COUSINS PROPERTIES INC
Form 10-K
February 06, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018
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	58-0869052
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3344 Peachtree Road NE, Suite 1800, Atlanta, Georgia	30326-4802
(Address of principal executive offices)	(Zip Code)

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

Title of each class	Name of Exchange on which registered
Common Stock ($1 par value)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No ý
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 ý 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 and post such files). Yes ý No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý
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. (Check one):
Large accelerated filer ý Accelerated filer ¨

Non-accelerated filer o (Do not check if a smaller reporting company) 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 ý

As of June 30, 2018, the aggregate market value of the common stock of Cousins Properties Incorporated held by non-affiliates was $3,996,942,489 based on the closing sales price as reported on the New York Stock Exchange. As of January 31, 2019, 420,366,403 shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant’s proxy statement for the annual stockholders meeting to be held on April 23, 2019 are incorporated by reference into Part III of this Form 10-K.

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FORWARD-LOOKING STATEMENTS

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

- our business and financial strategy;
- future debt financings;
- future acquisitions and dispositions of operating assets;
- future acquisitions and dispositions of land, including ground leases;
- future development and redevelopment opportunities, including fee development opportunities;
- future issuances and repurchases of common stock;
- projected operating results;
- market and industry trends;
- entry into new markets;
- future distributions;
- projected capital expenditures;
- future changes in interest rates; and
- all statements that address operating performance, events, or developments that we expect or anticipate will occur in the future — including statements relating to creating value for stockholders.

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

- the availability and terms of capital;
- the ability to refinance or repay indebtedness as it matures;
- the failure of purchase, sale, or other contracts to ultimately close;
- the failure to achieve anticipated benefits from acquisitions, investments, or dispositions;
- the potential dilutive effect of common stock or operating partnership unit issuances;
- the availability of buyers and pricing with respect to the disposition of assets;
- changes in national and local economic conditions, the real estate industry, and the commercial real estate markets in which we operate (including supply and demand changes), particularly in Atlanta, Charlotte, Austin, Phoenix, and Tampa where we have high concentrations of our lease revenue;
- changes to our strategy with regard to land and other non-core holdings that require impairment losses to be recognized;
- leasing risks, including the ability to obtain new tenants or renew expiring tenants, the ability to lease newly developed and/or recently acquired space, the failure of a tenant to occupy leased space, and the risk of declining leasing rates;
- changes in the needs of our tenants brought about by the desire for co-working arrangements, trends toward utilizing less office space per employee, and the effect of telecommuting;
- the adverse change in the financial condition of one or more of our major tenants;
- volatility in interest rates and insurance rates;
- competition from other developers or investors;
- the risks associated with real estate developments (such as zoning approval, receipt of required permits, construction delays, cost overruns, and leasing risk);
- cyber security breaches;

- changes in senior management and the loss of key personnel;
- the potential liability for uninsured losses, condemnation, or environmental issues;
- the potential liability for a failure to meet regulatory requirements;
- the financial condition and liquidity of, or disputes with, joint venture partners;
- any failure to comply with debt covenants under credit agreements;
- any failure to continue to qualify for taxation as a real estate investment trust and meet regulatory requirements;
- potential changes to state, local, or federal regulations applicable to our business;
- material changes in the rates, or the ability to pay, dividends on common shares or other securities;
- potential changes to the tax laws impacting REITs and real estate in general; and
- those additional risks and factors discussed in reports filed with the Securities and Exchange Commission by the Company.

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

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PART I

Item 1. Business

Corporate Profile

Cousins Properties Incorporated (the "Registrant" or "Cousins") is a Georgia corporation, which has elected to be taxed as a real estate investment trust ("REIT"). Cousins conducts substantially all of its business through Cousins Properties LP ("CPLP"), a Delaware limited partnership. Cousins owns approximately 98% of CPLP, and CPLP is consolidated with Cousins for financial reporting purposes. CPLP also 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 for other parties. Cousins, CPLP, their subsidiaries, and CTRS combined are hereafter referred to as "we," "us," "our," and the "Company." Our common stock trades on the New York Stock Exchange under the symbol "CUZ."

Our operations are conducted through a number of segments based on our method of internal reporting, which classifies operations by property type and geographical area.

Company Strategy

Our strategy is to create value for our stockholders through ownership of the premier urban office portfolio in the Sunbelt markets of the United States, with a particular focus on Georgia, Texas, North Carolina, Florida, and Arizona. This strategy is based on a disciplined approach to capital allocation that includes value-add acquisitions, selective development projects, and timely dispositions of non-core assets. This strategy is also based on a simple, flexible, and low-leveraged balance sheet that allows us to pursue investment opportunities at the most advantageous points in the cycle. To implement this strategy, we leverage our strong local operating platforms within each of our major markets.

