Cousins Properties Incorporated

2005 Annual Report

Corporate Profile

Cousins Properties Incorporated, headquartered in Atlanta, has extensive experience in the real estate industry including the development, acquisition, financing, management and leasing of office, retail, industrial, multi-family and land development projects. The Company's portfolio consists of interests in 7.5 million square feet of office space, 3.8 million square feet of retail space, 416,000 square feet of industrial space, two residential condominium properties under development and over 10,000 acres of strategically located land tracts for sale or future development. Cousins also provides leasing and management services to third-party investors; its client-services portfolio comprises 11.9 million square feet of office space. Cousins is a fully integrated equity real estate investment trust (REIT) that has been public since 1962 and trades on the New York Stock Exchange under the symbol "CUZ."

Contents

Development Expertise Drives Value Creation

Historically, REITs have used Funds From Operations (FFO) to define performance. Not so at Cousins. Here, it is the value created through our development capability that has created consistent Net Asset Value (NAV) growth over the years, allowing our unmatched development expertise to drive a 40-plus year record of exceptional returns to our shareholders. With about 30% of our current holdings in the development pipeline, we anticipate additional value creation well into the future.

Thomas D. Bell, Jr.
President & Chief Executive Officer

Dear Shareholders and Partners:

Our cover art on this year's annual report is meant to depict both the ongoing debate regarding REIT valuations and our continuing campaign to help investors better understand what makes Cousins Properties an exceptional long-term hold for real estate investors.

As most of you know, in REIT terminology, FFO stands for Funds from Operations and NAV stands for Net Asset Value. REIT investors generally pay attention to both metrics, but most give FFO growth greater weight when making investment decisions. This arguably works well for asset-based REITs, but certainly falls short for REITs with significant development activities like Cousins.

Cousins is constantly bringing newly developed assets on line, which increases FFO. We also actively manage our portfolio, and as a result, periodically reduce FFO by selling mature assets to capture the value created. We either reinvest this value creation in the development process or return the cash to investors in the form of dividends. For valuation purposes, we feel our investors are best served by carefully examining the value we have created and will create in the future through our ongoing development activities. Because we are a development REIT, we believe that value creation and NAV growth are the best metrics by which to measure our success.

If you spend time with Cousins people, you quickly discover we mostly measure our success through the value we create. When we invest a dollar in land or a new development project and see that investment grow to $1.25 or more through our entitlement, development, leasing and asset management process, we know we have been successful.

We maximize our opportunities for creating value through what we call a "3D" strategy. The three "D's" are development, diversification and determination. Cousins is primarily a development company. We build to own and create value through the process. We are

"While property REITs will invariably struggle through the unpredictable cycles inherent in real estate, Cousins' diverse development skills and dogged focus on value creation will help deliver consistently superior returns over time for our shareholders."

– Tom Bell

a diversified developer in that we develop multiple product types – office, retail, residential, land and industrial. Finally, we are determined to create shareholder value, and we use value creation as our primary measurement of success.

We realize this is not a typical REIT strategy and we constantly search for ways to make your company better understood. But our results over time have demonstrated that our strategy works quite well. Our patient investors have enjoyed a significant return from Cousins over time. Over the past 30 years, our average annual return has been 22.6%.

From our value creation perspective, 2005 was a particularly good year for Cousins. We began over $400 million worth of new projects in multiple product types and, by year end, had 10 projects underway with a total cost of over $670 million. This included retail projects in Tennessee, Georgia, California and Florida; the initial office tower at our Terminus mixed-use development in Atlanta; a new industrial project – the first at King Mill, our new industrial park south of Atlanta; and six new residential projects in Texas and Georgia. We also acquired additional land in Georgia and Texas for future development. All of these new investments went through our rigorous underwriting process and all are expected to meet our strenuous value creation standards.

During the year we opened The Avenue® Carriage Crossing in Memphis, a 786,000- square-foot lifestyle center – our largest to date – as well as Hanover Square South in Richmond, Virginia, and the Viera MarketCenter® in Melbourne, Florida. We also sold a record 1,941 residential lots and 394 acres of improved and entitled land, as well as Hanover Square South and 1155 Perimeter Center West, one of our Atlanta office assets.

Our strategy calls for us to invest between $200 million and $400 million in new development projects each year. Naturally, this number varies somewhat depending on where we are in the real estate cycle. Our goal is to average between $300 million and $350 million per

Tom Cousins
Chairman of the Board

"Cousins Properties has been around for a long time. In my opinion, we have never been better positioned to take advantage of the growing development opportunities across our markets. Our present management team is among the best we've had and ensures that the company will remain one of real estate's most dependable firms. 2006 should be a great year."

– Tom Cousins

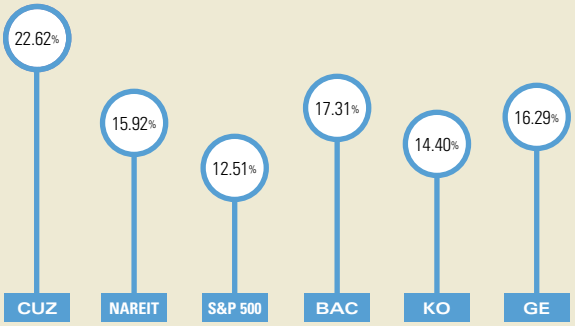
year through the cycle. Some years, like 2005, provide more opportunities than others. But, thanks to our diversity and our ability to understand and exploit changing trends in the real estate markets, we have been able to meet our goals through multiple real estate cycles. This flexibility and consistency is one of the hallmarks of Cousins' long-term success, and is also one of the reasons we expect to continue to outperform the overall REIT universe in the years to come.

