



# STRATEGIC ATLANTA TRANSACTIONS

March 4, 2019



# OVERVIEW

## THREE TRANSACTIONS GENERATE:

- \$65.4MM IN GAIN/FEES RUNNING THROUGH FFO
- AN ATTRACTIVE ACQUISITION OPPORTUNITY
- FUTURE DEVELOPMENT RIGHTS

1

### Gulch Air Rights

Sale

- Sales price \$13.25MM
- Gain on sale \$13.1MM<sup>1</sup>
- Future office development rights

2

### 650 West Peachtree

Fee Development

- Cousins to develop new 750K SF headquarters for Norfolk Southern in Midtown Atlanta
- Fee income \$52.3MM

3

### 1200 Peachtree

Acquisition

- Acquisition price \$82MM
- 11.5% Year 1 GAAP yield

THE TABLE BELOW OUTLINES THE EXPECTED ANNUAL FFO IMPACT OF THE GULCH AIR RIGHTS AND 650 WEST PEACHTREE TRANSACTIONS.<sup>2</sup>

	ANNUAL FFO IMPACT <sup>3</sup>				
(\$MM's)	2019	2020	2021	2022	Total
Gulch Air Rights Gain on Sale	\$13.1	-	-	-	\$13.1
Fee Income <sup>4</sup>	\$21.1	\$15.6	\$12.5	\$3.1	\$52.3
<b>Total FFO Impact</b>	<b>\$34.2</b>	<b>\$15.6</b>	<b>\$12.5</b>	<b>\$3.1</b>	<b>\$65.4</b>

<sup>1</sup> Gain on sale reflects approximately \$150K in closing costs.

<sup>2</sup> Excludes the impact from 1200 Peachtree acquisition which includes \$8mm of GAAP NOI in 2019.

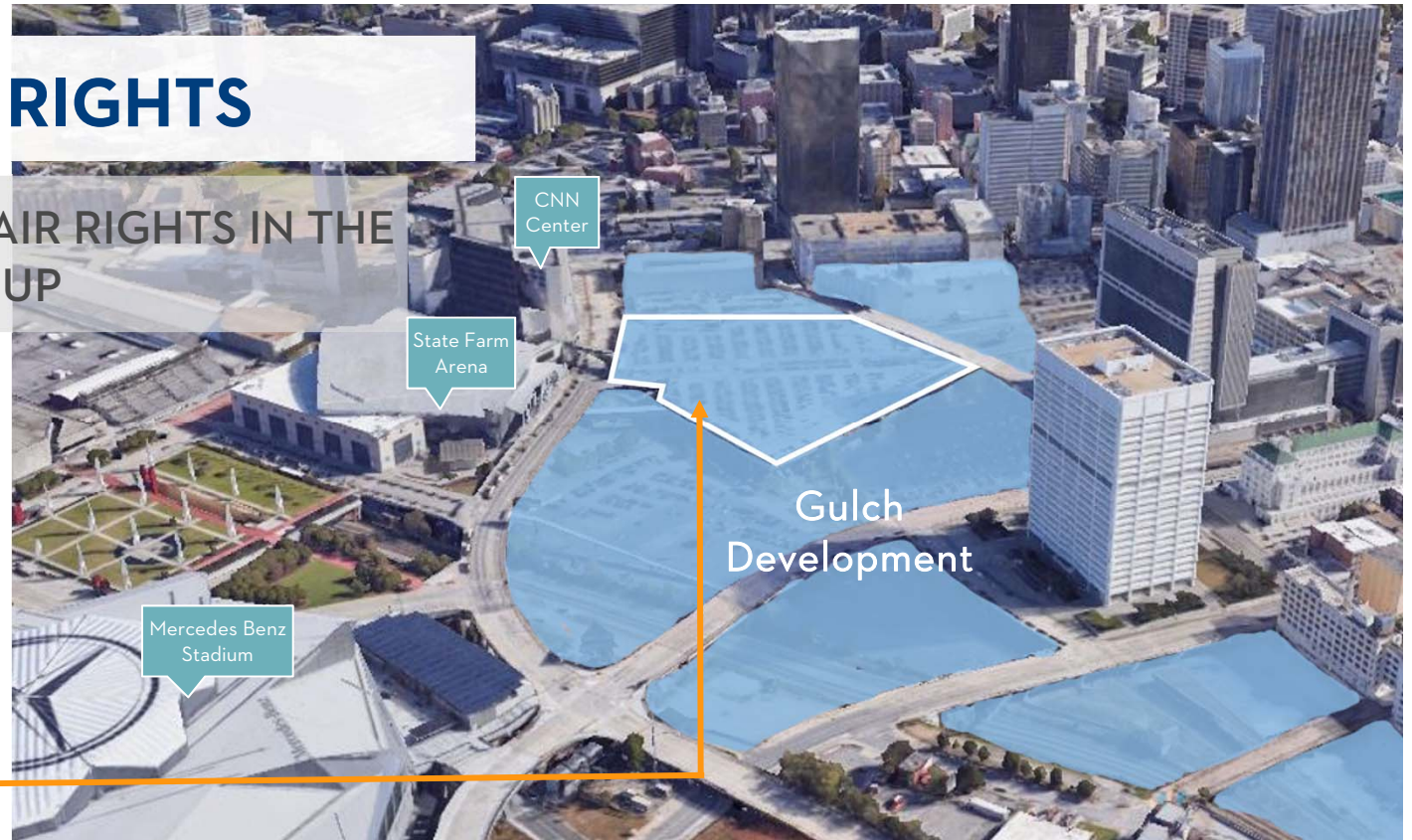
<sup>3</sup> Recorded in accordance with GAAP. Actual fee payments are tied to specific development milestones.

