

DUKE REALTY CORP  
Form 10-K  
February 22, 2013

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K  
(Mark One)

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

For the fiscal year ended December 31, 2012

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: 1-9044 (Duke Realty Corporation) 0-20625 (Duke Realty Limited Partnership)

DUKE REALTY CORPORATION

DUKE REALTY LIMITED PARTNERSHIP

(Exact Name of Registrant as Specified in Its Charter)

Indiana (Duke Realty Corporation)

35-1740409 (Duke Realty Corporation)

Indiana (Duke Realty Limited Partnership)

35-1898425 (Duke Realty Limited Partnership)

(State or Other Jurisdiction of

(IRS Employer

Incorporation or Organization)

Identification Number)

600 East 96<sup>th</sup> Street, Suite 100

46240

Indianapolis, Indiana

(Zip Code)

(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (317) 808-6000

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

|                         | Title of Each Class:   | Name of Each Exchange on Which Registered: |
|-------------------------|--|--|
| Duke Realty Corporation | Common Stock (\$.01 par value)   | New York Stock Exchange                    |
| Duke Realty Corporation | Depository Shares, each representing a 1/10 interest in a 6.625% Series J Cumulative Redeemable Preferred Share (\$.01 par value)  | New York Stock Exchange                    |
| Duke Realty Corporation | Depository Shares, each representing a 1/10 interest in a 6.5% Series K Cumulative Redeemable Preferred Share (\$.01 par value)    | New York Stock Exchange                    |
| Duke Realty Corporation | Depository Shares, each representing a 1/10 interest in a 6.6% Series L Cumulative Redeemable Preferred Share (\$.01 par value)    | New York Stock Exchange                    |
| Duke Realty Corporation | Depository Shares, each representing a 1/10 interest in an 8.375% Series O Cumulative Redeemable Preferred Share (\$.01 par value) | New York Stock Exchange                    |
|                         | None   | None                                       |

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Duke Realty Limited  
Partnership

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

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Duke Realty Corporation      Yes ☒      No ☐      Duke Realty Limited Partnership      Yes ☒      No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Duke Realty Corporation      Yes ☐      No ☒      Duke Realty Limited Partnership      Yes ☐      No ☒

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.

Duke Realty Corporation      Yes ☒      No ☐      Duke Realty Limited Partnership      Yes ☒      No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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).

Duke Realty Corporation      Yes ☒      No ☐      Duke Realty Limited Partnership      Yes ☒      No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 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. ☒

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Duke Realty Corporation:

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Duke Realty Limited Partnership:

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐

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

Duke Realty Corporation Yes ☐ No ☒ Duke Realty Limited Partnership Yes ☐ No ☒

The aggregate market value of the voting shares of Duke Realty Corporation's outstanding common shares held by non-affiliates of Duke Realty Corporation is \$3.9 billion based on the last reported sale price on June 30, 2012.

The number of common shares of Duke Realty Corporation, \$.01 par value outstanding as of February 22, 2013 was 321,666,224.

#### DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of Duke Realty Corporation's Definitive Proxy Statement for its 2013 Annual Meeting of Shareholders (the "Proxy Statement") to be filed pursuant to Rule 14a-6 of the Securities Exchange Act of 1934, as amended, are incorporated by reference into this Form 10-K. Other than those portions of the Proxy Statement specifically incorporated by reference pursuant to Items 10 through 14 of Part III hereof, no other portions of the Proxy Statement shall be deemed so incorporated.

## EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended December 31, 2012 of both Duke Realty Corporation and Duke Realty Limited Partnership. Unless stated otherwise or the context otherwise requires, references to "Duke Realty Corporation" or the "General Partner" mean Duke Realty Corporation and its consolidated subsidiaries; and references to the "Partnership" mean Duke Realty Limited Partnership and its consolidated subsidiaries. The terms the "Company," "we," "us" and "our" refer to the General Partner and the Partnership, collectively, and those entities owned or controlled by the General Partner and/or the Partnership.

Duke Realty Corporation is a self-administered and self-managed real estate investment trust ("REIT") and is the sole general partner of the Partnership, owning 98.4% of the common partnership interests of the Partnership ("General Partner Units") as of December 31, 2012. The remaining 1.6% of the common partnership interests ("Limited Partner Units" and, together with the General Partner Units, the "Common Units") are owned by limited partners. As the sole general partner of the Partnership, the General Partner has full, exclusive and complete responsibility and discretion in the day-to-day management and control of the Partnership. The General Partner also owns preferred partnership interests in the Partnership ("Preferred Units").

The General Partner and the Partnership are operated as one enterprise. The management of the General Partner consists of the same members as the management of the Partnership. As the sole general partner with control of the Partnership, the General Partner consolidates the Partnership for financial reporting purposes, and the General Partner does not have any significant assets other than its investment in the Partnership. Therefore, the assets and liabilities of the General Partner and the Partnership are substantially the same.

We believe combining the annual reports on Form 10-K of the General Partner and the Partnership into this single report results in the following benefits:

- enhances investors' understanding of the General Partner and the Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminates duplicative disclosure and provides a more streamlined and readable presentation of information since a substantial portion of the Company's disclosure applies to both the General Partner and the Partnership; and
- creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

We believe it is important to understand the few differences between the General Partner and the Partnership in the context of how we operate as an interrelated consolidated company. The General Partner's only material asset is its ownership of partnership interests in the Partnership. As a result, the General Partner does not conduct business itself, other than acting as the sole general partner of the Partnership and issuing public equity from time to time. The General Partner does not issue any indebtedness, but does guarantee the unsecured debt of the Partnership. The Partnership holds substantially all the assets of the business, directly or indirectly, and holds the ownership interests related to certain of the Company's investments. The Partnership conducts the operations of the business and has no publicly traded equity. Except for net proceeds from equity issuances by the General Partner, which are contributed to the Partnership in exchange for General Partner Units or Preferred Units, the Partnership generates the capital required by the business through its operations, its incurrence of indebtedness and the issuance of Limited Partner Units to third parties.

Noncontrolling interests, shareholders' equity and partners' capital are the main areas of difference between the consolidated financial statements of the General Partner and those of the Partnership. The noncontrolling interests in the Partnership's financial statements include the interests in consolidated investees not wholly owned by the Partnership. The noncontrolling interests in the General Partner's financial statements include the same noncontrolling interests at the Partnership level, as well as the common limited partnership interests in the Partnership, which are accounted for as partners' capital by the Partnership.

In order to highlight the differences between the General Partner and the Partnership, there are separate sections in this report, as applicable, that separately discuss the General Partner and the Partnership including separate financial statements, and separate Exhibit 31 and 32 certifications. In the sections that combine disclosure of the General Partner and the Partnership, this report refers to actions or holdings as being actions or holdings of the collective Company.

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## IMPORTANT INFORMATION ABOUT THIS REPORT

In this Annual Report on Form 10-K (this "Report") for Duke Realty Corporation (the "General Partner") and Duke Realty Limited Partnership (the "Partnership"), the terms the "Company," "we," "us" and "our" refer to the General Partner and the Partnership, collectively, and those entities owned or controlled by the General Partner and/or the Partnership.

### Cautionary Notice Regarding Forward-Looking Statements

Certain statements contained in or incorporated by reference into this Report, including, without limitation, those related to our future operations, constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words "believe," "estimate," "expect," "anticipate," "intend," "plan," "seek," "may" and similar expressions or statements regarding future periods are intended to identify forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any predictions of future results, performance or achievements that we express or imply in this Report or in the information incorporated by reference into this Report. Some of the risks, uncertainties and other important factors that may affect future results include, among others:

- Changes in general economic and business conditions, including the financial condition of our tenants and the value of our real estate assets;

- The General Partner's continued qualification as a real estate investment trust ("REIT") for U.S. federal income tax purposes;

- Heightened competition for tenants and potential decreases in property occupancy;

- Potential changes in the financial markets and interest rates;

- Volatility in the General Partner's stock price and trading volume;

- Our continuing ability to raise funds on favorable terms;

- Our ability to successfully identify, acquire, develop and/or manage properties on terms that are favorable to us;

- Potential increases in real estate construction costs;

- Our ability to successfully dispose of properties on terms that are favorable to us, including, without limitation, through one or more transactions that are consistent with our previously disclosed strategic plans;

- Our ability to retain our current credit ratings;

- Inherent risks in the real estate business, including, but not limited to, tenant defaults, potential liability relating to environmental matters and liquidity of real estate investments; and

- Other risks and uncertainties described herein, as well as those risks and uncertainties discussed from time to time in our other reports and other public filings with the Securities and Exchange Commission ("SEC").

Although we presently believe that the plans, expectations and results expressed in or suggested by the forward-looking statements are reasonable, all forward-looking statements are inherently subjective, uncertain and subject to change, as they involve substantial risks and uncertainties beyond our control. New factors emerge from time to time, and it is not possible for us to predict the nature, or assess the potential impact, of each new factor on our business. Given these uncertainties, we caution you to not place undue reliance on these forward-looking statements. We undertake no obligation to update or revise any of our forward-looking statements for events or circumstances that arise after the statement is made, except as otherwise may be required by law.

This list of risks and uncertainties, however, is only a summary of some of the most important factors and is not intended to be exhaustive. Additional information regarding risk factors that may affect us is included under the caption "Risk Factors" in this Report, and is updated by us from time to time in Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other filings that we make with the SEC.

## PART I

### Item 1. Business

#### Background

The General Partner is a self-administered and self-managed REIT, which began operations upon completion of an initial public offering in February 1986.

The Partnership was formed in October 1993, when the General Partner contributed all of its properties and related assets and liabilities, together with the net proceeds of \$309.2 million from an offering of an additional 14,000,833 shares of its common stock, to the Partnership. Simultaneously, the Partnership completed the acquisition of Duke Associates, a full-service commercial real estate firm operating in the Midwest whose operations began in 1972. The General Partner is the sole general partner of the Partnership owning 98.4% of the common Partnership interests ("General Partner Units") as of December 31, 2012. The remaining 1.6% of the common Partnership interests ("Limited Partner Units" and, together with the General Partner Units, the "Common Units") are owned by limited partners. Limited Partners have the right to redeem their Limited Partner Units, subject to certain restrictions. Pursuant to the Fourth Amended and Restated Agreement of Limited Partnership, as amended (the "Partnership Agreement"), the General Partner is obligated to redeem the Limited Partner Units in shares of its common stock, unless it determines in its reasonable discretion that the issuance of shares of its common stock could cause it to fail to qualify as a REIT. Each Limited Partner Unit shall be redeemed for one share of the General Partner's common stock, or, in the event that the issuance of shares could cause the General Partner to fail to qualify as a REIT, cash equal to the fair market value of one share of the General Partner's common stock at the time of redemption, in each case, subject to certain adjustments described in the Partnership Agreement. The Limited Partner Units are not required, per the terms of the Partnership Agreement, to be redeemed in registered shares of the General Partner. The General Partner also owns preferred partnership interests in the Partnership ("Preferred Units" and, together with the Common Units, the "Units").

As of December 31, 2012, our diversified portfolio of 774 rental properties (including 126 jointly controlled in-service properties with more than 25.6 million square feet, 17 consolidated properties under development with approximately 3.6 million square feet and two jointly controlled properties under development with approximately 874,000 square feet) encompasses more than 145.6 million rentable square feet and is leased by a diverse base of approximately 3,100 tenants whose businesses include government services, manufacturing, retailing, wholesale trade, distribution, healthcare and professional services. We also own, including through ownership interests in unconsolidated joint ventures, more than 4,600 acres of land and control an additional 1,600 acres through purchase options.

Our headquarters and executive offices are located in Indianapolis, Indiana. In addition, we have 17 regional offices or significant operations in Alexandria, Virginia; Atlanta, Georgia; Baltimore, Maryland; Chicago, Illinois; Cincinnati, Ohio; Columbus, Ohio; Dallas, Texas; Houston, Texas; Minneapolis, Minnesota; Nashville, Tennessee; Orlando, Florida; Phoenix, Arizona; Raleigh, North Carolina; St. Louis, Missouri; Savannah, Georgia; Tampa, Florida; and Weston, Florida. We had more than 840 employees as of December 31, 2012.

See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" for information related to our operational, asset and capital strategies.

#### Reportable Operating Segments

We have four reportable operating segments at December 31, 2012, the first three of which consist of the ownership and rental of (i) industrial, (ii) office and (iii) medical office real estate investments. The operations of our industrial, office and medical office properties, along with our retail properties, are collectively referred to as "Rental Operations." Our retail properties, as well as any other properties not included in our reportable segments,



do not by themselves meet the quantitative thresholds for separate presentation as reportable segments. The fourth reportable segment consists of various real estate services such as property management, asset management, maintenance, leasing, development, general contractor and construction management to third-party property owners and joint ventures, and is collectively referred to as "Service Operations." Our reportable segments offer different products or services and are managed separately because each segment requires different operating strategies and management expertise. Our Service Operations segment also includes our taxable REIT subsidiary, a legal entity through which certain of the segment's aforementioned operations are conducted.

During 2012, one of the quantitative thresholds was triggered, whereby the assets of our medical office property operating segment exceeded 10% of total assets, which required our medical office property operating segment to be presented as a separate reportable segment. As such, our medical office properties are presented as a separate reportable segment for the year ended December 31, 2012, as well as for the comparative prior periods.

We assess and measure our overall operating results based upon an industry performance measure referred to as Funds From Operations ("FFO"), which management believes is a useful indicator of our consolidated operating performance. See Item 6, "Selected Financial Data," Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data" for disclosures and financial information related to our use of FFO as an internal measure of operating performance.

See Item 6, "Selected Financial Data," Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data" for financial information related to our reportable segments.

#### Competitive Conditions

As a fully integrated commercial real estate firm, we provide in-house leasing, management, development and construction services which we believe, coupled with our significant base of commercially zoned and unencumbered land in existing business parks, should give us a competitive advantage as a real estate operator and in future development activities.

We believe that the management of real estate opportunities and risks can be done most effectively at regional or on local levels. As a result, we intend to continue our emphasis on increasing our market share, in alignment with our asset strategy (see Item 7), and effective rents in the primary markets where we own properties. We believe that this regional focus will allow us to assess market supply and demand for real estate more effectively as well as to capitalize on the strong relationships with our tenant base. In addition, we seek to further capitalize on strong customer relationships to provide third-party construction services across the United States. As a fully integrated real estate company, we are able to arrange for or provide to our industrial, office and medical office customers not only well located and well maintained facilities, but also additional services such as build-to-suit construction, tenant finish construction, and expansion flexibility.

All of our properties are located in areas that include competitive properties. Institutional investors, other REITs or local real estate operators generally own such properties; however, no single competitor or small group of competitors is dominant in our current markets. The supply and demand of similar available rental properties may affect the rental rates we will receive on our properties. Other competitive factors include the attractiveness of the property location, the quality of the property and tenant services provided, and the reputation of the owner and operator. In addition, our Service Operations face competition from a considerable number of other real estate companies that provide comparable services, some of whom may have greater marketing and financial resources than are available to us.