2018 Activities

During 2018, we commenced two new development projects and completed two development projects. At year-end, we had four development projects in process; our share of the total expected costs of these projects totaled $245.9 million. We also improved our balance sheet and liquidity by expanding and extending our unsecured credit facility ("Credit Facility") and repaying one mortgage loan. The following is a summary of our significant 2018 activities:

Investment Activity

- Commenced construction of 10000 Avalon, a 251,000 square foot office building in Atlanta, adjacent to our existing 8000 Avalon building. This project is being developed in a joint venture in which we hold a 90% interest, and the project is expected to be completed in 2020.
- Commenced construction of 300 Colorado, a 358,000 square foot office building in downtown Austin. This project is being developed in a joint venture in which we hold a 50% interest, and the project is expected to be completed in 2021.
- Completed the development and commenced operations of Spring & 8th (864 and 858 Spring Street), two office buildings totaling 765,000 square feet in Midtown Atlanta that comprise NCR's headquarters.
- Continued development of Dimensional Place, a 282,000 square foot building in Charlotte that will become the East Coast headquarters of Dimensional Fund Advisors. This project is being developed in a 50-50 joint venture with Dimensional Fund Advisors and is expected to be completed in 2019.
- Acquired interests in two tracts of land in Midtown Atlanta and a tract of land in Tempe for potential future office development projects. With the addition of these sites, we own or control sites that could accommodate development of up to 1.4 million square feet of new Class A office space.

Financing Activity

- Closed a $1 billion unsecured revolving credit facility that replaced the existing $500 million facility.
- Repaid the $22.2 million mortgage note secured by The Pointe, a 253,000 square foot office building in Tampa.

Portfolio Activity

- Leased or renewed 1.6 million square feet of office space.
- Increased second generation net rent per square foot by 32.5% on a GAAP basis and 13.2% on a cash basis.
- Increased same property net operating income by 2.1% on a GAAP basis and 4.7% on a cash basis.

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Environmental Matters

Our business operations are subject to various federal, state, and local environmental laws and regulations governing land, water, and wetlands resources. Among these are certain laws and regulations under which an owner or operator of real estate could become liable for the costs of removal or remediation of certain hazardous or toxic substances present on or in such property. Such laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of such substances, or the failure to properly remediate such substances, may subject the owner to substantial liability and may adversely affect the owner's ability to develop the property or to borrow using such real estate as collateral.

We typically manage this potential liability through performance of Phase I Environmental Site Assessments and, as necessary, Phase II environmental sampling, on properties we acquire or develop. Even with these assessments and testings, no assurance can be given that environmental liabilities do not exist, that the reports revealed all environmental liabilities, or that no prior owner created any material environmental condition not known to us. In certain situations, we have also sought to avail ourselves of legal and regulatory protections offered by federal and state authorities to prospective purchasers of property. Where applicable studies have resulted in the determination that remediation was required by applicable law, the necessary remediation is typically incorporated into the acquisition or development activity of the relevant property. We are not aware of any environmental liability that we believe would have a material adverse effect on our business, assets, or results of operations.

Certain environmental laws impose liability on a previous owner of a property to the extent that hazardous or toxic substances were present during the prior ownership period. A transfer of the property does not necessarily relieve an owner of such liability. Thus, although we are not aware of any such situation, we may have such liabilities on properties previously sold. We believe that we and our properties are in compliance in all material respects with applicable federal, state, and local laws, ordinances, and regulations governing the environment. For additional information, see Item 1A. Risk Factors - "Environmental issues."

Competition

We compete with other real estate owners with similar properties located in our markets and distinguish ourselves to tenants/buyers primarily on the basis of location, rental rates/sales prices, services provided, reputation, and the design and condition of the facilities. We also compete with other real estate companies, financial institutions, pension funds, partnerships, individual investors, and others when attempting to acquire and develop properties.

Executive Offices; Employees

Our executive offices are located at 3344 Peachtree Road NE, Suite 1800, Atlanta, Georgia 30326-4802. On December 31, 2018, we employed 257 people.

Available Information

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

Our Corporate Governance Guidelines, Director Independence Standards, Code of Business Conduct and Ethics, and the Charters of the Audit Committee, and the Compensation, Succession, Nominating and Governance Committee of the Board of Directors are also available on the "Investor Relations" page of our website. The information contained on our website is not incorporated herein by reference. Copies of these documents (without exhibits, when applicable) are also available free of charge upon request to us at 3344 Peachtree Road NE, Suite 1800, Atlanta, Georgia 30326-4802, Attention: Investor Relations or by telephone at (404) 407-1104 or by facsimile at (404) 407-1105. In addition, the SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers, including us, that file electronically with the SEC at www.sec.gov.

Item 1A. Risk Factors

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

General Risks of Owning and Operating Real Estate

Our ownership of commercial real estate involves a number of risks, the effects of which could adversely affect our business.

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General economic and market risks. In a general economic decline or recessionary climate, our commercial real estate assets may not generate sufficient cash to pay expenses, service debt, or cover maintenance costs, and, as a result, our results of operations and cash flows may be adversely affected. Factors that may adversely affect the economic performance and value of our properties include, among other things:

- changes in the national, regional, and local economic climate;
- local real estate conditions such as an oversupply of rentable space caused by increased development of new properties or a reduction in demand for rentable space caused by a change in the wants and needs of our tenants or economic conditions making our locations undesirable;
- the attractiveness of our properties to tenants or buyers;
- competition from other available properties;
- changes in market rental rates and related concessions granted to tenants including, but not limited to, free rent, and tenant improvement allowances;
- uninsured losses as a result of casualty events;
- the need to periodically repair, renovate, and re-lease properties; and
- changes in federal and state income tax laws as they affect real estate companies and real estate investors.