We expect today's exceptionally high real estate valuations to decline over time, probably not to historic levels, but somewhere between historic levels and today's levels. As cap rates increase and valuations decline, valuations of property companies, those REITs with little or no development will change as well. Cousins' intense focus on new development and the value we create through this process give us a strong counterpoint to declining property values, which should benefit our loyal shareholders. As long as we can continue to identify development opportunities that meet our underwriting criteria, we know we can create significant value for our shareholders. Experience tells us this increase in NAV will ultimately be reflected in our share price.

To successfully develop through different real estate cycles and over many years requires creativity, rigorous financial discipline, multiple product offerings and exceptional execution at each step in the process. All of this, of course, requires great people which we fortunately have in abundance. The president of each operating division has over 20 years in the business and each has put together a superior team. In my opinion, your company now has the most talented group of people we have ever enjoyed.

As we look forward to 2006, our prospects are encouraging. In addition to our traditional product specific development pipelines, we are seeing an increasing number of mixed-use opportunities where we, as a diversified developer, have a significant competitive

30-Year Annualized Return*
(1976 – 2005)



CUZ Cousins Properties Incorporated
NAREIT National Association of Real Estate Investment Trusts
S&P 500 Standard & Poor's Index
BAC Bank of America Corporation
KO The Coca-Cola Company
GE General Electric

** Geometric Mean Return with Reinvestment of Dividends.*
Source: 200503 CRSP®, Center for Research in Security Prices. Graduate School of Business, the University of Chicago, used with permission. All rights reserved. www.crsp.chicagogsb.edu. NAREIT Equity Index returns provided by the National Association of Real Estate Investment Trusts®. S&P 500 Index (SPX) Source: Bloomberg.

advantage. Terminus, our most recent project in the Buckhead section of Atlanta, is a good example. We have master planned the Terminus project for two office buildings, 125,000 square feet of retail space and 800 residential units. This entire project – approximately $500 million in development – will be undertaken by Cousins and our partners over the next several years. We believe market dynamics and demographic trends will continue to increase the demand for live-work-play environments. These trends should provide ample new opportunities for your company.

Our strategy is not complicated, but it is different. We create value through development; we actively manage the size of your company to maximize the growth provided by our development activities; we recycle capital when appropriate and capture the value we have created which we return to our shareholders or reinvest in the development process; and we constantly seek out new development opportunities to insure that our pipeline is full and our value creation continues.

For over 45 years in various ways and in different markets, Cousins has successfully executed this strategy on behalf of our shareholders. We will continue to do so in the years ahead, and we very much appreciate your continued support.

Thomas D. Bell, Jr.
President & Chief Executive Officer

In recent years, Cousins' Retail Division has set a swift pace for growth, expanding into new markets and raising the bar in existing ones. Over the last several years, our Avenue® concept has continued to set the standard in the highly competitive retail sector. In 2005, we expanded into suburban Memphis, Tennessee, with the opening of the 786,000-square-foot Avenue® Carriage Crossing – Cousins' largest Avenue to date and the largest open-air shopping center in the state of Tennessee. The Retail Division's signature combination of leading national and local retailers, surrounded by spacious and inviting landscapes, will continue to pave the way toward growth.

Retail

setting the retail standard creates value

Mixed-use is more than a buzzword, especially in the fast-growing Sunbelt cities that Cousins calls home. Changing demographics, population growth and traffic patterns in and around those cities have led users to demand new approaches to intown development, including true live-work alternatives like our Terminus project in Atlanta. To take advantage of future mixed-use opportunities without having to seek outside partners, in 2005 Cousins acquired former residential partner, The Gellerstedt Group, and merged it with our long-successful Office Division. This dynamic new division, mixing an old strength with a new one, is poised to create value for years to come.

Office | Multi-Family

expanding our mixed-use capabilities creates value

There is no more basic tenet in real estate: It all starts with the dirt. In 2005, the Land Division continued to execute flawlessly in fast-growing Paulding County (northwest of Atlanta). Early in the year, we began construction of Seven Hills – a 2,400 rooftop community with a considerable reserve of open space throughout the development, in keeping with Cousins' longstanding goal of maintaining woodlands or restoring natural settings whenever possible. Over the years, Cousins has developed many successful suburban communities. Late in 2005, our TEMCO joint venture acquired 6,300 acres of land that will provide many opportunities in the future.

Land

improving land creates value

Two years ago, Cousins launched its Industrial Division with a vision to bring our record of development success to a new product type. Under the leadership of Forrest Robinson, the vision has been refined into a mission to develop client-focused industrial space in the most accessible submarkets of metro Atlanta. That mission is on target with King Mill Distribution Park, a five-building, 2.9 million-square-foot project under development in rapidly growing Henry County. The division's next development will be across town in another rapidly expanding submarket, Jackson County, where the 3.2 million-square-foot Jefferson Mill Business Park is slated to include seven industrial buildings along with a substantial amount of commercial space.

