COUSINS PROPERTIES INC
Form 10-K
February 28, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2010

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from_____to_____

Commission file number 001-11312
COUSINS PROPERTIES INCORPORATED
(Exact name of registrant as specified in its charter)

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

(404) 407-1000
(Registrant s telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of Exchange on which registered
Common Stock ($1 par value)	New York Stock Exchange
7.75% Series A Cumulative Redeemable Preferred Stock ($1 par value)	New York Stock Exchange
7.50% Series B Cumulative Redeemable Preferred Stock ($1 par value)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes o No þ
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the

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

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

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

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

As of June 30, 2010, the aggregate market value of the common stock of Cousins Properties Incorporated held by non-affiliates was $593,746,523 based on the closing sales price as reported on the New York Stock Exchange. As of February 24, 2011, 103,635,494 shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant s proxy statement for the annual stockholders meeting to be held on May 3, 2011 are incorporated by reference into Part III of this Form 10-K.

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FORWARD-LOOKING STATEMENTS

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

- the Company s business and financial strategy;
- the Company s ability to obtain future financing arrangements;
- the Company s understanding of its competition and its ability to compete effectively;
- projected operating results;
- market and industry trends;
- estimates relating to future distributions;
- projected capital expenditures; and
- interest rates.

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

- availability and terms of capital and financing, both to fund operations and to refinance indebtedness as it matures;
- risks and uncertainties related to national and local economic conditions, the real estate industry in general and in specific markets, and the commercial, residential and condominium markets in particular;
- continued adverse market and economic conditions requiring the recognition of additional impairment losses;
- leasing risks, including an inability to obtain new tenants or renew tenants on favorable terms, or at all, upon the expiration of existing leases and the ability to lease newly developed or currently unleased space;
- financial condition of existing tenants;
- rising interest rates and insurance rates;
- the availability of sufficient development or investment opportunities;
- competition from other developers or investors;
- the risks associated with development projects (such as construction delay, cost overruns and leasing/sales risk of new properties);

potential liability for uninsured losses, condemnation or environmental issues;

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.

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

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PART I

Item 1. Business

Corporate Profile

Cousins Properties Incorporated (the Registrant or Cousins) is a Georgia corporation, which, since 1987, has elected to be taxed as a real estate investment trust (REIT). Cousins Real Estate Corporation and its subsidiaries (CREC) is a taxable entity wholly-owned by the Registrant, which is consolidated with the Registrant. CREC owns, develops, and manages its own real estate portfolio and performs certain real estate related services for other parties. The Registrant, its subsidiaries and CREC combined are hereafter referred to as the Company. The Company has been a public company since 1962, and its common stock trades on the New York Stock Exchange under the symbol CUZ.

The Company s strategy is to produce stockholder returns through the investment in and management of high-quality, well-located office and retail properties in its core markets of Georgia, Texas and North Carolina. The Company also owns interests in residential development projects, undeveloped land tracts held for investment and industrial assets, and manages properties for third party owners. Historically, the Company has engaged in timely and strategic dispositions either by sale or through contributions to ventures in which the Company retains an ownership interest. The intent of these transactions was to maximize the value of the assets the Company has created, generate capital for additional development properties and return a portion of the value created to stockholders. The Company s current strategy will focus on maximizing value in its current portfolio through lease up, as well as opportunistic investments in office or retail properties within its core markets. The Company s long-term strategy also includes the recycling of capital not invested in its core markets, including leasing and subsequently selling its industrial assets, liquidating its remaining for-sale multi-family residential unit inventory, and reducing its holdings of undeveloped land and residential lots. Additionally, the Company may diversify its holdings geographically in order to reduce the level of concentration in Atlanta, Georgia.

Unless otherwise indicated, the notes referenced in the discussion below are the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K on pages F- 7 through F- 34.

For a description and list of the Company s properties, see the Item 2 tables in the report herein. The following is a summary of the Company s 2010 activities.

Office

As of December 31, 2010, the Company owned directly or through joint ventures 22 operating office properties totaling 7.4 million square feet. The Company developed most of the office properties it currently owns. While the Company maintains expertise in the development of office properties, given the current economic environment, it may seek to invest in existing operating office properties within its core markets. During 2010, the Company had the following activity in its office property portfolio:

Executed new leases covering approximately 956,000 square feet.

Executed renewals of leases covering approximately 385,000 square feet.

Restructured the Terminus 200 venture, resulting in the full payment of the Company s loan guarantee, a reduction of the Company s ownership from 50% to 20%, a change in the Company s venture partner and an amendment and extension of the related construction loan.

Sold 8995 Westside Parkway, a 51,000-square-foot office building in Atlanta, Georgia, for $3.2 million, generating a gain of approximately $700,000.

Retail

As of December 31, 2010, the Company owned directly or through joint ventures 17 operating retail centers totaling 4.7 million square feet. The Company developed most of the retail properties it currently owns. While the Company maintains expertise in development of retail properties, given the current economic environment, it may seek to invest in existing operating retail properties within its core markets. During 2010, the Company had the following activity in its retail property portfolio:

Executed new leases covering approximately 381,000 square feet.

Executed renewals of leases covering approximately 369,000 square feet.

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Invested $14.9 million in Cousins Watkins LLC, a joint venture that holds interests in four Publix-anchored shopping centers in the Southeast.

Sold San Jose MarketCenter for $85 million, generating a net gain of approximately $6.6 million.

Sold nine outparcels at three retail centers generating gains of approximately $4.7 million.

Third Party Management and Other Fee Income

As of December 31, 2010, the Company managed and/or leased 12.1 million square feet of office and retail properties for third party owners. In addition, the Company has numerous contracts to provide development and construction management services for third party owners. During 2010, the Company executed new development and construction contracts with Cox Enterprises and the College Football Hall of Fame.

Other Investments

As of December 31, 2010, the Company owned directly or through joint ventures three operating industrial properties totaling 2.0 million square feet, 24 residential development projects, seven completed units in a for-sale multifamily project, and 9,100 acres of undeveloped land. During 2010, the Company had the following activity related to its other investments:

Closed on the sale of 75 units at the 10 Terminus Place condominium project, generating profit of approximately $7.5 million.

Sold Glenmore Garden Villas LLC (Glenmore) in Charlotte, North Carolina, generating a gain of approximately $369,000.

Sold 53 acres of land at Jefferson Mill Business Park, generating a gain of approximately $328,000.

Sold 44 acres of land at King Mill Distribution Park, generating a gain of approximately $876,000.

Executed new leases covering 903,000 square feet of industrial space.

Sold 624 acres of residential land, generating a gain of approximately $3.4 million.

Sold 371 residential lots, generating net profits of $2.2 million.

Financing Activities

The Company s financing strategy is to provide capital to fund its investment activities while maintaining a relatively conservative debt level. Historically, the Company has accomplished this strategy by raising capital through bank credit facilities, construction and permanent loans secured by underlying properties, sales of assets, contribution of assets into joint ventures, and the issuance of equity securities. During 2010, the Company had the following financing activities:

Amended its Credit Facility (which included a Term Facility and a line of credit) to, among other things, reduce overall capacity from $600 million to $350 million, increase the spread over the London Interbank Offering Rate (LIBOR) and changed certain financial debt covenants.

Repaid the Company s $100 million Term Facility and terminated the associated interest rate swap for a payment of approximately $9.2 million. Repayment of the Term Facility correspondingly increased the Company s maximum borrowing capacity under its line of credit from $250 million to $350 million.

Amended The Avenue Murfreesboro construction loan by reducing its capacity from $131.0 million to $113.2 million, extending the maturity date from July 2010 to July 2013 and increasing the spread over LIBOR from 1.15% to 3.00%.

Obtained a new mortgage loan secured by Meridian Mark Plaza that increased the principal from $22.3 million to $27.0 million, reduced the interest rate from 8.27% to 6.00% and extended the maturity date from 2010 to 2020.

Amended the Terminus 100 mortgage loan, paying down the principal from $180 million to $140 million, extending the maturity from 2012 to 2023 and reducing the interest rate from 6.13% to 5.25%.

Obtained a new mortgage loan secured by The Avenue East Cobb that increased the principal from $34.5 million to $36.6 million, reduced its interest rate from 8.39% to 4.52% and extended the maturity date from 2010 to 2017.

In conjunction with the formation of Cousins Watkins LLC, obtained four loans with a total borrowing capacity of $33.5 million and $28.9 million outstanding at December 31, 2010.

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Environmental Matters

The Company s business operations are subject to various federal, state and local environmental laws and regulations governing land, water and wetlands resources. Among these are certain laws and regulations under which an owner or operator of real estate could become liable for the costs of removal or remediation of certain hazardous or toxic substances present on or in such property. Such laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of such substances, or the failure to properly remediate such substances, may subject the owner to substantial liability and may adversely affect the owner s ability to develop the property or to borrow using such real estate as collateral. The Company typically manages this potential liability through performance of Phase I Environmental Site Assessments and, as necessary, Phase II environmental sampling, on properties it acquires or develops, although no assurance can be given that environmental liabilities do not exist, that the reports revealed all environmental liabilities or that no prior owner created any material environmental condition not known to the Company. In certain situations, the Company has also sought to avail itself of legal and regulatory protections offered by federal and state authorities to prospective purchasers of property. Where applicable studies have resulted in the determination that remediation was required by applicable law, the necessary remediation is typically incorporated into the development activity of the relevant property. Compliance with other applicable environmental laws and regulations is similarly incorporated into the redevelopment plans for the property. The Company is not aware of any environmental liability that the Company s management believes would have a material adverse effect on the Company s business, assets or results of operations.

Certain environmental laws impose liability on a previous owner of property to the extent that hazardous or toxic substances were present during the prior ownership period. A transfer of the property does not necessarily relieve an owner of such liability. Thus, although the Company is not aware of any such situation, the Company may be liable in respect to properties previously sold.

The Company believes that it and its properties are in compliance in all material respects with all applicable federal, state and local laws, ordinances and regulations governing the environment.

Competition

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

Executive Offices; Employees

The Registrant s executive offices are located at 191 Peachtree Street, Suite 500, Atlanta, Georgia 30303-1740. At December 31, 2010, the Company employed 320 people.

Available Information

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

The Company s Corporate Governance Guidelines, Director Independence Standards, Code of Business Conduct and Ethics, and the Charters of the Audit Committee, the Investment Committee and the Compensation, Succession, Nominating and Governance Committee of the Board of Directors are also available on the Investor Relations page of the Company s website. The information contained on the Company s website is not incorporated herein by reference.

Copies of these documents (without exhibits, when applicable) are also available free of charge upon request to the Company at 191 Peachtree Street, Suite 500, Atlanta, Georgia 30303-1740, Attention: Cameron Golden, Investor Relations. Mr. Golden may also be reached by telephone at (404) 407-1984 or by facsimile at (404) 407-1002.

In addition, the SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers, including the Company, that file electronically with the SEC at www.sec.gov.

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Item 1A. Risk Factors

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

General Risks of Owning and Operating Real Estate

Our ownership of commercial real estate involves a number of risks, including general economic and market risks, impairment risks, leasing risk, co-tenancy risk, uninsured losses and condemnation costs, environmental issues, joint venture structure risk, liquidity risk and regional concentration of properties, the effects of which could adversely affect our business.

General economic and market risks. In periods of a general economic decline or a recessionary climate, our assets may not generate sufficient cash to pay our expenses, service debt or maintain our properties, and, as a result, our results of operations and cash flows may be adversely affected. Several factors may adversely affect the economic performance and value of our properties. These factors include, among other things:

- changes in the national, regional and local economic climate;
- local conditions such as an oversupply of properties or a reduction in demand for properties;
- the attractiveness of our properties to tenants or buyers;
- competition from other available properties;
- changes in market rental rates and related concessions granted to tenants such as free rent, tenant allowances and tenant improvement allowances; and
- the need to periodically repair, renovate and re-lease space.

While the trends in the real estate industry and the broader U. S. economy appear to be showing signs of stabilization, conditions within some of our markets, such as unemployment, consumer demand and housing starts, continue to be unfavorable and may, as a result, adversely affect our business, financial condition, results of operations and the ability of our tenants and other parties to satisfy their contractual obligations to us. As a result, defaults by our tenants and other contracting parties may increase, which would adversely affect our results of operations. Also, tightened underwriting standards in the residential real estate markets impede potential purchasers from obtaining the necessary financing to purchase our properties. Furthermore, our ability to sell or lease our properties at favorable rates, or at all, may be adversely affected by economic conditions.

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

Impairment risks. We regularly review our real estate assets for impairment, and, based on this review, we may record impairment losses that have an adverse effect on our results of operations. Adverse or uncertain market and economic conditions and market volatility increase the likelihood that we will be required to record additional impairment losses. The magnitude and frequency with which these charges occur could materially and adversely affect our business, financial condition and results of operations.

Leasing risk. Our operating revenues are dependent upon entering into leases with and collecting rents from tenants. A prolonged economic decline may adversely impact tenants and potential tenants in the various markets in which our projects are located and, accordingly, could affect their ability to pay rents and possibly to occupy their space. In periods of economic decline, tenants are more likely to close unprofitable locations and/or to declare bankruptcy; and, pursuant to the various bankruptcy laws, leases may be rejected and thereby terminated. When leases

expire or are terminated, replacement tenants may or may not be available upon

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acceptable terms and conditions. In addition, our cash flows and results of operations could be adversely impacted if existing leases expire or are terminated and, at such time, market rental rates are lower than the previous contractual rental rates. Also, during these types of economic conditions, our tenants may approach us for additional concessions in order to remain open and operating. The granting of these concessions may adversely affect our results of operations and cash flows to the extent that they result in reduced rental rates or additional capital improvements or allowances paid to or on behalf of the tenants.

Co-tenancy risk. Our cash flow and results of operations could be adversely impacted by co-tenancy provisions in certain of our leases with retail tenants. A co-tenancy provision may condition the tenant s obligation to open, the amount of rent payable or the tenant s obligation to continue occupancy based on the presence of another tenant in the project or on minimum occupancy levels in the project. In certain situations, a tenant could have the right to terminate a lease early if a co-tenancy condition remains unsatisfied. Our results of operations and our ability to pay dividends would be adversely affected if a significant number of our tenants had their rent reduced or terminated their leases as a result of co-tenancy provisions.

Uninsured losses and condemnation costs. Accidents, earthquakes, terrorism incidents and other losses at our properties could materially adversely affect our operating results. Casualties may occur that significantly damage an operating property, and insurance proceeds may be materially less than the total loss incurred by us. Although we maintain casualty insurance under policies we believe to be adequate and appropriate, some types of losses, such as lease and other contract claims, generally are not insured. Certain types of insurance may not be available or may be available on terms that could result in large uninsured losses. We own property in California, Tennessee and other locations where property is potentially subject to damage from earthquakes, as well as other natural catastrophes. We also own property that could be subject to loss due to terrorism incidents. The earthquake insurance and terrorism insurance markets, in particular, tend to be volatile and the availability and pricing of insurance to cover losses from earthquakes and terrorism incidents may be unfavorable from time to time. In addition, earthquakes and terrorism incidents could result in a significant loss that is uninsured due to the high level of deductibles or damage in excess of levels of coverage. Property ownership also involves potential liability to third parties for such matters as personal injuries occurring on the property. Such losses may not be fully insured. In addition to uninsured losses, various government authorities may condemn all or parts of operating properties. Such condemnations could adversely affect the viability of such projects.

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

Joint venture structure risks. Similar to other real estate companies, we have interests in a number of joint ventures (including partnerships and limited liability companies) and may in the future invest in real estate through such structures. Our venture partners have rights to take some actions over which we have no control, or the right to withhold approval of actions that we propose, either of which could adversely affect our interests in the related joint ventures and in some cases our overall financial condition or results of operations. These structures involve participation by other parties whose interests and rights may not be the same as ours. For example, a venture partner

might have economic and/or other business interests or goals which are unlike

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or incompatible with our business interests or goals and those venture partners may be in a position to take action contrary to our interests, including maintaining our REIT status. In addition, such venture partners may become bankrupt and such proceedings could have an adverse impact on the operation of the partnership or joint venture. Furthermore, the success of a project may be dependent upon the expertise, business judgment, diligence and effectiveness of our venture partners in matters that are outside our control. Thus, the involvement of venture partners could adversely impact the development, operation, ownership or disposition of the underlying properties.

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

Regional concentration of properties. Currently, a large percentage of our properties are located in metropolitan Atlanta, Georgia. In the future, there may continue to be significant concentrations in metropolitan Atlanta, Georgia and/or other markets. If conditions deteriorate in any market in which we have significant holdings, our interests could be adversely affected by, among other things, loss in value of properties, decreased cash flows and inability to make or maintain distributions to stockholders.

Compliance or failure to comply with the Americans with Disabilities Act or other safety regulations and requirements could result in substantial costs.

The Americans with Disabilities Act generally requires that certain public buildings be made accessible to disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants. If, under the Americans with Disabilities Act, we are required to make substantial alterations and capital expenditures in one or more of our properties, including the removal of access barriers, it could adversely affect our financial condition and results of operations, as well as the amount of cash available for distribution to our stockholders.

Our properties are also subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. We do not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures that will affect our cash flow and results of operations.

Financing Risks

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

We finance our investments and development projects through one or more of the following: our bank Credit Facility, permanent mortgages, proceeds from the sale of assets, construction loans, and joint venture equity. In addition, we have raised capital through the issuance of common stock and preferred stock to supplement our capital needs. Each of these sources may be constrained from time to time because of market conditions, and interest rates may be unfavorable at any given point in time. These sources of capital, and the risks associated with each, include the following:

Credit facilities. Terms and conditions available in the marketplace for credit facilities vary over time. We can provide no assurance that the amount we need from our Credit Facility will be available at any given time, or at all, or that the rates and fees charged by the lenders will be acceptable to us. We incur interest under our Credit Facility at a variable rate. Variable rate debt creates higher debt service requirements if market interest rates increase, which would adversely affect our cash flow and results of operations. Our Credit Facility contains customary restrictions, requirements and other limitations

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on our ability to incur indebtedness, including restrictions on total debt outstanding, restrictions on secured recourse debt outstanding, and requirements to maintain minimum debt service and fixed charge coverage ratios. Our continued ability to borrow under our Credit Facility is subject to compliance with our financial and other covenants.

Mortgage financing. The availability of financing in the mortgage markets varies from time to time depending on various conditions, including the willingness of mortgage lenders to lend at any given point in time. Interest rates and loan-to-value ratios may also be volatile, and we may from time to time elect not to proceed with mortgage financing due to unfavorable terms offered by lenders. This could adversely affect our ability to finance investment or development activities. In addition, if a property is mortgaged to secure payment of indebtedness and we are unable to make the mortgage payments, the lender may foreclose, resulting in loss of income and asset value.

Property sales. Real estate markets tend to experience market cycles. Because of such cycles, the potential terms and conditions of sales, including prices, may be unfavorable for extended periods of time. In addition, our status as a REIT limits our ability to sell properties and this may affect our ability to liquidate an investment. As a result, our ability to raise capital through property sales in order to fund our investment and development projects or other cash needs could be limited. In addition, mortgage financing on a property may prohibit prepayment and/or impose a prepayment penalty upon the sale of a mortgaged property, which may decrease the proceeds from a sale or refinancing or make the sale or refinancing impractical.

Construction loans. Construction loans generally relate to specific assets under construction and fund costs above an initial equity amount deemed acceptable to the lender. Terms and conditions of construction facilities vary, but they generally carry a term of two to five years, charge interest at variable rates and require the lender to be satisfied with the nature and amount of construction costs prior to funding. While construction lending is generally competitive and offered by many financial institutions, there may be times when these facilities are not available or are only available upon unfavorable terms which could have an adverse effect on our ability to fund development projects or on our ability to achieve the returns we expect.

Joint ventures. Joint ventures, including partnerships or limited liability companies, tend to be complex arrangements, and there are only a limited number of parties willing to undertake such investment structures. There is no guarantee that we will be able to undertake these ventures at the times we need capital.

Common stock. We have sold common stock from time to time to raise capital, most recently in September 2009. The issuance of common stock can reduce the percentage of stock ownership of individual current stockholders, and we can provide no assurance that there will not be further dilution to our stockholders from future issuances of stock. The market price of our common stock could decline as a result of issuances or sales of our common stock in the market after such offerings or the perception that such issuances or sales could occur. Additionally, future issuances or sales of our common stock may be at prices below the offering prices of past common stock offered, which could adversely affect the price of our common stock.

Preferred stock. The availability of preferred stock at favorable terms and conditions is dependent upon a number of factors including the general condition of the economy, the overall interest rate environment, the condition of the capital markets and the demand for this product by potential holders of the securities. We can provide no assurance that conditions will be favorable for future issuances of preferred stock when we need the capital, which could have an adverse effect on our ability to fund investments and development projects.

We may not be able to refinance maturing obligations on favorable terms which could have an adverse effect on our liquidity and financial position.

We may not be able to refinance debt secured by our properties at the same levels or on the same terms, which could adversely affect our business, financial condition and results of operations. Further, at the

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time the loan matures, the property may be worth less than the loan amount and, as a result, the Company may determine not to refinance the loan and permit foreclosure, generating a loss to the Company.

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

Our Credit Facility imposes financial and operating covenants on us. These covenants may be modified from time to time, but covenants of this type typically include restrictions and limitations on our ability to incur debt, as well as limitations on the amount of our unsecured debt, limitations on distributions to stockholders, and limitations on the amount of joint venture activity in which we may engage. These covenants may limit our flexibility in making business decisions. In addition, our Credit Facility contains financial covenants that require that our earnings, as defined, exceed our fixed charges by a specified amount. If our earnings decline or if our fixed charges increase, we are at greater risk of violating these covenants. A prolonged economic downturn could cause our earnings to decline thereby increasing our risk of violating these covenants. If we fail to meet these covenants, our ability to borrow may be impaired, which could potentially make it more difficult to fund our capital and operating needs. In addition, our failure to comply with such covenants could cause a default, and we may then be required to repay our outstanding debt with capital from other sources. Under those circumstances, other sources of capital may not be available to us or may be available only on unattractive terms, and may require the issuance of equity.

Additionally, some of our properties are subject to mortgages. These mortgages contain customary negative covenants, including limitations on our ability, without the lender s prior consent, to further mortgage that property, to modify existing leases or to sell that property. Compliance with these covenants and requirements could harm our operational flexibility and financial condition.

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

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

Real Estate Development Risks

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

While current market conditions are generally unfavorable for development, and our development activities are lower than in past years, we have historically undertaken more commercial development activity relative to our size than most other public real estate companies. Development activities contain certain inherent risks. Although we seek to minimize risks from commercial development through various management controls and procedures, development risks cannot be eliminated. Some of the key factors affecting development of commercial property are as follows:

The availability of sufficient development opportunities. Absence of sufficient development opportunities, such as in the past few years, could result in our experiencing slower growth in earnings and cash flows. Development opportunities are dependent upon a wide variety of factors. From time to time, availability of these opportunities can be volatile as a result of, among other things, economic conditions and product supply/demand characteristics in a particular market. In a period of prolonged economic downturn, the number of development opportunities typically declines among all of our product types.

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

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

Leasing/Sales risk. The success of a commercial real estate development project is dependent upon, among other factors, entering into leases with acceptable terms within a predefined lease-up period or selling units or lots at acceptable prices within an estimated period. Although our policy is to achieve pre-leasing/pre-sales goals (which vary by market, product type and circumstances) before committing to a project, it is likely only some percentage of the space in a project will be leased or under contract to be sold at the time we commit to the project. If the space is not leased or sold on schedule and upon the expected terms and conditions, our returns, future earnings and results of operations from the project could be adversely impacted. In periods of economic decline, unleased space at new development projects is generally more difficult to lease on favorable terms than during periods of economic expansion. Whether or not tenants are willing to enter into leases on the terms and conditions we project and on the timetable we expect, and whether sales will occur at the prices we anticipate and in the time period we plan, will depend upon a number of factors, many of which are outside our control. These factors may include:

general business conditions in the economy or in the tenants or prospective tenants industries;

supply and demand conditions for space in the marketplace; and

level of competition in the marketplace.

Reputation risks. We have historically developed and managed our real estate portfolio and believe that we have built a positive reputation for quality and service with our lenders, joint venture partners and tenants, as well as with our third-party management clients. If we were viewed as developing underperforming properties, suffered sustained losses on our investments, defaulted on a significant level of loans or experienced significant foreclosure or deed in lieu of foreclosure of our properties, our reputation could be damaged. Damage to our reputation could make it more difficult to successfully develop or acquire properties in the future and to continue to grow and expand our relationships with our lenders, joint venture partners, tenants and third-party management clients, which could adversely affect our business, financial condition and results of operations.

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

We may make more property acquisitions in the future, which exposes us to additional risks associated with such property acquisitions.

In the current market environment, development opportunities may be limited, and as a result, we may invest more heavily in property acquisitions, including the acquisition and redevelopment of distressed properties. The risks associated with property acquisitions is generally the same as those described above for

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real estate development. However, certain additional risks may be present for property acquisitions and redevelopment projects, including:

- we may have difficulty finding properties that meet our standards and negotiating with new or existing tenants;
- the extent of competition in the market for attractive acquisitions may hinder our future level of property acquisitions or redevelopment projects;
- the actual costs and timing of repositioning or redeveloping acquired properties may be greater than our estimates, which would affect our yield and cash investment in the property;
- the occupancy levels, lease-up timing and rental rates may not meet our expectations, making the project unprofitable;
- the acquired or redeveloped property may be in a market that is unfamiliar to us and could present additional unforeseen business challenges:
- acquired properties may fail to perform as expected;
- we may be unable to obtain financing for acquisitions on favorable terms or at all; and
- we may be unable to quickly and efficiently integrate new acquisitions into our existing operations, and significant levels of management s time and attention could be involved in these projects, diverting their time from our day-to-day operations.

Any of these risks could have an adverse effect on our results of operations and financial condition. In addition, we may acquire properties subject to liabilities, including environmental, and without any recourse, or with only limited recourse, against the prior owners or other third parties with respect to unknown liabilities. As a result, if a liability were asserted against us based upon ownership of those properties, we might have to pay substantial sums to settle or contest it, which could adversely affect our business, results of operations and cash flow.

Risks Associated with our Land Developments and Investments

Any failure to timely sell, or a decline in pricing of, our residential lots and undeveloped residential land could adversely affect our results of operations.

We develop residential subdivisions, primarily in metropolitan Atlanta, Georgia. We also participate in joint ventures that develop or plan to develop subdivisions in metropolitan Atlanta, as well as Texas and Florida. Residential lot sales are highly cyclical and can be affected by the availability of mortgage financing, interest rates and local issues, including the availability of jobs, transportation and the quality of public schools. Once a development is undertaken, no assurances can be given that we will be able to sell the various developed lots in a timely manner. Failure to sell such lots in a timely manner could result in significantly increased carrying costs, erosion or elimination of profit with respect to any development and impairment losses.

In addition, actual construction and development costs with respect to subdivisions can exceed estimates for various reasons, including unknown site conditions. The timing of subdivision lot sales are, by their nature, difficult to predict with any precision. Additionally, market conditions may change between the time we decide to develop a property and the time that all or some of the lots may be ready for sale.

Similarly, we often hold undeveloped residential land for long periods of time prior to development or sale. Any changes in market conditions between the time we acquire land and the time we develop and/or sell land could cause the Company s estimates of proceeds and related profits from such sales to be lower or result in an impairment charge. Periods of economic downturn can cause estimated sales prices to decline, increasing the likelihood that we will be required to record impairment losses. Estimates of sales and profits may differ substantially from actual sales and profits and as a result, our results of operations may differ substantially from these estimates.

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Any failure to timely sell or lease non-income producing land could adversely affect our results of operations.

We maintain significant holdings of non-income producing land in the form of land tracts and outparcels. Our strategies with respect to these parcels of land include (1) developing the land at a future date as a retail, office, mixed-use or multi-use income producing property or developing it for single-family or for-sale multi-family residential uses; (2) ground leasing the land to third parties; and (3) selling the parcels to third parties. Before we develop, lease or sell these land parcels, we incur carrying costs, including interest and property tax expense. If we are unable to sell this land or convert it into income producing property in a timely manner, our results of operations and liquidity could be adversely affected.

Risks Associated with our Third Party Management Business

Our third party management business may experience volatility based on a number of factors, including termination of contracts, which could adversely affect our results of operations.

We engage in third party development, leasing, property management, asset management and property services to unrelated property owners. Contracts for such services are generally short-term in nature and permit termination without extensive notice. Fees from such activities can be volatile due to unexpected terminations of such contracts. Extensive unexpected terminations could materially adversely affect our results of operations. Further, the timing of the generation of new contracts for services is difficult to predict.

General Business Risks

We may not adequately or accurately assess new opportunities, which could adversely impact our results of operations.

Our estimates and expectations with respect to new lines of business and opportunities may differ substantially from actual results, and any losses from these endeavors could materially adversely affect our results of operations. We conduct business in an entrepreneurial manner. We seek opportunities in various sectors of real estate and in various geographical areas and from time to time undertake new opportunities, including new lines of business. Not all opportunities or lines of business prove to be profitable. We expect from time to time that some of our business lines may have to be terminated because they do not meet our profit expectations. Termination of these business lines may result in the write off of certain related assets and/or the termination of personnel, which would adversely impact results of operations.

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

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

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

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

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We experience fluctuations and variability in our operating results on a quarterly basis and in the market price of our common stock and, as a result, our historical performance may not be a meaningful indicator of future results.

Our operating results have fluctuated greatly in the past, due to volatility in land tract and outparcel sales, property sales, and residential lot sales, in addition to one-time, nonrecurring transactions that may be significant. We anticipate future fluctuations in our quarterly results, which does not allow for predictability in the market by analysts and investors. Therefore, our historical performance may not be a meaningful indicator of our future results.

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

actual or anticipated variations in our operating results, funds from operations or liquidity;

changes in our earnings or analyst estimates and any failure to meet such estimates;

the general reputation of real estate as an attractive investment in comparison to other equity securities;

the general stock and bond market conditions, including changes in interest rates or fixed income securities;

changes in tax laws;

changes to our dividend policy;

changes in market valuations of our properties;

adverse market reaction to the amount of our outstanding debt at any time, the amount of our maturing debt and our ability to refinance such debt on favorable terms;

any failure to comply with existing debt covenants;

any foreclosure or deed in lieu of foreclosure of our properties;

additions or departures of key executives and other employees;

actions by institutional stockholders;

the realization of any of the other risk factors described in this report; and

general market and economic conditions.

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

If our future operating performance does not meet third-party projections, our stock price could decline.

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

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Federal Income Tax Risks

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

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

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

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

85% of our ordinary income;

95% of our net capital gain income for that year; and

100% of our undistributed taxable income (including any net capital gains) from prior years.

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

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

From time to time, we may transfer or otherwise dispose of some of our properties. Under the Code, any gains resulting from transfers or dispositions, from other than our taxable REIT subsidiary, are deemed to be prohibited transactions would be subject to a 100% tax on any gain associated with the transaction. Prohibited transactions generally include sales of assets that constitute inventory or other property held for sale to customers in the ordinary course of business. Since we acquire properties primarily for investment purposes, we do not believe that our occasional transfers or disposals of property are deemed to be prohibited transactions. However, whether or not the property qualifies as held for investment purposes depends on all the facts and circumstances surrounding the particular transaction. The Internal Revenue Service may contend that certain transfers or disposals of properties by us are prohibited transactions. While we believe that the Internal Revenue Service would not prevail in any such dispute, if the Internal Revenue Service were to argue successfully that a transfer or disposition of property constituted a prohibited transaction, we would be required to pay a tax equal to 100% of any gain allocable to us from the prohibited transaction. In addition, income from a prohibited transaction might adversely affect our ability to satisfy the income tests for qualification as a REIT for federal income tax purposes.

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Disclosure Controls and Internal Control over Financial Reporting Risks

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

The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. While management will continue to review the effectiveness of our disclosure controls and procedures and internal control over financial reporting, there can be no guarantee that our internal control over financial reporting will be effective in accomplishing all control objectives at all times. Deficiencies, including any material weakness, in our internal control over financial reporting which may occur in the future could result in misstatements of our results of operations, restatements of our financial statements, a decline in our stock price, or otherwise materially adversely affect our business, reputation, results of operations, financial condition or liquidity.

Item 1B. Unresolved Staff Comments.

Not applicable.

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Item 2. Properties

The following tables set forth certain information related to significant operating properties in which the Company has an ownership interest. Information presented in Note 4 to the Consolidated Financial Statements provides additional information related to the Company s joint ventures. Except as noted, all information presented is as of December 31, 2010. Where noted by italicized numbers, additional information is contained in the footnotes on page 26. Dollars are stated in thousands.