Uncertain economic conditions may adversely impact current tenants in our various markets and, accordingly, could affect their ability to pay rents owed to us pursuant to their leases. In periods of economic uncertainty, tenants are more likely to downsize and/or to declare bankruptcy; and, pursuant to various bankruptcy laws, leases may be rejected and thereby terminated. Furthermore, our ability to sell or lease our properties at favorable rates, or at all, may be negatively impacted by general or local economic conditions.

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

Impairment risks. We regularly review our real estate assets for impairment; and based on these reviews, we may record impairment losses that have an adverse effect on our results of operations. Negative or uncertain market and economic conditions, as well as market volatility, increase the likelihood of incurring impairment losses. If we decide to sell a real estate asset rather than holding it for long term investment or if we reduce our estimates of future cash flows on a real estate asset, the risk of impairment increases. The magnitude and frequency with which these charges occur could materially and adversely affect our business, financial condition, and results of operations.

Leasing risk. Our properties were 94.9% leased at December 31, 2018. Our operating revenues are dependent upon entering into leases with, and collecting rents from, our tenants. Tenants whose leases are expiring may want to decrease the space they lease and/or may be unwilling to continue their lease. When leases expire or are terminated, replacement tenants may not be available upon acceptable terms and market rental rates may be lower than the previous contractual rental rates. Also, our tenants may approach us for additional concessions in order to remain open and operating. The granting of these concessions may adversely affect our results of operations and cash flows to the extent that they result in reduced rental rates, additional capital improvements, or allowances paid to, or on behalf of, the tenants.

Tenant and property concentration risk. As of December 31, 2018, our top 20 tenants represented 36% of our annualized base rental revenues with no single tenant accounting for more than 8% of our annualized base rental revenues. The inability of any of our significant tenants to pay rent or a decision by a significant tenant to vacate their premises prior to, or at the conclusion of, their lease term could have a significant negative impact on our results of operations or financial condition if a suitable replacement tenant is not secured in a timely manner. These events could have a significant adverse impact on our results of operations or financial condition.

For the three months ended December 31, 2018, 41.5% of our net operating income for properties owned was derived from the metropolitan Atlanta area, 18.5% was derived from the metropolitan Charlotte area, and 18.1% was derived from the metropolitan Austin area. Any adverse economic conditions impacting Atlanta, Charlotte, or Austin could adversely affect our overall results of operations and financial condition.

Uninsured losses and condemnation costs. Accidents, earthquakes, terrorism incidents, and other losses at our properties could adversely affect our operating results. Casualties may occur that significantly damage an operating property, and insurance proceeds may be less than the total loss incurred by us. Although we, or our joint venture partners where applicable, maintain casualty insurance under policies we believe to be adequate and appropriate, including rent loss insurance on operating properties, some types of losses, such as those related to the termination of longer-term leases and other contracts, generally are not insured. Certain types of insurance may not be available or may be available on terms that could result in large uninsured losses, and insurers may not pay a claim as required under a policy. Property ownership also involves potential liability to third parties for such matters as personal injuries occurring on the property. Such losses may not be fully insured. In addition to uninsured losses, various government authorities may condemn all or parts of operating properties. Such condemnations could adversely affect the viability of such projects.

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

Joint venture structure risks. We hold ownership interests in a number of joint ventures with varying structures and may in the future invest in real estate through such structures. Our venture partners may have rights to take actions over which we have no control, or the right to withhold approval of actions that we propose, either of which could adversely affect our interests in the related joint ventures, and in some cases, our overall financial condition and results of operations. These structures involve participation by other parties whose interests and rights may not be the same as ours. For example, a venture partner may have economic and/or other business interests or goals which are incompatible with our business interests or goals and that venture partner may be in a position to take action contrary to our interests. In addition, such venture partners may default on their obligations, which could have an adverse impact on the financial condition and operations of the joint venture. Such defaults may result in our fulfilling their obligations that may, in some cases, require us to contribute additional capital to the ventures. Furthermore, the success of a project may be dependent upon the expertise, business judgment, diligence, and effectiveness of our venture partners in matters that are outside our control. Thus, the involvement of venture partners could adversely impact the development, operation, ownership, financing, or disposition of the underlying properties.

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

Compliance or failure to comply with the Americans with Disabilities Act or other federal, state, and local regulatory requirements could result in substantial costs.

The Americans with Disabilities Act generally requires that certain buildings, including office buildings, be made accessible to disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants. If, under the Americans with Disabilities Act, we are required to make substantial alterations and capital expenditures in one or more of our properties, including the removal of access barriers, it could adversely impact our earnings and cash flows, thereby impacting our ability to service debt and make distributions to our stockholders.