Industrial

meeting a growing industrial demand creates value

Portfolio Listing

Property Description	Metropolitan Area/State	Rentable Square Feet	Ownership Interest	% Leased (Fully Executed) 12/31/05
I. Office				
A. Operating Properties				
Bank of America Plaza	Atlanta	1,253,000	50.00%	100%
Inforum	Atlanta	983,000	100.00%	88%
Emory Crawford Long Medical Office Tower	Atlanta	358,000	50.00%	99%
One Georgia Center	Atlanta	347,000	88.50%	36%
Ten Peachtree Place	Atlanta	259,000	50.00%	100%
3100 Windy Hill Road	Atlanta	188,000	100.00%	100%
Meridian Mark Plaza	Atlanta	160,000	100.00%	100%
555 North Point Center East	Atlanta	152,000	100.00%	85%
333 North Point Center East	Atlanta	130,000	100.00%	77%
200 North Point Center East	Atlanta	129,000	100.00%	70%
100 North Point Center East	Atlanta	128,000	100.00%	91%
Galleria 75	Atlanta	114,000	100.00%	97%
3301 Windy Ridge Parkway	Atlanta	107,000	100.00%	100%
AtheroGenics	Atlanta	51,000	100.00%	100%
Inhibitex	Atlanta	51,000	100.00%	100%
	Georgia	**4,410,000**		
Gateway Village	Charlotte	1,065,000	50.00%	100%
Presbyterian Medical Plaza at University	Charlotte	69,000	11.50%	100%
	North Carolina	**1,134,000**		
Frost Bank Tower	Austin	530,000	90.25%	78%
The Points at Waterview	Dallas	203,000	100.00%	99%
	Texas	**733,000**		
Lakeshore Park Plaza [a]	Birmingham	190,000	100.00%	55%
Grandview II	Birmingham	149,000	11.50%	88%
600 University Park Place [a]	Birmingham	123,000	100.00%	100%
	Alabama	**462,000**		
Total Office Operating Portfolio		**6,739,000**		**88%**
B. Development Properties				
Terminus [b]	Atlanta	651,000	100.00%	41%
615 Peachtree Street [c]	Atlanta	138,000 [c]	100.00%	10% [c]
	Georgia	**789,000**		
Total Office Development Properties		**789,000**		
Total Office, Operating and Development		**7,528,000**		

Portfolio Listing

Property Description	Metropolitan Area/State	Rentable Square Feet	Ownership Interest	% Leased (Fully Executed) 12/31/05
II. Retail				
A. Operating Properties				
North Point MarketCenter	Atlanta	401,000	11.50%	99%
The Avenue® East Cobb	Atlanta	231,000	100.00%	100%
The Avenue® West Cobb	Atlanta	205,000	100.00%	98%
The Avenue® Peachtree City [a]	Atlanta	182,000	88.50%	99%
Mansell Crossing Phase II	Atlanta	103,000	11.50%	100%
	Georgia	**1,122,000**		
The Avenue® of the Peninsula	Rolling Hills Estates	373,000	100.00%	94%
Los Altos MarketCenter®	Long Beach	157,000	11.50%	100%
	California	**530,000**		
The Avenue® Viera [a]	Viera	286,000	100.00%	88%
Viera MarketCenter® [a]	Viera	96,000	100.00%	97%
The Shops at World Golf Village	St. Augustine	80,000	50.00%	72%
	Florida	**472,000**		
Greenbrier MarketCenter®	Chesapeake	376,000	11.50%	100%
	Virginia	**376,000**		
Total Retail Operating Properties		**2,490,000**		**95%**
B. Development Properties [b]				
The Avenue® Carriage Crossing [a,d]	Memphis	586,000	100.00%	89%
	Tennessee	**586,000**		
The Avenue® Webb Gin [d]	Atlanta	380,000	100.00%	26%
The Avenue® West Cobb Expansion	Atlanta	46,000	100.00%	61%
	Georgia	**426,000**		
San Jose MarketCenter®	San Jose	217,000	100.00%	64%
	California	**217,000**		
Viera MarketCenter® Expansion [a]	Viera	82,000	100.00%	73%
The Avenue® Viera Expansion [a]	Viera	46,000	100.00%	85%
	Florida	**128,000**		
Total Retail Development Properties		**1,357,000**		
Total Retail, Operating and Development		**3,847,000**		
III. Industrial				
A. Development Properties [b]				
King Mill Distribution Center	Atlanta	416,000	75.00%	0%
Total Industrial, Development	**Georgia**	**416,000**		
Total Portfolio		**11,791,000**	**89.00%** [e]	

(a) These projects are owned either (1) through a joint venture with a third party providing a participation in operations and on sale of the property or (2) subject to a contract with a third party providing a participation in operations and on sale of the property, even though they may be shown as 100% owned.

(b) Under construction and/or in lease-up.

(c) Vacant space is not available for lease due to planned redevelopment. Square footage and percentage leased represent current property statistics and do not include information related to the planned redevelopment.

(d) Total square footage for these properties includes anticipated expansions; however, the percent leased excludes their expansions.

(e) Total leased percentage (weighted by ownership) of completed projects excluding projects under construction and/or in lease-up.

Division Highlights

Retail Division

- Opened The Avenue® Carriage Crossing, Tennessee's largest open-air retail center, which will feature 100 retail and restaurant tenants at full build-out.
- Began construction of San Jose MarketCenter®, an $80 million, 360,000-square-foot power center in San Jose, California, anchored by Target, Marshalls, Cost Plus, Michaels, PetSmart and Office Depot.
- Began construction on the 380,000-square-foot The Avenue® Webb Gin in rapidly growing Gwinnett County, Georgia – Cousins' seventh Avenue® project and the fourth in the Atlanta area.
- Began construction on a 46,000-square-foot expansion of The Avenue® West Cobb.

