

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

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

For the quarterly period ended September 30, 2024
OR

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

For the transition period from _____ to _____
Commission file number: 001-11312

COUSINS PROPERTIES INCORPORATED

(Exact name of registrant as specified in its charter)

Georgia

(State or other jurisdiction of
incorporation or organization)

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

58-0869052

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

30326-4802
(Zip Code)

(404) 407-1000

(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 No

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

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

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

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

Yes No

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

Class	Outstanding at October 18, 2024
Common Stock, \$1 par value per share	152,140,188 shares

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FORWARD-LOOKING STATEMENTS

Certain matters contained in this report are “forward-looking statements” within the meaning of the federal securities laws and are subject to uncertainties and risks, as itemized in Item 1A included in the Annual Report on Form 10-K for the year ended December 31, 2023, the Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, and as itemized herein. These forward-looking statements include information about the Company's possible or assumed future results of the 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:

- guidance and underlying assumptions;
- business and financial strategy;
- future debt financings;
- future acquisitions and dispositions of operating assets or joint venture interests;
- future acquisitions and dispositions of land, including ground leases;
- future acquisitions of investments in real estate debt;
- future development and redevelopment opportunities;
- future issuances and repurchases of common stock, limited partnership units, or preferred stock;
- future distributions;
- projected capital expenditures;
- market and industry trends;
- future occupancy or volume and velocity of leasing activity;
- entry into new markets, changes in existing market concentrations, or exits from existing markets;
- future changes in interest rates and liquidity of capital markets; and
- all statements that address operating performance, events, investments, or developments that we expect or anticipate will occur in the future — including statements relating to creating value for stockholders.

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

- the availability and terms of capital;
- the ability to refinance or repay indebtedness as it matures;
- any changes to our credit rating;
- the failure of purchase, sale, or other contracts to ultimately close;
- the failure to achieve anticipated benefits from acquisitions, developments, investments, or dispositions;
- the effect of common stock or operating partnership unit issuances, including those undertaken on a forward basis;
- the availability of buyers and pricing with respect to the disposition of assets;
- changes in national and local economic conditions, the real estate industry, and the commercial real estate markets in which we operate (including supply and demand changes), particularly in Atlanta, Austin, Tampa, Charlotte, Phoenix, Dallas, and Nashville, including the impact of high unemployment, volatility in the public equity and debt markets, and international economic and other conditions;
- threatened terrorist attacks or sociopolitical unrest such as political instability, civil unrest, armed hostilities, or political activism, which may result in a disruption of day-to-day building operations;
- changes to our strategy in regard to our real estate assets may require impairment to be recognized;
- leasing risks, including the ability to obtain new tenants or renew expiring tenants, the ability to lease newly-developed and/or recently acquired space, the failure of a tenant to commence or complete tenant improvements on schedule or to occupy leased space, and the risk of declining leasing rates;
- changes in the preferences of our tenants brought about by the desire for co-working arrangements, trends toward utilizing less office space per employee, and the effect of employees working remotely;
- any adverse change in the financial condition or liquidity of one or more of our tenants or borrowers under our real estate debt investments;
- volatility in interest rates (including the impact upon the effectiveness of forward interest rate contract arrangements) and insurance rates;
- inflation;
- competition from other developers or investors;
- the risks associated with real estate developments (such as zoning approval, receipt of required permits, construction delays, cost overruns, and leasing risk);

- supply chain disruptions, labor shortages, and increased construction costs;
- risks associated with security breaches through cyberattacks, cyber intrusions or otherwise, as well as other significant disruptions of our information technology networks and related systems, which support our operations and our buildings;
- changes in senior management, changes in the Board of Directors, and the loss of key personnel;
- the potential liability for uninsured losses, condemnation, or environmental issues;
- the potential liability for a failure to meet regulatory requirements, including the Americans with Disabilities Act and similar laws or the impact of any investigation regarding the same;
- 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 or meet regulatory requirements;
- potential changes to state, local, or federal regulations applicable to our business;
- material changes in dividend rates on common shares or other securities or the ability to pay those dividends;
- potential changes to the tax laws impacting REITs and real estate in general;
- risks associated with climate change and severe weather events, as well as the regulatory efforts intended to reduce the effects of climate changes and investor and public perception of our efforts to respond to the same;
- the impact of newly adopted accounting principles on our accounting policies and on period-to-period comparisons of financial results;
- risks associated with possible federal, state, local, or property tax audits; and
- those additional risks and environmental or other factors discussed in reports filed with the Securities and Exchange Commission ("SEC") by the Company.

The risks set forth above are not exhaustive. The Annual Report on Form 10-K for the year ended December 31, 2023, including Part I, Item 1A. Risk Factors, and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, this Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, including Part II, Item 1A, Risk Factors, include additional factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all risk factors, nor can we assess the potential impact of all risk factors on our business or the extent to which any factors, or any combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. The words "believes," "expects," "anticipates," "estimates," "plans," "may," "intend," "will," or similar expressions are intended to identify forward-looking statements. Although we believe that our plans, intentions, and expectations reflected in any forward-looking statements are reasonable, we can give no assurance that such plans, intentions, or expectations will be achieved. Given the uncertainties and risks discussed herein, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Investors should also refer to our Quarterly Reports on Form 10-Q and our Annual Reports on Form 10-K for future periods, and our Current Reports on Form 8-K as we file such reports with the SEC, and to other materials we may file with or furnish to the SEC, for a discussion of risks and uncertainties that may cause actual results, performance, or achievements to differ materially from those expressed or implied by any forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of future events, new information, or otherwise, except as required under U.S. federal securities laws.

PART I— FINANCIAL INFORMATION**Item 1. Condensed Consolidated Financial Statements.****COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

(in thousands, except share and per share amounts)

	September 30, 2024	December 31, 2023
	(unaudited)	
Assets:		
Real estate assets:		
Operating properties, net of accumulated depreciation of \$1,551,232 and \$1,329,406 in 2024 and 2023, respectively	\$ 6,905,956	\$ 6,775,093
Projects under development	—	132,884
Land	154,727	154,728
	<u>7,060,683</u>	<u>7,062,705</u>
Cash and cash equivalents	76,143	6,047
Investments in real estate debt, at fair value	28,636	—
Accounts receivable	11,788	11,109
Deferred rents receivable	226,299	209,370
Investment in unconsolidated joint ventures	182,130	143,831
Intangible assets, net	93,712	110,667
Other assets, net	91,140	90,745
Total assets	<u>\$ 7,770,531</u>	<u>\$ 7,634,474</u>
Liabilities:		
Notes payable	\$ 2,661,292	\$ 2,457,627
Accounts payable and accrued expenses	269,661	299,767
Deferred income	263,192	181,744
Intangible liabilities, net	35,984	42,193
Other liabilities	100,804	104,830
Total liabilities	<u>3,330,933</u>	<u>3,086,161</u>
Commitments and contingencies		
Equity:		
Stockholders' investment:		
Common stock, \$1 par value per share, 300,000,000 shares authorized, 152,140,188 and 154,335,798 issued, and 152,140,188 and 151,799,215 outstanding in 2024 and 2023, respectively	152,140	154,336
Additional paid-in capital	5,504,035	5,638,709
Treasury stock at cost, 2,536,583 shares in 2023	—	(145,696)
Distributions in excess of cumulative net income	(1,240,104)	(1,125,390)
Accumulated other comprehensive income (loss)	(102)	2,192
Total stockholders' investment	<u>4,415,969</u>	<u>4,524,151</u>
Nonredeemable noncontrolling interests	23,629	24,162
Total equity	<u>4,439,598</u>	<u>4,548,313</u>
Total liabilities and equity	<u>\$ 7,770,531</u>	<u>\$ 7,634,474</u>

See accompanying notes.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Rental property revenues	\$ 207,260	\$ 198,429	\$ 627,552	\$ 602,459
Fee income	495	318	1,280	1,044
Other	1,457	101	2,599	2,393
	<u>209,212</u>	<u>198,848</u>	<u>631,431</u>	<u>605,896</u>
Expenses:				
Rental property operating expenses	66,005	64,838	207,714	203,150
Reimbursed expenses	188	149	479	515
General and administrative expenses	9,204	8,336	27,325	24,795
Interest expense	30,773	27,008	89,424	78,010
Depreciation and amortization	89,784	79,492	271,429	235,531
Other	327	623	1,602	1,484
	<u>196,281</u>	<u>180,446</u>	<u>597,973</u>	<u>543,485</u>
Income (loss) from unconsolidated joint ventures	(1,575)	582	(788)	2,008
Gain on investment property transactions	—	507	98	505
Net income	<u>11,356</u>	<u>19,491</u>	<u>32,768</u>	<u>64,924</u>
Net income attributable to noncontrolling interests	(158)	(130)	(442)	(746)
Net income available to common stockholders	<u>\$ 11,198</u>	<u>\$ 19,361</u>	<u>\$ 32,326</u>	<u>\$ 64,178</u>
Net income per common share — basic and diluted	<u>\$ 0.07</u>	<u>\$ 0.13</u>	<u>\$ 0.21</u>	<u>\$ 0.42</u>
Weighted average shares — basic	<u>152,140</u>	<u>151,774</u>	<u>152,060</u>	<u>151,692</u>
Weighted average shares — diluted	<u>152,812</u>	<u>152,048</u>	<u>152,604</u>	<u>152,018</u>

See accompanying notes.

COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited; in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Comprehensive Income:				
Net income available to common stockholders	\$ 11,198	\$ 19,361	\$ 32,326	\$ 64,178
Other comprehensive income (loss):				
Unrealized gain (loss) on cash flow hedges	(1,380)	1,503	2,708	6,397
Amortization of cash flow hedges	(1,489)	(1,345)	(5,002)	(2,441)
Total other comprehensive income (loss)	(2,869)	158	(2,294)	3,956
Total comprehensive income	\$ 8,329	\$ 19,519	\$ 30,032	\$ 68,134

See accompanying notes.

COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(unaudited; in thousands except per share amounts)

Three Months Ended September 30, 2024

	Common Stock	Additional Paid-In Capital	Treasury Stock	Distributions in Excess of Net Income	Accumulated Other Comprehensive Income	Stockholders' Investment	Nonredeemable Noncontrolling Interests	Total Equity
Balance June 30, 2024	\$ 152,140	\$ 5,500,937	\$ —	\$ (1,202,222)	\$ 2,767	\$ 4,453,622	\$ 23,882	\$ 4,477,504
Net income	—	—	—	11,198	—	11,198	158	11,356
Other comprehensive loss	—	—	—	—	(2,869)	(2,869)	—	(2,869)
Amortization of stock-based compensation, net of forfeitures	—	3,098	—	4	—	3,102	—	3,102
Distributions to noncontrolling interests	—	—	—	—	—	—	(411)	(411)
Common dividends (\$0.32 per share)	—	—	—	(49,084)	—	(49,084)	—	(49,084)
Balance September 30, 2024	<u>\$ 152,140</u>	<u>\$ 5,504,035</u>	<u>\$ —</u>	<u>\$ (1,240,104)</u>	<u>\$ (102)</u>	<u>\$ 4,415,969</u>	<u>\$ 23,629</u>	<u>\$ 4,439,598</u>

Three Months Ended September 30, 2023

	Common Stock	Additional Paid- In Capital	Treasury Stock	Distributions in Excess of Net Income	Accumulated Other Comprehensive Loss	Stockholders' Investment	Nonredeemable Noncontrolling Interests	Total Equity
Balance June 30, 2023	\$ 154,336	\$ 5,634,996	\$ (147,157)	\$ (1,066,369)	\$ 5,565	\$ 4,581,371	\$ 22,927	\$ 4,604,298
Net income	—	—	—	19,361	—	19,361	130	19,491
Other comprehensive income	—	—	—	—	158	158	—	158
Amortization of stock-based compensation, net of forfeitures	—	2,410	—	—	—	2,410	—	2,410
Contributions from noncontrolling interests	—	—	—	—	—	—	56	56
Distributions to noncontrolling interests	—	—	—	—	—	—	(518)	(518)
Common dividends (\$0.32 per share)	—	—	—	(48,589)	—	(48,589)	—	(48,589)
Balance September 30, 2023	<u>\$ 154,336</u>	<u>\$ 5,637,406</u>	<u>\$ (147,157)</u>	<u>\$ (1,095,597)</u>	<u>\$ 5,723</u>	<u>\$ 4,554,711</u>	<u>\$ 22,595</u>	<u>\$ 4,577,306</u>

See accompanying notes.

COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(unaudited; in thousands except per share amounts)

Nine Months Ended September 30, 2024

	Common Stock	Additional Paid-In Capital	Treasury Stock	Distributions in Excess of Net Income	Accumulated Other Comprehensive Income	Stockholders' Investment	Nonredeemable Noncontrolling Interests	Total Equity
Balance December 31, 2023	\$ 154,336	\$ 5,638,709	\$ (145,696)	\$ (1,125,390)	\$ 2,192	\$ 4,524,151	\$ 24,162	\$ 4,548,313
Net income	—	—	—	32,326	—	32,326	442	32,768
Other comprehensive loss	—	—	—	—	(2,294)	(2,294)	—	(2,294)
Common stock issued pursuant to stock-based compensation, net of tax withholding	346	(1,594)	—	—	—	(1,248)	—	(1,248)
Amortization of stock options, restricted stock, and restricted stock units, net of forfeitures	(5)	10,079	—	—	—	10,074	—	10,074
Retirement of Treasury Stock	(2,537)	(143,159)	145,696	—	—	—	—	—
Contributions from nonredeemable noncontrolling interests	—	—	—	—	—	—	22	22
Distributions to nonredeemable noncontrolling interests	—	—	—	—	—	—	(997)	(997)
Common dividends (\$0.96 per share)	—	—	—	(147,040)	—	(147,040)	—	(147,040)
Balance September 30, 2024	\$ 152,140	\$ 5,504,035	\$ —	\$ (1,240,104)	\$ (102)	\$ 4,415,969	\$ 23,629	\$ 4,439,598

Nine Months Ended September 30, 2023

	Common Stock	Additional Paid-In Capital	Treasury Stock	Distributions in Excess of Net Income	Accumulated Other Comprehensive Income	Stockholders' Investment	Nonredeemable Noncontrolling Interests	Total Equity
Balance December 31, 2022	\$ 154,019	\$ 5,630,327	\$ (147,157)	\$ (1,013,292)	\$ 1,767	\$ 4,625,664	\$ 21,285	\$ 4,646,949
Net income	—	—	—	64,178	—	64,178	746	64,924
Other comprehensive income	—	—	—	—	3,956	3,956	—	3,956
Common stock issued pursuant to stock-based compensation, net of tax withholding	320	(827)	—	—	—	(507)	—	(507)
Amortization of stock-based compensation, net of forfeitures	(3)	7,906	—	—	—	7,903	—	7,903
Contributions from nonredeemable noncontrolling interests	—	—	—	—	—	—	1,440	1,440
Distributions to nonredeemable noncontrolling interests	—	—	—	—	—	—	(876)	(876)
Common dividends (\$0.96 per share)	—	—	—	(146,483)	—	(146,483)	—	(146,483)
Balance September 30, 2023	\$ 154,336	\$ 5,637,406	\$ (147,157)	\$ (1,095,597)	\$ 5,723	\$ 4,554,711	\$ 22,595	\$ 4,577,306

See accompanying notes.

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

	Nine Months Ended September 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 32,768	\$ 64,924
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on investment property transactions	(98)	(505)
Depreciation and amortization	271,429	235,531
Amortization of deferred financing costs and discount on notes payable	3,024	3,102
Equity-classified stock-based compensation expense, net of forfeitures	11,272	9,209
Effect of non-cash adjustments to rental revenues	(42,258)	(36,679)
Loss (income) from unconsolidated joint ventures	788	(2,008)
Operating distributions from unconsolidated joint ventures	2,451	2,869
Changes in other operating assets and liabilities:		
Change in receivables and other assets, net	(5,730)	(6,979)
Change in operating liabilities, net	(2,451)	8,054
Net cash provided by operating activities	271,195	277,518
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investment property sales, net	(3)	3,917
Property acquisition, development, and tenant asset expenditures	(184,121)	(198,254)
Investments in real estate debt	(28,636)	—
Return of capital distributions from unconsolidated joint ventures	—	10,924
Contributions to unconsolidated joint ventures	(41,119)	(28,681)
Net cash used in investing activities	(253,879)	(212,094)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from credit facility	396,800	291,300
Repayment of credit facility	(581,900)	(203,400)
Repayment of term loans	(100,000)	—
Repayment of mortgages	(6,395)	(6,178)
Bond issuance, net of original discount	498,540	—
Payment of deferred financing costs	(5,446)	(71)
Repurchase of shares withheld for taxes on restricted stock vestings	(1,111)	—
Common dividends paid	(146,733)	(145,858)
Contributions from noncontrolling interests	22	1,440
Distributions to noncontrolling interests	(997)	(876)
Net cash provided by (used in) financing activities	52,780	(63,643)
NET INCREASE IN CASH AND CASH EQUIVALENTS	70,096	1,781
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6,047	5,145
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 76,143	\$ 6,926

See accompanying notes.

COUSINS PROPERTIES INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024
(Unaudited)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business: Cousins Properties Incorporated (“Cousins”), a Georgia corporation, is a fully integrated, self-administered, and self-managed real estate investment trust (“REIT”). Cousins conducts substantially all of its business through Cousins Properties LP (“CPLP”). Cousins owns in excess of 99% of CPLP and consolidates CPLP. CPLP wholly owns Cousins TRS Services LLC (“CTRS”), a taxable entity which owns and manages its own real estate portfolio and performs certain real estate-related services.

Cousins, CPLP, CTRS, and their subsidiaries (collectively, the “Company”) develop, acquire, lease, manage, and own primarily Class A office properties and opportunistic mixed-use developments in the Sun Belt markets of the United States with a focus on Atlanta, Austin, Tampa, Phoenix, Charlotte, Dallas, and Nashville. Cousins has elected to be taxed as a REIT and intends to, among other things, distribute at least 100% of its net taxable income to stockholders, thereby eliminating any liability for federal income taxes under current law. Therefore, the results included herein do not include a federal income tax provision for Cousins. As of September 30, 2024, the Company's operating portfolio of real estate assets consisted of interests in 19.2 million square feet of office space and 467,000 square feet of multi-family and other space.

Basis of Presentation: The condensed consolidated financial statements are unaudited and were prepared by the Company in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”). In the opinion of management, these financial statements reflect all adjustments necessary (which adjustments are of a normal and recurring nature) for the fair presentation of the Company's financial position as of September 30, 2024 and December 31, 2023, and the results of operations for the three and nine months ended September 30, 2024 and 2023. The results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of results expected for the full year. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted pursuant to the rules and regulations of the SEC. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes to consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. The accounting policies employed are substantially the same as those shown in note 2 of the notes to consolidated financial statements included therein with the exception of an additional accounting policy related to the Company's new investments in real estate debt described in note 3 to these condensed consolidated financial statements.

The Company evaluates all partnerships, joint ventures, and other arrangements with variable interests to determine if the entity or arrangement qualifies as a variable interest entity (“VIE”), as defined in the Financial Accounting Standard Board's (“FASB”) Accounting Standards Codification (“ASC”). If the entity or arrangement qualifies as a VIE and the Company is determined to be the primary beneficiary, the Company is required to consolidate the assets, liabilities, and results of operations of the VIE. The Company had no investments or interests in any VIEs as of September 30, 2024 or December 31, 2023.

2. REAL ESTATE

For the nine months ended September 30, 2024 the Company had no real estate transactions. In September 2023, the Company sold a 10.4 acre land parcel in Atlanta for a gross sales price of \$4.25 million and recorded a gain of \$507,000.

Impairment

The Company tests buildings held for investment, by asset groups, for impairment whenever changes in circumstances indicate an asset group's carrying value may not be recoverable. The test is conducted using undiscounted cash flows for the shorter of the building's estimated hold period or its remaining useful life. When testing for recoverability of value of buildings held for investment, projected cash flows are used over its expected hold period. If the expected hold period includes some likelihood of shorter-term hold period from a potential sale, the probability of a sale is layered into the analysis. If any building's held-for-investment analysis were to fail the impairment test, its book value would be written down to its then current estimated fair value, before any selling expense, and that building would continue to depreciate over its remaining useful life. None of the Company's held-for-investment buildings were impaired during any periods presented in the accompanying condensed consolidated statement of operations.

The Company also reviews held-for-sale buildings, if any, for impairments. In order to be considered a real estate asset held-for-sale, the Company must, among other things, have the authority to commit to a plan to sell the asset in its current condition, have commenced the plan to sell the asset, and have determined that it is probable that the asset will sell within one year. If book value is in excess of estimated fair value less estimated selling costs, we impair those assets to fair value less estimated selling costs. There were no held-for-sale buildings as of September 30, 2024 or December 31, 2023 or during any periods presented in the accompanying condensed consolidated statements of operations.

The Company also reviews land and projects under development for impairment whenever changes in circumstances indicate the assets' carrying value may not be recoverable. None of the Company's investments in land, including accumulated predevelopment costs, or projects under development were impaired as of September 30, 2024 or December 31, 2023 or during any periods presented in the accompanying condensed consolidated statement of operations.

The Company may record impairment charges in future periods if the economy and the office industry weakens, the operating results of individual buildings are materially different from our forecasts, or we shorten our contemplated hold period for any operating buildings.

3. INVESTMENTS IN REAL ESTATE DEBT

In the three months ended June 30, 2024, the Company acquired two mezzanine real estate loans for \$27.2 million, which are subordinated to the first priority mortgage loans. The borrowers have additional borrowing capacity under these loans, for which the Company funded \$1.1 million and \$1.4 million during the three and nine months ended September 30, 2024, respectively. The Company's unfunded share of additional borrowing capacity is \$8.4 million as of September 30, 2024. The details of these real estate debt investments as of September 30, 2024 are as follows (\$ in thousands):

<u>Collateral</u>	<u>Carrying Value as of September 30, 2024</u>	<u>Variable Rate as of September 30, 2024</u>	<u>Maturity Date</u>
110 East - Pledge of equity interests Charlotte, NC, Office Building	\$ 16,068	14.10%	February 2026
Radius - Pledge of equity interests Nashville, TN, Office Building	12,568	13.35%	June 2025
	<u>\$ 28,636</u>		

The first priority mortgage loans had a balance of \$149.7 million as of September 30, 2024.

The above rates reflect a weighted spread in excess of Term Secured Overnight Financing Rate ("SOFR") (5.10% as of September 30, 2024) of 8.67%. The Company did not have any investment in real estate debt as of December 31, 2023. Each loan provides the borrower with an opportunity to extend the maturity date, subject to certain conditions. The extended maturity dates are February 2027 on the 110 East loan and June 2026 on the Radius loan.

Subsequent to the end of the third quarter, on October 1, 2024, the Company acquired a mortgage loan, secured by the Saint Ann Court office building, at par for \$138.0 million. The mortgage loan has an initial maturity date of December 7, 2024 and an interest rate of SOFR plus 3.66%. Saint Ann Court, built in 2009, is 320,000 square feet and located in Uptown Dallas, Texas. Consistent with the Company's existing investments in real estate debt, the Company has elected the fair value option in accounting for this mortgage loan. This acquisition was funded with cash on hand and an October 1, 2024 draw on our Credit Facility of \$58.5 million.

The Company has elected the fair value option in accounting for its investments in real estate debt. As such, any unrealized gain or loss associated with holding these investments at fair value will be recorded as a component of income from investments in real estate debt on the Company's consolidated statement of operations. For the three and nine months ended September 30, 2024, the Company believes the fair value of the investments in real estate debt approximates its invested carrying value and, therefore, did not record any unrealized gain or loss on its investments in real estate debt based on these recent executed market transactions (Level 2). In subsequent periods, the Company may make adjustments to the carrying values of these loan investments if any are required through application of the fair value hierarchy provided for under GAAP. Acquisition costs associated with these loans are expensed as incurred.

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 September 30, 2024 and December 31, 2023 (\$ in thousands).