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

Financing Risks

At certain times, interest rates and other market conditions for obtaining capital are unfavorable, and, as a result, we may be unable to raise the capital needed to invest in acquisition or development opportunities, maintain our properties,

or otherwise satisfy our commitments on a timely basis, or we may be forced to raise capital at a higher cost or under restrictive terms, which could adversely affect returns on our investments, our cash flows, and results of operations.
We generally finance our acquisition and development projects through one or more of the following: our Credit Facility, unsecured debt, non-recourse mortgages, construction loans, the sale of assets, joint venture equity, the issuance of common stock, issuance of preferred stock, and the issuance of units of CPLP. Each of these sources may be constrained from time to time because of market conditions, and the related cost of raising this capital may be unfavorable at any given point in time. These sources of capital, and the risks associated with each, include the following:

- Credit Facility. Terms and conditions available in the marketplace for unsecured credit facilities vary over time. We can provide no assurance that the amount we need from our Credit Facility will be available at any given time, or at all, or that the rates and fees charged by the lenders will be reasonable. We incur interest under our Credit Facility at a variable rate. Variable rate debt creates higher debt service requirements if market interest rates increase, which would adversely affect our cash flow and results of operations. Our Credit Facility contains customary restrictions, requirements and other limitations on our ability to incur indebtedness, including restrictions on unsecured debt outstanding, restrictions on secured recourse debt outstanding, and requirements to maintain a minimum fixed charge coverage ratio. Our continued ability to borrow under our Credit Facility is subject to compliance with these covenants.
- Unsecured Debt. Terms and conditions available in the marketplace for unsecured debt vary over time. The availability of unsecured debt may vary based on the capital markets and capital market activity. Unsecured debt generally contains restrictive covenants that may place limitations on our ability to conduct our business similar to those placed upon us by our Credit Facility.
- Non-recourse mortgages. The availability of non-recourse mortgages is dependent upon various conditions, including the willingness of mortgage lenders to lend at any given point in time. Interest rates and loan-to-value ratios may also be volatile, and we may from time to time elect not to proceed with mortgage financing due to unfavorable terms offered by lenders. If a property is mortgaged to secure payment of indebtedness and we are unable to make the mortgage payments, the lender may foreclose. Further, at the time a mortgage matures, the property may be worth less than the mortgage amount and, as a result, we may determine not to refinance the mortgage and permit foreclosure, potentially generating defaults on other debt.
- Asset sales. Real estate markets tend to experience market cycles. Because of such cycles, the potential terms and conditions of sales, including prices, may be unfavorable for extended periods of time. In addition, our status as a REIT can limit our ability to sell properties, which may affect our ability to liquidate an investment. As a result, our ability to raise capital through asset sales could be limited. In addition, mortgage financing on an asset may prohibit prepayment and/or impose a prepayment penalty upon the sale of that property, which may decrease the proceeds from a sale or make the sale impractical.
- Construction loans. Construction loans generally relate to specific assets under construction and fund costs above an initial equity amount deemed acceptable by the lender. Terms and conditions of construction loans vary, but they generally carry a term of two to five years, charge interest at variable rates, require the lender to be satisfied with the nature and amount of construction costs prior to funding, and require the lender to be satisfied with the level of pre-leasing prior to funding. Construction loans can require a portion of the loan to be recourse to us. In addition, construction loans generally require a completion guarantee by the borrower and may require a limited payment guarantee from the Company which may be disproportionate to any guaranty required from a joint venture partner. There may be times when construction loans are not available, or are only available upon unfavorable terms, which could have an adverse effect on our ability to fund development projects or on our ability to achieve the returns we expect.
- Joint ventures. Joint ventures, including partnerships or limited liability companies, tend to be complex arrangements, and there are only a limited number of parties willing to undertake such investment structures. There is no guarantee that we will be able to undertake these ventures at the times we need capital and at favorable terms.
- Common stock. Common stock issuances may have a dilutive effect on our earnings per share and funds from operations per share. The actual amount of dilution, if any, from any future offering of common stock will be based

on numerous factors, particularly the use of proceeds and any return generated from these proceeds. The per share trading price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market in connection with an offering, or as a result of the perception or expectation that such sales

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could occur. We can also provide no assurance that conditions will be favorable for future issuances of common stock when we need capital.

- Preferred Stock. The availability of preferred stock at favorable terms and conditions is dependent upon a number of factors including the general condition of the economy, the overall interest rate environment, the condition of the capital markets and the demand for this product by potential holders of the securities. We can provide no assurance that conditions will be favorable for future issuances of preferred stock when we need the capital, which could have an adverse effect on our ability to fund acquisition and development activities.
- Operating partnership units. The issuance of units of CPLP in connection with property, portfolio, or business acquisitions could be dilutive to our earnings per share and could have an adverse effect on the per share trading price of our common stock.

As a result of any additional indebtedness incurred to consummate investment activities, we may experience a potential material adverse effect on our financial condition and results of operations.

As of December 31, 2018, we had $1.1 billion of outstanding indebtedness. The incurrence of additional indebtedness could have adverse consequences on our business, such as:

- requiring us to use a substantial portion of our cash flow from operations to service our indebtedness, which would reduce the available cash flow to fund working capital, capital expenditures, development projects, and other general corporate purposes and reduce cash for distributions;
- limiting our ability to obtain additional financing to fund our working capital needs, acquisitions, capital expenditures, or other debt service requirements or for other purposes;
- increasing our exposure to floating interest rates;
- limiting our ability to compete with other companies who have less leverage, as we may be less capable of responding to adverse economic and industry conditions;
- restricting us from making strategic acquisitions, developing properties, or capitalizing on business opportunities;
- restricting the way in which we conduct our business due to financial and operating covenants in the agreements governing our existing and future indebtedness;
- exposing us to potential events of default (if not cured or waived) under covenants contained in our debt instruments;
- increasing our vulnerability to a downturn in general economic conditions; and
- limiting our ability to react to changing market conditions in our industry.

