costs			(4,579)	(4,792)
Total Notes Payable			<u>\$ 1,116,474</u>	<u>\$ 1,062,570</u>

(1) Weighted average maturity of notes payable outstanding at March 31, 2019 was 5.4 years.

Credit Facility

The Company has a \$1 billion senior unsecured line of credit (the "Credit Facility") that matures on January 3, 2023. The Credit Facility contains financial covenants that require, among other things, the maintenance of an unencumbered interest coverage ratio of at least 1.75; a fixed charge coverage ratio of at least 1.50; and an overall leverage ratio of no more than 60%, plus a portion of the net cash proceeds from certain equity issuances. The Credit Facility also contains customary representations and

warranties and affirmative and negative covenants, as well as customary events of default. The amounts outstanding under the Credit Facility may be accelerated upon the occurrence of any events of default.

The interest rate applicable to the Credit 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 LIBOR plus a spread of between 1.05% and 1.45%, 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 a spread of between 0.10% or 0.45%, based on leverage.

At March 31, 2019, the Credit Facility's spread over LIBOR was 1.05%. 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 \$943.6 million at March 31, 2019.

Term Loan

The Company has a \$250 million unsecured term loan (the "Term Loan") that matures on December 2, 2021. The Term Loan has financial covenants consistent with those of the Credit Facility. The interest rate applicable to the Term Loan varies according to the Company's leverage ratio and may, at the election of the Company, be determined based on either (1) the current LIBOR plus a spread of between 1.20% and 1.70%, based on leverage or (2) the greater of Bank of America's prime rate, the federal funds rate plus 0.50%, or the one-month LIBOR plus 1.00% (the "Base Rate"), plus a spread of between 0.00% and 0.75%, based on leverage. At March 31, 2019, the Term Loan's spread over LIBOR was 1.20%.

Unsecured Senior Notes

The Company has \$350 million of unsecured senior notes that were funded in two tranches. The first tranche of \$100 million has a 10-year maturity and has a fixed annual interest rate of 4.09%. The second tranche of \$250 million has an 8-year maturity and has a fixed annual interest rate of 3.91%.

The unsecured senior notes contain 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 \$1.9 billion, plus a portion of the net cash proceeds from certain equity issuances. The senior notes also contain customary representations and warranties and affirmative and negative covenants, as well as customary events of default.

Other Debt Information

At March 31, 2019 and December 31, 2018, the estimated fair value of the Company's notes payable was \$1.1 billion for each of the periods, calculated by discounting the debt's remaining contractual cash flows at estimated rates at which similar loans could have been obtained at March 31, 2019 and December 31, 2018. 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 three months ended March 31, 2019 and 2018, interest was recorded as follows (in thousands):

	<u>2019</u>	<u>2018</u>
Total interest incurred	\$ 11,835	\$ 10,874
Interest capitalized	(1,015)	(1,096)
Total interest expense	<u>\$ 10,820</u>	<u>\$ 9,778</u>

9. COMMITMENTS AND CONTINGENCIES

Commitments

At March 31, 2019, the Company had outstanding performance bonds totaling \$556,000. As a lessor, the Company had \$95.1 million in future obligations under leases to fund tenant improvements and other future construction obligations at March 31, 2019. As a lessee, the Company had future obligations for other operating leases of \$449,000 at March 31, 2019.

Litigation

On May 1, 2019, a purported TIER stockholder filed a putative stockholder class action against TIER and the members of the TIER board of directors challenging the disclosures made in connection with the Merger. The lawsuit is captioned *Martin v. TIER REIT, INC., et al.*, No. 1:19-CV-01292, and is pending in the United States District Court for the District of Maryland. On

May 3, 2019, a purported TIER stockholder filed a putative stockholder class action against TIER, the members of the TIER board of directors, and the Company also challenging the disclosures made in connection with the Merger. The lawsuit is captioned *Franchi v. TIER REIT, Inc. et al.*, No. 1:19-CV-01310, and is also pending in the United States District Court for the District of Maryland. The complaints generally allege that the registration statement filed in connection with the Merger of which this joint proxy statement/prospectus forms a part fails to disclose certain allegedly material information in violation of Section 14(a) and 20(a) of the Exchange Act and Rule 14a-9 promulgated thereunder. The alleged omissions relate to (i) the existence of certain provisions in confidentiality agreements entered into between TIER and alternative bidders during the strategic sales process; (ii) certain financial projections and GAAP reconciliations for TIER and the Company; and (iii) certain financial analyses performed by TIER's financial advisor. Plaintiffs seek to enjoin the Defendants from proceeding with the Merger and seek damages in the event the transaction is consummated. TIER and the Company are reviewing the complaints and have not yet formally responded to them, but believe that Plaintiffs' allegations are without merit and intend to defend against them vigorously. However, litigation is inherently uncertain and there can be no assurance regarding the likelihood that TIER's and the Company's defense of the actions will be successful. Accordingly, at this time, the Company is not able to determine if the outcome of these matters will have a material adverse effect on the liquidity, results of operations, business, or financial condition of the Company. Additional lawsuits arising out of the Merger may also be filed in the future.

The Company is subject to various other 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. STOCK-BASED COMPENSATION

The Company has several types of stock-based compensation - stock options, restricted stock, and restricted stock units ("RSUs") - which are described in note 13 of notes to consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2018. The expense related to a portion of the stock-based compensation awards is fixed. The expense related to other stock-based compensation awards fluctuates from period to period dependent, in part, on the Company's stock price and stock performance relative to its peers. The Company recorded stock-based compensation expense, net of forfeitures, of \$5.5 million and \$2.6 million for the three months ended March 31, 2019 and 2018, respectively.

The Company maintains the 2009 Incentive Stock Plan (the "2009 Plan") and the 2005 Restricted Stock Unit Plan (the "RSU Plan"). Under the 2009 Plan, during the quarter ended March 31, 2019, the Company made restricted stock grants of 263,339 shares to key employees, which vest ratably over a three-year period. Under the RSU Plan, during the quarter ended March 31, 2019, the Company awarded two types of performance-based RSUs to key employees based on the following metrics: (1) Total Stockholder Return of the Company, as defined in the RSU Plan, as compared to the companies in the SNL US REIT Office index ("TSR RSUs"), and (2) the ratio of cumulative funds from operations per share to targeted cumulative funds from operations per share ("FFO RSUs"), as defined in the RSU Plan. The performance period for both awards is January 1, 2019 to December 31, 2021, and the targeted units awarded of TSR RSUs and FFO RSUs was 260,988 and 111,853, respectively. The ultimate payout of these awards can range from 0% to 200% of the targeted number of units depending on the achievement of the market and performance metrics described above. These RSU awards cliff vest on December 31, 2021 and are to be settled in cash with payment dependent on attainment of required service, market, and performance criteria. The number of RSUs vesting will be determined by the Compensation Committee, and the payout per unit will be equal to the average closing price on each trading day during the 30-day period ending on December 31, 2021. The Company expenses an estimate of the fair value of the TSR RSUs over the performance period using a quarterly Monte Carlo valuation. The FFO RSUs are expensed 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 the FFO RSUs will also be paid based upon the percentage vested.

11. REVENUE

The Company categorizes its primary sources of revenue into revenue from contracts with customers and other revenue accounted for as leases under ASC 842 as follows:

- Rental property revenue consists of (1) contractual revenues from leases recognized on a straight-line basis over the term of the respective lease; (2) percentage rents recognized once a specified sales target is achieved; (3) parking revenue; and (4) the reimbursement of the tenants' share of real estate taxes, insurance, and other operating expenses. The Company's leases typically include renewal options and are classified and accounted for as operating leases. Rental property revenue is accounted for in accordance with the guidance set forth in ASC 842.
- Fee income consists of development fees, management fees, and leasing fees earned from unconsolidated joint ventures and from third parties. Fee income is accounted for in accordance with the guidance set forth in ASC 606.

- Other revenue consists primarily of termination fees, which are accounted for in accordance with the guidance set forth in ASC 842.

For the three months ended March 31, 2019, the Company recognized rental property revenue of \$123.3 million, of which \$32.6 million represented variable rental revenue. For the three months ended March 31, 2018 the Company recognized rental property revenue of \$113.3 million. For the three months ended March 31, 2019 and 2018 the Company recognized fee and other revenue of \$9.4 million and \$3.9 million, respectively. The following tables set forth the future minimum rents to be received by consolidated entities under existing non-cancellable leases as of March 31, 2019 and December 31, 2018, respectively (in thousands):

March 31, 2019

2019	\$	301,235
2020		400,754
2021		379,056
2022		334,015
2023		301,549
Thereafter		1,266,401
	\$	<u>2,983,010</u>

December 31, 2018

2019	\$	328,607
2020		330,477
2021		314,410
2022		280,959
2023		256,233
Thereafter		1,115,490
	\$	<u>2,626,176</u>

12. SALE OF AIR RIGHTS

On February 26, 2019, the Company sold air rights that cover eight acres within Downtown Atlanta for a gross sales price of \$13.25 million and recorded a gain of \$13.1 million.

13. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share for the three months ended March 31, 2019 and 2018 (in thousands):

	Three Months Ended March 31,	
	2019	2018
Earnings per Common Share - basic:		
<u>Numerator:</u>		
Net income	\$ 36,005	\$ 16,406
Net income attributable to noncontrolling interests in CPLP from continuing operations	(588)	(287)
Net income attributable to other noncontrolling interests	(76)	(76)
Net income available to common stockholders	<u>\$ 35,341</u>	<u>\$ 16,043</u>
<u>Denominator:</u>		
Weighted average common shares - basic	<u>420,510</u>	<u>420,154</u>
Earnings per common share - basic	<u>\$ 0.08</u>	<u>\$ 0.04</u>
Earnings per common share - diluted:		
<u>Numerator:</u>		
Net income	\$ 36,005	\$ 16,406
Net income attributable to other noncontrolling interests	(76)	(76)
Net income available for common stockholders before net income attributable to noncontrolling interests in CPLP	<u>\$ 35,929</u>	<u>\$ 16,330</u>
<u>Denominator:</u>		
Weighted average common shares - basic	420,510	420,154
Add:		
Potential dilutive common shares - stock options	123	567
Weighted average units of CPLP convertible into common shares	6,974	6,974
Weighted average common shares - diluted	<u>427,607</u>	<u>427,695</u>
Earnings per common share - diluted	<u>\$ 0.08</u>	<u>\$ 0.04</u>
Anti-dilutive stock options outstanding	<u>—</u>	<u>24</u>

14. CONSOLIDATED STATEMENTS OF CASH FLOWS - SUPPLEMENTAL INFORMATION

Supplemental information related to the cash flows, including significant non-cash activity affecting the consolidated statement of cash flows, for the three months ended March 31, 2019 and 2018 is as follows (in thousands):

	2019	2018
Interest paid, net of amounts capitalized	\$ 14,267	\$ 13,775
Non-Cash Transactions:		
Ground lease right-of-use assets and associated liabilities	56,294	—
Common stock dividends declared	30,492	27,315
Change in accrued property, acquisition, development, and tenant expenditures	11,085	28,465
Non-cash consideration for property acquisition	10,071	—
Transfers from projects under development to operating properties	—	212,628
Cumulative effect of change in accounting principle	—	22,329

The following table provides a reconciliation of cash, cash equivalents, and restricted cash recorded on the balance sheets to cash, cash equivalents, and restricted cash in the statements of cash flows (in thousands):

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Cash and cash equivalents	\$ 3,456	\$ 2,547
Restricted cash	170	148
Total cash, cash equivalents, and restricted cash	<u>\$ 3,626</u>	<u>\$ 2,695</u>

15. REPORTABLE SEGMENTS

The Company's segments are based on its method of internal reporting which classifies operations by property type and geographical area. The segments by property type are: Office and Mixed-Use. The segments by geographical region are: Atlanta, Austin, Charlotte, Phoenix, Tampa, and Other. 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 property and the geographical location. Each segment includes both consolidated operations and the Company's share of unconsolidated joint venture operations.

Company management evaluates the performance of its reportable segments in part based on net operating income ("NOI"). NOI represents rental property revenues less rental property operating expenses. NOI is not a measure of cash flows or operating results as measured by GAAP, is not indicative of cash available to fund cash needs, and should not be considered an alternative to cash flows as a measure of liquidity. All companies may not calculate NOI in the same manner. The Company considers NOI to be an appropriate supplemental measure to net income as it helps both management and investors understand the core operations of the Company's operating assets. NOI excludes corporate general and administrative expenses, interest expense, depreciation and amortization, impairments, gains/loss on sales of real estate, and other non-operating items.

Segment net income, amount of capital expenditures, and total assets are not presented in the following tables because management does not utilize these measures when analyzing its segments or when making resource allocation decisions. Information on the Company's segments along with a reconciliation of NOI to net income for the three months ended March 31, 2019 and 2018 are as follows (in thousands):

<u>Three Months Ended March 31, 2019</u>	<u>Office</u>	<u>Mixed-Use</u>	<u>Total</u>
Net Operating Income:			
Atlanta	\$ 37,399	\$ —	\$ 37,399
Austin	15,948	—	15,948
Charlotte	15,808	—	15,808
Phoenix	9,491	—	9,491
Tampa	7,988	—	7,988
Other	230	867	1,097
Total Net Operating Income	<u>\$ 86,864</u>	<u>\$ 867</u>	<u>\$ 87,731</u>

<u>Three Months Ended March 31, 2018</u>	<u>Office</u>	<u>Mixed-Use</u>	<u>Total</u>
Net Operating Income:			
Atlanta	\$ 32,165	\$ —	\$ 32,165
Austin	14,941	—	14,941
Charlotte	15,842	—	15,842
Phoenix	8,974	—	8,974
Tampa	7,728	—	7,728
Other	440	488	928
Total Net Operating Income	<u>\$ 80,090</u>	<u>\$ 488</u>	<u>\$ 80,578</u>

The following reconciles Net Operating Income to Net Income for each of the periods presented (in thousands):

	Three Months Ended March 31,	
	2019	2018
Net Operating Income	\$ 87,731	\$ 80,578
Net operating income from unconsolidated joint ventures	(7,873)	(7,421)
Fee income	8,728	2,894
Other income	660	960
Reimbursed expenses	(932)	(942)
General and administrative expenses	(11,460)	(6,809)
Interest expense	(10,820)	(9,778)
Depreciation and amortization	(45,861)	(45,093)
Acquisition and transaction costs	(3)	(91)
Loss on extinguishment of debt	—	(85)
Other expenses	(180)	(320)
Income from unconsolidated joint ventures	2,904	2,885
Gain (loss) on sale of investment properties	13,111	(372)
Net Income	\$ 36,005	\$ 16,406

Revenues by reportable segment, including a reconciliation to total rental property revenues on the condensed consolidated statements of operations, for three months ended March 31, 2019 and 2018 are as follows (in thousands):

Three Months Ended March 31, 2019	Office	Mixed-Use	Total
Revenues:			
Atlanta	\$ 57,468	\$ —	\$ 57,468
Austin	27,556	—	27,556
Charlotte	23,402	—	23,402
Tampa	12,971	—	12,971
Phoenix	13,003	—	13,003
Other	546	1,181	1,727
Total segment revenues	134,946	1,181	136,127
Less Company's share of rental property revenues from unconsolidated joint ventures	(11,601)	(1,181)	(12,782)
Total rental property revenues	\$ 123,345	\$ —	\$ 123,345
Three Months Ended March 31, 2018	Office	Mixed-Use	Total
Revenues:			
Atlanta	\$ 49,466	\$ —	\$ 49,466
Austin	26,576	—	26,576
Charlotte	23,041	—	23,041
Tampa	12,536	—	12,536
Phoenix	12,060	—	12,060
Other	524	795	1,319
Total segment revenues	124,203	795	124,998
Less Company's share of rental property revenues from unconsolidated joint ventures	(10,855)	(795)	(11,650)
Total rental property revenues	\$ 113,348	\$ —	\$ 113,348

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview:

Cousins Properties Incorporated ("Cousins") (and collectively, with its subsidiaries, the "Company," "we," "our," or "us") is a publicly traded (NYSE: CUZ), self-administered, and self-managed real estate investment trust, or REIT. Cousins conducts substantially all of its business through Cousins Properties, LP ("CPLP"). Cousins owns approximately 98% of CPLP and consolidates CPLP. CPLP owns Cousins TSR Services LLC, a taxable entity which owns and manages its own real estate portfolio and performs certain real estate related services for other parties. Our strategy is to create value for our stockholders through ownership of the premier urban office portfolio in the Sunbelt markets, with a particular focus on Georgia, Texas, North Carolina, Arizona, and Florida. This strategy is based on a disciplined approach to capital allocation that includes strategic acquisitions, selective development projects, and timely dispositions of non-core assets. This strategy is also based on a simple, flexible, and low-leveraged balance sheet that allows us to pursue investment opportunities at the most advantageous points in the cycle. To implement this strategy, we leverage our strong local operating platforms within each of our major markets. As of March 31, 2019, our portfolio of real estate assets consisted of interests in 29 operating properties (28 office and one mixed use), containing 16.0 million square feet of space, and three projects (two office and one mixed-use) under active development.