	SUMMARY OF FINANCIAL POSITION							
	Total Assets		Total Debt		Total Equity (Deficit)		Company's Investment	
	2024	2023	2024	2023	2024	2023	2024	2023
Operating Properties:								
AMCO 120 WT Holdings, LLC	\$ 76,887	\$ 80,694	\$ —	\$ —	\$ 75,025	\$ 78,642	\$ 13,762	\$ 14,506
Crawford Long - CPI, LLC (1)	20,372	22,001	82,376	82,316	(64,022)	(62,562)	(31,485) (2)	(31,066) (2)
Neuhoff Holdings LLC (3)	566,456	477,780	264,958	219,780	261,062	226,303	146,787	124,543
TL CO Proscenium JV, LLC	89,334	—	—	—	83,334	—	16,763	—
Land:								
715 Ponce Holdings LLC	9,446	9,325	—	—	9,380	9,324	4,818	4,782
	<u>\$ 762,495</u>	<u>\$ 589,800</u>	<u>\$ 347,334</u>	<u>\$ 302,096</u>	<u>\$ 364,779</u>	<u>\$ 251,707</u>	<u>\$ 150,645</u>	<u>\$ 112,765</u>

(1) Crawford Long - CPI, LLC has a mortgage loan for the Medical Offices at Emory Hospital property. This \$83.0 million interest-only mortgage loan has a fixed interest rate of 4.80% and matures on June 1, 2032.

(2) Negative investment basis included in deferred income on the condensed consolidated balance sheets.

(3) The Neuhoff Holdings LLC properties have commenced initial operations but are not yet stabilized. The joint venture has a construction loan with a borrowing capacity up to \$312.7 million, of which the Company's share is \$156.4 million, that matures on September 30, 2025. The interest rate applicable to the construction loan is based on SOFR plus 3.45% with a minimum rate of 3.60%. The joint venture has one option, subject to certain conditions, to extend the maturity date for an additional 12 months from the initial maturity date.

The information included in the summary of operations table is for the nine months ended September 30, 2024 and 2023 (\$ in thousands).

	SUMMARY OF OPERATIONS					
	Total Revenues		Net Income (Loss)		Company's Income (Loss) from Investment	
	2024	2023	2024	2023	2024	2023
Operating Properties:						
AMCO 120 WT Holdings, LLC	\$ 8,312	\$ 8,337	\$ 1,452	\$ 2,698	\$ 276	\$ 537
Crawford Long - CPI, LLC	9,984	9,754	2,290	2,911	1,046	1,352
Neuhoff Holdings LLC (1)	1,538	105	(3,769)	59	(2,078)	30
TL CO Proscenium JV, LLC	3,141	—	(187)	—	(60)	—
Land:						
715 Ponce Holdings LLC	148	210	56	145	28	72
Sold:						
Other	—	—	—	34	—	17
	<u>\$ 23,123</u>	<u>\$ 18,406</u>	<u>\$ (158)</u>	<u>\$ 5,847</u>	<u>\$ (788)</u>	<u>\$ 2,008</u>

(1) The Neuhoff Holdings LLC properties have commenced initial operations but are not yet stabilized.

In August 2024, the Company entered into a joint venture as a 20% partner, forming TL CO Proscenium JV, LLC ("Proscenium"). With the 80% partner, the Proscenium joint venture was formed to own and operate an office property in Midtown Atlanta, Georgia. In August 2024, concurrently with its formation, the venture acquired the 525,000 square foot office property for a gross purchase price of \$83.3 million, of which the Company funded \$16.7 million.

The Company recognizes development, leasing, and management fees, including salary and expense reimbursements, from unconsolidated joint ventures. For the three and nine months ended September 30, 2024, the Company recognized \$259,000 and \$620,000 of management fees, respectively. For the three and nine months ended September 30, 2023, the Company recognized \$121,000 and \$358,000 of management fees, respectively.

5. INTANGIBLE ASSETS AND LIABILITIES

At September 30, 2024 and December 31, 2023, intangible assets included the following (\$ in thousands):

	<u>2024</u>	<u>2023</u>
In-place leases, net of accumulated amortization of \$132,679 and \$135,433 in 2024 and 2023, respectively	\$ 65,646	\$ 80,117
Below-market ground leases, net of accumulated amortization of \$2,502 and \$2,260 in 2024 and 2023, respectively	16,751	16,992
Above-market leases, net of accumulated amortization of \$24,123 and \$24,918 in 2024 and 2023, respectively	9,641	11,884
Goodwill	1,674	1,674
	<u>\$ 93,712</u>	<u>\$ 110,667</u>

At September 30, 2024 and December 31, 2023, intangible liabilities were the following (\$ in thousands):

	<u>2024</u>	<u>2023</u>
Below-market leases, net of accumulated amortization of \$54,896 and \$50,475 in 2024 and 2023, respectively	\$ 35,984	\$ 42,193

The amortization of the above asset and liabilities are recorded as follows (\$ in thousands):

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues:				
Rental property revenues, net (Below-market and Above-market leases)	\$ 1,476	\$ 1,371	\$ 4,495	\$ 5,455
Expenses:				
Depreciation and amortization (In-place leases)	4,107	4,849	14,471	17,319
Rental property operating and other expenses (Below-market ground leases)	69	100	240	300

Over the next five years and thereafter, aggregate amortization of these intangible assets and liabilities is anticipated to be as follows (\$ in thousands):

	In-Place Leases	Below-Market Ground Leases	Above-Market Leases	Below-Market Leases
2024 (three months)	\$ 3,994	\$ 71	\$ 559	\$ (2,009)
2025	14,628	282	2,070	(7,743)
2026	12,252	282	1,687	(6,524)
2027	9,667	282	1,266	(4,989)
2028	6,851	282	1,158	(3,852)
Thereafter	18,254	15,552	2,901	(10,867)
	<u>\$ 65,646</u>	<u>\$ 16,751</u>	<u>\$ 9,641</u>	<u>\$ (35,984)</u>

6. OTHER ASSETS

Other assets on the condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023 included the following (\$ in thousands):

	2024	2023
Predevelopment costs	\$ 57,995	\$ 56,600
Prepaid expenses and other assets	8,550	8,704
Lease inducements, net of accumulated amortization of \$7,656 and \$5,860 in 2024 and 2023, respectively	11,555	10,537
Furniture, fixtures and equipment and other deferred costs, net of accumulated depreciation of \$19,568 and \$18,564 in 2024 and 2023, respectively	9,731	10,631
Credit Facility deferred financing costs, net of accumulated amortization of \$3,094 and \$2,131 in 2024 and 2023, respectively	3,309	4,273
	<u>\$ 91,140</u>	<u>\$ 90,745</u>

Predevelopment costs represent amounts that are capitalized related to predevelopment projects on land owned by the Company that has been determined to be probable of future development.

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

7. NOTES PAYABLE

The following table summarizes the terms of notes payable outstanding at September 30, 2024 and December 31, 2023 (\$ in thousands):

Description	Interest Rate (1)	Maturity (2)	2024	2023
Unsecured Notes:				
Credit Facility	5.705%	April 2027	\$ —	\$ 185,100
Public Senior Notes	5.875%	October 2034	500,000	—
Term Loan	5.433%	March 2025	400,000	400,000
Privately Placed Senior Note	3.95%	July 2029	275,000	275,000
Term Loan	5.93%	February 2025	250,000	350,000
Privately Placed Senior Note	3.91%	July 2025	250,000	250,000
Privately Placed Senior Note	3.86%	July 2028	250,000	250,000
Privately Placed Senior Note	3.78%	July 2027	125,000	125,000
Privately Placed Senior Note	4.09%	July 2027	100,000	100,000
			<u>2,150,000</u>	<u>1,935,100</u>
Secured Mortgage Notes:				
Terminus (3)	6.34%	January 2031	221,000	221,000
Fifth Third Center	3.37%	October 2026	123,750	126,548
Colorado Tower	3.45%	September 2026	104,785	106,862
Domain 10	3.75%	November 2024	71,037	72,558
			<u>520,572</u>	<u>526,968</u>
			\$ 2,670,572	\$ 2,462,068
Unamortized original issue discount			(1,447)	—
Unamortized loan costs			(7,833)	(4,441)
Total Notes Payable			<u>\$ 2,661,292</u>	<u>\$ 2,457,627</u>

(1) Interest rate as of September 30, 2024.

(2) Weighted average maturity of notes payable outstanding at September 30, 2024 was 3.8 years. Unexercised extension options are not included.

(3) Represents \$123.0 million and \$98.0 million non-cross-collateralized mortgages secured by the Terminus 100 and Terminus 200 buildings, respectively.

Credit Facility

On May 2, 2022, the Company entered into a Fifth Amended and Restated Credit Agreement (the "Credit Facility") under which the Company may borrow up to \$1 billion if certain conditions are satisfied. The Credit Facility contains financial covenants that require, among other things, the maintenance of unencumbered interest coverage ratio of at least 1.75x; a fixed charge coverage ratio of at least 1.50x; a secured leverage ratio of no more than 50%; and an overall leverage ratio of no more than 60%. The Credit Facility matures on April 30, 2027.

The interest rate applicable to the Credit Facility varies according to the Company's credit rating and leverage ratio and may, at the election of the Company, be determined based on either (1) the Daily SOFR or Term SOFR, plus a SOFR adjustment of 0.10% ("Adjusted SOFR") and a spread of between 0.725% and 1.40%, or (2) the greater of (i) Bank of America's prime rate, (ii) the federal funds rate plus 0.50%, (iii) Term SOFR, plus a SOFR adjustment of 0.10%, and 1.00%, or (iv) 1.00%, plus a spread of between 0.00% and 0.40%, based on leverage. In addition to the interest rate, the Credit Facility is also subject to a facility fee of 0.125% to 0.30%, depending on the Company's credit rating and leverage ratio, on the entire \$1 billion capacity.

In April 2024, the Company notified the administrative agent of the Credit Facility of the Company's receipt of corporate investment grade ratings. These ratings reduced the Credit Facility's Adjusted SOFR spread and facility fee range effective April 17, 2024. Changes in the Company's investment grade ratings may result in additional adjustments to the applicable spread and facility fee. Prior to April 17, 2024, the applicable spread was between 0.90% and 1.40% and the facility fee range was 0.15% to 0.30%, depending on leverage.

At September 30, 2024, the Credit Facility's interest rate spread over Adjusted SOFR was 0.775%, and the facility fee spread was 0.15%. The amount that the Company may draw under the Credit Facility is a defined calculation based on the Company's unencumbered assets and other factors. The total available borrowing capacity under the Credit Facility was \$1.0 billion at September 30, 2024. Any amounts outstanding under the Credit Facility may be accelerated upon the occurrence of any events of default.

Term Loans

On October 3, 2022, the Company entered into a Delayed Draw Term Loan Agreement (the "2022 Term Loan") and borrowed the full \$400 million available under the loan. The loan matures on March 3, 2025 with four consecutive options to extend the maturity date for an additional six months each. Under the 2022 Term Loan the interest rate applicable varies according to the Company's credit rating and leverage ratio and may, at the election of the Company, be determined based on either (1) the Daily SOFR or Term SOFR, plus a SOFR adjustment of 0.10% ("Adjusted SOFR") and a spread of between 0.80% and 1.60%, or (2) the greater of (i) Bank of America's prime rate, (ii) the federal funds rate plus 0.50%, (iii) Term SOFR, plus a SOFR adjustment of 0.10%, and 1.00%, (iv) or 1.00%, plus a spread of between 0.00% and 0.65%, based on leverage. The covenants under the 2022 Term Loan are the same as the Credit Facility. At September 30, 2024, the spread over the underlying SOFR rates was 0.85% for the 2022 Term Loan.

On April 19, 2023, the Company entered into a floating-to-fixed rate swap with respect to \$200 million of the \$400 million 2022 Term Loan through the initial maturity date of March 3, 2025. This swap fixed the underlying SOFR rate at 4.298%. On January 26, 2024, the Company entered into a floating-to-fixed rate swap with respect to remaining \$200 million of the \$400 million 2022 Term Loan through the initial maturity date of March 3, 2025. This swap fixed the underlying SOFR rate at 4.6675% (see note 8). These two swaps fix the underlying SOFR rate for the full \$400 million at a weighted average of 4.483%.