#### Corporate Governance

Since our inception, we not only have strived to be a top-performer operationally, but also to lead in issues important to investors such as disclosure and corporate governance. The General Partner's system of governance reinforces this commitment and, as a limited partnership that has one general partner owning over 90% of the Partnership's common interest, the governance of the Partnership is necessarily linked to the corporate governance of the General Partner. Summarized below are the highlights of the General Partner's Corporate Governance initiatives.

|                   |   |
|-------------------|---|
| Board Composition | <ul style="list-style-type: none"> <li>• The General Partner's Board is controlled by supermajority (91.7%) of "Independent Directors," as such term is defined under the rules of the New York Stock Exchange (the "NYSE") as of January 30, 2013 and thereafter</li> </ul>  |
| Board Committees  | <ul style="list-style-type: none"> <li>• The General Partner's Board Committee members are all Independent Directors</li> </ul>   |
| Lead Director     | <ul style="list-style-type: none"> <li>• The Chairman of the General Partner's Corporate Governance Committee serves as Lead Director of the Independent Directors</li> </ul>   |
| Board Policies    | <ul style="list-style-type: none"> <li>• No Shareholder Rights Plan (Poison Pill)</li> <li>• Code of Conduct applies to all Directors and employees of the General Partner, including the Chief Executive Officer and senior financial officers; waivers applied to executive officers require the vote of a majority of (i) the General Partner's Board of Directors or (ii) the General Partner's Corporate Governance Committee</li> <li>• Orientation program for new Directors of the General Partner</li> <li>• Independence of Directors of the General Partner is reviewed annually</li> <li>• Independent Directors of the General Partner meet at least quarterly in executive sessions</li> <li>• Independent Directors of the General Partner receive no compensation from the General Partner other than as Directors</li> <li>• Equity-based compensation plans require the approval of the General Partner's shareholders</li> <li>• Board effectiveness and performance is reviewed annually by the General Partner's Corporate Governance Committee</li> <li>• The General Partner's Executive Compensation Committee conducts an annual review, as delegated by the Corporate Governance Committee, of the Chief Executive Officer succession plan</li> <li>• Independent Directors and all Board Committees of the General Partner may retain outside advisors, as they deem appropriate</li> <li>• Policy governing retirement age for Directors of the General Partner</li> <li>• Prohibition on repricing of outstanding stock options of the General Partner</li> <li>• Directors of the General Partner required to offer resignation upon job change</li> <li>• Majority voting for election of Directors of the General Partner</li> <li>• Shareholder Communications Policy</li> </ul> |
| Ownership         | <p>Minimum Stock Ownership Guidelines apply to all Directors and Executive Officers of the General Partner</p> <p>The General Partner's Code of Conduct (which applies to all Directors and employees of the General Partner, including the Chief Executive Officer and senior financial officers) and the Corporate Governance Guidelines are available in the Investor Relations/Corporate Governance section of the General Partner's website at <a href="http://www.dukerealty.com">www.dukerealty.com</a>. A copy of these documents may also be obtained without charge by writing to Duke Realty Corporation, 600 East 96th Street, Suite 100, Indianapolis, Indiana 46240, Attention: Investor Relations. If we amend our Code of Conduct as it applies to the Directors, Chief Executive Officer or senior financial officers of the General Partner or grant a waiver from any provision of the Code of Conduct to any such person, we may, rather than filing a current report on Form 8-K, disclose such amendment or waiver in the Investor Relations/Corporate Governance section of the General Partner's website at <a href="http://www.dukerealty.com">www.dukerealty.com</a>.</p> <p>Recent Federal Income Tax Developments</p> <p>New Tax Rates for U.S. Individuals, Estates and Trusts</p> <p>On January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, or the 2012 Relief Act, which, among other things, permanently extends most of the reduced rates for U.S. individuals, estates and</p>   |



trusts with respect to ordinary income, qualified dividends and capital gains that had expired on December 31, 2012. The 2012 Relief Act, however, does not extend all of the reduced rates for high-income taxpayers. Beginning January 1, 2013, in the case of married couples filing joint returns with taxable income in excess of \$450,000, heads of households with taxable income in excess of \$425,000 and other individuals with taxable income in excess of \$400,000, the maximum rates on ordinary income will be 39.6% (as compared to 35% prior to 2013) and the maximum rates on long-term capital gains and qualified dividend income will be 20% (as compared to 15% prior to 2013). REIT dividends generally are not treated as qualified dividend income. Estates and trusts have more compressed rate schedules. Shareholders of the General Partner are urged to consult their tax advisors regarding the effect of the new tax rates and other tax provisions in the 2012 Relief Act on an investment in the General Partner's common stock.

#### Unearned Income Medicare Tax

Under the Health Care and Education Reconciliation Act of 2010, amending the Patient Protection and Affordable Care Act, high-income U.S. individuals, estates, and trusts will be subject to an additional 3.8% tax on net investment income in tax years beginning after December 31, 2012. For these purposes, net investment income includes dividends and gains from sales of stock. In the case of an individual, the tax will be 3.8% of the lesser of the individuals' net investment income or the excess of the individuals' modified adjusted gross income over \$250,000 in the case of a married individual filing a joint return or a surviving spouse, \$125,000 in the case of a married individual filing a separate return, or \$200,000 in the case of a single individual. U.S. shareholders that are individuals, estates or trusts should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the General Partner's common stock.

#### Recent Changes in U.S. Federal Income Tax Withholding

After December 31, 2013, withholding at a rate of 30% will be required on dividends in respect of, and after December 31, 2016, withholding at a rate of 30% will be required on gross proceeds from the sale of shares of the General Partner's common stock held by or through certain foreign financial institutions (including investment funds), unless such institution enters into an agreement with the Secretary of the Treasury (unless alternative procedures apply pursuant to an applicable intergovernmental agreement between the United States and the relevant foreign government) to report, on an annual basis, information with respect to shares in, and accounts maintained by, the institution to the extent such shares or accounts are held by certain U.S. persons or by certain non-U.S. entities that are wholly or partially owned by U.S. persons. Accordingly, the entity through which the General Partner's shares are held will affect the determination of whether such withholding is required. Similarly, after December 31, 2013, dividends in respect of, and after December 31, 2016, gross proceeds from the sale of, the General Partner's shares held by an investor that is a non-financial non-U.S. entity will be subject to withholding at a rate of 30%, unless such entity either (i) certifies to the General Partner that such entity does not have any "substantial U.S. owners" or (ii) provides certain information regarding the entity's "substantial U.S. owners," which the General Partner will in turn provide to the Secretary of the Treasury. Non-U.S. shareholders of the General Partner are encouraged to consult with their tax advisers regarding the possible implications of these rules on their investment in the General Partner's common stock.

#### Additional Information

For additional information regarding our investments and operations, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data." For additional information about our business segments, see Item 8, "Financial Statements and Supplementary Data."

#### Available Information and Exchange Certifications

In addition to this Report, we file quarterly and current reports, proxy statements and other information with the SEC. All documents that are filed with the SEC are available free of charge on the General Partner's corporate website, which is [www.dukerealty.com](http://www.dukerealty.com). We are not incorporating the information on the General Partner's website into this Report, and the General Partner's website and the information appearing on the General Partner's website is not included in, and is not part of, this Report. You may also read and copy any document filed at the public

reference facilities of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 for further information about the public reference facilities. These documents also may be accessed through the SEC's Interactive Data Electronic Application ("IDEA") via the SEC's home page on the Internet (<http://www.sec.gov>). In addition, since some of the General Partner's securities are listed on the NYSE, you may read the General Partner's SEC filings at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

#### Item 1A. Risk Factors

In addition to the other information contained in this Report, you should carefully consider, in consultation with your legal, financial and other professional advisors, the risks described below, as well as the risk factors and uncertainties discussed in our other public filings with the SEC under the caption "Risk Factors" in evaluating us and our business before making a decision regarding an investment in the General Partner's securities.

The risks contained in this Report are not the only risks that we face. Additional risks that are not presently known, or that we presently deem to be immaterial, also could have a material adverse effect on our financial condition, results of operations, business and prospects. The trading price of the General Partner's securities could decline due to the materialization of any of these risks, and its shareholders and/or the Partnership's unitholders may lose all or part of their investment.

This Report also contains forward-looking statements that may not be realized as a result of certain factors, including, but not limited to, the risks described herein and in our other public filings with the SEC. Please refer to the section in this Report entitled "Cautionary Notice Regarding Forward-Looking Statements" for additional information regarding forward-looking statements.

#### Risks Related to Our Business

Our use of debt financing could have a material adverse effect on our financial condition.

We are subject to the risks normally associated with debt financing, including the risk that our cash flow will be insufficient to meet required principal and interest payments and the long-term risk that we will be unable to refinance our existing indebtedness, or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness. Additionally, we may not be able to refinance borrowings by our unconsolidated subsidiaries on favorable terms or at all. If our debt cannot be paid, refinanced or extended, we may not be able to make distributions to shareholders and unitholders at expected levels. Further, if prevailing interest rates or other factors at the time of a refinancing result in higher interest rates or other restrictive financial covenants upon the refinancing, then such refinancing would adversely affect our cash flow and funds available for operation, development and distribution.

We are also subject to financial covenants under our existing debt instruments. Should we fail to comply with the covenants in our existing debt instruments, then we would not only be in breach under the applicable debt instruments but we would also likely be unable to borrow any further amounts under our other debt instruments, which could adversely affect our ability to fund operations. We also have incurred, and may incur in the future, indebtedness that bears interest at variable rates. Thus, if market interest rates increase, so will our interest expense, which could reduce our cash flow and our ability to make distributions to shareholders and unitholders at expected levels.

Debt financing may not be available and equity issuances could be dilutive to our shareholders and unitholders.

Our ability to execute our business strategy depends on our access to an appropriate blend of debt financing, including unsecured lines of credit and other forms of secured and unsecured debt, and equity financing, including common and preferred equity issued by the General Partner. Debt financing may not be available over a longer period of time in sufficient amounts, on favorable terms or at all. If the General Partner issues additional equity securities, instead of debt, to manage capital needs, the interests of our existing shareholders and unitholders could be diluted.

Financial and other covenants under existing credit agreements could limit our flexibility and adversely affect our financial condition.

The terms of our various credit agreements and other indebtedness require that we comply with a number of customary financial and other covenants, such as maintaining debt service coverage and leverage ratios and maintaining insurance coverage. These covenants may limit our flexibility in our operations, and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness even if we have satisfied our payment obligations. If we are unable to refinance our indebtedness at maturity or meet our payment obligations, the amount of our distributable cash flow would be adversely affected.

Downgrades in our credit ratings could increase our borrowing costs or reduce our access to funding sources in the credit and capital markets.

We have a significant amount of debt outstanding, consisting mostly of unsecured debt. We are currently assigned corporate credit ratings from Moody's Investors Service, Inc. and Standard and Poor's Ratings Group based on their evaluation of our creditworthiness. All of our debt ratings remain investment grade, but there can be no assurance that we will not be downgraded or that any of our ratings will remain investment grade. If our credit ratings are downgraded or other negative action is taken, we could be required, among other things, to pay additional interest and fees on outstanding borrowings under our revolving credit agreement.

Credit rating reductions by one or more rating agencies could also adversely affect our access to funding sources, the cost and other terms of obtaining funding as well as our overall financial condition, operating results and cash flow. If we are unable to generate sufficient capital and liquidity, then we may be unable to pursue future development projects and other strategic initiatives.

To complete our ongoing and planned development projects, and to pursue our other strategic initiatives, we must continue to generate sufficient capital and liquidity to fund those activities. To generate that capital and liquidity, we rely upon funds from our existing operations, as well as funds that we raise through our capital raising activities. In the event that we are unable to generate sufficient capital and liquidity to meet our long-term needs, or if we are unable to generate capital and liquidity on terms that are favorable to us, then we may not be able to pursue development projects, acquisitions, or our other long-term strategic initiatives.

The General Partner's stock price and trading volume may be volatile, which could result in substantial losses to its shareholders and to the Partnership's unitholders, if and when they convert their Limited Partner Units to shares of the General Partner's common stock.

The market price of the General Partner's common and preferred stock could change in ways that may or may not be related to our business, our industry or our operating performance and financial condition. In addition, the trading volume in the General Partner's common stock may fluctuate and cause significant price variations to occur. Some of the factors that could negatively affect the General Partner's share price, or result in fluctuations in the price or trading volume of the General Partner's common stock, include uncertainty in the markets, general market and economic conditions, as well as those factors described in these "Risk Factors" and in other reports that we file with the SEC. Many of these factors are beyond our control, and we cannot predict their potential effects on the price of the General Partner's common and preferred stock. If the market prices of the General Partner's common and preferred stock decline, then its shareholders and the Partnership's unitholders, respectively, may be unable to resell their shares and units upon terms that are attractive to them. We cannot assure that the market price of the General Partner's common and preferred stock will not fluctuate or decline significantly in the future. In addition, the securities markets in general may experience considerable unexpected price and volume fluctuations.

We may issue debt and equity securities which are senior to the General Partner's common stock and preferred stock as to distributions and in liquidation, which could negatively affect the value of the General Partner's common and preferred stock and the Partnership's Common Units and Preferred Units.

In the future, we may attempt to increase our capital resources by entering into debt or debt-like financing that is unsecured or secured by certain of our assets, or by issuing debt or equity securities, which could include issuances of secured or unsecured commercial paper, medium-term notes, senior notes, subordinated notes, preferred stock or common stock. In the event of our liquidation, our lenders and holders of our debt securities would receive a distribution of our available assets before distributions to the holders of the General Partner's common stock and preferred stock and the Partnership's Common Units and Preferred Units. The General Partner's preferred stock and the Partnership's Preferred Units have a preference over the General Partner's common stock and the Partnership's Common Units with respect to distributions and upon liquidation, which could further limit our ability to make distributions to our common shareholders and unitholders. Any additional preferred stock or Preferred Units that the General Partner or the Partnership may issue may have a preference over the General Partner's common stock and existing series of preferred stock, as well as the Partnership's Common Units and Preferred Units, with respect to distributions and upon liquidation.

We may be required to seek commercial credit and issue debt securities to manage our capital needs. Because our decision to incur debt and issue securities in our future offerings will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings and debt financings. Further, market conditions could require us to accept less favorable terms for the issuance of our securities in the future. Thus, our shareholders and unitholders, respectively, will bear the risk of our future offerings reducing the value of their shares of common stock and Common Units and diluting their interest in us.

Our use of joint ventures may negatively impact our jointly-owned investments.