Table of Major Operating Office, Retail and Industrial Properties

Year Development Completed or Acquired	Venture Partner(s)	Company s Ownership Interest	Square Feet and Acres	Percentage Leased	Average 2010 Economic Occupancy *(1)*	Major Tenants (Lease Expiration/Options Expira
2006	N/A	100%	1,219,000 2 acres *(3)*	79%	75%	Deloitte & Touche (2024/2034) Hall, Booth, Smith & Slover (2021/2031) Ogletree, Deakins, Nash, Smoak & Stewart (2019/2029) Carlock, Copeland & Stair (2022/20 Cooper Carry (2022/2032)
ty Center *(4)*						
1999	N/A	100%	996,000 4 acres *(5)*	95%	85%	American Cancer Society (2022/203 US South (2021) *(5)* Co Space Services (2020/2025) Georgia Lottery Corp. (2023) Turner Broadcasting (2011/2021)
2007	N/A	100%	656,000 4 acres	95%	92%	CB Richard Ellis (2019/2024) Morgan Stanley (2018/2028) Premiere Global Services (2018/202 Wells Fargo Bank NA (2017/2027) Cumulus Media (2017) Bain & Company (2019/2029)
2000	N/A	100%	203,000 15 acres	88%	91%	Bombardier Aerospace Corp. (2013/2023) Liberty Mutual (2013/2023)
1998	Daniel Realty	100% *(6)*	197,000	94%	96%	Synovus Mortgage (2017/2022)

	Company		12 acres			Daxko, LLC (2011) Southern Care (2013/2018)
2000	Daniel Realty Company	100% ***(6)***	123,000 10 acres	86%	98%	Daxko, LLC (2022) O2 Ideas (2014/2024)
1999	N/A	100%	160,000 3 acres	97%	91%	Northside Hospital ***(7)*** (2018/2023) ***(8)*** Children s Healthcare of Atlanta (2023) ***(8)*** Georgia Reproductive (2017/2027)

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Year Development Completed or Acquired	Venture Partner(s)	Company s Ownership Interest	Square Feet and Acres	Percentage Leased	Average 2010 Economic Occupancy *(1)*	Major Tenants (Lease Expiration/Options Expir
1995	N/A	100%	128,000 7 acres	94%	93%	Schweitzer-Mauduit International (2017/2022) Med Assets HSCA (2015/2020) Golden Peanut Co. (2017)
1996	N/A	100%	130,000 9 acres	100%	100%	Med Assets HSCA (2015/2020) Morgan Stanley (2011)
1998	N/A	100%	130,000 9 acres	98%	93%	Merrill Lynch (2014/2024) Nokia (2013/2023) Wells Fargo Bank NA (2013/2016)
2000	N/A	100%	152,000 10 acres	98%	96%	Kids II, Inc. (2011) Regus Business Centre (2011/2016
2004	N/A	100%	111,000 7 acres	67%	63%	Parkmobile USA, Inc (2015) Orcatec LLC (2016)
2006	N/A	100%	84,000 8 acres	93%	93%	City of Sandy Springs (2011)
2005	N/A	100%	51,000 5 acres	100%	100%	Inhibitex (2015/2025)
2007	N/A	100%	N/A	N/A	N/A	N/A

			1 acre			
2000	Prudential *(7)*	88.5% ***(10)***	376,000 3 acres	96%	96%	Georgia Department of Transportation (2019)

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Year Development Completed or Acquired	Venture Partner(s)	Company s Ownership Interest	Square Feet and Acres	Percentage Leased	Average 2010 Economic Occupancy *(1)*	Major Tenants (Lease Expiration/Options Expira
2008	Dimensional Fund Advisors & Forestar Real Estate Group	50%	216,000 13 acres	100%	100%	Dimensional Fund Advisors (2023/2043)
2008	Dimensional Fund Advisors & Forestar Real Estate Group	50%	157,000 6 acres	93%	35%	St. Jude Medical (2018/2023) Forestar Real Estate Group (2018/20
2001	Bank of America ***(7)***	50% ***(11)***	1,065,000 8 acres	100%	100%	Bank of America ***(7)*** (2016/2036)
2002	Emory University	50%	358,000 ***(12)***	100%	99%	Emory University (2017/2047) ***(12)*** Resurgens (2014/2019) Laureate Medical Group (2013)
1991	Coca-Cola ***(7)***	50% ***(13)***	260,000 5 acres	94%	94%	AGL Services Co. (2013/2028)
2010	Morgan Stanley Real Estate Fund	20% ***(14)***	566,000 1 acre	67%	13%	Kids II, Inc. (2023/2033) Greenberg Traurig (2026/2041) Firethorn Holdings (2014/2024) Sony Ericsson Mobile (2019/2029)
1997	Prudential ***(7)***	11.50%	69,000 1 acre ***(15)***	78%	78%	Novant Health (2012/2017) ***(15)***

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Lease Expirations Office

As of December 31, 2010, the Company s office portfolio included 22 commercial office buildings. The weighted average remaining lease term of these office buildings was approximately seven years as of December 31, 2010. Most of the major tenant leases in these buildings provide for pass through of operating expenses and contractual rents which escalate over time. Annual Contractual Rent excludes the operating expense reimbursement portion of the rent payable. If the lease does not provide for pass through of such operating expense reimbursements, an estimate of operating expenses is deducted from the rental rate shown. The contractual rental rate shown is the estimated rate in the year of expiration. The leases expire as follows:

2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020 & Thereafter**
Company s % share of Joint Venture Properties):									
453,048	**177,108**	**537,534**	**256,485**	**405,130**	**703,723**	**459,908**	**271,199**	**514,932**	**1,518,406**
9%	**3%**	**10%**	**5%**	**7%**	**13%**	**9%**	**5%**	**10%**	**29%**
$ 5,373	**$ 2,577**	**$ 8,834**	**$ 4,448**	**$ 7,099**	**$ 12,754**	**$ 10,638**	**$ 6,902**	**$ 9,279**	**$ 31,551**
$ 11.86	**$ 14.55**	**$ 16.44**	**$ 17.34**	**$ 17.52**	**$ 18.12**	**$ 23.13**	**$ 25.45**	**$ 18.02**	**$ 20.78**
440,657	134,417	380,864	218,625	381,301	149,211	372,892	208,212	235,344	1,358,798
11%	3%	10%	6%	10%	4%	10%	5%	6%	35%
$ 5,186	$ 1,788	$ 5,930	$ 3,579	$ 6,768	$ 2,433	$ 8,454	$ 5,455	$ 5,962	$ 26,671
$ 11.77	$ 13.30	$ 15.57	$ 16.37	$ 17.75	$ 16.30	$ 22.67	$ 26.20	$ 25.33	$ 19.63
26,743	106,398	295,713	101,506	34,534	1,127,710	176,043	124,146	365,109	465,197
1%	4%	10%	4%	1%	40%	6%	4%	13%	17%
416	$ 2,071	$ 5,635	$ 2,486	$ 538	$ 21,143	$ 4,422	$ 2,874	$ 4,865	$ 13,764
$ 15.55	$ 19.46	$ 19.06	$ 24.49	$ 15.57	$ 18.75	$ 25.12	$ 23.15	$ 13.33	$ 29.59

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	Year Development Completed or		Company Ownership	Square Feet or Acres	Average 2010 Economic Occupancy Percentage		Major Tenants	Majo Tenan Renta Squa
d Location	Acquired	Venture Partner(s)	Interest	and Acres	Leased *(1)*		(Lease Expiration/Options Expiration)	Fee
(18)								
rriage								
phis, TN	2005	Jim Wilson & Associates *(7)*	100% *(6)*	802,000 *(19)* 97 acres *(19)*	88%	90%	Dillard s *(20)* Macy s (2021/2051) *(21)* Bed, Bath & Beyond (2020/2040) Barnes & Noble (2016/2026)	N 130,0 28,3 25,3
ebb Gin ta, GA	2006	N/A	100%	322,000 48 acres	88%	84%	Barnes & Noble (2019/2029) Ethan Allen (2021/2031) GAP (2014/2018) *(22)* DSW Shoes (2018/2023)	26,5 18,5 17,4 16,0
s								
O	2008	Prudential *(7)*	88.5% *(10)*	587,000 *(23)* 68 acres *(23)*	82%	79%	JC Penney *(20)* The Home Depot *(20)* Target *(20)* Best Buy (2019/2039) Sports Authority (2019/2039) PetSmart (2018/2033)	N N N 45,6 41,7 25,4
rsyth ta, GA	2008	Prudential *(7)*	88.5% *(10)*	472,000 *(24)* 59 acres *(24)*	81%	70%	AMC Theaters (2023/2039) Barnes & Noble (2018/2028) DSW Shoes (2019/2024)	50,9 28,0 15,0
Town	2010	Watkins Retail Group *(7)(25)*	50.5%	96,000 24 acres	87%	87%	Publix (2028/2068)	45,6
ge *(25)*	2010	Watkins Retail Group *(7)(25)*	50.5%	91,000 15 acres	77%	77%	Publix (2028/2068)	54,3
	2010	Watkins Retail Group *(7)*		78,000	91%	91%	Publix (2028/2068)	54,3

n Village			50.5% ***(25)***					
N				11 acres				
ee Village			50.5%					
	2010	Watkins Retail Group ***(7)(25)***		74,000 12 acres	83%	83%	Publix (2028/2068)	45,6

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Location	Year Development Completed or Acquired	Venture Partner(s)	Company s Ownership Interest	Square Feet and Acres	Percentage Leased	Average 2010 Economic Occupancy (1)	Major Tenants (Lease Expiration/Options Expiration)	T R S
esboro TN	2007	Faison Enterprises, Inc. *(7)*	50%	751,000 93 acres	86%	82%	Belk (2027) ***(21)*** Dick s Sporting Goods (2018/2033) Best Buy (2018/2038) Haverty s Furniture (2018/2023) Linens and More for Less (2020/2030) Barnes & Noble (2018/2028)	
	2005	Prudential *(7)*	11.50%	460,000 ***(26)*** 55 acres ***(26)***	93%	90%	Rave Motion Pictures ***(20)*** Belk (2024/2044) ***(21)*** Bed, Bath & Beyond (2015/2035) Michaels (2016/2036)	
obb GA	1999	Prudential *(7)*	11.50%	230,000 30 acres	98%	93%	Borders (2015/2030) ***(36)*** Bed, Bath & Beyond (2015/2025) GAP (2015) ***(22)*** Pottery Barn (2012) ***(7)*** Talbots (2015)	
obb GA	2003	Prudential *(7)*	11.50%	255,000 22 acres	95%	87%	Barnes & Noble (2014/2024) GAP (2012/2022) ***(22)*** Charming Charlies (2015/2025) IO Metro (2020/2025)	
ree City GA	2001	Prudential *(7)*	11.50%	183,000 18 acres ***(27)***	89%	94%	Books-A-Million (2013) GAP (2012/2022) Talbots (2012/2022) Banana Republic (2012/2022)	
	2005	Prudential *(7)*	11.50%	178,000 20 acres	96%	95%	Kohl s Department Stores (2026/2056) ***(21)***	

Sports Authority (2017/2032)
Office Depot (2016/2036)

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Location	Year Development Completed or Acquired	Venture Partner(s)	Company s Ownership Interest	Square Feet and Acres	Percentage Leased	Average 2010 Economic Occupancy (1)	Major Tenants (Lease Expiration/Options Expiration)
Center GA	1994	Prudential *(7)*	10.32%	518,000 *(28)* 60 acres *(28)*	99%	94%	Target *(20)* Babies R Us (2017/2032) Dick s Sporting Goods (2017/2037) Marshalls (2015/2025) Bed, Bath & Beyond (2026/2041) Regal Cinemas (2014/2034) Stein Mart (2020/2040)
enter	1996	Prudential *(7)*	10.32%	493,000 *(29)* 44 acres *(29)*	100%	100%	Target *(20)* Harris Teeter (2016/2036) Best Buy (2015/2030) Bed, Bath & Beyond (2012/2027) Babies R Us (2016/2021) Stein Mart (2011/2026) Barnes & Noble (2012/2022) PetSmart (2016/2031)
enter	1996	Prudential *(7)*	10.32%	182,000 *(30)* 17 acres *(30)*	100%	69%	Sears *(20)* LA Fitness (2026/2041) Borders (2017/2037) *(36)* Bristol Farms (2012/2032) *(7)* TJ Maxx (2020/2035)

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Lease Expirations Retail

As of December 31, 2010, the Company s retail portfolio included 17 retail properties. The weighted average remaining lease term of these retail properties was approximately eight years as of December 31, 2010. Most of the major tenant leases in these retail properties provide for pass through of operating expenses and contractual rents which escalate over time. Certain leases contain termination options, with or without penalty, if co-tenancy clauses or sales volume levels are not achieved. The expiration date per the lease is used for these leases in the table below, although early termination is possible. Annual Contractual Rent excludes the operating expense reimbursement portion of the rent payable and any percentage rents due. The contractual rental rate shown is the estimated rate in the year of expiration. The leases expire as follows:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 & Thereafter
ng Company s % share of Joint Venture										
	89,204	**56,908**	**68,521**	**94,888**	**107,460**	**266,721**	**131,276**	**319,192**	**293,968**	**504,713**
	5%	**2%**	**3%**	**5%**	**6%**	**14%**	**7%**	**17%**	**15%**	**26%**
	$ 1,429	**$ 1,086**	**$ 1,670**	**$ 1,900**	**$ 2,491**	**$ 6,089**	**$ 3,311**	**$ 7,240**	**$ 6,196**	**$ 5,788**
	$ 16.02	**$ 19.09**	**$ 24.37**	**$ 20.02**	**$ 23.18**	**$ 22.83**	**$ 25.22**	**$ 22.68**	**$ 21.08**	**$ 11.47**
	43,526	28,776	14,546	41,036	40,029	181,980	71,602	48,183	60,816	202,051
	6%	4%	2%	5%	5%	25%	10%	7%	8%	28%
	$ 786	$ 503	$ 373	$ 742	$ 1,138	$ 4,640	$ 2,068	$ 1,213	$ 824	$ 1,307
	$ 18.05	$ 17.48	$ 25.67	$ 18.09	$ 28.42	$ 25.50	$ 28.88	$ 25.17	$ 13.55	$ 6.47
	233,472	232,278	197,034	228,014	375,664	372,872	302,033	473,851	318,264	811,907
	7%	6%	5%	6%	11%	11%	9%	13%	9%	23%
	$ 3,506	$ 4,753	$ 4,927	$ 4,822	$ 7,444	$ 6,489	$ 6,096	$ 10,265	$ 7,609	$ 10,548

$ 15.02	$ 20.46	$ 25.01	$ 21.15	$ 19.81	$ 17.40	$ 20.18	$ 21.66	$ 23.91	$ 12.99	$

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Year Development Completed or Acquired	Venture Partner(s)	Company s Ownership Interest	Square Feet and Acres	Percentage Leased	Average 2010 Economic Occupancy *(1)*	Major Tenants (Lease Expiration/Options Expir
2007	Seefried Industrial Properties	100%***(6)***	749,000 38 acres	91%	66%	HD Supply Facilities Maintenance (2017/2023) Owens & Minor Distribution (2015
2007	Weeks Properties Group	75%***(10)***	796,000 41 acres	100%	87%	Briggs & Stratton Corporation (2015/2020) ***(7) (33)***
2008	Weeks Properties Group	75%***(10)***	459,000 38 acres	100%	42%	Systemax Distribution (2030/2050)

Lease Expirations Industrial

As of December 31, 2010, the Company s industrial portfolio included three buildings. The weighted average remaining lease term of these properties was approximately nine years as of December 31, 2010. The leases provide for pass through of operating expenses and contractual rents which escalate over time. Annual Contractual Rent excludes the operating expense reimbursement portion of the rent payable. The contractual rental rate shown is the estimated rate in the year of expiration. The leases expire as follows:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 & Thereafter	Total
Company s % share of Joint Venture Properties:											
Square Feet Expiring	**89,288**				**731,240**		**457,681**			**344,351**	**1,622,560**
% of Leased Space	**6%**	**0%**	**0%**	**0%**	**45%**	**0%**	**28%**	**0%**	**0%**	**21%**	**100%**
Annual Contractual Rent (000 s)	**$ 223**	**$**	**$**	**$**	**$ 2,186**	**$**	**$ 1,602**	**$**	**$**	**$ 1,616**	**$ 5,627**
Annual Contractual Rent/Sq. Ft.	**$ 2.50**	**$**	**$**	**$**	**$ 2.99**	**$**	**$ 3.50**	**$**	**$**	**$ 4.69**	**$ 3.47**

Joint Venture:													
Square Feet Expiring	119,050				900,590		457,681			459,134	1,936,455***(35)***		
% of Leased Space	6%	0%	0%	0%	46%	0%	24%	0%	0%	24%	100%		
Annual Contractual Rent (000 s)	$ 298	$	$	$	$ 2,676	$	$ 1,602	$	$	$ 2,154	$ 6,730		
Annual Contractual Rent/Sq. Ft.	$ 2.50	$	$	$	$ 2.97	$	$ 3.50	$	$	$ 4.69	$ 3.48		

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FOOTNOTES

(1) Average economic occupancy is calculated as the percentage of the property for which revenue was recognized during the year. If the property was purchased during the year, average economic occupancy is calculated from the date of purchase forward. If the project was under construction or has an expansion that was under construction during the year, average economic occupancy for the property or the expansion portion reflects the fact that the property had no occupancy for a portion of the year.

(2) Cost as shown in the accompanying table includes deferred leasing costs, other related tangible assets and net intangible real estate assets.

(3) Square footage and cost information includes 9,300 square feet for 201 Peachtree, which is connected to 191 Peachtree, and acreage information includes 0.8 acres under a ground lease which expires in 2087.

(4) The real estate and other assets of this property are restricted under a loan agreement such that the assets are not available to settle other debts of the Company.

(5) At The American Cancer Society Center, approximately 0.18 acres of land are under a ground lease expiring in 2068, and 33,509 square feet of the US South lease expires in 2011.

(6) These projects are owned through a joint venture with a third party who may get a share of the results of operations or sale of the property, even though the projects are shown as 100% owned.

(7) Actual tenant or venture partner is an affiliate of the entity shown.

(8) At Meridian Mark Plaza, 43,051 square feet of the Northside Hospital lease expires in 2013, with an option to extend to 2023, and 7,521 square feet of the Children s Healthcare lease expires in 2019.

(9) At 333 North Point Center East, 3,715 square feet of this lease expires in 2011.

(10) The allocation of the results of operations and the legal ownership percentage could be different depending on the attainment of certain thresholds.

(11) The Company receives a preferred return of 11.46% on its investment in the entity that owns Gateway Village, and the Company s return on its capital is anticipated to be limited to 17%.

(12) Emory University Hospital Midtown Medical Office Tower was developed on top of a building within the Emory University Hospital Midtown campus. The venture received a fee simple interest in the air rights above this building in order to develop the medical office tower. In addition, 5,148 square feet of the Emory University lease expires in 2011.

(13) After August 2011, the Company s return from the entity that owns Ten Peachtree Place is 15% on the first $15.3 million of cash flows and 50% to each partner thereafter.

(14) The Company s ownership interest in Terminus 200 building changed during 2010 from 50% to 20%. In addition, the allocation of the results of operations and the legal ownership could be different depending on the attainment of certain thresholds.

(15) Presbyterian Medical Plaza is located on 1 acre, which is subject to a ground lease expiring in 2057, and 9,143 square feet of the Novant lease expires in 2019.

(16) Rentable square feet leased as of December 31, 2010 out of approximately 4,340,000 total rentable square feet.

(17) Rentable square feet leased as of December 31, 2010 out of approximately 3,067,000 total rentable square feet.

(18) Most of these retail centers also include outparcels which are ground leased to freestanding users.

(19) Ownership of the square footage and acreage of The Avenue Carriage Crossing is detailed below:

	Square Feet	Acres
Owned by anchor tenant	291,000	19
Owned by Carriage Avenue, LLC	511,000	78
Total	802,000	97

(20) This anchor tenant owns its own store and land.

(21) This tenant built and owns its own store and pays the Company under a ground lease.

(22) At the Avenue Webb Gin, The Gap can relinquish 7,099 square feet of this lease if the Company receives notice between certain prescribed dates in 2013 and 2014. At the Avenue East Cobb, The Gap can relinquish 7,915 square feet if the Company receives notice between certain prescribed 2011 dates. At the Avenue West Cobb, The Gap can relinquish 7,021 square feet if the Company receives notice between certain prescribed dates in 2011 and 2012.

(23) Ownership of the square footage and acreage of Tiffany Springs MarketCenter is detailed below:

	Square Feet	Acres
Owned by anchor tenant	349,000	31
Owned by CP Venture Six LLC	238,000	25
Owned by the Company		12
Total	587,000	68

(24) Ownership of the square footage and acreage of The Avenue Forsyth is detailed below:

	Square Feet	Acres
Owned by CP Venture Six LLC	472,000	53
Owned by the Company		6
Total	472,000	59

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FOOTNOTES (cont_d)

(25) These retail properties were acquired in a joint venture that was formed on December 31, 2010; therefore, no revenues, depreciation or amortization were recognized in 2010. See Note 4 for additional information. The allocation of the results of operations and the legal ownership percentage could be different depending on the attainment of certain thresholds.

(26) Ownership of the square footage and acreage of The Avenue Viera is detailed below:

	Square Feet	Acres
Owned by anchor tenant	128,000	10
Owned by CP Venture Five LLC	332,000	45
Total	460,000	55

(27) Approximately 1.5 acres of the total acreage at The Avenue Peachtree City is under a ground lease expiring in 2024.

(28) Ownership of the square footage and acreage of North Point MarketCenter is detailed below:

	Square Feet	Acres
Owned by anchor tenant	117,000	11
Owned by CP Venture LLC	401,000	49
Total	518,000	60

(29) Ownership of the square footage and acreage of Greenbrier MarketCenter is detailed below:

	Square Feet	Acres
Owned by anchor tenant	117,000	8
Owned by CP Venture LLC	376,000	36
Total	493,000	44

(30) Ownership of the square footage and acreage of Los Altos MarketCenter is detailed below:

	Square Feet	Acres
Owned by anchor tenant	25,000	
Owned by CP Venture LLC	157,000	17
Total	182,000	17

(31) Gross leasable area leased as of December 31, 2010 out of approximately 833,000 total gross leasable area.

(32) Gross leasable area leased as of December 31, 2010 out of approximately 3,912,000 total gross leasable area.

(33) Of the total square footage leased, 119,050 square feet is leased on a month-to-month basis.

(34) This building sold in February 2011.

(35) Rentable square feet leased as of December 31, 2010 out of approximately 2,004,000 total rentable square feet.

(36) Subsequent to December 31, 2010, Borders announced they may close certain stores.

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Residential Lots

As of December 31, 2010, CREC, Temco Associates (Temco) and CL Realty, L.L.C. (CL Realty) owned the following projects which are being developed, or planned to be developed, into residential communities (see Note 4 of Notes to Consolidated Financial Statements). Information in the table represents total amounts for the development as a whole, not the Company s share. Cost basis reflects the Company s basis for consolidated properties and the venture s basis for joint venture properties. In some cases, the Company s share of a venture s basis may be different than the Company s investment due to capitalization of costs and impairments at the Company s investment level.

Description	Year Commenced	Estimated Project Life (In Years)	Estimated Total Lots to be Developed (1)	Developed Lots in Inventory	Lots Sold in Current Year	Total Lots Sold	Remaining Lots to be Sold	Cost Basis ($000)
CREC (Consolidated)								
The Lakes at Cedar Grove Fulton County Suburban Atlanta, GA	2001	20	906	48	25	727	179	$ 4,651
Callaway Gardens (50% owned) (2) (3) Harris County Pine Mountain, GA	2006	10	559	101	10	30	529	15,600
Blalock Lakes (3) Coweta County Suburban Atlanta, GA	2006	14	154	86	1	19	135	39,647
Longleaf at Callaway (3) Harris County Pine Mountain, GA	2002	10	138	13		125	13	384
River s Call East Cobb County Suburban Atlanta, GA	1999	13	107	12	1	95	12	468
Tillman Hall	2008	5	29	23	2	6	23	2,653

Gwinnett County Suburban Atlanta, GA								
Total Consolidated			1,893	283	39	1,002	891	63,403
Temco (50% owned) Bentwater Paulding County Suburban Atlanta, GA	1998	13	1,676	5		1,671	5	16
The Georgian (75% owned) Paulding County Suburban Atlanta, GA	2003	24	1,385	259		288	1,097	23,673
Seven Hills Paulding County Suburban Atlanta, GA	2003	17	1,081	331	2	636	445	16,699
Harris Place Paulding County Suburban Atlanta, GA	2004	10	27	9		18	9	652
Total Temco			4,169	604	2	2,613	1,556	41,040
CL Realty (50% owned) Long Meadow Farms (37.5% owned) Fort Bend County Houston, TX	2003	16	2,083	65	86	693	1,390	12,800
Summer Creek Ranch	2003	21	1,274	187		796	478	5,067

Tarrant County Fort Worth, TX								
Bar C Ranch Tarrant County Fort Worth, TX	2004	20	1,199	82	40	232	967	7,113
Summer Lakes Fort Bend County Rosenberg, TX	2003	16	1,123	157	20	345	778	7,121
Southern Trails (80% owned) Brazoria County Pearland, TX	2005	11	1,027	59	80	452	575	18,558
Village Park Collin County McKinney, TX	2003	12	567		17	356	211	6,407
Manatee River Plantation Manatee County Tampa, FL	2003	10	457	109		348	109	2,604
Stonewall Estates (50% owned) Bexar County San Antonio, TX	2005	9	382	15	41	261	121	4,918
Stillwater Canyon Dallas County DeSoto, TX	2003	11	335	6		225	110	2,325
Creekside Oaks Manatee County Bradenton, FL	2003	11	301	130	46	171	130	2,855

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Residential Lots (continued)

Description	Year Commenced	Estimated Project Life (In Years)	Estimated Total Lots to be Developed (1)	Developed Lots in Inventory	Lots Sold in Current Year	Total Lots Sold	Remaining Lots to be Sold	Cost Basis ($000)
CL Realty (50% owned)								
Waterford Park Fort Bend County Rosenberg, TX	2005	12	210				210	$ 8,524
Village Park North Collin County McKinney, TX	2005	10	189	8		71	118	2,387
Bridle Path Estates Hillsborough County Tampa, FL	2004	10	87				87	3,016
West Park Cobb County Suburban Atlanta, GA	2005	13	84			21	63	5,332
Total CL Realty			9,318	818	330	3,971	5,347	89,027
Total			15,380	1,705	371	7,586	7,794	$ 193,470
Company s Share of Total			7,335	881	155	3,916	3,419	$ 110,592
Company s Weighted Average Ownership			48%	52%	42%	52%	44%	57%

(1) This estimate represents the total projected development capacity for a development on owned land. The numbers shown include lots currently developed or to be developed over time, based on management s current estimates, and lots sold to date from inception of development.

(2) Callaway Gardens is owned in a joint venture which is consolidated with the Company. The partner is entitled to a share of the profits after the Company s capital is recovered.

(3) All lots at Longleaf at Callaway and certain lots at Callaway Gardens and Blalock Lakes are sold to a homebuilding venture, of which the Company is a joint venture partner. As a result of this relationship, the Company defers some or all profits until houses are built and sold, rather than at the time lots are sold, as is the case with the Company s other residential developments.

Land Held

As of December 31, 2010, the Company owned or controlled the following land holdings either directly or indirectly through venture arrangements. The Company evaluates its land holdings on a regular basis and may develop, ground lease or sell portions of the land holdings if opportunities arise. Information in the table represents total amounts for the developable land area as a whole, not the Company s share. Cost basis reflects the Company s basis for consolidated properties and the venture s basis for joint venture properties. In some cases, the Company s share of a venture s basis may be different than the Company s investment due to capitalization of costs and impairments at the Company s investment level. See Note 4 of Notes to Consolidated Financial Statements for further information related to investments in unconsolidated joint ventures.

Description and Location	Zoned Use	Company s Ownership Interest	Developable Land Area (Acres)	Year Acquired	Cost Basis ($000)
COMMERCIAL INVESTMENTS					
Round Rock Land Austin, TX	Retail and Commercial	100%	60	2005	$ 17,115(1)
Terminus Atlanta, GA	Mixed Use	100%	4	2005	12,651(1)
615 Peachtree Street Atlanta, GA	Mixed Use	100%	2	1996	12,492(1)
Wildwood Office Park Suburban Atlanta, GA	Office and Commercial	50%	36	1971-1989	21,186
Land Adjacent to The Avenue Forsyth Suburban Atlanta, GA	Retail	94%(2)	15	2007	10,442(1)
King Mill Distribution Park Suburban Atlanta, GA	Industrial	100%	86	2005	10,089(1)
Lakeside Ranch Business Park Dallas, TX	Industrial and Commercial	100%(3)	51	2006	9,821(1)

Jefferson Mill Business Park Suburban Atlanta, GA	Industrial and Commercial	100%	117	2006	9,196(1)
549 / 555 / 557 Peachtree Street Atlanta, GA	Mixed Use	100%	1	2004/2009	8,794(1)
North Point Suburban Atlanta, GA	Mixed Use	100%	42	1970-1985	6,519(1)
Research Park V Austin, TX	Commercial	100%	6	1998	4,963(1)

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Land Held (continued)

Description and Location	Zoned Use	Company s Ownership Interest	Developable Land Area (Acres)	Year Acquired	Cost Basis ($000)
Lancaster					
Dallas, TX	Industrial	100%(3)	47	2007	$ 4,844(1)
Land Adjacent to The Avenue Murfreesboro					
Suburban Nashville, TN	Retail	50%	6	2006	4,099
Land Adjacent to The Avenue Carriage Crossing					
Suburban Memphis, TN	Retail	100%(3)	2	2004	1,969(1)
Wildwood Office Park					
Suburban Atlanta, GA	Mixed Use	100%	23	1971-1989	1,014(1)
Land Adjacent to The Avenue Webb Gin					
Suburban Atlanta, GA	Retail	100%	2	2005	946(1)
Land Adjacent to Highland City Town Center					
Lakeland, FL	Mixed Use	51%(3)	56	2010	5,458
Land Adjacent to The Shops of Lee Village					
Suburban Nashville, TN	Retail	51%(3)	6	2010	1,944
TOTAL COMMERCIAL INVESTMENTS			562		143,542
RESIDENTIAL INVESTMENTS					
Blalock Lakes					
Suburban Atlanta, GA	Residential	100%	1,205	2008	9,650(1)
Paulding County					
Suburban Atlanta, GA	Residential and Mixed Use	50%	5,731	2005	14,846
Padre Island					
Corpus Christi, TX	Residential and Mixed Use	50%	15	2005	7,545
Handy Road Associates, LLC					
Suburban Atlanta, GA	Large Lot Residential	50%(3)	1,187	2004	3,374(1)
Summer Creek Ranch					
Forth Worth, TX	Residential and Mixed	50%	71	2002	(4)

	Use				
Long Meadow Farms					
Houston, TX	Residential and Mixed Use	19%	105	2002	(4)
Seven Hills					
Suburban Atlanta, GA	Residential and Mixed Use	50%	112	2002-2005	(4)
Waterford Park					
Rosenberg, TX	Commercial	50%	90	2005	(4)
Village Park					
McKinney, TX	Residential	50%	2	2003-2005	(4)
TOTAL RESIDENTIAL INVESTMENTS			8,518		35,415
TOTAL LAND HELD			9,080		$ 178,957

(1) The cost basis of these consolidated properties aggregates to $123,879,000, as reflected on the Consolidated Balance Sheet.

(2) Ownership percentage reflects blended ownership. A portion of the developable land area is owned 100% by the Company and a portion is owned 88.5% by a consolidated joint venture.

(3) This project is owned through a joint venture with a third party who has contributed equity, but the equity ownership and the allocation of the results of operations and/or gain on sale most likely will be disproportionate.

(4) These residential communities have adjacent land that may be sold to third parties in large tracts for residential, multi-family or commercial development. The cost basis of these tracts and the lot inventory are included on the Residential Lots schedule above.

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For-Sale Multi-Family Residential Units

The following provides information regarding the Company s investments in For-Sale Multi-Family Residential projects at December 31, 2010.

	Total Units Developed / Purchased	Units Sold in Current Year	Total Units Sold	Remaining Units to be Sold	Cost Basis ($000)
10 Terminus Place (1)					
Atlanta, GA	137	75	130	7	$ 2,561
60 North Market (2)					
Asheville, NC	28	5	28		433
TOTAL CONSOLIDATED FOR-SALE MULTI-FAMILY UNITS	165	80	158	7	$ 2,994

(1) The total units sold does not include two units that closed but do not qualify as sales under applicable accounting standards.

(2) The project includes 9,224 square feet of for-sale commercial retail space. The commercial retail units are not included in the unit totals above but are included in the cost basis. None of the commercial retail units have been sold as of December 31, 2010.

Other Investments

Air Rights Near the CNN Center. The Company owns a leasehold interest in the air rights over the approximately 365,000 square foot CNN Center parking facility in Atlanta, Georgia, adjoining the headquarters of Turner Broadcasting System, Inc. and Cable News Network. The air rights are developable for additional parking or for certain other uses. The Company s net carrying value of this interest is $0.

Item 3. Legal Proceedings

The Company is subject to various legal proceedings, claims and administrative proceedings arising in the ordinary course of business, some of which are expected to be covered by liability insurance and all of which collectively are not expected to have a material adverse effect on the liquidity, results of operations, business or financial condition of the Company.

Item 4. Reserved

Item X. Executive Officers of the Registrant

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

Name	Age	Office Held
Lawrence L. Gellerstedt, III	54	President and Chief Executive Officer
R. Dary Stone	57	Vice Chairman of the Company
Gregg D. Adzema	46	Executive Vice President and Chief Financial Officer
Michael I. Cohn	51	Executive Vice President Retail Investments, Leasing and Asset Management
Craig B. Jones	59	Executive Vice President and Chief Investment Officer
John S. McColl	48	Executive Vice President Development, Office Leasing and Asset Management
J. Thad Ellis	50	Senior Vice President Client Services
John D. Harris, Jr.	51	Senior Vice President, Chief Accounting Officer and Assistant Secretary

Robert M. Jackson	43	Senior Vice President, General Counsel and Corporate Secretary

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Family Relationships

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

Term of Office

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

Business Experience

Mr. Gellerstedt became President and Chief Executive Officer of the Company in July 2009. In addition, he was appointed as a Director of the Company in July 2009. In February 2009, Mr. Gellerstedt assumed the role of President and Chief Operating Officer. Mr. Gellerstedt joined the Company in July 2005 as Senior Vice President and President of the Office/Multi-Family Division. The Company changed its organizational structure in May 2008, and he became Executive Vice President and Chief Development Officer.

Mr. Stone joined the Company in June 1999. Mr. Stone was President and Chief Operating Officer of the Company from February 2001 to January 2002 and was a Director of the Company from 2001 to 2003. Effective January 2002, he relinquished the positions of President and Chief Operating Officer and assumed the position of President Texas. In February 2003, he became Vice Chairman of the Company. On February 15, 2011, Mr. Stone was nominated by the Board of Directors to be a Director of the Company effective March 2, 2011, and is therefore relinquishing his role as Vice Chairman of the Company.

Mr. Adzema joined the Company in November 2010 as Executive Vice President and Chief Financial Officer. From October 2009 until November 2010, he served as the Chief Investment Officer of Hayden Harper Inc., an investment advisory and hedge fund group. From August 2005 to September 2008, he was Executive Vice President Investments with Grubb Properties, Inc., a real estate development, construction and management company. From September 1996 to February 2005, Mr. Adzema served in various positions, most recently as Executive Vice President and Chief Financial Officer, at Summit Properties, Inc., which was acquired by Camden Property Trust in February 2005.

Mr. Cohn joined the Company in August 2010 as Executive Vice President Retail Investments, Leasing and Asset management. From October 2002 to July 2010, he was Senior Managing Director for Faison Southeast.

Mr. Jones joined the Company in November 1992 and became Senior Vice President in November 1995 and President of the Office Division in September 1998. He became Executive Vice President and Chief Administrative Officer in August 2004 and served in that capacity until December 2006, when he assumed the role of Executive Vice President and Chief Investment Officer.

Mr. McColl joined the Company in April 1996 as Vice President. He joined the Cousins/Richmond Division in February 1997 and was promoted in May 1997 to Senior Vice President of the Company. The Cousins/Richmond Division merged with the Office Division in 2000. He was promoted to Executive Vice President Development, Office Leasing and Asset Management in February 2010.

Mr. Ellis joined the Company in August 2006 as Senior Vice President Client Services. Prior to 2006, for at least five years, Mr. Ellis was Managing Director of CarrAmerica Corporation s Atlanta office.

Mr. Harris joined the Company in February 2005 as Senior Vice President and Chief Accounting Officer and was subsequently appointed Assistant Secretary. From 1994 to 2003, Mr. Harris was employed by JDN Realty Corporation, most recently serving as Senior Vice President, Chief Financial Officer, Secretary, and Treasurer. Beginning in 2004 until February 2005, Mr. Harris was the Vice President and Corporate Controller for Wells Real Estate Funds, Inc.