On June 28, 2021, the Company entered into an Amended and Restated Term Loan Agreement (the "2021 Term Loan") that amended the former term loan agreement. Under the 2021 Term Loan, the Company has borrowed \$350 million with an initial maturity of August 30, 2024 with four consecutive options to extend the maturity date for an additional 180 days each. In August 2024, the Company paid down \$100 million of the \$350 million outstanding and exercised the first of our four 180 day extension options, extending the maturity date on the remaining \$250 million to February 26, 2025. On September 19, 2022, the Company entered into the First Amendment to the 2021 Term Loan. This amendment aligns covenants and available interest rates, including the addition of SOFR, to that of the Credit Facility. Under the terms of this First Amendment the interest rate applicable to the 2021 Term Loan varies according to the Company's credit rating and leverage ratio and may, at the election of the Company, be determined based on either (1) the Daily SOFR or Term SOFR, plus a SOFR adjustment of 0.10% ("Adjusted SOFR") and a spread of between 0.85% and 1.65%, or (2) the greater of (i) Bank of America's prime rate, (ii) the federal funds rate plus 0.50%, (iii) Term SOFR, plus a SOFR adjustment of 0.10%, and 1.00%, (iv) or 1.00%, plus a spread of between 0.00% and 0.65%, based on leverage. At September 30, 2024, the spread over the underlying SOFR rates was 1.00% for the 2021 Term Loan.

On September 27, 2022, the Company entered into a floating-to-fixed interest rate swap with respect to the \$350 million 2021 Term Loan through the maturity date of August 30, 2024. This swap effectively fixed the underlying SOFR rate at 4.234% (see note 8). This Swap matured, and the loan has reverted to the underlying variable SOFR rate.

In April 2024, the Company notified the administrative agent of the 2022 Term Loan and 2021 Term Loan of the Company's receipt of corporate investment grade ratings received. These ratings reduced the Adjusted SOFR spread range, effective April 17, 2024. Changes in the Company's investment grade ratings may result in additional adjustments to the applicable spread in the future. Prior to April 17, 2024, the applicable spread was between 1.05% and 1.65% for both the 2022 Term Loan and 2021 Term Loan, depending on leverage.

Unsecured Senior Notes

In August 2024, CPLP issued \$500.0 million in aggregate principal amount of 5.875% Senior Notes (the "Public Senior Notes"), which mature on October 1, 2034. Upon issuance of the Public Senior Notes, CPLP received net proceeds of \$498.5 million dollars after an original issue discount of \$1.5 million. The effective interest rate is 5.912%. The Public Senior Notes are fully and unconditionally guaranteed by the Company. The proceeds were used to repay \$373.8 million outstanding on the Credit Facility and repay \$100 million of the \$350 million outstanding on the 2021 Term Loan. The Company holds the remaining funds in an interest-bearing cash account as of September 30, 2024 for general corporate purposes. The Public Senior Notes mature on October 1, 2034.

The Public Senior Notes are subject to certain typical covenants that, subject to certain exceptions, include (a) a limitation on the ability of the Company and CPLP to, among other things, incur additional secured and unsecured indebtedness; (b) a limitation on the ability of the Company and CPLP to merge, consolidate, sell, lease or otherwise dispose of their properties and assets substantially as an entirety; and (c) a requirement that the Company maintain a pool of unencumbered assets. To avoid any such limitations, these covenants require, among other things, maintaining the following financial metrics as defined in the agreement: unencumbered debt ratio of at least 150%; an EBITDA to debt service ratio of at least 1.50x; a secured leverage ratio of no more than 40%; and an overall leverage ratio of no more than 60%.

The Company also has privately placed unsecured senior notes of \$1.0 billion that were funded in five tranches. The first tranche of \$100 million is due in 2027 and has a fixed annual interest rate of 4.09%. The second tranche of \$250 million is due in 2025 and has a fixed annual interest rate of 3.91%. The third tranche of \$125 million is due in 2027 and has a fixed annual interest rate of 3.78%. The fourth tranche of \$250 million is due in 2028 and has a fixed annual interest rate of 3.86%. The fifth tranche of \$275 million is due in 2029 and has a fixed annual interest rate of 3.95%.

The unsecured privately placed senior notes contain financial covenants that are same as with those of our Credit Facility, with the exception of a secured leverage ratio of no more than 40%. The senior notes also contain customary representations and warranties and affirmative and negative covenants, as well as customary events of default.

Secured Mortgage Notes

As of September 30, 2024, the Company had \$520.6 million outstanding on five non-recourse mortgage notes with a weighted average interest rate of 4.70%. All interest rates on the secured mortgage notes are fixed. Assets with depreciated carrying values of \$870.7 million are pledged as security on these mortgage notes payable. For each non-recourse mortgage loan, the Company provides a customary "non-recourse carve-out guaranty." Additional guarantees related to re-leasing costs may also apply.

Other Debt Information

The Company is in compliance with all covenants related to its unsecured and secured debt.

At September 30, 2024 and December 31, 2023, the estimated fair value of the Company's notes payable was \$2.7 billion and \$2.4 billion, respectively, calculated by discounting the debt's remaining contractual cash flows at estimated current market rates at which similar loans could have been obtained at September 30, 2024 and December 31, 2023. The estimate of the current market rates, which is the most significant input in the discounted cash flow calculation, is intended to replicate debt of similar maturity and loan-to-value relationship. These fair value calculations are considered to be Level 2 under the guidelines as set forth in ASC 820, as the Company utilizes market rates for similar type loans from third party brokers.

For the three and nine months ended September 30, 2024 and 2023, interest expense was recorded as follows (\$ in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Total interest incurred	\$ 33,687	\$ 31,180	\$ 99,242	\$ 92,278
Interest capitalized	(2,914)	(4,172)	(9,818)	(14,268)
Total interest expense	\$ 30,773	\$ 27,008	\$ 89,424	\$ 78,010

8. DERIVATIVE FINANCIAL INSTRUMENTS

On April 19, 2023, the Company entered into a floating-to-fixed interest rate swap ("2023 Swap") with respect to \$200 million of the \$400 million 2022 Term Loan through the initial loan maturity date of March 3, 2025, fixing the underlying SOFR rate for this portion of the loan at 4.298%. On January 26, 2024, the Company entered into a floating-to-fixed interest rate swap ("2024 Swap") with respect to the remaining \$200 million of the \$400 million 2022 Term Loan through the maturity date of March 3, 2025, fixing the underlying SOFR rate for this portion of the loan at 4.6675%. These swaps effectively fix the underlying SOFR rate at a weighted average of 4.483% for the entire \$400 million through the initial maturity. As of September 30, 2024, the fair values of the 2023 Swap and 2024 Swap on the 2022 Term Loan resulted in a \$104,000 asset and a \$206,000 liability, respectively. As of December 31, 2023, the fair value of the 2023 Swap on the 2022 Term Loan resulted in a \$555,000 asset. These assets and liabilities are included in other assets and other liabilities, respectively, on the Company's condensed consolidated balance sheets.

On September 27, 2022, the Company entered into a floating-to-fixed interest rate swap ("2022 Swap") with respect to the \$350 million 2021 Term Loan through the initial loan maturity date of August 30, 2024. This swap effectively fixed the underlying SOFR rate at 4.234%. The 2022 Swap expired upon its August 30, 2024 maturity and there were no amounts recorded on the Company's balance sheet related to this swap as of September 30, 2024. As of December 31, 2023, the fair value this swap on the 2021 Term Loan resulted in a \$1.7 million asset and is included in other assets on the Company's condensed consolidated balance sheets.

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Such derivatives are used to hedge the variable cash flows associated with the 2021 and 2022 Term Loans (referred to as "cash flow hedges").

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in Accumulated Other Comprehensive Income and subsequently reclassified into interest expense in the same periods during which the hedged transaction affects earnings.

The counterparties under these swaps are major financial institutions, and the swaps contain provisions whereby if the Company defaults on certain of its indebtedness, and such default results in repayment of such indebtedness being, or becoming capable of being, accelerated by the lender, then the Company could also be declared in default under the swaps. There are no collateral requirements related to these swaps.

The table below presents the effect of the Company's derivative financial instruments on the condensed consolidated statements of operations for the three and nine months ended September 30, 2024 and 2023 (\$ in thousands):

Cash Flow Hedges:	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Amount of income (loss) recognized in accumulated other comprehensive income on interest rate derivatives	\$ (1,380)	\$ 1,503	\$ 2,708	\$ 6,397
Amount of income reclassified from accumulated other comprehensive income into income as a reduction of interest expense	\$ (1,489)	\$ (1,345)	\$ (5,002)	\$ (2,441)
Total amount of interest expense presented in the condensed consolidated statements of operations	\$ 30,773	\$ 27,008	\$ 89,424	\$ 78,010

The Company estimates that \$102,000 will be reclassified out of accumulated other comprehensive income as an increase of interest expense related to the 2023 and 2024 Swaps through their maturity on March 3, 2025.

The fair value of these hedges is determined using observable inputs other than quoted prices in active markets, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities. These inputs are considered Level 2 inputs in the fair value hierarchy, and the Company engages a third-party expert to determine these inputs. The fair value of the cash flow hedges is determined using the conventional industry methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts made between the Company and its counterparties to the cash flow hedges. These variable cash receipts are based on the expectation of future interest rates which are derived from observed market interest rate curves. In addition, any credit valuation adjustments are considered in the fair values to account for potential nonperformance risk to the extent they would be significant inputs to the calculations. For the periods presented, credit valuation adjustments were not considered to be significant inputs.

9. OTHER LIABILITIES

Other liabilities on the condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023 included the following (\$ in thousands):

	<u>2024</u>	<u>2023</u>
Ground lease liability	\$ 49,951	\$ 53,348
Prepaid rent	33,101	34,872
Security deposits	16,045	15,050
Other liabilities	1,707	1,560
	<u>\$ 100,804</u>	<u>\$ 104,830</u>

10. COMMITMENTS AND CONTINGENCIES

Commitments

The Company had outstanding performance bonds totaling \$414,000 at September 30, 2024. As a lessor, the Company had \$114.8 million in future obligations under leases to fund tenant improvements and other future construction obligations at September 30, 2024. Additionally, the Company had \$8.4 million of future funding commitments related to investments in real estate debt at September 30, 2024 as discussed in note 3.

Litigation

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

11. STOCKHOLDERS' EQUITY

In the third quarter of 2021, the Company entered into an Equity Distribution Agreement ("EDA") with six financial institutions known as an at-the-market stock offering program ("ATM Program"), under which the Company may offer and sell shares of its common stock from time to time in "at-the-market" offerings with an aggregate gross sales price of up to \$500 million. In connection with the ATM Program, Cousins may, at its discretion, enter into forward equity sale agreements. The use of a forward equity sale agreement ("Forward Sales") would allow the Company to lock in a share price on the sale of shares of its common stock at the time the agreement is executed but defer receiving the proceeds from the sale of shares until a later date, allowing the Company to better align such funding with its capital needs. Sales of shares of Cousins' stock through its banking relationships, if any, are made in amounts and at times to be determined by Cousins from time to time, but the Company has no obligation to sell any of the shares in the offering and may suspend sales in connection with the offering at any time. Sales of Cousins' common stock under Forward Sales, if undertaken, meet the derivatives and hedging guidance scope exception as the contracts are related to the Company's own stock. On May 8, 2024, the Company filed a Form S-3 and, in conjunction with that Form S-3 filing, the Company entered into a Second Amendment to the EDA to allow for the continued issuance of shares under this ATM Program.

To date, the Company has issued 2.6 million shares for a gross sales price of \$105.1 million under the ATM Program which generated cash proceeds of \$101.4 million, net of \$1.1 million of compensation to be paid with respect to Forward Sales, \$1.7 million of dividends owed during the period the Forward Sales were outstanding, and \$900,000 of other transaction related costs. The Company did not issue any shares under the ATM Program during the nine months ended September 30, 2024 or 2023 and did not have any outstanding Forward Sales contracts for the sale of its common stock as of September 30, 2024 or December 31, 2023.

On February 6, 2024, the Company retired all 2,536,583 shares of Treasury Stock outstanding. These treasury shares had an average cost basis of \$57.44 per share.

12. REVENUE RECOGNITION

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

- Rental property revenues consist of (1) contractual revenues from leases recognized on a straight-line basis over the term of the respective lease; (2) percentage rents recognized once a specified sales target is achieved; (3) parking revenues; (4) termination fees; and (5) the reimbursement of the tenants' share of real estate taxes, insurance, and other operating expenses. The Company's leases typically include renewal options and are classified and accounted for as operating leases. Rental property revenues are accounted for in accordance with the guidance set forth in ASC 842.
- Fee income consists of development fees, management fees, and leasing fees earned from unconsolidated joint ventures and from third parties. Fee income is accounted for in accordance with the guidance set forth in ASC 606.