<sup>4</sup> Represents anticipated recognition of fees based on current development schedule for 650 West Peachtree.

# 1 GULCH AIR RIGHTS

COUSINS SELLS ITS AIR RIGHTS IN THE GULCH TO CIM GROUP

CUZ  
Air Rights



SALE PRICE:

**\$13.25MM (\$0 Basis)**

SIZE:

**~8 ACRES**

CLOSING:

**FEBRUARY 26, 2019**

BENEFITS:

**\$13.1MM GAIN ON SALE<sup>1</sup>**

**FUTURE OFFICE DEVELOPMENT RIGHTS**

- COUSINS ACQUIRED AIR RIGHTS WHEN DEVELOPING THE CNN CENTER IN THE 1970s
- CIM GROUP INTENDS TO DEVELOP A MIXED-USE DISTRICT INCLUDING APPROXIMATELY 4MM SF OF OFFICE, RETAIL, APARTMENTS, CONDOMINIUMS AND ENTERTAINMENT FACILITIES
- COUSINS RETAINS, UNDER CERTAIN CONDITIONS, OFFICE DEVELOPMENT RIGHTS ON THE GULCH SITE
- PROCEEDS FROM THE SALE RUN THROUGH FFO AS A GAIN ON SALE

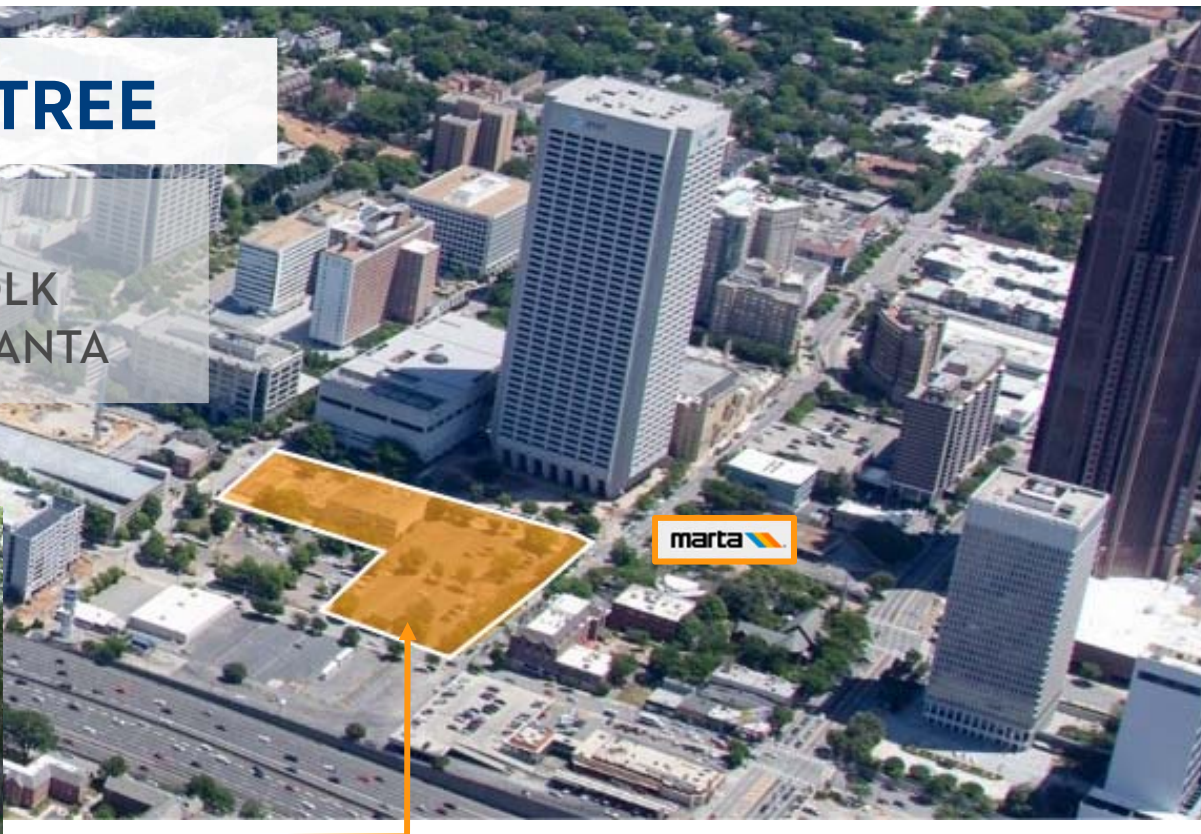
<sup>1</sup> Gain on sale reflects approximately \$150K in closing costs.



2

## 650 WEST PEACHTREE

COUSINS TO DEVELOP NEW  
HEADQUARTERS FOR NORFOLK  
SOUTHERN IN MIDTOWN ATLANTA



SIZE:

**750K SF**

CONSTRUCTION START:

**Q1 2019**

ESTIMATED DELIVERY:

**Q3 2021**

BENEFITS:

**FEE DEVELOPMENT GENERATING  
\$52.3MM IN FFO THROUGH 2022**