Office/Multi-Family Division

- Acquired The Gellerstedt Group, an Atlanta-based real estate firm that specialized in multi-family, urban residential projects.
- Began construction of Terminus 100, our 651,000-square-foot landmark development and corporate headquarters in the Buckhead submarket in Atlanta. Scheduled to open in April of 2007, Terminus 100 has already attracted a blue-ribbon list of tenants including Citigroup, Bain & Company, Synovus, Premiere Global Services and CB Richard Ellis.
- Began construction of 905 Juniper Street, a 117-unit residential project in Midtown Atlanta. This development is our premier multi-family community in Georgia with 98% of the units having already been sold.
- Cousins and The Related Group of Florida started construction on 50 Biscayne – a 529-unit luxury residential condominium development in Miami, Florida. The 54-story tower will be the third tallest structure in Miami when completed. The project is 100% under contract a full two years before completion.

Land Division

- Total residential lots sold rose from 455 in 2002 to 1,941 in 2005, an increase of 327%.
- Neared completion of Bentwater, an approximately 1,300-acre residential development in the heart of fast-growing Paulding County, Georgia.
- Acquired a 6,300 acre parcel in Paulding County, which will be used for future residential lot development, other development or sold as land tracts.
- Began development of WestPark in Cobb County, Georgia, an 82-lot development on 110 acres, and Blue Valley, located in North Fulton County, Georgia, a 197-lot development on 395 acres.
- Began development of Southern Trails in Houston, Texas, a 1,105-lot development on 522 acres, and Stonewall Estates in San Antonio, Texas, a 386-lot development on 330 acres.

Industrial Division

- Began development of the five-building King Mill Industrial Park near Interstate 75 in McDonough, Georgia.
- Began rezoning process for the Division's second offering – Jefferson Mill, a seven-building industrial park to be located along Interstate 85 in Jefferson, Georgia, and purchased land in January, 2006.

Financial Highlights

	Years Ended December 31,				
(in thousands, except percentages and per share amounts)	**2005**	2004	2003	2002	2001
Net Income Available to Common Stockholders	**$ 34,491**	$ 399,742	$ 238,803	$ 47,872	$ 70,815
Diluted Net Income Per Common Share	**$ 0.67**	$ 7.84	$ 4.83	$ 0.96	$ 1.41
Funds From Operations Available to Common Stockholders ("FFO") [(a)]	**$ 73,746**	$ 108,878	$ 124,965	$ 113,366	$ 108,122
Diluted FFO Per Common Share	**$ 1.43**	$ 2.13	$ 2.53	$ 2.27	$ 2.15
Dividends Paid to Common Stockholders:					
Regular	**$ 74,649**	$ 72,869	$ 71,694	$ 73,345	$ 68,595
Special	**$ —**	$ 356,493	$ 100,544	$ —	$ —
Dividends Per Common Share:					
Regular	**$ 1.48**	$ 1.48	$ 1.48	$ 1.48	$ 1.39
Special	**$ —**	$ 7.15	$ 2.07	$ —	$ —
Equity Market Capitalization at Year-End (Common and Preferred)	**$ 1,638,420**	$ 1,720,885	$ 1,603,351	$ 1,195,134	$ 1,203,993
Adjusted Debt at Year-End [(b)]	**$ 514,560**	$ 335,915	$ 697,050	$ 844,880	$ 766,503
Total Market Capitalization at Year-End	**$ 2,152,980**	$ 2,056,800	$ 2,300,401	$ 2,040,014	$ 1,970,496
Adjusted Debt to Total Market Capitalization at Year-End	**24%**	17%	30%	41%	39%
Stock Price at Year-End:					
Common	**$ 28.30**	$ 30.27	$ 30.60	$ 24.70	$ 24.36
Preferred Series A	**$ 25.75**	$ 26.15	$ 27.25	$ —	$ —
Preferred Series B	**$ 25.40**	$ 25.00	$ —	$ —	$ —

(a) See page 14 of this Annual Report for a discussion of FFO. The reconciliation between Net Income Available to Common Stockholders and FFO is as follows:

Net Income Available to Common Stockholders	**$ 34,491**	$ 399,742	$ 238,803	$ 47,872	$ 70,815
Depreciation and amortization:					
Consolidated, net of minority interest's share	**36,518**	37,231	39,477	36,302	32,695
Discontinued operations	**68**	5,298	14,678	18,085	11,862
Share of unconsolidated joint ventures	**8,920**	15,915	21,299	18,549	16,453
Depreciation of furniture, fixtures and equipment and amortization of specifically identifiable intangible assets:					
Consolidated	**(2,951)**	(2,652)	(2,511)	(2,148)	(2,166)
Share of unconsolidated joint ventures	**(78)**	(35)	(34)	(9)	(52)
Gain on sale of investment properties, net of applicable income tax provision and minority interest:					
Consolidated	**(15,733)**	(118,056)	(100,558)	(6,254)	(23,496)
Discontinued	**(1,037)**	(81,927)	(93,459)	(1,174)	—
Share of unconsolidated joint ventures	**(1,935)**	(176,265)	—	—	—
Gain on sale of undepreciated investment properties	**15,483**	29,627	7,270	2,143	2,011
Funds From Operations Available to Common Stockholders	**$ 73,746**	$ 108,878	$ 124,965	$ 113,366	$ 108,122
Diluted Weighted Average Shares	**51,747**	51,016	49,415	49,937	50,280

(b) Adjusted debt is defined as the Company's debt and the Company's pro rata share of unconsolidated joint venture debt, excluding debt related to investment entities, as defined in the Company's credit facility agreement. Adjusted debt is useful as a measure of the Company's ability to meet its debt obligations and to raise additional debt. The reconciliation between Consolidated Debt and Adjusted Debt is as follows:

Consolidated debt	**$ 467,516**	$ 302,286	$ 497,981	$ 669,792	$ 585,275
Share of joint venture debt	**148,129**	135,764	285,657	265,854	275,913
Share of investment entities' debt	**(101,085)**	(82,135)	(86,588)	(90,766)	(94,685)
Adjusted Debt	**$ 514,560**	$ 355,915	$ 697,050	$ 844,880	$ 766,503

Funds From Operations

The table below shows Funds From Operations Available to Common Stockholders ("FFO"). See page 13 of this Annual Report for the reconciliation between Net Income Available to Common Stockholders and FFO. Prior to 2005, the Company calculated FFO in accordance with the National Association of Real Estate Investment Trusts' ("NAREIT") definition of FFO, which is net income available to common stockholders – computed in accordance with accounting principles generally accepted in the United States ("GAAP") – excluding extraordinary items, cumulative effect of change in accounting principle and gains or losses from sales of depreciable property, plus depreciation and amortization of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures to reflect FFO on the same basis.

