FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
SEC Accession No. 0000025232-95-000016

FILER

COUSINS PROPERTIES INC

CIK:**25232**| IRS No.: **580869052** | State of Incorp.:**GA** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-03576** | Film No.: **95536115**
SIC: **6798** Real estate investment trusts

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2500 WINDY RIDGE PARKWAY
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ATLANTA GA 30339-5683

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2500 WINDY RIDGE PKWY
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MARIETTA GA 30067
4049552200

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

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

For Quarter Ended March 31, 1995 Commission file number 0-3576

COUSINS PROPERTIES INCORPORATED
A GEORGIA CORPORATION
I.R.S. EMPLOYER IDENTIFICATION NO. 58-0869052
2500 WINDY RIDGE PARKWAY
ATLANTA, GEORGIA 30339-5683
TELEPHONE: 404-955-2200

Registrant 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, and has been subject to such filing requirements for the past 90 days.

At April 30, 1995, 27,881,070 shares of common stock of the Registrant were outstanding.

COUSINS PROPERTIES INCORPORATED AND CONSOLIDATED ENTITIES
CONSOLIDATED BALANCE SHEETS
($ in thousands, except per share amounts)

<TABLE>
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<S>	DECEMBER 31, 1994 <C>	MARCH 31, 1995 (Unaudited) <C>
ASSETS		
PROPERTIES:		
Operating properties	$104,576	$105,008
Land held for investment or future development	27,353	28,828
Projects under construction	8,711	26,824
Residential lots under development	8,602	11,550
Less: accumulated depreciation	(12,112)	(13,061)
Total properties	137,130	159,149
CASH AND CASH EQUIVALENTS, at cost which approximates market	3,407	152
NOTES AND OTHER RECEIVABLES	52,571	51,823
INVESTMENT IN UNCONSOLIDATED JOINT VENTURES	130,838	136,589
OTHER ASSETS	6,871	5,912
TOTAL ASSETS	$330,817	$353,625
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
NOTES PAYABLE	$ 41,799	$ 65,923

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	11,144	10,255
MINORITY INTERESTS IN CONSOLIDATED ENTITIES	3,631	3,690
DEPOSITS AND DEFERRED INCOME	1,345	1,426
TOTAL LIABILITIES	57,919	81,294
STOCKHOLDERS' INVESTMENT		
Common stock, $1 par value, authorized 50,000,000 shares; issued 27,863,741 shares at December 31, 1994 and 27,881,070 shares at March 31, 1995	27,864	27,881
Additional paid-in capital	147,495	147,729
Cumulative undistributed net income	97,539	96,721
TOTAL STOCKHOLDERS' INVESTMENT	272,898	272,331
TOTAL LIABILITIES AND STOCKHOLDERS' INVESTMENT	$330,817	$353,625

</TABLE>

The accompanying notes are an integral part of these consolidated balance sheets.

COUSINS PROPERTIES INCORPORATED AND CONSOLIDATED ENTITIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 1994 AND 1995
(UNAUDITED)
($ in thousands, except per share amounts)

<TABLE>
<CAPTION>

<S>	1994 <C>	1995 <C>
REVENUES:		
Rental revenues	$2,543	$4,434
Development and construction fees	207	295
Management fees	508	541
Leasing and other fees	514	714
Residential lot and outparcel sales	-	838
Interest and other	1,735	1,178
	5,507	8,000
INCOME FROM UNCONSOLIDATED JOINT VENTURES	3,241	3,374
COSTS AND EXPENSES:		
Rental property operating expenses	741	1,075
General and administrative expenses	2,113	1,982
Depreciation and amortization	813	1,096
Leasing and other commissions	13	-
Stock appreciation right expense (credit)	107	(198)
Residential lot and outparcel cost of sales	-	800
Interest expense	14	163
Property taxes on undeveloped land	148	227
Other	50	173
	3,999	5,318
INCOME FROM OPERATIONS BEFORE INCOME TAXES AND GAIN ON SALE OF INVESTMENT PROPERTIES	4,749	6,056
PROVISION (BENEFIT) FOR INCOME TAXES FROM OPERATIONS	(49)	183
INCOME BEFORE GAIN ON SALE OF INVESTMENT PROPERTIES	4,798	5,873
GAIN ON SALE OF INVESTMENT PROPERTIES, NET OF APPLICABLE INCOME TAX PROVISION	-	-
NET INCOME	$4,798	$5,873

INCOME PER SHARE:

From operations before gain on sale of investment properties	$ .17	$ .21
From gain on sale of investment properties, net of applicable income tax provision	-	-
NET INCOME PER SHARE	$ .17	$ .21
CASH DIVIDENDS DECLARED PER SHARE	$ .22	$ .24

</TABLE>
The accompanying notes are an integral part of these consolidated statements.