For the three and nine months ended September 30, 2024, the Company recognized rental property revenues of \$207.3 million and \$627.6 million, respectively, of which \$56.2 million and \$178.2 million, respectively, represented variable rental revenue. For the three and nine months ended September 30, 2023, the Company recognized rental property revenues of \$198.4 million and \$602.5 million, respectively, of which \$52.9 million and \$174.3 million, respectively, represented variable rental revenue.

For the three and nine months ended September 30, 2024, the Company recognized fee and other revenue of \$2.0 million and \$3.9 million, respectively. Included in 2024 other revenue is interest income from investments in real estate debt (see note 3). For the three and nine months ended September 30, 2023, the Company recognized fee and other revenue of \$419,000 and \$3.4 million, respectively.

13. STOCK-BASED COMPENSATION

The Company currently has several types of employee stock-based compensation — restricted stock, restricted stock units ("RSUs"), issued under the Cousins Properties Incorporated 2019 Omnibus Incentive Stock Plan (the "2019 Plan"), and the Employee Stock Purchase Plan ("ESPP"). While the Company's 2019 Plan also allows for the issuance of stock options, none had been issued or exercised or were outstanding as of or during any of the periods presented. A portion of the Company's independent directors' compensation is also provided in the form of company stock.

The Company's compensation expense for the three and nine months ended September 30, 2024 relates to restricted stock, stock-settled RSUs, and the ESPP. Restricted stock and the stock-settled RSUs are equity-classified awards for which compensation expense per share is fixed. Cash-settled RSUs are liability-classified awards for which the expense fluctuates from period to period dependent, in part, on the Company's stock price. Cash-settled RSUs were last awarded in 2019 and were fully expensed as of March 31, 2023. For the three and nine months ended September 30, 2024 and 2023, stock-based compensation expense, net of forfeitures, was recorded as follows (\$ in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Equity-classified awards:				
Restricted stock	\$ 1,047	\$ 930	\$ 3,088	\$ 2,715
Market-based RSUs	1,521	1,095	5,373	3,954
Performance-based RSUs	510	350	1,543	1,133
Director grants	391	408	1,196	1,193
Employee Stock Purchase Plan	24	34	72	104
Total equity-classified award expense, net of forfeitures	<u>3,493</u>	<u>2,817</u>	<u>11,272</u>	<u>9,099</u>
Liability-classified awards				
Time-vested RSUs	—	—	—	61
Total liability-classified award expense, net of forfeitures	—	—	—	61
Total stock-based compensation expense, net of forfeitures	<u>\$ 3,493</u>	<u>\$ 2,817</u>	<u>\$ 11,272</u>	<u>\$ 9,160</u>

In 2024 and 2023, the Company granted three types of equity-classified awards to key employees under the 2019 Plan: (1) RSUs based on the Total Stockholder Return ("TSR") of the Company, as defined in the award documents, relative to that of office peers included in the Nareit Office Index (the "Market-based RSUs"), (2) RSUs based on the ratio of cumulative funds from operations per share to targeted cumulative funds from operations per share (the "Performance-based RSUs"), and (3) restricted stock.

The RSU awards are equity-classified awards to be settled in common stock with issuance dependent upon the attainment of required service, market, and performance criteria. For the Market-based RSUs the Company expenses an estimate of the fair value of the awards on the grant date, calculated using a Monte Carlo valuation at grant date, ratably over the vesting period, adjusting only for forfeitures when they occur. The expense of these Market-based RSUs is not adjusted for the number of awards that actually vest. For the Performance-based RSUs, the Company expenses the awards over the vesting period using the fair market value of the Company's stock on the grant date. The expense is recognized ratably over the vesting period and adjusted each quarter based on the number of shares expected to vest and for forfeitures when they occur. The performance period for the Performance-based RSUs and TSR measurement period for the Market-based RSUs awarded is three years starting on January 1 of the year of issuance and ending on December 31. The ultimate settlement of these awards can range from zero percent to 200% of the targeted number of units depending on the achievement of the market and performance metrics described above.

The restricted stock vests ratably over three years from the grant date. The Company records restricted stock in common stock and additional paid-in capital at fair value on the grant date, with the offsetting deferred compensation also recorded in additional paid-in capital. The Company records compensation expense over the vesting period.

The following table summarizes the grants of equity-classified awards made to employees by the Company in 2024 and 2023 (in thousands):

	Shares and Targeted Units Granted in	
	2024	2023
Market-based RSUs	206	164
Performance-based RSUs	88	70
Restricted stock	204	164

The Monte Carlo valuation used to determine the grant date fair value of the equity-classified Market-based RSUs included the following assumptions for those RSUs granted in the 2024 and 2023:

		Assumptions for RSUs Granted in	
		2024	2023
Volatility	(1)	30.5 %	40.5 %
Risk-free rate	(2)	4.43 %	4.35 %
Stock beta	(3)	0.96 %	1.03 %

(1) Based on historical volatility over three years using daily stock price.

(2) Reflects the yield on three-year Treasury bonds.

(3) Betas are calculated with up to three years of daily stock price data.

14. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share for the three and nine months ended September 30, 2024 and 2023 (\$ in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Earnings per common share - basic:				
<u>Numerator:</u>				
Net income	\$ 11,356	\$ 19,491	\$ 32,768	\$ 64,924
Net income attributable to noncontrolling interests in CPLP from continuing operations	(1)	(4)	(5)	(11)
Net income attributable to other noncontrolling interests	(157)	(126)	(437)	(735)
Net income available to common stockholders	<u>\$ 11,198</u>	<u>\$ 19,361</u>	<u>\$ 32,326</u>	<u>\$ 64,178</u>
<u>Denominator:</u>				
Weighted average common shares - basic	<u>152,140</u>	<u>151,774</u>	<u>152,060</u>	<u>151,692</u>
Net income per common share - basic	<u>\$ 0.07</u>	<u>\$ 0.13</u>	<u>\$ 0.21</u>	<u>\$ 0.42</u>
Earnings per common share - diluted:				
<u>Numerator:</u>				
Net income	\$ 11,356	\$ 19,491	\$ 32,768	\$ 64,924
Net income attributable to other noncontrolling interests	(157)	(126)	(437)	(735)
Net income available for common stockholders before allocation of net income attributable to noncontrolling interests in CPLP	<u>\$ 11,199</u>	<u>\$ 19,365</u>	<u>\$ 32,331</u>	<u>\$ 64,189</u>
<u>Denominator:</u>				
Weighted average common shares - basic	152,140	151,774	152,060	151,692
Add:				
Potential dilutive common shares - ESPP	5	—	2	—
Potential dilutive common shares - restricted stock units, less shares assumed purchased at market price	642	249	517	301
Weighted average units of CPLP convertible into common shares	25	25	25	25
Weighted average common shares - diluted	<u>152,812</u>	<u>152,048</u>	<u>152,604</u>	<u>152,018</u>
Net income per common share - diluted	<u>\$ 0.07</u>	<u>\$ 0.13</u>	<u>\$ 0.21</u>	<u>\$ 0.42</u>

15. CONSOLIDATED STATEMENTS OF CASH FLOWS - SUPPLEMENTAL INFORMATION

Supplemental information related to the cash flows, including significant non-cash activity affecting the condensed consolidated statements of cash flows, for the three and nine months ended September 30, 2024 and 2023 is as follows (\$ in thousands):

	2024	2023
Interest paid, net of amounts capitalized	\$ 93,742	\$ 84,205
Income taxes paid	—	—
Non-Cash Activity:		
Retirement of treasury stock	145,696	—
Tenant improvements funded by tenants	92,001	48,120
Common stock dividends declared and accrued	49,687	49,296
Accrued capital expenditures included in accounts payable and accrued expenses	94,780	81,707

16. REPORTABLE SEGMENTS

The Company's segments are based on the method of internal reporting, which classifies operations by property type and geographical region. The segments by property type are Office and Non-Office. The segments by geographical region are Atlanta, Austin, Charlotte, Dallas, Phoenix, Tampa, and other markets. Included in other markets are properties located in Houston and Nashville. Included in Non-Office are apartments in Atlanta and Nashville, as well as the College Street Garage in Charlotte. These reportable segments represent an aggregation of operating segments reported to the Chief Operating Decision Maker based on similar economic characteristics that include the type of property and the geographical location. Each segment includes both consolidated operations and the Company's share of joint venture operations.

On November 27, 2023 the Financial Accounting Standards Board issued Accounting Standards Update 2023-07 "ASU 2023-07", "Segment Reporting" which amends the existing standard's disclosure requirements. Among other things, ASU 2023-07 will require companies to disclose significant segment expenses by reportable segment if they are regularly provided to the Chief Operating Decision Maker ("CODM") and disclosures of the CODM's title and position as well as details of how the CODM uses the reported measures. The amendments in ASU 2023-07 are effective for fiscal years beginning after December 15, 2023 and for interim periods beginning after December 15, 2024. The adoption of ASU 2023-07 will not have any material impact on the Company's financial statements.

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

Segment net income, amount of capital expenditures, and total assets are not presented in the following tables because management does not utilize these measures when analyzing its segments or when making resource allocation decisions. Information on the Company's segments along with a reconciliation of NOI to net income for the three and nine months ended September 30, 2024 and 2023 are as follows (\$ in thousands):

<u>Three Months Ended September 30, 2024</u>	<u>Office</u>	<u>Non-Office</u>	<u>Total</u>
Revenues:			
Atlanta	\$ 78,142	\$ 487	\$ 78,629
Austin	69,080	—	69,080
Charlotte	13,879	1,890	15,769
Dallas	4,422	—	4,422
Phoenix	15,179	—	15,179
Tampa	18,715	—	18,715
Other markets	8,763	117	8,880
Total segment revenues	208,180	2,494	210,674
Less: Company's share of rental property revenues from unconsolidated joint ventures	(2,810)	(604)	(3,414)
Total rental property revenues	\$ 205,370	\$ 1,890	\$ 207,260

<u>Three Months Ended September 30, 2023</u>	<u>Office</u>	<u>Non-Office</u>	<u>Total</u>
Revenues:			
Atlanta	\$ 75,857	\$ 479	\$ 76,336
Austin	62,250	—	62,250
Charlotte	14,338	1,711	16,049
Dallas	4,280	—	4,280
Phoenix	16,339	—	16,339
Tampa	18,797	—	18,797
Other markets	6,669	—	6,669
Total segment revenues	198,530	2,190	200,720
Less: Company's share of rental property revenues from unconsolidated joint ventures	(1,812)	(479)	(2,291)
Total rental property revenues	\$ 196,718	\$ 1,711	\$ 198,429

<u>Nine Months Ended September 30, 2024</u>	<u>Office</u>	<u>Non-Office</u>	<u>Total</u>
Revenues:			
Atlanta	\$ 231,598	\$ 1,471	\$ 233,069
Austin	213,688	—	213,688
Charlotte	42,247	5,286	47,533
Dallas	13,191	—	13,191
Phoenix	44,677	—	44,677
Tampa	57,821	—	57,821
Other markets	25,454	128	25,582
Total segment revenues	628,676	6,885	635,561
Less: Company's share of rental property revenues from unconsolidated joint ventures	(6,410)	(1,599)	(8,009)
Total rental property revenues	\$ 622,266	\$ 5,286	\$ 627,552

<u>Nine Months Ended September 30, 2023</u>	<u>Office</u>	<u>Non-Office</u>	<u>Total</u>
Revenues:			
Atlanta	\$ 221,149	\$ 1,405	\$ 222,554
Austin	198,294	—	198,294
Charlotte	43,831	5,253	49,084
Dallas	12,692	—	12,692
Phoenix	50,142	—	50,142
Tampa	56,286	—	56,286
Other markets	20,027	—	20,027
Total segment revenues	602,421	6,658	609,079
Less: Company's share of rental property revenues from unconsolidated joint ventures	(5,215)	(1,405)	(6,620)
Total rental property revenues	\$ 597,206	\$ 5,253	\$ 602,459