Mr. Jackson joined the Company in December 2004 as Senior Vice President, General Counsel and Corporate Secretary. From February 1996 to December 2004, he was an associate and then a partner with Troutman Sanders LLP, an Atlanta-based, international law firm.

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PART II

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

Market Information

The high and low sales prices for the Company s common stock and dividends declared per common share (the 2010 and the June, September and December 2009 dividends were paid in a combination of stock and cash) were as follows:

	2010 Quarters				2009 Quarters			
	First	**Second**	**Third**	**Fourth**	**First**	**Second**	**Third**	**Fourth**
High	**$ 8.68**	**$ 8.67**	**$ 7.36**	**$ 8.44**	$ 14.10	$ 10.79	$ 10.95	$ 8.58
Low	**$ 6.70**	**$ 6.66**	**$ 6.00**	**$ 6.86**	$ 5.85	$ 6.11	$ 7.30	$ 6.83
Dividends Declared	**$ 0.09**	**$ 0.09**	**$ 0.09**	**$ 0.09**	$ 0.25	$ 0.25	$ 0.15	$ 0.09
Payment Date	**3/15/10**	**6/18/10**	**9/17/10**	**12/17/10**	2/23/09	6/5/09	9/16/09	12/11/09

Holders

The Company s common stock trades on the New York Stock Exchange (ticker symbol CUZ). On February 24, 2011, there were 1,003 common stockholders of record.

Purchases of Equity Securities

For information on the Company s equity compensation plans, see Note 6 of the accompanying consolidated financial statements, which is incorporated herein by reference.

The Company purchased the following common shares outside of its publicly-announced repurchase plan:

	Total Number of Shares Purchased (1)	**Average Price Paid per Share (1)**
October 1 31		$
November 1 30		
December 1 31	7,691	8.16
	7,691	$ 8.16

(1) The purchases of equity securities that occur outside the plan relate to shares remitted by employees as payment for option exercises or income taxes due. Activity for the fourth quarter 2010 related to the remittances of shares for income taxes due for restricted stock vesting.

On May 6, 2006, the Board of Directors of the Company authorized a common stock repurchase plan of up to 5,000,000 shares, which is in effect through May 9, 2011. The Company repurchased 878,500 shares under this plan, leaving 4,121,500 available to be purchased under this plan. In total, the Company has repurchased 3,570,082 shares of common stock at an average price of $24.32. There were no repurchases of common stock during the fourth quarter of 2010.

On November 10, 2008, the common stock repurchase plan was expanded to include authorization to repurchase up to $20 million of Preferred Shares. This program was expanded on November 18, 2008 to include all 4,000,000 shares of both of the Company s Preferred A and Preferred B (totaling 8,000,000 shares). The Company has repurchased 1,215,090 preferred shares under this plan at an average price of $12.99, and no purchases occurred during the fourth quarter of 2010.

Performance Graph

The following graph compares the five-year cumulative total return of the Company s Common Stock with the S&P 500 Index, NYSE Composite Index and FTSE NAREIT Equity Index. The graph assumes a $100 investment in each of the indices on January 1, 2006 and the reinvestment of all dividends.

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	Period Ending					
Company/Market/Peer Group	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010
Cousins Common Stock	$ 100.00	$ 142.96	$ 94.17	$ 63.13	$ 40.17	$ 45.49
S&P500 Index	$ 100.00	$ 115.79	$ 122.16	$ 76.96	$ 97.33	$ 111.99
NYSE Composite Index	$ 100.00	$ 120.47	$ 131.15	$ 79.67	$ 102.20	$ 115.88
FTSE NAREIT Equity Index	$ 100.00	$ 135.06	$ 113.87	$ 70.91	$ 90.76	$ 116.12

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Item 6. Selected Financial Data

The following selected financial data sets forth consolidated financial and operating information on a historical basis. This data has been derived from the Company s consolidated financial statements and should be read in conjunction with the consolidated financial statements and notes thereto. In all four quarters of 2010 and in the last three quarters of 2009, the common stock dividends were paid in a combination of cash and stock. The following table reflects the total dividend, both cash and stock, paid.

	For the Years Ended December 31,				
	2010	2009	2008	2007	2006
	($ in thousands, except per share amounts)				
Rental property revenues	$ 143,472	$ 139,504	$ 136,892	$ 103,443	$ 79,331
Fee income	33,420	33,806	47,662	36,314	35,465
Residential lot, multi-family and outparcel sales	50,385	38,262	15,437	9,969	40,418
Interest and other	1,229	2,972	4,149	6,567	1,619
Total revenues	228,506	214,544	204,140	156,293	156,833
Rental property operating expenses	58,973	63,382	54,501	44,665	33,362
Depreciation and amortization	59,111	53,350	50,271	37,387	29,122
Residential lot, multi-family and outparcel cost of sales	37,716	30,652	11,106	7,685	32,154
Interest expense	37,180	39,888	28,257	8,565	11,119
Impairment loss	2,554	40,512	2,100		
General, administrative and other expenses	57,668	65,854	64,502	60,632	61,401
Total expenses	253,202	293,638	210,737	158,934	167,158
Loss on extinguishment of debt and interest rate swaps, net	(9,827)	(2,766)		(446)	(18,207)
Benefit (provision) for income taxes from operations	1,079	(4,341)	8,770	4,423	(4,193)
Income (loss) from unconsolidated joint ventures, including impairment losses	9,493	(68,697)	9,721	6,096	173,083
Gain on sale of investment properties, net of applicable income tax provision	1,938	168,637	10,799	5,535	3,012
Income (loss) from continuing operations	(22,013)	13,739	22,693	12,967	143,370
Discontinued operations	9,980	15,808	2,232	21,611	93,451
Net income (loss)	(12,033)	29,547	24,925	34,578	236,821
Net income attributable to noncontrolling interests	(2,540)	(2,252)	(2,378)	(1,656)	(4,130)
Preferred dividends	(12,907)	(12,907)	(14,957)	(15,250)	(15,250)
Net income (loss) available to common stockholders	$ (27,480)	$ 14,388	$ 7,590	$ 17,672	$ 217,441

Net income (loss) from continuing operations attributable to controlling interest per common share basic	$ (0.37)	$ (0.02)	$ 0.10	$ (0.08)	$ 2.44
Net income (loss) per common share basic	$ (0.27)	$ 0.22	$ 0.15	$ 0.34	$ 4.27
Net income (loss) from continuing operations attributable to controlling interest per common share diluted	$ (0.37)	$ (0.02)	$ 0.10	$ (0.07)	$ 2.35
Net income (loss) per common share diluted	$ (0.27)	$ 0.22	$ 0.15	$ 0.33	$ 4.13
Dividends declared per common share	$ 0.36	$ 0.74	$ 1.36	$ 1.48	$ 4.88
Total assets (at year-end)	$ 1,371,282	$ 1,491,552	$ 1,693,795	$ 1,509,611	$ 1,196,753
Notes payable (at year-end)	$ 509,509	$ 590,208	$ 942,239	$ 676,189	$ 315,149
Stockholders investment (at year-end)	$ 760,079	$ 787,411	$ 466,723	$ 554,821	$ 625,915
Common shares outstanding (at year-end)	103,392	99,782	51,352	51,280	51,748

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

The following discussion and analysis should be read in conjunction with the Selected Financial Data and the Consolidated Financial Statements and Notes.

Overview of 2010 Performance and Company and Industry Trends.

As the Company entered 2010, the economic environment continued to be uncertain, but showed signs of stabilizing. With this in mind, management established priorities for the Company in 2010 to address the uncertainties and the opportunities presented by the economy. These priorities included (1) continuing to strengthen the balance sheet, (2) focusing on core operations that drive revenues and profitability, (3) monetizing non-core assets prudently, (4) beginning to invest capital opportunistically but with discipline, and (5) operating the Company more simply and efficiently. The Company made progress in each of these focus areas in 2010, and as a result, management believes that the Company is better positioned for the challenges of 2011 and beyond.

With respect to the balance sheet, management was able to reduce overall leverage primarily through the sale of non-core assets. The Company began the year with consolidated debt of $590 million which represented 40% of total market capitalization. At year end, consolidated debt decreased to $510 million and the debt to total market capitalization ratio decreased to 33%. The active, but opportunistic, sale of assets was the primary reason for the improvement in leverage.

For the year, the Company sold $172.8 million in assets. The largest single asset sale was San Jose MarketCenter, which generated $85.0 million in gross proceeds. In addition, the Company generated $39.5 million from the sale of land tracts and ground leased outparcels, $34.8 million from the sale of for-sale multi-family units and $10.3 million from the sale of residential lots. The Company also sold 8995 Westside Parkway for $3.2 million.

The Company also reduced its exposure to near-term maturities during 2010 by refinancing two consolidated mortgage loans, extending an unconsolidated construction loan and refinancing another unconsolidated mortgage loan. One of the consolidated mortgage loans was a $180 million mortgage loan on Terminus 100, which was scheduled to mature in 2012. The Company refinanced this loan by reducing the principal amount to $140 million, reducing the interest rate from a fixed annual rate of 6.13% to 5.25% and extending the maturity date to 2023. The other consolidated loan was a $22.3 million mortgage note on Meridian Mark Plaza which was scheduled to mature in September 2010. The Company refinanced this loan by increasing the principal amount to $27 million, reducing the interest rate from a fixed annual rate of 8.27% to 6.00% and extending the maturity date to 2020. In addition, the $104 million construction loan in the CF Murfreesboro Associates venture that was scheduled to mature in July 2010 was extended to 2013, and the Company replaced a $34.5 million, 8.39% mortgage loan at its CP Venture Five LLC joint venture that matured in 2010 with a $36.6 million, 4.52% mortgage loan that matures in 2017.

The Company also renegotiated its Credit Facility in 2010. In exchange for a reduction in the overall capacity of the facility from $600 million to $350 million and an increase in the spread it pays over LIBOR, the Company modified certain financial and operating covenants to, among other things, provide more flexibility in its ability to sell assets.

In 2010, the Company also changed its investment in Terminus 200. The Company reduced its interest in Terminus 200 from 50% to 20%, paid its $17.25 million loan guarantee, committed to invest an additional $5.6 million into the project and extended the loan from 2011 to 2013. Subsequent to this change, Terminus 200 s percent leased increased from 9% at the beginning of 2010 to 67% at year end.

With respect to the Company s objective of focusing on core operations, the Company made progress leasing its vacant space. In a still-challenging leasing environment, the Company increased its percent leased at its office properties from 87% at the beginning of the year to 91% at year end. Retail properties percentage leased increased from 82% to 86% (when San Jose MarketCenter is excluded from beginning of year statistics) and industrial properties increased from 51% to 96%. An added benefit from increased retail leasing was a reduction in the Company s exposure to co-tenancy clauses in various retail leases. Leases subject to co-tenancy issues decreased from 181,000 square feet at the beginning of the year to 16,000 square feet at year-

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end, representing less than 1% of total retail square footage. This leasing activity also caused rental property revenues less rental property operating expenses to increase $9.0 million across the Company s portfolio of consolidated and joint venture properties in 2010. The Company expects additional increases in 2011 as revenues commence on certain space leased in 2010.

The Company s fee income in 2010 remained consistent with that of 2009 in spite of the loss of slightly over 2 million square feet of management and/or leasing contracts from its third party business. The loss in the related fees was offset by management and leasing fees from our Terminus 200 joint venture and development fees from two new engagements.

In addition to the additional investments the Company made in Terminus 100 and Terminus 200 discussed above, at the end of 2010, the Company was able to deploy capital in an attractive investment opportunity. The Company invested $14.9 million of equity in a joint venture that owns four Publix-anchored shopping centers in the Southeast. The Company s investment capital was used to help its joint venture partner restructure indebtedness on the properties. In exchange, the Company will receive a preference on operating cash flows and cash flows from the sale or refinancing of the properties.

The Company was able to accomplish its goals while reducing its overall personnel costs and with more efficient management of expenses. During 2010, the Company reduced its non-property personnel by approximately 12% which, combined with expense management activities from 2009, caused non-property salary expense to decrease by 15% in 2010. The Company expects overall general and administrative expenses for 2011 to be lower than those of 2010 based on these and additional expense management initiatives. Management continues to evaluate all of its general and administrative expenses as the Company s business and economic conditions change.

Looking into 2011, management expects the Company to continue to liquidate its non-strategic land, residential lot and industrial holdings to further improve its financial position. Management also believes that the Company can continue to lease its vacant office and retail space. Management will continue to search for opportunities to invest in real estate projects, and these investments may take the form of underperforming office or retail projects in need of capital to complete and in need of leasing and asset management expertise to lease and operate efficiently. There is no guarantee that any of these opportunities will materialize or that the Company will be able to take advantage of such opportunities.

Critical Accounting Policies.

The Company s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as outlined in the Financial Accounting Standards Board Accounting Standards Codification (ASC), and the Notes to Consolidated Financial Statements include a summary of the significant accounting policies for the Company. A critical accounting policy is one which is both important to the portrayal of a company s financial condition and results of operations and requires significant judgment or complex estimation processes. The Company is in the business of developing, owning and managing office, retail and industrial real estate properties, selling multi-family residential units, and developing single-family residential communities which are parceled into lots and sold to various home builders. The Company s critical accounting policies relate to its long-lived assets, including cost capitalization, depreciation and amortization, and impairment of long-lived assets (including investments in unconsolidated joint ventures); revenue recognition, including residential lot sales, land tract sales, multi-family residential unit sales and valuation of receivables; income tax valuation allowances; and accounting for investments in non-wholly owned entities.

Long-Lived Assets

Cost Capitalization. The Company is involved in all stages of real estate development. The Company expenses predevelopment costs on a project until the project becomes probable (defined as more likely than not) that it will be developed. After management determines the project is probable, all subsequently incurred predevelopment costs, as well as interest, real estate taxes and certain internal personnel and associated costs directly related to the project under development, are capitalized in accordance with accounting rules. If the Company abandons development of a project that had earlier been deemed probable, the Company charges all previously capitalized costs to expense. If this occurs, the Company s predevelopment expenses could rise significantly in that period because all capitalized predevelopment costs associated with that project would be

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charged to expense in the period that this change occurs. The Company had approximately $7.0 million of capitalized predevelopment assets and earnest money as of December 31, 2010.

Once a project is deemed substantially complete and held for occupancy, subsequent carrying costs, such as real estate taxes, interest, internal personnel and associated costs, are expensed as incurred. Determination of when construction of a project is substantially complete and held available for occupancy requires judgment. The Company considers projects and/or project phases substantially complete and held for occupancy at the earlier of the date on which the phase reached occupancy of 95% or one year from the issuance of a certificate of occupancy. The Company s judgment of the date the project is substantially complete has a direct impact on the Company s operating expenses and net income for the period.

Depreciation and Amortization. The Company depreciates or amortizes real estate assets over their estimated useful lives using the straight-line method of depreciation. Management uses judgment when estimating the life of the real estate assets and when allocating certain indirect project costs to projects under development. Historical data, comparable properties and replacement costs are some of the factors considered in determining useful lives and cost allocations. If management incorrectly estimates the useful lives of the Company s real estate assets or if cost allocations are not appropriate, then depreciation and amortization may not be reflected properly in the Company s results of operations.

The Company generally amortizes tenant costs over the lease term. In certain situations, the tenant may not fulfill its commitments under its lease, and the estimated amortization period of those tenant assets could change. In recent years, some of the Company s retail tenants have experienced bankruptcy or have modified the terms of their lease, which resulted in accelerated amortization of tenant costs or a change in the amortization period, thereby directly affecting the current year s net income.

Impairment of Long-Lived Assets Real Estate Assets. On a quarterly basis, management reviews its real estate assets for impairment indicators that include, but are not limited to, a decline in a property s leasing percentage, a current period operating loss or negative cash flows combined with a history of losses at the property, a decline in lease rates or market sales prices, an adverse change in tenants industries or other changes in the market. If management determines that indicators of impairment are present, management performs a further analysis to determine whether an impairment loss is required. With the recent decline in the housing market and the overall economic downturn, management determined that indicators of impairment were present on several of the Company s real estate assets. Therefore, the Company evaluated these assets for recoverability. These analyses require significant judgment on the part of management. First, a determination of the intent and ability to hold these assets affects the type of analyses performed. If an asset is considered to be held for use, as described in accounting guidance, the recoverability of the asset is assessed based on the future undiscounted cash flows to be generated by the asset. If the sum of the undiscounted cash flows is less than the carrying value of the asset, the asset is determined to be impaired, and the impairment loss is measured as the amount by which the carrying amount exceeds the project s fair value. If an asset is considered to be held for sale, as described in accounting guidance, the asset is carried at the lower of its carrying amount or its fair value less costs to sell. The Company performs real estate valuation assessments based on current and future market conditions utilizing assumptions which could differ materially from actual results. These assumptions are highly subjective and susceptible to frequent change. Several examples of these assumptions are enumerated in the next paragraph.

In analyzing the cash flows and fair value of assets with indicators of impairment, management estimates future market rental rates, cash outlays to generate leases, market capitalization rates for residual values and makes various other estimates. For residential developments, management estimates sales prices, costs to complete development, carry costs and other project level cash flows. Management reviews similar products in the market in which its assets are held and adjusts its hold period, sales volume, pricing and other factors as it deems necessary. The cyclical nature of the real estate industry, the high levels of existing inventories in the locations of the Company s assets, consumer confidence, retailer health, employment levels and additional factors, all enter into management s judgment during this analysis. In addition, the expected use of the Company s assets could change over time as management obtains more information or adjusts its strategy. In addition, the discount rates utilized to estimate the fair value of assets can vary greatly based on the risk associated with the asset, which normally is affected by the type of project, the stage of its

life cycle and the location of the asset. The fair value of an asset can materially change if the discount rate changes.

The Company recorded impairment charges on several of its real estate projects and certain other assets in the last three years. See Notes 4 and 5 of Notes to Consolidated Financial Statements for further information.

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Management does not believe any of its other assets are impaired as of December 31, 2010, but will continue to monitor the state of the economy, the validity of the estimates utilized in the Company s impairment analyses and the anticipated use and hold period of its assets.

Impairment of Long-Lived Assets Investments in Joint Ventures. Additionally, management performs an impairment analysis of the recoverability of its investments in joint ventures in accordance with accounting rules. At each reporting period, management reviews its investments in joint ventures for indicators of impairment. If indicators of impairment are present for any of the Company s investments in joint ventures, management calculates the fair value of the investment. If the fair value of the investment is less than the carrying value of the investment, management must determine whether the impairment is temporary or other than temporary, as defined. If management assesses the impairment to be temporary, the Company does not record an impairment charge. If management concludes that the impairment is other than temporary, the Company records an impairment charge. The Company recorded impairment charges for several of its investments in joint ventures in 2009. See Note 5 of Notes to Consolidated Financial Statements for more information.

Management uses considerable judgment in determining whether there are indicators of impairment present and in the assumptions used in calculating the fair value of the investment. Management also uses judgment in making the determination as to whether the impairment is temporary or other than temporary. The Company utilizes guidance provided by the SEC in making the determination of whether the impairment is temporary. The guidance indicates that companies consider the length of time that the impairment has existed, the financial condition of the joint venture and the ability and intent of the holder to retain the investment long enough for a recovery in market value. Considerable judgment is required by management to make these determinations. If management incorrectly concludes that an impairment is temporary, the Company s financial statements may not include an impairment charge that would have had an adverse impact on its results of operations. Likewise, if management changes its previous conclusion and determines an impairment to be other than temporary, the Company could be required to record a significant impairment charge.

Revenue Recognition

Residential Lot, For-Sale Multi-family and Land Tract Sales. When selling a lot, multi-family unit or land tract, a gross profit percentage is calculated. These percentages are calculated based on estimated sales prices and the estimated costs of the development. Markets for certain products can change over time as the project is selling, and therefore historical sales prices may not be indicative of the project s prices over its lifetime. Also sales may not occur at a consistent or predictable rate. Therefore, sales price estimates made by management require a high degree of estimation. In addition, the state of the housing market in some of the areas in which the Company operates remain generally depressed, and the severity and duration of this cannot be predicted. Past estimates and assumptions may not have captured the magnitude of this decline.

Also included in the estimate of gross profit percentage is the overall cost of the project. Management must estimate the costs to complete the development of the residential or for-sale multi-family projects or the cost of the land tract improvements. If the Company s estimated lot, unit or land tract sales prices, timing of sales or costs of development, or any of the other underlying assumptions were to be revised or be rendered inaccurate, it could affect the overall profit recognized on these sales.

Valuation of Receivables. Receivables, including straight-line rent receivables, are reported net of an allowance for doubtful accounts and may be uncollectible in the future. The Company reviews its receivables regularly for potential collection problems in computing the allowance to record against its receivables. This review process requires management to make certain judgments regarding collectibility, notwithstanding the fact that ultimate collections are inherently difficult to predict. A change in the judgments made could result in an adjustment to the allowance for doubtful accounts with a corresponding effect on net income. Current economic conditions have affected certain of the Company s tenants, which in some cases have led to store closings, lease adjustments, bankruptcies and other changes in the lease terms. This pattern could continue and future information, which previously has been difficult to predict, can change past judgments regarding collectibility and, additionally, certain receivables currently deemed collectible could become uncollectible.

Income Taxes Valuation Allowance

Judgment is required in estimating valuation allowances for deferred tax assets. In accordance with accounting rules, a valuation allowance is established against a deferred tax asset if, based on the available evidence, it is not more likely than not that such assets will be realized. The realization of a deferred tax asset

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ultimately depends on the existence of sufficient taxable income in either the carryback or carryforward periods under tax law. The Company periodically assesses the need for valuation allowances for deferred tax assets based on the more-likely-than-not realization threshold criterion. In the assessment, appropriate consideration is given to all positive and negative evidence related to the realization of the deferred tax assets. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carryforward periods, its experience with operating loss and tax credit carryforwards and tax planning alternatives.

Accounting for Non-Wholly Owned Entities

The Company holds ownership interests in a number of joint ventures with varying structures. Management evaluates all of its joint ventures and other variable interests to determine if the entity is a variable interest entity (VIE), as defined in accounting rules. If the venture is a VIE, and if management determines that the Company is the primary beneficiary, the Company consolidates the assets, liabilities and results of operations of the VIE. The Company reassesses its conclusions as to whether the entity is a VIE and whether consolidation is appropriate as required under the rules.

For entities that are not determined to be VIEs, management evaluates whether or not the Company has control or significant influence over the joint venture to determine the appropriate consolidation and presentation. Generally, entities under the Company s control are consolidated, and entities over which the Company can exert significant influence, but does not control, are accounted for under the equity method of accounting.

If the Company s judgment as to the existence of a VIE, the primary beneficiary of the VIE, and the extent of influence and control over a non-VIE is incorrect, the presentation on the balance sheet and the way the results of operations were reflected could be incorrect. In addition, the conclusion of whether or not an entity should be consolidated can change as reconsideration events occur. As time passes from the formation of an entity, the expected results of the entity can vary, which also could change the allocation to the partners. Different conclusions may be reached in the future depending on market conditions, and certain joint ventures not previously consolidated could become consolidated entities and vice versa.

The Company recognizes on its Consolidated Balance Sheets the partner s share of non-wholly owned entities which the Company consolidates. The noncontrolling partner s share of current operations is reflected in Net Income Attributable to Noncontrolling Interest on the Consolidated Statements of Operations. The Company has several joint venture agreements that contain provisions requiring the Company to purchase the noncontrolling interest at fair value upon demand or at a future date. These noncontrolling interests with redemption features, or redeemable noncontrolling interests, are reflected at fair value in a separate line item on the Company s Consolidated Balance Sheets. The Company records the difference between cost and fair value of redeemable noncontrolling interests as an adjustment to Equity as changes in fair value occur.

Contributions to unconsolidated joint ventures are recorded as Investments in Unconsolidated Joint Ventures. This account is subsequently adjusted for the Company s share of income or loss from unconsolidated joint ventures, as well as contributions and distributions to and from the entities. Any difference between the carrying amount of these investments on the Company s balance sheet and the underlying equity in net assets on the joint venture s balance sheet is adjusted as the related underlying assets are depreciated, amortized or sold.

Discussion of New Accounting Pronouncement.

The Company adopted new guidelines effective January 1, 2010, which modified how a company determines when an entity that is insufficiently capitalized or is not controlled through voting or similar rights should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity s purpose and design and a company s ability to direct the activities of the entity that most significantly impact the entity s economic performance. An ongoing reassessment of whether a company is the primary beneficiary of a VIE, and additional disclosures about a company s involvement in VIEs, including any significant changes in risk exposure due to that involvement, is required. These new guidelines did not have a material impact on the Company s financial condition, results of operations or cash flows.

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Results of Operations For The Three Years Ended December 31, 2010.

General. The Company s financial results have historically been significantly affected by sale transactions and the fees generated by, and start-up operations of, real estate developments. These types of transactions and developments do not necessarily recur. Accordingly, the Company s historical financial statements may not be indicative of future operating results.

Rental Property Revenues. *Summary.* Overall, rental property revenues increased approximately $4.0 million (3%) between 2010 and 2009 and increased approximately $2.6 million (2%) between 2009 and 2008.

Comparison of Year Ended December 31, 2010 to 2009.

Office Rental property revenues from the office portfolio increased $780,000 (1%) between the 2010 and 2009 periods as a result of the following:

Increase of $4.6 million in 2010 related to 191 Peachtree Tower, where average economic occupancy increased from 61% in 2009 to 75% in 2010;

Decrease of $2.4 million in 2010 from the American Cancer Society Center (the ACS Center), where average economic occupancy decreased from 92% in 2009 to 85% in 2010. This decrease was mainly the result of the expiration of the 139,000 square foot AT&T lease in the third quarter of 2009; and

Decrease of $752,000 in 2010 from Terminus 100 due to a decrease in revenues from retail tenants, a decrease in parking revenues and an adjustment to tenant recovery revenues caused by a decrease in recoverable expenses.

Retail Rental property revenues from the retail portfolio increased $1.3 million (4%) between the 2010 and 2009 periods as a result of the following:

Increase of $2.6 million in 2010 from The Avenue Forsyth, where average economic occupancy increased from 58% in 2009 to 70% in 2010; and

Decrease of $944,000 in 2010 related to The Avenue Webb Gin, mainly due to the sale of four leased outparcels during 2010.

Industrial Rental property revenues from the industrial portfolio increased $1.8 million (58%) between 2010 and 2009 as a result of the following:

Increase of $771,000 from Jefferson Mill Business Park Building A. This building is 100% leased to a single user and this lease commenced during 2010, which increased average economic occupancy from 0% in 2009 to 42% in 2010;

Increase of $661,000 from King Mill Distribution Park Building 3, where average economic occupancy increased from 58% in 2009 to 87% in 2010; and

Increase of $378,000 from Lakeside Ranch Business Park Building 20, where average economic occupancy increased from 48% in 2009 to 68% in 2010.

Comparison of Year Ended December 31, 2009 to 2008.

Office Rental property revenues from the office portfolio decreased $1.5 million (1%) between the 2009 and 2008 periods as a result of the following:

Decrease of $2.1 million at 191 Peachtree Tower, as average economic occupancy decreased from 80% in 2008 to 61% in 2009, mainly due to the December 2008 expiration of the Wachovia lease;

Decrease of $1.7 million from the ACS Center, due to a decrease in average economic occupancy from 99% in 2008 to 92% in 2009;

Increase of $2.0 million at One Georgia Center, as average economic occupancy increased from 68% in 2008 to 99% in 2009, due to the commencement of the Georgia Department of Transportation lease in 2008.

Retail Rental property revenues from the retail portfolio increased $3.9 million (15%) in 2009 compared to 2008 as a result of the following:

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Increase of $2.5 million at The Avenue Forsyth, which opened in April 2008, related to increased average economic occupancy from 32% in 2008 to 58% in 2009;

Increase of $3.3 million at Tiffany Springs MarketCenter, which opened in July 2008, related to increased average economic occupancy from 29% in 2008 to 73% in 2009; and

Decrease of $1.8 million at The Avenue Carriage Crossing, where average economic occupancy decreased from 91% in 2008 to 84% in 2009.

Rental Property Operating Expenses. Rental property operating expenses decreased approximately $4.4 million (7%) in 2010 compared to 2009 as a result of the following:

Decrease of $1.0 million in 2010 from Terminus 100 due to a decrease in bad debt expense, a decrease in parking costs and adjustments relating to 2008 operating expenses made during 2009;

Decrease of $1.3 million in 2010 from 191 Peachtree Tower due primarily to a decrease in bad debt expense during 2010 compared to 2009;

Decrease of $961,000 in 2010 from The Avenue Carriage Crossing due to a decrease in real estate tax expense based on an anticipated reduction in assessments, a reduction in insurance costs and a decrease in bad debt expense; and

Decrease of $657,000 in 2010 from The Avenue Webb Gin due mainly to a decrease in bad debt expense.

Rental property operating expenses increased approximately $8.9 million (16%) in 2009 compared to 2008 as a result of the following:

Increase of $1.3 million at The Avenue Forsyth related to increased occupancy and increases in bad debt expense;

Increase of $1.2 million at Tiffany Springs MarketCenter related to a full year of operations and increased economic occupancy;

Increase of $354,000 at One Georgia Center, due to increased average economic occupancy;

Increase of $2.6 million at 191 Peachtree Tower, primarily due to increases in real estate taxes, non-recoverable tenant amenity expenses, marketing costs and bad debt expense; and

Increase of $2.8 million at Terminus 100, due partially to increased economic occupancy in 2009, an increase in bad debt expense and adjustments to true up estimates of various operating expenses to actual in both 2008 and 2009.

Fee Income. Fee income is comprised of management fees, development fees, tenant construction management fees and leasing fees for services that the Company provides for joint ventures in which it has an ownership interest and for third party property owners. These amounts vary by years due to the number of contracts with ventures and third party owners and the development and leasing needs at the underlying properties. Amounts are expected to continue to vary in future years based on volume and composition of activities at the underlying properties and changes in the number of properties managed.

Fee income decreased $386,000 (1%) between 2009 and 2010. Management fees, including amounts reimbursed, decreased approximately $1.7 million, due to changes in the mix of management contracts of third party properties between the years. Leasing fees increased approximately $1.2 million, mainly due to approximately $1.6 million of leasing fees recognized from the MSREF/Cousins Terminus 200 LLC (MSREF/T200) venture formed in 2010.

Fee income decreased $13.9 million (29%) between the 2008 and 2009 periods. The majority of the decrease is due to a development fee of $13.5 million recognized in 2008, which was earned on a contract the Company assumed in

an acquisition of an entity several years ago. Pursuant to the contract, the Company would share in certain proceeds if a project the acquired entity developed was sold. This project was sold in 2008, and the fee was earned by the Company. Management fees and leasing fees did not change significantly between 2009 and 2008.

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Multi-Family Residential Sales and Cost of Sales. Multi-family residential sales increased $3.6 million (12%) between 2010 and 2009. Cost of sales increased approximately $1.4 million (5%) between 2010 and 2009. The changes were due to the following:

Closed 75 units at 10 Terminus Place in 2010 compared to 42 units in 2009 resulting in a $16.7 million increase in sales and a $12.5 million increase in cost of sales;

Closed the five remaining residential units at 60 North Market in 2010 compared to 24 residential units in 2009 resulting in a decrease in sales of $6.2 million and in cost of sales of $5.7 million. The Company acquired this project in 2009 in satisfaction of a note receivable from the developer, and sold the majority of the units acquired during 2009. See section below on Impairment Loss for additional discussion of 60 North Market; and

Decrease of $6.9 million in sales and $5.3 million in cost of sales from The Brownstones at Habersham, discussed below.

Multi-family residential sales increased $22.4 million between 2009 and 2008. Cost of sales increased approximately $18.3 million between 2009 and 2008. The changes were due to the following:

Closed 14 units and five completed building pads in 2009 at The Brownstones at Habersham project resulting in a $6.9 million increase in sales and a $5.3 million increase in cost of sales. The Company purchased this project in 2009 and sold all units in that same year;

Closed 42 units at 10 Terminus Place in 2009 compared to 13 units in 2008 resulting in a $7.5 million increase in sales and a $5.4 million increase in cost of sales; and

Closed 24 units at 60 North Market that increased sales by $8.0 million and cost of sales by $7.6 million.

Residential Lot and Outparcel Sales and Cost of Sales. Residential lot and outparcel sales increased $8.5 million (115%) between 2010 and 2009 and $428,000 (6%) between 2009 and 2008. Residential lot and outparcel cost of sales increased $5.7 million (113%) between 2010 and 2009 and $1.2 million (33%) between 2009 and 2008.

Residential Lot Sales and Cost of Sales The Company s residential lot business consists of projects that are consolidated, where income is recorded in the residential lot and outparcel sales and cost of sales line items, and projects that are owned through joint ventures in which the Company is a 50% partner Temco and CL Realty where income is recorded in income from unconsolidated joint ventures. Residential lot sales increased $768,000 for consolidated projects between 2010 and 2009 and decreased $398,000 between 2009 and 2008. Residential lot cost of sales increased $676,000 between 2010 and 2009 and decreased $51,000 between 2009 and 2008. The numbers of lots sold were as follows:

	2010	2009	2008
Consolidated projects	39	14	14
Temco	2		8
CL Realty	330	128	177
Total	371	142	199

The increase in consolidated lot sales is the result of a bulk sale of 25 lots in the fourth quarter of 2010 at the Company s Lakes at Cedar Grove project in Atlanta, Georgia. The increase in lot sales at CL Realty is the result of higher 2010 sales at several of its Texas projects.

Demand for residential lots has been low in recent years as a result of general market conditions and limited demand in the Company s and its ventures principal markets of Texas, Florida and metropolitan Atlanta. Demand in its Texas markets is generally improving while the Company s Florida and Atlanta markets have not shown similar signs of recovery. Management is closely monitoring market developments but is unable to predict when its markets will improve.

On a quarterly basis, the Company analyzes its consolidated land and lot holdings for impairment. The Company recorded an impairment loss on its Handy Road residential land holding in 2010 of approximately $2.0 million and recorded no impairment losses on any of its other consolidated land or lot holdings in 2009 or 2008. In 2010, 2009 and 2008, the Company recorded impairment losses at CL Realty and Temco and on its

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investments in CL Realty and Temco. See Income from Unconsolidated Joint Ventures section below and see Note 5 to the Consolidated Financial Statements for more details. Given the continuing uncertainty in the residential market, there can be no guarantee that the Company will not record impairment charges on its land and lot holdings in the future.

Outparcel Sales and Cost of Sales Outparcel sales increased $7.8 million between 2010 and 2009 and $825,000 between 2009 and 2008. Outparcel cost of sales increased $5.0 million between 2010 and 2009 and $1.3 million between 2009 and 2008. There were eight outparcel sales in 2010 and three in both 2009 and 2008.