For 2005, the Company modified its NAREIT defined calculations of FFO to include $5.0 million in income from a real estate venture related to the sale of real estate. The Company included this amount in FFO because, based on the nature of the investment, the Company believes that for FFO purposes this income should not be considered gain on the sale of depreciable property.

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

	Years Ended December 31,		
(in thousands, except per share amounts)	**2005**	2004	2003
Funds From Operations Available to Common Stockholders	**$ 73,746**	$ 108,878	$ 124,965
Weighted Average Shares	**49,989**	49,005	48,313
Per Common Share – Basic:			
Net Income	**$ 0.69**	$ 8.16	$ 4.94
Funds From Operations	**$ 1.48**	$ 2.22	$ 2.59
Diluted Weighted Average Shares	**51,747**	51,016	49,415
Per Common Share – Diluted:			
Net Income	**$ 0.67**	$ 7.84	$ 4.83
Funds From Operations	**$ 1.43**	$ 2.13	$ 2.53

Consolidated Balance Sheets

(in thousands, except share and per share amounts)	December 31, 2005	2004
ASSETS		
Properties:		
Operating properties, net of accumulated depreciation of $158,700 and $140,262 as of December 31, 2005 and 2004, respectively	$ 572,466	$ 528,551
Land held for investment or future development	62,059	29,563
Projects under development	241,711	97,472
Residential lots under development	11,577	19,860
Total properties	887,813	675,446
Cash and Cash Equivalents	9,336	89,490
Restricted Cash	3,806	1,188
Notes and Other Receivables	40,014	24,957
Investment in Unconsolidated Joint Ventures	217,232	199,233
Other Assets, including goodwill of $8,324 and $8,131 as of December 31, 2005 and 2004, respectively	30,073	36,678
Total Assets	$ 1,188,274	$ 1,026,992
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
Notes Payable	$ 467,516	$ 302,286
Accounts Payable and Accrued Liabilities	55,791	35,226
Deferred Gain	5,951	6,209
Deposits and Deferred Income	2,551	3,504
Total Liabilities	531,809	347,225
Minority Interests	24,185	20,017
Commitments and Contingent Liabilities		
Stockholders' Investment:		
Preferred Stock, 20,000,000 shares authorized, $1 par value:		
7.75% Series A cumulative redeemable preferred stock, $25 liquidation preference; 4,000,000 shares issued and outstanding	100,000	100,000
7.50% Series B cumulative redeemable preferred stock, $25 liquidation preference; 4,000,000 shares issued and outstanding	100,000	100,000
Common stock, $1 par value, 150,000,000 shares authorized; 53,357,151 and 52,783,791 shares issued as of December 31, 2005 and 2004, respectively	53,357	52,784
Additional paid-in capital	321,747	311,943
Treasury stock at cost, 2,691,582 shares	(64,894)	(64,894)
Unearned compensation	(8,495)	(10,160)
Cumulative undistributed net income	130,565	170,077
Total Stockholders' Investment	632,280	659,750
Total Liabilities and Stockholders' Investment	$ 1,188,274	$ 1,026,992

Consolidated Statements of Income

(in thousands, except per share amounts)	Years Ended December 31, 2005	2004	2003
Revenues:			
Rental property revenues	$ 100,602	$ 101,102	$ 101,389
Fee income	20,082	16,477	18,380
Multi-family residential unit sales	11,233	—	—
Residential lot and outparcel sales	21,933	16,700	12,945
Interest and other	1,886	2,528	3,940
	155,736	136,807	136,654
Costs and Expenses:			
Rental property operating expenses	40,005	33,814	32,674
General and administrative expenses	40,703	33,702	29,606
Depreciation and amortization	36,518	37,231	39,477
Multi-family residential unit cost of sales	9,405	—	—
Residential lot and outparcel cost of sales	16,404	12,007	10,022
Interest expense	9,094	14,623	22,576
Other	1,322	1,948	1,821
	153,451	133,325	136,176
Income From Continuing Operations Before Taxes, Minority Interest and Income From Unconsolidated Joint Ventures	2,285	3,482	478
Provision for Income Taxes From Operations	(7,756)	(2,744)	(2,596)
Minority Interest in Income of Consolidated Subsidiaries	(3,037)	(1,417)	(2,237)
Income From Unconsolidated Joint Ventures	40,955	204,493	24,619
Income From Continuing Operations Before Gain on Sale of Investment Properties	32,447	203,814	20,264
Gain on Sale of Investment Properties, Net of Applicable Income Tax Provision	15,733	118,056	100,558
Income From Continuing Operations	48,180	321,870	120,822
Discontinued Operations, Net of Applicable Income Tax Provision:			
Income from discontinued operations	524	3,987	27,880
Gain on sale of investment properties, net of minority interest	1,037	81,927	93,459
	1,561	85,914	121,339
Net Income	49,741	407,784	242,161
Dividends to Preferred Stockholders	(15,250)	(8,042)	(3,358)
Net Income Available to Common Stockholders	$ 34,491	$ 399,742	$ 238,803
Per Share Information – Basic:			
Income from continuing operations	$ 0.66	$ 6.40	$ 2.43
Income from discontinued operations	0.03	1.76	2.51
Basic net income available to common stockholders	$ 0.69	$ 8.16	$ 4.94
Per Share Information – Diluted:			
Income from continuing operations	$ 0.64	$ 6.15	$ 2.38
Income from discontinued operations	0.03	1.69	2.45
Diluted net income available to common stockholders	$ 0.67	$ 7.84	$ 4.83
Cash Dividends Declared per Common Share	$ 1.48	$ 8.63	$ 3.55
Weighted Average Shares	49,989	49,005	48,313
Diluted Weighted Average Shares	51,747	51,016	49,415