The impact of any of these potential adverse consequences could have a material adverse effect on our results of operations, financial condition, and liquidity.

Covenants contained in our Credit Facility, senior unsecured notes, term loans and mortgages could restrict our operational flexibility, which could adversely affect our results of operations.

Our Credit Facility, senior unsecured notes, and our unsecured term loan impose financial and operating restrictions on us. These restrictions may be modified from time to time, but restrictions of this type include limitations on our ability to incur debt, as well as limitations on the amount of our secured debt, unsecured debt, and on the amount of joint venture activity in which we may engage. These covenants may limit our flexibility in making business decisions. If we fail to comply with these covenants, our ability to borrow may be impaired, which could potentially make it more difficult to fund our capital and operating needs. Our failure to comply with such covenants could cause a default, and we may then be required to repay our outstanding debt with capital from other sources. Under those circumstances, other sources of capital may not be available to us or may be available only on unattractive terms, which could materially and adversely affect our financial condition and results of operations. In addition, the cross default provisions on the Credit Facility, senior unsecured notes, and term loan may affect business decisions on other debt.

Some of our mortgages contain customary negative covenants, including limitations on our ability, without the lender's prior consent, to further mortgage that specific property, to enter into new leases, to modify existing leases, or to sell the property. Compliance with these covenants and requirements could harm our operational flexibility and financial condition.

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

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

Real Estate Acquisition and Development Risks

We face risks associated with operating property acquisitions.

Operating property acquisitions contain inherent risks. These risks may include:

- difficulty in leasing vacant space or renewing existing tenants with the acquired property;
- the costs and timing of repositioning or redeveloping acquisitions;
- the acquisitions may fail to meet internal projections or otherwise fail to perform as expected;
- the acquisitions may be in markets that are unfamiliar to us and could present unforeseen business challenges;
- the timing of acquisitions may not match the timing of dispositions, leading to periods of time where projects' proceeds are not invested as profitably as we desire or where we increase short-term borrowings until sales proceeds become available;
- the inability to obtain financing for acquisitions on favorable terms or at all;
- the inability to successfully integrate the operations, maintain consistent standards, controls, policies and procedures, or realize the anticipated benefits of acquisitions within the anticipated time frames or at all;
- the inability to effectively monitor and manage our expanded portfolio of properties, retain key employees or attract highly qualified new employees;
- the possible decline in value of the acquired asset;
- the diversion of our management’s attention away from other business concerns; and
- the exposure to any undisclosed or unknown issues, expenses, or potential liabilities relating to acquisitions.

In addition, we may acquire properties subject to liabilities with no or limited recourse against the prior owners or other third parties. As a result, if a liability were asserted against us based upon ownership of those properties, we might have to pay substantial sums to settle or contest it, which might not be fully covered by owner's title insurance policies or other insurance policies.

Any of these risks could cause a failure to realize the intended benefits of our acquisitions and could have a material adverse effect on our financial condition, results of operations, and the market price of our common stock.

We face risks associated with the development of real estate.

Development activities contain certain inherent risks. Although we seek to minimize risks from development through various management controls and procedures, development risks cannot be eliminated. Some of the key factors affecting development of property are as follows:

- Abandoned predevelopment costs. The development process inherently requires that a large number of opportunities be pursued with only a few actually being developed. We may incur significant costs for predevelopment activity for projects that are later abandoned, which would directly affect our results of operations. For projects that are later abandoned, we must expense certain costs, such as salaries, that would have otherwise been capitalized. We have procedures and controls in place that are intended to minimize this risk, but it is likely that we will incur predevelopment expense on abandoned projects on an ongoing basis.
- Project costs. Construction and leasing of a project involves a variety of costs that cannot always be identified at the beginning of a project. Costs may arise that have not been anticipated or actual costs may exceed estimated costs. These additional costs can be significant and could adversely impact our return on a project and the expected results of operations upon completion of the project. Also, construction costs vary over time based upon many factors, including the cost of labor and building materials. We attempt to mitigate the risk of unanticipated increases in construction costs on our development projects through guaranteed maximum price contracts and pre-ordering

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of certain materials, but we may be adversely affected by increased construction costs on our current and future projects.