General and Administrative (G&A) Expenses. G&A expense increased approximately $2.2 million (6%) between 2010 and 2009 as a result of the following:

- Increase in salaries and benefits before capitalization of approximately $2.9 million due to an increase in bonus expense in 2010, as the Company paid no bonuses to employees in 2009. This increase is partially offset by a decrease in the number of employees between the years, due to reductions in force;

- Decrease in the capitalization of salaries and benefits of $825,000 in 2010. The Company capitalizes salaries and benefits of personnel who work on qualified development projects or those who work on leases that have been executed or certain leases that are probable of being executed. These costs are allocated to the related project and reduce G&A expense. The number of development projects and leases vary between years, and the amount of qualified projects decreased between 2010 and 2009;

- Decrease of approximately $704,000 in costs associated with operating the Company s airplane, which was sold in the fourth quarter of 2009; and

- Decrease of approximately $353,000 due to decreased advertising and marketing expenditures relating to the Company s residential and for-sale multi-family projects;

G&A expense decreased $7.0 million (17%) between 2009 and 2008 as a result of the following:

Decrease in salaries and benefits for employees of approximately $11.6 million. This decrease is based in part on a decrease in the number of employees at the Company between the periods and a decrease in bonus and profit sharing expense;

Decrease of approximately $2.6 million in commission expense. The Company recognized a development fee of $13.5 million in the third quarter 2008 (see Fee Income section above). In conjunction with this fee, a $3.4 million employee leasing commission was recognized in the third quarter of 2008 as a cost of earning this development fee;

Decrease of approximately $1.3 million in contributions, as the Company expensed $1.0 million of donations that it made to its charitable foundation in 2008; and

Decrease of $8.4 million between 2009 and 2008 in capitalized salaries and related benefits for personnel involved in the development and leasing of certain projects, due to a decrease in the number of projects under construction in 2009.

Separation Expenses. Separation expenses decreased approximately $2.2 million between 2010 and 2009, and increased approximately $2.1 million between 2008 and 2009. The Company had reductions in force in each of the years presented. Approximately $2.0 million of the decrease between 2010 and 2009, as well as the increase between 2009 and 2008, was due to expense recognized in 2009 for the lump sum cash payment and for the modification of stock compensation awards related to the retirement of the Company s former chief executive officer.

Depreciation and Amortization. Depreciation and amortization increased approximately $5.8 million (11%) between 2010 and 2009 primarily as a result of the following:

Increase of $4.8 million related to higher tenant improvement amortization from increased occupancy at 191 Peachtree Tower;

Increase of $1.5 million at The Avenue Forsyth due to an increase in occupancy;

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Increase of $969,000 at The Avenue Webb Gin due partially to accelerated amortization in 2010 of assets for tenants who terminated their leases prior to the originally scheduled end date and to an increase in average economic occupancy from 81% in 2009 to 84% in 2010;

Decrease of $715,000 at Terminus 100 due partially to accelerated amortization in 2009 for tenants who either terminated their leases or reduced their space and to a decrease in economic occupancy from 95% in 2009 to 92% in 2010;

Decrease of $655,000 due to the sale of the Company s airplane in 2009; and

Decrease of $809,000 in depreciation of furniture, fixtures and equipment for the corporate offices due to a reduction in staff and office space, as well as fully amortized equipment.

Depreciation and amortization increased approximately $3.1 million (6%) between 2009 and 2008 primarily as a result of the following:

Increase of $2.0 million related to higher depreciation of tenant assets associated with increases in occupancy at Terminus 100, as well as the aforementioned tenant lease terminations and adjustments;

Increase of $792,000 at One Georgia Center due to increased occupancy;

Increase of $1.7 million due to increased occupancy between 2008 and 2009 from The Avenue Forsyth and Tiffany Springs MarketCenter, which opened during 2008;

Decrease of $535,000 due to decreases in occupancy between 2008 and 2009 at 191 Peachtree and The Avenue Carriage Crossing; and

Decrease of $348,000 due to the sale of the Company s airplane in 2009.

Interest Expense. Interest expense decreased approximately $2.7 million (7%) between 2010 and 2009 due to the following:

Lower average borrowings, related primarily to the full year s effect of the 2009 common equity offering, and a lower average interest rate, mainly due to interest rate swap terminations, on the Credit Facility in 2010 compared to 2009;

Repayment of the Term Facility in July 2010 and the termination of the associated interest rate swap;

Repayment of the 8.39% Meridian Mark Plaza note payable in July 2010. The Company entered into a new note payable secured by Meridian Mark Plaza at an interest rate of 6%; and

Decrease in capitalized interest of $3.7 million in 2010. Interest is capitalized to certain qualifying projects during their construction, which reduces interest expense. When development declines, the amount of interest which qualifies for capitalization falls. The Company had a decrease in projects under development in 2010, and capitalized less interest, which partially offset the decrease in interest expense.

Interest expense increased approximately $11.6 million (41%) in 2009 compared to 2008, due to the following:

Increase in average borrowings on the Company s Credit Facility during 2009 compared to 2008; and

Decrease in capitalized interest of $11.2 million as a result of a decrease in the number and size of projects under development between the two years.

Impairment Loss. During 2010, 2009 and 2008, the Company recorded the following impairment losses (in thousands):

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	2010	2009	2008
Handy Road	**$ 1,968**	$	$
60 N. Market/related note receivable	**586**	1,600	
10 Terminus Place		34,900	2,100
Company airplane		4,012	
	$ 2,554	$ 40,512	$ 2,100

Handy Road, a consolidated joint venture that holds undeveloped land in Atlanta, Georgia, has a mortgage loan that is due in March 2011. The Company has been holding this land for future development or sale. In connection with the maturing mortgage loan, the Company evaluated several alternatives with respect to this project and determined that it was unlikely to either seek an extension of the loan or to repay the loan in order to hold the land for future investment or development opportunities. Therefore, a conveyance of the property to the bank represents the most likely scenario for this project. Given this change in intent, the Company recognized an impairment loss of approximately $2.0 million to record the land at its fair value, less costs to sell.

60 North Market, a for-sale multi-family residential project in Asheville, North Carolina, was acquired by the Company in July 2009 in satisfaction of a note receivable. Upon acquisition, the Company recorded a $1.6 million impairment loss which equaled the difference between the fair value of the project and the sum of the book value of the note receivable plus a construction loan on the project that the Company paid. In 2010, the Company recorded an additional impairment on the project of $586,000 as it determined the fair value of the project had declined further since its acquisition. At December 31, 2010, there was approximately 9,200 square feet of commercial space available for sale with a carrying amount of $433,000.

10 Terminus Place is a for-sale multi-family residential project in Atlanta, Georgia. The Company substantially completed the development in late 2008, and at that point it was determined to be held for sale in accordance with applicable accounting rules. The Company recorded a $2.1 million impairment loss at substantial completion to record the project at the Company s estimate of fair value. In 2009, market conditions for for-sale multi-family residential projects deteriorated further, and the Company recorded an additional impairment loss of $34.9 million. At December 31, 2010, seven units with a carrying amount of approximately $2.6 million remain unclosed at this project and are included in Multi-Family Units Held for Sale on the accompanying Consolidated Balance Sheets.

In 2009, the Company sold its airplane at an amount lower than its cost basis, which resulted in an impairment loss of $4.0 million.

Most of the Company s real estate assets are considered to be held for use pursuant to the accounting rules. If management s intent changes on any of these assets, the Company may be required to record significant impairment charges in future periods. Changes that could cause these impairment losses include: (1) a decision by the Company to sell the asset rather than hold for long-term investment or development purposes, or (2) changes in management s estimates of future cash flows from the assets that cause the future undiscounted cash flows to be less than the asset s carrying amount. Given the uncertainties with the economic environment and the amount of the Company s land and residential lot holdings, management cannot predict whether or not the Company will incur impairment losses in the future, and if impairment losses are recorded, management cannot predict the magnitude of such losses.

Other Expense. Other expense decreased approximately $8.0 million (61%) between 2010 and 2009 and increased approximately $7.1 million (117%) between 2009 and 2008. Other Expense includes predevelopment costs that the Company incurs prior to the stage where a project is considered probable of being developed. Once a project is determined to be probable, the Company capitalizes all predevelopment costs associated with the project. If the Company subsequently abandons a project that had been considered probable, the Company writes the previously capitalized costs off and records them in Other Expense. In 2010, 2009, and 2008, the Company abandoned one, three and two predevelopment projects, respectively, and recorded predevelopment expense associated with these abandoned projects of $829,000, $7.7 million and $3.6 million in such years, respectively. Other Expense also includes funding costs such as real estate taxes, insurance and homeowners association expenses for completed

development projects. These holding costs decreased by $1.5 million between 2010 and 2009 and increased by $2.9 million between 2009 and 2008 due to corresponding changes in the number of projects the Company was funding.

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Loss on Extinguishment of Debt and Interest Rate Swaps. In 2010, the Company incurred a fee of $9.2 million to terminate an interest rate swap on the Term Facility. In addition, in 2010, the Company restructured its Credit Facility and wrote off $592,000 in unamortized loan closing costs related to the previous credit facility. In 2009, the Company paid fees of $2.8 million for the termination of one $75 million interest rate swap and the reduction of the notional amount of another interest rate swap from $75 million to $40 million. (See Notes 2 and 3 of Notes to Consolidated Financial Statements for additional information regarding the interest rate swaps.)

Benefit (Provision) for Income Taxes from Operations. Income taxes from operations was a benefit of $1.1 million in 2010, a provision of $4.3 million in 2009 and a benefit of $8.8 million in 2008. In 2009, the Company recorded a valuation allowance against the net deferred tax asset of its taxable REIT subsidiary, Cousins Real Estate Corporation (CREC). The Company was unable to predict with enough certainty whether the deferred tax asset and the current year benefits would ultimately be realized. Although CREC has operating losses, the Company is continuing to recognize no current income tax benefit due to the ongoing uncertainty of realization of these benefits. This uncertainty is the result of the continued decline in the housing market which directly impacts CREC s residential lot and land business. In the fourth quarter of 2009, Congress changed certain tax laws which allowed the Company to carry back 2009 operating losses to profitable years. As a result, the Company recognized a benefit of $3.1 million in the fourth quarter of 2009, and adjusted its recovery estimate in the first quarter of 2010 and recognized an additional $1.1 million benefit in the first quarter of 2010.

Income (Loss) from Unconsolidated Joint Ventures:

Equity in net income (loss) from unconsolidated joint ventures. Increase of $27.1 million between 2010 and 2009 and decrease of $27.4 million between 2009 and 2008. The primary reason for these changes was related to impairment losses taken at four joint ventures in 2010 and 2009. These impairment losses were recorded on specific assets held by the joint ventures, discussed below, in accordance with accounting standards for long-lived assets. The section below entitled *Impairment Loss on Investment in Unconsolidated Joint Ventures,* represents impairment losses on the Company s investment in certain joint ventures that were recorded in accordance with accounting standards for impairment of equity method investments. A summary of the Company s share of the impairment losses recorded at these ventures is as follows (in thousands):

	2010	**2009**	**2008**
CL Realty	**$ 2,229**	$ 2,619	$ 325
Pine Mountain Builders	**1,517**		
Temco		631	
Terminus 200 LLC		20,931	
	$ 3,746	$ 24,181	$ 325

The impairment loss at CL Realty in 2010 relates primarily to a decision to sell rather than develop a parcel of land in Padre Island, Texas, which required CL Realty to reduce the carrying cost of the parcel to fair value, less costs to sell. The impairment loss in 2010 at Pine Mountain Builders relates primarily to a decision to sell six model homes held by this entity at amounts below their carrying cost.

The impairment loss at CL Realty in 2009 relates to an adjustment to record an investment CL Realty had in an unconsolidated joint venture to zero. The impairment loss at Temco in 2009 relates to a change in cash flow assumptions at one if its projects resulting in an adjustment to record the project at fair value. The impairment loss at Terminus 200 LLC (T200) in 2009 represents the Company s share of an adjustment to reduce the carrying amount of the building owned by T200 to fair value as a result of a change in estimates of future cash flows from operations and ultimate disposition of the building.

The impairment loss at CL Realty in 2008 relates to a change in cash flow assumptions at one of its projects resulting in an adjustment to record the project at fair value.

Before the impairment charges, equity in net income (loss) from unconsolidated joint ventures increased $5.0 million between 2010 and 2009 and decreased $1.9 million between 2009 and 2008. The increase in 2010 is

primarily related to an increase in lot and tract sales activities at CL Realty. The decrease in 2009 is a result of lower lot and tract sales at CL Realty and Temco and lower income from the TRG Columbus Development

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Venture, Ltd. joint venture, offset by an increase in income from Palisades West LLC, which became operational in 2008.

Impairment Loss on Investment in Unconsolidated Joint Ventures. During 2010, 2009 and 2008, the Company recorded the following impairment losses on its investments in unconsolidated joint ventures the accompanying Consolidated Statement of Operations (in thousands):

	2010	2009	2008
CL Realty	$	$ 20,300	$
Temco		6,700	
T200		17,993	
Glenmore		6,065	
	$	$ 51,058	$

The Company analyzed its investments in CL Realty and Temco for impairment in accordance with accounting standards for equity method investments and determined that the fair value of CL Realty and Temco was less than each investment s carrying amount. As a result of the state of the market for residential lots, adjustments to the sell-out period for certain projects and the duration of the market decline, the Company determined that the impairments at CL Realty and Temco were other-than-temporary and recorded the impairment losses in 2009.

As discussed above, T200 recognized an impairment loss in 2009, the Company s share of which was $20.9 million. At the time, the Company guaranteed the T200 construction loan up to a maximum of $17.25 million and had certain commitments to fund tenant improvement costs at T200. The Company determined that it was probable that it would be required to fund this guarantee and these tenant costs and accrued these amounts as impairment losses on its investment in T200 in 2009.

In 2009, prior to and upon consolidation of Glenmore Gardens Villas (Glenmore), a townhome development in Charlotte, North Carolina, the Company recorded impairment losses of $6.1 million on its investment in Glenmore, which effectively recorded the assets and debt of Glenmore at fair value.

Gain on Sale of Investment Properties. Gain on sale of investment properties was $1.9 million, $168.6 million, and $10.8 million in 2010, 2009 and 2008, respectively. The 2010 gain included the following:

Sale of undeveloped land at the Jefferson Mill and King Mill projects ($1.2 million);

Sale of Glenmore ($369,000);

Recurring amortization of deferred gain from CP Venture, LLC ($236,000); and

Sale of undeveloped land at the Company s North Point Project ($133,000).

The 2009 gain included the following:

Sale of undeveloped land at the Company s North Point Project ($745,000);

The recognition of $167.2 million in deferred gain related to the 2006 venture formation with Prudential. When the Company and Prudential formed the venture, the Company contributed properties and Prudential contributed cash. The Company accounted for the transaction as a sale in accordance with accounting rules, but deferred the related gain because the consideration received was a partnership interest as opposed to cash. In 2009, the venture made a pro rata distribution of cash to the Company and Prudential that required the Company to recognize all of the gain that was deferred in 2006; and

Gain on sale of certain land tracts and other miscellaneous corporate assets ($723,000).

The 2008 gain included the following:

Sale of undeveloped land from the Company s North Point land holdings ($3.7 million);

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Sale of undeveloped land adjacent to The Avenue Forsyth project ($3.9 million);

Sale of certain of the Company s non-real estate assets ($960,000);

Sale of undeveloped land from the Jefferson Mill project land holdings ($748,000);

Condemnation of land at Cosmopolitan Center ($618,000);

Sale of Company aircraft ($415,000);

The recurring amortization of deferred gain from CP Venture, LLC ($220,000); and

Land tract sale at the Cedar Grove residential development ($161,000).

Discontinued Operations. Accounting rules require that certain properties that were sold or plan to be sold be treated as discontinued operations and that the results of their operations and any gains on sales from these properties be shown as a separate component of income in the Consolidated Statements of Operations for all periods presented. Therefore, prior year results change as a result of the reclassification of the operations of these properties into a separate section of the Consolidated Statements of Operations entitled Discontinued Operations. The differences between the years are due to the number and type of properties included, and not all property sales meet the qualifications for treatment as a discontinued operation. In 2010, the Company s sale of San Jose MarketCenter, a 213,000-square-foot retail center in San Jose, California, for a gain of approximately $6.6 million, qualified as a Discontinued Operation. Also included in 2009 Discontinued Operations is a gain on extinguishment of debt related to San Jose MarketCenter that the Company recognized in 2009. The Company paid the center s mortgage note payable at a discount from the carrying amount, and the difference in the payment and the carrying amount of the note was recognized as a gain. In 2010, the Company s sale of 8995 Westside Parkway, a 51,000-square-foot office building in suburban Atlanta, Georgia, for a gain of approximately $700,000, also qualified as a Discontinued Operation. No properties qualifying as Discontinued Operations were sold in 2009. The 3100 Windy Hill Road office building was sold in 2008 for a gain of approximately $2.4 million, and was treated as a Discontinued Operation.

Funds From Operations. The table below shows Funds From Operations Available to Common Stockholders (FFO) and the related reconciliation to net income (loss) available to common stockholders for the Company. The Company calculated 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 or losses from sales of 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 an equity REIT s operating performance. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, many industry investors and analysts have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. Thus, NAREIT created FFO as a supplemental measure of REIT operating performance that excludes historical cost depreciation, among other items, from GAAP net income. The use of FFO, combined with the required primary GAAP presentations, has been fundamentally beneficial, improving the understanding of operating results of REITs among the investing public and making comparisons of REIT operating results more meaningful. Company management evaluates operating performance in part based on FFO. Additionally, the Company uses FFO, along with other measures, to assess performance in connection with evaluating and granting incentive compensation to its officers and key employees. The reconciliation of net income (loss) available to common stockholders to FFO is as follows for the years ended December 31, 2010, 2009 and 2008 (in thousands, except per share information):

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	Years Ended December 31,		
	2010	2009	2008
Net Income (Loss) Available to Common Stockholders	**$ (27,480)**	**$ 14,388**	**$ 7,590**
Depreciation and amortization:			
Consolidated properties	59,111	53,350	50,271
Discontinued properties	845	2,483	3,140
Share of unconsolidated joint ventures	9,683	8,800	6,495
Depreciation of furniture, fixtures and equipment:			
Consolidated properties	(1,884)	(3,366)	(3,710)
Discontinued properties	(5)	(16)	(33)
Share of unconsolidated joint ventures	(22)	(46)	(79)
Gain on sale of investment properties, net of applicable income tax provision:			
Consolidated	(1,938)	(168,637)	(10,799)
Discontinued properties	(7,226)	(147)	(2,472)
Share of unconsolidated joint ventures		(12)	
Gain on sale of undepreciated investment properties	1,697	1,243	10,611
Funds From Operations Available to Common Stockholders	**$ 32,781**	**$ (91,960)**	**$ 61,014**
Per Common Share Basic:			
Net Income (Loss) Available	**$ (.27)**	**$ .22**	**$ .15**
Funds From Operations	**$ .32**	**$ (1.40)**	**$ 1.19**
Weighted Average Shares-Basic	**101,440**	**65,495**	**51,331**
Per Common Share Diluted:			
Net Income (Loss) Available	**$ (.27)**	**$ .22**	**$ .15**
Funds From Operations	**$ .32**	**$ (1.40)**	**$ 1.18**
Weighted Average Shares-Diluted	**101,440**	**65,495**	**51,728**

Liquidity and Capital Resources:

The Company s primary liquidity sources are:

Cash from operations;

Borrowings under its Credit Facility;

Mortgage notes payable;

Proceeds from equity offerings;

Joint venture formations; and

Sales of assets.

The Company s primary liquidity uses are:

Corporate expenses;

Expenditures on predevelopment and development projects;

Payments of tenant improvements and other leasing costs;

Principal and interest payments on debt obligations;

Dividends to common and preferred stockholders; and

Property acquisitions.

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Financial Condition.

The Company has taken steps to improve its financial position by reducing leverage, extending maturities and modifying credit agreements to increase overall financial flexibility. The Company expects to fund its current commitments over the next 12 months with borrowings under its Credit Facility, borrowings under new or renewed mortgage loans and with the sale of assets. The Company may also seek additional capital to fund its activities that may include joint venture equity from third parties and the issuance of common or preferred equity. Relative to prior years, the Company s new investment commitments have decreased. The Company did not commence any new development or predevelopment projects in 2010, and currently anticipates that there will be limited development activity for 2011. The Company may acquire properties in 2011 if opportunities arise. The Company also has commitments under current leases to fund tenant assets, and anticipates additional tenant costs in 2011 based on lease-up expectations. The Company has relatively low debt maturities in 2011.

Contractual Obligations and Commitments.

At December 31, 2010, the Company was subject to the following contractual obligations and commitments ($ in thousands):

	Total	Less than 1 Year	1-3 Years	3-5 Years	After 5 years
Contractual Obligations:					
Company long-term debt:					
Unsecured Credit Facility (1)	$ 105,400	$	$ 105,400	$	$
Mortgage notes payable	404,109	45,762	50,739	10,045	297,563
Interest commitments (2)	165,471	26,033	39,489	35,641	64,308
Ground leases	14,970	99	206	216	14,449
Other operating leases	1,710	580	790	269	71
Total contractual obligations	$ 691,660	$ 72,474	$ 196,624	$ 46,171	$ 376,391
Commitments:					
Letters of credit	$ 4,129	$ 4,129	$	$	$
Performance bonds	2,025	1,984	41		
Unfunded tenant improvements and other	12,389	11,389	1,000		
Total commitments	$ 18,543	$ 17,502	$ 1,041	$	$

(1) Reflects that the one-year extension on the Credit Facility will be exercised.

(2) Interest on variable rate obligations is based on rates effective as of December 31, 2010.

In addition, the Company has several standing or renewable service contracts mainly related to the operation of our 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 our tenants.

Credit and Term Facilities

In February 2010, the Company entered into a First Amendment (the Amendment) of its Credit and Term Facilities with Bank of America and the other participating banks. The Amendment reduced the amount available under the Credit Facility from $500 million to $250 million. The amount available under the Term Facility remained the same;

however, if the Company subsequently sold certain assets aggregating $50 million, it was required to utilize the proceeds to reduce the balance outstanding on the Term Facility. The Amendment provided that if the Term Facility was repaid, in whole or in part, prior to the maturity of the Credit Facility, the availability under the Credit Facility would increase correspondingly, allowing a total availability under the combined Facilities of $350 million. The maturity date of the Credit Facility is August 29, 2011. The Credit Facility can be extended for one year with the payment of a fee, unless there is an event of default. The Company is reflecting the maturity date as extended in the table above.

The Amendment provided that amounts outstanding under the Credit and Term Facilities accrue interest at LIBOR plus a spread, based on the Leverage Ratio, which is Adjusted Debt, as defined in the Amendment, over

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Total Assets, as defined in the Amendment, and it changed the spread for the Credit and Term Facilities. At December 31, 2010, the spread over LIBOR under the Credit Facility was 2.0%.

Leverage Ratio	Credit and Term Facilities Applicable Spread As Amended	Credit Facility Applicable Spread Before Amendment	Term Facility Applicable Spread Before Amendment
≤ 35%	1.75%	0.75%	0.70%
>35% but ≤ 45%	2.00%	0.85%	0.80%
>45% but ≤ 50%	2.25%	0.95%	0.90%
>50% but ≤ 55 %	2.25%	1.10%	1.05%
>55%	N/A	1.25%	1.20%

The Amendment also changed certain operating and financial covenants including, but not limited to, the minimum Consolidated Fixed Charge Coverage Ratio, as defined, which decreased from 1.50 to 1.30. The Company incurred an administrative fee of approximately $1.7 million to effect the Amendment and additionally expensed unamortized deferred loan costs related to the previous facility of $592,000.

In July 2010, the Company paid the outstanding balance of the Term Facility in full. Accordingly, the maximum amount available under the Credit Facility increased to $350 million. In conjunction with the payoff of the Term Facility, the Company terminated the related interest rate swap, and the Company paid the counterparty to the swap agreement $9.2 million, which was recognized as an expense in 2010.

The amount that the Company may draw under the Credit Facility is a defined function of the Company s unencumbered assets and is reduced by any letters of credit outstanding. Based on these limitations, as of December 31, 2010, the Company was able to draw an additional $238.4 million under the Credit Facility.

The Credit Facility includes customary events of default, including, but not limited to, the failure to pay any interest or principal when due, the failure to perform under covenants of the credit agreement, incorrect or misleading representations or warranties, insolvency or bankruptcy, change of control, the occurrence of certain ERISA events and certain judgment defaults. The amounts outstanding under the Credit Facility may be accelerated upon an event of default. The Credit Facility contains restrictive covenants pertaining to the operations of the Company, including limitations on the amount of debt that may be incurred, the sale of assets, transactions with affiliates, dividends and distributions. The Credit Facility also includes certain financial covenants (as defined in the agreement) that require, among other things, the maintenance of an unencumbered interest coverage ratio of at least 1.75, a fixed charge coverage ratio of at least 1.30, a leverage ratio of no more than 55%, unsecured debt ratio restrictions, and a minimum stockholders equity of $556 million plus 70% of net equity proceeds after the effective date. The Company is currently in compliance with its financial covenants.

Interest Rate Swap Agreements

In 2007, the Company entered into an interest rate swap agreement with a notional amount of $100 million in order to manage its interest rate risk under the Term Facility. The Company designated this swap as a cash flow hedge, and this swap effectively fixed the underlying LIBOR rate of the Term Facility at 5.01% through August 2012. As discussed above, the Company terminated this swap agreement in 2010.

In 2008, the Company entered into two interest rate swap agreements with notional amounts of $75 million each in order to manage interest rate risk associated with floating-rate, LIBOR-based borrowings. The Company designated these swaps as cash flow hedges, and these swaps effectively fixed a portion of the underlying LIBOR rate on $150 million of Company borrowings at an average rate of 2.84%. In October 2009, the Company terminated one of its $75 million swaps and paid the counterparty to the agreement $1.8 million, which was recognized as an expense in 2009. In addition, the Company reduced the notional amount of the second interest rate swap from $75 million to $40 million, and paid the counterparty $959,000, and recognized this amount as an expense in 2009. This reduced swap expired in October 2010. In 2010, 2009 and 2008, there

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was no ineffectiveness under any of the Company s interest rate swaps. The fair value calculation for the swaps is deemed to be a Level 2 calculation under the guidelines as set forth in ASC 820, as the Company estimated future LIBOR rates on similar instruments to calculate fair value.

The fair values of the interest rate swap agreements were recorded in Accounts Payable and Accumulated Other Comprehensive Loss on the Consolidated Balance Sheets, detailed as follows (in thousands):

	Term Facility	Floating Rate, LIBOR-based Borrowings	Total
Balance, December 31, 2008	$ 11,869	$ 4,732	$ 16,601
Termination of swaps		(2,766)	(2,766)
Change in fair value	(3,207)	(1,111)	(4,318)
Balance, December 31, 2009	8,662	855	9,517
Termination of swap	(9,235)		(9,235)
Change in fair value	573	(855)	(282)
Balance, December 31, 2010	**$**	**$**	**$**

Other Debt Information

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

In July 2010, the Company repaid the previous Meridian Mark Plaza mortgage note in full and entered into a new $27.0 million mortgage note payable secured by Meridian Mark Plaza. The new note has a fixed interest rate of 6%, requires principal and interest payments based on a 30-year amortization, and has a maturity date of August 1, 2020. In December 2010, the Company amended its Terminus 100 mortgage note. The Company paid $40.0 million of principal, reducing the note to $140.0 million outstanding. The interest rate on the note was adjusted to a fixed rate of 5.25%, principal and interest payments are based on a 30-year amortization, and the note matures January 1, 2023.

In 2010, the Company changed its interest in the Terminus 200 building by bringing in a new partner who contributed capital, reducing the Company s ownership from 50% to 20% and modifying and extending the loan. The Company also modified the CF Murfreesboro Associates loan, scheduled to mature in July 2010, to, among other things, extend the maturity date to July 2013. Furthermore, in 2010, the Company formed Cousins Watkins LLC. This venture has loan agreements with a borrowing capacity of up to $33.5 million, with $28.9 million outstanding at December 31, 2010. The loans bear interest at LIBOR plus a spread ranging from 2.65% to 2.85%, and mature January 1, 2016.

Future Capital Requirements

The Company expects sales of assets, amounts available under the Credit Facility and its cash on hand to be the primary funding sources for current contractual obligations and commitments. The Company may also obtain long-term mortgage debt on some of its unencumbered assets, to the extent available and with acceptable terms, to help fund its commitments.

Over the long term, management intends to actively manage its portfolio of income producing properties and strategically sell assets or form joint ventures to capture value for stockholders and to recycle capital for future investment activities. The Company expects to continue to utilize indebtedness to fund future commitments and expects to place long-term mortgages on selected assets as well as utilize construction facilities for any development assets. Management will continue to evaluate all public equity sources and select the most appropriate options as

capital is required.

The Company may generate capital through the issuance of securities that include common or preferred stock, warrants, debt securities or depositary shares. In March 2010, the Company filed a shelf registration statement to allow for the issuance of up to $500 million of such securities, of which $482 million remains to be drawn as of December 31, 2010.

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

Additional Financial Condition Information

The Company s mortgage debt is primarily non-recourse fixed-rate mortgage notes secured by various real estate assets. Many of the Company s non-recourse mortgages contain covenants which, if not satisfied, could result in acceleration of the maturity of the debt. The Company expects that it will either refinance the non-recourse mortgages at maturity or repay the mortgages with proceeds from other financings. As of December 31, 2010, the weighted average interest rate on the Company s consolidated debt was 5.18%, and the Company s consolidated debt to total market capitalization ratio was 33.1%.

Cash Flows.

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

Cash Flows from Operating Activities. Cash flows from operating activities increased approximately $36.5 million between 2010 and 2009 due to the following:

Increase of $3.6 million in net proceeds from multi-family residential unit sales due to an increase in the number of units sold;

Increase of $8.5 million in net proceeds from residential lot and outparcel sales, mainly due to an increase in the number of outparcels sold in 2010;

Increase of $2.3 million related to the receipt of $3.4 million in income tax refunds in 2010 compared to $1.1 million received in 2009;

Decrease in cash paid for interest of $8.3 million due to a decrease in average borrowings and average interest rates between 2010 and 2009;

Decrease of $4.0 million in residential lot, outparcel and for-sale multi-family acquisition and development expenditures due to a decrease in development activities;

Decrease of approximately $4.8 million in separation costs, salaries, and related taxes and benefits, excluding stock-based compensation, due to the decrease in number of employees from 2009 to 2010;

Decrease of approximately $1.9 million in amounts contributed to the Company s retirement savings plan. Offsetting this decrease was an increase in bonuses paid during 2010. The Company paid no bonuses during 2009, and paid approximately $2.8 million of bonuses during 2010;

Operating distributions from joint ventures increased approximately $4.2 million primarily as a result of the Company s share of the proceeds from the sale of land at CL Realty;

Increase in operating cash flow from the Company s rental properties, primarily due to increased occupancy. See the Results of Operations section for additional information; and

Decrease of $6.4 million related to the payment of a $9.2 million fee for an interest rate swap termination in 2010 compared to $2.8 million paid in 2009, which offset the increase in cash flows from operating activities.

Cash provided by operating activities increased $2.6 million between 2009 and 2008 due to the following:

Decrease in expenditures on residential and for-sale multi-family development projects of $44.9 million, primarily due to the substantial completion of the Company s 10 Terminus multi-family project and to a decrease in development activity on the Company s residential lot developments;

Increase in proceeds from the sale of multi-family units of $16.7 million due to increased number of unit sales;

Decrease of $7.0 million related to income tax refunds received;

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Decrease in fee income of $13.9 million, due to a nonrecurring development fee of $13.5 million received in 2008;

Increase in interest paid of $8.2 million due to higher average debt borrowings during 2009; and

Decrease in operating distributions from unconsolidated joint ventures of $16.5 million primarily due to the 2008 operating distributions from TRG from the closing of substantially all of its remaining for-sale multi-family residential units, compared to no significant distributions received in 2009.

Cash Flows from Investing Activities. Net cash from investing activities increased approximately $72.2 million between 2010 and 2009 due to the following:

Increase in proceeds from property sales of approximately $90.0 million in 2010 primarily from the sales of San Jose MarketCenter and 8995 Westside Parkway, and an increase in land sales between 2010 and 2009;

Decrease in property acquisition and development expenditures of $20.1 million, as the Company currently does not have any significant projects under development;

Increase in investment in joint ventures of approximately $21.0 million between 2010 and 2009. In 2010, the Company contributed approximately $14.9 million to form the Cousins Watkins LLC joint venture. Also in 2010, the Company contributed approximately $4.0 million to the CP Venture IV entities to pay its share of the maturing mortgage note payable and contributed approximately $3.2 million to the MSREF/T200 venture;

Increase in distributions from joint ventures of approximately $11.2 million primarily as a result of the Company s share of the proceeds from the sale of land at CL Realty;

Decrease of $17.25 million in 2010 from the payment of a debt guarantee due to the restructuring of the Company s Terminus 200 LLC joint venture; and

Increase in restricted cash of $12.5 million, mainly related to required reserves for tenant improvements that will be due for a lease signed at the ACS Center. Amounts are required to be set aside for this under the ACS Center loan.

Net cash used in investing activities decreased $88.4 million between 2009 and 2008 due to the following:

Decrease of $105.3 million in property acquisition and development expenditures resulting from a decline in development activity between the years;

Decrease in investments in unconsolidated joint ventures of $19.4 million between the periods, mainly due to lower contributions to the Palisades West LLC joint venture, which constructed two office buildings that were substantially completed in the fourth quarter of 2008. Partially offsetting this decrease in cash used was a decrease in distributions received from unconsolidated joint ventures of $12.8 million. In 2008, TRG had significant capital distributions from the closing of substantially all of its remaining for-sale multi-family residential units, compared to no significant distributions received in 2009;

Decrease in cash used to purchase other assets of $9.9 million as the Company acquired an airplane and had higher predevelopment expenditures in 2008; and

Decrease in proceeds from investment property sales. The Company had more activity in its land tract sales in 2008 as compared to 2009.