NOI by reportable segment for the three and nine months ended September 30, 2024 and 2023 are as follows (\$ in thousands):

<u>Three Months Ended September 30, 2024</u>	<u>Office</u>	<u>Non-Office</u>	<u>Total</u>
Net Operating Income:			
Atlanta	\$ 49,869	\$ 237	\$ 50,106
Austin	48,261	—	48,261
Charlotte	9,684	1,271	10,955
Dallas	3,563	—	3,563
Phoenix	10,867	—	10,867
Tampa	12,657	—	12,657
Other markets	5,995	(328)	5,667
Total Net Operating Income	\$ 140,896	\$ 1,180	\$ 142,076

<u>Three Months Ended September 30, 2023</u>	<u>Office</u>	<u>Non-Office</u>	<u>Total</u>
Net Operating Income:			
Atlanta	\$ 48,806	\$ 316	\$ 49,122
Austin	43,376	—	43,376
Charlotte	10,947	1,150	12,097
Dallas	3,235	—	3,235
Phoenix	11,950	—	11,950
Tampa	11,444	—	11,444
Other markets	3,660	—	3,660
Total Net Operating Income	\$ 133,418	\$ 1,466	\$ 134,884

Nine Months Ended September 30, 2024

	<u>Office</u>	<u>Non-Office</u>	<u>Total</u>
Net Operating Income:			
Atlanta	\$ 148,742	\$ 826	\$ 149,568
Austin	142,065	—	142,065
Charlotte	29,833	3,524	33,357
Dallas	10,432	—	10,432
Phoenix	32,852	—	32,852
Tampa	36,939	—	36,939
Other markets	17,175	(372)	16,803
Total Net Operating Income	<u>418,038</u>	<u>3,978</u>	<u>422,016</u>

Nine Months Ended September 30, 2023

	<u>Office</u>	<u>Non-Office</u>	<u>Total</u>
Net Operating Income:			
Atlanta	\$ 144,564	\$ 870	\$ 145,434
Austin	126,179	—	126,179
Charlotte	32,473	3,475	35,948
Dallas	9,678	—	9,678
Phoenix	33,973	—	33,973
Tampa	34,816	—	34,816
Other markets	10,836	—	10,836
Total Net Operating Income	<u>392,519</u>	<u>4,345</u>	<u>396,864</u>

The following reconciles Net Operating Income from net income for each of the periods presented (\$ in thousands):

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net Income	\$ 11,356	\$ 19,491	\$ 32,768	\$ 64,924
Fee income	(495)	(318)	(1,280)	(1,044)
Termination fee income	(895)	(271)	(2,451)	(6,977)
Other income	(1,457)	(101)	(2,599)	(2,393)
General and administrative expenses	9,204	8,336	27,325	24,795
Interest expense	30,773	27,008	89,424	78,010
Depreciation and amortization	89,784	79,492	271,429	235,531
Reimbursed expenses	188	149	479	515
Other expenses	327	623	1,602	1,484
Loss (income) from unconsolidated joint ventures	1,575	(582)	788	(2,008)
Net operating income from unconsolidated joint ventures	1,716	1,564	4,629	4,532
Gain on investment property transactions	—	(507)	(98)	(505)
Net Operating Income	\$ 142,076	\$ 134,884	\$ 422,016	\$ 396,864

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

Overview of 2024 Performance and Company and Industry Trends

Cousins Properties Incorporated ("Cousins") (and collectively, with its subsidiaries, the "Company," "we," "our," or "us") is a publicly traded (NYSE: CUZ), self-administered, and self-managed real estate investment trust, or REIT. Cousins conducts substantially all of its business through Cousins Properties LP ("CPLP"). Cousins owns in excess of 99% of CPLP and consolidates CPLP. CPLP owns Cousins TRS Services LLC, a taxable entity that owns and manages its own real estate portfolio and performs certain real estate related services. Our strategy is to create value for our stockholders through ownership of the premier urban office portfolio in the Sun Belt markets, with a particular focus on Atlanta, Austin, Phoenix, Tampa, Charlotte, Dallas, and Nashville. This strategy is based on a disciplined approach to capital allocation that includes opportunistic acquisitions, selective developments, and timely dispositions of non-core assets with a goal of maintaining a portfolio of newer and more efficient properties with lower capital expenditure requirements. This strategy is also based on a simple, flexible, and low-leveraged balance sheet that allows us to pursue compelling growth opportunities at the most advantageous points in the cycle. To implement this strategy, we leverage our strong local operating platforms within each of our major markets.

In the quarter, we leased or renewed 763,000 square feet of office space, including 611,000 of new and expansion leases representing 80% of the total leasing activity. Straight-line net rent per square foot increased 30.7% for those office spaces that were under lease within the past year. Same property net operating income (defined below) for consolidated properties and our share of unconsolidated properties increased 4.2% between the three months ended September 30, 2024 and 2023.

For the nine months ended September 30, 2024 we have leased or renewed 1,557,000 square feet of office space, including 1,137,000 of new and expansion leases representing 73% of the total leasing activity. Straight-line net rent per square foot increased by 29.9% for those office spaces that were under lease within the past year. Same property net operating income for consolidated properties and our share of unconsolidated properties increased 5.0% between the nine months ended September 30, 2024 and 2023.

We believe the Sun Belt, and in particular the seven Sun Belt markets in which we primarily operate, will continue to outperform the broader office sector evidenced by a clear bifurcation between Sun Belt and Gateway market fundamentals. In addition, as the flight to quality trend accelerates among office users, we believe our trophy portfolio is well positioned to benefit from, and ultimately outperform in, the current office real estate environment.

Results of Operations For The Three and Nine Months Ended September 30, 2024

General

Net income available to common stockholders for the three and nine months ended September 30, 2024 was \$11.2 million and \$32.3 million, respectively. For the three and nine months ended September 30, 2023, the net income available to common stockholders was \$19.4 million and \$64.2 million, respectively. We detail below material changes in the components of net income available to common stockholders for the three and nine months ended September 30, 2024 compared to 2023.

Rental Property Revenue, Rental Property Operating Expenses, and Net Operating Income

The following results include the performance of our Same Property portfolio. Our Same Property portfolio includes office properties that were stabilized and owned by us for the entirety of each comparable reporting period presented. Same Property amounts for the 2024 versus 2023 comparison are from properties that were stabilized and owned as of January 1, 2023 through September 30, 2024.

Net Operating Income

Company management evaluates the performance of its property portfolio, in part, based on Net Operating Income ("NOI"). NOI represents rental property revenues, less termination fees, less rental property operating expenses. NOI is not a measure of cash flows or operating results as measured by GAAP, is not indicative of cash available to fund cash needs, and should not be considered an alternative to cash flows as a measure of liquidity. All companies may not calculate NOI in the same manner. We consider NOI to be an appropriate supplemental measure to net income as it helps both management and investors understand the core operations of our operating assets. NOI excludes corporate general and administrative expenses, interest expense, depreciation and amortization, impairments, gains/losses on sales of real estate, and other non-operating items. As a result, we use only those income and expense items that are incurred at the property level to evaluate a property's performance. Same Property NOI allows analysts, investors, and management to analyze continuing operations and evaluate the growth trend of our portfolio.

The following table reconciles NOI for consolidated properties from net income for each of the periods presented (\$ in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net Income	\$ 11,356	\$ 19,491	\$ 32,768	\$ 64,924
Fee income	(495)	(318)	(1,280)	(1,044)
Termination fee income	(895)	(271)	(2,451)	(6,977)
Other income	(1,457)	(101)	(2,599)	(2,393)
General and administrative expenses	9,204	8,336	27,325	24,795
Interest expense	30,773	27,008	89,424	78,010
Depreciation and amortization	89,784	79,492	271,429	235,531
Reimbursed expenses	188	149	479	515
Other expenses	327	623	1,602	1,484
Loss (income) from unconsolidated joint ventures	1,575	(582)	788	(2,008)
Gain on investment property transactions	—	(507)	(98)	(505)
Net Operating Income	\$ 140,360	\$ 133,320	\$ 417,387	\$ 392,332

Consolidated rental property revenues, rental property operating expenses, and NOI changed between the 2024 and 2023 periods as follows (\$ in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Rental Property Revenues								
Same Property	\$ 196,720	\$ 190,732	\$ 5,988	3.1 %	\$ 597,993	\$ 576,714	\$ 21,279	3.7 %
Non-Same Property	9,645	7,426	2,219	29.9 %	27,108	18,768	8,340	44.4 %
	<u>206,365</u>	<u>198,158</u>	<u>8,207</u>	<u>4.1 %</u>	<u>625,101</u>	<u>595,482</u>	<u>29,619</u>	<u>5.0 %</u>
Termination Fee Income	895	271	624		2,451	6,977	(4,526)	
Total Rental Property Revenues	\$ 207,260	\$ 198,429	\$ 8,831		\$ 627,552	\$ 602,459	\$ 25,093	
Rental Property Operating Expenses								
Same Property	\$ 62,973	\$ 62,509	\$ 464	0.7 %	\$ 198,721	\$ 196,741	\$ 1,980	1.0 %
Non-Same Property	3,032	2,329	703	30.2 %	8,993	6,409	2,584	40.3 %
Total Rental Property Operating Expenses	\$ 66,005	\$ 64,838	\$ 1,167	1.8 %	\$ 207,714	\$ 203,150	\$ 4,564	2.2 %
Net Operating Income								
Same Property NOI	\$ 133,747	\$ 128,223	\$ 5,524	4.3 %	\$ 399,272	\$ 379,973	\$ 19,299	5.1 %
Non-Same Property NOI	6,613	5,097	1,516	29.7 %	18,115	12,359	5,756	46.6 %
Total NOI	\$ 140,360	\$ 133,320	\$ 7,040	5.3 %	\$ 417,387	\$ 392,332	\$ 25,055	6.4 %

Same Property NOI represents Net Operating Income for those office properties that were stabilized and owned by the Company for the entirety of all comparable reporting periods presented. Same Property NOI allows analysts, investors, and management to analyze continuing operations and evaluate the growth trend of the Company's portfolio.

Same Property Rental Property Revenues increased for the three and nine months ended September 30, 2024 compared to the same periods in the prior year primarily due to an increase in economic occupancy at our BriarLake Plaza, San Jacinto Center, and Promenade Tower office properties and increases in revenues recognized from tenant funded improvements owned by us. In addition, parking revenue from our Same Property portfolio increased compared to the same period in the prior year.

Non-Same Property Rental Property Revenues, Rental Property Operating Expenses, and NOI increased for the three and nine months ended September 30, 2024 compared to the same period in the prior year primarily due to the commencement of operations at our Domain 9 building in the first quarter of 2024 and increased economic occupancy at our recently renovated Promenade Central operating property. This increase is partially offset by a full building redevelopment at our Hayden Ferry 1 building, which began in the fourth quarter of 2023.

Interest Expense

Interest expense, net of amounts capitalized, increased \$3.8 million, or 13.9%, and \$11.4 million, or 14.6%, for the three and nine months ended September 30, 2024, respectively, compared to the same periods in the prior year. This increase is primarily due to decreases in capitalized interest as we finished construction on the core building and began operations at our Domain 9 building in the first quarter of 2024. In addition to the decreases in capitalized interest, increases are driven by higher variable interest rates and an increase in borrowings following the issuance of the public unsecured senior note, which were partially offset by the payment of \$100.0 million on the 2021 Term Loan and a full repayment of the outstanding balance of the credit facility in the third quarter of 2024.

Depreciation and Amortization

Depreciation and amortization changed between the 2024 and 2023 periods as follows (\$ in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Depreciation and Amortization								
Same Property	\$ 80,088	\$ 75,329	\$ 4,759	6.3 %	\$ 243,140	\$ 223,839	\$ 19,301	8.6 %
Non-Same Property	9,579	4,050	5,529	136.5 %	27,941	11,361	16,580	145.9 %
Non-Real Estate Assets	117	113	4	3.5 %	348	331	17	5.1 %
Total Depreciation and Amortization	\$ 89,784	\$ 79,492	\$ 10,292	12.9 %	\$ 271,429	\$ 235,531	\$ 35,898	15.2 %

Same Property depreciation and amortization increased for the three and nine months ended September 30, 2024 compared to the same periods in the prior year due to an increase of assets in service during the current periods, primarily from tenant improvements.