Consolidated Statements of Stockholders' Investment

(in thousands, except share amounts)	Preferred Stock	Common Stock	Additional Paid-In Capital	Treasury Stock	Unearned Compensation	Cumulative Undistributed Net Income	Total
Balance, December 31, 2002	$ —	$ 50,844	$ 288,172	$ (59,356)	$ (2,647)	$ 131,871	$ 408,884
Net income, 2003						242,161	242,161
Preferred stock issued pursuant to 4,000,000 share Series A stock offering, net of expenses	100,000		(3,736)				96,264
Preferred dividends paid						(2,389)	(2,389)
Common stock issued pursuant to:							
Exercise of options and director stock plan		558	9,292				9,850
Stock grant and related amortization, net of forfeitures		125	3,646		(3,156)		615
Income tax benefit from stock options			1,168				1,168
Common dividends paid						(172,238)	(172,238)
Purchase of treasury stock				(5,538)			(5,538)
Balance, December 31, 2003	$ 100,000	$ 51,527	$ 298,542	$ (64,894)	$ (5,803)	$ 199,405	$ 578,777
Net income, 2004						407,784	407,784
Preferred stock issued pursuant to 4,000,000 share Series B stock offering, net of expenses	100,000		(3,529)				96,471
Preferred dividends paid						(7,750)	(7,750)
Common stock issued pursuant to:							
Exercise of options and director stock plan		1,062	8,058				9,120
Stock grant and related amortization, net of forfeitures		195	5,876		(4,357)		1,714
Income tax benefit from stock options			2,996				2,996
Common dividends paid						(429,362)	(429,362)
Balance, December 31, 2004	200,000	52,784	311,943	(64,894)	(10,160)	170,077	659,750
Net income, 2005						49,741	49,741
Preferred dividends paid						(14,604)	(14,604)
Common stock issued pursuant to:							
Exercise of options and director stock plan		522	7,025				7,547
Stock grant and related amortization, net of forfeitures		51	1,416		1,665		3,132
Gain on stock issuance at equity method investee			354				354
Income tax benefit from stock options			1,009				1,009
Common dividends paid						(74,649)	(74,649)
Balance, December 31, 2005	**$ 200,000**	**$ 53,357**	**$ 321,747**	**$ (64,894)**	**$ (8,495)**	**$ 130,565**	**$ 632,280**

Consolidated Statements of Cash Flows

(in thousands)	Years Ended December 31, 2005	2004	2003
Cash Flows From Operating Activities:			
Net income	$ 49,741	$ 407,784	$ 242,161
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Gain on sale of investment properties, net of income tax provision	(16,770)	(199,983)	(194,017)
Depreciation and amortization	36,586	42,529	54,155
Amortization of deferred financing costs	1,275	1,645	1,522
Amortization of unearned compensation	3,132	1,714	615
Effect of recognizing rental revenues on a straight-line or market basis	(4,220)	2,777	(1,527)
Income from unconsolidated joint ventures in excess of operating distributions	(6,008)	—	—
Residential lot, outparcel and multi-family cost of sales	23,794	11,393	9,148
Residential lot, outparcel and multi-family acquisition and development expenditures	(16,305)	(9,429)	(11,064)
Income tax benefit from stock options	1,009	2,996	1,168
Changes in other operating assets and liabilities:			
Change in other receivables	(17,052)	(3,257)	4,411
Change in accounts payable and accrued liabilities	1,894	(1,645)	(6,317)
Net cash provided by operating activities	57,076	256,524	100,255
Cash Flows From Investing Activities:			
Proceeds from investment property sales	35,758	537,477	262,345
Property acquisition and development expenditures	(256,428)	(174,512)	(98,694)
Investment in unconsolidated joint ventures	(33,910)	(27,754)	(33,574)
Distributions from unconsolidated joint ventures in excess of income	29,615	43,039	33,869
Proceeds from (investment in) notes receivable	7,984	(8,250)	24,271
Change in other assets, net	3,250	(3,805)	(2,888)
Change in restricted cash	(1,520)	2,473	(845)
Net cash (used in) provided by investing activities	(215,251)	368,668	184,484
Cash Flows From Financing Activities:			
Repayment of credit facility	(625,349)	(435,150)	(265,448)
Borrowings from credit facility	783,384	435,150	106,291
Payment of loan issuance costs	(437)	(2,628)	(311)
Repayment of other notes payable	(24,273)	(195,695)	(35,372)
Proceeds from other notes payable	28,920	—	307
Common stock issued, net of expenses	7,547	9,120	9,850
Common dividends paid	(74,649)	(429,362)	(172,238)
Purchase of treasury stock	—	—	(5,538)
Preferred stock issued, net of issuance costs	—	96,471	96,264
Preferred dividends paid	(14,604)	(7,750)	(2,389)
Distributions to minority partners	(2,518)	(18,919)	(9,749)
Net cash provided by (used in) financing activities	78,021	(548,763)	(278,333)
Net (Decrease) Increase in Cash and Cash Equivalents	(80,154)	76,429	6,406
Cash and Cash Equivalents at Beginning of Period	89,490	13,061	6,655
Cash and Cash Equivalents at End of Period	$ 9,336	$ 89,490	$ 13,061