We leased or renewed 682,129 square feet of office space during the first quarter of 2019. The weighted average net effective rent of these leases, representing base rent less operating expense reimbursements and leasing costs, was \$24.50 per square foot. For those leases that were previously occupied within the past year, net effective rent increased 22.8%. Same property net operating income (defined below) for consolidated properties and our share of unconsolidated properties increased by 4.3% between the three months ended March 31, 2019 and 2018.

On March 1, 2019, we entered into a series of transactions with Norfolk Southern Railway Company ("NS") whereby we executed a development agreement to develop NS's corporate headquarters in Midtown Atlanta and purchased 1200 Peachtree, a 370,000 square foot office building in Midtown Atlanta, from NS that is 100% leased by NS through December 31, 2021. In the first quarter of 2019, we recognized \$6.6 million in fee income related to this arrangement.

On March 25, 2019, we entered into an agreement and plan of merger (the "Merger Agreement") with TIER REIT, Inc. ("TIER") whereby TIER will merge with and into a subsidiary of Cousins. We believe that this merger will enhance our position in our existing markets of Austin and Charlotte, provide a strategic entry into Dallas, and balance our exposure in Atlanta. The Merger is also expected to enhance growth and value-add opportunities as TIER has an active and attractive development portfolio and land bank. Upon closing, we expect to have a portfolio of over 21 million square feet in premier Sunbelt markets. For additional information about the Merger, see "Liquidity and Capital Resources -- Merger with TIER."

Results of Operations

Net Operating Income

The following table summarizes rental property revenues, rental property operating expenses, and net operating income ("NOI") for each of the periods presented, including our same property portfolio. NOI represents rental property revenue less rental property operating expenses. Our same property portfolio is comprised of 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 or has been substantially complete and owned by us for each of the periods presented. This information is presented for consolidated properties only and does not include net operating income from our unconsolidated joint ventures.

	Three Months Ended March 31,			
	2019	2018	\$ Change	% Change
Rental Property Revenues				
Same Property	\$ 110,530	\$ 105,680	\$ 4,850	4.6%
Non-Same Property	12,815	7,668	5,147	67.1%
Total Rental Property Revenues	\$ 123,345	\$ 113,348	\$ 9,997	8.8%
Rental Property Operating Expenses				
Same Property	\$ 40,380	\$ 38,605	\$ 1,775	4.6%
Non-Same Property	3,107	1,586	1,521	95.9%
Total Rental Property Operating Expenses	\$ 43,487	\$ 40,191	\$ 3,296	8.2%
Net Operating Income				
Same Property NOI	\$ 70,150	\$ 67,075	\$ 3,075	4.6%
Non-Same Property NOI	9,708	6,082	3,626	59.6%
Total NOI	\$ 79,858	\$ 73,157	\$ 6,701	9.2%

Same property NOI increased \$3.1 million (4.6%) between the 2019 and 2018 three month periods. The increase is primarily due to higher

occupancy rates at Northpark, Corporate Center, 111 Congress, and 816 Congress. Non-same property NOI increased \$3.6 million (59.6%) between the 2019 and 2018 three month periods primarily due to commencement of operations at the second and final phase of Spring & 8th in the fourth quarter of 2018 and at 1200 Peachtree in the first quarter of 2019 and due to the lease-up of 8000 Avalon. Non-same property expenses increased \$1.5 million while non-same property revenues increased \$5.1 million because we receive, and recognize, a high percentage of operating expenses in revenue from our tenant at Spring & 8th and because our tenant at 1200 Peachtree is responsible for paying all operating expenses.

Fee Income

Fee income increased \$5.8 million (202%) between the 2019 and 2018 three month periods. The increase is primarily driven by fee income related to the NS transactions.

General and Administrative Expenses

General and administrative expenses increased \$4.7 million (68%) between the 2019 and 2018 three month periods. The increase is primarily driven by long-term compensation expense increases as a result of fluctuations in our common stock price relative to our office peers included in the SNL US Office REIT Index.

Interest Expense

Interest expense, net of amounts capitalized, increased \$1.0 million (11%) between the 2019 and 2018 three month periods due to an increase in LIBOR causing an increase in interest expense on the term loan and line of credit and an increase in the average debt outstanding on the line of credit.

Income from Unconsolidated Joint Ventures

Income from unconsolidated joint ventures consisted of the Company's share of the following (in thousands):

	Three Months Ended March 31,			
	2019	2018	\$ Change	% Change
Net operating income	\$ 7,873	\$ 7,421	\$ 452	6.1 %
Other income, net	39	350	(311)	(88.9)%
Depreciation and amortization	(3,254)	(3,419)	165	(4.8)%
Interest expense	(1,754)	(1,515)	(239)	15.8 %
Net gain on sale of investment property	—	48	(48)	(100.0)%
Income from unconsolidated joint ventures	\$ 2,904	\$ 2,885	\$ 19	0.7 %

Net operating income from unconsolidated joint ventures increased \$452,000 (6%) between the three month periods primarily due to the commencement of operations at Dimensional Place, the office building owned by the DC Charlotte Plaza LLLP joint venture, in the first quarter of 2019. Other income from unconsolidated joint ventures decreased \$311,000 (89%) between the three month periods primarily due to the 2018 sale of a parcel of land held by the Wildwood Associates joint venture.

Gain (Loss) on Sale of Investment Properties

The gain on the sale of investment properties in the three months ended March 31, 2019 relates to the sale of the Company's air rights that cover approximately eight acres within an area of Downtown Atlanta.

Funds From Operations

The table below shows Funds from Operations (“FFO”) and the related reconciliation to net income available to common stockholders. We calculate 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.

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, we use 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 to FFO is as follows for the three months ended March 31, 2019 and 2018 (in thousands, except per share information):

	Three Months Ended March 31,	
	2019	2018
Net Income Available to Common Stockholders	\$ 35,341	\$ 16,043
Depreciation and amortization of real estate assets:		
Consolidated properties	45,405	44,620
Share of unconsolidated joint ventures	3,254	3,419
Partners' share of real estate depreciation	(96)	(69)
(Gain) loss on sale of depreciated properties:		
Consolidated properties	21	372
Share of unconsolidated joint ventures	—	(48)
Non-controlling interest related to unit holders	588	287
Funds From Operations	\$ 84,513	\$ 64,624
Per Common Share — Diluted:		
Net Income Available to Common Stockholders	\$ 0.08	\$ 0.04
Funds From Operations	\$ 0.20	\$ 0.15
Weighted Average Shares — Diluted	427,607	427,695

Net Operating Income

Company management evaluates the performance of its property portfolio in part based on NOI. NOI represents rental property revenues less rental property operating expenses. NOI is not a measure of cash flows or operating results as measured by GAAP, is not indicative of cash available to fund cash needs, and should not be considered an alternative to cash flows as a measure of liquidity. All companies may not calculate NOI in the same manner. The Company considers NOI to be an appropriate supplemental measure to net income as it helps both management and investors understand the core operations of the Company's operating assets. NOI excludes corporate general and administrative expenses, interest expense, depreciation and amortization, impairments, gains/loss on sales of real estate, and other non-operating items.

The following table reconciles NOI for consolidated properties to Net Income each of the periods presented (in thousands):

	Three Months Ended March 31,	
	2019	2018
Net Income	\$ 36,005	\$ 16,406
Fee income	(8,728)	(2,894)
Other income	(660)	(960)
Reimbursed expenses	932	942
General and administrative expenses	11,460	6,809
Interest expense	10,820	9,778
Depreciation and amortization	45,861	45,093
Acquisition and transaction costs	3	91
Other expenses	180	320
Income from unconsolidated joint ventures	(2,904)	(2,885)
Gain (loss) on sale of investment properties	(13,111)	372
Loss on extinguishment of debt	—	85
Net Operating Income	\$ 79,858	\$ 73,157

Liquidity and Capital Resources

Our primary short-term and long-term liquidity needs include the following:

- property and land acquisitions;
- expenditures on development projects;
- building improvements, tenant improvements, and leasing costs;
- principal and interest payments on indebtedness; and
- common stock dividends and distributions to outside unitholders of CPLP.

We may satisfy these needs with one or more of the following:

- cash and cash equivalents on hand;
- net cash from operations;
- proceeds from the sale of assets;
- borrowings under our credit facility;
- proceeds from mortgage notes payable;
- proceeds from construction loans;
- proceeds from unsecured loans;
- proceeds from offerings of equity securities; and
- joint venture formations.

As of March 31, 2019, we had \$56.4 million drawn under our Credit Facility with the ability to borrow an additional \$943.6 million.

Merger with TIER

On March 25, 2019, we entered into the Merger Agreement with TIER, pursuant to which TIER will merge with and into one of our subsidiaries (the “Merger”). Pursuant to the Merger Agreement, upon the terms and subject to the conditions of the Merger Agreement, upon closing, each share of TIER common stock issued and outstanding will be converted into the right to receive 2.98 newly issued shares of our common stock. In addition, upon closing, each outstanding award of TIER restricted shares and restricted stock units will become fully vested (in the case of restricted stock units, to the extent provided in the TIER equity plan, and in the case of any performance-based restricted stock units, with performance determined to be achieved as set forth in the TIER equity plan) and will convert into newly issued shares of our common stock on the same basis as other shares of TIER common stock.

The respective boards of directors (the “Board of Directors”) have unanimously approved the Merger Agreement and have recommended that their respective stockholders approve their Merger-related proposals. Upon closing, two members of the Board of Directors of TIER, Scott W. Fordham and one additional independent member on the Board of Directors of TIER to be mutually agreed upon by the parties, will be appointed to our Board of Directors.

The closing of the Merger is subject to satisfaction or waiver of certain conditions, including: (1) approval of the Merger by TIER stockholders; (2) approval of the issuance of our common stock by our stockholders; (3) approval for listing on the New York Stock Exchange of our common stock to be issued in the Merger; (4) the absence of an injunction or law prohibiting the Merger; (5) the correctness of all representations and warranties made by the parties to the Merger Agreement and performance by the parties of their obligations under the Merger Agreement (subject in most cases to materiality or material adverse effect qualifications), and receipt of an officer's certificate from each party attesting thereto; (6) receipt by us and by TIER of an opinion to the effect that the Merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and of an opinion as to the qualification of us and TIER, respectively, as a real estate investment trust (“REIT”) under the Code; and (7) effectiveness of the registration statement that will contain the joint proxy statement/prospectus sent to our stockholders and TIER stockholders.

The Merger Agreement contains customary representations and warranties by each party. Both companies have also agreed to various customary covenants and agreements, including, among others, to conduct their business in the ordinary course consistent with past practice during the period between the execution of the Merger Agreement and closing and to maintain REIT status. The Merger Agreement provides that, during the period from the date of the Merger Agreement until closing, TIER will be subject to certain restrictions on its ability to solicit alternative transaction proposals from third parties, to provide non-public information to third parties and to engage in discussions with third parties regarding alternative transaction proposals, subject to customary exceptions.

The Merger Agreement contains certain termination rights for both companies. The Merger Agreement can be terminated by mutual written consent or by either party (1) if there is a final nonappealable order, decree, or ruling permanently enjoining or otherwise prohibiting the consummation of the Merger; (2) if the Merger has not been consummated by 5:00 p.m., New York time, on October 31, 2019; (3) if our stockholders fail to approve the issuance of our common stock in connection with the Merger or

TIER's stockholders fail to approve the Merger; or (4) if the other party has breached or failed to perform any of its representations, warranties, or covenants in a way that prevents satisfaction of a closing condition, subject to a cure period. In addition, we may terminate the Merger Agreement if the Board of Directors of TIER changes its recommendation with respect to the Merger or upon a willful breach by TIER of its obligations not to solicit alternative transaction proposals. TIER may terminate the Merger Agreement in order to enter into a definitive agreement with respect to a Superior Proposal (as defined in the Merger Agreement) (subject to compliance with certain terms and conditions included in the Merger Agreement). If the Merger Agreement is terminated because (1) the Board of Directors of TIER changes its recommendation with respect to the Merger; (2) TIER terminates the Merger Agreement to enter into a definitive agreement with respect to a Superior Proposal; or (3) TIER consummates or enters into an agreement for an alternative transaction within twelve months following termination under certain circumstances, TIER must pay a termination fee of \$45.5 million to Cousins. The amount payable to Cousins by TIER may also be reduced to the extent necessary to maintain Cousins' qualification as a REIT. should any amount of the fee be unpaid because of REIT requirements, TIER shall place the unpaid amount of the fee in escrow and shall not release any portion thereof to Cousins unless and until Cousins receives a reasoned opinion from counsel or other tax advisor or a ruling from the IRS providing that Cousins; receipt of the unpaid fee will not impact its qualification as a REIT under the Code. The obligations of TIER to pay any unpaid portion of the fee shall terminate on December 31 following the date which is five years from the date of March 25, 2019. Amounts remaining in escrow after the obligation of TIER to pay the fee terminates shall be released to TIER.

In connection with the Merger, we have filed an amended registration statement on Form S-4 (File No. 333-230968), declared effective by the SEC on May 8, 2019, that includes a joint proxy statement of Cousins and TIER that also constitutes a prospectus of Cousins.

The Merger is currently anticipated to close in the second quarter of 2019. During the three months ended March 31, 2019, we incurred no material merger-related expenses.

Two putative stockholder class action lawsuits have been filed by purported TIER stockholders challenging the disclosures made in connection with the Merger. The lawsuits seek to enjoin the Merger, to recover damages if the Merger is consummated, attorney's fees, and other relief. Additional lawsuits arising out of the Merger may be filed in the future. For a more detailed description of litigation in connection with the Merger, see note 9 to the financial statements.

Contractual Obligations and Commitments

The following table sets forth information as of March 31, 2019 with respect to our outstanding contractual obligations and commitments (in thousands):

	<u>Total</u>	<u>Less than 1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>More than 5 years</u>
Contractual Obligations:					
Company debt:					
Term Loan	\$ 56,400	\$ —	\$ —	\$ 56,400	\$ —
Unsecured Senior Notes	350,000	—	—	—	350,000
Unsecured Credit Facility	250,000	—	250,000	—	—
Mortgage notes payable	464,653	8,287	45,083	105,316	305,967
Interest commitments (1)	222,833	40,566	77,277	52,792	52,198
Ground leases	226,033	2,904	11,990	5,318	205,821
Other operating leases	449	239	207	3	—
Total contractual obligations	<u>\$ 1,570,368</u>	<u>\$ 51,996</u>	<u>\$ 384,557</u>	<u>\$ 219,829</u>	<u>\$ 913,986</u>
Commitments:					
Unfunded tenant improvements and construction obligations	\$ 95,125	\$ 90,971	\$ 4,154	\$ —	\$ —
Performance bonds	556	530	26	—	—
Total commitments	<u>\$ 95,681</u>	<u>\$ 91,501</u>	<u>\$ 4,180</u>	<u>\$ —</u>	<u>\$ —</u>

(1) Interest on variable rate obligations is based on rates effective as of March 31, 2019.

In addition, we have several standing or renewable service contracts mainly related to the operation of buildings. These contracts are 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.