Cash Flows from Financing Activities. Net cash used in financing activities increased approximately $37.1 million between 2010 and 2009 due to the following:

Decrease in common stock issued, net of expenses, of $318.5 million due to the issuance of 46 million shares in 2009;

Increase in net borrowings under the Credit and Term Facilities of $236.4 million between 2010 and 2009. In 2009, the Company repaid $248 million under these facilities with proceeds from the September 2009 stock issuance. Also in 2009, the Company had net borrowings of $87.0 million to

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fund development and to repay the San Jose MarketCenter mortgage note. In 2010, the Company repaid the $100 million Term Facility mainly using the proceeds from the sale of San Jose MarketCenter, offset by additional borrowings to pay the $9.2 million fee on the interest rate swap termination and the $17.25 million payment of the Terminus 200 LLC debt guarantee;

Decrease in the repayment of notes payable of $2.7 million in 2010. In 2010, the Company repaid the mortgage note at Meridian Mark Plaza for $22.0 million, the $8.7 million Glenmore note in conjunction with the sale of that property, and paid $40.0 million in conjunction with the refinancing of the Terminus 100 note. In 2009, the Company repaid the San Jose MarketCenter note for $70.3 million and the Brownstones at Habersham note for $3.2 million;

Increase in proceeds from other notes payable of $27.0 million due to the issuance of a new mortgage note at Meridian Mark Plaza;

Increase in payments of loan issuance costs of $2.0 million in the 2010 period due to the payment of an administrative fee of approximately $1.7 million related to the amendment of the Company s Credit Facility and loan issuance costs related to the new Meridian Mark Plaza note;

Decrease in cash common dividends paid of $10.5 million due partially to a reduction in the quarterly dividend per share to $0.09 for 2010 compared to $0.25 per share for the first and second quarters of 2009 and $0.15 per share for the third quarter of 2009. Additionally, the Company paid its dividends in cash in the first quarter of 2009, while each quarter since then through 2010 has been paid in a combination of cash and stock; and

Decrease in distributions to noncontrolling interests of $4.5 million from 2009 to 2010 primarily due to a distribution of $4.6 million in the 2009 period to the partner in the Company s CP Venture Six joint venture.
Cash used in financing activities was $71.3 million or $229.6 million higher than 2008, due to the following:
Increase in repayments of the Company s Credit Facility, net of borrowings, by $529.4 million due to a decrease in funds needed for development projects and to the repayment of a large portion of the amount outstanding on the Credit Facility using proceeds from the September 2009 common stock issuance;

Increase in repayments of other notes payable by $65.1 million, primarily due to the 2009 repayment of the San Jose MarketCenter note for $70.3 million and The Brownstones at Habersham note for $3.2 million. In 2008, the Company repaid the previous Lakeshore mortgage note payable of $8.7 million;

Decrease in proceeds from other notes payable of $18.4 million from the refinancing of the Lakeshore mortgage note payable with no loan proceeds received in 2009;

Decrease in common dividends paid by approximately $47.1 million. The dividend per share decreased from $1.36 per share in 2008 to $0.74 per share in 2009. In addition, the Company paid a portion of the second, third and fourth quarter 2009 common dividends with stock;

Common stock issued, net of expenses, increased $317.3 million between the periods due to the issuance of 46 million shares in the third quarter 2009, which generated approximately $318 million in proceeds; and

Increase of $15.8 million due to purchases of preferred stock in 2008, with no preferred stock repurchases in 2009.

Dividends. The Company paid cash common and preferred dividends of $25.1 million, $35.6 million, and $85.1 million in 2010, 2009 and 2008, respectively, which it funded with cash provided by operating activities and proceeds from investment property sales. All of the 2010 common stock dividends and the June, September and December 2009 common stock dividends were paid in a combination of cash and common stock. The value of the

common dividends paid in stock totaled $24.3 million and $19.7 million in 2010 and 2009, respectively. The Company currently intends to pay future dividends in cash. The Company expects to fund its quarterly distributions to common and preferred stockholders with cash provided by operating

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activities, proceeds from investment property sales, distributions from unconsolidated joint ventures, and indebtedness, if necessary.

The Company reviews, on a quarterly basis, the amount of the common dividend in light of current and projected future cash flows from the sources noted above and also considers the requirements needed to maintain its REIT status. In addition, the Company has certain covenants under its Credit Facility which could limit the amount of dividends paid. In general, dividends of any amount can be paid as long as leverage, as defined in the facility, is less than 55% and the Company is not in default under its facility. Certain conditions also apply in which the Company can still pay dividends if leverage is above that amount. The Company routinely monitors the status of its dividend payments in light of the Credit Facility covenants.

Effects of Inflation.

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

Off Balance Sheet Arrangements.

The Company has a number of off balance sheet joint ventures with varying structures, as described in Note 4 of Notes of Consolidated Financial Statements. At December 31, 2010, the Company s unconsolidated joint ventures had aggregate outstanding indebtedness to third parties of approximately $394.0 million. These loans are generally mortgage or construction loans most of which are non-recourse to the Company, although in certain instances, the Company provides non-recourse carve-out guarantees on these non-recourse loans. Certain of these loans have variable interest rates, which creates exposure to the ventures in the form of market risk to interest rate changes.

At December 31, 2010, approximately $35.4 million of the loans at unconsolidated joint ventures were recourse to the Company. CF Murfreesboro Associates (CF Murfreesboro) constructed and owns a retail center, and the Company is a 50% partner. CF Murfreesboro has a $113.2 million construction loan that matures on July 20, 2013, of which approximately $103.4 million was drawn at December 31, 2010. The Company has a $26.2 million repayment guarantee on the loan, and the Company recognized the fair value of the guarantee at inception of $262,000, which amount has not changed. The second joint venture with debt guarantees is the Cousins Watkins LLC joint venture, which owns four retail shopping centers. The Company guaranteed 25% of two loans, which have a total balance available of $16.3 million, 25% of which is approximately $4.1 million. The Company assessed the fair value of the guarantees as $40,750. The guarantees will be released if certain metrics at the centers are achieved. At December 31, 2010, the Company guaranteed $2.9 million of the two Cousins Watkins venture loans, as the total available had not been drawn. In addition, the Company guaranteed 100% of another Cousins Watkins loan, which had an outstanding balance of $6.3 million at December 31, 2010. The Company s partner in the venture funded the estimated fair value of the guarantee of $65,000 to the Company. The Company anticipates it will be released from this guarantee in early 2011, upon the Company s partner obtaining an environmental study and either remediating conditions or funding a prescribed escrow amount with the lender.

The unconsolidated joint ventures also had performance bonds of $1.2 million at December 31, 2010, which the Company guarantees through an indemnity agreement with the bond issuer. These performance bonds relate to construction projects at the retail center owned by CF Murfreesboro and the Company s residential real estate ventures.

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

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Item 7A. Quantitative and Qualitative Disclosure about Market Risk

The Company s primary exposure to market risk results from its debt, which bears interest at both fixed and variable rates. The Company mitigates this risk by limiting its debt exposure in total and its maturities in any one year and focusing on fixed-rate, non-recourse debt compared to variable-rate debt in its portfolio. The fixed rate debt obligations limit the risk of fluctuating interest rates, and generally are mortgage loans secured by certain of the Company s real estate assets. The Company does not have a significant level of consolidated fixed-rate mortgage debt maturing in 2011, and therefore does not have high exposure for the refinancing of its mortgage debt in the near term. At December 31, 2010, the Company had $400.7 million of fixed rate debt outstanding at a weighted average interest rate of 5.94%.

The Company has a variable rate facility and one loan with a variable rate, Handy Road. Periodically, the Company uses derivative instruments, such as interest rate swaps, to mitigate its exposure to interest rate changes. There are no derivative instruments outstanding as of December 31, 2010. The Company has total variable rate debt of $108.8 million as of December 31, 2010, $105.4 million of which is represented by the Company s Credit Facility, which bears interest at LIBOR plus a spread. Based on the Company s average variable rate debt balances in 2010, excluding the portion that was fixed under interest rate swap agreements, interest expense would have increased by approximately $477,000 in 2010 if these interest rates had been 1% higher.

The following table summarizes the Company s market risk associated with notes payable as of December 31, 2010. It includes the principal maturing, an estimate of the weighted average interest rates on those expected principal maturity dates and the fair values of the Company s fixed and variable rate notes payable. Fair value was calculated by discounting future principal payments at estimated rates at which similar loans could have been obtained at December 31, 2010. The information presented below should be read in conjunction with Note 3 of Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K. (The Company did not have a significant level of notes receivable at December 31, 2010, and the table does not include information related to notes receivable.)

($ in thousands)	2011	2012	2013	2014	2015	Thereafter	Total	Fair Value
Notes Payable:								
Fixed Rate	$ 42,388	$ 45,962	$ 4,777	$ 4,877	$ 5,168	$ 297,563	$ 400,735	$ 413,022
Average Interest Rate	6.99%	5.61%	5.70%	5.76%	5.76%	5.85%	5.94%	
Variable Rate (1)	$ 3,374	$ 105,400	$	$	$	$	$ 108,774	$ 108,774
Average Interest Rate (2)	6.00%	2.26%					2.38%	

(1) Interest rates on variable rate notes payable are equal to the variable rates in effect on December 31, 2010.

(2) Assumes the one-year option to extend the Credit Facility will be exercised.

Item 8. Financial Statements and Supplementary Data

The Consolidated Financial Statements, Notes to Consolidated Financial Statements and Report of Independent Registered Public Accounting Firm are incorporated herein on pages F-1 through F-34.

Certain components of quarterly net income (loss) available to common stockholders disclosed below differ from those as reported on the Company s respective quarterly reports on Form 10-Q. As discussed in Notes 2 and 9 of Notes to Consolidated Financial Statements, gains and losses from the disposition of certain real estate assets and the related historical operating results were reclassified as Discontinued Operations for all applicable periods presented. Additionally, certain quarters during both 2010 and 2009 reflect the recording of impairment provisions. See Note 5 for further discussion. Furthermore, the first quarter of 2009 reflects the recognition of a deferred gain, which is further discussed in Note 8. In addition, in 2009 quarterly reports, the Company was presenting dividends paid in stock on a retroactive basis and changing prior period information as if the stock dividend component had been

outstanding in shares as of the earliest period presented. The Company paid dividends partially with stock in the last three quarters of 2009.

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Beginning in December 2009, the Company reflected dividends paid in stock prospectively as a stock issuance, and all periods where the dividend was presented retroactively were adjusted to show prospective issuance.

The following Selected Quarterly Financial Information (Unaudited) for the years ended December 31, 2010 and 2009 should be read in conjunction with the Consolidated Financial Statements and notes thereto included herein ($ in thousands, except per share amounts):

	Quarters			
	First	Second	Third	Fourth
	(Unaudited)			
2010:				
Revenues	$ 67,200	$ 52,612	$ 52,457	$ 56,237
Income (loss) from unconsolidated joint ventures	2,920	2,394	2,179	2,000
Gain on sale of investment properties	756	1,061	58	63
Income (loss) from continuing operations	944	(6,266)	(11,057)	(5,634)
Discontinued operations	1,236	1,482	6,597	665
Net income (loss)	2,180	(4,784)	(4,460)	(4,969)
Net income (loss) attributable to controlling interest	1,654	(5,368)	(5,156)	(5,703)
Net income (loss) available to common stockholders	(1,573)	(8,595)	(8,382)	(8,930)
Basic income (loss) from continuing operations attributable to controlling interest per common share	(0.03)	(0.10)	(0.15)	(0.09)
Basic net income (loss) per common share	(0.02)	(0.09)	(0.08)	(0.09)
Diluted income (loss) from continuing operations attributable to controlling interest per common share	(0.03)	(0.10)	(0.15)	(0.09)
Diluted net income (loss) per common share	(0.02)	(0.09)	(0.08)	(0.09)

	Quarters			
	First	Second	Third	Fourth
	(Unaudited)			
2009:				
Revenues	$ 46,289	$ 48,393	$ 56,768	$ 63,094
Income (loss) from unconsolidated joint ventures, including impairments	1,820	(29,361)	(42,854)	1,698
Gain on sale of investment properties	167,434	801	406	(4)
Income (loss) from continuing operations	164,216	(90,894)	(54,377)	(5,206)
Discontinued operations	(6)	13,506	1,048	1,260
Net income (loss)	164,210	(77,388)	(53,329)	(3,946)
Net income (loss) attributable to controlling interest	163,798	(78,086)	(53,860)	(4,557)
Net income (loss) available to common stockholders	160,571	(81,313)	(57,088)	(7,782)
Basic income (loss) from continuing operations attributable to controlling interest per common share	3.13	(1.84)	(0.98)	(0.09)
Basic net income (loss) per common share	3.13	(1.58)	(0.96)	(0.08)
Diluted income (loss) from continuing operations attributable to controlling interest per common share	3.13	(1.84)	(0.98)	(0.09)
Diluted net income (loss) per common share	3.13	(1.58)	(0.96)	(0.08)

Note: The above per share quarterly information may not sum to full year per share information due to rounding, and, in 2009, per share information for the quarter may not add up to the annual earnings per share due to the issuance of additional common stock during that year. Other financial statements and financial statement schedules required under Regulation S-X are filed pursuant to Item 15 of Part IV of this report.

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

Not applicable.

Item 9A. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management s control objectives. We also have investments in certain unconsolidated entities. As we do not always control or manage these entities, our disclosure controls and procedures with respect to such entities are necessarily more limited than those we maintain with respect to our consolidated subsidiaries.

As of the end of the period covered by this annual report, we carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer along with the Chief Financial Officer, of the effectiveness, design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based upon the foregoing, the Chief Executive Officer along with the Chief Financial Officer concluded that our disclosure controls and procedures were effective. In addition, based on such evaluation we have identified no changes in our internal control over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Management on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Management, under the supervision of and with the participation of the Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2010. The framework on which the assessment was based is described in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, we concluded that we maintained effective internal control over financial reporting as of December 31, 2010. Deloitte & Touche, our independent registered public accounting firm, issued an opinion on the effectiveness of our internal control over financial reporting as of December 31, 2010, which follows this report of management.

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

We have audited the internal control over financial reporting of Cousins Properties Incorporated and subsidiaries (the Company) as of December 31, 2010, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and the financial statement schedule as of and for the year ended December 31, 2010 of the Company and our report dated February 28, 2011 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP

Atlanta, Georgia
February 28, 2011

Item 9B. Other Information

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Items 401 and 405 of Regulation S-K is presented in Item X in Part I above and is included under the captions Election of Directors and Section 16(a) Beneficial Ownership Reporting Compliance in the Proxy Statement relating to the 2011 Annual Meeting of the Registrant s Stockholders, and is incorporated herein by reference. The Company has a Code of Business Conduct and Ethics (the Code) applicable to its Board of Directors and all of its employees. The Code is publicly available on the Investor Relations page of its website site at www.cousinsproperties.com. Section 1 of the Code applies to the Company s senior executive and financial officers and is a code of ethics as defined by applicable SEC rules and regulations. If the Company makes any amendments to the Code other than technical, administrative or other non-substantive amendments, or grants any waivers, including implicit waivers, from a provision of the Code to the Company s senior executive or financial officers, the Company will disclose on its website the nature of the amendment or waiver, its effective date and to whom it applies. There were no amendments or waivers during 2010.

Item 11. Executive Compensation

The information under the captions Executive Compensation (other than the Committee Report on Compensation) and Director Compensation in the Proxy Statement relating to the 2011 Annual Meeting of the Registrant s Stockholders is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information under the captions Beneficial Ownership of Common Stock and Equity Compensation Plan Information in the Proxy Statement relating to the 2011 Annual Meeting of the Registrant s Stockholders is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information under the caption Certain Transactions and Director Independence in the Proxy Statement relating to the 2011 Annual Meeting of the Registrant s Stockholders is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information under the caption Summary of Fees to Independent Registered Public Accounting Firm in the Proxy Statement relating to the 2011 Annual Meeting of the Registrant s Stockholders has fee information for fiscal years 2010 and 2009 and is incorporated herein by reference.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements

A. The following Consolidated Financial Statements of the Registrant, together with the applicable Report of Independent Registered Public Accounting Firm, are filed as a part of this report:

	Page Number
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets December 31, 2010 and 2009	F-3
Consolidated Statements of Operations for the Years Ended December 31, 2010, 2009 and 2008	F-4
Consolidated Statements of Equity for the Years Ended December 31, 2010, 2009 and 2008	F-5
Consolidated Statements of Cash Flows for the Years Ended December 31, 2010, 2009 and 2008	F-6
Notes to Consolidated Financial Statements	F-7

2. Financial Statement Schedule

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

		Page Numbers
A.	Schedule III Real Estate and Accumulated Depreciation December 31, 2010	S-1 through S-5

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

(b) Exhibits

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, dated May 4, 2010, filed as Exhibit 3.1 to the Registrant s Current Report on Form 8-K filed on May 10, 2010 and incorporated herein by reference.

3.2 Bylaws of the Registrant, as amended and restated June 6, 2009, filed as Exhibit 3.1 to the Registrant s Current Report on Form 8-K filed on June 8, 2009, and incorporated herein by reference.

4(a) Dividend Reinvestment Plan as restated as of March 27, 1995, filed in the Registrant s Form S-3 dated March 27, 1995, and incorporated herein by reference.

10(a)(i)* Cousins Properties Incorporated 1989 Stock Option Plan, renamed the 1995 Stock Incentive Plan and approved by the Stockholders on May 6, 1996, filed as Exhibit 4.1 to the Registrant s Form S-8 dated December 1, 2004, and incorporated herein by reference.

10(a)(ii)* Cousins Properties Incorporated 1999 Incentive Stock Plan, as amended and restated, approved by the Stockholders on May 6, 2008, filed as Annex B to the Registrant s Proxy Statement dated April 13, 2008, and incorporated herein by reference.

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10(a)(iii)* Cousins Properties Incorporated 2005 Restricted Stock Unit Plan, filed as Exhibit 10.1 to the Registrant s Current Report on Form 8-K dated December 9, 2005, and incorporated herein by reference.

10(a)(iv)* Amendment No. 1 to Cousins Properties Incorporated 2005 Restricted Stock Unit Plan, filed as Exhibit 10(a)(iii) to the Registrant s Form 10-Q for the quarter ended March 31, 2006, and incorporated herein by reference.

10(a)(v)* Form of Restricted Stock Unit Certificate (with Performance Criteria), filed as Exhibit 10(a)(iv) to the Registrant s Form 10-Q for the quarter ended March 31, 2006, and incorporated herein by reference.

10(a)(vi)* Cousins Properties Incorporated 1999 Incentive Stock Plan Form of Key Employee Non-Incentive Stock Option and Stock Appreciation Right Certificate, amended effective December 6, 2007, filed as Exhibit 10(a)(vi) to the Registrant s Form 10-K for the year ended December 31, 2007 and incorporated herein by reference.

10(a)(vii)* Cousins Properties Incorporated 1999 Incentive Stock Plan Form of Key Employee Incentive Stock Option and Stock Appreciation Right Certificate, amended effective December 6, 2007, filed as Exhibit 10(a)(vii) to the Registrant s Form 10-K for the year ended December 31, 2007 and incorporated herein by reference.

10(a)(viii)* Cousins Properties Incorporated 2005 Restricted Stock Unit Plan Form of Restricted Stock Unit Certificate, filed as Exhibit 10.3 to the Registrant s Current Report on Form 8-K dated December 11, 2006, and incorporated herein by reference.

10(a)(ix)* Amendment No. 2 to the Cousins Properties Incorporated 2005 Restricted Stock Unit Plan, filed as Exhibit 10.1 to the Registrant s Current Report on Form 8-K filed on August 18, 2006, and incorporated herein by reference.

10(a)(x)* Cousins Properties Incorporated 2005 Restricted Stock Unit Plan Form of Restricted Stock Unit Certificate for Directors, filed as Exhibit 10.2 to the Registrant s Current Report on Form 8-K filed on August 18, 2006, and incorporated herein by reference.

10(a)(xi)* Form of Change in Control Severance Agreement, filed as Exhibit 10.1 to the Registrant s Current Report on Form 8-K filed on August 31, 2007, and incorporated herein by reference.

10(a)(xii)* Amendment No. 1 to the Cousins Properties Incorporated 1999 Incentive Stock Plan, filed as Exhibit 10(a)(ii) to the Registrant s Form 10-Q for the quarter ended March 31, 2008, and incorporated herein by reference.

10(a)(xiii)* Amendment No. 4 to the Cousins Properties Incorporated 2005 Restricted Stock Unit Plan dated September 8, 2008, filed as Exhibit 10(a)(xiii) to the Registrant s Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.

10(a)(xiv)* Amendment No. 5 to the Cousins Properties Incorporated 2005 Restricted Stock Unit Plan dated February 16, 2009, filed as Exhibit 10(a)(xiv) to the Registrant s Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.

10(a)(xv)*

	Form of Amendment Number One to Change in Control Severance Agreement filed as Exhibit 10.2 to the Registrant s Current Report on Form 8-K dated May 12, 2009, and incorporated herein by reference.
10(a)(xvi)*	Amendment Number 6 to the Cousins Properties Incorporated 2005 Restricted Stock Unit Plan filed as Exhibit 10.3 to the Registrant s Current Report on Form 8-K dated May 12, 2009, and incorporated herein by reference.

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10(a)(xvii)*	Form of Cousins Properties Incorporated Cash Long Term Incentive Award Certificate filed as Exhibit 10.3 to the Registrant s Current Report on Form 8-K dated May 12, 2009, and incorporated herein by reference.
10(a)(xviii)*	Cousins Properties Incorporated 2009 Incentive Stock Plan, as approved by the Stockholders on May 12, 2009, filed as Annex B to the Registrant s Proxy Statement dated April 3, 2009, and incorporated herein by reference.
10(a)(xix)*	Cousins Properties Incorporated Director Non-Incentive Stock Option and Stock Appreciation Right Certificate under the Cousins Properties Incorporated 2009 Incentive Stock Plan, filed as Exhibit 10.2 to the Registrant s Form 10-Q for the quarter ended June 30, 2009, and incorporated herein by reference.
10(a)(xx)*	Cousins Properties Incorporated 2005 Restricted Stock Unit Plan Form of Restricted Stock Unit Certificate for 2010-2012 Performance Period filed as Exhibit 10(a)(xx) to the Registrant s Form 10-K for the year ended December 31, 2009 and incorporated herein by reference.
10(a)(xxi)*	Cousins Properties Incorporated 2009 Incentive Stock Plan Form of Key Employee Non-Incentive Stock Option Certificate filed as Exhibit 10(a)(xxi) to the Registrant s Form 10-K for the year ended December 31, 2009 and incorporated herein by reference.
10(a)(xxii)*	Cousins Properties Incorporated 2009 Incentive Stock Plan Form of Stock Grant Certificate filed as Exhibit 10(a)(xxii) to the Registrant s Form 10-K for the year ended December 31, 2009 and incorporated herein by reference.
10(a)(xxiii)*	Form of New Change in Control Severance Agreement, filed as Exhibit 10.1 to the Registrant s Current Report on Form 8-K filed on January 7, 2011 and incorporated herein by reference.
10(a)(xxiv)*	Form of Amendment Number Two to Change in Control Severance Agreement, filed as Exhibit 10.2 to the Registrant s Current Report on Form 8-K filed on January 7, 2011 and incorporated herein by reference.
10(a)(xxv)*	Cousins Properties Incorporated 2009 Incentive Stock Plan Form of Stock Grant Certificate.
10(a)(xxvi)*	Cousins Properties Incorporated 2009 Incentive Stock Plan Form of Key Employee Non-Incentive Stock Option Certificate.
10(a)(xxvii)*	Cousins Properties Incorporated 2009 Incentive Stock Plan Form of Key Employee Incentive Stock Option Certificate.
10(a)(xxviii)*	Cousins Properties Incorporated 2005 Restricted Stock Unit Plan Form of Restricted Stock Unit Certificate for 2011-2013 Performance Period.
10(b)*	Consulting Agreement with Joel Murphy, dated as of December 5, 2008, including the Amendment Number One to the Form of Restricted Stock Unit Certificate (with Performance Criteria), filed as Exhibit 10(b) to the Registrant s Form 10-K for the year ended December 31, 2008, and incorporated herein by reference.
10(c)*	Retirement Agreement and General Release by and among Thomas D. Bell, Jr. and Cousins Properties Incorporated dated June 7, 2009, filed as Exhibit 10.1 to the Registrant s Form 10-Q

for the quarter ended June 30, 2009, and incorporated herein by reference.

10(d)*	Retirement and Consulting Agreement and General Release with James A. Fleming dated August 9, 2010, filed as Exhibit 10.1 to the Registrant s Form 10-Q for the quarter ended June 30, 2010 and incorporated herein by reference.
10(e)	Amended and Restated Credit Agreement, dated as of August 29, 2007, among Cousins Properties Incorporated as the Principal Borrower (and the Borrower Parties, as defined, and the Guarantors, as defined); Bank of America, N.A., as Administrative Agent, Swing Line

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Lender and L/C Issuer; Banc of America Securities LLC as Sole Lead Arranger and Sole Book Manager; Eurohypo AG, as Syndication Agent; PNC Bank, N. A., Wachovia Bank, N. A., and Wells Fargo Bank, as Documentation Agents; Norddeutsche Landesbank Girozentrale, as Managing Agent; Aareal Bank AG, Charter One Bank, N.A., and Regions Bank, as Co-Agents; and the Other Lenders Party Hereto, filed as Exhibit 10.1 to the Registrant s Current Report on Form 8-K filed on August 30, 2007, and incorporated herein by reference.

10(f) Loan Agreement dated as of August 31, 2007, between Cousins Properties Incorporated, a Georgia corporation, as Borrower and JP Morgan Chase Bank, N.A., a banking association chartered under the laws of the United States of America, as Lender, filed as Exhibit 10.1 to the Registrant s Current Report on Form 8-K filed on September 7, 2007, and incorporated herein by reference.

10(g) Loan Agreement dated as of October 16, 2007, between 3280 Peachtree I LLC, a Georgia limited liability corporation, as Borrower and The Northwestern Mutual Life Insurance Company, as Lender, filed as Exhibit 10.1 to the Registrant s Current Report on Form 8-K filed October 17, 2007, and incorporated herein by reference.

10(h) Contribution and Formation Agreement between Cousins Properties Incorporated, CP Venture Three LLC and The Prudential Insurance Company of America, including Exhibit U thereto, filed as Exhibit 10.1 to the Registrant s Form 8-K filed on May 4, 2006, and incorporated herein by reference.

10(i) Form of Indemnification Agreement, filed as Exhibit 10.1 to the Registrant s Form 8-K dated June 18, 2007, and incorporated herein by reference.

10(j) Underwriting Agreement dated September 15, 2009 by and among Cousins Properties Incorporated, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated and J.P. Morgan Securities Inc., as representatives of the several underwriters, filed as Exhibit 1.1 to the Registrant s Current Report on Form 8-K filed on September 17, 2009, and incorporated herein by reference.

10(k) First Amendment dated as of February 19, 2010 to the Amended and Restated Credit Agreement dated August 29, 2007, among Cousins Properties Incorporated as the Principal Borrower (and the Co-Borrowers, as defined, and the Guarantors, as defined); Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer; Banc of America Securities LLC, as Sole Lead Arranger and Sole Book Manager; Eurohypo AG, New York Branch, as Syndication Agent; PNC Bank, N. A., Wachovia Bank, N. A., and Wells Fargo Bank, N. A., as Documentation Agents; Norddeutsche Landesbank Girozentrale, as Managing Agent; and Aareal Bank AG, Charter One BANK, N.A. and Regions Bank, as Co-Agents, filed as Exhibit 10.1 to the Registrant s Current Report on Form 8-K filed on February 25, 2010, and incorporated herein by reference.

11 Computation of Per Share Earnings. Data required by SFAS No. 128, Earnings Per Share, is provided in Note 2 of Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K and incorporated herein by reference.

12 Statement Regarding Computation of Earnings to Combined Fixed Charges and Preferred Dividends.

21 Subsidiaries of the Registrant.

23 Consent of Independent Registered Public Accounting Firm.

31.1 Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

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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.

* Indicates a management contract or compensatory plan or arrangement.

Filed herewith.

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SIGNATURES

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

Cousins Properties Incorporated
(Registrant)

Dated: February 28, 2011

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

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

Signature	Capacity	Date
/s/ Lawrence L. Gellerstedt, III Lawrence L. Gellerstedt, III	Chief Executive Officer, President and Director (Principal Executive Officer)	February 28, 2011
/s/ Gregg D.Adzema Gregg D. Adzema	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 28, 2011
/s/ John D. Harris, Jr. John D. Harris, Jr.	Senior Vice President, Chief Accounting Officer and Assistant Secretary (Principal Accounting Officer)	February 28, 2011
/s/ Erskine B. Bowles Erskine B. Bowles	Director	February 28, 2011
/s/ Tom G. Charlesworth Tom G. Charlesworth	Director	February 28, 2011
/s/ James D. Edwards James D. Edwards	Director	February 28, 2011
/s/ Lillian C. Giornelli Lillian C. Giornelli	Director	February 28, 2011
/s/ S. Taylor Glover S. Taylor Glover	Chairman of the Board of Directors	February 28, 2011

/s/ James H. Hance, Jr. James H. Hance, Jr.	Director	February 28, 2011
/s/ William B. Harrison, Jr. William B. Harrison, Jr.	Director	February 28, 2011
/s/ William Porter Payne William Porter Payne	Director	February 28, 2011

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Cousins Properties Incorporated:

We have audited the accompanying consolidated balance sheets of Cousins Properties Incorporated and subsidiaries (the Company) as of December 31, 2010 and 2009, and the related consolidated statements of operations, equity, and cash flows for each of the three years in the period ended December 31, 2010. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Cousins Properties Incorporated and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2011 expressed an unqualified opinion on the Company s internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
Atlanta, Georgia
February 28, 2011

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COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	December 31,	
	2010	2009
ASSETS		
PROPERTIES:		
Operating properties, net of accumulated depreciation of $274,925 and $233,091 in 2010 and 2009, respectively	**$ 898,119**	$ 1,006,760
Land held for investment or future development	**123,879**	137,233
Residential lots	**63,403**	62,825
Multi-family units held for sale	**2,994**	28,504
Total properties	**1,088,395**	1,235,322
CASH AND CASH EQUIVALENTS	**7,599**	9,464
RESTRICTED CASH	**15,521**	3,585
NOTES AND OTHER RECEIVABLES, net of allowance for doubtful accounts of $6,287 and $5,734 in 2010 and 2009, respectively	**48,395**	49,678
INVESTMENT IN UNCONSOLIDATED JOINT VENTURES	**167,108**	146,150
OTHER ASSETS	**44,264**	47,353
TOTAL ASSETS	**$ 1,371,282**	$ 1,491,552
LIABILITIES AND EQUITY		
NOTES PAYABLE	**$ 509,509**	$ 590,208
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	**32,388**	56,577
DEFERRED GAIN	**4,216**	4,452
DEPOSITS AND DEFERRED INCOME	**18,029**	7,465
TOTAL LIABILITIES	**564,142**	658,702
COMMITMENTS AND CONTINGENT LIABILITIES		
REDEEMABLE NONCONTROLLING INTERESTS	**14,289**	12,591
STOCKHOLDERS INVESTMENT:		
Preferred stock, 20,000,000 shares authorized, $1 par value:		
7.75% Series A cumulative redeemable preferred stock, $25 liquidation preference; 2,993,090 shares issued and outstanding in 2010 and 2009	**74,827**	74,827
7.50% Series B cumulative redeemable preferred stock, $25 liquidation preference; 3,791,000 shares issued and outstanding in 2010 and 2009	**94,775**	94,775
Common stock, $1 par value, 250,000,000 shares authorized, 106,961,959 and 103,352,382 shares issued in 2010 and 2009, respectively	**106,962**	103,352
Additional paid-in capital	**684,551**	662,216

Treasury stock at cost, 3,570,082 shares in 2010 and 2009	**(86,840)**	(86,840)
Accumulated other comprehensive loss on derivative instruments		(9,517)
Distributions in excess of cumulative net income	**(114,196)**	(51,402)
TOTAL STOCKHOLDERS INVESTMENT	**760,079**	787,411
Nonredeemable noncontrolling interests	**32,772**	32,848
TOTAL EQUITY	**792,851**	820,259
TOTAL LIABILITIES AND EQUITY	**$ 1,371,282**	$ 1,491,552

See notes to consolidated financial statements.

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COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Years Ended December 31,		
	2010	**2009**	**2008**
REVENUES:			
Rental property revenues	**$ 143,472**	$ 139,504	$ 136,892
Fee income	**33,420**	33,806	47,662
Multi-family residential unit sales	**34,442**	30,841	8,444
Residential lot and outparcel sales	**15,943**	7,421	6,993
Other	**1,229**	2,972	4,149
	228,506	214,544	204,140
COSTS AND EXPENSES:			
Rental property operating expenses	**58,973**	63,382	54,501
Multi-family residential unit cost of sales	**27,017**	25,629	7,330
Residential lot and outparcel cost of sales	**10,699**	5,023	3,776
General and administrative expenses	**36,149**	33,948	40,988
Separation expenses	**1,045**	3,257	1,186
Reimbursed general and administrative expenses	**15,304**	15,506	16,279
Depreciation and amortization	**59,111**	53,350	50,271
Interest expense	**37,180**	39,888	28,257
Impairment loss	**2,554**	40,512	2,100
Other	**5,170**	13,143	6,049
	253,202	293,638	210,737
LOSS ON EXTINGUISHMENT OF DEBT AND INTEREST RATE SWAPS	**(9,827)**	(2,766)	
LOSS FROM CONTINUING OPERATIONS BEFORE TAXES, UNCONSOLIDATED JOINT VENTURES AND SALE OF INVESTMENT PROPERTIES	**(34,523)**	(81,860)	(6,597)
BENEFIT (PROVISION) FOR INCOME TAXES FROM OPERATIONS	**1,079**	(4,341)	8,770
INCOME (LOSS) FROM UNCONSOLIDATED JOINT VENTURES:			
Equity in net income (loss) from unconsolidated joint ventures	**9,493**	(17,639)	9,721
Impairment loss on investment in unconsolidated joint ventures		(51,058)	
	9,493	(68,697)	9,721
	(23,951)	(154,898)	11,894

INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE GAIN ON SALE OF INVESTMENT PROPERTIES			
GAIN ON SALE OF INVESTMENT PROPERTIES	**1,938**	168,637	10,799
INCOME (LOSS) FROM CONTINUING OPERATIONS	**(22,013)**	13,739	22,693
INCOME FROM DISCONTINUED OPERATIONS:			
Income (loss) from discontinued operations	**2,754**	3,163	(240)
Gain on extinguishment of debt		12,498	
Gain on sale of real estate from discontinued operations	**7,226**	147	2,472
	9,980	15,808	2,232
NET INCOME (LOSS)	**(12,033)**	29,547	24,925
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**(2,540)**	(2,252)	(2,378)
NET INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST	**(14,573)**	27,295	22,547
DIVIDENDS TO PREFERRED STOCKHOLDERS	**(12,907)**	(12,907)	(14,957)
NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS	**$ (27,480)**	$ 14,388	$ 7,590
PER COMMON SHARE INFORMATION BASIC AND DILUTED:			
Income (loss) from continuing operations attributable to controlling interest	**$ (0.37)**	$ (0.02)	$ 0.10
Income from discontinued operations	**0.10**	0.24	0.04
Net income (loss) available to common stockholders basic and diluted	**$ (0.27)**	$ 0.22	$ 0.15
WEIGHTED AVERAGE SHARES BASIC	**101,440**	65,495	51,331
WEIGHTED AVERAGE SHARES DILUTED	**101,440**	65,495	51,728

See notes to consolidated financial statements.