We currently have joint ventures that are not consolidated with our financial statements. We may develop and acquire properties in joint ventures with other persons or entities when circumstances warrant the use of these structures. Our participation in joint ventures is subject to the risks that:

- We could become engaged in a dispute with any of our joint venture partners that might affect our ability to develop or operate a property;

- Our joint venture partners may have different objectives than we have regarding the appropriate timing and terms of any sale or refinancing of properties;

- Our joint venture partners may have competing interests in our markets that could create conflict of interest issues; and

- Maturities of debt encumbering our jointly owned investments may not be able to be refinanced at all or on terms that are as favorable as the current terms.

#### Risks Related to the Real Estate Industry

Our net earnings available for investment or distribution to shareholders and unitholders could decrease as a result of factors related to the ownership and operation of commercial real estate that are outside of our control.

Our business is subject to the risks incident to the ownership and operation of commercial real estate, many of which involve circumstances not within our control. Such risks include the following:

- Changes in the general economic climate;

- The availability of capital on favorable terms, or at all;

- Increases in interest rates;

- Local conditions such as oversupply of property or a reduction in demand;

Competition for tenants;  
Changes in market rental rates;  
Oversupply or reduced demand for space in the areas where our properties are located;  
Delay or inability to collect rent from tenants who are bankrupt, insolvent or otherwise unwilling or unable to pay;  
Difficulty in leasing or re-leasing space quickly or on favorable terms;  
Costs associated with periodically renovating, repairing and reletting rental space;  
Our ability to provide adequate maintenance and insurance on our properties;  
Our ability to control variable operating costs;  
Changes in government regulations; and  
Potential liability under, and changes in, environmental, zoning, tax and other laws.

Further, a significant portion of our costs, such as real estate taxes, insurance and maintenance costs and our debt service payments, are generally not reduced when circumstances cause a decrease in cash flow from our properties. Any one or more of these factors could result in a reduction in our net earnings available for investment or distribution to shareholders and unitholders.

Many real estate costs are fixed, even if income from properties decreases.

Our financial results depend on leasing space in our real estate to tenants on terms favorable to us. Our income and funds available for distribution to our shareholders and unitholders will decrease if a significant number of our tenants cannot meet their lease obligations to us or we are unable to lease properties on favorable terms. In addition, if a tenant does not pay its rent, we may not be able to enforce our rights as landlord without delays and we may incur substantial legal costs. Costs associated with real estate investment, such as real estate taxes and maintenance costs, generally are not reduced when circumstances cause a reduction in income from the investment.

Our real estate development activities are subject to risks particular to development.

We continue to selectively develop new, pre-leased properties for rental operations in our existing markets when accretive returns are present. These development activities generally require various government and other approvals, which we may not receive. In addition, we also are subject to the following risks associated with development activities:

Unsuccessful development opportunities could result in direct expenses to us;  
Construction costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or possibly unprofitable;  
Time required to complete the construction of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting our cash flow and liquidity;  
Occupancy rates and rents of a completed project may not be sufficient to make the project profitable; and  
Favorable sources to fund our development activities may not be available.

We may be unsuccessful in operating completed real estate projects.

We face the risk that the real estate projects we develop or acquire will not perform in accordance with our expectations. This risk exists because of factors such as the following:

Prices paid for acquired facilities are based upon a series of market judgments; and



Costs of any improvements required to bring an acquired facility up to standards to establish the market position intended for that facility might exceed budgeted costs.

We are exposed to the risks of defaults by tenants.

Any of our tenants may experience a downturn in their businesses that may weaken their financial condition. In the event of default or the insolvency of a significant number of our tenants, we may experience a substantial loss of rental revenue and/or delays in collecting rent and incur substantial costs in enforcing our rights as landlord. If a tenant files for bankruptcy protection, a court could allow the tenant to reject and terminate its lease with us. Our income and distributable cash flow would be adversely affected if a significant number of our tenants became unable to meet their obligations to us, became insolvent or declared bankruptcy.

We may be unable to renew leases or relet space.

When our tenants decide not to renew their leases upon their expiration, we may not be able to relet the space. Even if our tenants do renew or we are able to relet the space, the terms of renewal or reletting (including the cost of renovations, if necessary) may be less favorable than current lease terms. If we are unable to promptly renew the leases or relet the space, or if the rental rates upon such renewal or reletting are significantly lower than current rates, then our income and distributable cash flow would be adversely affected, especially if we were unable to lease a significant amount of the space vacated by tenants in our properties.

Our insurance coverage on our properties may be inadequate.

We maintain comprehensive insurance on each of our facilities, including property, liability, and environmental coverage. We believe this coverage is of the type and amount customarily obtained for real property. However, there are certain types of losses, generally of a catastrophic nature, such as hurricanes, earthquakes and floods or acts of war or terrorism that may be uninsurable or not economically insurable. We use our discretion when determining amounts, coverage limits and deductibles for insurance. These terms are determined based on retaining an acceptable level of risk at a reasonable cost. This may result in insurance coverage that in the event of a substantial loss would not be sufficient to pay the full current replacement cost of our lost investment. Inflation, changes in building codes and ordinances, environmental considerations and other factors also may make it unfeasible to use insurance proceeds to replace a facility after it has been damaged or destroyed. Under such circumstances, the insurance proceeds we receive may not be adequate to restore our economic position in a property. If an insured loss occurred, we could lose both our investment in and anticipated profits and cash flow from a property, and we would continue to be obligated on any mortgage indebtedness or other obligations related to the property. We are also subject to the risk that our insurance providers may be unwilling or unable to pay our claims when made.

Our acquisition and disposition activity may lead to long-term dilution.

Our asset strategy is to reposition our investment concentration among product types and further diversify our geographic presence. There can be no assurance that we will be able to execute the repositioning of our assets according to our strategy or that our execution will lead to improved results.

Acquired properties may expose us to unknown liability.

From time to time, we may acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities. 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 could adversely affect our results of operations and cash flow. Unknown liabilities with respect to acquired properties might include:

- liabilities for clean-up of undisclosed environmental contamination;
- claims by tenants, vendors or other persons against the former owners of the properties;
- liabilities incurred in the ordinary course of business; and
- claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

We could be exposed to significant environmental liabilities as a result of conditions of which we currently are not aware.

As an owner and operator of real property, we may be liable under various federal, state and local laws for the costs of removal or remediation of certain hazardous substances released on or in our property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of the hazardous substances. In addition, we could have greater difficulty in selling real estate on which hazardous substances were present or in obtaining borrowings using such real estate as collateral. It is our general policy to have Phase I environmental audits performed for all of our properties and land by qualified environmental consultants at the time of purchase. These Phase I environmental audits have not revealed any environmental liability that would have a material adverse effect on our business. However, a Phase I environmental audit does not involve invasive procedures such as soil sampling or ground water analysis, and we cannot be sure that the Phase I environmental audits did not fail to reveal a significant environmental liability or that a prior owner did not create a material environmental condition on our properties or land which has not yet been discovered. We could also incur environmental liability as a result of future uses or conditions of such real estate or changes in applicable environmental laws.

We are exposed to the potential impacts of future climate change and climate-change related risks.

We are exposed to potential physical risks from possible future changes in climate. Our properties may be exposed to rare catastrophic weather events, such as severe storms and/or floods. If the frequency of extreme weather events increases due to climate change, our exposure to these events could increase.

We do not currently consider that we are exposed to regulatory risk related to climate change. However, we may be adversely impacted as a real estate developer in the future by stricter energy efficiency standards for buildings.

#### Risks Related to Our Organization and Structure

If the General Partner were to cease to qualify as a REIT, it and its shareholders would lose significant tax benefits.

The General Partner intends to continue to operate so as to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"). Qualification as a REIT provides significant tax advantages to the General Partner and its shareholders. However, in order for the General Partner to continue to qualify as a REIT, it must satisfy numerous requirements established under highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. Satisfaction of these requirements also depends on various factual circumstances not entirely within our control. The fact that the General Partner holds its assets through the Partnership further complicates the application of the REIT requirements. Even a technical or inadvertent mistake could jeopardize the General Partner's REIT status. Although we believe that the General Partner can continue to operate so as to qualify as a REIT, we cannot offer any assurance that it will continue to do so or that legislation, new regulations, administrative interpretations or court decisions will not significantly change the qualification requirements or the federal income tax consequences of qualification. If the General Partner were to fail to qualify as a REIT in any taxable year, it would have the following effects:

The General Partner would not be allowed a deduction for distributions to shareholders and would be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates;

Unless the General Partner was entitled to relief under certain statutory provisions, it would be disqualified from treatment as a REIT for the four taxable years following the year during which it ceased to qualify as a REIT;

The General Partner's net earnings available for investment or distribution to its shareholders would decrease due to the additional tax liability for the year or years involved; and

The General Partner would no longer be required to make any distributions to shareholders in order to qualify as a REIT.

As such, the General Partner's failure to qualify as a REIT would likely have a significant adverse effect on the value of the General Partner's securities and, consequently, the Partnership's Units.

REIT distribution requirements limit the amount of cash we have available for other business purposes, including amounts that we need to fund our future capital needs.

To maintain its qualification as a REIT under the Code, the General Partner must annually distribute to its shareholders at least 90% of its REIT taxable income, determined without regard to the dividends-paid deduction and excluding net capital gains. The General Partner intends to continue to make distributions to its shareholders to comply with the 90% distribution requirement. However, this requirement limits our ability to accumulate capital for use for other business purposes. If we do not have sufficient cash or other liquid assets to meet the distribution requirements of the General Partner, we may have to borrow funds or sell properties on adverse terms in order to meet the distribution requirements. If the General Partner fails to make a required distribution, it would cease to qualify as a REIT.

U.S. federal income tax treatment of REITs and investments in REITs may change, which may result in the loss of our tax benefits of operating as a REIT.

The present U.S. federal income tax treatment of a REIT and an investment in a REIT may be modified by legislative, judicial or administrative action at any time. Revisions in U.S. federal income tax laws and interpretations of these laws could adversely affect us and the tax consequences of an investment in the General Partner's common shares.

We are subject to certain provisions that could discourage change-of-control transactions, which may reduce the likelihood of the General Partner's shareholders receiving a control premium for their shares.

Indiana anti-takeover legislation and certain provisions in our governing documents, as we discuss below, may discourage potential acquirers from pursuing a change-of-control transaction with us. As a result, the General Partner's shareholders may be less likely to receive a control premium for their shares.

**Unissued Preferred Stock.** The General Partner's charter permits its board of directors to classify unissued preferred stock by setting the rights and preferences of the shares at the time of issuance. This power enables the General Partner's board to adopt a shareholder rights plan, also known as a poison pill. Although the General Partner has repealed its previously existing poison pill and its current board of directors has adopted a policy not to issue preferred stock as an anti-takeover measure, the General Partner's board can change this policy at any time. The adoption of a poison pill would discourage a potential bidder from acquiring a significant position in the General Partner without the approval of its board.

**Business-Combination Provisions of Indiana Law.** The General Partner has not opted out of the business-combination provisions of the Indiana Business Corporation Law. As a result, potential bidders may have to negotiate with the General Partner's board of directors before acquiring 10% of its stock. Without securing board approval of the proposed business combination before crossing the 10% ownership threshold, a bidder would not be permitted to complete a business combination for five years after becoming a 10% shareholder. Even after the five-year period, a business combination with the significant shareholder would either be required to meet certain per share price minimums as set forth in the Indiana Business Corporation Law or to receive the approval of a majority of the disinterested shareholders.

**Control-Share-Acquisition Provisions of Indiana Law.** The General Partner has not opted out of the provisions of the Indiana Business Corporation Law regarding acquisitions of control shares. Therefore, those who acquire a significant block (at least 20%) of the General Partner's shares may only vote a portion of their shares unless its other shareholders vote to accord full voting rights to the acquiring person. Moreover, if the other shareholders vote to give full voting rights with respect to the control shares and the acquiring person has acquired a majority of the General Partner's outstanding shares, the other shareholders would be entitled to special dissenters' rights.

**Supermajority Voting Provisions.** The General Partner's charter prohibits business combinations or significant disposition transactions with a holder of 10% of its shares unless:

• The holders of 80% of the General Partner's outstanding shares of capital stock approve the transaction;  
• The transaction has been approved by three-fourths of those directors who served on the General Partner's board before the shareholder became a 10% owner; or  
• The significant shareholder complies with the "fair price" provisions of the General Partner's charter.

Among the transactions with large shareholders requiring the supermajority shareholder approval are dispositions of assets with a value greater than or equal to \$1,000,000 and business combinations.

**Operating Partnership Provisions.** The limited partnership agreement of the Partnership contains provisions that could discourage change-of-control transactions, including a requirement that holders of at least 90% of the outstanding Common Units approve:

Any voluntary sale, exchange, merger, consolidation or other disposition of all or substantially all of the assets of the Partnership in one or more transactions other than a disposition occurring upon a financing or refinancing of the Partnership;

The General Partner's merger, consolidation or other business combination with another entity unless after the transaction substantially all of the assets of the surviving entity are contributed to the Partnership in exchange for Common Units;

• The General Partner's assignment of its interests in the Partnership other than to one of its wholly-owned subsidiaries; and

• Any reclassification or recapitalization or change of outstanding shares of the General Partner's common stock other than certain changes in par value, stock splits, stock dividends or combinations.

We are dependent on key personnel.

The General Partner's executive officers and other senior officers have a significant role in the success of our Company. Our ability to retain our management group or to attract suitable replacements should any members of the management group leave our Company is dependent on the competitive nature of the employment market. The loss of services from key members of the management group or a limitation in their availability could adversely impact our financial condition and cash flow. Further, such a loss could be negatively perceived in the capital markets.

#### Item 1B. Unresolved Staff Comments

We have no unresolved comments with the SEC staff regarding our periodic or current reports under the Exchange Act.

#### Item 2. Properties

##### Product Review

As of December 31, 2012, we own interests in a diversified portfolio of 774 commercial properties encompassing more than 145.6 million net rentable square feet (including 126 jointly controlled in-service properties with more than 25.6 million square feet, 17 consolidated properties under development with approximately 3.6 million square feet and two jointly controlled properties under development with approximately 874,000 square feet).

**Industrial Properties:** We own interests in 493 industrial properties encompassing more than 114.5 million square feet (79% of total square feet). These properties primarily consist of bulk warehouses (industrial warehouse/distribution centers with clear ceiling heights of 20 feet or more), but also include service center properties (also known as flex buildings or light industrial, having 12-18 foot clear ceiling heights and a combination of drive-up and dock-height loading access). Of these properties, 423 buildings with more than 96.7 million square feet are consolidated and 70 buildings with more than 17.8 million square feet are jointly controlled.