Other Debt Information

Our existing mortgage debt is primarily non-recourse, fixed-rate mortgage notes secured by various real estate assets. Many of our non-recourse mortgages contain covenants which, if not satisfied, could result in acceleration of the maturity of the debt. We expect to either refinance the non-recourse mortgages at maturity or repay the mortgages with proceeds from asset sales, debt, or other capital sources.

Over 75% of our debt bears interest at a fixed rate. Our variable-interest debt instruments, including our Credit Facility and \$250 million term loan, may use London Interbank Offering Rate ("LIBOR") as a benchmark for establishing the rate. LIBOR is the subject of recent regulatory guidance and proposals for reform. These reforms may cause LIBOR to no longer be provided or to perform differently than in the past. If LIBOR is no longer widely available, or otherwise at our option, our Credit Facility and term loan facilities provide for alternate interest rate calculations. For additional information, please refer to Item 3, "Quantitative and Qualitative Disclosures about Market Risk", for additional information regarding interest rate risk.

Future Capital Requirements

To meet capital requirements for future investment activities over the long term, we intend to actively manage our portfolio of properties, generating internal cash flows, and strategically sell assets. We expect to continue to utilize indebtedness to fund future commitments, if available and under appropriate terms. We may also seek equity capital and capital from joint venture partners to implement our strategy.

Our business model is dependent upon raising or recycling capital to meet obligations and to fund development and acquisition activity. If one or more sources of capital are not available when required, we may be forced to reduce the number of projects we acquire or develop and/or raise capital on potentially unfavorable terms, or we may be unable to raise capital, which could have an adverse effect on our financial position or results of operations.

Cash Flows Summary

We report and analyze our cash flows based on operating activities, investing activities, and financing activities. The following table sets forth the changes in cash flows (in thousands):

	Three Months Ended March 31,		
	2019	2018	Change
Net cash provided by operating activities	\$ 44,501	\$ 20,906	\$ 23,595
Net cash used in investing activities	(70,698)	(82,813)	12,115
Net cash provided by (used in) financing activities	27,128	(34,501)	61,629

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

Cash Flows from Operating Activities. Cash flows from operating activities increased \$23.6 million between the 2019 and 2018 three month periods primarily due to 2019 development fees received related to the NS transactions; increased occupancy rates at Northpark, Corporate Center, 111 Congress, and 816 Congress; and the commencement of operations at the second and final phase of Spring & 8th in the fourth quarter of 2018 and at 1200 Peachtree in the first quarter of 2019.

Cash Flows from Investing Activities. Cash flows from investing activities increased \$12.1 million between the 2019 and 2018 three month periods primarily due to an increase in proceeds from investment property sales and a decrease in contributions to unconsolidated joint ventures partially offset by an increase in acquisition and development expenses.

Cash Flows from Financing Activities. Cash flows from financing activities increased \$61.6 million between the 2019 and 2018 three month periods, primarily due to an increase in net borrowings under the credit facility.

Capital Expenditures. We incur costs related to our 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 we develop or acquire and then hold and operate are included in the property acquisition, development, and tenant asset expenditures line item within investing activities on the condensed consolidated 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 three months ended March 31, 2019 and 2018 are as follows (in thousands):

	Three Months Ended March 31,	
	2019	2018
Acquisition of property	\$ 82,120	\$ —
Development	11,983	12,573
Operating — leasing costs	6,647	14,374
Operating — building improvements	2,330	1,488
Purchase of land held for investment	6,512	—
Capitalized interest	1,015	1,096
Capitalized personnel costs	1,093	2,179
Change in accrued capital expenditures	11,085	28,465
Total property acquisition, development, and tenant asset expenditures	<u>\$ 122,785</u>	<u>\$ 60,175</u>

Capital expenditures, including capitalized interest, increased \$62.6 million between the 2019 and 2018 three month periods primarily due to the purchase of 1200 Peachtree and land, offset by a decrease in leasing costs and accrued capital expenditures. Tenant improvements and leasing costs, as well as related capitalized personnel costs, are a function of the number and size of newly executed leases or renewals of existing leases. The amounts of tenant improvement and leasing costs for our office portfolio on a per square foot basis for the three months ended March 31, 2019 and 2018 were as follows:

	2019	2018
New leases	\$1.82	\$6.83
Renewal leases	\$4.74	\$5.40
Expansion leases	\$7.29	\$7.16

The amounts of tenant improvement and leasing costs on a per square foot basis vary by lease and by market. During the first quarter of 2019, the Company executed a new full-building lease at 1200 Peachtree with Southern that had lower than average tenant improvement and leasing costs.

Dividends. We paid common dividends of \$27.3 million and \$25.2 million in the 2019 and 2018 three month periods, respectively. We funded the common dividends with cash on hand and cash provided by operating activities. We expect to fund our future quarterly common dividends with cash provided by operating activities, also using proceeds from investment property sales, distributions from unconsolidated joint ventures, and indebtedness, if necessary.

On a quarterly basis, we review the amount of the common dividend in light of current and projected future cash flows from the sources noted above and also consider the requirements needed to maintain our REIT status. As a result of this review, in the first quarter of 2019, we declared a common dividend per share of \$0.0725 which was an increase from the previous quarter's dividend of \$0.065 per share. In addition, we have certain covenants under credit agreements which could limit the amount of common dividends paid. In general, common dividends of any amount can be paid as long as leverage, as defined in our credit agreements, is less than 60% and we are not in default. Certain conditions also apply in which we can still pay common dividends if leverage is above that amount. We routinely monitor the status of our common dividend payments in light of the covenants of our credit agreements.

Off Balance Sheet Arrangements

General. We have a number of off balance sheet joint ventures with varying structures, as described in note 6 of our 2018 Annual Report on Form 10-K and note 5 of this Form 10-Q. The joint ventures in which we have an interest are involved in the ownership, acquisition, 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 we will evaluate such request.

Debt. At March 31, 2019, our unconsolidated joint ventures had aggregate outstanding indebtedness to third parties of \$341.4 million. These loans are generally mortgage or construction loans, most of which are non-recourse to us except as described in the paragraph below. In addition, in certain instances, we provide “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 from interest rate changes.

We guarantee 12.5% of the loan amount related to the Carolina Square construction loan, which has a lending capacity of \$79.8 million, and an outstanding balance of \$74.6 million as of March 31, 2019. At March 31, 2019, we guaranteed \$9.3 million of the amount outstanding.

Critical Accounting Policies

There have been no material changes in the critical accounting policies from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in the market risk associated with our notes payable at March 31, 2019 compared to that as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018.

Item 4. 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 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.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Information regarding legal proceedings is described under the subheading "Litigation" in note 9 to the unaudited condensed consolidated financial statements set forth in this Form 10-Q.

Item 1A. Risk Factors

Risk factors that affect our business and financial results are discussed in Part I, "Item 1A. Risk Factors," of our Annual Report on Form 10-K for the year ended December 31, 2018. There have been no material changes in our risk factors from those previously disclosed in our Annual Report other than as set forth below. You should carefully consider the risks described in our Annual Report and below, which could materially affect our business, financial condition or future results. The risks described in our Annual Report and below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem immaterial also may materially adversely affect our business, financial condition, and/or operating results. If any of the risks actually occur, our business, financial condition, and/or results of operations could be negatively affected.

The Merger may not be completed on the terms or timeline currently contemplated, or at all.

The completion of the Merger is subject to certain conditions, including: (i) approval by our common stockholders of the issuance of our common stock and approval by the TIER common stockholders of the Merger; (ii) approval for listing on the NYSE of our common stock to be issued in the Merger; (iii) the absence of an injunction or law prohibiting the Merger; (iv) accuracy of each party's representations, subject in most cases to materiality or material adverse effect qualifications, and receipt by each party of a certificate to such effect; (v) material compliance with each party's covenants; (vi) receipt by us and TIER of an opinion to the effect that the Merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code and of an opinion that we and TIER will qualify as a REIT under the Code; and (vii) effectiveness of the registration statement that will contain the joint proxy statement/prospectus sent to our stockholders and TIER stockholders. We cannot provide assurances that the Merger will be consummated on the terms or timeline currently contemplated, or at all.

The pendency of the Merger could adversely affect our business and operations.

In connection with the pending Merger, some of our customers or vendors may delay or defer decisions, which could negatively impact our revenues, earnings, cash flows and expenses, regardless of whether the Merger is completed. In addition, due to restrictive operating covenants in the Merger Agreement, we may be unable, during the pendency of the Merger, to pursue strategic transactions, undertake significant capital projects, undertake certain significant financing transactions, enter into new development agreements and otherwise pursue other actions, even if such actions would prove beneficial.

Failure to complete the Merger could adversely affect our stock price and future business and financial results.

If the Merger is not completed, our ongoing business may be adversely affected and we will be subject to numerous risks, including the following:

- having to pay substantial costs relating to the Merger, such as legal, accounting, financial advisor, filing printing and mailing fees, and integration costs that have already been incurred or will continue to be incurred until the closing of the Merger;
- our management focusing on the Merger instead of pursuing other opportunities that could be beneficial to us without realizing any of the benefits of having the Merger completed; and
- reputational harm due to the adverse perception of any failure to successfully complete the Merger.

If the Merger is not completed, we cannot assure our stockholders that these risks will not materialize and will not materially affect our business, financial results, and stock price.

Our stockholders will be diluted by the Merger.

The Merger will dilute the ownership position of our stockholders. Upon completion of the Merger, our legacy stockholders will own approximately 72% of the issued and outstanding shares of our common stock, and legacy TIER stockholders will own approximately 28% of the issued and outstanding shares of our common stock. The issued and outstanding shares of our preferred stock will not change in connection with the completion of the Merger, but on the limited matters upon which our preferred stock may vote, it generally votes as a single class with the holders of Cousins common stock. Consequently, our stockholders, as a general matter, will have less influence over our management and policies after the effective time of the Merger than they currently exercise over our management and policies.

Litigation filed or that may be filed against us, TIER, and/or members of each board of directors could prevent or delay the consummation of the Merger.

Two putative stockholder class action lawsuits have been filed by purported TIER stockholders challenging the disclosures made in connection with the Merger. The lawsuits seek to enjoin the Merger, to recover damages if the Merger is consummated, attorney's fees, and other relief. Additional lawsuits arising out of the Merger may be filed in the future. For a more detailed description of litigation in connection with the Merger, see note 9 to the financial statements.

The outcome of these lawsuits or any other lawsuit that may be filed challenging the Merger is uncertain. One of the conditions to the closing of the Merger is that no governmental authority has issued or entered any order after the date of the Merger Agreement having the effect of enjoining or otherwise prohibiting the consummation of the Merger. Accordingly, if these lawsuits or any future lawsuit is successful in obtaining any order enjoining consummation of the Merger, then such order may prevent the Merger from being consummated, or from being consummated within the expected time frame, and could result in substantial costs to TIER and us, including but not limited to, costs associated with the indemnification of directors and officers. Any such injunction or delay in the Merger being completed may adversely affect TIER's or our business, financial condition, results of operations, and cash flows.

Following the Merger, the composition of our Board of Directors will be different than the composition of our current Board of Directors.

The Merger Agreement provides that, as of the effective time of the Merger, our Board of Directors will consist of eleven members, including nine individuals who are current members of the Board of Directors. Upon closing, two members of our Board of Directors of TIER, Scott W. Fordham and one additional independent member on the Board of Directors of TIER to be mutually agreed upon by the parties, will be appointed to our Board of Directors.

Our future results will suffer if we do not effectively manage our operations following the Merger.

Following the Merger, we may continue to expand our operations through additional acquisitions, development opportunities and other strategic transactions, some of which involve complex challenges. Our future success will depend, in part, upon our ability to manage our expansion opportunities, which poses substantial challenges for us to integrate new operations into our existing business in an efficient and timely manner, and to successfully monitor our operations, costs, regulatory compliance and service quality, and to maintain other necessary internal controls. We cannot assure you that our expansion or acquisition opportunities will be successful, or that they will realize their expected operating efficiencies, cost savings, revenue enhancements, synergies or other benefits.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

We did not make any sales of unregistered securities during the first quarter of 2019.

We purchased the following common shares during the first quarter of 2019:

	Total Number of Shares Purchased (1)	Average Price Paid per Share (1)
January 1 - 31	29,616	\$ 8.82
February 1 - 28	60,364	8.99
March 1 - 31	—	—
	89,980	\$ 8.94

(1) Activity for the first quarter of 2019 related to the remittances of shares for income taxes associated with restricted stock vestings. For information on our equity compensation plans, see note 13 of our Annual Report on Form 10-K, and note 10 to the unaudited condensed consolidated financial statements set forth in this Form 10-Q.

Item 5. Other Information.**Results of 2019 Annual Meeting of Stockholders**

On April 23, 2019, the Company held its annual meeting of stockholders. Proxies for the meeting were solicited pursuant to Regulation 14A under the Securities and Exchange Act of 1934, as amended. The following matters were submitted to a vote of the stockholders:

Proposal 1 - the votes regarding the election of nine directors for a term expiring in 2020 were as follows:

Name	For	Against	Abstentions	Broker Non-Votes
Charles T. Cannada	377,189,838	6,626,924	192,487	11,255,083
Edward M. Casal	379,341,250	4,474,335	193,664	11,255,083
Robert M. Chapman	378,551,287	5,265,841	192,121	11,255,083
M. Colin Connolly	381,595,827	2,220,478	192,944	11,255,083
Lawrence L. Gellerstedt, III	379,474,147	4,105,457	429,645	11,255,083
Lillian C. Giormelli	373,776,682	10,042,757	189,810	11,255,083
S. Taylor Glover	379,024,655	4,789,347	195,247	11,255,083
Donna W. Hyland	376,920,915	6,898,446	189,888	11,255,083
R. Dary Stone	378,014,564	5,801,290	193,395	11,255,083

Proposal 2 - the advisory votes on executive compensation, often referred to as "say on pay," were as follows:

For	Against	Abstentions	Broker Non-Votes
373,358,623	10,422,971	227,655	11,255,083

Proposal 3 - the votes to approve the 2019 Omnibus Incentive Stock Plan were as follows:

For	Against	Abstentions	Broker Non-Votes
377,193,233	6,666,369	149,647	11,255,083

Proposal 4 - the votes to ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accountant firm for the fiscal year ending December 31, 2019 were as follows:

For	Against	Abstentions
386,451,524	8,615,360	197,448

On April 23, 2019, the Company's stockholders approved the Cousins Properties Incorporated 2019 Omnibus Incentive Stock Plan (the "Plan"). The Plan was authorized and approved by the Company's Board of Directors on February 5, 2019, subject to approval by the Registrant's stockholders at the 2019 annual meeting of stockholders. The number of shares of our common stock available for issuance pursuant to awards under the Plan is 15,000,000 shares. The Plan expires on April 23, 2029. The foregoing description of the terms and conditions of the Plan is qualified in its entirety by reference to the terms and conditions of the Plan, a copy of which is filed as Exhibit 10.1 hereto and is incorporated herein by reference.

Item 6. Exhibits.

- [2.1 Agreement and Plan of Merger, dated March 25, 2019, by and among the Registrant, Murphy Subsidiary Holdings Corporation, and TIER REIT, Inc., filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on March 25, 2019, and incorporated herein by reference.](#)
- [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.](#)
- [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, as amended May 4, 2010, filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed 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.](#)
- [3.1.5 Articles of Amendment to Restated and Amended Articles of Incorporation of Cousins, as amended October 6, 2016 \(incorporated by reference from Exhibit 3.1 and Exhibit 3.1.1 to the Registrant's Current Form 8-K filed on October 7, 2016\).](#)
- [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.](#)
- [10.1 † Cousins Properties Incorporated 2019 Ominbus Incentive Stock Plan.](#)
- [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.](#)

† Filed herewith.