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COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY
Years Ended December 31, 2010, 2009 and 2008
(In thousands)

	Preferred Stock	Common Stock	Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss) on Derivative Instruments	Cumulative Undistributed Net Income (Distributions in Excess of Net Income)	Stockholders' Investment	Nonredeemable Noncontrolling Interests	Total Equity
Balance December 31, 2007	**$ 200,000**	**$ 54,851**	**$ 348,508**	**$ (86,840)**	**$ (4,302)**	**$ 42,604**	**$ 554,821**	**$ 38,419**	**$ 593,240**
Net income						22,547	22,547	2,731	25,278
Other comprehensive loss					(12,299)		(12,299)		(12,299)
Total comprehensive income (loss)					(12,299)	22,547	10,248	2,731	12,979
Repurchase of preferred stock	(30,398)		14,557				(15,841)		(15,841)
Common stock issued pursuant to:									
Exercise of options and grants under director stock plan		105	1,771				1,876		1,876
Restricted stock grants, net of amounts withheld for income taxes		(16)	(257)				(273)		(273)
Amortization of stock options and restricted stock, net of		(18)	4,296				4,278		4,278

forfeitures									
Income tax deficiency from stock based compensation			(46)				(46)		(46)
Distributions to noncontrolling interests								(3,767)	(3,767)
Change in fair value of redeemable noncontrolling interests						(3,282)	(3,282)	156	(3,126)
Cash preferred dividends paid						(15,250)	(15,250)		(15,250)
Cash common dividends paid						(69,808)	(69,808)		(69,808)
Balance December 31, 2008	169,602	54,922	368,829	(86,840)	(16,601)	(23,189)	466,723	37,539	504,262
Net income						27,295	27,295	2,426	29,721
Other comprehensive income					7,084		7,084		7,084
Total comprehensive income					7,084	27,295	34,379	2,426	36,805
Common stock issued pursuant to:									
Common stock offering, net of issuance		46,000	272,406				318,406		318,406
Stock dividend, net of issuance costs		2,420	17,291			(19,711)			
Grants under director stock plan		29	236				265		265
Amortization of stock options and restricted stock, net of forfeitures		(19)	3,497				3,478		3,478
Income tax deficiency from			(43)				(43)		(43)

stock based compensation									
Distributions to noncontrolling interests								(7,117)	(7,117)
Change in fair value of redeemable noncontrolling interests						(180)	(180)		(180)
Cash preferred dividends paid						(12,907)	(12,907)		(12,907)
Cash common dividends paid						(22,710)	(22,710)		(22,710)
Balance December 31, 2009	**169,602**	**103,352**	**662,216**	**(86,840)**	**(9,517)**	**(51,402)**	**787,411**	**32,848**	**820,259**
Net income (loss)						(14,573)	(14,573)	2,364	(12,209)
Other comprehensive income					9,517		9,517		9,517
Total comprehensive income (loss)					9,517	(14,573)	(5,056)	2,364	(2,692)
Common stock issued pursuant to:									
Stock dividend, net of issuance costs		3,353	20,834			(24,282)	(95)		(95)
Grants under director stock plan		35	215				250		250
Restricted stock grants, net of amounts withheld for income taxes		256	(330)				(74)		(74)
Amortization of stock options and restricted stock, net of forfeitures		(34)	2,382				2,348		2,348
Distributions to noncontrolling								(2,440)	(2,440)

interests								
Change in fair value of redeemable noncontrolling interests			(766)		1,144	378		378
Cash preferred dividends paid					(12,907)	(12,907)		(12,907)
Cash common dividends paid					(12,176)	(12,176)		(12,176)
Balance December 31, 2010	**$ 169,602**	**$ 106,962**	**$ 684,551**	**$ (86,840)**	**$**	**$ (114,196)**	**$ 760,079**	**$ 32,772**	**$ 792,851**

See notes to consolidated financial statements.

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COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended December 31,		
	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	**$ (12,033)**	$ 29,547	$ 24,925
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Gain on sale of investment properties, including discontinued operations	**(9,164)**	(168,784)	(13,271)
Loss (gain) on extinguishment of debt	**592**	(12,498)	
Impairment loss	**2,554**	40,512	2,100
Impairment loss on investment in unconsolidated joint ventures		51,058	
Losses on abandoned predevelopment projects	**829**	7,723	1,053
Depreciation and amortization	**59,956**	55,833	53,412
Amortization of deferred financing costs	**2,074**	1,473	1,587
Stock-based compensation	**2,348**	3,743	4,726
Change in deferred income taxes, net of valuation allowance		8,897	(9,185)
Effect of recognizing rental revenues on a straight-line or market basis	**(5,142)**	(4,970)	(3,852)
(Income) loss from unconsolidated joint ventures	**(9,493)**	17,639	(9,721)
Operating distributions from unconsolidated joint ventures	**11,394**	7,237	23,751
Residential lot, outparcel and multi-family cost of sales, net of closing costs paid	**35,743**	27,415	10,681
Residential lot, outparcel and multi-family acquisition and development expenditures	**(3,272)**	(7,283)	(52,151)
Income tax deficiency from stock based compensation expense		43	46
Changes in other operating assets and liabilities:			
Change in other receivables and other assets, net	**3,870**	(3,537)	6,177
Change in accounts payable and accrued liabilities	**(560)**	(10,884)	290
Net cash provided by operating activities	**79,696**	43,164	40,568
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from investment property sales	**101,706**	11,727	44,913
Property acquisition and development expenditures	**(33,761)**	(53,874)	(159,131)
Investment in unconsolidated joint ventures	**(26,229)**	(5,234)	(24,603)
Distributions from unconsolidated joint ventures	**16,024**	4,830	17,630
Payment of debt guarantee for unconsolidated joint venture	**(17,250)**		
Collection of notes receivable, net of investment	**134**	(34)	174
Change in other assets	**(1,363)**	(2,812)	(12,664)
Change in restricted cash	**(12,409)**	51	(49)
Net cash provided by (used in) investing activities	**26,852**	(45,346)	(133,730)

CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from credit facility	**100,300**	165,000	501,725
Repayment of credit and term facilities	**(134,900)**	(436,000)	(243,325)
Proceeds from other notes payable	**27,034**		18,401
Repayment of notes payable	**(73,133)**	(75,819)	(10,751)
Payment of loan issuance costs	**(1,996)**		(320)
Common stock issued, net of expenses	**(95)**	318,406	1,156
Repurchase of preferred stock			(15,841)
Income tax deficiency from stock based compensation expense		(43)	(46)
Cash common dividends paid	**(12,176)**	(22,710)	(69,808)
Cash preferred dividends paid	**(12,907)**	(12,907)	(15,250)
Contributions from noncontrolling interests	**2,237**	32	11
Distributions to noncontrolling interests	**(2,777)**	(7,276)	(7,652)
Net cash provided by (used in) financing activities	**(108,413)**	(71,317)	158,300
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,865)**	(73,499)	65,138
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**9,464**	82,963	17,825
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 7,599**	$ 9,464	$ 82,963

See notes to consolidated financial statements.

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

Description of Business: Cousins Properties Incorporated (Cousins), a Georgia corporation, is a self-administered and self-managed real estate investment trust (REIT). Cousins Real Estate Corporation (CREC) is a taxable entity wholly-owned by and consolidated with Cousins. CREC owns, develops, and manages its own real estate portfolio and performs certain real estate related services for other parties.

Cousins, CREC and their subsidiaries (collectively, the Company) develop, manage and own office, for-sale multi-family, retail, industrial and residential real estate projects. As of December 31, 2010, the Company s portfolio of real estate assets consisted of interests in 7.4 million square feet of office space, 4.7 million square feet of retail space, 2.0 million square feet of industrial space, 7 for-sale units in a completed for-sale multi-family project, interests in 24 residential communities under development or held for future development, approximately 9,100 acres of strategically located land tracts held for investment or future development, and significant land holdings for development of single-family residential communities. The Company also provides leasing and/or management services for approximately 12.1 million square feet of office and retail space owned by third parties.

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

The Company evaluates all partnership interests or other variable interests to determine if the interest qualifies as a variable interest entity (VIE), as defined in the Codification. If the interest represents a VIE and the Company is determined to be the primary beneficiary, the Company is required to consolidate the assets, liabilities and results of operations of the VIE.

The Company has a joint venture with Callaway Gardens Resort, Inc. (Callaway) for the development of residential lots. The joint venture is considered to be a VIE, and the Company is considered to be the primary beneficiary. The project is anticipated to be funded fully through Company contributions, and Callaway has no obligation to fund any costs, although Callaway has the right to receive returns, but absorb no losses, from the project. The Company is the sole decision maker for the venture and the development manager. As of December 31, 2010 and 2009, Callaway had total assets of $15.7 million and $16.3 million, respectively, and no significant liabilities.

The Company also has an investment in Handy Road Associates, LLC (Handy Road), a 50-50 joint venture which owns 1,187 acres of land in suburban Atlanta, Georgia intended for future development or sale. The joint venture is considered to be a VIE, and the Company is considered to be the primary beneficiary. As of December 31, 2010 and 2009, Handy Road had assets of approximately $3.5 million and $5.4 million, respectively, and approximately $3.4 million of liabilities at both dates.

For unconsolidated entities that the Company does not control, but exercises significant influence, the Company uses the equity method of accounting. Descriptions of each of the Company s investments accounted for under the equity method are included in Note 4.

2. SIGNIFICANT ACCOUNTING POLICIES

Long-Lived Assets

Cost Capitalization: Costs related to planning, developing, leasing and constructing a property are capitalized and classified as Properties in the Consolidated Balance Sheets. These costs include costs of development personnel who work directly on projects under development based on actual time spent on each project. In addition, the Company capitalizes interest to qualifying assets under development based on average accumulated expenditures outstanding during the period. In capitalizing interest to qualifying assets, the Company first uses the interest incurred on specific project debt, if any, and next uses the Company s weighted average interest rate for non-project specific debt. The Company also capitalizes interest to investments accounted for under the equity method when the investee has

property under development with a carrying value in excess of the investee s borrowings. To the extent debt exists within an unconsolidated joint venture during the construction period, the venture capitalizes interest on that venture specific debt.

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The Company capitalizes interest, real estate taxes and certain operating expenses on the unoccupied portion of recently completed properties from the date a project receives its certificate of occupancy to the earlier of (1) the date on which the project achieves 95% economic occupancy or (2) one year after it receives its certificate of occupancy.

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

Impairment: The Company s long-lived assets are mainly its real estate assets, which include operating properties, undeveloped land, residential lots and for-sale multi-family units. In accordance with accounting standards related to impairment, management reviews each of its long-lived assets for the existence of any indicators of impairment. If indicators of impairment are present for assets which are held for use, the Company calculates the expected undiscounted future cash flows to be derived from such assets. If the undiscounted cash flows are less than the carrying amount of the asset, a fair value analysis is prepared, and the long-lived asset is reduced to its fair value. If a long-lived asset is considered held for sale, the Company recognizes impairment losses if the fair value, net of selling costs, is less than its carrying value. See Note 5 for more information on impairments recognized during 2010, 2009 and 2008.

The accounting treatment for long-lived assets is the same within the Company s unconsolidated joint ventures. See Notes 4 and 5 for more information on impairments recognized, if any, within the Company s unconsolidated joint ventures during 2010, 2009 and 2008.

The Company evaluates the recoverability of its investment in unconsolidated joint ventures in accordance with accounting standards for equity investments by first reviewing each investment for any indicators of impairment. If indicators are present, the Company estimates the fair value of the investment. If the carrying value of the investment is greater than the estimated fair value, management makes an assessment of whether the impairment is temporary or other-than-temporary. In making this assessment, management considers the following: (1) the length of time and the extent to which fair value has been less than cost, (2) the financial condition and near-term prospects of the entity, and (3) the Company s intent and ability to retain its interest long enough for a recovery in market value. See Note 5 for more information on impairments recognized on the Company s investments in unconsolidated joint ventures, if any, during 2010, 2009 and 2008.

The Company evaluates impairment of its goodwill annually, as of November 30 (or at any point during the year if indicators of impairment exist), for impairment using a discounted cash flow analysis. The Company recorded no goodwill impairments during 2010, 2009 or 2008.

Acquisition of Operating Properties: The Company allocates the purchase price of operating properties acquired to land, building, tenant improvements and identifiable intangible assets and liabilities based upon relative fair values at the date of acquisition. The Company assesses fair value based on estimated cash flow projections that utilize appropriate discount and/or capitalization rates, as well as available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known and anticipated trends, and market and economic conditions. The values assigned to the tangible assets of an acquired property are based on the market values for land and tenant improvements and an analysis of the fair value of the building as if it were vacant. Intangible assets can consist of above or below market tenant and ground leases, customer relationships or the value of in-place leases. The values of the above and below market tenant and ground leases are recorded within Other Assets or Accounts Payable and Accrued Liabilities in the Consolidated Balance Sheets. Above or below market tenant leases are amortized into rental revenues over the individual remaining lease terms, and above or below market ground leases are amortized into ground rent expense over the remaining term of the associated lease. The value associated with in-place leases is recorded in Other Assets and amortized to depreciation and amortization expense over the expected term (see Note 10 for further detail on Intangible Assets). Historically, the Company has not assigned any value to customer relationships on properties acquired. Tangible assets acquired are depreciated using the methodology detailed below in the Depreciation and Amortization section. There were no significant property acquisitions in 2010 or 2009.

Depreciation and Amortization: Real estate assets are stated at the lower of fair value or depreciated cost. Buildings are depreciated over their estimated useful lives, which range from 24-40 years. The life of a particular building depends upon a number of factors including whether the building was developed or acquired and the condition of the building upon acquisition. Furniture, fixtures and equipment are depreciated over their estimated useful lives of three to five years. Tenant improvements, leasing costs and leasehold improvements are amortized over the term of the applicable leases or the estimated useful life of the assets, whichever is shorter. The Company accelerates the depreciation of tenant assets if it estimates that the lease term will end prior to the termination date. This acceleration may occur if a tenant files for

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bankruptcy, vacates its premises or defaults in another manner on its lease. Deferred expenses are amortized over the period of estimated benefit. The Company uses the straight-line method for all depreciation and amortization.

Discontinued Operations: Gains or losses from the disposition of certain real estate assets and the related historical results of operations of these assets disposed of or held-for-sale, as defined, are included in a separate section, Discontinued Operations, in the Statements of Operations for all periods presented. The Company also assesses whether it has significant continuing involvement in the property, as outlined in the rules, and if it does, the transaction does not qualify as a Discontinued Operation. The Company ceases depreciation of a property when it is categorized as held-for-sale. See Note 8 for a detail of property transactions that met these requirements.

Revenue Recognition

Rental Property Revenues: The Company recognizes income from leases which include scheduled increases in rental rates over the lease term (other than scheduled increases based on the Consumer Price Index) and/or periods of free rent on a straight-line basis. The Company recognizes revenues from tenants for operating expenses that the Company incurs which may be billed back to the tenants pursuant to their lease agreements. These operating expenses include items such as real estate taxes, insurance and other property operating costs. During 2010, 2009 and 2008, the Company recognized $26.8 million, $26.5 million and $27.7 million, respectively, in revenues from tenants related to operating expenses.

The Company makes valuation adjustments to all tenant-related accounts receivable based upon its estimate of the likelihood of collectibility of amounts due from the tenant. The Company analyzes the tenant s credit and business risk, history of payment and other factors in order to aid in its assessment. The Company generally reserves accounts receivable on specific tenants where rental payments or reimbursements are delinquent 90 days or more. Reserves may also be recorded for amounts outstanding less than 90 days if management deems the collectibility is highly questionable.

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

Under management agreements with both third party property owners and joint venture properties in which the Company has an ownership interest, the Company receives management fees, as well as expense reimbursements comprised primarily of on-site personnel s salaries and benefits. The Company expenses salaries and other direct costs related to these management agreements. The Company also obtains reimbursements for certain expenditures incurred under development agreements with both third party and joint venture entities. The Company records management and development fees and the related reimbursements in Fee Income on the Consolidated Statements of Operations in the same period as the corresponding expenses are incurred. Reimbursements from third party and unconsolidated joint venture management and development contracts were $15.3 million, $15.5 million and $16.3 million for the years ended December 31, 2010, 2009 and 2008, respectively.

For-Sale Multi-Family Residential Unit Sales: The Company recognizes sales and related cost of sales of multi-family residential units by estimating profit percentages for the entire project and applying these percentages to each individual unit sale in a consistent manner. If the anticipated profit estimate changes during the course of a project, the Company adjusts cost of sales prospectively to reflect the new metrics. The Company recognizes forfeited deposits in income as earned. In certain situations, the Company has financed unit sales and recognizes profits on these sales under the deposit method of accounting. Multi-Family Units Held for Sale on the Consolidated Balance Sheets as of December 31, 2010 and 2009 has approximately $857,000 and $2.0 million, respectively, of assets that are under sales contracts which have not met the requirements of sales recognition under accounting rules. In addition, at December 31, 2009 the Company had $1.8 million of assets under short-term rental leases included in Multi-Family Units Held for Sale.

Residential Lot Sales: The Company recognizes sales and related cost of sales of developed lots to homebuilders upon closing, the majority of which historically have been accounted for on the full accrual method. If a substantial

continuing obligation exists related to the sale, the Company uses the percentage of completion method. If other criteria for the full accrual method are not met, the Company utilizes the appropriate revenue recognition policy as detailed in ASC 360. Management estimates profit percentages for the entire project and applies these percentages to each individual lot sale in a consistent manner. If the anticipated profit estimate changes during the course of a project, the Company adjusts cost of sales prospectively to reflect the new metrics.

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

Income Taxes

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

CREC, a C-Corporation for federal income tax purposes, uses the liability method of accounting for income taxes. Tax return positions are recognized in the financial statements when they are more-likely-than-not to be sustained upon examination by the taxing authority. Deferred income tax assets and liabilities result from temporary differences. Temporary differences are differences between the tax bases of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future periods. A valuation allowance may be placed on deferred income tax assets. See Note 7 for more information regarding the tax position of the Company.

Stock-Based Compensation

The Company has several types of stock-based compensation plans which are described in Note 6. The Company recognizes compensation expense, net of forfeitures, arising from share-based payment arrangements (stock options, restricted stock, restricted stock units, and cash-based long-term incentive) granted to employees and directors in General and Administrative Expense in the Consolidated Statements of Operations over the related awards vesting period, which may be accelerated under the Company s retirement feature. The Company has capitalized a portion of share-based payment expense to certain projects. Information for the Company s share-based payment arrangements for the years ended December 31, 2010, 2009 and 2008 is as follows ($ in thousands):

	2010	2009	2008
Expensed	$ 4,395	$ 5,705	$ 4,168
Amounts capitalized	(282)	(451)	(851)
	$ 4,113	$ 5,254	$ 3,317

Earnings per Share (EPS)

Basic EPS represents net income available to common stockholders divided by the weighted average number of common shares outstanding during the period. Diluted EPS represents net income available to common stockholders divided by the diluted weighted average number of common shares outstanding during the period. Diluted weighted average number of common shares reflects the potential dilution that would occur if stock options or other contracts to issue common stock were exercised and resulted in additional common stock outstanding. The income amounts used in the Company s EPS calculations are reduced for the effect of preferred dividends and are the same for both basic and diluted EPS.

On January 1, 2009, the Company adopted new guidance for calculating earnings per share. Under the new guidance, the Company is required to reflect unvested share-based payment awards that contain nonforfeitable rights

to dividends or dividend equivalents in the computation of earnings per share for all periods presented. The Company s outstanding restricted stock has nonforfeitable rights to dividends. Both basic and diluted earnings per share for 2008 were retroactively adjusted to conform to this presentation as follows (in thousands):

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	2008	
	Basic	**Diluted**
Weighted average shares, as originally reported	**51,202**	**51,621**
Less dilutive effect of restricted shares		(22)
Weighted average unvested restricted shares	129	129
Weighted average shares, as adjusted	**51,331**	**51,728**

Weighted average shares basic and diluted are as follows (in thousands):

	2010	2009	2008
Weighted-average shares-basic	**101,440**	65,495	51,331
Dilutive potential common shares:			
Stock options			397
Weighted-average shares-diluted	**101,440**	65,495	51,728
Anti-dilutive options at period end not included	**6,460**	6,944	3,987

Derivative Instruments

From time to time, the Company may use derivative instruments, such as interest rate swaps, to effectively manage its interest rate risk on certain debt instruments. Entities that use derivative instruments are required to provide qualitative disclosures about their objectives and strategies for using such instruments, as well as any details of credit-risk-related contingent features contained within derivatives. Entities are also required to disclose certain information about the amounts and location of derivatives located within the financial statements, how the provisions of derivative accounting rules have been applied, and the impact that hedges have on an entity s financial position, financial performance, and cash flows.

Specifically, the Company had interest rate swaps in 2010 and 2009. The Company did not utilize the shortcut method of accounting for these instruments and followed the hypothetical derivative method. Except for any portion of the swaps considered to be ineffective, the Company recognized the change in value of the interest rate swaps in Accumulated Other Comprehensive Loss (OCL), which is included in the equity section of the Consolidated Balance Sheets. The Company recorded payments made or received under the interest rate swap agreements in Interest Expense on the Consolidated Statements of Operations. The Company analyzed ineffectiveness on a quarterly basis and recorded the effect of any ineffectiveness in Interest Expense in the Consolidated Statements of Operations. Payments related to interest rate swap termination agreements were expensed as incurred. See Note 3 for more details related to the Company s interest rate swaps.

The Company formally documents all relationships between hedging instruments and hedged items. The Company assesses, both at inception of the hedge and on an ongoing basis, whether the derivatives are highly effective in offsetting changes in the cash flows of the hedged items. In assessing the hedge, the Company uses standard market conventions and techniques such as discounted cash flow analysis, option pricing models and termination costs at each balance sheet date. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

Cash and Cash Equivalents and Restricted Cash

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

New Accounting Pronouncement

The Company adopted new guidelines effective January 1, 2010, which modify how a company determines when an entity that is insufficiently capitalized or is not controlled through voting or similar rights should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity s purpose and design and a company s ability to direct the activities of the entity that most significantly impact the entity s economic performance. An ongoing reassessment of whether a company is the primary beneficiary of a VIE, and additional disclosures about a company s involvement in VIEs, including any significant changes in risk exposure due to that involvement, is required. These changes did not affect financial condition, results of operations or cash flows.

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Other

In the periods prior to the second quarter of 2009, the Company included separation payments to terminated employees within the general and administrative expense line item. Beginning in the second quarter of 2009, these amounts were segregated on the Consolidated Statements of Operations and prior period amounts have been revised to conform to this new presentation.

Use of Estimates

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

3. NOTES PAYABLE, COMMITMENTS AND CONTINGENCIES

The following table summarizes the terms of notes payable outstanding at December 31, 2010 and 2009 ($ in thousands):

Description	Interest Rate	Term/ Amortization Period (Years)	Maturity	2010	2009
Credit Facility, unsecured (see note)	LIBOR + 1.75% to 2.25%	4/N/A	8/29/11	**$ 105,400**	$ 40,000
Term Facility, unsecured (see note)	See note	5/N/A	8/29/12		100,000
Terminus 100 mortgage note (see note)	5.25%	12/30	1/1/23	**140,000**	180,000
The American Cancer Society Center mortgage note (interest only until October 1, 2011)	6.45%	10/30	9/1/17	**136,000**	136,000
333/555 North Point Center East mortgage note	7.00%	10/25	11/1/11	**26,412**	27,287
100/200 North Point Center East mortgage note (interest only until July 1, 2010)	5.39%	5/30	6/1/12	**24,830**	25,000
Previous Meridian Mark Plaza mortgage note (see note)	8.27%	10/28	9/1/10		22,279
Meridian Mark Plaza mortgage note (see note)	6.00%	10/30	8/1/20	**26,892**	
Lakeshore Park Plaza mortgage note	5.89%	4/25	8/1/12	**17,544**	17,903
The Points at Waterview mortgage note	5.66%	10/25	1/1/16	**16,592**	17,024
600 University Park Place mortgage note	7.38%	10/30	8/10/11	**12,292**	12,536
Handy Road Associates, LLC (see note)	Prime + 1%, but not < 6%	5/N/A	3/30/11	**3,374**	3,340
Glenmore Garden Villas, LLC (see note)	LIBOR + 2.25%	3/N/A	10/3/10		8,674
Other	4.13%	2/N/A	11/18/13	**173**	165

$ 509,509	$ 590,208

Credit and Term Facilities

In February 2010, the Company entered into a First Amendment (the Amendment) of its Credit and Term Facilities with Bank of America and other participating banks. The Amendment reduced the amount available under the Credit Facility from $500 million to $250 million. The amount available under the Term Facility remained the same; however, if the Company sold certain assets aggregating $50 million, it was required to utilize the proceeds to reduce the balance outstanding on the Term Facility. The Amendment provided that if the Term Facility was repaid, in whole or in part, prior to the maturity of the Credit Facility, the availability under the Credit Facility would increase correspondingly, allowing a total availability under the combined Facilities of $350 million. The maturity date of the Credit Facility is August 29, 2011. The Credit Facility can be extended for one year with the payment of a fee, unless there is an event of default.

The Amendment provided that amounts outstanding under the Credit and Term Facilities accrue interest at the London Interbank Offering Rate (LIBOR) plus a spread, based on the Leverage Ratio, which is Adjusted Debt, as defined in the Amendment, over Total Assets, as defined in the Amendment, and it changed the spread for the Credit and Term Facilities. At December 31, 2010, the spread over LIBOR under the Credit Facility was 2.0%.

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Leverage Ratio	Credit and Term Facilities Applicable Spread - As Amended	Credit Facility Applicable Spread - Before Amendment	Term Facility Applicable Spread - Before Amendment
≤ 35%	1.75%	0.75%	0.70%
>35% but ≤ 45%	2.00%	0.85%	0.80%
>45% but ≤ 50%	2.25%	0.95%	0.90%
>50% but ≤ 55 %	2.25%	1.10%	1.05%
>55%	N/A	1.25%	1.20%

The Amendment also changed certain operating and financial covenants including, but not limited to, the minimum Consolidated Fixed Charge Coverage Ratio, as defined, which decreased from 1.50 to 1.30. The Company incurred an administrative fee of approximately $1.7 million to effect the Amendment and additionally expensed unamortized deferred loan costs related to the previous facility of $592,000.

In July 2010, the Company paid the outstanding balance of the Term Facility in full. Accordingly, the maximum amount available under the Credit Facility increased to $350 million. In conjunction with the payoff of the Term Facility, the Company terminated the related interest rate swap, and the Company paid the counterparty to the swap agreement $9.2 million, which was recognized as an expense in 2010.

The amount that the Company may draw under the Credit Facility is a defined function of the Company s unencumbered assets and is reduced by any letters of credit outstanding. Based on these limitations, as of December 31, 2010, the Company was able to draw an additional $238.4 million under the Credit Facility.

Other Debt Activity

In July 2010, the Company obtained a new mortgage loan secured by Meridian Mark Plaza that increased the principal from $22.3 million to $27.0 million and reduced the interest rate from 8.27% to 6.00%. The new note requires principal and interest payments based on a 30-year amortization, and has a maturity date of August 1, 2020.

In December 2010, the Company amended its Terminus 100 mortgage note. The Company paid $40.0 million of principal, reducing the note to $140.0 million outstanding. The interest rate on the note was reduced from 6.13% to 5.25%, principal and interest payments are based on a 30-year amortization, and the note matures January 1, 2023.

In June 2009, the Company consolidated its investment in Handy Road, which was previously accounted for under the equity method. See Note 4 herein for further information. Upon consolidation, the Company recorded a note payable for Handy Road at its then fair value of $3.2 million. This interest-only note is non-recourse to the Company, and is guaranteed by the third-party partner in the venture.

In September 2009, the Company consolidated its investment in Glenmore Garden Villas, LLC (Glenmore), a townhome development in Charlotte, North Carolina, which was previously accounted for under the equity method. See Note 4 herein for further information. Upon consolidation, the Company recorded a note payable at Glenmore at its fair value of $8.7 million.

Interest Rate Swap Agreements

In 2007, the Company entered into an interest rate swap agreement with a notional amount of $100 million in order to manage its interest rate risk under the Term Facility. The Company designated this swap as a cash flow hedge, and this swap effectively fixed the underlying LIBOR rate of the Term Facility at 5.01% through August 2012. As discussed above, the Company terminated this swap agreement in 2010.

In 2008, the Company entered into two interest rate swap agreements with notional amounts of $75 million each in order to manage interest rate risk associated with floating-rate, LIBOR-based borrowings. The Company designated these swaps as cash flow hedges, and these swaps effectively fixed a portion of the underlying LIBOR rate on

$150 million of Company borrowings at an average rate of 2.84%. In October 2009, the Company terminated one of its $75 million swaps and paid the counterparty to the agreement $1.8 million, which was recognized as an expense in 2009. In addition, the Company reduced the notional amount of the second interest rate swap from $75 million to $40 million, paid the counterparty $959,000, and recognized this amount an expense in 2009. This reduced swap expired in October 2010. In 2010, 2009 and 2008, there was no ineffectiveness under any of the Company s interest rate swaps. The fair value

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calculation for the swaps is deemed to be a Level 2 calculation under the guidelines as set forth in ASC 820, as the Company estimated future LIBOR rates on similar instruments to calculate fair value.

The fair values of the interest rate swap agreements were recorded in Accounts Payable and Accumulated Other Comprehensive Loss on the Consolidated Balance Sheets, detailed as follows (in thousands):

	Term Facility	Floating Rate, LIBOR-based Borrowings	Total
Balance, December 31, 2008	$ 11,869	$ 4,732	$ 16,601
Termination of swaps		(2,766)	(2,766)
Change in fair value	(3,207)	(1,111)	(4,318)
Balance, December 31, 2009	8,662	855	9,517
Termination of swap	(9,235)		(9,235)
Change in fair value	573	(855)	(282)
Balance, December 31, 2010	**$**	**$**	**$**

Debt Maturities

The aggregate maturities of the indebtedness of the Company at December 31, 2010 are as follows (in thousands; assuming the one-year extension of the Credit Facility is invoked):

2011	$ 45,762
2012	151,362
2013	4,777
2014	4,877
2015	5,168
Thereafter	297,563
	$ 509,509

Other Debt Information

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

The majority of the Company s consolidated debt is fixed-rate long-term mortgage notes payable, most of which is non-recourse to the Company. The 333 and 555 North Point Center East note payable and the Credit Facility are recourse to the Company, which in total equaled approximately $131.8 million at December 31, 2010. Assets with carrying values of $256.3 million were pledged as security on the $377.7 million non-recourse debt of the Company. As of December 31, 2010, the weighted average maturity of the Company s consolidated debt was 6.1 years. As of December 31, 2010, outstanding commitments for the construction and design of real estate projects, including an estimate for unfunded tenant improvements at operating properties and other funding commitments, totaled approximately $12.4 million. The Company had outstanding performance bonds totaling approximately $2.0 million

At December 31, 2010 and 2009, the estimated fair value of the Company s notes payable was approximately $521.8 million and $586.2 million, respectively, calculated by discounting future cash flows at estimated rates at which similar loans would have been obtained at December 31, 2010 and 2009. 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.

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For the years ended December 31, 2010, 2009 and 2008, interest was recorded as follows ($ in thousands):

	2010	2009	2008
Interest expensed	$ 37,180	$ 39,888	$ 28,257
Interest expensed discontinued operations		1,505	4,894
Interest capitalized		3,736	14,894
Total interest incurred	$ 37,180	$ 45,129	$ 48,045

Lease Commitments

The Company has future lease commitments under ground leases and operating leases aggregating approximately $16.7 million over weighted average remaining terms of 72.4 and 1.5 years, respectively. The Company recorded lease expense of approximately $865,000, $765,000, and $777,000 in 2010, 2009 and 2008, respectively. Amounts due under these lease commitments are as follows ($ in thousands):

2011	$ 679
2012	626
2013	370
2014	294
2015	191
Thereafter	14,520
	$ 16,680

Litigation

The Company is subject to various legal proceedings, claims and administrative proceedings arising in the ordinary course of business, some of which are expected to be covered by liability insurance and all of which collectively are not expected to have a material adverse effect on the liquidity, results of operations, business or financial condition of the Company.

4. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES

The following information summarizes financial data and principal activities of the Company s unconsolidated joint ventures. The information included in the following table entitled Summary of Financial Position is as of December 31, 2010 and 2009. The information included in the Summary of Operations table is for the years ended December 31, 2010, 2009 and 2008. The Company included negative investment balances in the Deposits and Deferred Income line item on the accompanying December 31, 2010 Consolidated Balance Sheet and included negative investment balances in the Investment in Unconsolidated Joint Venture line item on the accompanying December 31, 2009 Consolidated Balance Sheet. Dollars in both tables are in thousands.

	Total Assets		Total Debt		Total Equity		Company s Investment	
MMARY OF FINANCIAL POSITION:	**2010**	2009	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Venture IV LLC entities	**$ 313,603**	$ 324,402	**$ 36,620**	$ 35,451	**$ 267,085**	$ 277,063	**$ 15,364**	$ 15,9
rlotte Gateway Village, LLC	**154,200**	160,266	**97,030**	110,101	**54,834**	48,214	**10,366**	10,4
Murfreesboro Associates	**129,738**	139,782	**103,378**	113,476	**24,263**	23,231	**14,246**	13,8
sades West LLC	**129,378**	125,537			**80,767**	74,237	**42,256**	39,1
Venture LLC entities	**106,066**	101,209			**104,067**	99,133	**3,779**	3,2
Realty, L.L.C.	**86,657**	114,598	**2,663**	3,568	**82,534**	109,184	**39,928**	49,8
REF/Terminus 200 LLC	**65,164**		**46,169**		**13,956**		**2,791**	
minus 200 LLC		27,537		76,762		(47,921)		

ıco Associates, LLC	**60,608**	60,752	**2,929**	3,061	**57,475**	57,484	**22,713**	22,7
wford Long CPI, LLC	**34,408**	35,277	**48,701**	49,710	**(15,341)**	(15,280)	**(6,431)**	(6,3
dwood Associates	**21,220**	21,263			**21,216**	21,205	**(1,642)**	(1,6
Peachtree Place Associates	**20,980**	22,971	**26,782**	27,341	**(6,263)**	(4,846)	**(4,581)**	(3,8
sins Watkins LLC	**57,184**		**28,850**		**28,334**		**14,850**	
G Columbus Development Venture, Ltd.	**3,574**	6,802			**2,115**	2,464	**58**	3
e Mountain Builders, LLC	**1,559**	6,807	**896**	1,834	**403**	3,119	**757**	2,6
	$ 1,184,339	$ 1,147,203	**$ 394,018**	$ 421,304	**$ 715,445**	$ 647,287	**$ 154,454**	$ 146,1

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	Total Revenues			Net Income (Loss)			Company s Share of Net Income (Loss)		
SUMMARY OF OPERATIONS:	**2010**	2009	2008	**2010**	2009	2008	**2010**	**2009**	**2008**
CP Venture IV LLC entities	**$ 31,343**	$ 32,698	$ 36,188	**$ 3,955**	$ 4,555	$ 4,808	**$ 1,034**	$ 1,142	$ 1,051
Charlotte Gateway Village, LLC	**31,812**	31,276	31,292	**7,829**	6,997	6,286	**1,176**	1,176	1,176
CF Murfreesboro Associates	**13,785**	12,205	9,970	**1,032**	1,474	389	**280**	539	36
Palisades West LLC	**13,588**	12,677	1,227	**4,668**	5,303	539	**2,265**	2,588	257
CP Venture LLC entities	**18,394**	18,038	19,882	**8,899**	8,552	9,156	**921**	882	955
CL Realty, L.L.C.	**28,013**	2,698	8,315	**227**	(8,500)	6,780	**3,543**	(2,552)	2,882
MSREF/Terminus 200 LLC	**1,873**			**(1,967)**			**(393)**		
Terminus 200 LLC	**533**	654	414	**55**	(82,441)	(12)		(20,954)	(6)
Temco Associates, LLC	**2,180**	1,420	6,426	**210**	(2,728)	940	**104**	(1,357)	543
Crawford Long CPI, LLC	**11,415**	11,324	11,309	**1,939**	1,784	1,626	**969**	890	807
Wildwood Associates	**55**		1	**(129)**	(133)	(213)	**(65)**	(67)	(107)
Ten Peachtree Place Associates	**7,776**	7,436	7,269	**981**	718	518	**506**	375	274
Cousins Watkins LLC				**(1,072)**					
TRG Columbus Development Venture, Ltd.	**1,091**	506	57,645	**783**	30	7,435	**473**	115	1,892
Pine Mountain Builders, LLC	**6,339**	2,143	4,250	**(2,541)**	(254)	336	**(1,316)**	(142)	153
Handy Road Associates, LLC						(237)		(60)	(120)
Glenmore Garden Villas LLC					(311)	(33)		(175)	(16)
CPI/FSP I, L.P.			4,448			1,017			(33)
Other			20		(5)	(160)	**(4)**	(39)	(23)
	$ 168,197	$ 133,075	$ 198,656	**$ 24,869**	$ (64,959)	$ 39,175	**$ 9,493**	$ (17,639)	$ 9,721

See Note 5 herein for a discussion of impairments taken by the Company on certain of its investments in joint ventures. The Company s share of income above includes results of operations and any impairments that may have been recognized at the venture level, and excludes impairments taken at the Company s ownership level related to its investment in these entities.