Directors and Officers

Directors

T. G. Cousins
Chairman of the Board

Thomas D. Bell, Jr.
Vice Chairman of the Board, President and Chief Executive Officer

Erskine B. Bowles
President
University of North Carolina

Richard W. Courts, II
Chairman
Atlantic Investment Company

Lillian C. Giornelli
Chairman and Chief Executive Officer
The Cousins Foundation, Inc.

S. Taylor Glover
President and CEO
Turner Enterprises, Inc.

James H. Hance, Jr.
Retired Vice Chairman
Bank of America Corporation

Boone A. Knox
Managing Trustee
The Knox Foundation

William Porter Payne
Partner
Gleacher Partners LLC

Henry C. Goodrich
Director Emeritus

Corporate Officers

T. G. Cousins
Chairman of the Board

Thomas D. Bell, Jr.
Vice Chairman of the Board, President and Chief Executive Officer

Daniel M. DuPree
Vice Chairman of the Company

R. Dary Stone
Vice Chairman of the Company

Tom G. Charlesworth
Executive Vice President and Chief Investment Officer

James A. Fleming
Executive Vice President and Chief Financial Officer

Craig B. Jones
Executive Vice President and Chief Administrative Officer

Dan G. Arnold
Senior Vice President and Chief Information Officer

Lisa M. Borders
Senior Vice President

Lawrence B. Gardner
Senior Vice President – Human Resources

John D. Harris, Jr.
Senior Vice President and Chief Accounting Officer, Assistant Corporate Secretary

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

Tad Leithead, Jr.
Senior Vice President – Development

Mark A. Russell
Senior Vice President and Senior Investment Officer

Dennis A. Granger
Vice President – Information Systems

Patricia A. Grimes
Vice President – Financial and SEC Reporting and Accounting Policy

Patrick T. Hickey, Jr.
Vice President – Investor Relations

Karen S. Hughes
Vice President – Treasury and Finance

Kristin R. Myers
Vice President – Taxation

Mary M. Thomas
Vice President – Internal Audit

Industrial Division Officers

Forrest W. Robinson
Senior Vice President – President, Industrial Division

Robert R. Currie
Senior Vice President – Leasing

B. Earle Yancey
Vice President – Development

Land Division Officers

Bruce E. Smith
Senior Vice President – President, Land Division

Michael J. Quinley
Senior Vice President – General Manager, Land Division

Daniel D. Camp
Senior Vice President – Development

Craig A. Lacey
Vice President – Development

John C. Olderman
Vice President and Associate General Counsel

Deloris Schmidt
Vice President – Operations

Office/Multi-Family Division Officers

Larry L. Gellerstedt, III
Senior Vice President – President, Office/Multi-Family Division

John S. McColl
Senior Vice President – Southeast Region Development and Leasing

Jack A. LaHue
Senior Vice President – Portfolio Management, Assistant Corporate Secretary

Tim Hendricks
Senior Vice President – Southwest Region Development and Leasing

Mark P. Dickenson
Senior Vice President – Director of Leasing, Dallas

Walter L. Fish
Senior Vice President – Southeast Region Director of Leasing

James F. George
Senior Vice President – Southeast Region Development

John N. Goff
Senior Vice President – Southeast Region Development

Joseph J. Keough
Senior Vice President

Dara J. Nicholson
Senior Vice President – Property Management

Claude G. Winstead, III
Senior Vice President

Michael D. Brown
Vice President – Leasing, Austin

Carl Y. Dickson
Vice President – Asset Management

Molly Faircloth
Vice President

Charles D. McCormick
Vice President – Southwest Region Development

Scott F. Rees
Vice President – Leasing, Atlanta

Ronald C. Sturgis
Vice President – Director of Operations

Retail Division Officers

Joel T. Murphy
Senior Vice President – President, Retail Division

William I. Bassett
Senior Vice President – Executive Vice President and Director of Development, Retail Division

Steve V. Yenser
Senior Vice President – Executive Vice President and Chief Operating Officer, Retail Division

Alexander A. Chambers
Senior Vice President – Director, Central Region

Thomas D. Lenny
Senior Vice President – Acquisitions, Western Region

Robert A. Manarino
Senior Vice President – Director, Western Region Development

David C. Nelson
Senior Vice President – Chief Financial Officer and Director of Asset Management, Retail Division

Kevin B. Polston
Senior Vice President – Southeast Regional Director, Avenue Projects