COUSINS PROPERTIES INCORPORATED AND CONSOLIDATED ENTITIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 1994 AND 1995
(UNAUDITED)
($ in thousands)

<TABLE>
<CAPTION>

<S>	1994 <C>	1995 <C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income from operations before gain on sale of investment properties	$ 4,798	$ 5,873
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, net of minority interests' share	813	1,055
Stock appreciation right expense (credit)	107	(198)
Cash charges to expense accrual for stock appreciation rights	(40)	(21)
Rental revenue recognized on straight-line basis in excess of rental revenue specified in lease agreements	(61)	(33)
Deferred income received	222	258
Deferred income recognized	(63)	(196)
Income from unconsolidated joint ventures	(3,241)	(3,374)
Operating distributions from unconsolidated joint ventures	3,776	3,380
Residential lot and outparcel cost of sales	-	765
Changes in other operating assets and liabilities:		
Change in other receivables	(240)	674
Change in accounts payable and accrued liabilities	(1,296)	1,306
Net cash provided by operating activities	4,775	9,489
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in unconsolidated joint ventures	(659)	(5,756)
Non-operating distributions from unconsolidated joint ventures	586	-
Property acquisition and development expenditures	(8,307)	(25,509)
Principal payments received on government agency securities	290	15
Investment in notes receivable	(28,031)	-
Collection of notes receivable	4,782	91
Change in other assets, net	(176)	810
Net cash used in investing activities	(31,515)	(30,349)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(6,125)	(6,691)
Proceeds from lines of credit	2,700	24,682
Repayment of line of credit	(848)	(513)
Common stock issued pursuant to stock option plan	56	172
Proceeds from other notes payable	16	-
Repayment of other notes payable	(13)	(45)
Net cash (used in) provided by financing activities	(4,214)	17,605
NET DECREASE IN CASH AND CASH EQUIVALENTS	(30,954)	(3,255)

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	31,684	3,407
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 730	$ 152

</TABLE>
The accompanying notes are an integral part of these consolidated statements.

COUSINS PROPERTIES INCORPORATED AND CONSOLIDATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1995
(UNAUDITED)

1. BASIS OF PRESENTATION

The Consolidated Financial Statements include the accounts of Cousins Properties Incorporated ("Cousins") and its majority owned partnerships, as well as Cousins Real Estate Corporation ("CREC") and its subsidiaries. All of the entities included in the Consolidated Financial Statements are hereinafter referred to collectively as the "Company."

Cousins has elected to be taxed as a real estate investment trust ("REIT"), and intends to distribute 100% of its federal taxable income to stockholders, thereby eliminating any liability for future corporate federal income taxes. Therefore, the results included herein do not include a federal income tax provision for Cousins. However, CREC and its subsidiaries are taxed separately from Cousins as a regular corporation. Accordingly, the Consolidated Statements of Income include a provision (benefit) for CREC's income taxes.

The Consolidated Financial Statements were prepared by the Company without audit, but in the opinion of management reflect all adjustments necessary for the fair presentation of the Company's financial position as of March 31, 1995, and results of operations for the three month periods ended March 31, 1994 and 1995. Results of operations for the interim 1995 period are not necessarily indicative of results expected for the full year. While certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, the Company believes that the disclosures herein are adequate to make the information presented not misleading. These condensed financial statements should be read in conjunction with the Consolidated Financial Statements and the notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1994. The accounting policies employed are the same as those shown in Note 1 to the Consolidated Financial Statements on Form 10-K.

2. SUPPLEMENTAL INFORMATION CONCERNING CASH FLOWS

Interest (net of $340,000 and $724,000 capitalized in 1994 and 1995, respectively) and income taxes paid were as follows for the three months ended March 31, 1994 and 1995 ($ in thousands):

<TABLE>
<CAPTION>

<S>	1994 <C>	1995 <C>
Interest paid	$ -	$183
Income taxes paid	$ 6	$ -

</TABLE>

3. COSTS CAPITALIZED AND FEES ELIMINATED IN CONSOLIDATION

Development, construction, and leasing fees received by CREC and its subsidiaries from Cousins and Cousins' majority owned joint ventures are eliminated in consolidation. Costs related to planning, development, leasing and construction of properties (including related general and administrative expenses) are capitalized. The table below shows the fees eliminated, the internal costs capitalized related to these fees, and the additional internal costs capitalized by CREC to its own residential developments for the three months ended March 31, 1994 and 1995 ($ in thousands):

	1994	1995
Fees eliminated in consolidation	$ 583	$1,020
Internal costs capitalized to projects on which fees were eliminated	263	646
Internal costs capitalized to CREC residential developments	35	101

4. DEVELOPMENT ACTIVITIES

COLONIAL PLAZA

In February 1995, the Company purchased Colonial Plaza Mall, a regional mall located on 49 acres of land in suburban north central Orlando, Florida for $10 million. The Company has commenced the demolition of this mall and begun construction of Colonial Plaza, a 543,000 square foot retail power center.