CP Venture IV Holdings LLC (CPV IV) See Note 8 for further description related to venture formation and structure. CPV IV was formed in June 2006, and the Company recorded its investment in CPV IV at an amount equal to 11.5% of its original cost basis in the contributed properties. CPV IV wholly owns the CP Venture Five LLC joint venture which owns five retail properties totaling approximately 1.2 million rentable square feet; three in suburban Atlanta, Georgia, and two in Viera, Florida. In September 2010, CP Venture Five LLC repaid the mortgage note payable secured by The Avenue East Cobb, and in November 2010, entered into a new mortgage note payable secured by The Avenue East Cobb, with an original principal of $36.6 million and a fixed interest rate of 4.52%. Principal and interest payments are made based on a 30-year amortization, and the maturity date is December 1, 2017. The assets of CPV IV in the above table include a cash balance of approximately $2.7 million at December 31, 2010.

Charlotte Gateway Village, LLC (Gateway) Gateway is a joint venture between the Company and Bank of America Corporation (BOA), which owns and operates Gateway Village, a 1.1 million rentable square foot office building complex in downtown Charlotte, North Carolina. The project is 100% leased to BOA through 2016. Gateway s net income or loss and cash distributions are allocated to the members as follows: first to the Company so that it receives a cumulative compounded return equal to 11.46% on its capital contributions, second to BOA until it receives an amount equal to the aggregate amount distributed to the Company and then 50% to each member. The Company s total project return on Gateway is ultimately limited to an internal rate of return of 17% on its invested capital. Gateway has a mortgage note payable with an original principal of $190 million, a maturity of December 1, 2016 and an interest rate of 6.41%. The assets of the venture in the above table include a cash balance of

approximately $1.7 million at December 31, 2010.

CF Murfreesboro Associates (CF Murfreesboro) CF Murfreesboro is a 50-50 joint venture between the Company and an affiliate of Faison Associates, that owns and operates The Avenue Murfreesboro, a 751,000 square foot retail center in suburban Nashville, Tennessee. The development of the center was financed mainly by a construction loan, with a maximum amount available of $131 million, an interest rate of LIBOR plus 1.15% and a maturity date of July, 20, 2010, with a one-year conditioned extension option. In June 2010, the construction loan was modified to extend the maturity date to July 20, 2013, adjust the interest rate to LIBOR plus 3% and decrease the capacity under the loan to $113.2 million. The venture made principal payments of $8.2 million and paid $1 million in fees as part of this modification. Approximately $103.4 million has been drawn on the construction loan as of December 31, 2010, and the venture must make quarterly principal payments based on cash flows from the center, plus an additional annual payment, if necessary, based on a defined debt service coverage ratio. In addition, the Company has a repayment guarantee on the loan of $26.2 million. The assets of the venture in the above table include cash and restricted cash balances of approximately $6.1 million at December 31, 2010.

Palisades West LLC (Palisades) Palisades is a joint venture in which the Company holds a 50% interest, with Dimensional Fund Advisors (DFA) as a 25% partner and Forestar (USA) Real Estate Group Inc. (Forestar) as the other

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25% partner. Palisades owns and operates two office buildings totaling 373,000 square feet in Austin, Texas. One of the buildings contains 216,000 square feet and is 100% leased to DFA. The other building contains 157,000 square feet, is 21% leased to Forestar, 3% leased to Cousins and 69% leased to a third party. The assets of the venture in the above table include a cash balance of approximately $2.7 million at December 31, 2010.

CP Venture LLC Entities (CPV) See Note 8 for further description related to venture formation and structure. The Company s effective ownership in CPV is 10.4%, and Prudential s is 89.6%. As of December 31, 2010, CPV owned one office building totaling 69,000 rentable square feet and three retail properties totaling approximately 934,000 rentable square feet. The assets of the venture in the above table include a cash balance of approximately $3.6 million at December 31, 2010.

CL Realty, L.L.C. (CL Realty) CL Realty is a 50-50 joint venture between the Company and Forestar Realty Inc., which is in the business of developing and investing primarily in single-family residential lot projects. As of December 31, 2010, CL Realty was in various stages of development, either directly or through investments in joint ventures, on 14 residential projects, 10 of which are in Texas, one in Georgia and three in Florida. CL Realty sold 330, 128 and 177 lots in 2010, 2009 and 2008, respectively, and 5,347 lots are projected to be developed and/or sold in future periods. The venture also sold 657, 4 and 61 acres of land in 2010, 2009 and 2008, respectively, and has interests in approximately 283 remaining acres of land, which it either intends to develop or sell as undeveloped tracts. The assets of the venture in the above table include a cash balance of approximately $1.0 million at December 31, 2010. CL Realty has construction loans secured by various projects totaling approximately $2.7 million, with maturities through November 2011.

CL Realty recorded impairment charges in 2010, 2009 and 2008, the Company s share of which was $2.2 million, $2.6 million and $325,000, respectively.

Terminus 200 LLC (T200) and MSREF/Terminus 200 LLC (MSREF/T200) T200 developed and operated an office building in the Terminus project in Atlanta, Georgia. The partners of T200 guaranteed the construction loan up to an amount of $17.25 million each, plus any unpaid interest. During 2009, the Company accrued this guarantee amount and recorded impairment charges equal to its full investment in T200. In the second quarter of 2010, the Company paid this guarantee. Concurrently, the Company entered into a transaction where the partner in T200 withdrew, and the Company and Morgan Stanley formed a new venture, MSREF/T200. The Company and Morgan Stanley contributed equity to MSREF/T200, T200 conveyed the building to MSREF/T200, and the new venture assumed the construction loan. Also in connection with this transaction, the term of the loan was extended to December 31, 2013, the interest rate was adjusted to LIBOR + 2.5%, and the availability under the loan was reduced to $92 million. The Company s ownership interest in MSREF/T200 is 20%.

Temco Associates, LLC (Temco) Temco is a 50-50 joint venture between the Company and Forestar Realty Inc. As of December 31, 2010, Temco was in various stages of development on four single-family residential communities in Georgia with 1,556 remaining lots projected to be developed and/or sold. Temco sold two lots in 2010, no lots in 2009 and 8 lots in 2008. Temco did not sell any land in 2010, and sold 42 and 487 acres of land during 2009 and 2008, respectively. The venture has interests in approximately 5,840 remaining acres of land, which it intends to either develop or sell as undeveloped tracts. Temco has debt of $2.9 million secured by a golf course at one of its residential developments. This debt matures in May 2012 and carries an interest rate of LIBOR plus 6.5%. In 2009, Temco recorded an impairment charge on one of its residential properties, the Company s share of which was $631,000.

Crawford Long CPI, LLC (Crawford Long) Crawford Long is a 50-50 joint venture between the Company and Emory University and owns the Emory University Hospital Midtown Medical Office Tower, a 358,000 rentable square foot medical office building located in Midtown Atlanta, Georgia. Crawford Long has a mortgage note payable with an original principal of $55 million, a maturity of June 1, 2013 and an interest rate of 5.9%. Loan proceeds were in excess of the building s basis, and when the proceeds were distributed to the partners, the amounts were in excess of the Company s basis which created negative equity. The assets of the venture in the above table include a cash balance of approximately $2.2 million at December 31, 2010.

Wildwood Associates (Wildwood) Wildwood is a 50-50 joint venture between the Company and IBM which owns approximately 36 acres of undeveloped land in Wildwood Office Park in suburban Atlanta, Georgia. At December 31, 2010, the Company s investment in Wildwood was a credit balance of $1.6 million. This credit balance

resulted from cumulative distributions from Wildwood over time that exceeded the Company s basis in its contributions, and essentially represents deferred gain not recognized at venture formation. This credit balance will decline as the venture s remaining land is sold. The Company does not have any obligation to fund Wildwood s working capital needs.

Ten Peachtree Place Associates (TPPA) TPPA is a 50-50 joint venture between the Company and a wholly-owned subsidiary of The Coca-Cola Company, and owns Ten Peachtree Place, a 260,000 rentable square foot office

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building located in midtown Atlanta, Georgia. TPPA has a mortgage note payable for an original principal of $30 million with a maturity of April 1, 2015 and an interest rate of 5.39%. Loan proceeds were in excess of the building s basis, and when the proceeds were distributed to the partners, the amounts were in excess of the Company s basis which created negative equity. The assets of the venture in the above table include cash and restricted cash balances of approximately $3.4 million at December 31, 2010.

TPPA pays cash flows from operating activities, net of note principal amortization, to repay additional capital contributions made by the partners plus 8% interest on these contributions until August 1, 2011. After August 1, 2011, the next $15.3 million of cash flows (including any sales proceeds) will be distributed 15% to the Company and 85% to its partner. Thereafter, each partner is entitled to receive 50% of cash flows.

Cousins Watkins LLC In 2010, Cousins Watkins LLC was formed between an affiliate of the Company and Watkins Retail Group (Watkins) for the purpose of owning and operating four retail centers in Tennessee and Florida. Watkins contributed the properties to the venture, and the Company contributed cash of approximately $14.9 million. Upon formation, the venture obtained four mortgage loans with a total borrowing capacity of $33.5 million and $28.9 million outstanding at December 31, 2010. The loans bear interest at LIBOR plus a spread ranging from 2.65% to 2.85%. The loans mature January 1, 2016 and may be extended for two one-year terms, provided certain conditions are met. The Company guaranteed 25% of two loans, which have a total balance available of $16.3 million, 25% of which is approximately $4.1 million. The Company assessed the fair value of these guarantees as $40,750. At December 31, 2010, the Company had guaranteed approximately $2.9 million of the outstanding balances, as the total available under the loans had not been drawn. The guarantees will be released if certain metrics at the centers are achieved. In addition, the Company guaranteed 100% of another loan, which had an outstanding balance of $6.3 million at December 31, 2010. The Company s partner in the venture funded the estimated fair value of this guarantee of $65,000 to the Company. The Company anticipates it will be released from this guarantee in early 2011. The Company s partner intends to obtain an environmental study and remediate conditions or fund a prescribed escrow amount with the lender. The Company receives a preferred return on operating cash flows and is entitled to receive proceeds from capital transactions that equate to a 16% return on its invested capital prior to Watkins receiving any distributions from capital transactions.

TRG Columbus Development Venture, Ltd. (TRG) TRG is 40% owned by 50 Biscayne Ventures, LLC (Biscayne), and 60% owned by The Related Group of Florida (Related). Biscayne is the limited partner in the venture and recognizes 40% of the income, after a preferred return to each partner on their equity investment and return of capital. Biscayne is 88.25% owned by the Company, and is therefore consolidated by the Company, with the results of operations for the remaining 11.75% interest recorded in noncontrolling interest. TRG constructed a 529-unit condominium project in Miami, Florida. All of the condominium unit sales have closed, although TRG financed the sale of five of these units, for which full profit recognition has not occurred. The majority of the proceeds from the sales have been distributed to the partners. The assets of the venture in the above table include cash and restricted cash balances of approximately $1.4 million at December 31, 2010.

Pine Mountain Builders, LLC (Pine Mountain Builders) Pine Mountain Builders is a 50-50 joint venture between the Company and Fortress Construction Company that constructs homes at three of the Company s residential communities. During 2010, 2009 and 2008, Pine Mountain Builders sold 14, 4 and 7 homes, respectively. Pine Mountain Builders has loans related to model homes constructed with balances totaling approximately $896,000 at December 31, 2010 and maturity dates at various dates in 2011. All of the loans bear interest LIBOR plus 4.0%, but not less than 5.0%. The assets of the venture in the above table include cash and restricted cash balances of approximately $651,000 at December 31, 2010.

In 2010, Pine Mountain Builders recorded an impairment charge on certain of its assets, the Company s share of which was approximately $1.5 million.

Handy Road Handy Road is a 50-50 joint venture between the Company and Handy Road Managers, LLC (HRM), which owns 1,187 acres of land in suburban Atlanta, Georgia for future development and/or sale. Handy Road has a $3.4 million interest only note payable that is guaranteed by the partners of HRM, has a maturity of March 2011, and an interest rate of Prime plus 1.0%, but not less than 6%. In 2009, HRM indicated they would not make further capital contributions, and the Company determined that HRM would not receive any of the economic

benefit/losses of the entity. As a result, the Company determined Handy Road was a VIE, of which the Company was the primary beneficiary, and, therefore, the Company began consolidating Handy Road in 2009. See Note 5 for further discussion.

Glenmore Glenmore was a 50-50 joint venture formed in 2007 between CREC and First Landmark, U.S.A., LLC in order to develop a townhome project in Charlotte, North Carolina. Glenmore had two notes with a maximum

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amount available of $13.5 million at an interest rate of LIBOR + 2.25% and a maturity date of October 3, 2010. Each of the partners in Glenmore guaranteed 50% of the $13.5 million available or $6.75 million for each partner. The Company had an investment in Glenmore of $1.1 million. In 2009, the Company recorded an impairment charge of $6.0 million related to Glenmore and began consolidating Glenmore as it was determined to be the primary beneficiary. Glenmore sold its assets in the first quarter of 2010 for approximately the adjusted cost basis, and the debt was repaid in full. See Note 5 for further discussion.

CPI/FSP I, L.P. (CPI/FSP) CPI/FSP was a 50-50 limited partnership between the Company and a venture owned by CommonWealth Pacific LLC and CalPERS, which owned an approximately 6 acre pad of land in Austin, Texas. In 2008, the Company purchased this land from CPI/FSP and expects to develop and/or sell this land in the future. The venture recognized income from this sale, although the Company did not recognize its share as income, due to the related-party nature of the transaction.

Additional Information During the development or construction of an asset, the Company and its partners may be committed to provide funds pursuant to a development plan. However, in general, the Company does not have any obligation to fund the working capital needs of its unconsolidated joint ventures. The partners may elect in their discretion to fund cash needs if the venture required additional funds to effect re-leasing or had other specific needs. Additionally, the Company generally does not guarantee the outstanding debt of any of its unconsolidated joint ventures, except for customary non-recourse carve-out guarantees of certain mortgage notes and the CF Murfreesboro and Watkins guarantees discussed in the related sections above.

The Company recognized $10.4 million, $8.9 million, and $10.0 million of development, leasing, and management fees, including salary and expense reimbursements, from unconsolidated joint ventures in 2010, 2009 and 2008, respectively. See Note 2, Fee Income, for a discussion of the accounting treatment for fees from unconsolidated joint ventures.

5. IMPAIRMENTS

Impairment Loss

During 2010, 2009 and 2008, the Company recorded the following impairment losses in costs and expenses on the accompanying Statements of Operations (in thousands):

	2010	2009	2008
Handy Road	**$ 1,968**	$	$
60 N. Market/related note receivable	**586**	1,600	
10 Terminus Place		34,900	2,100
Company airplane		4,012	
	$ 2,554	$ 40,512	$ 2,100

As discussed in Note 4, Handy Road, a consolidated joint venture that holds undeveloped land in Atlanta, Georgia, has a mortgage loan that is due in March 2011. The Company has been holding this land for future development or sale. In connection with the maturing mortgage loan, the Company evaluated several alternatives with respect to this project and determined that it was unlikely to either seek an extension of the loan or to repay the loan in order to hold the land for future investment or development opportunities. Therefore, a conveyance of the property to the bank represents the most likely scenario for this project. Given this change in intent, the Company recognized an impairment loss of approximately $2.0 million to record the land at its fair value, less costs to sell.

60 North Market, a for-sale multi-family residential project in Asheville, North Carolina, was acquired by the Company in July 2009 in satisfaction of a note receivable. Upon acquisition, the Company recorded a $1.6 million impairment loss which equaled the difference between the fair value of the project and the sum of the book value of the note receivable plus a construction loan on the project that the Company paid. In 2010, the Company recorded an additional impairment on the project of $586,000 as it determined the fair value of the project had declined further since its acquisition. At December 31, 2010, there was approximately 9,200 square feet of commercial space available for sale with a carrying amount of $433,000.

10 Terminus Place is a for-sale multi-family residential project in Atlanta, Georgia. The Company substantially completed the development in late 2008, and at that point it was determined to be held for sale in accordance with applicable accounting rules. The Company recorded a $2.1 million impairment loss at substantial completion to record the project at the Company s estimate of fair value. In 2009, market conditions for for-sale multi-family residential projects deteriorated further, and the Company recorded an additional impairment loss of $34.9 million. At December 31, 2010,

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seven units with a carrying amount of approximately $2.6 million remain unclosed at this project and are included in Multi-Family Units Held for Sale on the accompanying Consolidated Balance Sheets.

In 2009, the Company sold its airplane at an amount lower than its cost basis, which resulted in an impairment loss of $4.0 million.

Impairment Loss on Investment in Unconsolidated Joint Ventures

The Company recorded the following impairment losses on its investments in unconsolidated joint ventures in 2010, 2009 and 2008 in the accompanying Consolidated Statement of Operations (in thousands):

	2010	2009	2008
CL Realty	**$**	$ 20,300	$
Temco		6,700	
T200		17,993	
Glenmore		6,065	
	$	$ 51,058	$

The Company analyzed its investments in CL Realty and Temco for impairment in accordance with accounting standards for equity method investments and determined that the fair value of CL Realty and Temco was less than each investment s carrying amount. As a result of the state of the market for residential lots, adjustments to the sell-out period for certain projects and the duration of the market decline, the Company determined that the impairments at CL Realty and Temco were other-than-temporary and recorded the impairment losses in 2009.

As discussed in Note 4, T200 recognized an impairment loss in 2009, the Company s share of which was $20.9 million. At the time, the Company guaranteed the T200 construction loan up to a maximum of $17.25 million and had certain commitments to fund tenant improvement costs at T200. The Company determined that it was probable that it would be required to fund this guarantee and these tenant costs and accrued these amounts as impairment losses on its investment in T200 in 2009.

In 2009, prior to and upon consolidation of Glenmore, as discussed in Note 4, the Company recorded impairment losses of $6.1 million on its investment in Glenmore, which effectively recorded the assets and debt of Glenmore at fair value.

Impairment Loss Within Unconsolidated Joint Ventures

The Company was also affected by impairment losses recognized within certain of its unconsolidated joint ventures. These impairment losses were recorded on specific assets held by the joint ventures in accordance with accounting standards for long-lived assets, and are discussed by venture in Note 4. A summary of the Company s share of these impairments for the years ended December 31, 2010, 2009 and 2008 are as follows (in thousands):

	2010	2009	2008
CL Realty	**$ 2,229**	$ 2,619	$ 325
Pine Mountain Builders	**1,517**		
Temco		631	
T200		20,931	
	$ 3,746	$ 24,181	$ 325

Fair Value Considerations for Property

The Company evaluated certain of its real estate assets and its investments in unconsolidated joint ventures, which underlying ventures own real estate, for impairment using fair value processes and techniques as outlined in the accounting rules. The fair value measurements used in these evaluations of non-financial assets are considered to be Level 3 valuations within the fair value hierarchy in the rules, as there are significant unobservable inputs. Examples of inputs the Company utilizes in its fair value calculations are discount rates, market capitalization rates, expected

lease rental rates, timing of new leases, an estimate of future sales prices and comparable sales prices of similar assets, if available. All of the impairment charges outlined above were based on Level 3 fair value inputs and all impairments were recorded in the Consolidated Statement of Operations, either in costs and expenses or within Income (Loss) from Unconsolidated Joint Ventures.

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6. EQUITY

2009 Incentive Stock Plan:

The Company maintains the 2009 Incentive Stock Plan (the 2009 Plan), which allows the Company to issue awards of stock options, stock grants or stock appreciation rights. As of December 31, 2010, 1,235,086 shares were authorized to be awarded pursuant to the 2009 Plan.

Stock Options At December 31, 2010, the Company had 6,459,896 stock options outstanding to key employees and outside directors pursuant to the 2009 Plan. The Company typically uses authorized, unissued shares to provide shares for option exercises. The stock options have a term of 10 years from the date of grant, and a vesting period of four years, except director stock options, which vest immediately. Grants on or after December 11, 2006 include a stock appreciation right, which permits an employee to waive his or her right to exercise the stock option and to instead receive the value of the option in stock, net of the exercise price and tax withholding, without requiring the payment of the exercise.

In addition, the employee stock options include a retirement feature. Employees who meet the requirements of the retirement feature vest immediately in their stock options upon retirement. The Company accelerates the expense for employees who will become eligible under this feature before the end of their original vesting period, even if the employee has not retired. An employee who meets the requirements of the retirement feature will have the remaining original term to exercise their stock options after retirement. The certificates currently allow for an exercise period of one year after termination for employees who are not retirement-eligible.

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

The risk-free interest rate utilized is the interest rate on U.S. Government Bonds and Notes having the same life as the estimated life of the Company s option awards.

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

Expected volatility is based on the historical volatility of the Company s stock over a period relevant to the related stock option grant.

The assumed dividend yield is based on the Company s expectation of an annual dividend rate for regular dividends over the estimated life of the option.

For 2010, 2009 and 2008, the Company computed the value of all stock options granted using the Black-Scholes option pricing model with the following assumptions and results:

	2010	2009	2008
Assumptions			
Risk-free interest rate	**2.63%**	1.94%	2.62%
Assumed dividend yield	**5.50%**	6.00%	5.04%
Assumed lives of option awards (in years)	**5.40**	6.07	5.76
Assumed volatility	**0.642**	0.474	0.268
Results			
Weighted average fair value of options granted	**$ 2.68**	$ 2.18	$ 3.74

The Company recognizes compensation expense using the straight-line method over the vesting period of the options, with the offset recognized in additional paid-in capital. During 2010, 2009 and 2008, approximately $1.6 million, $2.0 million and $2.6 million, respectively, was recognized as compensation expense related to the options for employees and directors, before capitalization or income tax benefit, if any. In 2010, certain stock option terms were modified in connection with the retirement of the former Chief Financial Officer resulting in $110,000 in additional compensation expense. In 2009, certain stock option terms were modified in connection with the retirement of the former Chief Executive Officer resulting in an additional $872,000 in compensation expense. In 2008, certain

stock option terms were modified for another former executive resulting in $292,000 in additional compensation expense.

The Company anticipates recognizing $1.1 million in future compensation expense related to stock options outstanding at December 31, 2010, which will be recognized over a weighted average period of 2.1 years. There were no options exercised in 2010. As of December 31, 2010, the intrinsic value of the options outstanding and exercisable was $389,000 and $81,000, respectively, and is calculated using the exercise prices of the options compared to the market value of the

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Company s stock. The weighted-average contractual life for the options outstanding and exercisable was 4.5 years and 4.1 years, respectively, at December 31, 2010.

The following is a summary of stock option activity for the year ended December 31, 2010:

	Number of Options (000s)	Weighted Average Exercise Price Per Option
Outstanding, beginning of year	6,943	$ 21.89
Granted	352	$ 7.09
Forfeited/Expired	(835)	$ 20.18
Outstanding, end of year	6,460	$ 21.30
Options exercisable at end of year	5,794	$ 22.56

Stock Grants The 2009 Plan provides for stock grants, which may be subject to specified performance and vesting requirements, and have historically been in the form of restricted stock. Stock grants awarded on February 15, 2010 cliff vest three years from the date of grant, receive dividends and have voting rights during the vesting period. All other stock grants vest ratably over a four-year period, and also receive dividends and have voting rights during the vesting period. The Company records the restricted stock in Common Stock and Additional Paid-in Capital on the grant date, with the offset also recorded in Stockholders Investment. The Company records compensation expense over the vesting period. Compensation expense related to restricted stock, before capitalization or income tax benefit, if any, was approximately $747,000, $433,000 and $1.9 million in 2010, 2009 and 2008, respectively. In conjunction with the retirement of the Company s former Chief Financial Officer in 2010, all unvested shares of restricted stock vested and the Company recognized approximately $129,000 in additional compensation expense as a result. As part of the retirement of the Company s former Chief Executive Officer, all unvested shares of his restricted stock vested, and the Company recognized $298,000 in additional compensation expense in 2009 as a result.

As of December 31, 2010, the Company had recorded $1.2 million of unrecognized compensation cost included in additional paid-in capital related to restricted stock, which will be recognized over a weighted average period of two years. The total fair value of the restricted stock which vested during 2010 was approximately $210,000. The following table summarizes restricted stock activity during 2010:

	Number of Shares (in thousands)	Average Grant Date Fair Value
Non-vested restricted stock at December 31, 2009	17	$ 23.53
Granted	264	$ 7.02
Vested	(26)	$ 12.48
Forfeited	(35)	$ 7.22
Non-vested restricted stock at December 31, 2010	220	$ 7.60

Restricted Stock Unit Plan:

The Company also maintains the 2005 Restricted Stock Unit Plan (the RSU Plan), as amended. An RSU is a right to receive a payment in cash equal to the fair market value, as defined, of one share of the Company s stock on the

vesting date. The Company records compensation expense for RSUs over the vesting period and adjusts the expense and related liability based upon the market value, as defined, of the Company s common stock at each reporting period. The RSU Plan also has a retirement feature where employees who meet the requirements of the retirement feature vest fully in their RSUs outstanding upon retirement. The Company accelerates the vesting period for employees who will become eligible under this feature before the end of their original vesting period, even if the employee has not retired. The Company has issued performance- and non-performance-based RSUs. Each of these RSU plans is described as follows.

The Company s non-performance-based RSUs (Regular RSUs) are granted to directors and key employees and vest ratably over a four-year period. In 2010, the Company granted 1,074 Regular RSUs to a director. Also in 2010, the Company granted 20,368 in Regular RSUs to directors, although the vesting period was amended to cliff vest three years from the date of grant. Regular RSU holders receive cash dividend payments during the vesting period equal to the common

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dividends per share paid by the Company for each RSU held. These dividends are also recorded in compensation expense. The total cash paid for Regular RSU vesting and dividend payments in 2010 was approximately $763,000.

The following table summarizes Regular RSU activity for 2010 (in thousands):

Outstanding at beginning of year	228
Granted	21
Vested	(86)
Forfeited	(19)
Outstanding at end of year	144

In 2006, the Company awarded performance-based RSUs to two executives which vest five years from the date of grant, if certain performance, service and market conditions are met, and 172,489 were outstanding at December 31, 2010. These performance-based RSUs did not receive dividends. The Company calculated the fair value of these RSUs using the Monte Carlo valuation method, which estimated the awards had no value. Accordingly, the Company reversed the accrued liability of $113,000 in 2010. Subsequent to year-end, it was determined that these performance metrics were not met, and the awards were forfeited. The Company had compensation expense of $42,000 in 2009 and a credit to expense representing a reversal of previously recognized compensation expense of approximately $1.5 million in 2008.

In 2010, the Company awarded two new types of performance-based RSUs to key employees. The first RSU is based on total stockholder return of the Company, as defined, compared to the MSCI US REIT index (the TSR RSU). The second RSU is based on the ratio of total debt, as defined, to the trailing 12-month calculation of earnings before interest, taxes, depreciation and amortization, as defined (the EBITDA RSU). The performance period for both RSUs is January 1, 2010 to December 31, 2012, and the target number of TSR RSUs and EBITDA RSUs outstanding as of December 31, 2010 is 79,730 and 114,802, respectively. The ultimate payout of these awards can range from 0% to 200% of the target number of units depending on the achievement of the performance metrics described above and the attainment of certain service requirements. Both of these types of RSUs cliff vest on February 15, 2013. The number of each type of RSU to be issued will be determined upon vesting, and the payout per unit will be equal to the 30-day average closing price of the Company s stock ending on December 31, 2012. The Company expenses an estimate of the fair value of the TSR RSUs over the vesting period using a Monte Carlo valuation. The EBITDA RSUs are expensed over the vesting period using the Company s stock price at the reporting period multiplied by the anticipated number of units to be paid based on the current estimate of the debt to EBITDA ratio upon vesting.

Dividend equivalents on both the EBITDA and TSR RSUs will be paid based upon the percentage vested. The dividend equivalent payments will equal the total dividends that would have been paid during the performance period, assuming the dividends had been reinvested in Company stock. In 2010, the Company recorded approximately $651,000 in compensation expense related to the EBITDA and TSR RSUs, including estimated dividend equivalents.

The following table summarizes all performance-based RSU activity for 2010 (in thousands):

Outstanding at December 31, 2009	172
Granted, at 100% of target	224
Forfeited at 100% of target	(29)
Outstanding at December 31, 2010	367

The Company estimates future expense for all types of RSUs outstanding at December 31, 2010 to be approximately $1.6 million (using stock prices and estimated target percentages as of December 31, 2010), which will be recognized over a weighted-average period of 2.1 years.

During 2010, 2009 and 2008, approximately $1.2 million, $1.1 million and $866,000 (including actual and accrued dividends), respectively, was recognized as compensation expense related to RSUs for employees and directors,

before capitalization or income tax benefit, if any. The retirement agreements with the Company s former Chief Financial and Chief Executive Officers also allowed for all of their unvested RSUs to become vested upon retirement. Accordingly, the Company recognized an additional $153,000 and $413,000 in compensation expense in 2010 and 2009, respectively, related to these agreements.

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Other Long-Term Compensation Information:

In 2009, the Company granted an additional long-term incentive compensation award, which will be settled in cash if the Company s stock price achieves a specified level of growth at the testing dates and the service requirement is met. This award is valued using the Monte Carlo method. The Company recognized approximately $805,000 and $500,000 in compensation expense related to this plan in 2010 and 2009, respectively, before capitalization or income tax benefit, if any. The achievement of the award will be tested at specified dates in 2012, 2013 and 2014. If the stock value growth condition has not been met as of the last possible testing date in 2014 or, except as described for a change in control, if the employee terminates employment before this vesting condition is met on a testing date, the award is automatically forfeited.

Other Stockholder Investment Information

Preferred Stock:

At December 31, 2010, the Company had 2,993,090 shares outstanding of its 7.75% Series A Cumulative Redeemable Preferred Stock (liquidation preference of $25 per share), and 3,791,000 shares outstanding of its 7.50% Series B Cumulative Redeemable Preferred Stock (liquidation preference of $25 per share). The Series A preferred stock may be redeemed on or after July 24, 2008, and the Series B preferred stock may be redeemed on or after December 17, 2009, both at the Company s option at $25 per share plus all accrued and unpaid dividends through the date of redemption. None of the Series A or Series B preferred stock has been redeemed as of December 31, 2010, although some has been repurchased as described below. Dividends on both the Series A and Series B preferred stock are payable quarterly in arrears on February 15, May 15, August 15 and November 15.

Stock Repurchase Plan:

The Company maintains a stock repurchase plan that allows the Company to purchase up to five million shares of its common stock through May 9, 2011. No common stock was repurchased under this plan in 2010, 2009 or 2008.

In November 2008, the repurchase plan was also expanded to include the repurchase of all Series A and B preferred shares outstanding. In accordance with this plan, in 2008, the Company repurchased 1,006,910 shares of its Series A preferred stock and 209,000 shares of its Series B preferred stock for an aggregate price of $15.8 million.

Director Fees:

Outside directors may elect to receive any portion of their director fees in stock, based on 95% of the average market price on the date of service. Outside directors elected to receive 35,040, 29,007, and 11,266 shares of stock in lieu of cash for director fees in 2010, 2009 and 2008, respectively.

Ownership Limitations:

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

Distribution of REIT Taxable Income:

The following reconciles dividends paid and dividends applied in 2010, 2009 and 2008 to meet REIT distribution requirements ($ in thousands):

	2010	2009	2008
Common and preferred dividends paid	**$ 49,365**	$ 55,328	$ 85,058
Dividends treated as taxable compensation	**(79)**	(28)	(182)
Portion of dividends declared in current year, and paid in current year, which was applied to the prior year distribution requirements	**(1,606)**		
Portion of dividends declared in subsequent year, and paid in subsequent year, which apply to current year distribution requirements		1,606	
Dividends applied to meet current year REIT distribution requirements	**$ 47,680**	$ 56,906	$ 84,876

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7. INCOME TAXES

CREC is a taxable entity and its consolidated benefit (provision) for income taxes from operations for the years ended December 31, 2010, 2009 and 2008 is as follows ($ in thousands):

	2010	2009	2008
Current tax benefit (provision):			
Federal	**$ 720**	$ 4,605	$ (332)
State	**359**	(49)	(83)
	1,079	4,556	(415)
Deferred tax benefit (provision):			
Federal		(7,984)	8,244
State		(913)	941
		(8,897)	9,185
Benefit (provision) for income taxes from operations	**$ 1,079**	$ (4,341)	$ 8,770

The net income tax benefit (provision) differs from the amount computed by applying the statutory federal income tax rate to CREC s income before taxes for the years ended December 31, 2010, 2009 and 2008 as follows ($ in thousands):

	2010		2009		2008	
	Amount	**Rate**	Amount	Rate	Amount	Rate
Federal income tax benefit (provision)	**$ 1,832**	**35%**	$ 39,175	35%	$ 7,821	34%
State income tax benefit, net of federal income tax effect	**141**	**3%**	3,625	4%	431	2%
Valuation allowance	**(894)**	**(17)%**	(47,141)	(43)%		
Other					518	2%
Benefit (provision) applicable to income (loss) from continuing operations	**$ 1,079**	**21%**	$ (4,341)	(4)%	$ 8,770	38%

The tax effect of significant temporary differences representing CREC s deferred tax assets and liabilities as of December 31, 2010 and 2009 is as follows ($ in thousands):

	2010	2009
Income from unconsolidated joint ventures	**$ 5,519**	$ 6,774
Depreciation and amortization		293
Long-term incentive equity awards	**1,281**	851
Charitable contributions	**151**	774
For-sale multi-family units basis differential	**2,519**	12,019
Interest carryforward	**13,158**	13,158
Federal and state tax carryforwards	**25,464**	13,149
Other	**24**	123

Total deferred tax assets	**48,116**	47,141
Depreciation and amortization	**(180)**	
Total deferred tax liabilities	**(180)**	
Valuation allowance	**(47,936)**	(47,141)
Net deferred tax asset	**$**	$

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

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In 2010 and 2009, the deferred tax asset of the Company s taxable REIT subsidiary, CREC, equaled $47.9 million and $47.1 million, respectively, with a valuation allowance placed against the full amount. The conclusion that a valuation allowance should be recorded was based on losses at CREC in current and recent years, and the inability of the Company to predict, with any degree of certainty, when CREC would generate income in the future in amounts sufficient to utilize the deferred tax asset. This uncertainty is the result of the continued decline in the housing market which directly impacts CREC s residential land and lot business.