- Construction delays. Real estate development carries the risk that a project could be delayed due to a number of issues that may arise including, but not limited to, weather and other forces of nature, availability of materials, availability of skilled labor, and the financial health of general contractors or sub-contractors. Construction delays could cause adverse financial impacts to us which could include higher interest and other carrying costs than originally budgeted, monetary penalties from tenants pursuant to their leases, and higher construction costs. Delays could also result in a violation of terms of construction loans that could increase fees, interest, or trigger additional recourse of a construction loan to us.
- Leasing risk. The success of a commercial real estate development project is heavily dependent upon entering into leases with acceptable terms within a predefined lease-up period. Although our policy is to generally achieve certain pre-leasing goals (which vary by market, product type, and circumstances) before committing to a project, it is expected that sometimes not all the space in a project will be leased at the time we commit to the project. If the additional space is not leased on schedule and upon the expected terms and conditions, our returns, future earnings, and results of operations from the project could be adversely impacted. Whether or not tenants are willing to enter into leases on the terms and conditions we project and on the timetable we expect will depend upon a number of factors, many of which are outside our control. These factors may include:
- general business conditions in the local or broader economy or in the prospective tenants' industries;
- supply and demand conditions for space in the marketplace; and
- level of competition in the marketplace.
- Reputation risks. We have historically developed and managed a significant portion of our real estate portfolio and believe that we have built a positive reputation for quality and service with our lenders, joint venture partners, and tenants. If we developed under-performing properties, suffered sustained losses on our investments, defaulted on a significant level of loans or experienced significant foreclosure or deed in lieu of foreclosure of our properties, our reputation could be damaged. Damage to our reputation could make it more difficult to successfully develop properties in the future and to continue to grow and expand our relationships with our lenders, joint venture partners and tenants, which could adversely affect our business, financial condition, and results of operations.
- Governmental approvals. All necessary zoning, land-use, building, occupancy, and other required governmental permits and authorization may not be obtained, may only be obtained subject to onerous conditions or may not be obtained on a timely basis resulting in possible delays, decreased profitability, and increased management time and attention.
- Competition. We compete for tenants in our Sunbelt markets by highlighting our locations, rental rates, services, reputation, and the design and condition of our facilities. As the competition for tenants is intense, we may be required to provide rent abatements, incur charges for tenant improvements and other concessions, or we may not be able to lease vacant space in a timely manner.

General Business Risks

Due to recent changes, our executive management team has limited experience working together in their new roles and may not be able to manage our business effectively and execute our strategy.

Recently, we have experienced a number of changes in our executive team, including in our Chief Executive Officer and our Executive Vice President, Operations positions. Our success is dependent on the experience and skills of our management team and our management team's ability to implement a successful strategy and to work effectively together and with the Board of Directors. If our management team is not successful, our ability to manage our business and execute our business strategy would be adversely affected.

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

Our restated and amended articles of incorporation impose limitations on the ownership of our stock. In general, except for certain individuals who owned stock at the time of adoption of these limitations, and except for persons or organizations that are granted waivers by our Board of Directors, no individual or entity may own more than 3.9% of the value of our outstanding stock. We provide waivers to this limitation on a case by case basis, which could result in increased voting control by a shareholder.

The ownership limitation may have the effect of delaying, inhibiting, or preventing a transaction or a change in control that might involve a premium price for our stock or otherwise be in the best interest of our stockholders.

The market price of our common stock may fluctuate.

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

- actual or anticipated variations in our operating results, funds from operations, or liquidity;
- the general reputation of real estate as an attractive investment in comparison to other equity securities and/or the reputation of the product types of our assets compared to other sectors of the real estate industry;
- material changes in any significant tenant industry concentration;
- the general stock and bond market conditions, including changes in interest rates or fixed income securities;
- changes in tax laws;
- changes to our dividend policy;
- changes in market valuations of our properties;
- adverse market reaction to the amount of our outstanding debt at any time, the amount of our maturing debt, and our ability to refinance such debt on favorable terms;
- any failure to comply with existing debt covenants;
- any foreclosure or deed in lieu of foreclosure of our properties;
- additions or departures of key executives and other employees;
- actions by institutional stockholders;
- uncertainties in world financial markets;
- the realization of any of the other risk factors described in this report; and
- general market and economic conditions, in particular, market and economic conditions of Atlanta, Charlotte, Austin, Phoenix, and Tampa.

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

If our future operating performance does not meet the projections of our analysts or investors, our stock price could decline.

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

We face risks associated with security breaches through cyber attacks, cyber intrusions, or otherwise, as well as other significant disruptions of our information technology (IT) networks and related systems.

We face risks associated with security breaches or disruptions, whether through cyber attacks or cyber intrusions over the internet, malware, computer viruses, attachments to emails, persons inside our organization, persons with access to systems inside our organization, and other significant disruptions of our IT networks and related systems. The risk of a security breach or disruption, particularly through cyber attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased. Our IT networks and related systems are essential to the operation of our business and our ability to perform day-to-day operations (including managing our building systems) and, in some cases, may be critical to the operations of certain of our tenants. While, to date, we have not had a significant cyber breach or attack that had a material impact on our business or results of operations, there can be no assurance that our efforts to maintain the security and integrity of these types of IT networks and related systems will be effective or that attempted security breaches or disruptions would not be successful or damaging. A security breach or other significant disruption involving our IT networks and related systems could adversely impact our financial condition, results of operations, cash flows, liquidity, and the market price of our common stock.

Further, one or more of our tenants could experience a cyber incident which could impact their operations and ability to perform under the terms of their lease with us. While we maintain insurance coverage that may, subject to policy terms and conditions including deductibles, cover specific aspects of cyber risks, such insurance coverage may be insufficient to cover all losses. As cyber threats continue to evolve, we may be required to expend additional resources to continue to enhance our information security measures and to investigate and remediate any information security vulnerabilities.