MANSELL CROSSING-PHASE II

In February 1995, North Point Market Associates, L.P. ("NPMA") pursuant to a tax-free exchange, swapped the proceeds which had been escrowed from a September 1994 land sale ($3.0 million) into the purchase of the land for Mansell Crossing-Phase II. The purchase price of this 13 acre site was $3.3 million. Mansell Crossing-Phase II is a 100,000 square foot retail power center expansion adjacent to the Company's other North Point properties.

5. NOTES PAYABLE AND INTEREST EXPENSE

At December 31, 1994 and March 31, 1995, the composition of notes payable were as follows ($ in thousands):

	December 31, 1994			March 31, 1995		
	Consolidated Entities	Share of Unconsolidated Joint Ventures	Total	Consolidated Entities	Share of Unconsolidated Joint Ventures	Total
Fixed Rate Mortgages (non-recourse)	$ 1,168	$72,650	$ 73,818	$ 1,123	$72,427	$ 73,550
Floating Rate Lines of Credit	40,631	6,905	47,536	64,800	6,455	71,255
	$41,799	$79,555	$121,354	$ 65,923	$78,882	$144,805

During the first quarter of 1995, interest related to approximately $54 million of floating rate debt was capitalized to projects under construction.

For the three months ended March 31, 1995, interest expense was recorded as follows ($ in thousands):

	Consolidated Entities	Share of Unconsolidated Joint Ventures	Total
Interest Expensed	$163	$1,731	$1,894
Interest Capitalized	724	-	724
	$887	$1,731	$2,618

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations for the Three Months Ended March 31, 1994 and 1995.

RESULTS OF OPERATIONS:

RENTAL PROPERTY REVENUES AND OPERATING EXPENSES. Rental property revenues were approximately $1,891,000 higher in 1995. The increase was primarily due to rental property revenues from two retail power centers, North Point Market-Phase I ($974,000) and Presidential Market-Phase I ($383,000) which became operational in May 1994 and December 1994, respectively. Perimeter Expo, which was still in the lease-up phase during the first quarter of 1994, also contributed to the increase ($238,000). In addition, $89,000 of the increase was due to revenue from 13 acres of the Georgia Highway 400 land being ground leased to free standing users. During the first quarter of 1994, revenue was being recognized from only 7 acres of the Georgia 400 land. Rental property revenues were also favorably impacted ($91,000 increase) from the lease-up of the First Union Tower.

Rental property operating expenses increased $334,000, which increase is primarily related to the occupancy of the three retail power centers in 1994.

LEASING AND OTHER FEES. Leasing and other fees were approximately $200,000 higher in 1995 due primarily to leasing fee income received from the leasing of the NationsBank Plaza.

RESIDENTIAL LOT AND OUTPARCEL SALES AND COST OF SALES. Residential lot and outparcel sales in 1995 include approximately $313,000 of sales of residential lots by CREC and approximately $525,000 from the sale of an outparcel site in Presidential Market-Phase I by a subsidiary of CREC. The related cost of sales were $305,000 and $495,000, respectively. No similar sales occurred in the first quarter of 1994.

INTEREST AND OTHER REVENUE. Interest and other revenue was approximately $557,000 lower in 1995. The decrease was primarily due to repayment of $39.9 million of 9.1% mortgage notes upon their maturity in June 1994 ($896,000 decrease). Additionally, interest income decreased due to lower cash balances in 1995 ($151,000 decrease). These two decreases were partially offset by interest income recognized on the 650 Massachusetts Avenue mortgage notes acquired in March 1994 ($533,000 increase).

INCOME FROM UNCONSOLIDATED JOINT VENTURES. (All amounts reflect the Company's share of joint venture income.) Income from unconsolidated joint ventures increased approximately $133,000 in 1995. Income from Haywood Mall Associates increased $238,000 in 1995 due to the venture's prepayment of its outstanding debt through equity contributions of $10 million from each partner on April 29, 1994. Income from CSC Associates, L.P. increased $114,000 as leases at NationsBank Plaza executed in 1994 impacted operating results in 1995.

Income from unconsolidated joint ventures in 1994 was favorably impacted by $238,000 from outparcel and other land sales at several of the Company's other joint ventures. There were no similar sales in 1995.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses decreased approximately $131,000 in 1995. This decrease was primarily due to an increase in costs capitalized to projects under development ($747,000 in 1995 versus $299,000 in 1994). The decrease was partially offset by increases related to personnel increases due to the Company's continued expansion.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization increased approximately $283,000 in 1995. This increase is due primarily to three retail power centers, Perimeter Expo, North Point Market-Phase I and Presidential Market-Phase I, becoming operational in December 1993, May 1994 and December 1994, respectively ($361,000 increase).