Non-Same Property depreciation and amortization increased for the three and nine months ended September 30, 2024 compared to the same periods in the prior year primarily due to the completion of development at Domain 9 and a full building redevelopment at Promenade Central, as well as changes in the estimated useful lives of building and improvements at some of our operating properties. These increases were partially offset by our suspension of depreciation related to our full building redevelopment at our Hayden Ferry 1 building, which began in the fourth quarter of 2023.

Income and Net Operating Income from Unconsolidated Joint Ventures

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Income (loss) from unconsolidated joint ventures	\$ (1,575)	\$ 582	\$ (2,157)	(370.6)%	\$ (788)	\$ 2,008	\$ (2,796)	(139.2)%
Depreciation and amortization	1,728	485	1,243	256.3 %	2,700	1,440	1,260	87.5 %
Interest expense	1,507	508	999	196.7 %	2,670	1,150	1,520	132.2 %
Other expense	118	24	94	391.7 %	164	44	120	272.7 %
Other income	(62)	(35)	(27)	77.1 %	(117)	(110)	(7)	6.4 %
Net operating income from unconsolidated joint ventures	\$ 1,716	\$ 1,564	\$ 152	9.7 %	\$ 4,629	\$ 4,532	\$ 97	2.1 %
Net operating income:								
Same Property	1,098	1,235	(137)	(11.1)%	3,520	3,601	(81)	(2.2)%
Non-Same Property	618	329	289	87.8 %	1,109	931	178	19.1 %
Net operating income from unconsolidated joint ventures	\$ 1,716	\$ 1,564	\$ 152	9.7 %	\$ 4,629	\$ 4,532	\$ 97	2.1 %

Income from unconsolidated joint ventures decreased and interest from unconsolidated debt increased for the three and nine months ended September 30, 2024 compared to the same periods in the prior year primarily due to an increase in interest expense driven by the June 2023 refinancing of a mortgage by our Crawford Long joint venture and a reduction in capitalized interest and operating expenses related to the development at our Neuhoff joint venture as operations began in January 2024. Unconsolidated depreciation and amortization expense increased for the three and nine months ended September 30, 2024 compared to the same periods in the prior year primarily due to development activities winding down and operations beginning at our Neuhoff joint venture in January 2024.

Funds From Operations

The table below shows Funds from Operations (“FFO”) and the related reconciliation from net income available to common stockholders. We calculate FFO in accordance with the Nareit definition, which is net income available to common stockholders (computed in accordance with GAAP), excluding extraordinary items, cumulative effect of change in accounting principle, and gains on sale of depreciable property, and impairment losses on depreciable property, plus depreciation and amortization of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures to reflect FFO on the same basis.

FFO is used by industry analysts and investors as a supplemental measure of a REIT’s operating performance. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, many industry investors and analysts have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. Thus, Nareit created FFO as a supplemental measure of REIT operating performance that excludes historical cost depreciation, among other items, from GAAP net income. The use of FFO, combined with the required primary GAAP presentations, has been fundamentally beneficial, improving the understanding of operating results of REITs among the investing public and making comparisons of REIT operating results more meaningful. Company management evaluates operating performance, in part, based on FFO. Additionally, we use FFO, along with other measures, to assess performance in connection with evaluating and granting incentive compensation to our officers and other key employees.

The reconciliation of net income to FFO is as follows for the three and nine months ended September 30, 2024 and 2023 (\$ in thousands, except per share information):

	Three Months Ended September 30,					
	2024			2023		
	Dollars	Weighted Average Common Shares	Per Share Amount	Dollars	Weighted Average Common Shares	Per Share Amount
Net Income Available to Common Stockholders	\$ 11,198	152,140	\$ 0.07	\$ 19,361	151,774	\$ 0.13
Noncontrolling interest related to unitholders	1	25	—	4	25	—
Potentially dilutive common shares - ESPP	—	5	—	—	—	—
Conversion of unvested restricted stock units	—	642	—	—	249	—
Net Income — Diluted	11,199	152,812	0.07	19,365	152,048	0.13
Depreciation and amortization of real estate assets:						
Consolidated properties	89,667	—	0.59	79,379	—	0.52
Share of unconsolidated joint ventures	1,728	—	0.01	485	—	—
Partners' share of real estate depreciation	(260)	—	—	(257)	—	—
Funds From Operations	\$ 102,334	152,812	\$ 0.67	\$ 98,972	152,048	\$ 0.65

Nine Months Ended September 30,

	2024			2023		
	Dollars	Weighted Average Common Shares	Per Share Amount	Dollars	Weighted Average Common Shares	Per Share Amount
Net Income Available to Common Stockholders	\$ 32,326	152,060	\$ 0.21	\$ 64,178	151,692	\$ 0.42
Noncontrolling interest related to unitholders	5	25	—	11	25	—
Potentially dilutive common shares - ESPP	—	2	—	—	—	—
Conversion of unvested restricted stock units	—	517	—	—	301	—
Net Income — Diluted	32,331	152,604	0.21	64,189	152,018	0.42
Depreciation and amortization of real estate assets:						
Consolidated properties	271,082	—	1.78	235,199	—	1.55
Share of unconsolidated joint ventures	2,700	—	0.02	1,440	—	—
Partners' share of real estate depreciation	(836)	—	(0.01)	(813)	—	—
Loss (gain) on sale of depreciated properties:						
Consolidated properties	(101)	—	—	2	—	—
Funds From Operations	\$ 305,176	152,604	\$ 2.00	\$ 300,017	152,018	\$ 1.97

Liquidity and Capital Resources

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

- property operating expenses;
- property, land, and other real estate related acquisitions;
- expenditures on development and redevelopment projects;
- building improvements, tenant improvements, and leasing costs;
- principal and interest payments on indebtedness;
- general and administrative costs; and
- common stock dividends and distributions to outside unitholders of CPLP.

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

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

Our material capital expenditure commitments as of September 30, 2024 include \$114.8 million of unfunded tenant improvements and construction costs. As of September 30, 2024, we had no amounts drawn under our credit facility with the ability to borrow the full \$1.0 billion, as well as \$76.1 million of cash and cash equivalents on hand. We expect to have sufficient liquidity to meet our obligations for the foreseeable future.

Other Debt Information

In addition to our \$1 billion unsecured Credit Facility (with no amount outstanding as of September 30, 2024), we also have unsecured debt from two term loans totaling \$650 million, one public unsecured senior note of \$500 million, and five tranches of privately placed unsecured senior notes totaling \$1 billion. Under our Credit Facility and our 2022 and 2021 Term Loans, the interest rates applicable vary according to the Company's leverage ratio and current applicable credit ratings (see note 7). In April 2024, the Company notified the administrative agent of the Credit Facility and the terms loans of corporate investment grade ratings received. These ratings reduced the Credit Facility's current applicable spread to 0.775% and 2022 and 2021 Term Loans' current applicable spreads to 0.85% and 1.00%, respectively. There can be no assurance that the Company will maintain any particular rating in the future and if our credit ratings decrease, then we may be subject to higher applicable spreads.

Our existing mortgage debt is comprised of non-recourse, fixed-rate mortgage notes secured by various real estate assets. We expect to either refinance our non-recourse mortgage loans at maturity or repay the mortgage loans with other capital resources, including our credit facility, unsecured debt, non-recourse mortgages, construction loans, the sale of assets, joint venture equity, the issuance of common stock, the issuance of preferred stock, or the issuance of units of CPLP. For each non-recourse mortgage loan, the Company provides a customary "non-recourse carve-out guaranty." Additional guarantees related to re-leasing costs may also apply. Many of our non-recourse mortgages contain covenants that, if not satisfied, could result in acceleration of the maturity of the debt. We expect to either refinance the non-recourse mortgages at maturity or repay the mortgages with proceeds from asset sales, debt, or other capital resources. The portion of our consolidated debt bearing interest at a fixed rate is 91%. The 9% of consolidated debt that bears interest at a floating rate is based on SOFR.

We are in compliance with all covenants of our existing unsecured and secured debt.

Future Capital Requirements

To meet capital requirements for future investment activities over the long-term, we intend to actively manage our portfolio of properties and strategically sell assets to exit our non-core holdings and reposition our portfolio of income-producing assets. We expect to continue to utilize cash retained from operations, as well as third-party sources of capital such as indebtedness, to fund future commitments as well as utilize construction facilities for some development assets, if available and under appropriate terms. We may also generate capital through the issuance of securities that include common or preferred stock, warrants, debt securities, or the issuance of CPLP limited partnership units. The Company and CPLP have filed a registration statement on Form S-3 with the SEC registering, among other securities, debt securities of CPLP, which are fully and unconditionally guaranteed by the Company. Separate Consolidated Financial Statements of CPLP have not been presented in accordance with the amendments to Rule 3-10 of Regulation S-X. Furthermore, as permitted under Rule 13-01(a)(4)(vi), the Company has excluded the summarized financial information for CPLP as the assets, liabilities and results of operations of the Company and the CPLP are not materially different than the corresponding amounts presented in the Consolidated Financial Statements of the Company, and management believes such summarized financial information would be repetitive and not provide incremental value to investors.

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

Cash Flows

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

	Nine Months Ended September 30,		
	2024	2023	Change
Net cash provided by operating activities	\$ 271,195	\$ 277,518	\$ (6,323)
Net cash used in investing activities	(253,879)	(212,094)	(41,785)
Net cash provided by (used in) financing activities	52,780	(63,643)	116,423

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

Cash Flows from Operating Activities. Cash flows provided by operating activities decreased \$6.3 million between the 2024 and 2023 nine month periods primarily due to the following: timing of receipt of prepaid rents from tenants and the suspension of operations related to our full building redevelopment of Hayden Ferry 1 that began in the fourth quarter of 2023 partially offset by rent abatement ending at our 100 Mill property and the commencement of operations in the first quarter of 2024 at our Domain 9 property.

Cash Flows from Investing Activities. Cash flows used in investing activities increased \$41.8 million between the 2024 and 2023 nine month periods primarily due to the acquisition of investments in real estate debt in May and June of 2024, initial contributions related to the formation of our new joint venture to acquire the Proscenium operating property in August of 2024, and a return of capital distribution from our Crawford Long unconsolidated joint venture received in May 2023. These increases are partially offset by a decrease in contributions to our Neuhoff Holdings LLC ("Neuhoff") joint venture needed to fund our equity share of the development of the Nashville mixed-used project and a decrease in capital expenditures (see table below).

Cash Flows from Financing Activities. Cash flows from financing activities increased \$116.4 million between the 2024 and 2023 nine month periods primarily due to the issuance of the \$500 million public unsecured senior note in August of 2024, partially offset by the 2024 payoff of all amounts outstanding on our credit facility and a 2024 repayment of \$100 million on our 2021 Term Loan.

Capital Expenditures. We incur costs related to our real estate assets that include acquisition of properties, development of new properties, redevelopment of existing or newly purchased properties, leasing costs (including tenant improvements) for new or replacement tenants, and ongoing property repairs, maintenance, and improvements.

Capital expenditures for assets we develop or acquire and then hold and operate are included in the property acquisition, development, and tenant asset expenditures line item within investing activities on the condensed consolidated statements of cash flows. The change in amounts accrued are removed from the table below to show the components of these costs on a cash basis. Components of costs included in this line item for the nine months ended September 30, 2024 and 2023 are as follows (\$ in thousands):

	Nine Months Ended September 30,	
	2024	2023
Projects under development (1)	\$ 22,127	44,138
Operating properties—redevelopment	29,911	34,148
Operating properties—building improvements	20,949	27,715
Operating properties—leasing costs	100,161	76,482
Capitalized interest and salaries	10,973	15,771
Total property acquisition, development, and tenant asset expenditures	<u>\$ 184,121</u>	<u>\$ 198,254</u>

(1) Includes initial leasing costs.

Capital expenditures decreased \$14.1 million between the 2024 and 2023 periods primarily due to decreases in development, redevelopment, and related capitalized interest and salaries due to the following: (i) the Domain 9 development commenced initial operations in the first quarter of 2024 primarily driving the decreased spending on projects under development and a related decrease in capitalized interest and salaries and (ii) spending on operating properties for redevelopments decreased compared to 2023 as the renovations at 3350 Peachtree and Promenade Central were substantially completed in 2023, offset by the commencement of a full building redevelopment of Hayden Ferry 1 in the fourth quarter of 2023. These decreases are partially offset by increased spending on leasing costs.