SIGNATURES

Pursuant to the requirements 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

/s/ Gregg D. Adzema

Gregg D. Adzema

Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

Date: May 9, 2019

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Section 2: EX-10.1 (EXHIBIT 10.1)

APPENDIX B

COUSINS PROPERTIES INCORPORATED 2019 OMNIBUS INCENTIVE STOCK PLAN

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Cousins Properties Incorporated

2019 Omnibus Incentive Stock Plan

Section 1. Establishment, Purpose and Duration

1.1 Establishment. Cousins Properties Incorporated, a Georgia corporation (the “Company”), establishes an incentive compensation plan to be known as the Cousins Properties Incorporated 2019 Omnibus Incentive Stock Plan, as set forth in this document. This Plan permits the grant of various forms of equity, equity-based and cash-based awards. This Plan shall become effective upon shareholder approval (the “Effective Date”) and shall remain in effect as provided in Section 1.3. This Plan and each Award granted hereunder are conditioned on and shall be of no force or effect until this Plan is approved by the shareholders of the Company within twelve (12) months after its adoption by the Board.

1.2 Purpose of this Plan. The purpose of this Plan is to enable the Company and its Subsidiaries and Affiliates to attract and retain qualified individuals for positions of significant responsibility and to provide additional incentives to Participants by providing them with, among other things, an opportunity for investment in the Company.

1.3 Duration of this Plan. Unless sooner terminated as provided herein, this Plan shall terminate ten (10) years after the Effective Date. After this Plan is terminated, no Awards may be granted but Awards previously granted shall remain outstanding in accordance with their applicable terms and conditions and this Plan’s terms and conditions.

1.4 Prior Plans. Effective as of the Effective Date, the Cousins Properties Incorporated 2009 Incentive Stock Plan (the “2009 Plan”) and the Cousins Properties Incorporated 2005 Restricted Stock Plan (the “RSU Plan”) will each be frozen and no further awards will be issued thereunder. Awards issued under the 2009 Plan and the RSU Plan shall remain outstanding and shall be administered in accordance with the terms of the 2009 Plan or the RSU Plan and the award agreements thereunder, as applicable.

Section 2. Definitions

Whenever used in this Plan, the following terms shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word shall be capitalized.

2.1 “Affiliate” means any entity that is affiliated with the Company through stock or equity ownership or otherwise; provided that with respect to a grant of Options or Stock Appreciation Rights, “Affiliate” means any corporation or other entity in which the Company has at least a fifty percent (50%) equity ownership.

2.2 “Award” means a grant under this Plan of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units, Cash-Based Awards, Profits Interest Units or Other Stock-Based Awards, in each case subject to the terms of this Plan.

2.3 “Award Agreement” means a written agreement entered into by the Company and a Participant, or a written or electronic statement issued by the Company to a Participant, which in either case contains (either expressly or by reference to this Plan or any subplan created hereunder) the terms and provisions applicable to an Award granted under this Plan, including any amendment or modification thereof. The Committee may provide for the use of electronic,

internet or other non-paper Award Agreements, and the use of electronic, internet or other non-paper means for the acceptance thereof and actions thereunder by a Participant (including, but not limited to, the use of electronic signatures).

2.4 “Board” means the Board of Directors (or equivalent governing body) of the Company.

2.5 “Cash-Based Award” means an Award, denominated in cash, granted to a Participant as described in Section 12.

2.6 “Cause” means unless otherwise provided in an Award Agreement, the definition set forth in any written employment agreement between the Participant and the Company, a Subsidiary or an Affiliate, or if there is no such employment agreement, or such agreement does not define Cause, the occurrence of any of the following: (a) the Participant is convicted of, or pleads guilty to, any felony or any misdemeanor involving fraud, misappropriation or embezzlement, or the Participant confesses or otherwise admits to the Company, any of its Subsidiaries or Affiliates, any officer, agent, representative or employee of the Company or one of its Subsidiaries or Affiliates, or to a prosecutor, or otherwise publicly admits, to committing any action that constitutes a felony or any act of fraud, misappropriation, or embezzlement; or (b) there is any material act or omission by the Participant involving malfeasance or gross negligence in the performance of the Participant’s duties to the Company or any of its Subsidiaries or Affiliates to the material detriment of the Company or any of its Subsidiaries or Affiliates; or (c) the Participant breaches in any material respect any other agreement or understanding between the Participant and the Company in effect as of the time of such termination.

2.7 “Change in Control” means any one of the following events or transactions:

(a) any “person” (as that term is used in Sections 13(d) and 14(d)(2) of the 1934 Act) after the Effective Date becomes the beneficial owner (as defined in Rule 13d-3 under the 1934 Act) directly or indirectly, of securities representing 30% or more of the combined voting power for election of directors of the then outstanding securities of the Company or any successor to the Company; provided, however, the following transactions shall not constitute a Change of Control under this § 2.7(a): (A) any acquisition of such securities by any employee benefit plan (or a related trust) sponsored or maintained by the Company or any corporation controlled by the Company, (B) an acquisition of voting securities by the Company or by any person owned, directly or indirectly, by the holders of at least 50% of the voting power of the Company’s then outstanding securities in substantially the same proportions as their ownership in Company shares, (C) any acquisition of voting securities in a transaction which satisfies the requirements of § 2.7(e)(A), § 2.7(e)(B) and § 2.7(e)(C), or (D) any acquisition directly from the Company;

(b) during any period of two consecutive years or less, individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority of the Board, unless the election or nomination for election of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period;

(c) the shareholders of the Company approve any dissolution or liquidation of the Company;

(d) the consummation of a sale or other disposition of all or substantially all of the assets of the Company, other than a transaction (A) in which the Company’s voting securities

outstanding before the consummation of the transaction continue to represent, either directly or indirectly, at least 51% of the voting power of the surviving entity immediately after the transaction, (B) where at least 50% of the directors of the surviving entity were Company directors at the time the Board approved the transaction (or whose nominations or elections were approved by at least two-thirds of the Company directors who were on the Board at that time), and (C) after which no person or group owns 20% or more of the voting power of the surviving entity, unless such voting power is solely as a result of voting power held in the Company prior to the consummation of the transaction; or

(e) consummation by the Company of (i) any consolidation, merger, reorganization or business combination, or (ii) the acquisition of assets or stock in another entity, in each case, other than a transaction (A) in which the Company's voting securities outstanding before the consummation of the transaction continue to represent, either directly or indirectly, at least 51% of the voting power of the surviving entity immediately after the transaction, (B) where at least 50% of the directors of the surviving entity were Company directors at the time the Board approved the transaction (or whose nominations or elections were approved by at least two-thirds of the Company directors who were on the Board at that time), and (C) after which no person or group owns 20% or more of the voting power of the surviving entity, unless such voting power is solely as a result of voting power held in the Company prior to the consummation of the transaction.

Notwithstanding any other provision of the Plan or an Award Agreement to the contrary, no event or condition shall constitute a Change in Control with respect to an Award to the extent that, if it were, a twenty percent (20%) additional income tax would be imposed under Section 409A of the Code on the Participant who holds such Award; provided that, in such a case, the event or condition shall continue to constitute a Change in Control to the maximum extent possible (for example, if applicable, in respect of vesting without an acceleration of payment of such an Award) without causing the imposition of such twenty percent (20%) tax.

2.8 "Code" means the Internal Revenue Code of 1986, as amended from time to time. For purposes of this Plan, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision.

2.9 "Commission" means the United States Securities and Exchange Commission.

2.10 "Committee" means the Compensation, Succession, Nominating, and Governance Committee of the Board or any other committee designated by the Board to administer this Plan. The members of the Committee, consisting of two or more Non-Employee Directors, shall be appointed from time to time by and shall serve at the discretion of the Board. If the Committee does not exist or cannot function for any reason, the Board may take any action under this Plan that would otherwise be the responsibility of the Committee. To the extent required by applicable law, rule or regulation, it is intended that each member of the Committee shall be (i) an independent director within the meaning of the rules and regulations of the New York Stock Exchange (or such other national securities exchange or quotation system on which the Shares may be listed or quoted) and (ii) a non-employee director within the meaning of Exchange Act Rule 16b-3, or alternatively, the Committee may designate a subcommittee or establish other procedures for purposes of satisfying such requirements.

2.11 "Company" means Cousins Properties Incorporated, and any successor thereto.

2.12 “Consultant” means any individual who is engaged by the Company or a Subsidiary or Affiliate to render consulting or advisory services as an independent contractor.

2.13 “Director” means any individual who is a member of the Board.

2.14 “Dividend Equivalent” has the meaning set forth in Section 19.

2.15 “Effective Date” has the meaning set forth in Section 1.1.

2.16 “Employee” means any individual performing services for the Company or a Subsidiary or Affiliate and designated as an employee of the Company, the Affiliate or the Subsidiary on its payroll records. An Employee shall not include any individual during any period he or she is classified or treated by the Company, Affiliate or Subsidiary as an independent contractor, a Consultant or an employee of an employment, leasing, consulting or temporary agency or any other entity other than the Company, Affiliate or Subsidiary, without regard to whether such individual is subsequently determined to have been, or is subsequently retroactively reclassified, as a common-law employee of the Company, Affiliate or Subsidiary during such period.

2.17 “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

2.18 “Exercise Price” means the price at which a Share may be purchased by a Participant pursuant to an Option.

2.19 “Fair Market Value” means, as applied to a specific date and unless otherwise specified in an Award Agreement, the price of a Share that is equal to the closing price of a Share on the New York Stock Exchange (or, on such other national securities exchange or quotation system on which the Shares may be listed or quoted) on the date of determination, or if no sales of Shares shall have occurred on such exchange on the date of determination, the closing price of the Shares on such exchange on the most recent date on which the Shares were publicly traded. Notwithstanding the foregoing, if Shares are not traded on any established stock exchange, the Fair Market Value means the price of a Share as established by the Committee acting in good faith (and to the extent applicable, based on a reasonable valuation method that is consistent with the requirements of Code Section 409A and the regulations thereunder).

2.20 “Good Reason” means, unless otherwise provided in an Award Agreement, the definition set forth in any written employment agreement between the Participant and the Company, a Subsidiary or an Affiliate, or if there is no such employment agreement, or such agreement does not define Cause, the occurrence of any of the following:

(a) there is a material reduction after a Change in Control, but before the end of the Participant’s Protection Period, in the Participant’s annual base salary or there is a reduction after a Change in Control, but before the end of the Participant’s Protection Period, in the Participant’s eligibility to receive any annual bonuses or other incentive compensation, such that the Participant’s eligibility to receive such bonuses or other incentive compensation is substantially different than it was immediately prior to such Change in Control, all without the Participant’s express written consent;

(b) there is a significant reduction after a Change in Control, but before the end of the Participant’s Protection Period, in the scope of the Participant’s duties, responsibilities, or

authority, or a change in the Participant's reporting level by more than two levels (in each case, other than as a result of a mere change in the Participant's title, if such change in title is consistent with the organizational structure of the Company or its successor following such Change in Control), all without the Participant's express written consent;

(c) the Company or any successor thereto, at any time after a Change in Control, but before the end of the Participant's Protection Period (without the Participant's express written consent), transfers the Participant's primary work site from the Participant's primary work site on the date of such Change in Control or, if the Participant subsequently consents in writing to such a transfer under this Agreement, from the primary work site that was the subject of such consent, to a new primary work site that is more than thirty-five (35) miles from the Participant's then current primary work site, unless such new primary work site is closer to the Participant's primary residence than the Participant's then current primary work site; or

(d) the Company or any successor thereto, after a Change in Control, but before the end of the Participant's Protection Period (without the Participant's express written consent), fails to continue to provide to the Participant health and welfare benefits, deferred compensation benefits, the Participant's perquisites (other than the use of a company airplane for personal purposes), stock options, restricted stock and restricted stock unit grants, each as applicable at the time of such Change in Control, that are in the aggregate comparable in value to those provided to the Participant immediately prior to the Change in Control;

provided, however, that no such act or omission shall be treated as "Good Reason" under this § 2.20 if the Participant has refused a bona fide offer of continued employment with the Company, a Subsidiary or Affiliate thereof or the Company's successor following the Change in Control, the terms of which offer would not amount to Good Reason in accordance with (a) through (d) above.

(e) No act or omission shall be treated as "Good Reason" under this § 2.20 unless:

(1) the Participant delivers to the Committee a detailed, written statement of the basis for the Participant's belief that such act or omission constitutes Good Reason; and

(1) the Participant delivers such statement before the later of (i) the end of the ninety (90) day period that starts on the date there is an act or omission which forms the basis for the Participant's belief that Good Reason exists, or (ii) the end of the period mutually agreed upon for purposes of this subsection (e)(2) in writing by the Participant and the Chairman of the Committee; and

(2) the Participant gives the Committee a thirty (30) day period after the delivery of such statement to cure the basis for such belief; and

(3) the Participant resigns by submitting a written resignation to the Committee during the sixty (60) day period that begins immediately after the end of the thirty (30) day period described in subsection (e)(3) above if the Participant reasonably and in good faith determines that Good Reason continues to exist after the end of such thirty (30) day period; or

(f) The Company states in writing to the Participant that the Participant has the right to treat any such act or omission as Good Reason under this Plan and the Participant resigns

during the sixty (60) day period that starts on the date such statement is actually delivered to the Participant.

(g) If the Participant consents in writing to any reduction described in § 2.20(a) or (b), to any transfer described in § 2.20(c) or to any failure described in § 2.20(d) in lieu of exercising the Participant's right to resign for Good Reason and delivers such consent to the Company, the date such consent is delivered to the Company Non-Employee shall be treated under this definition as the date of a Change in Control for purposes of determining whether the Participant subsequently has Good Reason under the Plan as a result of any subsequent reduction described in § 2.20(a) or (b), any subsequent transfer described in § 2.20(c) or any subsequent failure described in § 2.20(d).

2.21 "Grant Date" means the date an Award to a Participant pursuant to this Plan is approved by the Committee (or such later date as specified in such approval by the Committee) or, in the case of an Award granted to a Non-Employee Director, the date on which such Award is approved by the Board (or such later date as specified in such approval by the Board).

2.22 "Grant Price" means the per Share price established at the time of grant of a SAR pursuant to Section 7.

2.23 "Incentive Stock Option" or "ISO" means an Award granted pursuant to Section 6 that is designated as an Incentive Stock Option and that is intended to meet the requirements of Code Section 422 or any successor provision.

2.24 "Non-Employee Director" means a Director who is not an Employee.

2.25 "Nonqualified Stock Option" means an Award granted pursuant to Section 6 that is not intended to meet the requirements of Code Section 422, or that otherwise does not meet such requirements.

2.26 "Option" means an Award consisting of a right granted to a Participant pursuant to Section 6 to purchase a specified number of Shares at a specified Exercise Price, which Award may be an Incentive Stock Option or a Nonqualified Stock Option.

2.27 "Other Stock-Based Award" means an equity-based or equity-related Award not otherwise described by the terms of this Plan that is granted pursuant to Section 12.

2.28 "Participant" means any eligible individual as set forth in Section 5 to whom an Award is granted and includes any individual who holds an Award after the death of the original recipient.

2.29 "Partnership" means Cousins Properties LP.

2.30 "Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of Cousins Properties LP.

2.31 "Performance-Based Compensation" means compensation payable under an Award which is conditioned upon the achievement of performance goals based upon one or more Performance Measures as described in Section 16.

2.32 “Performance Measures” means measures, as described in Section 16.2, upon which performance goals are based pursuant to this Plan in order to qualify Awards as Performance-Based Compensation.

2.33 “Performance Period” means the period during which pre-established performance goals must be met in order to determine the degree of payout and/or vesting with respect to an Award.

2.34 “Performance Shares” means an Award granted pursuant to Section 10.

2.35 “Performance Unit” means an Award granted pursuant to Section 11.

2.36 “Period of Restriction” means the period when Restricted Stock or Restricted Stock Units are subject to a vesting requirement (based on continued service, the achievement of performance goals or upon the occurrence of other events as determined by the Committee, in its discretion) as provided in Sections 8 and 9.

2.37 “Plan” means this Cousins Properties Incorporated 2019 Omnibus Incentive Stock Plan, as the same may be amended from time to time.

2.38 “Profits Interest Unit” means an Award that is granted pursuant to Section 13.