STOCK APPRECIATION RIGHT EXPENSE. This non-cash item is primarily related to the Company's stock price, which was $16.50 and $16.75 at December 31, 1993 and March 31, 1994, respectively; and $17.375 and $16.625 at December 31, 1994 and March 31, 1995, respectively.

INTEREST EXPENSE. Interest expense increased approximately $149,000 in 1995. In 1995, interest expense before capitalization increased to $887,000 due to higher debt levels, but the increase was partially offset by increased capitalization because of a higher level of projects under development.

INCOME TAXES. The provision (benefit) for income taxes from operations increased approximately $232,000 from a benefit of $49,000 to a provision of $183,000. The increase in the provision for income taxes from operations is due primarily to an increase in CREC and its subsidiaries' net income before income taxes from a net loss of $145,000 in 1994 to net income of $444,000 in 1995. The increase in CREC and its subsidiaries' net income before income taxes was due to an increase in intercompany development and leasing fees recognized, and decreased intangible amortization. Intercompany fee income is eliminated in consolidation, but the tax effect is not.

FINANCIAL CONDITION:

Major investment activity during the first quarter of 1995 included $25.5 million of property acquisition and development investments, primarily in projects under construction (See Note 4 of "Notes to Consolidated Financial Statements"). The Company also made $5.8 million of contributions during the first quarter of 1995 to certain of its joint ventures including $3.6 million to Haywood Mall Associates to fund the expansion of the mall and $2.0 million to CC-JM II Associates (see Note 5 of "Notes to Consolidated Financial Statements" in the Company's annual report on Form 10-K for the year ended December 31, 1994).The source of cash for these investments was primarily the Company's line of credit.

The Company has development projects in various stages. The Company currently intends to finance these projects, as well as the completion of projects currently under construction, using its existing lines of credit and increasing those lines of credit as required. Additionally, the Company is in the process of arranging approximately $50 million of fixed rate non-recourse financing secured by its North Point Market and Perimeter Expo retail power center projects.

SUPPLEMENTAL FINANCIAL INFORMATION:

Depreciation and amortization expense include the following components for the three months ended March 31, 1995 ($ in thousands):

<TABLE>
<CAPTION>

<S>	Consolidated Entities <C>	Share of Unconsolidated Joint Ventures <C>	Total <C>
General and administrative	$ 105	$ 39	$ 144
Deferred financing costs	-	20	20
Goodwill and related business acquisition costs	57	8	65
Real estate related:			
Building (including tenant first generation)	897	1,958	2,855
Tenant second generation	37	131	168
	$1,096	$2,156	$3,252

</TABLE>

Exclusive of new developments, the Company had the following capital expenditures during the three months ended March 31, 1995, including its share of unconsolidated joint ventures ($ in thousands):

<TABLE>
<CAPTION>

<S>	Office <C>	Retail <C>	Other <C>	Total <C>
Second generation related costs	$57	$ -	$ -	$ 57
Building improvements	-	-	-	-
Furniture, fixtures and equipment	11	-	61	72
	$68	$ -	$61	$129

</TABLE>

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

(a) The Company's Annual Meeting of Stockholders was held on April 28, 1995.

(b) Not applicable.

(c) The following proposals were adopted by the stockholders of the Company:

(i) A proposal to amend the 1987 Restricted Stock Option Plan so as to allow the outside Directors to elect to receive all or part of their compensation in the form of shares of stock of the Company.
The vote on the above proposal was:

For	20,368,116
Against	624,554
Abstained	416,666

(ii) The election of six Directors.
The vote on the above was:

<TABLE>
<CAPTION>

<S>	For <C>	Against <C>	Abstained <C>
Bennett A. Brown	21,398,252	-	11,084
Richard W. Courts, II	21,398,252	-	11,084
Thomas G. Cousins	21,397,982	-	11,354
Henry C. Goodrich	21,396,638	-	12,698
Boone A. Knox	21,398,152	-	11,184
Richard E. Salomon	21,398,252	-	11,084

</TABLE>

(iii) The appointment of Arthur Andersen LLP as the Company's independent auditors for the year ending December 31, 1995.
The vote on the above was:

For	21,348,460
Against	34,460
Abstained	26,416

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

27 Financial Data Schedule

(b) There were no reports on Form 8-K filed by the Registrant during the fiscal quarter ended March 31, 1995.

SIGNATURES

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

COUSINS PROPERTIES INCORPORATED
Registrant

/s/ Peter A. Tartikoff

Peter A. Tartikoff
Senior Vice President - Finance
(Authorized Officer)
(Principal Financial Officer)

May 10, 1995

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