As of December 31, 2010, the Company s federal and state combined net operating loss (NOL) carryforwards are $65.5 million and $63.0 million, respectively. In 2010, $1.4 million of state net operating loss carryforwards expired. The remainder of the net operating loss carryforwards will expire between 2022 and 2030, if unused. In addition, the Company has Alternative Minimum Tax (AMT) credit carryforwards of $63,000 which do not expire. On an after-tax basis, the Company s federal and state NOL carryforwards and AMT credit carryforwards result in a deferred tax asset of $25.5 million.

The Company has interest carryforwards related to interest deductions of approximately $33.7 million as of both December 31, 2010 and 2009. The Company recorded deferred tax assets of $13.2 million as of both December 31, 2010 and 2009, reflecting the benefit of the interest carryforwards. Although such deferred tax assets do not expire, realization is dependent upon generating sufficient taxable income in the future.

As of December 31, 2010 and 2009, the Company has carryforwards related to limited charitable contribution deductions of approximately $400,000 and $2.0 million, respectively. In 2010, $1.6 million of unused charitable contribution carryforwards expired. The remainder will expire between 2012 and 2014. On an after-tax basis, the Company s charitable contribution carryforwards resulted in a deferred tax asset of approximately $200,000 and $800,000 as of December 31, 2010 and 2009, respectively.

As of December 31, 2010 and 2009, the Company has income tax receivables of $500,000 and $2.8 million, respectively, relating to the carryback of loss incurred in 2009 to open tax years in which the Company previously paid income taxes. The Company received a refund of $3.4 million during 2010.

8. PROPERTY TRANSACTIONS

Investment Property Sales

Accounting rules require that the gains and losses from the disposition of certain real estate assets and the related historical operating results be included in a separate section, Discontinued Operations, in the Consolidated Statements of Operations for all periods presented.

In 2010, the Company sold San Jose MarketCenter, a 213,000 square foot retail center in San Jose, California. The sales price was $85.0 million and a gain of $6.6 million was recognized. Also in 2010, the Company sold 8995 Westside Parkway, a 51,000 square foot office building in suburban Atlanta, Georgia. The sales price was $3.2 million and a gain of $654,000 was recognized. In 2008, the Company sold 3100 Windy Hill Road, a 188,000 square-foot office building in suburban Atlanta, Georgia. All of these sales met the criteria for discontinued operations. No sales qualified as discontinued operations in 2009.

The following table details the components of Income (Loss) from Discontinued Operations for the years ended December 31, 2010, 2009 and 2008 ($ in thousands):

	2010	2009	2008
Rental property revenues	**$ 4,856**	$ 10,283	$ 10,537
Other income	**35**	53	31
Rental property operating expenses	**(1,292)**	(3,185)	(2,774)
Depreciation and amortization	**(845)**	(2,483)	(3,140)
Interest expense		(1,505)	(4,894)
Income (loss) from discontinued operations	**$ 2,754**	$ 3,163	$ (240)
Gain on extinguishment of debt	**$**	$ 12,498	$

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Gain on sale of investment properties included in Discontinued Operations is as follows for the years ended December 31, 2010, 2009 and 2008 ($ in thousands):

	2010	2009	2008
San Jose MarketCenter	**$ 6,572**	$	$
8995 Westside Parkway	**654**		
3100 Windy Hill Road		147	2,436
North Point Ground Leases			36
	$ 7,226	$ 147	$ 2,472

In February 2011, the Company sold Jefferson Mill Business Park Building A, one of its industrial assets, for $22 million, which approximated its basis in the property. This property is not reflected as a Discontinued Operation in the 2010 Consolidated Financial Statements.

Other Property Transactions

In 1998, the Company and an affiliate of The Prudential Insurance Company of America (Prudential) entered into an agreement whereby the Company contributed interests in certain operating properties it owned to a venture and Prudential contributed an equal amount of cash. The venture was structured such that the operating properties were owned by CP Venture Two LLC (CPV Two) and the cash was held by CP Venture Three LLC (CPV Three). The Company accounts for its interest in CPV Two under the equity method (see Note 4), and the Company consolidates CPV Three. The gain on the sale was deferred because the legal consideration the Company received from this transaction was a controlling interest in CPV Three as opposed to cash. As cash distributions have been made from the sale of properties owned by CPV Two and CPV Three and as the properties depreciate, the Company recognizes this deferred gain. As of December 31, 2010 and 2009, the balance of this deferred gain was $4.2 million and $4.5 million, respectively, and the Company will recognize the remaining deferred gain as the underlying properties are depreciated or sold.

In 2006, the Company and Prudential entered into another set of agreements whereby the Company contributed interests in five operating properties it owned to a venture, CPV IV, and Prudential contributed an equal amount of cash. The venture was structured such that the operating properties were owned by CP Venture Five LLC (CPV Five), and the cash was held by CP Venture Six LLC (CPV Six), both of which are wholly-owned by CPV IV. The Company accounts for its interest in CPV Five under the equity method (see Note 4). The Company consolidates CPV Six, with Prudential s share recorded in nonredeemable noncontrolling interest, which equaled approximately $32.3 million at December 31, 2010 and 2009. The Company determined that the transaction qualified for accounting purposes as a sale of the properties to the venture. However, because the legal consideration the Company received from this transaction was a controlling interest in CPV Six as opposed to cash, the Company determined that the gain on the transaction should be deferred. In February 2009, CPV Six distributed cash to its partners which exceeded the 10% threshold for gain recognition, and the Company recognized $167.2 million of previously deferred gain as gain on sale of investment properties.

9. NOTES AND OTHER RECEIVABLES

At December 31, 2010 and 2009, Notes and Other Receivables included the following ($ in thousands):

	2010	2009
Notes receivable, net of allowance for doubtful accounts of $3,671 and $1,469 in 2010 and 2009, respectively	**$ 3,797**	$ 5,649
Cumulative rental revenue recognized on a straight- line basis in excess of revenue accrued in accordance with lease terms (see Note 2)	**34,231**	30,779
Tenant and other receivables, net of allowance for doubtful accounts of $2,616 and $4,265 in 2010 and 2009, respectively	**10,367**	13,250

$ 48,395	$ 49,678

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Fair Value

At December 31, 2010 and 2009, the fair value of the Company s notes receivable was approximately $3.2 million and $5.6 million, respectively. The fair value was calculated by discounting future cash flows from the notes receivable at estimated rates in which similar loans would have been made at December 31, 2010 and 2009. This fair value calculation is considered to be a Level 3 calculation under the accounting guidelines, as the Company utilizes internally generated assumptions regarding current interest rates at which similar instruments would be executed.

10. OTHER ASSETS

At December 31, 2010 and 2009, Other Assets included the following ($ in thousands):

	2010	2009
Investment in Verde	$ 9,376	$ 9,376
FF&E and leasehold improvements, net of accumulated depreciation of $16,117 and $14,195 in 2010 and 2009, respectively	4,673	5,306
Predevelopment costs and earnest money	7,039	7,673
Lease inducements, net of accumulated amortization of $2,991 and $1,860 in 2010 and 2009, respectively	11,899	12,545
Loan closing costs, net of accumulated amortization of $3,109 and $4,177 in 2010 and 2009, respectively	2,703	3,385
Prepaid expenses and other assets	2,296	2,631
Intangible Assets:		
Goodwill	5,430	5,450
Above market leases, net of accumulated amortization of $8,741 and $8,704 in 2010 and 2009, respectively	526	564
In-place leases, net of accumulated amortization of $2,492 and $2,391 in 2010 and 2009, respectively	322	423
	$ 44,264	$ 47,353

Information Related to Other Assets

Investment in Verde relates to a cost method investment in a non-public real estate owner and developer. Intangible assets relate primarily to the acquisitions of the interests in 191 Peachtree Tower and Cosmopolitan Center. The Company also acquired intangible liabilities with these purchases, including below market tenant leases and a below market ground lease, which are recorded within Accounts Payable and Accrued Liabilities on the Consolidated Balance Sheets.

Lease inducements and above market leases are amortized into rental income on a straight-line basis over the individual lease terms. In-place leases are amortized into depreciation and amortization expense, also on a straight-line basis over the individual remaining lease terms. Net aggregate amortization related to intangible assets and liabilities was $4,000, $165,000 and $4.4 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Goodwill relates entirely to the office reporting unit. As office assets are sold, either by the Company or by joint ventures in which the Company has an interest, goodwill is allocated to the cost of each sale. The following is a summary of goodwill activity for the year ended December 31, 2010 ($ in thousands; there was no change in goodwill during 2009):

	2010
Beginning Balance	**$ 5,450**
Allocated to property sale	**(20)**
Ending Balance	**$ 5,430**

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11. CONSOLIDATED STATEMENTS OF CASH FLOWS SUPPLEMENTAL INFORMATION

Supplemental information related to cash flows, including significant non-cash activity affecting the Consolidated Statements of Cash Flows, for the years ended December 31, 2010, 2009 and 2008 is as follows ($ in thousands):

	2010	2009	**2008**
Interest paid, net of amounts capitalized	**$ 35,616**	$ 40,219	$ 31,094
Income taxes refunded, net of payments	**(3,308)**	(891)	(8,072)
Non-Cash Transactions:			
Issuance of common stock for payment of common dividends	**24,282**	19,711	
Land collateral received from note receivable default	**5,030**		
Adjustments to property expenditures for amounts included in accounts payable	**1,976**	5,093	2,851
Transfer from land held for investment or future development to operating properties	**1,410**		
Increase in notes receivable for lease termination and land and lot sales	**3,312**		5,172
Change in fair value of redeemable noncontrolling interests	**378**	180	3,545
Transfer from notes receivable to multi-family residential units		8,167	
Transfer from notes payable and accrued liabilities to redeemable noncontrolling interests		8,767	
Transfer from other assets to land		2,440	6,419
Increase in notes payable upon consolidation of entities		11,918	
Issuance of note payable for purchase of townhomes		3,150	
Transfer from investment in joint venture to land upon consolidation of entities		9,116	1,570

12. NONCONTROLLING INTERESTS

The Company consolidates various ventures that are involved in the ownership and/or development of real estate. The partner s share of the entity, in cases where the entity s documents do not contain a required redemption clause, is reflected in a separate line item called Nonredeemable Noncontrolling Interests within Equity in the Consolidated Balance Sheets. Correspondingly, the partner s share of income or loss is recorded in Net Income Attributable to Noncontrolling Interests in the Consolidated Statements of Operations.

Other consolidated ventures contain provisions requiring the Company to purchase the partners share of the venture at a certain value upon demand or at a future prescribed date. In these situations, the partner s share of the entity is recognized as Redeemable Noncontrolling Interests and is presented between liabilities and equity in the Consolidated Balance Sheets, with the corresponding share of income or loss in the venture recorded in Net Income Attributable to Noncontrolling Interests in the Consolidated Statements of Operations. The redemption values are evaluated each period and adjusted to the higher of fair value or the partner s cost basis within Equity. The Company recognizes changes in the redemption value as they occur. The following table details the components of Redeemable Noncontrolling Interests in consolidated subsidiaries for the years ended December 31, 2010 and 2009 (in thousands):

	2010	**2009**
Beginning Balance	**$ 12,591**	**$ 3,945**
Net income (loss) attributable to redeemable noncontrolling interests	176	(174)
Distributions to noncontrolling interests	(337)	(159)
Contributions from noncontrolling interests	2,237	32
Conversion of note payable and accrued interest to noncontrolling interest		8,767
Change in fair value of noncontrolling interests	(378)	180
Ending Balance	**$ 14,289**	**$ 12,591**

The following reconciles the net income attributable to nonredeemable noncontrolling interests as recorded in the Consolidated Statements of Equity and the net income (loss) attributable to redeemable noncontrolling interests as recorded

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outside of the Equity section on the Consolidated Balance Sheets to the Net Income Attributable to Noncontrolling Interests on the Consolidated Statement of Operations for the years ended December 31, 2010, 2009 and 2008 (in thousands):

	2010	2009	2008
Net income attributable to nonredeemable noncontrolling interests	2,364	2,426	2,731
Net income (loss) attributable to redeemable noncontrolling interests	176	(174)	(353)
Net income attributable to noncontrolling interests	$ 2,540	$ 2,252	$ 2,378

13. COMMON STOCK

In September 2009, the Company completed a common stock offering of 46 million shares. The net proceeds of the offering of approximately $318.4 million were used to repay outstanding borrowings under the Company s Credit Facility.

14. RENTAL PROPERTY REVENUES

The Company s leases typically contain escalation provisions and provisions requiring tenants to pay a pro rata share of operating expenses. The leases typically include renewal options and are classified and accounted for as operating leases. In addition, leases for certain retail tenants may include provisions regarding the leased percentage of the property or specifics related to the tenant mix at the center (co-tenancy clauses), and, if these criteria are not met, the tenant could request an adjustment to their rental rates or terminate their lease. The table below reflects information prior to the potential invocation of any of these co-tenancy clauses. The majority of the Company s real estate assets are concentrated in the Southeastern United States.

At December 31, 2010 future minimum rentals to be received by consolidated entities under existing non-cancelable leases, excluding tenants current pro rata share of operating expenses, are as follows ($ in thousands):

	Office	Retail	Industrial	Total
2011	$ 73,715	$ 22,751	$ 3,780	$ 100,246
2012	73,884	23,082	5,534	102,500
2013	70,080	23,354	5,932	99,366
2014	66,009	22,591	6,076	94,676
2015	59,277	21,977	4,603	85,857
Thereafter	272,581	56,792	29,843	359,216
	$ 615,546	$ 170,547	$ 55,768	$ 841,861

Future minimum rentals of approximately $34.8 million in the above industrial column relate to Jefferson Mill Building A, which sold in 2011 (see Note 8).

15. RETIREMENT SAVINGS PLAN

The Company maintains a defined contribution plan pursuant to Section 401 of the Code (the Retirement Savings Plan or the Plan) which covers active regular employees. Employees are eligible under the Plan immediately upon hire, and pre-tax contributions are allowed up to the limits set by the Code. The Company has made discretionary retirement savings contributions into the Plan for certain eligible active regular employees based on an annual, discretionary percentage as determined by the Compensation, Nominating and Governance Committee of the Board of Directors. This percentage was then applied to each eligible employee s compensation, up to a maximum amount per employee under the Code. The Company contributed or plans to contribute approximately $1.2 million, $1.4 million and $3.3 million to the retirement savings plan for the 2010, 2009 and 2008 plan years, respectively.

Beginning in 2011, the Company intends to match up to 3% of an employee s eligible pre-tax Retirement Savings Plan contributions up to certain Code limits, rather than an annual discretionary contribution. The Company may change this percentage at its discretion, and, in addition, the Company could decide to make additional or replacement

discretionary contributions in the future. An employee vests in the Company s contributions to the Retirement Savings Plan, whether discretionary or matching, over three years from the commencement of employment.

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16. REPORTABLE SEGMENTS

The Company has six reportable segments: Office, Retail, Land, Third-Party Management, For-Sale Multi-Family 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 product and nature of service. Each segment includes both consolidated operations and joint ventures. The Office segment includes results of operations for office properties. The Retail segment includes results of operations for retail centers. The Land segment includes results of operations for various tracts of land that are held for investment or future development, and single-family residential communities that are parceled into lots and sold to various homebuilders or sold as undeveloped tracts of land. The Third-Party Management segment includes fee income where the Company manages, leases and/or develops properties for other owners. The For-Sale Multi-Family segment includes results of operations for the development and sale of multi-family real estate projects. The Other segment includes:

fee income, salary reimbursements and expenses for joint venture properties, other than ventures within the Land segment, that the Company manages, develops and/or leases;

compensation for corporate employees, other than those in the Third-Party Management segment;

general corporate overhead costs, interest expense for consolidated entities (as financing decisions are made at the corporate level, with the exception of joint venture interest expense, which is included in joint venture results in the respective segment);

income attributable to noncontrolling interests;

income taxes;

depreciation;

preferred dividends; and

operations of the Industrial properties, which are not material for separate presentation.

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

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

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

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Year Ended December 31, 2010	Office	Retail	Land	Third Party Management	Multi-Family	Other	Total
Net rental property revenues less rental property operating expenses	$ 60,646	$ 23,792	$	$	$	$ 3,625	$ 88,063
Fee income, net of reimbursed expenses			211	9,166		8,739	18,116
Residential lot, multi-family unit, tract and outparcel sales, net of cost of sales, including gain on sale of undepreciated investment properties		4,661	1,076		7,425	1,204	14,366
Other income	436	114				714	1,264
General and administrative expenses				(7,506)		(29,688)	(37,194)
Interest expense						(37,180)	(37,180)
Impairment loss			(1,968)		(586)		(2,554)
Depreciation and amortization of non-real estate assets						(1,889)	(1,889)
Other expenses				(466)		(4,704)	(5,170)
Loss on extinguishment of debt and interest rate swaps						(9,827)	(9,827)
Funds from operations from unconsolidated joint ventures	9,863	6,443	2,375		473		19,154
Income attributable to noncontrolling interests						(2,540)	(2,540)
Benefit for income taxes from operations						1,079	1,079
Preferred stock dividends						(12,907)	(12,907)
Funds from operations available to common stockholders	**$ 70,945**	**$ 35,010**	**$ 1,694**	**$ 1,194**	**$ 7,312**	**$ (83,374)**	**32,781**
Real estate depreciation and amortization, including Company s share of joint ventures							(67,728)
Gain on sale of depreciated investment properties							7,467
Net loss available to common stockholders							**$ (27,480)**
Total Assets	**$ 671,540**	**$ 348,470**	**$ 261,323**	**$ 4,050**	**$ 4,564**	**$ 81,335**	**$ 1,371,282**

Year ended December 31, 2009	Office	Retail	Land	Third Party Management	Multi-Family	Other	Total
Net rental property revenues less rental property operating expenses	$ 57,257	$ 24,395	$	$	$	$ 1,568	$ 83,220
Fee income, net of reimbursed expenses			616	11,337		6,347	18,300
Residential lot, multi-family unit, tract and outparcel sales, net of cost of sales, including gain on sale of undepreciated investment properties	276	1,841	1,466		5,212	58	8,853
Other income	286	1,431				1,308	3,025
Loss on extinguishment of debt and interest rate swaps						9,732	9,732
General and administrative expenses				(7,624)		(29,581)	(37,205)
Interest expense						(41,393)	(41,393)
Impairment loss					(36,500)	(4,012)	(40,512)
Depreciation and amortization of non-real estate assets						(3,382)	(3,382)
Other expenses						(13,143)	(13,143)
Funds from operations from unconsolidated joint ventures	(11,149)	6,440	(4,091)		(60)	(37)	(8,897)
Impairment loss on investment in unconsolidated joint ventures	(17,993)		(27,000)		(6,065)		(51,058)
Income attributable to noncontrolling interests						(2,252)	(2,252)
Provision for income taxes from operations						(4,341)	(4,341)
Preferred stock dividends						(12,907)	(12,907)
Funds from operations available to common stockholders	**$ 28,677**	**$ 34,107**	**$ (29,009)**	**$ 3,713**	**$ (37,413)**	**$ (92,035)**	**(91,960)**
Real estate depreciation and amortization, including Company s share of joint ventures							(61,205)
Gain on sale of depreciated investment properties, including Company s share of joint ventures							167,553
Net income available to common stockholders							**$ 14,388**

Total Assets	**$ 650,958**	**$ 429,099**	**$ 273,026**	**$ 7,291**	**$ 31,206**	**$ 99,972**	**$ 1,491,552**

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Year ended December 31, 2008	Office	Retail	Land	Third Party Management	Multi-Family	Other	Total
Net rental property revenues less rental property operating expenses	$ 65,060	$ 23,602	$	$	$	$ 1,492	$ 90,154
Fee income, net of reimbursed expenses				9,848		21,535	31,383
Residential lot, multi-family unit, tract and outparcel sales, net of cost of sales, including gain on sale of undepreciated investment properties	620	3,976	7,113		1,114	2,119	14,942
Other income	41	388				3,751	4,180
General and administrative expenses				(11,003)		(31,171)	(42,174)
Interest expense						(33,151)	(33,151)
Impairment loss					(2,100)		(2,100)
Depreciation and amortization of non-real estate assets						(3,743)	(3,743)
Other expenses						(6,049)	(6,049)
Funds from operations from unconsolidated joint ventures	5,134	5,653	3,503		1,892	(45)	16,137
Income attributable to noncontrolling interests						(2,378)	(2,378)
Benefit for income taxes from operations						8,770	8,770
Preferred stock dividends						(14,957)	(14,957)
Funds from operations available to common stockholders	**$ 70,855**	**$ 33,619**	**$ 10,616**	**$ (1,155)**	**$ 906**	**$ (53,827)**	**61,014**
Real estate depreciation and amortization, including Company s share of joint ventures							(56,084)
Gain on sale of depreciated investment properties							2,660
Net income available to common stockholders							**$ 7,590**
Total Assets	**$ 675,813**	**$ 455,484**	**$ 300,899**	**$ 5,335**	**$ 78,860**	**$ 177,404**	**$ 1,693,795**

In 2010, the Company began analyzing the Third-Party Management segment after an allocation of certain corporate overhead costs, whereas previously, amounts were generally viewed without such allocation. The 2009 and 2008 tables above have been adjusted to reclassify this general and administrative expense allocation from the Other column to the Third-Party Management column to be consistent with the current year presentation.

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

Rental property operations, including discontinued;

Reimbursements of third-party and joint venture personnel costs;

Residential, tract and outparcel sales;

Multi-family sales; and

Gains on sales of investment properties.

These amounts are shown in the segment tables above in the same net manner as shown to management. Certain adjustments are required to reconcile the above segment information to the Company s consolidated revenues, including removing gains on sales of investment properties from revenues, as they are not presented within revenues on the Condensed Consolidated Statements of Operations. The following table reconciles information presented in the tables above to the Company s consolidated revenues (in thousands):

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	2010	2009	2008
Net rental property revenues less rental property operating expenses	$ 88,063	$ 83,220	$ 90,154
Plus rental property operating expenses	58,973	63,382	54,501
Fee income, net of reimbursed expenses	18,116	18,300	31,383
Reimbursements of third-party and joint venture personnel included in fee income	15,304	15,506	16,279
Residential lot, multi-family unit, tract, and outparcel sales, net of cost of sales, including gain on sale of undepreciated investment properties	14,366	8,853	14,942
Less gain on sale of undepreciated investment properties	(1,697)	(1,243)	(10,611)
Plus residential lot, multi-family unit, tract, and outparcel cost of sales	37,716	30,652	11,106
Net rental property revenues less rental property operating expenses from discontinued operations	(3,564)	(7,098)	(7,763)
Other income	1,264	3,025	4,180
Other income from discontinued operations	(35)	(53)	(31)
Total consolidated revenues	$ 228,506	$ 214,544	$ 204,140

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SCHEDULE III
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COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2010
($ in thousands)

Description/Metropolitan Area	Encumbrances	Initial Cost to Company: Land and Improvements	Initial Cost to Company: Buildings and Improvements	Costs Capitalized Subsequent to Acquisition: Land and Improvements	Costs Capitalized Subsequent to Acquisition: Building and Improvements less Cost of Sales and Other	Gross Amount at Which Carried at Close of Period: Land and Improvements	Gross Amount at Which Carried at Close of Period: Building and Improvements less Cost of Sales, Transfers and Other	Total (a)	Accumulated Depreciation (c)	Date of Construction/ Renovation	Date Acquired	Life on Which Depreciation in 20 Statement of Operations (b)
LAND HELD FOR INVESTMENT OR FUTURE DEVELOPMENT												
North Point												
Suburban Atlanta, GA	$	$ 10,294	$	$ 28,836	$ (32,611)	$ 39,130	$ (32,611)	$ 6,519	$		1970-1985	
Terminus												
Atlanta, GA		18,745		14,317	(20,411)	33,062	(20,411)	12,651			2005	
King Mill Distribution Park												
Suburban Atlanta, GA		10,528		6,497	(6,936)	17,025	(6,936)	10,089			2005	
Jefferson Mill Business Park												
Suburban Atlanta, GA		14,223		9,533	(14,560)	23,756	(14,560)	9,196			2006	
Lakeside Ranch Business Park												
Dallas, TX		6,328		3,493		9,821		9,821			2006	
215 Peachtree Street												
Atlanta, GA		10,164		2,328		12,492		12,492			1996	
Wildwood												
Suburban Atlanta, GA		10,214		5,092	(14,292)	15,306	(14,292)	1,014			1971-1989	
Brandy Road Associates, LLC												
Suburban Atlanta, GA	3,374	5,342			(1,968)	5,342	(1,968)	3,374			2009	
Round Rock Land												
Austin, TX		12,802		4,313		17,115		17,115			2005	
Land Adjacent to The Avenue Forsyth												
Suburban Atlanta, GA		11,240		10,875	(11,673)	22,115	(11,673)	10,442			2007	
Land Adjacent to The Avenue Webb Gin												
Suburban Atlanta, GA		946				946		946			2005	
Lancaster Land												
Dallas, TX		3,901		943		4,844		4,844			2007	

and Adjacent to The Avenue Carriage Crossing								
uburban Memphis, TN		7,208	2,052	(7,291)	9,260	(7,291)	1,969	2004
49 / 555 / 557 Peachtree treet								
tlanta, GA		5,988	6,152	(3,346)	12,140	(3,346)	8,794	2004
esearch Park V								
ustin, TX		4,373	590		4,963		4,963	1998
lalock Lakes								
uburban Atlanta, GA		9,646	4		9,650		9,650	2008
otal Land Held for nvestment or Future evelopment	$ 3,374	$ 141,942	$	$ 95,025	$ (113,088)	$ 236,967	$ (113,088)	$ 123,879	$

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SCHEDULE III
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COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2010
($ in thousands)

		Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period					
ion/Metropolitan Area	Encumbrances	Land and Improvements	Buildings and Improvements	Land and Improvements	Building and Improvements less Cost of Sales and Other	Land and Improvements	Building and Improvements less Cost of Sales, Transfers and Other	Total (a)	Accumulated Depreciation (a)	Date of Construction or Renovation	Date Ac
TING											
RTIES											
erican Cancer Society											
GA	$ 136,000	$ 5,226	$ 67,370	$	$ 25,092	$ 5,226	$ 92,462	$ 97,688	$ 53,711		1
s 100											
GA	140,000	15,559		(2,512)	156,286	13,047	156,286	169,333	28,367	2008	2
75											
n Atlanta, GA		6,673	4,743		627	6,673	5,370	12,043	2,102		2
nts at Waterview											
n Dallas, TX	16,592	2,558	22,910		5,225	2,558	28,135	30,693	14,466		2
re Park Plaza											
ham, AL	17,544	3,362	12,261		5,169	3,362	17,430	20,792	8,556		1
versity Park Place											
ham, AL	12,292	1,899			17,080	1,899	17,080	18,979	6,804	1998	1
th Point Center East											
n Atlanta, GA	26,412(c)	551			13,698	551	13,698	14,249	7,354	1996	1
th Point Center East											
n Atlanta, GA	(c)	368			17,823	368	17,823	18,191	8,360	1998	1
rgia Center											
GA		9,267	27,079		23,620	9,267	50,699	59,966	15,925		2
th Point Center East											
n Atlanta, GA	24,830(d)	1,475	9,625		1,907	1,475	11,532	13,007	5,319		2
th Point Center East											
n Atlanta, GA	(d)	1,726	7,920		2,479	1,726	10,399	12,125	4,324		2
olitan Center (e)											
GA		9,465	2,581	(1,512)	338	7,953	2,919	10,872	1,186		2

chtree Tower (e)											
GA		5,355	141,012		69,743	5,355	210,755	216,110	34,730		2
chtree Center Avenue Garage											
GA		4,217	13,337		111	4,217	13,448	17,665	1,286		2
n Mark Plaza											
GA	26,892	2,219			25,509	2,219	25,509	27,728	12,652	1997	1
k											
n Atlanta, GA		675			5,727	675	5,727	6,402	1,896	2004	2
ffice	$ 400,562	$ 70,595	$ 308,838	$ (4,024)	$ 370,434	$ 66,571	$ 679,272	$ 745,843	$ 207,038		

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Schedule III
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COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2010
($ in thousands)

		Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period				
n/Metropolitan Area	Encumbrances	Land and Improvements	Buildings and Improvements	Land and Improvements	Building and Improvements less Cost of Sales and Other	Land and Improvements	Building and Improvements less Cost of Sales, Transfers and Other	Total (a)	Accumulated Depreciation (a)	Date of Construction Renovation
ue Carriage Crossing										
Memphis, TN	$	$ 11,470	$	$ (1,675)	$ 83,045	$ 9,795	$ 83,045	$ 92,840	$ 24,984	2004
ue Forsyth										
Atlanta, GA		22,848		3,879	94,551	26,727	94,551	121,278	13,384	2009
prings MarketCenter										
ty, MO		8,174		3,474	46,922	11,648	46,922	58,570	4,141	2009
ue Webb Gin										
Atlanta, GA		11,583		(2,997)	67,031	8,586	67,031	75,617	16,077	2005
il	$	$ 54,075	$	$ 2,681	$ 291,549	$ 56,756	$ 291,549	$ 348,305	$ 58,586	
						56,756				
Ranch Business Park										
g 20										
K		5,073			25,215	5,073	25,215	30,288	4,138	2008
Mill Business Park										
A										
Atlanta, GA		1,287		1,410	19,728	2,697	19,728	22,425	1,304	2008
Distribution Park										
Atlanta, GA		3,886		345	21,952	4,231	21,952	26,183	3,859	2007
strial	$	$ 10,246	$	$ 1,755	$ 66,895	$ 12,001	$ 66,895	$ 78,896	$ 9,301	
rating Properties	$ 400,562	$ 134,916	$ 308,838	$ 412	$ 728,878	$ 135,328	$ 1,037,716	$ 1,173,044	$ 274,925	

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SCHEDULE III
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COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2010
($ in thousands)

Metropolitan Area	Encumbrances	Initial Cost to Company: Land and Improvements	Initial Cost to Company: Buildings and Improvements	Costs Capitalized Subsequent to Acquisition: Land and Improvements	Costs Capitalized Subsequent to Acquisition: Building and Improvements less Cost of Sales and Other	Gross Amount at Which Carried at Close of Period: Land and Improvements	Gross Amount at Which Carried at Close of Period: Building and Improvements less Cost of Sales, Transfers and Other	Total (a)	Accumulated Depreciation (a)	Date of Construction/ Renovation	A
IAL LOTS											
anta, GA	$	$ 2,001	$	$ 11,022	$ (12,555)	$ 13,023	$ (12,555)	$ 468	$	2000	1
Cedar Grove anta, GA		4,720		30,332	(30,401)	35,052	(30,401)	4,651		2001	
s anta, GA		17,657		26,085	(4,095)	43,742	(4,095)	39,647		2006	
allaway n, GA	173	2,098		6,805	(8,518)	8,903	(8,518)	385		2002	
rdens n, GA		1,584		16,327	(2,311)	17,911	(2,311)	15,600		2006	
anta, GA		2,904		517	(769)	3,421	(769)	2,652			
ıtial Lots	$ 173	$ 30,964	$	$ 91,088	$ (58,649)	$ 122,052	$ (58,649)	$ 63,403	$		
MILY UNITS SALE											
Place		7,810	72,573	(7,561)	(70,261)	249	2,312	2,561		2008	
rket C			9,739		(9,306)		433	433			
Family Units	$	$ 7,810	$ 82,312	$ (7,561)	$ (79,567)	$ 249	$ 2,745	$ 2,994	$		

$ 404,109 $ 315,632 $ 391,150 $ 178,964 $ 477,574 $ 494,596 $ 868,724 $ 1,363,320 $ 274,925

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SCHEDULE III
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COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2010
($ in thousands)

NOTES:

(a) Reconciliations of total real estate carrying value and accumulated depreciation for the three years ended December 31, 2010 are as follows:

	Real Estate			Accumulated Depreciation		
	2010	2009	2008	2010	2009	2008
Balance at beginning of period	$ 1,468,413	$ 1,458,001	$ 1,309,821	$ 233,091	$ 186,252	$ 146,456
Additions during the period:						
Improvements and other capitalized costs	43,860	72,644	195,629			
Depreciation expense				58,620	52,996	50,021
	43,860	72,644	195,629	58,620	52,996	50,021
Deductions during the period:						
Cost of real estate sold	(143,497)	(31,908)	(51,671)	(13,911)	(96)	(8,169)
Impairment loss	(2,554)	(34,900)	(2,100)			
Write-off of fully depreciated assets	(2,840)	(5,991)	(1,181)	(2,840)	(5,991)	(1,181)
Transfers between account categories	(62)	10,567	7,503		(34)	(272)
Amortization of rent adjustments				(35)	(36)	(603)
	(148,953)	(62,232)	(47,449)	(16,786)	(6,157)	(10,225)
Balance at end of period	$ 1,363,320	$ 1,468,413	$ 1,458,001	$ 274,925	$ 233,091	$ 186,252

(b) Buildings and improvements are depreciated over 24 to 40 years. Leasehold improvements and other capitalized leasing costs are depreciated over the life of the asset or the term of the lease, whichever is shorter.

(c) 333 North Point Center East and 555 North Point Center East were financed together with such properties being collateral for one recourse mortgage note payable.

(d) 100 North Point Center East and 200 North Point Center East were financed together with such properties being collateral for one non-recourse mortgage note payable.

(e) Certain intangible assets related to the purchase of this property are included in other assets and not in the above table, although included in the basis of the property on Item 2.