**Office Properties:** We own interests in 196 office buildings totaling approximately 23.5 million square feet (16% of total square feet). These properties include primarily suburban office properties. Of these properties, 142

buildings with more than 16.1 million square feet are consolidated and 54 buildings with approximately 7.4 million square feet are jointly controlled.

Medical Office Properties: We own interests in 79 medical office buildings totaling more than 6.3 million square feet (4% of total square feet). Of these properties, 77 buildings with approximately 5.6 million square feet are consolidated and two buildings with more than 732,000 square feet are jointly controlled.

Other Properties: We own interests in six retail buildings totaling more than 1.3 million square feet (1% of total square feet). Of these properties, four buildings with more than 739,000 square feet are consolidated and two buildings with more than 588,000 square feet are jointly controlled.

Land: We own, including through ownership interests in unconsolidated joint ventures, more than 4,600 acres of land and control an additional 1,600 acres through purchase options.

#### Property Descriptions

The following tables represent the geographic highlights of consolidated and jointly controlled in-service properties in our primary markets.

#### Consolidated Properties

|                     | Square Feet |            |                |         |             | Percent Overall | Annual Net Effective Rent (1) |               | Annual Net Effective Rent per Square Foot (2) | Percent of Annual Net Effective Rent |   |
|---------------------|-------------|------------|----------------|---------|-------------|-----------------|-------------------------------|---------------|---|--------------------------------------|---|
|                     | Industrial  | Office     | Medical Office | Other   | Overall     |                 |                               |               |   |                                      |   |
| Primary Market      |             |            |                |         |             |                 |                               |               |   |                                      |   |
| Indianapolis        | 14,963,778  | 2,725,386  | 1,060,704      | 38,366  | 18,788,234  | 16.3            | %                             | \$99,655,595  | \$5.53  | 15.7                                 | % |
| Cincinnati          | 9,749,144   | 3,550,407  | 318,445        | —       | 13,617,996  | 11.8            | %                             | 69,030,323    | 5.55  | 10.9                                 | % |
| South Florida       | 4,689,788   | 1,406,411  | 107,000        | 390,942 | 6,594,141   | 5.7             | %                             | 59,410,628    | 10.19   | 9.4                                  | % |
| Raleigh             | 2,800,680   | 2,416,512  | 356,836        | 20,061  | 5,594,089   | 4.8             | %                             | 52,284,609    | 9.76  | 8.2                                  | % |
| Atlanta             | 8,389,151   | 468,285    | 789,095        | —       | 9,646,531   | 8.4             | %                             | 46,044,007    | 5.39  | 7.2                                  | % |
| Chicago             | 10,483,990  | 126,298    | 161,443        | —       | 10,771,731  | 9.3             | %                             | 45,561,552    | 4.37  | 7.2                                  | % |
| St. Louis           | 3,691,755   | 2,649,209  | —              | —       | 6,340,964   | 5.5             | %                             | 37,790,242    | 7.05  | 6.0                                  | % |
| Nashville           | 3,252,010   | 989,249    | 120,660        | —       | 4,361,919   | 3.8             | %                             | 33,457,754    | 8.07  | 5.3                                  | % |
| Other (3)           | 2,063,810   | —          | 748,738        | 289,855 | 3,102,403   | 2.7             | %                             | 33,056,503    | 12.12   | 5.2                                  | % |
| Dallas              | 7,060,095   | —          | 709,377        | —       | 7,769,472   | 6.7             | %                             | 32,964,899    | 4.83  | 5.2                                  | % |
| Columbus            | 7,685,162   | —          | 73,238         | —       | 7,758,400   | 6.7             | %                             | 24,588,137    | 3.17  | 3.9                                  | % |
| Savannah            | 6,984,946   | —          | —              | —       | 6,984,946   | 6.0             | %                             | 20,442,445    | 3.23  | 3.2                                  | % |
| Central Florida     | 3,360,479   | —          | 252,751        | —       | 3,613,230   | 3.1             | %                             | 20,299,717    | 5.85  | 3.2                                  | % |
| Minneapolis         | 3,720,250   | —          | —              | —       | 3,720,250   | 3.2             | %                             | 15,756,373    | 4.52  | 2.5                                  | % |
| Southern California | 2,389,040   | —          | —              | —       | 2,389,040   | 2.1             | %                             | 12,498,272    | 5.23  | 2.0                                  | % |
| Houston             | 1,853,611   | —          | 168,850        | —       | 2,022,461   | 1.8             | %                             | 12,389,545    | 6.16  | 1.9                                  | % |
| Cleveland           | —           | 1,058,211  | —              | —       | 1,058,211   | 0.9             | %                             | 10,134,448    | 12.79   | 1.6                                  | % |
| Washington DC       | 78,560      | 219,464    | 100,952        | —       | 398,976     | 0.3             | %                             | 4,389,791     | 16.12   | 0.7                                  | % |
| Phoenix             | 1,048,965   | —          | —              | —       | 1,048,965   | 0.9             | %                             | 4,284,000     | 4.31  | 0.7                                  | % |
| Total               | 94,265,214  | 15,609,432 | 4,968,089      | 739,224 | 115,581,959 | 100.0           | %                             | \$634,038,840 | \$5.91  | 100.0                                | % |
| Percent of Overall  | 81.6        | %          | 13.5           | %       | 4.3         | %               | 0.6                           | %             | 100.0   | %                                    |   |
|                     | \$3.88      |            | \$13.35        |         | \$21.67     |                 | \$24.24                       |               | \$5.91  |                                      |   |

Annual Net  
Effective  
Rent per  
Square Foot  
(2)

-15-

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Jointly Controlled Properties  
Square Feet

|   | Industrial | Office    | Medical<br>Office | Other   | Overall    | Percent of<br>Overall | Annual Net<br>Effective<br>Rent (1) | Annual<br>Net<br>Effective<br>Rent per<br>Square<br>Foot (2) | Percent of<br>Annual<br>Net<br>Effective<br>Rent |  |
|---|------------|-----------|-------------------|---------|------------|-----------------------|-------------------------------------|--|--|--|
| Primary<br>Market   |            |           |                   |         |            |                       |                                     |  |  |  |
| Washington<br>DC  | 664,762    | 2,146,775 | —                 | —       | 2,811,537  | 11.0 %                | \$46,600,914                        | \$19.14  | 23.5 %   |  |
| Dallas  | 7,770,278  | 182,700   | 458,396           | —       | 8,411,374  | 32.8 %                | 33,596,265                          | 4.26   | 17.0 %   |  |
| Indianapolis  | 4,684,919  | —         | —                 | —       | 4,684,919  | 18.3 %                | 14,654,307                          | 3.18   | 7.3 %  |  |
| Minneapolis   | —          | 537,018   | —                 | 381,922 | 918,940    | 3.6 %                 | 14,442,419                          | 18.36  | 7.3 %  |  |
| South<br>Florida  | —          | 610,712   | —                 | —       | 610,712    | 2.4 %                 | 13,209,869                          | 21.80  | 6.7 %  |  |
| Raleigh   | —          | 687,549   | —                 | —       | 687,549    | 2.7 %                 | 12,994,784                          | 19.38  | 6.6 %  |  |
| Central<br>Florida  | 908,422    | 624,796   | —                 | —       | 1,533,218  | 6.0 %                 | 12,214,022                          | 8.34   | 6.2 %  |  |
| Columbus  | 1,142,400  | 704,292   | —                 | —       | 1,846,692  | 7.2 %                 | 11,457,683                          | 6.43   | 5.8 %  |  |
| Cincinnati  | 210,830    | 540,867   | —                 | 206,315 | 958,012    | 3.7 %                 | 10,187,077                          | 10.71  | 5.1 %  |  |
| Phoenix   | 1,829,735  | —         | —                 | —       | 1,829,735  | 7.1 %                 | 9,333,043                           | 5.10   | 4.7 %  |  |
| Atlanta   | —          | 436,275   | —                 | —       | 436,275    | 1.7 %                 | 5,717,027                           | 20.19  | 2.9 %  |  |
| St. Louis   | —          | 252,378   | —                 | —       | 252,378    | 1.0 %                 | 3,968,493                           | 16.52  | 2.0 %  |  |
| Houston   | —          | 248,925   | —                 | —       | 248,925    | 1.0 %                 | 3,747,660                           | 15.06  | 1.9 %  |  |
| Nashville   | —          | 180,147   | —                 | —       | 180,147    | 0.7 %                 | 2,976,335                           | 16.52  | 1.5 %  |  |
| Chicago   | —          | 203,304   | —                 | —       | 203,304    | 0.8 %                 | 2,873,334                           | 16.79  | 1.5 %  |  |
| Total   | 17,211,346 | 7,355,738 | 458,396           | 588,237 | 25,613,717 | 100.0 %               | \$197,973,232                       | \$8.20   | 100.0 %  |  |
| Percent of<br>Overall                                     | 67.2 %     | 28.7 %    | 1.8 %             | 2.3 %   | 100.0 %    |                       |                                     |  |  |  |
| Annual Net<br>Effective<br>Rent per<br>Square Foot<br>(2) | \$3.78     | \$18.07   | \$13.80           | \$18.26 | \$8.20     |                       |                                     |  |  |  |

|                     | Occupancy %<br>Consolidated Properties |         |                   |        |         | Jointly Controlled Properties |         |                   |        |         |   |  |
|---------------------|--|---------|-------------------|--------|---------|-------------------------------|---------|-------------------|--------|---------|---|--|
|                     | Industrial                             | Office  | Medical<br>Office | Other  | Overall | Industrial                    | Office  | Medical<br>Office | Other  | Overall |   |  |
| Primary Market      |  |         |                   |        |         |                               |         |                   |        |         |   |  |
| Indianapolis        | 96.8                                   | % 92.3  | % 93.2            | % 70.1 | % 95.9  | % 98.3                        | % —     | —                 | —      | 98.3    | % |  |
| Cincinnati          | 94.4                                   | % 82.4  | % 98.2            | % —    | 91.4    | % 100.0                       | % 98.7  | % —               | 100.0  | % 99.3  | % |  |
| South Florida       | 89.8                                   | % 82.3  | % 100.0           | % 91.8 | % 88.5  | % —                           | 99.2    | % —               | —      | 99.2    | % |  |
| Raleigh             | 98.7                                   | % 93.7  | % 89.0            | % 58.3 | % 95.8  | % —                           | 97.5    | % —               | —      | 97.5    | % |  |
| Atlanta             | 87.6                                   | % 96.7  | % 94.0            | % —    | 88.6    | % —                           | 64.9    | % —               | —      | 64.9    | % |  |
| Chicago             | 96.8                                   | % 100.0 | % 97.2            | % —    | 96.9    | % —                           | 84.2    | % —               | —      | 84.2    | % |  |
| St. Louis           | 93.6                                   | % 71.9  | % —               | —      | 84.5    | % —                           | 95.2    | % —               | —      | 95.2    | % |  |
| Nashville           | 95.8                                   | % 92.1  | % 100.0           | % —    | 95.1    | % —                           | 100.0   | % —               | —      | 100.0   | % |  |
| Other (3)           | 88.1                                   | % —     | 87.5              | % 87.7 | % 88.0  | % —                           | —       | —                 | —      | —       |   |  |
| Dallas              | 88.0                                   | % —     | 86.4              | % —    | 87.8    | % 93.5                        | % 100.0 | % 94.9            | % —    | 93.7    | % |  |
| Columbus            | 100.0                                  | % —     | 100.0             | % —    | 100.0   | % 100.0                       | % 90.9  | % —               | —      | 96.5    | % |  |
| Savannah            | 90.6                                   | % —     | —                 | —      | 90.6    | % —                           | —       | —                 | —      | —       |   |  |
| Central Florida     | 98.0                                   | % —     | 69.9              | % —    | 96.0    | % 100.0                       | % 88.9  | % —               | —      | 95.5    | % |  |
| Minneapolis         | 93.7                                   | % —     | —                 | —      | 93.7    | % —                           | 91.9    | % —               | 76.8   | % 85.6  | % |  |
| Southern California | 100.0                                  | % —     | —                 | —      | 100.0   | % —                           | —       | —                 | —      | —       |   |  |
| Houston             | 100.0                                  | % —     | 92.6              | % —    | 99.4    | % —                           | 100.0   | % —               | —      | 100.0   | % |  |
| Cleveland           | —                                      | 74.9    | % —               | —      | 74.9    | % —                           | —       | —                 | —      | —       |   |  |
| Washington DC       | 91.5                                   | % 45.3  | % 100.0           | % —    | 68.2    | % 87.6                        | % 86.3  | % —               | —      | 86.6    | % |  |
| Phoenix             | 94.8                                   | % —     | —                 | —      | 94.8    | % 100.0                       | % —     | —                 | —      | 100.0   | % |  |
| Total               | 94.3                                   | % 84.2  | % 91.0            | % 88.1 | % 92.7  | % 96.1                        | % 90.5  | % 94.9            | % 84.9 | % 94.2  | % |  |

Represents the average annual base rental payments, on a straight-line basis for the term of each lease, from space leased to tenants as of December 31, 2012, excluding additional amounts paid by tenants as reimbursement for operating expenses. Joint venture properties are shown at 100% of square feet and net effective rents, without regard to our ownership percentage.

(2) Annual net effective rent per leased square foot.

(3) Represents properties not located in our primary markets, totaling 2.7% of the total square footage of our consolidated properties.

### Item 3. Legal Proceedings

We are not subject to any material pending legal proceedings, other than routine litigation arising in the ordinary course of business. Our management expects that these ordinary routine legal proceedings will be covered by insurance and does not expect these legal proceedings to have a material adverse effect on our financial condition, results of operations, or liquidity.

### Item 4. Mine Safety Disclosures

Not applicable.



## PART II

## Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The General Partner's common stock is listed for trading on the NYSE under the symbol "DRE." The following table sets forth the high and low sales prices of the General Partner's common stock for the periods indicated and the dividend or distribution paid per share or Common Unit by the General Partner or the Partnership, respectively, during each such period. There is no established trading market for the Partnership's Common Units. As of February 22, 2013, there were 7,640 record holders of the General Partner's common stock and 142 record holders of the Partnership's Common Units.

| Quarter Ended | 2012    |         |                       | 2011    |        |                       |
|---------------|---------|---------|-----------------------|---------|--------|-----------------------|
|               | High    | Low     | Dividend/Distribution | High    | Low    | Dividend/Distribution |
| December 31   | \$15.93 | \$12.71 | \$ 0.17               | \$12.77 | \$9.29 | \$ 0.17               |
| September 30  | 16.00   | 13.85   | 0.17                  | 14.83   | 9.83   | 0.17                  |
| June 30       | 15.31   | 13.06   | 0.17                  | 15.63   | 13.15  | 0.17                  |
| March 31      | 14.85   | 11.85   | 0.17                  | 14.34   | 12.45  | 0.17                  |

On January 30, 2013, the General Partner declared a quarterly cash dividend or distribution of \$0.17 per share or Common Unit, payable by the General Partner or the Partnership, respectively, on February 28, 2013, to common shareholders or common unitholders of record on February 13, 2013.