Federal Income Tax Risks

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

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

If we were to fail to qualify as a REIT, we would not be allowed a deduction for distributions to stockholders in computing our taxable income. In this case, we would be subject to federal income tax on our taxable income at regular corporate rates. Unless entitled to relief under certain Code provisions, we also would be disqualified from operating as a REIT for the four taxable years following the year during which qualification was lost. As a result, we would be subject to federal and state income taxes which could adversely affect our results of operations and distributions to stockholders. Although we currently intend to operate in a manner designed to qualify as a REIT, it is possible that future economic, market, legal, tax, or other considerations may cause us to revoke the REIT election.

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

- 85% of our ordinary income;
- 95% of our net capital gain income for that year; and
- 100% of our undistributed taxable income (including any net capital gains) from prior years.

We generally intend to make distributions to our stockholders to comply with the 90% distribution requirement to avoid corporate-level tax on undistributed taxable income and to avoid the nondeductible excise tax. Distributions could be made in cash, stock or in a combination of cash and stock. Differences in timing between taxable income and cash available for distribution could require us to borrow funds to meet the 90% distribution requirement, to avoid corporate-level tax on undistributed taxable income, and to avoid the nondeductible excise tax.

Certain property transfers may be characterized as prohibited transactions.

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

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We may face risks in connection with Section 1031 exchanges.

If a transaction's gain that is intended to qualify as a Section 1031 deferral is later determined to be taxable, we may face adverse consequences, and if the laws applicable to such transactions are amended or repealed, we may not be able to dispose of properties on a tax-deferred basis.

Recent changes to the U.S. tax laws could have an adverse impact on our business operations, financial condition, and earnings.

In recent years, numerous legislative, judicial, and administrative changes have been made in the provisions of federal and state income tax laws applicable to investments similar to an investment in our shares. In particular, the comprehensive tax reform legislation enacted in December 2017 and commonly known as the Tax Cuts and Jobs Act, or TCJA, makes many significant changes to the U.S. federal income tax laws that will profoundly impact the taxation of individuals and corporations (including both regular C corporations and corporations that have elected to be taxed as REITs). A number of changes that affect noncorporate taxpayers will expire at the end of 2025 unless Congress acts to extend them. These changes will impact us and our shareholders in various ways, some of which are adverse or potentially adverse compared to prior law. Although the IRS has issued guidance with respect to certain of the new provisions, there are numerous interpretive issues that will require further guidance. It is highly likely that technical corrections legislation will be needed to clarify certain aspects of the new law and give proper effect to Congressional intent. There can be no assurance, however, that technical clarifications or changes needed to prevent unintended or unforeseen tax consequences will be enacted by Congress in the near future. Additional changes to tax laws are likely to continue to occur in the future, and we cannot assure investors that any such changes will not adversely affect the taxation of our stockholders. Any such changes could have an adverse effect on an investment in shares or on the market value or the resale potential of our properties. Investors are urged to consult with their own tax advisor with respect to the impact of recent legislation on ownership of shares and the status of legislative, regulatory, or administrative developments and proposals, and their potential effect on ownership of shares.

Disclosure Controls and Internal Control over Financial Reporting Risks

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

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

Item 1B. Unresolved Staff Comments

Not applicable.

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Item 2. Properties

The following table sets forth certain information related to operating properties in which we have an ownership interest. Except as noted, all information presented is as of December 31, 2018:

Operating Properties

Office Properties	Rentable Square Feet	Financial Statement Presentation	Company's Ownership Interest	End of Period Leased	Weighted Average Occupancy (1)	Company's Share % of Total Net Operating Income (2)	Company's Share Property Level Debt ($000) (3)	Annualized Rents (4)
Spring & 8th (5)	765,000	Consolidated	100%	100.0%	100.0%	8.8%	$—	
Northpark (5)	1,539,000	Consolidated	100%	95.1%	86.6%	7.9%	—	
Promenade	777,000	Consolidated	100%	89.4%	91.7%	4.6%	99,015	
Buckhead Plaza (5)	671,000	Consolidated	100%	82.0%	85.2%	4.5%	—	
Terminus (5)	1,226,000	Unconsolidated	50%	90.8%	87.2%	3.9%	99,366	
3344 Peachtree	484,000	Consolidated	100%	95.9%	91.7%	3.7%	—	
3350 Peachtree	413,000	Consolidated	100%	94.4%	85.4%	2.2%	—	
8000 Avalon	229,000	Consolidated	90%	100.0%	79.9%	1.9%	—	
3348 Peachtree	258,000	Consolidated	100%	92.5%	86.9%	1.8%	—	
Emory University Hospital Midtown Medical Office Tower	358,000	Unconsolidated	50%	99.1%	98.2%	1.2%	34,761	
Meridian Mark Plaza	160,000	Consolidated	100%	100.0%	100.0%	1.0%	23,483	
ATLANTA	6,880,000			93.4%	89.3%	41.5%	256,625	
Hearst Tower	966,000	Consolidated	100%	98.5%	98.9%	7.8%	—	
Fifth Third Center	692,000	Consolidated	100%	99.8%	97.7%	5.7%	142,981	
NASCAR Plaza	394,000	Consolidated	100%	95.3%	97.2%	2.9%	—	
Gateway Village (5)	1,061,000	Unconsolidated	50%	99.4%	99.4%	2.1%	—	
CHARLOTTE	3,113,000			98.5%	98.4%	18.5%	142,981	
One Eleven Congress	519,000	Consolidated	100%	90.3%	86.6%	4.9%	—	
San Jacinto Center	395,000	Consolidated	100%	92.4%	92.9%	4.5%	—	
Colorado Tower	373,000	Consolidated	100%	100.0%	100.0%	4.0%	118,689	
816 Congress	435,000	Consolidated	100%	98.3%	95.6%	3.5%	81,196	
Research Park V	173,000	Consolidated	100%	97.1%	97.1%	1.2%	—	
AUSTIN	1,895,000			95.1%	93.6%	18.1%	199,885	
Hayden Ferry (5)	789,000	Consolidated	100%	94.9%	91.1%	7.5%	—	
Tempe Gateway	264,000	Consolidated	100%	96.8%	94.4%	2.4%	—	
111 West Rio	225,000	Consolidated	100%	100.0%	100.0%	1.6%	—	
PHOENIX	1,278,000			96.2%	93.4%	11.5%	—	
	1,224,000	Consolidated	100%	98.2%	94.5%	7.4%	—	