Darryl D. Bonner
Vice President – Director of Leasing

Lucien J. Conti, Jr.
Vice President – Development

Wendy C. Fitchjarrell
Vice President – Retail Division Controller

Stephanie M. Hart
Vice President– Asset Management

John M. Kelley
Vice President – Development

Angie M. Leccese
Vice President – Marketing

Thomas P. Prandato
Vice President – Operations

Pamela F. Roper
Vice President and Associate General Counsel

John Rutte
Vice President – Development

Amy S. Siegal
Vice President – Leasing

Report of Independent Registered Public Accounting Firm

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

We have audited the consolidated balance sheets of Cousins Properties Incorporated and subsidiaries (the "Company") as of December 31, 2005 and 2004, and the related consolidated statements of income, stockholders' investment, and cash flows for each of the three years in the period ended December 31, 2005. We also have audited management's assessment of the effectiveness of the Company's internal control over financial reporting and the effectiveness of the Company's internal control over financial reporting as of December 31, 2005. Such consolidated financial statements, management's assessment of the effectiveness of the Company's internal control over financial reporting and our reports thereon dated March 13, 2006, expressing unqualified opinions (which are not included herein) are included in the Company's annual report on Form 10-K for the year ended December 31, 2005. The accompanying condensed consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on such condensed consolidated financial statements in relation to the complete consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of December 31, 2005 and 2004, and the related condensed consolidated statements of income, stockholders' investment, and cash flows for each of the three years in the period ended December 31, 2005, is fairly stated in all material respects in relation to the basic consolidated financial statements from which it has been derived.

DELOITTE & TOUCHE LLP
Atlanta, Georgia
March 13, 2006

Shareholder Information

Independent Registered Public Accounting Firm

Deloitte & Touche LLP

Counsel

King & Spalding LLP
Troutman Sanders LLP

Transfer Agent And Registrar

American Stock Transfer & Trust Company
Operations Center
6201 15th Avenue
Brooklyn, NY 11219
Telephone Number: 1-866-668-6550
Fax Number: 1-718-236-2641

Certifications

The Company has included in Exhibit 31 to its Annual Report on Form 10-K, filed with the Securities and Exchange Commission, certificates of the Chief Executive Officer and Chief Financial Officer certifying the quality of the Company's public disclosure. In addition, the Chief Executive Officer certified to the New York Stock Exchange on May 23, 2005 that he was not aware of any violation by the Company of New York Stock Exchange corporate governance listing standards.

Form 10-K Available

This summary Annual Report is intended to provide a concise overview of the Company and its business operations in 2005. It does not include, and is not intended as a substitute for, the information set forth in our Annual Report on Form 10-K for the year ended December 31, 2005 (the "2005 Form 10-K") filed with the Securities and Exchange Commission (the "SEC"). **Copies of the 2005 Form 10-K, along with interim reports on Form 10-Q, without exhibits are available free of charge upon written request to the Company at 2500 Windy Ridge Parkway, Suite 1600, Atlanta, Georgia 30339-5683, Attention: Patrick Hickey, Vice President.** These items are also posted on the Company's web site at www.cousinsproperties.com or may be obtained from the SEC's web site at www.sec.gov.

Investor Relations Contact

Patrick Hickey, Vice President
Telephone Number: 770-857-2503
Fax Number: 770-857-2368
Email Address: pathickey@cousinsproperties.com

About Your Dividends

The high and low sales prices for the Company's common stock and cash dividends declared per common share were as follows:

	2005 Quarters				2004 Quarters			
	First	Second	Third	Fourth	First	Second	Third	Fourth
High	$ 31.24	$ 30.15	$ 33.50	$ 30.75	$ 32.86	$ 33.40	$ 36.40	$ 39.67
Low	25.28	25.36	27.70	27.04	28.99	26.61	31.34	30.27
Dividends Declared:								
Regular	.37	.37	.37	.37	.37	.37	.37	.37
Special	—	—	—	—	—	—	—	7.15
Payment Date:								
Regular	2/22/05	5/27/05	8/25/05	12/22/05	2/23/04	5/28/04	8/25/04	12/22/04
Special	—	—	—	—	—	—	—	11/18/04

The Company's common stock trades on the New York Stock Exchange (ticker symbol CUZ). At February 24, 2006, there were 1,114 common stockholders of record. (See Note 6 of "Notes to Consolidated Financial Statements" in the Company's 2005 Annual Report on Form 10-K.)

Timing of Dividends

Cousins normally pays regular dividends four times each year in February, May, August and December. The Company paid special dividends to its stockholders in September 2003 and November 2004. During 2003 and 2004, Cousins issued preferred stock (see Note 6) which pays dividends in February, May, August and November.

Differences Between Net Income and Cash Dividends Declared

Cousins' current intention is to distribute at least 100% of its taxable income and thus incur no corporate income taxes. However, Consolidated Net Income for financial reporting purposes and Cash Dividends Declared will generally not be equal for the following reasons:

a. There will continue to be considerable differences between Consolidated Net Income as reported to stockholders (which includes the income of consolidated non-REIT entities that pay corporate income taxes) and Cousins' taxable income.

b. For purposes of meeting REIT distribution requirements, dividends may be applied to the calendar year before or after the one in which they are declared. The differences between dividends declared in the current year and dividends applied to meet current year REIT distribution requirements are enumerated in Note 6.

Capital Gains Dividends

In some years Cousins will have taxable capital gains. Cousins currently intends to distribute 100% of such gains to stockholders. The Form 1099-DIV sent by Cousins to stockholders of record each January shows total dividends paid (including the capital gains dividends) as well as that which should be reported as a capital gain.

Tax Preference Items and "Differently Treated Items"

Internal Revenue Code Section 59(d) requires that certain corporate tax preference items and "differently treated items" be passed through to a REIT's stockholders and treated as tax preference items and items of adjustment in determining the stockholder's alternative minimum taxable income. The amount of this adjustment is included in Note 6.

Tax preference items and adjustments are includable in a stockholder's income only for purposes of computing the alternative minimum tax. These adjustments will not affect a stockholder's tax filing unless that stockholder's alternative minimum tax is higher than that stockholder's regular tax. Stockholders should consult their tax advisors to determine if the adjustment reported by Cousins affects their tax filing.

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