2.39 “Protection Period” shall mean the two (2) year period which begins on the date of a Change in Control; provided, however, a resignation by the Participant shall be treated under this Plan as if made during the Participant’s Protection Period if: (a) the Participant gives the Committee the statement described in § 2.20(e) prior to the end of the thirty (30) day period that immediately follows the end of the Protection Period and the Participant thereafter resigns within the period described in such subsection (e); or (b) Company provides the statement to the Participant described in § 2.20(f) prior to the end of the thirty (30) day period that immediately follows the end of the Protection Period and the Participant thereafter resigns within the period described in such § 2.20(f).

2.40 “Restricted Stock” means Shares issued to a Participant that are subject to an Award granted pursuant to Section 8 and to such restrictions on transfer, forfeiture conditions and other restrictions or limitations as may be set forth in this Plan and the applicable Award Agreement.

2.41 “Restricted Stock Unit” means the right under an Award granted pursuant to Section 9 to receive at a future time one Share, or the Fair Market Value thereof, subject to such restrictions on transfer, forfeiture conditions and other restrictions or limitations as may be set forth in this Plan and the applicable Award Agreement.

2.42 “Share” means a share of common stock, par value \$1.00 per share, of the Company.

2.43 “Stock Appreciation Right” or “SAR” means the right under an Award granted pursuant to Section 7 to receive, in cash and/or Shares as determined by the Committee, an amount equal to the appreciation in value of a specified number of Shares between the Grant Date of the SAR and its exercise date.

2.44 “Subsidiary” means any corporation or other entity, whether domestic or foreign, in which the Company has or obtains, directly or indirectly, ownership of more than 50% of the total combined voting power of all classes of stock or comparable interests.

2.45 “Substitute Award” means an Award granted upon the assumption of, or in substitution or exchange for, outstanding awards granted by a company or other entity acquired by the Company or any Subsidiary or Affiliate or with which the Company or any Subsidiary or Affiliate combines.

2.46 “Termination of Service” means the following:

(a) for an Employee, the date on which the Employee is no longer an Employee;

(b) for a Non-Employee Director, the date on which the Non-Employee Director is no longer a member of the Board; and

(c) for a Consultant, the date on which service as a Consultant to the Company and its Subsidiaries and Affiliates has ceased.

With respect to any payment of an Award subject to Code Section 409A, a Termination of Service shall mean a “separation from service” within the meaning of Code Section 409A.

Section 3. Administration

3.1 General. The Committee shall be responsible for administering this Plan, subject to this Section 3 and the other provisions of this Plan. The Committee may employ attorneys, consultants, accountants, agents and other individuals, any of whom may be an Employee, and the Committee, the Company, and its officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such individuals. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Participants, the Company, Affiliates or Subsidiaries, and all other interested parties. Any action of the Committee shall be valid and effective even if the members of the Committee at the time of such action are later determined not to have satisfied all of the criteria for membership in clauses (i) and (ii) of Section 2.10.

3.2 Authority of the Committee. Subject to any express limitations set forth in this Plan, the Committee shall have full and exclusive discretionary power and authority to take such actions as it deems necessary and advisable with respect to the administration of this Plan including, but not limited to, the following:

(a) To determine from time to time which of the persons eligible under this Plan shall be granted Awards, when and how each Award shall be granted, what type or combination of types of Awards shall be granted, the provisions of each Award granted (which need not be identical), including the time or times when a person shall be permitted to receive Shares pursuant to an Award and the number of Shares subject to an Award;

(b) To construe and interpret this Plan and Awards granted under it, and to establish, amend, and revoke rules and regulations for its administration;

(c) To correct any defect, omission or inconsistency in this Plan or in an Award Agreement, in a manner and to the extent it shall deem necessary or expedient to make this Plan fully effective;

(d) To approve forms of Award Agreements for use under this Plan;

(e) To determine the Fair Market Value of a Share or whether a Change in Control shall have occurred;

(f) To amend any Award Agreement as permitted under this Plan;

(g) To adopt subplans and/or special provisions applicable to stock awards regulated by the laws of a jurisdiction other than and outside of the United States, to Cash-Based Awards, or to awards to Non-Employee Directors (as contemplated by Section 17). Such subplans and/or special provisions shall be subject to and consistent with the terms of this Plan, except to the extent the Committee determines that different terms and conditions are necessary or desirable to comply with the laws of a jurisdiction other than and outside of the United States;

(h) To authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award;

(i) To determine whether Awards will be settled in Shares of common stock, cash or in any combination thereof;

(j) To determine whether Awards will provide for Dividend Equivalents;

(k) To establish a program whereby Participants designated by the Committee may reduce compensation otherwise payable in cash in exchange for Awards under this Plan;

(l) To authorize a program permitting eligible Participants to surrender outstanding Awards in exchange for newly granted Awards subject to any applicable shareholder approval requirements set forth in Section 22.1 of this Plan and the requirements of Code Section 409A;

(m) To impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by a Participant or other subsequent transfers by a Participant of any Shares, including, without limitation, "blackout" periods, restrictions under an insider trading policy and restrictions as to the use of a specified brokerage firm for such resales or other transfers;

(n) To waive any restrictions, conditions or limitations imposed on an Award at the time the Award is granted or at any time thereafter including but not limited to forfeiture, vesting and treatment of Awards upon a Termination of Service;

(o) To permit Participants to elect to defer payments of Awards, provided that any such deferrals shall comply with applicable requirements of the Code, including Code Section 409A;

(p) To certify the satisfaction of performance goals in compliance with the requirements of Section 16; and

(q) To issue rules and regulations for the administration of the Plan.

3.3 Delegation. To the extent permitted by law, the Committee may delegate to one or more of its members or to one or more officers of the Company or any Subsidiary or to one or more agents or advisors such administrative duties or powers as it may deem advisable, and the Committee or any individuals to whom it has delegated duties or powers as aforesaid may employ one or more individuals to render advice with respect to any responsibility the Committee or such

individuals may have under this Plan. To the extent permitted by applicable law and the applicable rules of a stock exchange, the Committee may, by resolution, authorize one or more officers of the Company to do one or both of the following on the same basis as can the Committee: (a) designate Employees to be recipients of Awards; and (b) determine the size of any such Awards; provided, however, (i) the Committee shall not delegate such responsibilities with respect to Awards granted to a Non-Employee Director or an officer (as defined in Rule 16a-1(f) of the Exchange Act); (ii) the resolution providing such authorization sets forth the total number of Awards (including Share limitations) such officer(s) may grant; and (iii) the officer(s) shall report periodically to the Committee regarding the nature and scope of the Awards granted pursuant to the authority delegated. In the event that the Committee's authority is delegated to officers or employees in accordance with the foregoing, all provisions of the Plan relating to the Committee shall be interpreted in a manner consistent with the foregoing by treating any such reference as a reference to such officer or employee for such purpose. Any action undertaken in accordance with the Committee's delegation of authority hereunder shall have the same force and effect as if such action was undertaken directly by the Committee and shall be deemed for all purposes of the Plan to have been taken by the Committee.

Section 4. Shares Subject to this Plan and Maximum Awards

4.1 Number of Shares Authorized and Available for Awards. The Shares of stock subject to Awards granted under the Plan may be either authorized and unissued shares (which will not be subject to preemptive rights) or previously issued shares acquired by the Company or its Subsidiaries or Affiliates. Subject to adjustment as provided under Section 4.4, the maximum number of Shares reserved for issuance under this Plan is 15,000,000 Shares, all of which may be granted as Incentive Stock Options. Solely for the purpose of determining the number of Shares available for Awards under this Section 4.1, the number of shares available for issuance under this Plan shall be reduced by one (1.00) Share for every one (1.00) Share granted in respect of an Award, provided however that in the case of an Award that provides for a range of potential Share payouts the Committee shall determine the extent to which the number of Shares available for issuance under this Plan shall be reduced by Shares granted in respect of such an Award.

4.2 Share Usage. In determining the number of Shares available for grant under this Plan at any time, the following rules shall apply:

(a) All Shares subject to or with respect to an Award granted under this Plan that terminates by expiration, forfeiture, cancellation or otherwise without the issuance of the Shares (or with the forfeiture of Shares in connection with a Restricted Stock Award), is settled in cash in lieu of Shares, or is exchanged with the Committee's permission, prior to the issuance of Shares, for an Award not involving Shares shall become available again for grant under this Plan.

(b) Any Shares that are withheld by the Company or tendered by a Participant (by either actual delivery or attestation) on or after the Effective Date (i) to pay the Exercise Price of an Option granted under this Plan or (ii) to satisfy tax withholding obligations associated with an Award granted under this Plan, shall not become available again for grant under this Plan.

(c) Any Shares that were subject to a stock-settled SAR granted under this Plan that were not issued upon the exercise of such SAR on or after the Effective Date shall not become available again for grant under this Plan.

(d) Any Shares that were purchased by the Company on the open market with the proceeds from the exercise of a Stock Option shall not become available again for grant under this Plan.

(e) Shares subject to Substitute Awards shall not be counted against the share reserve specified in Section 4.1, nor shall they reduce the Shares authorized for grant to a Participant in any calendar year.

4.3 Annual Award Limit. Subject to adjustment as set forth in Section 4.4, the maximum aggregate grant of Shares subject to Options, SARs, Restricted Stock, Restricted Stock Units, Performance Shares, Profits Interest Units, and Other Stock-Based Awards payable or denominated in Shares and/or cash which may be granted to any Participant, other than a Non-Employee Director, in any fiscal year shall not exceed 1,500,000 Shares (the "Annual Award Limit").

4.4 Adjustments. All Awards shall be subject to the following provisions:

(a) In the event of any equity restructuring (within the meaning of FASB ASC Topic 718 or any successor provision) or similar event that causes the per share value of Shares to change, such as a stock dividend, stock split, reverse stock split, split up, spin-off, rights offering or recapitalization through an extraordinary dividend, the Committee, in order to prevent dilution or enlargement of Participants' rights under this Plan, shall substitute or adjust, as applicable, (i) the number and kind of Shares or other securities that may be issued under this Plan or under particular forms of Award Agreements, (ii) the number and kind of Shares or other securities subject to outstanding Awards, (iii) the Exercise Price or Grant Price applicable to outstanding Awards, (iv) the Annual Award Limit, and (v) other value determinations applicable to outstanding Awards. In the event of any other change in corporate capitalization (including, but not limited to, a merger, consolidation, any reorganization (whether or not such reorganization comes within the definition of such term in Code Section 368), or any partial or complete liquidation of the Company to the extent such events do not constitute equity restructurings or business combinations within the meaning of FASB ASC Topic 718 or any successor provision, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights. The Committee, in its discretion, shall determine the methodology or manner of making such substitution or adjustment. In either case, any such adjustment shall be conclusive and binding for all purposes of this Plan. Unless otherwise determined by the Committee, the number of Shares subject to an Award shall always be a whole number.

(b) In addition to the adjustments required and permitted under paragraph (a) above, the Committee, in its sole discretion, may make such other adjustments or modifications in the terms of any Awards that it deems appropriate to reflect any of the events described in Section 4.4(a), including, but not limited to, (i) modifications of performance goals and changes in the length of Performance Periods, or (ii) the substitution of other property of equivalent value (including, without limitation, cash, other securities and securities of entities other than the Company that agree to such substitution) for the Shares available under this Plan or the Shares covered by outstanding Awards, including arranging for the assumption, or replacement with new awards, of Awards held by Participants, and (iii) in connection with any sale of a Subsidiary, arranging for the assumption, or replacement with new awards, of Awards held by Participants employed by the affected Subsidiary by the Subsidiary or an entity that controls the Subsidiary following the sale of such Subsidiary.

(c) Any actions taken under this Section 4.4 shall be subject to compliance with the rules under Code Sections 409A, 422 and 424, as and where applicable. The determination of the Committee as to the foregoing adjustments set forth in this Section 4.4, if any, shall be conclusive and binding on Participants under this Plan.

4.5 Effect of Plans Operated by Acquired Companies. If a company acquired by the Company or any Subsidiary or Affiliate or with which the Company or any Subsidiary or Affiliate combines has shares available under a pre-existing plan approved by shareholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under this Plan and shall not reduce the Shares authorized for grant under this Plan, subject to applicable legal requirements. Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees, Non-Employee Directors or Consultants providing services to the Company or any Subsidiary or Affiliate prior to such acquisition or combination.

4.6 No Limitation on Corporate Actions. The existence of the Plan and any Awards granted hereunder shall not affect in any way the right or power of the Company or any Subsidiary or Affiliate to make or authorize any adjustment, recapitalization, reorganization or other change in its capital structure or business structure, any merger or consolidation, any issuance of debt, preferred or prior preference stock ahead of or affecting the Shares, additional shares of capital stock or other securities or subscription rights thereto, any dissolution or liquidation, any sale or transfer of all or part of its assets or business or any other corporate act or proceeding.

4.7 Minimum Vesting Period. Any equity or equity-based Award granted under the Plan shall be subject to a minimum vesting period of not less than one year from the date such Award is granted; provided, however, that the foregoing minimum vesting period shall not apply in connection with (a) a Change in Control, (b) an Employee terminating employment due to death or disability or a Non-Employee Director ceasing service due to death or disability, (c) a Substitute Award that does not reduce the vesting period of the award being replaced, or (d) Awards, which in aggregate cover a number of Shares not to exceed five (5%) of the total number of Shares available under the Plan as of the Effective Date.

Section 5. Eligibility and Participation

5.1 Eligibility to Receive Awards. The Committee, or its delegate pursuant to Section 3.3 of the Plan, may designate any of the following individuals as a Participant from time to time:

- (a) any officer or other Employee of the Company or any of its Subsidiaries or Affiliates;
- (b) an individual that the Company or any of its Subsidiaries or Affiliates has engaged to become an officer or other employee;
- (c) a Non-Employee Director; or

(d) a Consultant.

The Committee's designation of a Participant in any year shall not require the Committee to designate such person to receive an Award in another year.

5.2 Participation in this Plan. Subject to the provisions of this Plan, the Committee may, from time to time, select from all individuals eligible to participate in this Plan, those individuals to whom Awards shall be granted and shall determine, in its sole discretion, the nature of any and all terms permissible by law and the amount of each Award.

5.3 Award Agreements. The Committee shall have the exclusive authority to determine the terms of an Award Agreement evidencing an Award granted under this Plan, subject to the provisions herein. The terms of an Award Agreement need not be uniform among all Participants or among similar types of Awards.

Section 6. Stock Options

6.1 Grant of Options. Subject to the terms and conditions of this Plan, Options may be granted to Participants covering such number of Shares, and upon such terms, and at any time and from time to time as shall be determined by the Committee. Each grant of an Option shall be evidenced by an Award Agreement, which shall specify whether the Option is in the form of a Nonqualified Stock Option or an Incentive Stock Option.

6.2 Exercise Price. The Exercise Price for each Option shall be determined by the Committee and shall be specified in the Award Agreement evidencing such Option; provided, however, the Exercise Price must be at least equal to 100% of the Fair Market Value of a Share as of the Option's Grant Date, except in the case of Substitute Awards (to the extent consistent with Code Section 409A and, in the case of Incentive Stock Options, Code Section 424), and subject to adjustment as provided for under Section 4.4.

6.3 Term of Option. The term of an Option granted to a Participant shall be determined by the Committee; provided, however, no Option shall be exercisable later than the tenth anniversary of its Grant Date. Notwithstanding the foregoing, an Award Agreement may provide that the term of an Option (other than an Incentive Stock Option) shall be automatically extended if on the scheduled expiration date of such Option the Participant's exercise of such Option would violate an applicable law or the Participant is subject to a "black-out" period; provided, however, that during such extended exercise period the Option may only be exercised to the extent the Option was exercisable in accordance with its terms immediately prior to such scheduled expiration date; provided further, however, that such extended exercise period shall end not later than thirty (30) days after the exercise of such Option first would no longer violate such law or be subject to such "black-out" period.

6.4 Exercise of Option. An Option shall be exercisable, in whole or in part, at such times and be subject to such restrictions and vesting conditions as the Committee shall in each instance approve, which terms and restrictions need not be the same for each grant or for each Participant.