The amounts of tenant improvement and leasing costs for our office portfolio on a per square foot basis for the three months ended September 30, 2024 and 2023 were as follows:

	2024	2023
New leases	\$10.94	\$12.64
Renewal leases	\$8.65	\$9.12
Expansion leases	\$15.00	\$11.07

The amounts of tenant improvement and leasing costs on a per square foot basis vary by lease and by market.

Dividends. We paid common dividends of \$146.7 million and \$145.9 million in the nine months ended September 30, 2024 and 2023, respectively. We expect to fund our future quarterly common dividends with cash provided by operating activities, also using proceeds from any investment property sales, distributions from unconsolidated joint ventures, indebtedness, and proceeds from offerings of equity and other securities, if necessary.

On a quarterly basis, we review the amount of the common dividend in light of current and projected future cash flows from the sources noted above and also consider the requirements needed to maintain our REIT status. In addition, we have certain covenants under credit agreements that could limit the amount of common dividends paid. In general, common dividends of any amount can be paid as long as leverage, as defined in our credit agreements, is less than 60% and we are not in default. Certain conditions also apply in which we can still pay common dividends if leverage is above that amount. We routinely monitor the status of our common dividend payments in light of the covenants of our credit agreements.

Off Balance Sheet Arrangements

General. We have a number of off balance sheet joint ventures with varying structures, as described in note 5 of the notes to consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2023 and in note 4 of the notes to condensed consolidated financial statements for the three months ended September 30, 2024. The joint ventures in which we have an interest are involved in the ownership, acquisition, and/or development of real estate. A venture will fund capital requirements or operational needs with cash from operations or financing proceeds, if possible. If additional capital is deemed necessary, a venture may request a contribution from the partners, and we will evaluate such request.

Debt. At September 30, 2024, our unconsolidated joint ventures had aggregate outstanding indebtedness to third parties of \$347.3 million. These loans are mortgage or construction loans, which are generally non-recourse to us. In addition, in certain instances, we provide “non-recourse carve-out guarantees” on these non-recourse loans. Certain of these loans have variable interest rates, which creates exposure to the ventures in the form of market risk from interest rate changes.

Critical Accounting Policies

There have been no material changes in the critical accounting policies from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in the market risk associated with our notes payable at September 30, 2024 compared to that as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 4. Controls and Procedures.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applies judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding our control objectives.

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Information regarding legal proceedings is described under the subheading "Litigation" in note 10 of the notes to condensed consolidated financial statements.

Item 1A. Risk Factors.

Risk factors that affect our business and financial results are discussed in Part I, "Item 1A. Risk Factors," of our Annual Report on Form 10-K for the year ended December 31, 2023 and in Part II, "Item 1A. Risk Factors," of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024. There have been no material changes in our risk factors from those previously disclosed in our Annual Report and our Quarterly Report for the quarter ended June 30, 2024, except for the additional risk factors below. You should carefully consider the risks described below in conjunction with those risks disclosed in our Annual Report of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, which could materially affect our business, financial condition, or future results. These risks are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem immaterial also may materially adversely affect our business, financial condition, and/or operating results. If any of the risks actually occur, our business, financial condition, and/or results of operations could be negatively affected.

The mortgage loans in which we may invest are subject to delinquency, foreclosure and loss, which could result in losses to us.

Mortgage loans secured by commercial properties and are subject to risks of delinquency and foreclosure. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower’s ability to repay the loan may be impaired. Net operating income of an income-producing property can be affected by, among other things: tenant mix and tenant bankruptcies, success of tenant businesses, property management decisions, including with respect to capital improvement, particularly in older building structures, property location and condition, competition from comparable types of properties offering the same or similar services, changes in laws that increase operating expenses or limit rents that may be charged, changes in interest rates, and in the state of the credit markets and the debt and equity capital markets, including diminished availability or lack of debt financing for commercial real estate, any need to address

environmental contamination at the property, the occurrence of any uninsured casualty at the property, changes in national, regional or local economic conditions or specific industry segments, declines in regional or local real estate values, declines in regional or local rental or occupancy rates, increases in real estate tax rates, tax credits and other operating expenses, changes in governmental rules, regulations and fiscal policies, including environmental legislation, natural disasters, terrorism, social unrest and civil disturbances, and adverse changes in zoning laws.

In the event of any default under a mortgage loan held directly by us, we will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the mortgage loan, which could have a material adverse effect on our cash flow from operations and limit amounts available for distribution to our shareholders. In the event of the bankruptcy of a mortgage loan borrower, the mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law. Foreclosure of a mortgage loan can be an expensive and lengthy process, which could have a substantial negative effect on our anticipated return on the foreclosed mortgage loan.

In addition, we are exposed to the risk of judicial proceedings with our borrowers, including bankruptcy or other litigation, as a strategy to avoid foreclosure or enforcement of other rights by us as a lender or investor. In the event that any of the properties or entities underlying or collateralizing our loans or investments experiences or continues to experience any of the other foregoing events or occurrences, the value of, and return on, such investments could be reduced, which would adversely affect our results of operations and financial condition.

We may need to foreclose on certain of the loans we originate or acquire, which could result in losses that harm our results of operations and financial condition. We may find it necessary or desirable to foreclose on certain of the loans we originate or acquire, and the foreclosure process may be lengthy and expensive. If we foreclose on an asset, we may take title to the property securing that asset, and if we do not or cannot sell the property, we would then come to own and operate it as “real estate owned.” Owning and operating real property involves risks that are different (and in many ways more significant) than the risks faced in owning an asset secured by that property. The costs associated with operating and redeveloping a property, including any operating shortfalls and significant capital expenditures, could materially and adversely affect our results of operations, financial conditions and liquidity.

Whether or not we have participated in the negotiation of the terms of any such loans, we cannot assure you as to the adequacy of the protection of the terms of the applicable loan, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, claims may be asserted by lenders or borrowers that might interfere with enforcement of our rights. Borrowers may resist foreclosure actions by asserting numerous claims, counterclaims and defenses against us, including, without limitation, lender liability claims and defenses, even when the assertions may have no basis in fact, in an effort to prolong the foreclosure action and seek to force the lender into a modification of the loan or a favorable buy-out of the borrower’s position in the loan. Foreclosure actions in some U.S. states can take several years or more to litigate and may also be time consuming and expensive to complete in other U.S. states and foreign jurisdictions in which we do business. At any time prior to or during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure actions and further delaying the foreclosure process, and could potentially result in a reduction or discharge of a borrower’s debt. Foreclosure may create a negative public perception of the related property, resulting in a diminution of its value. Even if we are successful in foreclosing on a loan, the liquidation proceeds upon sale of the underlying real estate may not be sufficient to recover our cost basis in the loan, resulting in a loss to us. Furthermore, any costs or delays involved in the foreclosure of the loan or a liquidation of the underlying property will further reduce the net sale proceeds and, therefore, increase any such losses to us.

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

For information on our equity compensation plans, see note 14 of the notes to consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2023, and note 13 of the notes to condensed consolidated financial statements for the three and nine months ended September 30, 2024. We did not sell any unregistered securities during the third quarter of 2024.

Item 6. Exhibits

- 2.1 [Agreement and Plan of Merger, dated March 25, 2019, by and among the Registrant, Murphy Subsidiary Holdings Corporation, and TIER REIT, Inc., filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on March 25, 2019, and incorporated herein by reference.](#)
- 3.1 [Restated and Amended Articles of Incorporation of the Registrant, as amended August 9, 1999, filed as Exhibit 3.1 to the Registrant's Form 10-Q for the quarter ended June 30, 2002, and incorporated herein by reference.](#)
- 3.1.1 [Articles of Amendment to Restated and Amended Articles of Incorporation of the Registrant, as amended July 22, 2003, filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on July 23, 2003, and incorporated herein by reference.](#)
- 3.1.2 [Articles of Amendment to Restated and Amended Articles of Incorporation of the Registrant, as amended December 15, 2004, filed as Exhibit 3\(a\)\(i\) to the Registrant's Form 10-K for the year ended December 31, 2004, and incorporated herein by reference.](#)
- 3.1.3 [Articles of Amendment to Restated and Amended Articles of Incorporation of the Registrant, as amended May 4, 2010, filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed May 10, 2010, and incorporated herein by reference.](#)
- 3.1.4 [Articles of Amendment to Restated and Amended Articles of Incorporation of the Registrant, as amended May 9, 2014, filed as Exhibit 3.1.4 to the Registrant's Form 10-Q for the quarter ended June 30, 2014, and incorporated herein by reference.](#)
- 3.1.5 [Articles of Amendment to Restated and Amended Articles of Incorporation of Cousins, as amended October 6, 2016 \(incorporated by reference from Exhibit 3.1 and Exhibit 3.1.1 to the Registrant's Current Form 8-K filed on October 7, 2016\).](#)
- 3.1.6 [Articles of Amendment to Restated and Amended Articles of Incorporation of the Registrant, filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on June 14, 2019, and incorporated herein by reference.](#)
- 3.1.7 [Articles of Amendment to Restated and Amended Articles of Incorporation of the Registrant, filed as Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on June 14, 2019, and incorporated herein by reference.](#)
- 3.2 [Bylaws of the Registrant, as amended and restated December 4, 2012, filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on December 7, 2012, and incorporated herein by reference.](#)
- 3.2.1 [Bylaws of the Registrant, as amended and restated July 26, 2022, filed as Exhibit 3.2.1 to the Registrant's Form 10-Q for the quarter ended June 30, 2022, and incorporated herein by reference.](#)
- 3.2.2 [Bylaws of the Registrant, as amended and restated July 25, 2023, filed as Exhibit 3.2.2 to the Registrant's Form 10-Q for the quarter ended June 30, 2023, and incorporated herein by reference.](#)
- 4.1 [First Supplemental Indenture, dated as of August 16, 2024, by and among Cousins Properties LP, Cousins Properties Incorporated and U.S. Bank Trust Company, National Association, as trustee, filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed August 16, 2024.](#)
- 4.2 [Form of 5.875% Senior Notes due 2034, filed as Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed August 16, 2024 \(included in Exhibit 4.2\).](#)
- 22.1 † [Subsidiary Issuer of Guaranteed Securities](#)
- 31.1 † [Certification of the Chief Executive Officer Pursuant to Rule 13a-14\(a\), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 † [Certification of the Chief Financial Officer Pursuant to Rule 13a-14\(a\), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 † [Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 † [Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101 † The following financial information for the Registrant, formatted in inline XBRL (Extensible Business Reporting Language): (i) the consolidated balance sheets, (ii) the consolidated statements of operations, (iii) the consolidated statements of equity, (iv) the consolidated statements of cash flows, and (v) the notes to condensed consolidated financial statements.
- 104 † Cover page interactive data file (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibit 101).

† Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COUSINS PROPERTIES INCORPORATED

/s/ Gregg D. Adzema

Gregg D. Adzema

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

Date: October 24, 2024

SUBSIDIARY ISSUER OF GUARANTEED SECURITIES

Cousins Properties LP (“CPLP”), the primary operating subsidiary of Cousins Properties Incorporated, is the issuer of \$500 million aggregate principal amount of 5.875% senior notes due 2034 (the “Senior Notes”). The Senior Notes are fully and unconditionally guaranteed by the registrant, who consolidates CPLP.

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

I, M. Colin Connolly, certify that:

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

/s/ M. Colin Connolly

M. Colin Connolly
Chief Executive Officer, President, and Director
Date: October 24, 2024

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

I, Gregg D. Adzema, certify that:

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

/s/ Gregg D. Adzema

Gregg D. Adzema
Executive Vice President and Chief Financial Officer
Date: October 24, 2024

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Cousins Properties Incorporated (the "Registrant") for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the President and Chief Executive Officer of the Registrant, certifies that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ M. Colin Connolly

M. Colin Connolly
Chief Executive Officer, President, and Director

Date: October 24, 2024

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Cousins Properties Incorporated (the "Registrant") for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Executive Vice President and Chief Financial Officer of the Registrant, certifies that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Gregg D. Adzema

Gregg D. Adzema
Executive Vice President and Chief Financial Officer
Date: October 24, 2024