A summary of the tax characterization of the dividends paid per common share of the General Partner for the years ended December 31, 2012, 2011 and 2010 follows:

|                                | 2012   | 2011    | 2010    |   |
|--------------------------------|--------|---------|---------|---|
| Total dividends paid per share | \$0.68 | \$0.68  | \$0.68  |   |
| Ordinary income                | 14.1   | % 3.3   | % 24.9  | % |
| Return of capital              | 85.9   | % 96.7  | % 56.3  | % |
| Capital gains                  | —      | % —     | % 18.8  | % |
|                                | 100.0  | % 100.0 | % 100.0 | % |

## Sales of Unregistered Securities

The General Partner did not sell any of its securities during the year ended December 31, 2012 that were not registered under the Securities Act.

## Issuer Purchases of Equity Securities

From time to time, we repurchase our securities under a repurchase program that initially was approved by the board of directors and publicly announced in October 2001 (the "Repurchase Program"). On April 25, 2012, the board of directors adopted a resolution that amended and restated the Repurchase Program and delegated authority to management to repurchase a maximum of \$100.0 million of common shares, \$300.0 million of debt securities and \$150.0 million of preferred shares (the "April 2012 Resolution"). The April 2012 Resolution will expire on April 25, 2013. We did not repurchase any securities through the Repurchase Program during the year end December 31, 2012 and the maximum amounts set forth under the April 2012 Resolution for the repurchase of common shares, debt securities and preferred shares remain available as part of the Repurchase Program.

## Item 6. Selected Financial Data

The following sets forth selected financial and operating information on a historical basis for each of the years in the five-year period ended December 31, 2012. The following information should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data" included in this Form 10-K (in thousands, except per share or per Common Unit):

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|  | 2012         | 2011        | 2010        | 2009         | 2008        |
|--|--------------|-------------|-------------|--------------|-------------|
| Results of Operations:   |              |             |             |              |             |
| General Partner and Partnership                                  |              |             |             |              |             |
| Revenues:  |              |             |             |              |             |
| Rental and related revenue from continuing operations            | \$834,369    | \$742,883   | \$669,543   | \$625,410    | \$583,014   |
| General contractor and service fee revenue                       | 275,071      | 521,796     | 515,361     | 449,509      | 434,624     |
| Total revenues from continuing operations                        | \$1,109,440  | \$1,264,679 | \$1,184,904 | \$1,074,919  | \$1,017,638 |
| Income (loss) from continuing operations                         | \$(87,786 )  | \$(2,807 )  | \$39,291    | \$(233,425 ) | \$89,529    |
| General Partner  |              |             |             |              |             |
| Net income (loss) attributable to common shareholders            | \$(126,145 ) | \$31,416    | \$(14,108 ) | \$(333,601 ) | \$50,408    |
| Partnership  |              |             |             |              |             |
| Net income (loss) attributable to common unitholders             | \$(128,418 ) | \$32,275    | \$(14,459 ) | \$(344,700 ) | \$53,665    |
| General Partner  |              |             |             |              |             |
| Per Share Data:  |              |             |             |              |             |
| Basic income (loss) per common share:                            |              |             |             |              |             |
| Continuing operations  | \$(0.53 )    | \$(0.27 )   | \$(0.18 )   | \$(1.48 )    | \$0.19      |
| Discontinued operations  | 0.05         | 0.38        | 0.11        | (0.19 )      | 0.14        |
| Diluted income (loss) per common share:                          |              |             |             |              |             |
| Continuing operations  | (0.53 )      | (0.27 )     | (0.18 )     | (1.48 )      | 0.19        |
| Discontinued operations  | 0.05         | 0.38        | 0.11        | (0.19 )      | 0.14        |
| Dividends paid per common share                                  | \$0.68       | \$0.68      | \$0.68      | \$0.76       | \$1.93      |
| Weighted average common shares outstanding                       | 267,900      | 252,694     | 238,920     | 201,206      | 146,915     |
| Weighted average common shares and potential dilutive securities | 267,900      | 259,598     | 238,920     | 201,206      | 154,553     |
| Balance Sheet Data (at December 31):                             |              |             |             |              |             |
| Total Assets   | \$7,560,101  | \$7,004,437 | \$7,644,276 | \$7,304,279  | \$7,690,883 |
| Total Debt   | 4,446,170    | 3,809,589   | 4,207,079   | 3,854,032    | 4,276,990   |
| Total Preferred Equity   | 625,638      | 793,910     | 904,540     | 1,016,625    | 1,016,625   |
| Total Shareholders' Equity                                       | 2,591,414    | 2,714,686   | 2,945,610   | 2,925,345    | 2,844,019   |
| Total Common Shares Outstanding                                  | 279,423      | 252,927     | 252,195     | 224,029      | 148,420     |
| Other Data:  |              |             |             |              |             |
| Funds from Operations attributable to common shareholders (1)    | \$265,204    | \$274,616   | \$297,955   | \$142,597    | \$369,698   |
| Partnership  |              |             |             |              |             |
| Per Unit Data:   |              |             |             |              |             |
| Basic income (loss) per Common Unit:                             |              |             |             |              |             |
| Continuing operations  | \$(0.53 )    | \$(0.27 )   | \$(0.18 )   | \$(1.48 )    | \$0.20      |
| Discontinued operations  | 0.05         | 0.38        | 0.11        | (0.19 )      | 0.14        |
| Diluted income (loss) per Common Unit:                           |              |             |             |              |             |
| Continuing operations  | (0.53 )      | (0.27 )     | (0.18 )     | (1.48 )      | 0.20        |
| Discontinued operations  | 0.05         | 0.38        | 0.11        | (0.19 )      | 0.14        |
| Distributions paid per Common Unit                               | \$0.68       | \$0.68      | \$0.68      | \$0.76       | \$1.93      |
| Weighted average Common Units outstanding                        | 272,729      | 259,598     | 244,870     | 207,893      | 154,534     |

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|   |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|
| Weighted average Common Units and potential dilutive securities | 272,729     | 259,598     | 244,870     | 207,893     | 154,553     |
| Balance Sheet Data (at December 31):                            |             |             |             |             |             |
| Total Assets  | \$7,560,101 | \$7,003,982 | \$7,644,124 | \$7,304,493 | \$7,690,442 |
| Total Debt  | 4,446,170   | 3,809,589   | 4,207,079   | 3,854,032   | 4,276,990   |
| Total Preferred Equity  | 625,638     | 793,910     | 904,540     | 1,016,625   | 1,016,625   |
| Total Partners' Equity  | 2,616,803   | 2,775,037   | 2,984,619   | 2,960,516   | 2,895,810   |
| Total Common Units Outstanding                                  | 283,842     | 259,872     | 257,426     | 230,638     | 155,199     |
| Other Data:   |             |             |             |             |             |
| Funds from Operations attributable to common unitholders (1)    | \$269,985   | \$282,119   | \$305,375   | \$147,324   | \$388,865   |

(1) In addition to net income (loss) computed in accordance with accounting principles generally accepted in the United States of America ("GAAP"), we assess and measure the overall operating results of the General Partner and the Partnership based upon Funds From Operations ("FFO"), which is an industry performance measure that management believes is a useful indicator of consolidated operating performance. FFO is used by industry analysts and investors as a supplemental operating performance measure of an equity real estate investment trust ("REIT") like Duke Realty Corporation. The National Association of Real Estate Investment Trusts ("NAREIT") created FFO as a non-GAAP supplemental measure of REIT operating performance. FFO, as defined by NAREIT, represents GAAP net income (loss), excluding extraordinary items as defined under GAAP, gains or losses from sales of previously depreciated real estate assets, impairment charges related to depreciable real estate assets, plus certain non-cash items such as real estate asset depreciation and amortization, and after similar

adjustments for unconsolidated partnerships and joint ventures. The most comparable GAAP measure is net income (loss) attributable to common shareholders or common unitholders. FFO attributable to common shareholders or common unitholders should not be considered as a substitute for net income (loss) attributable to common shareholders or common unitholders or any other measures derived in accordance with GAAP and may not be comparable to other similarly titled measures of other companies. FFO is calculated in accordance with the definition that was adopted by the Board of Governors of NAREIT.

Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, many industry analysts and investors have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. Management believes that the use of FFO attributable to common shareholders or common unitholders, combined with net income (which remains the primary measure of performance), improves the understanding of operating results of REITs among the investing public and makes comparisons of REIT operating results more meaningful. Management believes that the use of FFO as a performance measure enables investors and analysts to readily identify the operating results of the long-term assets that form the core of a REIT's activity and assist them in comparing these operating results between periods or between different companies.

See reconciliation of FFO to GAAP net income (loss) attributable to common shareholders or common unitholders under the caption "Year in Review" under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Business Overview

The General Partner is a self-administered and self-managed REIT that began operations in 1986 and is the sole general partner of the Partnership. The Partnership is a limited partnership formed in 1993, at which time all of the properties and related assets and liabilities of the General Partner, as well as proceeds from a secondary offering of the General Partner's common shares, were contributed to the Partnership. Simultaneously, the Partnership completed the acquisition of Duke Associates, a full-service commercial real estate firm operating in the Midwest whose operations began in 1972. We operate the General Partner and the Partnership as one enterprise, and therefore, our discussion and analysis refers to the General Partner and its consolidated subsidiaries, including the Partnership, collectively.

As of December 31, 2012, we:

- Owned or jointly controlled 774 industrial, office, medical office and other properties, of which 755 properties with approximately 141.2 million square feet are in service and 19 properties with more than 4.4 million square feet are under development. The 755 in-service properties are comprised of 629 consolidated properties with approximately 115.6 million square feet and 126 jointly controlled properties with more than 25.6 million square feet. The 19 properties under development consist of 17 consolidated properties with approximately 3.6 million square feet and two jointly controlled properties with approximately 874,000 square feet.
- Owned, including through ownership interests in unconsolidated joint ventures, more than 4,600 acres of land and controlled an additional 1,600 acres through purchase options.

A key component of our overall strategy is to increase our investment in quality industrial properties in both existing and select new markets, expand our medical office portfolio nationally to take advantage of demographic trends and reduce our investment in suburban office properties and other non-strategic assets.

We have four reportable operating segments at December 31, 2012, the first three of which consist of the ownership and rental of (i) industrial, (ii) office and (iii) medical office real estate investments. The operations of our industrial, office and medical office properties, along with our retail properties, are collectively referred to as "Rental Operations." Our retail properties, as well as any other properties not included in our reportable segments, do not by themselves meet the quantitative thresholds for separate presentation as a reportable segment. The fourth reportable segment consists of various real estate services such as property management, asset management, maintenance, leasing, development, general contractor and construction management to third-party property owners and joint ventures, and is collectively referred to as "Service Operations." Our reportable segments offer different products or services and are managed separately because each segment requires different operating strategies and management expertise. Our Service Operations segment also includes our taxable REIT subsidiary, a legal entity through which

certain of the segment's operations are conducted.

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During 2012, one of the quantitative thresholds was triggered, which required our medical office property operating segment to be presented as a separate reportable segment. As such, our medical office properties are presented as a separate reportable segment for the year ended December 31, 2012, as well as for the comparative prior periods.

#### Operational Strategy

Our operational focus is to drive profitability by maximizing cash from operations as well as FFO through (i) maintaining and increasing property occupancy and rental rates by effectively managing our portfolio of existing properties; (ii) selectively developing new build-to-suit, substantially pre-leased and, in limited circumstances, speculative development projects; (iii) leveraging our construction expertise to act as a general contractor or construction manager on a fee basis; and (iv) providing a full line of real estate services to our tenants and to third parties.

#### Asset Strategy

Our asset strategy is to reposition our investment concentration among product types and further diversify our geographic presence. Our strategic objectives include (i) increasing our investment in quality industrial properties in both existing markets and select new markets; (ii) expanding our medical office portfolio nationally to take advantage of demographic trends; (iii) increasing our asset investment in markets we believe provide the best potential for future rental growth; and (iv) reducing our investment in suburban office properties located primarily in the Midwest as well as reducing our investment in other non-strategic assets. We are executing our asset strategy through a disciplined approach by identifying acquisition and development opportunities, while continually evaluating our portfolio for disposition by regularly identifying assets that no longer meet our long-term objectives.

#### Capital Strategy

Our capital strategy is to maintain a strong balance sheet by actively managing the components of our capital structure, in coordination with the execution of our overall operational and asset strategies. We are focused on maintaining investment grade ratings from our credit rating agencies with the ultimate goal of further improving the key metrics that formulate our credit ratings.

In support of our capital strategy, we employ an asset disposition program to sell non-strategic real estate assets, which generates proceeds that can be recycled into new property investments that better fit our growth objectives or can be used to reduce leverage and otherwise manage our capital structure.

We continue to focus on improving our balance sheet by maintaining a balanced and flexible capital structure which includes: (i) extending and sequencing the maturity dates of our outstanding debt obligations; (ii) borrowing primarily at fixed rates by targeting a variable rate component of total debt less than 20%; and (iii) issuing common equity as needed to maintain appropriate leverage parameters or support significant strategic acquisitions. With our successes to date and continued focus on maintaining a strong balance sheet, we believe we are well-positioned for future growth.

#### Year in Review

There was modest overall economic improvement in certain key macroeconomic metrics, such as the national unemployment rate and the annual growth in the gross domestic product; however, the uncertainty around the November 2012 election, unresolved debt ceiling and fiscal cliff discussions, as well as persistent economic issues in Europe continued to weigh heavily on the willingness and ability of businesses to make long-term capital commitments during 2012. Those macro-economic factors produced challenges for our industry and specifically our business but, nonetheless, we improved several of our key operating metrics such as our in-service occupancy, our total leasing activity and our tenant retention rate.

Net loss attributable to the common shareholders of the General Partner for the year ended December 31, 2012, was \$126.1 million, or \$0.48 per share (diluted), compared to net income of \$31.4 million, or \$0.11 per share (diluted) for the year ended December 31, 2011. Net loss attributable to the common unitholders of the Partnership for the year ended December 31, 2012, was \$128.4 million, or \$0.48 per unit (diluted), compared to net income of \$32.3 million, or \$0.11 per unit (diluted) for the year ended December 31, 2011. For both the General Partner and the

Partnership, the net loss position in 2012, when compared to the net income generated in 2011, was primarily the result of a 79-building suburban office portfolio sale (the "Blackstone Office Disposition") in late 2011. In addition to the significantly higher gains on sale in 2011, the Blackstone Office Disposition resulted in lower operating results during 2012, as we had a significantly lower base of income-generating assets through the first half of 2012 until the proceeds from the Blackstone Office Disposition were fully re-invested in late 2012 according to plan.