6.5 Payment of Exercise Price. An Option shall be exercised by the delivery of a notice of exercise to the Company or an agent designated by the Company in a form specified or accepted by the Committee, or by complying with any alternative procedures that may be authorized by the Committee, setting forth the number of Shares with respect to which the Option is to be exercised,

accompanied by full payment for the Shares. Any Shares issued upon exercise of an Option are subject to the transfer restrictions set forth in Section 15.3. A condition of the issuance of the Shares as to which an Option shall be exercised shall be the payment of the Exercise Price and the payment of applicable withholding taxes. The Exercise Price of any exercised Option shall be payable to the Company in accordance with one of the following methods:

(a) In cash or its equivalent,

(b) By tendering (either by actual delivery or by attestation) previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the Exercise Price (subject to such procedures and conditions as the Committee may establish),

(c) By a cashless (broker-assisted) exercise,

(d) By authorizing the Company to withhold Shares otherwise issuable upon the exercise of the Option having an aggregate Fair Market Value at the time of exercise equal to the Exercise Price to the extent approved by the Committee,

(e) By any combination of (a), (b), (c) or (d), or

(f) By any other method approved or accepted by the Committee.

Unless otherwise determined by the Committee, all payments under all of the methods indicated above shall be paid in United States dollars or Shares, as applicable.

6.6 Special Rules Regarding ISOs. Notwithstanding any provision of this Plan to the contrary, an Option granted in the form of an ISO to a Participant shall be subject to the following rules:

(a) An Incentive Stock Option may be granted only to an Employee of the Company or of any parent or subsidiary corporation (within the meaning of Code Section 424).

(b) An Option will constitute an Incentive Stock Option only to the extent that (i) it is so designated in the applicable Award Agreement and (ii) the aggregate Fair Market Value (determined as of the Option's Grant Date) of the Shares with respect to which Incentive Stock Options held by the Participant first become exercisable in any calendar year (under this Plan and all other plans of the Company and its Subsidiaries) does not exceed \$100,000. To the extent an Option granted to a Participant exceeds this limit, the Option shall be treated as a Nonqualified Stock Option.

(c) No Participant may receive an Incentive Stock Option under this Plan if, immediately after the grant of such Award, the Participant would own Shares possessing more than 10% of the total combined voting power of all classes of stock of the Company or an affiliate (determined in accordance with Code Section 422), unless (i) the exercise price for that Incentive Stock Option is at least 110% of the Fair Market Value of the Shares subject to that Incentive Stock Option on the Grant Date and (ii) that Option will expire no later than five years after its Grant Date.

(d) Any Incentive Stock Option granted under the Plan shall contain such terms and conditions, consistent with the Plan, as the Committee may determine to be necessary to qualify such Option as an "incentive

stock option” under Code Section 422. If an Incentive Stock

Option is exercised after the expiration of the exercise period that applies for purposes of Code Section 422, such Option shall thereafter be treated as a Nonqualified Option.

Section 7. Stock Appreciation Rights

7.1 Grant of SARs. Subject to the terms and conditions of this Plan, SARs may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee. Each grant of SARs shall be evidenced by an Award Agreement.

7.2 Grant Price. The Grant Price for each grant of a SAR shall be determined by the Committee and shall be specified in the Award Agreement evidencing the SAR; provided, however, the Grant Price must be at least equal to 100% of the Fair Market Value of a Share as of the Grant Date, except in the case of Substitute Awards (to the extent consistent with Code Section 409A), and subject to adjustment as provided for under Section 4.4.

7.3 Term of SAR. The term of a SAR granted to a Participant shall be determined by the Committee; provided, however, no SAR shall be exercisable later than the tenth anniversary of its Grant Date. Notwithstanding the foregoing, an Award Agreement may provide that the term of a SAR shall be automatically extended if on the scheduled expiration date of such SAR the Participant's exercise of such SAR would violate an applicable law or the Participant is subject to a "black-out" period; provided, however, that during such extended exercise period the SAR may only be exercised to the extent the SAR was exercisable in accordance with its terms immediately prior to such scheduled expiration date; provided further, however, that such extended exercise period shall end not later than thirty (30) days after the exercise of such SAR first would no longer violate such law or be subject to such "black-out" period.

7.4 Exercise of SAR. A SAR shall be exercisable at such times and be subject to such restrictions and vesting conditions as the Committee shall in each instance approve, which terms and restrictions need not be the same for each grant or for each Participant.

7.5 Notice of Exercise. A SAR shall be exercised by the delivery of a notice of exercise to the Company or an agent designated by the Company in a form specified or accepted by the Committee, or by complying with any alternative procedures that may be authorized by the Committee, setting forth the number of Shares with respect to which the SAR is to be exercised.

7.6 Settlement of SARs. Upon the exercise of a SAR, pursuant to a notice of exercise properly completed and submitted to the Company in accordance with Section 7.5, a Participant shall be entitled to receive payment from the Company in an amount equal to the product of (a) and (b) below:

- (a) The excess of the Fair Market Value of a Share on the date of exercise over the Grant Price.
- (b) The number of Shares with respect to which the SAR is exercised.

Payment shall be made in cash, Shares or a combination thereof as provided for under the applicable Award Agreement. Any Shares issued in payment of a SAR are subject to the transfer restrictions set forth in Section 15.3.

Section 8. Restricted Stock

8.1 Grant of Restricted Stock. Subject to the terms and conditions of this Plan, Restricted Stock Awards may be granted to Participants in such number of Shares, and upon such terms, and at any time and from time to time as shall be determined by the Committee. Each grant of Restricted Stock shall be evidenced by an Award Agreement.

8.2 Nature of Restrictions. Each grant of Restricted Stock may be subject to a requirement that a Participant pay a stipulated purchase price for each Share of Restricted Stock, and shall be subject to a Period of Restriction that shall lapse upon the satisfaction of such vesting conditions as are determined by the Committee and set forth in an applicable Award Agreement. Such conditions or restrictions may include, without limitation, one or more of the following:

(a) That the Shares of Restricted Stock may not be transferred in any fashion prior to their applicable vesting date,

(b) That the Shares of Restricted Stock may vest only to the degree that specific performance goals are achieved,

(c) That the Shares of Restricted Stock may vest only upon completion of a specified period of continuous employment or other service and to the degree that specific performance goals have been achieved, or

(d) That the Shares of Restricted Stock may vest only upon completion of a specified period of continuous employment or other service.

8.3 Delivery of Shares. Unvested Shares subject to a Restricted Stock Award shall be evidenced by a book-entry in the name of the Participant with the Company's transfer agent or Plan agent or by one or more stock certificates issued in the name of the Participant. Any such stock certificate shall be deposited with the Company or its designee, together with an assignment separate from the certificate, in blank, signed by the Participant, and bear an appropriate legend referring to the restricted nature of the Restricted Stock evidenced thereby. Any book-entry Shares shall be subject to comparable restrictions and corresponding stop transfer instructions. Upon the vesting of Shares of Restricted Stock, and the Company's determination that any necessary conditions precedent to the release of vested Shares (such as satisfaction of tax withholding obligations and compliance with applicable legal requirements) have been satisfied, such vested Shares shall be made available to the Participant in such manner as may be prescribed or permitted by the Committee. Such vested Shares are subject to the transfer restrictions set forth in Section 15.3.

8.4 Voting Rights. Except as otherwise set forth in a Participant's applicable Award Agreement, during the Period of Restriction, a Participant holding Shares of Restricted Stock shall have the right to exercise full voting rights with respect to such Shares.

8.5 Section 83(b) Election. The Committee may provide in an Award Agreement that the Award of Restricted Stock is conditioned upon the Participant making or refraining from making an election with respect to the Award under Code Section 83(b). If permitted by the Award Agreement and a Participant makes an election pursuant to Code Section 83(b) concerning a Restricted Stock Award, the Participant shall be required to file promptly a copy of such election with the Company.

8.6 Certificate Legend. In addition to any legends placed on certificates pursuant to Section 8.3, each certificate representing Shares of Restricted Stock granted pursuant to this Plan may bear a legend such as the following or as otherwise determined by the Committee in its sole discretion:

“The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Cousins Properties Incorporated 2019 Omnibus Incentive Stock Plan and a Restricted Stock Award Agreement entered into between the registered owner and Cousins Properties Incorporated, as well as the terms and conditions of applicable law. Copies of such plan and agreement are on file at the offices of Cousins Properties Incorporated.”

Section 9. Restricted Stock Units

9.1 Grant of Restricted Stock Units. Subject to the terms and conditions of this Plan, Restricted Stock Units may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee. A grant of Restricted Stock Units shall not represent the grant of Shares but shall represent a promise to deliver a corresponding number of Shares or the value of such number of Shares based upon the completion of service, performance conditions, or such other terms and conditions as specified in the applicable Award Agreement over the Period of Restriction. Each grant of Restricted Stock Units shall be evidenced by an Award Agreement.

9.2 Nature of Restrictions. Each grant of Restricted Stock Units shall be subject to a Period of Restriction that shall lapse upon the satisfaction of such vesting conditions as are determined by the Committee and set forth in an applicable Award Agreement. Such conditions or restrictions may include, without limitation, one or more of the following:

- (a) That the Restricted Stock Units may not be transferred in any fashion, subject to Section 15.1;
- (b) That the Restricted Stock Units may vest only to the degree that specific performance goals are achieved;
- (c) That the Restricted Stock Units may vest only upon completion of a specified period of continuous employment or other service and to the degree that specific performance goals have been achieved; or
- (d) That the Restricted Stock Units may vest only upon completion of a specified period of continuous employment or other service.

9.3 Voting Rights. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.

9.4 Settlement and Payment of Restricted Stock Units. Unless otherwise elected by the Participant as permitted under the Award Agreement, or otherwise provided for in the Award Agreement, Restricted Stock Units shall be settled upon the date such Restricted Stock Units vest (or as soon as administratively practicable thereafter, but in no event later than 2 1/2 months after the end of the calendar year in which vesting occurs). Such settlement shall be made by delivery of Shares, a cash payment determined by reference to the then current Fair Market Value of

Shares, or a combination of Shares and cash, as determined in the sole discretion of the Committee, either by the terms of the Award Agreement or otherwise. Any Shares issued in settlement of Restricted Stock Units are subject to the transfer restrictions set forth in Section 15.3.

Section 10. Performance Shares

10.1 Grant of Performance Shares. Subject to the terms and conditions of this Plan, Performance Shares may be granted to Participants in such number, and upon such terms and at any time and from time to time as shall be determined by the Committee. Each grant of Performance Shares shall be evidenced by an Award Agreement.

10.2 Value of Performance Shares. Each Performance Share shall have a value equal to the Fair Market Value of a Share on the Grant Date. The Committee shall set performance goals that, depending on the extent to which they are met over the specified Performance Period and the satisfaction of applicable service-based vesting conditions, shall determine the number of Performance Shares that shall vest, which may be greater than the target number of Performance Shares granted, and be paid to a Participant.

10.3 Earning of Performance Shares. After the applicable Performance Period has ended, the number of Performance Shares earned by the Participant for the Performance Period shall be determined as a function of the extent to which the applicable corresponding performance goals have been achieved. This determination shall be made by the Committee.

10.4 Form and Timing of Payment of Performance Shares. The Company shall pay at the close of the applicable Performance Period, or as soon as practicable thereafter, any earned Performance Shares in the form of Shares unless otherwise specified in the Award Agreement. Any Shares issued in settlement of Performance Shares are subject to the transfer restrictions set forth in Section 15.3.

Section 11. Performance Units

11.1 Grant of Performance Units. Subject to the terms and conditions of this Plan, Performance Units may be granted to a Participant in such number, and upon such terms and at any time and from time to time as shall be determined by the Committee. Each grant of Performance Units shall be evidenced by an Award Agreement.

11.2 Value of Performance Units. Each Performance Unit shall have an initial notional value equal to a dollar amount determined by the Committee. The Committee shall set performance goals that, depending on the extent to which they are met over the specified Performance Period and the satisfaction of applicable service-based vesting conditions, will determine the number of Performance Units that shall vest (which may be greater than the target number of Performance Units granted), the settlement value of each Performance Unit (if variable), and the settlement amount to be paid to the Participant.

11.3 Earning of Performance Units. After the applicable Performance Period has ended, the number of Performance Units earned by the Participant over the Performance Period shall be determined as a function of the extent to which the applicable corresponding performance goals have been achieved. This determination shall be made by the Committee.

11.4 Form and Timing of Payment of Performance Units. The Company shall pay at the close of the applicable Performance Period, or as soon as practicable thereafter, any earned Performance Units in the form of cash or in Shares or in a combination thereof, as specified in a Participant's applicable Award Agreement. Any Shares issued in settlement of Performance Units are subject to the transfer restrictions set forth in Section 15.3.

Section 12. Other Stock-Based Awards and Cash-Based Awards

12.1 Grant of Other Stock-Based Awards and Cash-Based Awards.

(a) Subject to the terms and conditions of this Plan, the Committee may grant Other Stock-Based Awards not otherwise described by the terms of this Plan to a Participant in such amounts and subject to such terms and conditions, as the Committee shall determine. Such Awards may involve the transfer of actual Shares to Participants, or payment in cash or otherwise of amounts based on the value of Shares.

(b) The Committee may grant Cash-Based Awards not otherwise described by the terms of this Plan to a Participant in such amounts and upon such terms as the Committee shall determine.

(c) Each grant of Other Stock-Based Awards and Cash-Based Awards shall be evidenced by an Award Agreement and/or subject to a subplan or special provisions approved by the Committee.

12.2 Value of Other Stock-Based Awards and Cash-Based Awards. Each Other Stock-Based Award shall be expressed in terms of Shares or units based on Shares, as determined by the Committee. Each Cash-Based Award shall specify a payment amount or payment range as determined by the Committee. If the Committee exercises its discretion to establish performance goals, the number and/or value of Cash-Based Awards or Other Stock-Based Awards that shall be paid to the Participant will depend on the extent to which such performance goals are met and any service-based payment conditions are satisfied.

12.3 Payment of Other Stock-Based Awards and Cash-Based Awards. Payment, if any, with respect to Cash-Based Awards and Other Stock-Based Awards shall be made in accordance with the terms of the applicable Award Agreement in the form of cash, Shares or other forms of Awards under this Plan or a combination of cash, Shares and other forms of Awards. The determination of the form in which Awards subject to this Section 12 will be paid shall be made by the Committee, unless the Committee chooses to provide in an applicable Award Agreement that a Participant may elect, in accordance with such procedures and limitations as the Committee may specify, the form in which such an Award will be paid. To the extent any Award subject to this Section 12 is to be paid in other forms of Awards under this Plan, such other form of Award issued in payment shall be valued for purposes of such payment at its fair value on the Grant Date of such Awards. If the Committee permits a Participant to elect to receive some or all of an amount that would otherwise be payable in cash under an Award subject to this Section 12 in Shares or other forms of Awards, the Committee may also provide in the applicable Award Agreement that the Fair Market Value of the Shares or the Grant Date fair value of the other forms of Awards may exceed the amount of cash that otherwise would have been payable.

Section 13. Profits Interest Units

Subject to the terms and conditions of this Plan, Profits Interest Units in the form of LTIP Units of the Partnership (as authorized under Section 4.6 of the Partnership Agreement, or any successor or replacement provision) may be granted to a Participant in such number, and upon such terms and at any time and from time to time as shall be determined by the Committee. Awards of Profits Interest Units are intended to constitute a “profits interest” within the meaning of IRS Revenue Procedure 93-27, as clarified by IRS Revenue Procedure 2001-43, with respect to a Participant who is rendering services to or for the benefit of the Partnership, including any subsidiary of the Partnership. Each grant of Profits Interest Units shall be evidenced by an Award Agreement and shall specify the conditions and dates upon which Profits Interest Units may be exchanged or redeemed for Shares, which date shall not be earlier than the date as of which the Profits Interest Units vest and become nonforfeitable. Profits Interest Units shall be subject to such restrictions on transferability and other restrictions as the Committee may impose.