Corporate Center (5)								
The Pointe	253,000	Consolidated	100%	97.1%	94.0%	1.5%	—	
Harborview Plaza	205,000	Consolidated	100%	64.1%	61.9%	0.2%	—	
TAMPA	1,682,000			93.9%	90.5%	9.1%	—	
Carolina Square Office (6)	158,000	Unconsolidated	50%	79.4%	73.8%	0.5%	12,599	
CHAPEL HILL	158,000			79.4%	73.8%	0.5%	12,599	
TOTAL OFFICE PROPERTIES	15,006,000			94.9%	92.1%	99.2%	$612,090	$ 453,289
Other Properties								
Carolina Square Apartments (246 Units) (6)	266,000	Unconsolidated	50%	100.0%	96.7%	0.7%	21,211	
Carolina Square Retail (6)	44,000	Unconsolidated	50%	81.5%	68.9%	0.1%	3,509	
TOTAL OTHER PROPERTIES	310,000			97.4%	92.7%	0.8%	$24,720	$ 3,808
TOTAL PROPERTIES	15,316,000			94.9%	92.1%	100.0%	$636,810	$ 457,097

See footnotes on the following page

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(1) Weighted average occupancy represents an average of the square footage occupied during the year.
(2) The Company's share of net operating income for the three months ended December 31, 2018.
(3) The Company's share of property specific mortgage debt, net of unamortized loan costs, as of December 31, 2018.
(4) The Company's share of annualized rent represents the sum of the annualized rent including tenant's share of estimated operating expenses, if applicable, each tenant is paying as of the end of the reporting period. If a tenant is not paying rent due to a free rent concession, annualized rent is calculated based on the annualized contractual rent the tenant will pay in the first period it is required to pay rent. Included in this amount is $18.8 million of annualized base rent for tenants in a free rent period.
(5) Contains multiple buildings that are grouped together for reporting purposes.
(6) The Company's share of Carolina Square debt has been allocated to office, retail, and apartments based on their relative square footages.

Office Lease Expirations (1)
As of December 31, 2018, our leases expire as follows:

Year of Expiration	Square Feet Expiring	% of Leased Space	Annual Contractual Rents (in thousands) (2)	% of Annual Contractual Rents	Annual Contractual Rent/Sq. Ft.
2019	713,100	5.6 %	$ 23,166	4.5 %	$ 32.49
2020	850,082	6.6 %	34,662	6.6 %	40.77
2021	1,313,734	10.3 %	49,359	9.4 %	37.57
2022	1,385,003	10.8 %	54,089	10.3 %	39.05
2023	1,180,130	9.2 %	48,703	9.3 %	41.27
2024	1,023,805	8.0 %	41,742	8.0 %	40.77
2025	1,434,011	11.2 %	60,270	11.5 %	42.03
2026	1,301,548	10.2 %	47,875	9.2 %	36.78
2027	728,584	5.7 %	30,822	5.9 %	42.30
2028 & Thereafter	2,861,633	22.4 %	132,334	25.3 %	46.24
Total	12,791,630	100.0 %	$ 523,022	100.0 %	$ 40.89

(1) Company's share.
(2) Annual Contractual Rents are the estimated rents in the year of expiration. It includes the minimum base rent

and an estimate of operating expenses, if applicable, as defined in the respective leases.

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Top 20 Office Tenants

As of December 31, 2018, our top 20 office tenants were as follows:

	Tenant (1)	Number of Properties Occupied	Number of Markets Occupied	Company's Share of Square Footage	Company's Share of Annualized Rent (2)	Percentage of Company's Share of Annualized Rent	Weighted Average Remaining Lease Term (Years)
1	NCR Corporation	1	1	762,090	$34,555,265	7.6%	15
2	Bank of America	4	2	1,128,098	31,007,332	6.8%	6
3	Wells Fargo Bank, N.A.	5	4	23			