FFO attributable to common shareholders of the General Partner totaled \$265.2 million for the year ended December 31, 2012, compared to \$274.6 million for 2011. FFO attributable to common unitholders of the Partnership totaled \$270.0 million for the year ended December 31, 2012, compared to \$282.1 million for 2011. For both the General Partner and the Partnership, the reduction in FFO from 2011 to 2012 was primarily due to the proceeds from the Blackstone Office Disposition not being fully deployed into income-generating assets until the second half of 2012.

In addition to net income (loss) computed in accordance with GAAP, we assess and measure the overall operating results of the General Partner and the Partnership based upon FFO, which is an industry performance measure that management believes is a useful indicator of consolidated operating performance. FFO is used by industry analysts and investors as a supplemental operating performance measure of a REIT. NAREIT created FFO as a non-GAAP supplemental measure of REIT operating performance. FFO, as defined by NAREIT, represents GAAP net income (loss), excluding extraordinary items as defined under GAAP, gains or losses from sales of previously depreciated real estate assets, impairment charges related to depreciable real estate assets, plus certain non-cash items such as real estate asset depreciation and amortization, and after similar adjustments for unconsolidated partnerships and joint ventures. The most comparable GAAP measure is net income (loss) attributable to common shareholders or common unitholders. FFO attributable to common shareholders or common unitholders should not be considered as a substitute for net income (loss) attributable to common shareholders or common unitholders or any other measures derived in accordance with GAAP and may not be comparable to other similarly titled measures of other companies. FFO is calculated in accordance with the definition that was adopted by the Board of Governors of NAREIT.

Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, many industry analysts and investors have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. Management believes that the use of FFO attributable to common shareholders or common unitholders, combined with net income (which remains the primary measure of performance), improves the understanding of operating results of REITs among the investing public and makes comparisons of REIT operating results more meaningful. Management believes that the use of FFO as a performance measure enables investors and analysts to readily identify the operating results of the long-term assets that form the core of a REIT's activity and assist them in comparing these operating results between periods or between different companies.

The following table shows a reconciliation of net income (loss) attributable to common shareholders or common unitholders to the calculation of FFO attributable to common shareholders or common unitholders for the years ended December 31, 2012, 2011 and 2010, respectively (in thousands):

|  | 2012         | 2011       | 2010        |
|--|--------------|------------|-------------|
| Net income (loss) attributable to common shareholders of the General Partner   | \$(126,145 ) | \$31,416   | \$(14,108 ) |
| Add back: Net income (loss) attributable to noncontrolling interests - common limited partnership interests in the Partnership | (2,273 )     | 859        | (351 )      |
| Net income (loss) attributable to common unitholders of the Partnership  | (128,418 )   | 32,275     | (14,459 )   |
| Adjustments:   |              |            |             |
| Depreciation and amortization  | 379,419      | 385,679    | 360,184     |
| Company share of joint venture depreciation and amortization   | 34,702       | 33,687     | 34,674      |
| Earnings from depreciable property sales—wholly owned  | (13,811 )    | (169,431 ) | (72,716 )   |
| Earnings from depreciable property sales—share of joint venture  | (1,907 )     | (91 )      | (2,308 )    |
| Funds From Operations attributable to common unitholders of the Partnership  | \$269,985    | \$282,119  | \$305,375   |
| Additional General Partner Adjustments:  |              |            |             |
| Net (income) loss attributable to noncontrolling interests - common limited partnership interests in the Partnership           | 2,273        | (859 )     | 351         |
| Noncontrolling interest share of adjustments   | (7,054 )     | (6,644 )   | (7,771 )    |
| Funds From Operations attributable to common shareholders of the General Partner   | \$265,204    | \$274,616  | \$297,955   |

We continued to make significant progress during 2012 in executing our stated asset strategy of increasing our investment in industrial and medical office properties and reducing our investment in suburban office properties. Additionally, we continued to improve our operational metrics, which is an indication of continued execution of our operational strategy. Highlights of our 2012 strategic activities are as follows:

During 2012, we acquired 27 medical office properties and ten industrial properties with a total combined value of \$779.7 million.

We generated \$138.1 million of total net cash proceeds from the disposition of 28 wholly-owned buildings and 210 acres of wholly-owned undeveloped land.

We had development starts of \$485.2 million within our consolidated properties, which were primarily comprised of industrial and medical office properties. These 2012 development starts were 86% pre-leased.

We increased our level of development investment during 2012 as compared to the last few years. The total estimated cost of our consolidated properties under construction was \$468.8 million at December 31, 2012, with \$225.2 million of such costs incurred through that date. The total estimated cost for jointly controlled properties under construction was \$109.6 million at December 31, 2012, with \$55.0 million of costs incurred through that date. The consolidated properties under construction are 84% pre-leased, while the jointly controlled properties under construction are 31% pre-leased.

The occupancy level for our in-service portfolio of consolidated properties increased from 90.8% at December 31, 2011 to 92.7% at December 31, 2012. The increase in occupancy was primarily driven by leasing up vacant space, as well as our acquisition and disposition activities.

We continued to have strong total leasing activity for our consolidated properties, with total leasing activity of 24.2 million square feet in 2012 compared to 19.7 million square feet in 2011.

Total leasing activity for our consolidated properties in 2012 included 13.6 million square feet of renewals, which represented an 83.7% retention rate, on a square foot basis, and resulted in a 1.4% increase in net effective rents.

We executed a number of significant transactions in support of our capital strategy during 2012 and January 2013 in order to optimally sequence our unsecured debt maturities, manage our overall leverage profile, and support our acquisition and development activities in alignment with our asset strategy. Highlights of our key financing activities are as follows:

In January 2013, the General Partner completed a public offering of 41.4 million common shares, at an issue price of \$14.25 per share, resulting in gross proceeds of \$590.0 million and, after underwriting fees



and estimated offering costs, net proceeds of approximately \$571.9 million. The net proceeds from this offering were used to repay all of the outstanding borrowings under the Partnership's existing revolving credit facility, which, as the result of recent acquisitions, had an outstanding balance of \$285.0 million as of December 31, 2012. The remaining proceeds will also be used to redeem all of the outstanding shares of the General Partner's 8.375% Series O Cumulative Redeemable Preferred Shares ("Series O Shares"), which are redeemable as of February 22, 2013, and for general corporate purposes.

- Throughout 2012, the General Partner issued 22.7 million shares of common stock pursuant to its at the market ("ATM") equity program, generating gross proceeds of approximately \$322.2 million and, after considering commissions and other costs, net proceeds of approximately \$315.3 million.

In October 2012, we repaid \$50.0 million of medium term notes, which had an effective interest rate of 5.45%, at their scheduled maturity date.

In September 2012, we issued \$300.0 million of unsecured notes that bear interest at 3.875%, have an effective rate of 3.925%, and mature on October 15, 2022.

In August 2012, we repaid \$150.0 million of senior unsecured notes, which had an effective interest rate of 6.01%, at their scheduled maturity date.

In June 2012, we issued \$300.0 million of senior unsecured notes that bear interest at 4.375%, have an effective rate of 4.466%, and mature on June 15, 2022.

In March 2012, the General Partner redeemed all of the outstanding shares of its 6.950% Series M Cumulative Redeemable Preferred Shares ("Series M Shares") at a liquidation amount of \$168.3 million.

We assumed nine secured loans in conjunction with our 2012 acquisitions. These assumed loans had a total face value of \$96.1 million, a total fair value of \$100.8 million and carry a weighted average stated interest rate of 5.56%. We used a weighted average estimated market rate of 3.50% in determining the fair value of these loans.

Throughout 2012, we repaid five secured loans at their respective maturity dates totaling \$102.1 million. These loans had a weighted average stated interest rate of 6.08%.

#### Key Performance Indicators

Our operating results depend primarily upon rental income from our Rental Operations. The following discussion highlights the areas of Rental Operations that we consider critical drivers of future revenues.

Occupancy Analysis: As previously discussed, our ability to maintain high occupancy rates is a principal driver of maintaining and increasing rental revenue from continuing operations. The following table sets forth percent leased and average net effective rent information regarding our in-service portfolio of consolidated rental properties as of December 31, 2012 and 2011, respectively (in thousands, except percentage data):

| Type           | Total Square Feet |         | Percent of Total Square Feet |         | Percent Leased* |        | Average Annual Net Effective Rent** |         |
|----------------|-------------------|---------|------------------------------|---------|-----------------|--------|-------------------------------------|---------|
|                | 2012              | 2011    | 2012                         | 2011    | 2012            | 2011   | 2012                                | 2011    |
| Industrial     | 94,265            | 90,383  | 81.6                         | % 81.9  | % 94.3          | % 92.2 | % \$3.88                            | \$3.90  |
| Office         | 15,610            | 16,228  | 13.5                         | % 14.7  | % 84.2          | % 83.5 | % \$13.35                           | \$13.25 |
| Medical Office | 4,968             | 2,862   | 4.3                          | % 2.6   | % 91.0          | % 89.1 | % \$21.67                           | \$20.60 |
| Other          | 739               | 823     | 0.6                          | % 0.8   | % 88.1          | % 89.3 | % \$24.24                           | \$23.84 |
| Total          | 115,582           | 110,296 | 100.0                        | % 100.0 | % 92.7          | % 90.8 | % \$5.91                            | \$5.73  |

\* Represents the percentage of total square feet leased based on executed leases and without regard to whether the leases have commenced.

\*\* Represents average annual base rental payments per leased square foot, on a straight-line basis for the term of each lease, from space leased to tenants at the end of the most recent reporting period. This amount excludes additional amounts paid by tenants as reimbursement for operating expenses.

The increase in occupancy at December 31, 2012 compared to December 31, 2011 is primarily driven by increased leasing activity in 2012 compared to 2011. We renewed 83.7% of our expiring leases during 2012 compared to 67.4% during 2011. Acquisitions of highly occupied properties also contributed to the improvement in overall occupancy, as we acquired properties during 2012 totaling approximately 6.7 million square feet that had average occupancy on acquisition of 94.4%.

The increase in average annual net effective rent per square foot is primarily the result of a shift in product mix, as we increased our investment in Medical Office properties, which generally earn a significantly higher rent per square foot than office and industrial properties, during 2012.

#### Total Leasing Activity

The initial leasing of development projects or vacant space in acquired properties is referred to as first generation lease activity. The re-leasing of space that had been previously leased is referred to as second generation lease activity. The total leasing activity for our consolidated rental properties, expressed in square feet of leases signed during the period, is as follows for the years ended December 31, 2012 and 2011, respectively (in thousands):

|  | 2012   | 2011   |
|--|--------|--------|
| New Leasing Activity - First Generation  | 5,628  | 3,597  |
| New Leasing Activity - Second Generation | 4,911  | 6,256  |
| Renewal Leasing Activity                 | 13,626 | 9,819  |
| Total Leasing Activity                   | 24,165 | 19,672 |

#### New Second Generation Leases

The following table sets forth the estimated costs of tenant improvements and leasing commissions, on a per square foot basis, that we are obligated to fulfill under the new second generation leases signed for our consolidated rental properties during the years ended December 31, 2012 and 2011, respectively (square feet data in thousands):

|                | Square Feet of New<br>Second Generation<br>Leases |       | Average Term in<br>Years |      | Estimated Tenant<br>Improvement Cost per<br>Square Foot |         | Leasing Commissions<br>per Square Foot |         |
|----------------|---|-------|--------------------------|------|---|---------|--|---------|
|                | 2012  | 2011  | 2012                     | 2011 | 2012  | 2011    | 2012                                   | 2011    |
| Industrial     | 3,900   | 4,512 | 7.0                      | 5.3  | \$2.65  | \$2.11  | \$1.55                                 | \$1.33  |
| Office         | 972   | 1,728 | 6.7                      | 5.9  | \$17.36   | \$14.17 | \$7.33                                 | \$6.50  |
| Medical Office | 39  | 14    | 6.6                      | 5.8  | \$15.41   | \$29.65 | \$6.67                                 | \$14.39 |
| Other          | —   | 2     | —                        | 3.0  | \$—   | \$—     | \$—                                    | \$1.63  |
| Total          | 4,911   | 6,256 | 6.9                      | 5.4  | \$5.66  | \$5.50  | \$2.73                                 | \$2.79  |

The reduction in new second generation leases in 2012 was, in large part, correlated with the increase in the lease renewal percentage for the year, as we had less vacant space available to be re-let to new tenants.

# Lease Renewals

The following table summarizes our lease renewal activity within our consolidated rental properties for the years ended December 31, 2012 and 2011, respectively (square feet data in thousands):

|                   | Square Feet of<br>Leases Renewed |       | Percent of<br>Expiring Leases<br>Renewed |        | Average<br>Term in<br>Years |      | Growth (Decline)<br>in Net Effective<br>Rents* |         | Estimated<br>Tenant<br>Improvement<br>Cost per Square<br>Foot |        | Leasing<br>Commissions<br>per Square Foot |        |
|-------------------|----------------------------------|-------|--|--------|-----------------------------|------|--|---------|---|--------|---|--------|
|                   | 2012                             | 2011  | 2012                                     | 2011   | 2012                        | 2011 | 2012   | 2011    | 2012  | 2011   | 2012                                      | 2011   |
| Industrial        | 12,168                           | 7,875 | 85.4 %                                   | 67.6 % | 5.2                         | 3.9  | 1.0 %  | (4.1) % | \$0.42  | \$0.78 | \$0.80                                    | \$0.76 |
| Office            | 1,431                            | 1,857 | 73.0 %                                   | 66.0 % | 4.1                         | 4.6  | 2.2 %  | (1.4) % | \$3.35  | \$5.58 | \$3.01                                    | \$4.43 |
| Medical<br>Office | 27                               | 76    | 39.1 %                                   | 80.0 % | 6.5                         | 4.3  | 6.1 %  | 9.4 %   | \$1.59  | \$3.32 | \$1.14                                    | \$1.46 |
| Other             | —                                | 11    | — %                                      | 86.3 % | —                           | 4.7  | — %  | 4.5 %   | \$—   | \$—    | \$—                                       | \$3.06 |
| Total             | 13,626                           | 9,819 | 83.7 %                                   | 67.4 % | 5.1                         | 4.0  | 1.4 %  | (2.7) % | \$0.73  | \$1.71 | \$1.03                                    | \$1.46 |

\* Represents the percentage change in net effective rent between the original leases and the renewal leases. Net effective rents represent average annual base rental payments, on a straight-line basis for the term of each lease, excluding operating expense reimbursements.

We were successful in executing renewals during 2012 across all product types and markets, with our large industrial spaces having the most impact. The most significant individual renewal leases took place in our Indianapolis, Cincinnati, Chicago and Columbus industrial markets.