Section 14. Effect of Termination of Service

Each Award Agreement evidencing the grant of an Award shall provide for the following: (a) the extent to which a Participant shall vest in or forfeit such Award as a result of or following the Participant’s Termination of Service; and (b) with respect to an Award in the form of an Option or SAR, the extent to which a Participant shall have the right to exercise the Option or SAR following the Participant’s Termination of Service. The foregoing provisions shall be determined by the Committee, shall be included in each Award Agreement entered into with each Participant, need not be uniform among all Award Agreements and may reflect distinctions based on the reasons for termination.

Section 15. Transferability of Awards and Shares

15.1 Transferability of Awards. Except as provided in Section 15.2, Awards shall not be transferable other than by will or the laws of descent and distribution. No Awards shall be transferrable pursuant to a domestic relations order. No Awards shall be subject, in whole or in part, to attachment, execution or levy of any kind; and any purported transfer in violation of this Section 15.1 shall be null and void. The Committee may establish such procedures as it deems appropriate for a Participant to designate a beneficiary to whom any amounts payable or Shares deliverable in the event of, or following, the Participant’s death may be provided.

15.2 Committee Action. The Committee may, in its discretion, approve a Participant’s transfer, by gift, of an Award (except in the case of an ISO), on such terms and conditions as the Committee deems appropriate and to the extent permissible with Code Section 409A and applicable securities laws, (i) to an “Immediate Family Member” (as defined below) of the Participant, (ii) to an inter vivos or testamentary trust in which the Award is to be passed to the Participant’s designated beneficiaries, or (iii) to a charitable institution. Any transferee of the Participant’s rights shall succeed and be subject to all of the terms of the applicable Award Agreement and this Plan, including restrictions on further transferability, compliance with applicable securities laws, and providing required investment representations. “Immediate Family Member” means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, a trust in which any of these persons have more than fifty (50%) percent of the beneficial interest, a foundation in which any of these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than fifty (50%) percent of the voting interests.

15.3 Restrictions on Share Transferability. The Committee may impose such restrictions on any Shares acquired by a Participant under this Plan as it may deem advisable, including, without limitation, minimum holding period requirements, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed or traded, or under any blue sky or state securities laws applicable to such Shares.

Section 16. Performance-Based Compensation

16.1 Performance-Based Compensation. The Committee, in its sole discretion, may designate any Award as Performance-Based Compensation upon grant.

16.2 Performance Measures. The performance goals upon which the grant, payment or vesting of an Award that is intended to qualify as Performance-Based Compensation are conditioned must be based on one or more of the following Performance Measures:

(a) return over capital costs or increases in return over capital costs; (b) total earnings or the growth in such earnings; (c) consolidated earnings or the growth in such earnings; (d) earnings per share or the growth in such earnings; (e) net earnings or the growth in such earnings; (f) earnings before interest expense, taxes, depreciation, amortization and other non-cash items or the growth in such earnings; (g) earnings before interest and taxes or the growth in such earnings; (h) consolidated net income or the growth in such income; (i) the value of the Company's stock or the growth in such value; (j) the Company's stock price or the growth in such price; (k) return on assets or the growth on such return; (l) cash flow or the growth in such cash flow; (m) total shareholder return or the growth in such return; (n) expenses or the reduction of such expenses; (o) sales growth; (p) overhead ratios or changes in such ratios; (q) expense-to-sales ratios or the changes in such ratios; (r) economic value added or changes in such value added; (s) funds from operations (FFO); (t) level of investments, development starts, or leasing or disposition activity; or (u) such other Performance Measures selected by the Committee, in its reasonable discretion.

Any Performance Measure(s) may, as the Committee, in its sole discretion deems appropriate, (i) relate to the performance of the Company, or any Affiliate or Subsidiary as a whole or any business unit, division or segment of the Company or any Affiliate or Subsidiary or any combination thereof, (ii) be compared to the performance of a group of comparator companies, or published or special index, (iii) be based on change in the Performance Measure over a specified period of time and such change may be measured based on an arithmetic change over the specified period (e.g., cumulative change or average change), or percentage change over the specified period (e.g., cumulative percentage change, average percentage change or compounded percentage change), (iv) relate to or be compared to one or more other Performance Measures, or (v) any combination of the foregoing. The Committee also has the authority to provide for accelerated vesting of any Award based on the achievement of performance goals pursuant to the Performance Measures specified in this Section 16.

Performance goals shall be established by the Committee as set forth in this Section 16, and shall be set forth in the applicable Award Agreement. With regard to a particular Performance Period, the Committee, in its sole discretion, shall, within the first 90 days of a Performance Period, determine the length of the Performance Period (provided any such Performance Period shall be not less than one fiscal quarter in duration), the type(s) of Performance-Based Compensation Awards to be issued, and the Performance Measures that will be used to establish the performance

goals. Following the completion of a Performance Period, the Committee shall review and certify in writing whether, and to what extent, the performance goals for the Performance Period have been achieved and, if so, calculate and certify in writing the amount of the Performance-Based Compensation Awards earned for the period.

16.3 Evaluation of Performance. The Committee may provide in any Award intended to qualify as Performance-Based Compensation that any evaluation of performance may, among other things, include or exclude the impact, if any, on reported financial results of any of the following events that occurs during a Performance Period: (a) asset write-downs, (b) litigation, claims, judgments or settlements, (c) changes in tax laws, accounting principles or other laws or provisions, (d) reorganization or restructuring programs, (e) acquisitions or divestitures, (f) foreign exchange gains and losses, (g) gains or losses on sales or dispositions, (h) events that are treated as unusual in nature or infrequent in their occurrence and which are disclosed in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders, and (i) any similar event or condition specified in such Award Agreement. Notwithstanding any other provision of the Plan, payment or vesting of any such Award that is intended to qualify as Performance-Based Compensation shall not be made until the Committee certifies in writing that the applicable performance goals and any other material terms of such Award were in fact satisfied.

16.4 Adjustment of Performance-Based Compensation. The Committee shall have no discretion to increase the amount payable pursuant to Awards that are intended to qualify as Performance-Based Compensation beyond the amount that would otherwise be payable upon attainment of the applicable performance goal(s). The Committee may not waive the achievement of the applicable performance goals, except in the case of the Participant's death or disability or a Change in Control. The Committee shall, however, retain the discretion to decrease the amount payable pursuant to such Awards below the amount that would otherwise be payable upon attainment of the applicable performance goal(s), either on a formula or discretionary basis or any combination, as the Committee determines, in its sole discretion.

Section 17. Non-Employee Director Awards

17.1 Awards to Non-Employee Directors. The Committee shall approve all Awards to Non-Employee Directors. The terms and conditions of any grant of any Award to a Non-Employee Director shall be set forth in an Award Agreement.

17.2 Awards in Lieu of Fees. The Committee may permit a Non-Employee Director the opportunity to receive an Award in lieu of payment of all or a portion of future Director fees (including but not limited to cash retainer fees and meeting fees) or other type of Awards pursuant to such terms and conditions as the Committee may prescribe and set forth in an applicable subplan or Award Agreement. If the Committee permits a Participant to elect to receive payment of all or a portion of future director fees that would otherwise be payable in cash in the form of an Award, the Committee may also provide in the applicable Award Agreement that the Grant Date fair value of the Award may exceed the amount of cash that otherwise would have been payable.

17.3 Annual Award Limit. The maximum aggregate Grant Date fair value of equity-based Awards made in any fiscal year to any Non-Employee Director shall not exceed \$750,000. Notwithstanding the foregoing, the annual award limit set forth in this Section 17.3 shall (a) solely apply to Awards granted under this Plan and (b) not apply to Shares or Share equivalents granted to a Non-Employee Director in lieu of all or any portion of such Non-Employee Director's cash-

based Director fees. For purposes of this Section 17.3, the fair value of equity-based Awards shall be determined as of the Grant Date under applicable accounting standards.

Section 18. Effect of a Change in Control

18.1 Default Vesting Provisions. Unless otherwise provided for in an Award Agreement, and except to the extent that an Award meeting the requirements of Section 18.2(a) (a “**Replacement Award**”) is provided to the Participant pursuant to Section 4.4 to replace an existing Award (the “Replaced Award”), upon a Change in Control, all then-outstanding Awards shall vest in accordance with paragraphs (a), (b) and (c) below.

(a) Outstanding Options and SARs. Upon a Change in Control, a Participant’s then-outstanding Options and SARs that are not vested shall immediately become fully vested (and, to the extent applicable, all performance conditions shall be deemed satisfied at target performance or if greater, based on actual performance as of the date of such Change in Control) and, subject to Section 18.3, exercisable over the exercise period set forth in the applicable Award Agreement.

(b) Outstanding Awards, other than Options and SARs, Subject Solely to a Service Condition. Upon a Change in Control, subject to Section 18.3, a Participant’s then-outstanding Awards, other than Options and SARs, that are not vested and as to which vesting depends solely on the satisfaction of a service obligation by the Participant to the Company or any Subsidiary or Affiliate shall become fully vested and shall be settled in cash, Shares or a combination thereof as provided for under the applicable Award Agreement within thirty (30) days following such Change in Control (except to the extent that settlement of the Award must be made pursuant to its original schedule in order to comply with Code Section 409A).

(c) Outstanding Awards, other than Options and SARs, Subject to a Performance Condition. Upon a Change in Control, subject to Section 18.3, a Participant’s then-outstanding Awards, other than Options and SARs, that are not vested and as to which vesting depends upon the satisfaction of one or more performance conditions shall immediately vest and all performance conditions shall be deemed satisfied as if target performance was achieved, or if greater, based on actual performance as of the date of such Change in Control. Notwithstanding that the applicable Performance Period, retention period or other restrictions and conditions have not been completed or satisfied, such Awards shall be settled pro rata, based on the proportion of the applicable Performance Period that lapsed through the date of the Change in Control, in cash, Shares or a combination thereof as provided for under the applicable Award Agreement within thirty (30) days following such Change in Control (except to the extent that settlement of the Award must be made pursuant to its original schedule in order to comply with Code Section 409A).

18.2 Definition of Replacement Award.

(a) An Award shall meet the conditions of this Section 18.2(a) (and hence qualify as a Replacement Award) if: (i) it is of the same type as the Replaced Award (or, it is of a different type as the Replaced Award, provided that the Committee, as constituted immediately prior to the Change in Control, finds such type acceptable); (ii) it has an intrinsic value at least equal to the value of the Replaced Award; (iii) it relates to publicly traded equity securities of the Company or its successor in the Change in Control or another entity that is affiliated with the Company or its successor following the Change in Control; (iv) its terms and conditions comply with Section 18.2(b); and (v) its other terms and conditions are not less favorable to the holder of the Award than the

terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the preceding sentence are satisfied. The determination of whether the conditions of this Section 18.2(a) are satisfied shall be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion. Without limiting the generality of the foregoing, the Committee may determine the value of Awards and Replacement Awards that are Options or SARs by reference to either their intrinsic value or their fair value.

(b) Upon an involuntary termination of service of a Participant (i) by the Company other than for Cause, or (ii) to the extent specifically permitted in the Participant's Award Agreement, a termination by the Participant for Good Reason", in either case occurring within the Protection Period, unless otherwise specified in the award agreement and approved by the Committee as constituted prior to the Change in Control, all Replacement Awards held by the Participant shall become fully vested and free of restrictions and, in the case of Replacement Awards in the form of (x) stock options or stock appreciation rights shall be fully exercisable, (y) performance-based Awards shall be deemed to be satisfied at target level performance and paid pro rata (based upon the proportion of the applicable Performance Period that has lapsed through the date of the Participant's involuntary termination of service) upon or within 60 days of such termination of service, or (z) service-based Awards (other than stock options or stock appreciation rights) shall be paid upon or within 60 days of such termination of service. Notwithstanding the foregoing, with respect to any Award that is considered deferred compensation subject to Code Section 409A, settlement of such Award shall be made pursuant to its original schedule if necessary to comply with Code Section 409A.

18.3 Cashout of Awards.

(a) Unless otherwise provided for in an Award Agreement, in the event of a Change in Control, with respect to any outstanding Option or Stock Appreciation Right, the Committee shall have discretion to cause a cash payment to be made to the person who then holds such Option or Stock Appreciation Right, in lieu of the right to exercise such Option or Stock Appreciation Right or any portion thereof. In the event the Committee exercises its discretion to cause such cash payment to be made, the amount of such cash payment shall be equal to the amount by which (i) the aggregate Fair Market Value (on the date of the Change in Control) of the Shares that are subject to such Option or Stock Appreciation Right exceeds (ii) the aggregate Exercise Price or Grant Price (as applicable) of such Shares under such Option or Stock Appreciation Right. If the aggregate Fair Market Value (on the date of the Change in Control) of the Shares that are subject to such Option or Stock Appreciation Right is less than the aggregate Exercise Price or Grant Price (as applicable) of such Shares under such Option or Stock Appreciation Right, such Option or Stock Appreciation Right shall be cancelled without any payment.

(b) Unless otherwise provided for in an Award Agreement, in the event of a Change in Control, with respect to an Award (other than an Option or Stock Appreciation Right) that would otherwise be payable in Common Shares, the Committee shall have discretion to cause the payment of such Award to be made in cash instead of Shares. In the event the Committee exercises its discretion to cause such cash payment to be made, the amount of such cash payment shall be equal to the aggregate Fair Market Value, on the date of the Change in Control, of the Shares that would otherwise then be payable under such Award.

(c) In the event the terms of a Change in Control transaction impose an escrow, holdback, earnout or similar condition on payments to shareholders of the Company, the Committee may, in its discretion, require that amounts payable to Participants under or with respect to any Award in connection with such transaction also be subject to escrow, holdback, earnout or similar conditions on similar terms and conditions as such provisions apply to the shareholders of the Company, provided, however, that any such payments are required to be made by the fifth anniversary of the transaction.

Section 19. Dividends and Dividend Equivalents

19.1 Payment of Dividends on Restricted Stock. With respect to an Award of Restricted Stock, the Committee may grant or limit the right of a Participant to receive dividends declared on Shares that are subject to such Award to the extent the Award is not yet vested. If the Committee grants the right of a Participant to receive dividends declared on unvested Shares of Restricted Stock, then such dividends shall be paid to the Participant as of the applicable dividend payment dates or such other dates as determined by the Committee and set forth in the applicable Award Agreement; provided however, that in the case of an Award of Restricted Stock as to which vesting depends upon the satisfaction of one or more performance conditions, such dividends shall be subject to the same performance conditions and service conditions, as applicable, as the underlying Award.

19.2 Payment of Dividend Equivalents on Awards Other than Options, SARs and Restricted Stock. Except for Options, SARs and Restricted Stock, the Committee may grant Dividend Equivalents on the units or other Share equivalents subject to an Award based on the dividends actually declared and paid on outstanding Shares. The terms of any Dividend Equivalents will be as set forth in the applicable Award Agreement, including the time and form of payment and whether such Dividend Equivalents will be credited with interest or deemed to be reinvested in additional units or Share equivalents. Dividend Equivalents payable with respect to the unvested portion of an Award shall be subject to the same performance conditions and service conditions, as applicable, as the underlying Award.

Section 20. Beneficiary Designation

The Committee may, from time to time, establish procedures it deems appropriate for a Participant to name a beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Plan is to be paid in case of the Participant's death before the Participant receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant in writing, including electronically, with the Company during the Participant's lifetime. In the absence of any such beneficiary designation, benefits remaining unpaid or rights remaining unexercised at the Participant's death shall be paid to or exercised by the Participant's executor, administrator or legal representative.

Section 21. Rights of Participants

21.1 Employment and Service. Nothing in this Plan or an Award Agreement shall (a) interfere with or limit in any way the right of the Company or any Subsidiary or Affiliate to terminate any Participant's employment with, or provision of service to, the Company or any Subsidiary or Affiliate at any time or for any reason not prohibited by law or (b) confer upon any Participant any right to continue the Participant's employment or service as a Director for any specified period of

time. Neither an Award nor any benefits arising under this Plan shall constitute an employment or service contract with the Company or any Subsidiary or Affiliate and, accordingly, subject to Sections 3 and 22, this Plan and the benefits hereunder may be amended or terminated at any time in the sole and exclusive discretion of the Board or Committee without giving rise to any liability on the part of the Company, any Subsidiary, the Committee or the Board.