- NORFOLK SOUTHERN WILL RELOCATE ITS CORPORATE HEADQUARTERS TO ATLANTA AND CONSOLIDATE ITS EXISTING ATLANTA OPERATIONS AT THIS LOCATION
- THE NEW HQ SITE IS LOCATED IN MIDTOWN ATLANTA NEAR GEORGIA TECH AND IS ADJACENT TO THE NORTH AVENUE MARTA STATION
- NORFOLK SOUTHERN ACQUIRED THE SITE FROM COUSINS AND WILL OWN THE ENTIRE DEVELOPMENT
- COUSINS WILL SERVE AS FEE DEVELOPER. IT WILL HAVE NO FUNDING REQUIREMENTS OR OWNERSHIP INTEREST IN THE DEVELOPMENT



### 3 1200 PEACHTREE

COUSINS ACQUIRES 1200 PEACHTREE  
FROM NORFOLK SOUTHERN IN  
MIDTOWN ATLANTA



ACQUISITION PRICE:

**\$82MM (\$222/SF)**

SIZE:

**370K SF**

CLOSING:

**MARCH 1, 2019**

BENEFITS:

**ATTRACTIVE ACQUISITION OPPORTUNITY**

**11.5% YEAR 1 GAAP YIELD**

- CLASS A OFFICE BUILDING IN MIDTOWN ATLANTA WITH SIGNIFICANT RECENT UPGRADES
- LOCATED ON PEACHTREE STREET ADJACENT TO COUSINS' PROMENADE OFFICE TOWER AND THE ARTS CENTER MARTA STATION
- NORFOLK SOUTHERN HAS SIGNED A TRIPLE NET LEASE FOR 100% OF THE BUILDING WITH NO REQUIRED TENANT IMPROVEMENTS AND AN EXPIRATION OF DECEMBER 31, 2021



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