# Lease Expirations

Our ability to maintain and improve occupancy rates, and net effective rents, primarily depends upon our continuing ability to re-lease expiring space. The following table reflects our consolidated in-service portfolio lease expiration schedule, including square footage and annualized net effective rent for expiring leases, by property type as of December 31, 2012 (in thousands, except percentage data):

|                                      | Total Consolidated Portfolio |                       |                 | Industrial     |                       |                 | Office         |                       |                 | Medical Office |                       |                 | Other          |                       |
|--------------------------------------|------------------------------|-----------------------|-----------------|----------------|-----------------------|-----------------|----------------|-----------------------|-----------------|----------------|-----------------------|-----------------|----------------|-----------------------|
| Year of<br>Expiration                | Square<br>Feet               | Ann. Rent<br>Revenue* | % of<br>Revenue | Square<br>Feet | Ann. Rent<br>Revenue* | % of<br>Revenue | Square<br>Feet | Ann. Rent<br>Revenue* | % of<br>Revenue | Square<br>Feet | Ann. Rent<br>Revenue* | % of<br>Revenue | Square<br>Feet | Ann. Rent<br>Revenue* |
| 2013                                 | 11,812                       | \$62,205              | 10 %            | 10,021         | \$37,530              | 10 %            | 1,634          | \$22,035              | 10 %            | 141            | \$2,421               | 10 %            | 16             | \$219                 |
| 2014                                 | 12,530                       | 67,376                | 11 %            | 10,675         | 41,985                | 11 %            | 1,658          | 21,812                | 11 %            | 190            | 3,371                 | 11 %            | 7              | 208                   |
| 2015                                 | 11,177                       | 60,882                | 9 %             | 9,333          | 37,423                | 9 %             | 1,760          | 21,665                | 9 %             | 64             | 1,299                 | 9 %             | 20             | 495                   |
| 2016                                 | 13,111                       | 67,913                | 11 %            | 11,251         | 42,267                | 11 %            | 1,600          | 20,387                | 11 %            | 237            | 4,765                 | 11 %            | 23             | 494                   |
| 2017                                 | 11,609                       | 66,613                | 10 %            | 9,821          | 39,427                | 10 %            | 1,392          | 18,401                | 10 %            | 272            | 5,713                 | 10 %            | 124            | 3,072                 |
| 2018                                 | 10,356                       | 68,651                | 11 %            | 8,117          | 30,884                | 11 %            | 1,530          | 20,660                | 11 %            | 496            | 11,644                | 11 %            | 213            | 5,463                 |
| 2019                                 | 8,257                        | 50,560                | 8 %             | 6,671          | 24,063                | 8 %             | 1,154          | 15,629                | 8 %             | 357            | 8,517                 | 8 %             | 75             | 2,351                 |
| 2020                                 | 7,834                        | 48,537                | 8 %             | 6,497          | 25,738                | 8 %             | 868            | 12,996                | 8 %             | 429            | 8,932                 | 8 %             | 40             | 871                   |
| 2021                                 | 5,652                        | 35,581                | 5 %             | 4,685          | 19,538                | 5 %             | 577            | 6,833                 | 5 %             | 360            | 8,503                 | 5 %             | 30             | 707                   |
| 2022                                 | 5,628                        | 30,946                | 5 %             | 4,899          | 16,934                | 5 %             | 270            | 4,644                 | 5 %             | 428            | 8,671                 | 5 %             | 31             | 697                   |
| 2023 and<br>Thereafter               | 9,227                        | 74,776                | 12 %            | 6,902          | 28,948                | 12 %            | 707            | 10,492                | 12 %            | 1,546          | 34,120                | 12 %            | 72             | 1,216                 |
| Total<br>Leased                      | 107,193                      | \$634,040             | 100 %           | 88,872         | \$344,737             | 100 %           | 13,150         | \$175,554             | 100 %           | 4,520          | \$97,956              | 100 %           | 651            | \$15,793              |
| Total<br>Portfolio<br>Square<br>Feet | 115,582                      |                       |                 | 94,265         |                       |                 | 15,610         |                       |                 | 4,968          |                       |                 | 739            |                       |
| Percent<br>Leased                    | 92.7 %                       |                       |                 | 94.3 %         |                       |                 | 84.2 %         |                       |                 | 91.0 %         |                       |                 | 88.1 %         |                       |

\* Annualized rental revenue represents average annual base rental payments, on a straight-line basis for the term of each lease, from space leased to tenants at the end of the most recent reporting period. Annualized rental revenue excludes additional amounts paid by tenants as reimbursement for operating expenses.

Information on current market rents can be difficult to obtain, is highly subjective, and is often not directly comparable between properties. Because of this, we believe the increase or decrease in net effective rent on lease

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renewals, as previously defined, is the most objective and meaningful relationship between rents on leases expiring in the near-term and current market rents.

#### Acquisition Activity

Our decision process in determining whether or not to acquire a target property or portfolio involves several factors, including expected rent growth, multiple yield metrics, property locations and expected demographic growth in each location, current occupancy of the target properties, tenant profile and remaining terms of the in-place leases in the target properties. We pursue both brokered and non-brokered acquisitions and it is difficult to predict which markets and product types may present acquisition opportunities. Because of the numerous factors considered in our acquisition decisions, we do not establish specific target yields for future acquisitions.

We acquired 37 properties during the year ended December 31, 2012 and 59 properties, in addition to other real estate-related assets, during the year ended December 31, 2011. The following table summarizes the acquisition price, percent leased at time of acquisition and in-place yields, by product type, for these acquisitions (in thousands, except percentage data):

| Type           | 2012 Acquisitions  |                  |                                       | 2011 Acquisitions  |                  |                                       |
|----------------|--------------------|------------------|---------------------------------------|--------------------|------------------|---------------------------------------|
|                | Acquisition Price* | In-Place Yield** | Percent Leased at Acquisition Date*** | Acquisition Price* | In-Place Yield** | Percent Leased at Acquisition Date*** |
| Industrial     | \$265,203          | 6.6              | % 94.9                                | % \$516,251        | 6.6              | % 92.7                                |
| Office         | —                  | —                | % —                                   | % 90,603           | 5.1              | % 66.8                                |
| Medical Office | 514,455            | 6.5              | % 92.9                                | % 143,241          | 7.3              | % 98.1                                |
| Total          | \$779,658          | 6.5              | % 94.4                                | % \$750,095        | 6.5              | % 91.5                                |

\* Includes real estate assets and net acquired lease-related intangible assets but excludes other acquired working capital assets and liabilities.

\*\* In-place yields of completed acquisitions are calculated as the current annualized net rental payments from space leased to tenants at the date of acquisition, divided by the acquisition price of the acquired real estate. Annualized net rental payments are comprised of base rental payments, excluding additional amounts payable by tenants as reimbursement for operating expenses, less current annualized operating expenses not recovered through tenant reimbursements.

\*\*\* Represents percentage of total square feet leased based on executed leases and without regard to whether the leases have commenced, at the date of acquisition.

#### Disposition Activity

We regularly work to identify, consider and pursue opportunities to dispose of properties on an opportunistic basis and on a basis that is generally consistent with our strategic plans. We sold 28 buildings during the year ended December 31, 2012 and 119 buildings during the year ended December 31, 2011. The following table summarizes the sales prices, in-place yields and percent leased, by product type, of these building sales (in thousands, except percentage data):

| Type       | 2012 Dispositions |                 |                  | 2011 Dispositions |                 |                  |
|------------|-------------------|-----------------|------------------|-------------------|-----------------|------------------|
|            | Sales Price       | In-Place Yield* | Percent Leased** | Sales Price       | In-Place Yield* | Percent Leased** |
| Industrial | \$60,913          | 8.4             | % 79.3           | % \$82,903        | 6.0             | % 69.4           |
| Office     | 58,881            | 7.1             | % 79.4           | % 1,546,094       | 8.4             | % 85.7           |
| Other      | 11,400            | 9.0             | % 80.5           | % —               | —               | % —              |
| Total      | \$131,194         | 7.9             | % 79.4           | % \$1,628,997     | 8.2             | % 83.5           |

\* In-place yields of completed dispositions are calculated as current annualized net rental payments from space leased to tenants at the date of sale, divided by the sales price of the real estate. Annualized net rental payments are comprised of base rental payments, excluding additional amounts payable by tenants as reimbursement for operating expenses, less current annualized operating expenses not recovered through tenant reimbursements.

\*\* Represents percentage of total square feet leased based on executed leases and without regard to whether the leases have commenced, at the date of sale.

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## Development

Another source of our earnings growth is our wholly-owned and joint venture development activities. We expect to generate future earnings from Rental Operations as the development properties are placed in service and leased. We increased our development activities in 2012 for industrial and medical office properties with significant pre-leasing, as well as for speculative developments, in limited circumstances, in markets that we believe will provide future growth. We believe these two product lines will be the areas of greatest future growth.

We had 4.4 million square feet of consolidated or jointly controlled properties under development with total estimated costs upon completion of \$578.5 million at December 31, 2012, compared to 913,000 square feet of property under development with total estimated costs of \$213.5 million at December 31, 2011. The square footage and estimated costs include both wholly-owned and joint venture development activity at 100%. The following table summarizes our properties under development as of December 31, 2012 (in thousands, except percentage data):

| Ownership Type           | Square Feet | Percent Leased | Total Estimated Project Costs | Total Incurred to Date | Amount Remaining to be Spent |
|--------------------------|-------------|----------------|-------------------------------|------------------------|------------------------------|
| Consolidated properties  | 3,572       | 84             | % \$468,847                   | \$225,222              | \$243,625                    |
| Joint venture properties | 874         | 31             | % 109,648                     | 54,994                 | 54,654                       |
| Total                    | 4,446       | 73             | % \$578,495                   | \$280,216              | \$298,279                    |

We directly own over 3,500 acres of undeveloped land, of which we intend to develop over 2,200 acres. We believe that the land we intend to develop can support over 37.0 million square feet of primarily industrial, but also office and medical office, developments.

## Results of Operations

A summary of our operating results and property statistics for each of the years in the three-year period ended December 31, 2012, is as follows (in thousands, except number of properties and per share or per Common Unit data):

|  | 2012         | 2011      | 2010        |
|--|--------------|-----------|-------------|
| Rental and related revenue from continuing operations            | \$834,369    | \$742,883 | \$669,543   |
| General contractor and service fee revenue                       | 275,071      | 521,796   | 515,361     |
| Operating income   | 160,959      | 217,984   | 184,567     |
| General Partner  |              |           |             |
| Net income (loss) attributable to common shareholders            | \$(126,145 ) | \$31,416  | \$(14,108 ) |
| Weighted average common shares outstanding                       | 267,900      | 252,694   | 238,920     |
| Weighted average common shares and potential dilutive securities | 267,900      | 259,598   | 238,920     |
| Partnership  |              |           |             |
| Net income (loss) attributable to common unitholders             | \$(128,418 ) | \$32,275  | \$(14,459 ) |
| Weighted average Common Units outstanding                        | 272,729      | 259,598   | 244,870     |
| Weighted average Common Units and potential dilutive securities  | 272,729      | 259,598   | 244,870     |
| General Partner and Partnership                                  |              |           |             |
| Basic income (loss) per common share or Common Unit:             |              |           |             |
| Continuing operations  | \$(0.53 )    | \$(0.27 ) | \$(0.18 )   |
| Discontinued operations  | \$0.05       | \$0.38    | \$0.11      |
| Diluted income (loss) per common share or Common Unit:           |              |           |             |
| Continuing operations  | \$(0.53 )    | \$(0.27 ) | \$(0.18 )   |
| Discontinued operations  | \$0.05       | \$0.38    | \$0.11      |
| Number of in-service consolidated properties at end of year      | 629          | 616       | 669         |
| In-service consolidated square footage at end of year            | 115,582      | 110,296   | 114,078     |
| Number of in-service joint venture properties at end of year     | 126          | 126       | 114         |
| In-service joint venture square footage at end of year           | 25,614       | 25,295    | 22,657      |

## Comparison of Year Ended December 31, 2012 to Year Ended December 31, 2011

## Rental and Related Revenue

The following table sets forth rental and related revenue from continuing operations by reportable segment, as well as total rental and related revenue from discontinued operations, for the years ended December 31, 2012 and 2011, respectively (in thousands):

|  | 2012      | 2011      |
|--|-----------|-----------|
| Rental and Related Revenue:  |           |           |
| Industrial   | \$438,525 | \$379,030 |
| Office   | 267,982   | 272,807   |
| Medical Office   | 98,647    | 57,673    |
| Other  | 29,215    | 33,373    |
| Total Rental and Related Revenue from Continuing Operations                  | \$834,369 | \$742,883 |
| Rental and Related Revenue from Discontinued Operations                      | 8,284     | 194,166   |
| Total Rental and Related Revenue from Continuing and Discontinued Operations | \$842,653 | \$937,049 |

The primary reasons for the increase in rental revenue from continuing operations, with specific references to a particular segment when applicable, are summarized below:



We acquired 96 properties, of which 51 were industrial and 38 were medical office, and placed eleven developments in service from January 1, 2011 to December 31, 2012, which provided incremental revenues of \$91.3 million in the year ended December 31, 2012 over 2011.

The sale of 13 office properties to an unconsolidated joint venture in the first quarter of 2011 resulted in a \$10.1 million decrease in rental and related revenue from continuing operations in 2012, which partially offset the impact of newly acquired or developed properties.

The remaining increase in rental and related revenue from continuing operations is primarily due to improved results within the properties that have been in service for all of 2011 and 2012. Higher levels of occupancy primarily drove the overall improvement within these properties, as rental rates increased modestly but did not significantly contribute to the increase in revenues from continuing operations.

The overall shift of revenues and income from office properties to industrial and medical office properties is consistent with our continuing strategy to increase our asset concentration in industrial and medical office properties while reducing our overall investment in office properties.

The decrease in rental revenues from discontinued operations is primarily a result of the Blackstone Office Disposition that took place in December 2011.

#### Rental Expenses and Real Estate Taxes

The following table sets forth rental expenses and real estate taxes from continuing operations by reportable segment, as well as total rental expenses and real estate taxes from discontinued operations, for the years ended December 31, 2012 and 2011, respectively (in thousands):

|   | 2012      | 2011      |
|---|-----------|-----------|
| Rental Expenses:  |           |           |
| Industrial  | \$44,309  | \$41,362  |
| Office  | 79,467    | 77,979    |
| Medical Office  | 23,026    | 17,121    |
| Other   | 6,333     | 8,155     |
| Total Rental Expenses from Continuing Operations                          | \$153,135 | \$144,617 |
| Rental Expenses from Discontinued Operations                              | 2,255     | 60,430    |
| Total Rental Expenses from Continuing and Discontinued Operations         | \$155,390 | \$205,047 |
| Real Estate Taxes:  |           |           |
| Industrial  | \$67,041  | \$59,353  |
| Office  | 33,059    | 34,298    |
| Medical Office  | 9,689     | 5,102     |
| Other   | 3,854     | 3,524     |
| Total Real Estate Tax Expense from Continuing Operations                  | \$113,643 | \$102,277 |
| Real Estate Tax Expense from Discontinued Operations                      | 1,031     | 28,693    |
| Total Real Estate Tax Expense from Continuing and Discontinued Operations | \$114,674 | \$130,970 |

Overall, rental expenses from continuing operations increased by \$8.5 million in 2012 compared to 2011. While we recognized incremental rental expenses of \$9.5 million associated with the additional 96 properties acquired and eleven developments placed in service since January 1, 2011, we also sold 13 office properties to an unconsolidated joint venture in late March 2011, which resulted in a \$2.8 million decrease in rental expenses from continuing operations in 2012 as compared to 2011.