21.2 Participation. No individual shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

21.3 Rights as a Shareholder. Except as otherwise provided herein, a Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award until the Participant becomes the record holder of such Shares.

Section 22. Amendment and Termination

22.1 Amendment and Termination of this Plan and Awards.

(a) Subject to subparagraphs (b) and (c) of this Section 22.1, Section 22.3 and Section 22.4 of this Plan, the Board may at any time amend, suspend or terminate this Plan, and the Board or Committee may at any time amend, suspend or terminate any outstanding Award Agreement.

(b) Without the prior approval of the Company's shareholders and except as provided for in Section 4.4, no Option or SAR Award may be (i) amended to reduce the Exercise Price or the Grant Price thereof, as applicable; (ii) cancelled in exchange for the grant of any new Option or SAR with a lower Exercise Price or Grant Price, as applicable; or (iii) cancelled in exchange for cash, other property or the grant of any new Award at a time when the Exercise Price of the Option or the Grant Price of the SAR is greater than the current Fair Market Value of a Share.

(c) Notwithstanding the foregoing, no amendment of this Plan shall be made without shareholder approval if shareholder approval is required (as provided below or otherwise) pursuant to rules promulgated by any stock exchange or quotation system on which Shares are listed or quoted or by applicable U.S. state corporate laws or regulations, or applicable U.S. federal laws or regulations, including but not limited to, the then-applicable requirements of Rule 16b-3 of the Exchange Act or any requirements under the Code relating to ISOs. Amendments to the Plan that require shareholder approval include, but are not limited to: (i) except as is provided in Section 4.4, an increase the maximum number of Shares which may be sold or awarded under the Plan or increase the maximum limitations set forth in Section 4; (ii) a change the class of persons eligible to receive Awards under the Plan; or (iii) an extension of the duration of the Plan or the maximum period during which Options or SARs may be exercised.

22.2 Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events.

(a) Except as may be limited by Section 16 with respect to Awards intended to qualify as Performance-Based Compensation, the Committee may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4.4) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate

in order to prevent unintended dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan.

(b) Any subplan may provide that the Committee or its authorized delegate shall retain the discretion to decrease the amount payable pursuant to a Cash-Based Award granted under such subplan below the amount that would otherwise be payable upon attainment of the applicable performance goal(s) over a Performance Period that does not exceed a term of one (1) year, either on a formula or discretionary basis or any combination, as the Committee or its authorized delegate determines is appropriate.

(c) The determination of the Committee (or its authorized delegate, if applicable) as to any adjustments made pursuant to subparagraphs (a) and (b) above shall be conclusive and binding on Participants under this Plan. By accepting an Award under this Plan, a Participant agrees to any adjustment to the Award made pursuant to this Section 22.2 without further consideration or action.

22.3 Awards Previously Granted. Notwithstanding any other provision of this Plan to the contrary, other than Sections 22.2 and 22.4, no termination or amendment of this Plan or an Award Agreement shall adversely affect in any material way any Award previously granted under this Plan, without the written consent of the Participant holding such Award.

22.4 Amendment to Conform to Law. Notwithstanding any other provision of this Plan to the contrary, the Board may amend this Plan and the Board or the Committee may amend an Award Agreement, to take effect retroactively or otherwise, as deemed necessary or advisable for the purpose of conforming this Plan or an Award Agreement to (i) any law relating to plans of this or similar nature (including, but not limited to Code Section 409A), and to the administrative regulations and rulings promulgated thereunder, (ii) any applicable stock exchange requirements and (iii) any compensation recoupment policy adopted by the Company. By accepting an Award under this Plan, a Participant agrees to any amendment made pursuant to this Section 22.4 to this Plan and any Award without further consideration or action.

22.5 Deferred Compensation.

(a) It is intended that any Award under this Plan shall either be exempt from, or shall comply (in form and operation) with, Code Section 409A and shall be limited, construed and interpreted in accordance with such intent. To the extent that any Award is subject to Code Section 409A, it shall be paid in a manner that is intended to comply with Code Section 409A, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. Notwithstanding anything herein to the contrary, any provision in this Plan that is inconsistent with Code Section 409A shall be deemed to be amended to comply with Code Section 409A and to the extent such provision cannot be amended to comply therewith for any reason, such provision shall be null and void.

(b) Unless the Committee provides otherwise in an Award Agreement, each Restricted Stock Unit, Performance Unit, Performance Share, Cash-Based Award, and/or Other Stock-Based Award shall be paid in full to the Participant no later than the fifteenth day of the third month after the end of the first calendar year in which such Award is no longer subject to a "substantial risk of forfeiture" within the meaning of Section 409A of the Code. If the Committee provides in an Award Agreement that a Restricted Stock Unit, Performance Unit, Performance Share, Cash-Based Award, or Other Stock-Based Award is intended to be subject to Section 409A of the Code, the

Award Agreement shall include terms that are intended to comply in all respects with Section 409A of the Code.

(c) Notwithstanding any contrary provision in the Plan or Award Agreement, any payment(s) of “nonqualified deferred compensation” (within the meaning of Code Section 409A) that are otherwise required to be made under the Plan to a “specified employee” (as defined under Code Section 409A) as a result of such employee’s separation from service (other than a payment that is not subject to Code Section 409A) shall be delayed for the first six (6) months following such separation from service (or, if earlier, the date of death of the specified employee) and shall instead commence (in a manner set forth in the Award Agreement) upon expiration of such delay period.

(d) The Company shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Code Section 409A is not so exempt or compliant or for any action taken by the Committee or the Company and, in the event that any amount or benefit under the Plan becomes subject to interest or penalties with respect to Code Section 409A, responsibility for payment of such penalties shall rest solely with the affected Participant and not with the Company. Notwithstanding any provision of the Plan and/or Award Agreement to the contrary, the Company does not make any representation to any Participant or beneficiary as to the tax consequences of any Awards made pursuant to this Plan, and the Company shall have no liability or other obligation to indemnify or hold harmless the Participant or any beneficiary for any tax, additional tax, interest or penalties that the Participant or any beneficiary may incur as a result of the grant, vesting, exercise or settlement of an Award under this Plan.

Section 23. General Provisions

23.1 Forfeiture Events.

(a) In addition to the forfeiture events specified in paragraph (b) below, the Committee may specify in an Award Agreement that the Participant’s rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable treatment of an Award. Such events may include, without limitation, breach of non-competition, non-solicitation, confidentiality, or other restrictive covenants that are contained in the Award Agreement or otherwise applicable to the Participant, a Termination of Service for Cause, or other conduct by the Participant that is detrimental to the business or reputation of the Company and its Subsidiaries.

(b) Notwithstanding any other provisions in this Plan, any Award which is subject to recovery under any law, government regulation, or stock exchange listing requirement, or any policy adopted by the Company or determined by the Committee and set forth in the applicable Award Agreement will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement or any policy adopted by the Company or determined by the Committee and set forth in the applicable Award Agreement, and the Committee, in its sole and exclusive discretion, may require that any Participant reimburse the Company all or part of the amount of any payment in settlement of any Award granted hereunder.

23.2 Tax Withholding.

(a) **Tax Withholding Generally.** The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient

to satisfy applicable federal, state and local tax withholding requirements, domestic or foreign, with respect to any taxable event arising as a result of the grant, vesting, exercise or settlement of an Award to the Participant under this Plan.

(b) **Share Withholding.** Unless otherwise required by the Committee, the Company may withhold, or permit a Participant to elect to have withheld, from a payment in Shares the number of Shares having a Fair Market Value equal to the amount required to be withheld to satisfy applicable federal, state and local tax withholding requirements, domestic or foreign, or such greater amount up to the maximum statutory withholding rate under applicable law as applicable to such Participant, if such other greater amount would not result in adverse financial accounting treatment as determined by the Committee.

23.3 Legend. The certificates for Shares may include any legend that the Committee deems appropriate to reflect any restrictions on transfer of such Shares.

23.4 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

23.5 Severability. In the event any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Plan, and this Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

23.6 Requirements of Law. The granting of Awards and the issuance of Shares under this Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. It is the intent of the Company that this Plan satisfy, and be interpreted in a manner that satisfies, the applicable requirements of Rule 16b-3, as promulgated under Section 16 of the Exchange Act, so that Participants will be entitled to the benefit of Rule 16b-3 (or any successor provisions) and will not be subject to short-swing liability under Section 16 of the Exchange Act. If any provision of this Plan would conflict with this intent, such provision to the extent possible shall be interpreted and/or deemed amended so as to avoid such conflict.

23.7 Delivery of Shares. The Company shall have no obligation to issue or deliver Shares under this Plan prior to:

(a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and

(b) Completion of any registration or other qualification of the Shares under any applicable national or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable.

23.8 Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or deliver such Shares as to which such requisite authority shall not have been obtained.

23.9 Investment Representations. The Committee may require any individual receiving Shares pursuant to an Award under this Plan to represent and warrant in writing that the individual is acquiring the Shares for investment and without any present intention to sell or distribute such Shares.

23.10 Employees Based Outside of the United States. Notwithstanding any provision of this Plan to the contrary, in order to comply with the laws in other countries in which the Company or any Subsidiaries or Affiliates operate or have Employees or Directors, the Committee, in its sole discretion, shall have the power and authority to:

(a) Determine which Subsidiaries and Affiliates shall be covered by this Plan;

(b) Determine which Employees or Directors outside the United States are eligible to participate in this Plan;

(c) Modify the terms and conditions of any Award granted to Employees or Directors outside the United States to comply with applicable foreign laws;

(d) Establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable. Any subplans and modifications to Plan terms and procedures established under this Section 23.10 by the Committee shall be attached to this Plan document as appendices; and

(e) Take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals.

Notwithstanding the above, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate applicable law.

23.11 Uncertificated Shares. To the extent that this Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a noncertificated basis, to the extent not prohibited by applicable law or the rules of any stock exchange.

23.12 Unfunded Plan. Participants shall have no right, title or interest whatsoever in or to any investments that the Company or any Subsidiaries or Affiliates may make to aid it in meeting its obligations under this Plan. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative or any other individual. To the extent that any individual acquires a right to receive payments from the Company or any Subsidiary or Affiliate under this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company or the Subsidiary or the Affiliate, as the case may be. All payments to be made hereunder shall be paid from the general funds of the Company, or the Subsidiary or the Affiliate, as the case may be, and no special or separate fund shall be established, and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in this Plan.

23.13 No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to this Plan or any Award. The Committee shall determine whether cash, Awards or other property

shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

23.14 Retirement and Welfare Plans. Neither Awards made under this Plan nor Shares or cash paid pursuant to such Awards may be included as “compensation” for purposes of computing the benefits payable to any Participant under the Company’s or any Subsidiary’s or Affiliate’s retirement plans (both qualified and nonqualified) or welfare benefit plans unless such other plan expressly provides that such compensation shall be taken into account in computing a Participant’s benefit.

23.15 Nonexclusivity of this Plan. The adoption of this Plan shall not be construed as creating any limitations on the power of the Board or Committee to adopt such other compensation arrangements as it may deem desirable for any Participant.

23.16 No Constraint on Corporate Action. Nothing in this Plan shall be construed to: (i) limit, impair, or otherwise affect the Company’s or a Subsidiary’s or Affiliate’s right or power to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell or transfer all or any part of its business or assets; or, (ii) limit the right or power of the Company or a Subsidiary or Affiliate to take any action that such entity deems to be necessary or appropriate.

23.17 Governing Law and Construction. This Plan and each Award Agreement shall be governed by the laws of the state of Georgia excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan to the substantive law of another jurisdiction. Unless otherwise provided in the Award Agreement, recipients of an Award under this Plan are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of Georgia to resolve any and all issues that may arise out of or relate to this Plan or any related Award Agreement. This Plan shall be construed in a manner consistent with the Company’s status as a real estate investment trust (“REIT”). No Award shall be granted, and with respect to any Award granted under this Plan, such Award shall not vest, be exercisable, or be settled: (i) to the extent that the grant, vesting, or settlement of such Award could cause the Participant or any other person to be in violation of the ownership limit or any other provision of the Company’s organizing documents; or (ii) if, in the discretion of the Committee, the grant, vesting, or settlement of such Award could impair the Company’s status as a REIT.

23.18 Delivery and Execution of Electronic Documents. To the extent permitted by applicable law, the Company may (i) deliver by email or other electronic means (including posting on a website maintained by the Company or by a third party under contract with the Company) all documents relating to this Plan or any Award thereunder (including without limitation, prospectuses required by the Commission) and all other documents that the Company is required to deliver to its security holders (including without limitation, annual reports and proxy statements) and (ii) permit Participant’s to electronically execute applicable Plan documents (including, but not limited to, Award Agreements) in a manner prescribed by the Committee.

23.19 No Representations or Warranties Regarding Tax Effect. Notwithstanding any provision of this Plan to the contrary, the Company, Subsidiaries, Affiliates, the Board and the Committee neither represent nor warrant the tax treatment under any federal, state, local or foreign laws and regulations thereunder (individually and collectively referred to as the “Tax Laws”) of any Award granted or any amounts paid to any Participant under this Plan including, but not limited

to, when and to what extent such Awards or amounts may be subject to tax, penalties and interest under the Tax Laws.

23.20 Indemnification. Subject to requirements of the laws of the state of Georgia, each individual who is or shall have been a member of the Board, or a Committee appointed by the Board, or an officer of the Company or other person to whom authority was delegated in accordance with Section 3, shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under this Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf, unless such loss, cost, liability or expense is a result of his or her own willful or gross misconduct or except as expressly provided by statute. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such individuals may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

23.21 Successors. All obligations of the Company under this Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

23.22 Deferrals. Subject to applicable law, the Committee may from time to time establish procedures pursuant to which a Participant may defer on an elective or mandatory basis receipt of all or a portion of the cash or Shares subject to an Award on such terms and conditions as the Committee shall determine, including those of any deferred compensation plan of the Company or any Subsidiary or Affiliate specified by the Committee for such purpose.

23.23 Data Protection. By participating in the Plan, each Participant consents to the collection, processing, transmission and storage by the Company, in any form whatsoever, of any data of a professional or personal nature which is necessary for the purposes of administering the Plan. The Company may share such information with any Subsidiary or Affiliate, any trustee, its registrars, brokers, other third-party administrator or any person who obtains control of the Company or any Subsidiary or Affiliate or any division respectively thereof.

23.24 Right of Offset. Subject to applicable legal requirements, including Code Section 409A, the Company and its Subsidiaries and Affiliates shall have the right to offset against the obligations to make payment or issue any Shares to any Participant under this Plan, any outstanding amounts (including travel and entertainment advance balances, loans, tax withholding amounts paid by the employer or amounts repayable to the Company, Subsidiary or Affiliate pursuant to tax equalization, housing, automobile or other employee programs) such Participant then owes to the Company or a Subsidiary or Affiliate and any amounts the Committee otherwise deems appropriate pursuant to any tax equalization policy or agreement.

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Section 3: EX-31.1 (EXHIBIT 31.1)

I, M. Colin Connolly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cousins Properties Incorporated (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c. Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

/s/ M. Colin Connolly

M. Colin Connolly

Chairman of the Board and Chief Executive Officer

Date: May 9, 2019

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Section 4: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

**CERTIFICATION PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Gregg D. Adzema, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cousins Properties Incorporated (the “Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Gregg D. Adzema

Gregg D. Adzema

Executive Vice President and Chief Financial Officer

Date: May 9, 2019

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Section 5: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Cousins Properties Incorporated (the "Registrant") for the quarter ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the President and Chief Executive Officer of the Registrant, certifies that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ M. Colin Connolly

M. Colin Connolly

Chairman of the Board and Chief Executive Officer

Date: May 9, 2019

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Section 6: EX-32.2 (EXHIBIT 32.2)

Exhibit 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Cousins Properties Incorporated (the "Registrant") for the quarter ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Executive Vice President and Chief Financial Officer of the Registrant, certifies that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Gregg D. Adzema

Gregg D. Adzema

Executive Vice President and Chief Financial Officer

Date: May 9, 2019

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