Overall, real estate taxes from continuing operations increased by \$11.4 million in 2012 compared to 2011. We recognized incremental real estate tax expense of \$12.4 million associated with the additional 96 properties acquired and eleven developments placed in service since January 1, 2011. This increase was partially offset by a \$1.6 million decrease in real estate taxes from continuing operations related to the 13 properties that were sold to an unconsolidated joint venture during the first quarter of 2011.

## Service Operations

The following table sets forth the components of the Service Operations reportable segment for the years ended December 31, 2012 and 2011, respectively (in thousands):

|  | 2012       | 2011       |
|--|------------|------------|
| Service Operations:                            |            |            |
| General contractor and service fee revenue     | \$275,071  | \$521,796  |
| General contractor and other services expenses | (254,870 ) | (480,480 ) |
| Total  | \$20,201   | \$41,316   |

Service Operations primarily consist of the leasing, property management, asset management, development, construction management and general contractor services for joint venture properties and properties owned by third parties. Service Operations are heavily influenced by the current state of the economy, as leasing and property management fees are dependent upon occupancy, while construction and development services rely on the expansion of business operations of third-party property owners and joint venture partners. A significant decrease in third-party construction volume in 2012 compared to 2011, due to some significant third-party construction jobs being completed, drove the decrease in our earnings from Service Operations. In 2012, we focused more of our internal resources on the development and leasing of properties we own rather than on replacing the third-party construction contracts that were completed.

## Depreciation and Amortization Expense

Depreciation and amortization expense increased from \$326.2 million in 2011 to \$376.0 million in 2012 primarily due to depreciation related to additions to our continuing operations asset base from acquisition activity, which have shorter depreciable lives relative to developed properties, and developments placed in service in 2011 and 2012.

## Gain on Sale of Properties - Continuing Operations

We sold 18 properties during 2011 that did not meet the criteria for inclusion in discontinued operations, recognizing total gains on sale of \$68.5 million.

## General and Administrative Expenses

General and administrative expenses consist of two components. The first component includes general corporate expenses and the second component includes the indirect operating costs not allocated to, or absorbed by, the development or Rental Operations of our wholly-owned properties or our Service Operations. The indirect operating costs that are either allocated to, or absorbed by, the development or Rental Operations of our wholly-owned properties, or our Service Operations, are primarily comprised of employee compensation, including related costs such as benefits and wage-related taxes, but also include other ancillary costs such as travel and information technology support. Total indirect operating costs, prior to any allocation or absorption, and general corporate expenses are collectively referred to as our overall pool of overhead costs.

Those indirect costs not allocated to or absorbed by these operations are charged to general and administrative expenses. We regularly review our total overhead cost structure relative to our leasing, development and construction volume and adjust the level of total overhead, generally through changes in our level of staffing in various functional departments, as necessary in order to control overall general and administrative expense.

General and administrative expenses increased from \$43.1 million in 2011 to \$46.4 million in 2012. The following table sets forth the factors that led to the increase in general and administrative expenses from 2011 to 2012 (in millions):

|  |        |   |
|--|--------|---|
| General and administrative expenses - 2011   | \$43.1 |   |
| Reduction to overall pool of overhead costs (1)                                      | (11.0) | ) |
| Increased absorption of costs by wholly-owned development and leasing activities (2) | (14.7) | ) |
| Reduced allocation of costs to Service Operations and Rental Operations (3)          | 29.0   |   |
| General and administrative expenses - 2012   | \$46.4 |   |

(1) We reduced our total pool of overhead costs, through staff reductions and other measures, as the result of changes in our product mix and anticipated future levels of third-party construction, leasing, management and other operational activities.

(2) We increased our focus on development of wholly-owned properties, and also significantly increased our leasing activity during 2012, which resulted in an increased absorption of overhead costs. We capitalized \$30.4 million and \$20.0 million of our total overhead costs to leasing and development, respectively, for consolidated properties during 2012, compared to capitalizing \$25.3 million and \$10.4 million of such costs, respectively, for 2011. Combined overhead costs capitalized to leasing and development totaled 31.1% and 20.6% of our overall pool of overhead costs for 2012 and 2011, respectively.

(3) The reduction in the allocation of overhead costs to Service Operations and Rental Operations resulted from reduced volumes of third-party construction projects as well as due to reducing our overall investment in office properties, which are more management intensive.

#### Interest Expense

Interest expense allocable to continuing operations increased from \$220.5 million in 2011 to \$245.2 million in 2012. We had \$47.4 million of interest expense allocated to discontinued operations in 2011, associated with the properties that were disposed of during 2011, compared to the allocation of only \$3.1 million of interest expense to discontinued operations for 2012. Total interest expense, combined for continuing and discontinued operations, decreased from \$267.8 million in 2011 to \$248.3 million in 2012. The reduction in total interest expense was primarily the result of a lower weighted average borrowing rate in 2012, due to refinancing some higher rate bonds in 2011 and 2012, as well as a slight decrease in our average level of borrowings compared to 2011. Also, due to an increase in properties under development from 2011, which met the criteria for capitalization of interest and were financed in part by common equity issuances during 2012, a \$5.0 million increase in capitalized interest also contributed to the decrease in total interest expense in 2012.

#### Acquisition-Related Activity

During 2012, we recognized approximately \$4.2 million in acquisition costs, compared to \$2.3 million of such costs in 2011. The increase from 2011 to 2012 is the result of acquiring a higher volume of medical office properties, where a higher level of acquisition costs are incurred than other property types, in 2012. During 2011, we also recognized a \$1.1 million gain related to the acquisition of a building from one of our 50%-owned unconsolidated joint ventures.

#### Discontinued Operations

Subject to certain criteria, the results of operations for properties sold during the year to unrelated parties, or classified as held-for-sale at the end of the period, are required to be classified as discontinued operations. The property specific components of earnings that are classified as discontinued operations include rental revenues, rental expenses, real estate taxes, allocated interest expense and depreciation expense, as well as the net gain or loss on the disposition of properties.

The operations of 150 buildings are currently classified as discontinued operations. These 150 buildings consist of 114 office, 30 industrial, four retail, and two medical office properties. As a result, we classified operating losses, before gain on sales, of \$1.5 million, \$1.8 million and \$7.1 million in discontinued operations for the years ended December 31, 2012, 2011 and 2010, respectively.

Of these properties, 28 were sold during 2012, 101 properties were sold during 2011 and 19 properties were sold during 2010. The gains on disposal of these properties of \$13.5 million, \$100.9 million and \$33.1 million for the years ended December 31, 2012, 2011 and 2010, respectively, are also reported in discontinued operations. There are two properties classified as held-for-sale and included in discontinued operations at December 31, 2012.



## Comparison of Year Ended December 31, 2011 to Year Ended December 31, 2010

## Rental and Related Revenue

The following table sets forth rental and related revenue from continuing operations by reportable segment, as well as total rental and related revenue from discontinued operations, for the years ended December 31, 2011 and 2010, respectively (in thousands):

|  | 2011      | 2010      |
|--|-----------|-----------|
| Rental and Related Revenue:  |           |           |
| Industrial   | \$379,030 | \$280,538 |
| Office   | 272,807   | 313,712   |
| Medical Office   | 57,673    | 44,287    |
| Other  | 33,373    | 31,006    |
| Total Rental and Related Revenue from Continuing Operations                  | \$742,883 | \$669,543 |
| Rental and Related Revenue from Discontinued Operations                      | 194,166   | 248,024   |
| Total Rental and Related Revenue from Continuing and Discontinued Operations | \$937,049 | \$917,567 |

The primary reasons for the increase in rental revenue from continuing operations, with specific references to a particular segment when applicable, are summarized below:

We acquired 108 properties, of which 87 were industrial, and placed nine developments in service from January 1, 2010 to December 31, 2011, which provided incremental revenues of \$79.8 million in the year ended December 31, 2011 over 2010.

We consolidated 106 industrial buildings as a result of acquiring our joint venture partner's 50% interest in Dugan Realty, L.L.C. ("Dugan") on July 1, 2010. The consolidation of these buildings resulted in an increase of \$37.2 million in rental and related revenue for the year ended December 31, 2011, as compared to the same period in 2010.

We sold 23 office properties to an unconsolidated joint venture in 2010 and the first quarter of 2011, resulting in a \$55.2 million decrease in rental and related revenue from continuing operations in 2011.

The remaining increase in rental and related revenues is primarily due to improved results within the properties that have been in service for all of 2010 and 2011. Although rental rates declined slightly on our lease renewals, the effect was not significant to revenues and improved occupancy drove the overall improvement within these properties.

### Rental Expenses and Real Estate Taxes

The following table sets forth rental expenses and real estate taxes from continuing operations by reportable segment, as well as total rental expenses and real estate taxes from discontinued operations, for the years ended December 31, 2011 and 2010, respectively (in thousands):

|   | 2011      | 2010      |
|---|-----------|-----------|
| Rental Expenses:  |           |           |
| Industrial  | \$41,362  | \$28,033  |
| Office  | 77,979    | 88,378    |
| Medical Office  | 17,121    | 12,780    |
| Other   | 8,155     | 5,675     |
| Total Rental Expenses from Continuing Operations                          | \$144,617 | \$134,866 |
| Rental Expenses from Discontinued Operations                              | 60,430    | 72,146    |
| Total Rental Expenses from Continuing and Discontinued Operations         | \$205,047 | \$207,012 |
| Real Estate Taxes:  |           |           |
| Industrial  | \$59,353  | \$42,303  |
| Office  | 34,298    | 39,420    |
| Medical Office  | 5,102     | 3,330     |
| Other   | 3,524     | 3,553     |
| Total Real Estate Tax Expense from Continuing Operations                  | \$102,277 | \$88,606  |
| Real Estate Tax Expense from Discontinued Operations                      | 28,693    | 35,266    |
| Total Real Estate Tax Expense from Continuing and Discontinued Operations | \$130,970 | \$123,872 |

We recognized incremental rental expenses of \$16.2 million associated with the additional 108 properties acquired (of which 87 were industrial) and nine developments placed in service since January 1, 2010. The July 1, 2010 consolidation of 106 industrial buildings in Dugan also resulted in a \$5.3 million increase in rental expense for industrial properties. The aforementioned increases were partially offset by a decrease of \$12.5 million related to 23 properties that were sold to an unconsolidated joint venture during 2010 and the first quarter of 2011.

We recognized incremental real estate taxes of \$12.8 million associated with the additional 108 properties acquired and nine developments placed in service since January 1, 2010. The July 1, 2010 consolidation of 106 industrial buildings in Dugan resulted in incremental real estate taxes of \$6.2 million. The aforementioned increases were partially offset by a decrease of \$7.8 million related to 23 properties that were sold to an unconsolidated joint venture during 2010 and the first quarter of 2011. The remaining increases were the result of increased taxes on our properties that have been in service for all of 2010 and 2011.

### Service Operations

The following table sets forth the components of the Service Operations reportable segment for the years ended December 31, 2011 and 2010, respectively (in thousands):

|  | 2011       | 2010       |
|--|------------|------------|
| Service Operations:                            |            |            |
| General contractor and service fee revenue     | \$521,796  | \$515,361  |
| General contractor and other services expenses | (480,480 ) | (486,865 ) |
| Total  | \$41,316   | \$28,496   |

The increase in earnings from Service Operations was due to increased profitability on third-party construction activities performed during 2011 compared to 2010, as overall construction volume was relatively consistent between the years.

### Depreciation and Amortization Expense

Depreciation and amortization expense increased from \$276.0 million in 2010 to \$326.2 million in 2011 primarily as the result of acquisition activity, where depreciation expense is accelerated relative to developed properties, in 2010 and 2011.

### Equity in Earnings of Unconsolidated Companies

Equity in earnings represents our ownership share of net income or loss from investments in unconsolidated companies that generally own and operate rental properties. Equity in earnings decreased from \$8.0 million in 2010 to \$4.6 million in 2011. The decrease was largely due to the consolidation of 106 properties upon the acquisition of our partner's 50% interest in Dugan on July 1, 2010.

### Gain on Sale of Properties - Continuing Operations

Gains on sales of properties classified in continuing operations increased from \$39.7 million in 2010 to \$68.5 million in 2011. We sold 18 properties during 2011 that did not meet the criteria for inclusion in discontinued operations, compared to 17 of such properties in 2010. Of the properties sold in 2011 and 2010, 13 and seven properties, respectively, were sold to a 20%-owned joint venture. The combined gain on sale of these properties was \$62.1 million and \$31.9 million in 2011 and 2010, respectively.

### Impairment Charges

Impairment charges classified in continuing operations include the impairment of undeveloped land and buildings, investments in unconsolidated subsidiaries and other real estate related assets. The increase from \$9.8 million in 2010 to \$12.9 million in 2011 is primarily due to the following activity:

In 2011, we recognized \$12.9 million of impairment charges related to parcels of land, which we intend to sell, where recent market activity led us to determine that a decline in fair value had occurred.

In 2010, we sold approximately 60 acres of land, in two separate transactions, which resulted in impairment charges of \$9.8 million. These sales were opportunistic in nature and we had not identified or actively marketed this land for disposition, as it was previously intended to be held for development.

### General and Administrative Expenses

General and administrative expenses increased from \$41.3 million in 2010 to \$43.1 million in 2011. The following table sets forth the factors that led to the increase in general and administrative expenses from 2010 to 2011 (in millions):

|  |        |   |
|--|--------|---|
| General and administrative expenses - 2010   | \$41.3 |   |
| Increase to overall pool of overhead costs (1)                                       | 5.7    |   |
| Increased absorption of costs by wholly-owned development and leasing activities (2) | (3.7)  | ) |
| Increased allocation of costs to Service Operations and Rental Operations            | (0.2)  | ) |
| General and administrative expenses - 2011   | \$43.1 |   |

(1) The increase to our overall pool of overhead costs from 2010 is largely due to increased severance pay related to overhead reductions that took place near the end of 2011.

(2) Our total leasing activity increased and we also increased wholly owned development activities from 2010. We capitalized \$25.3 million and \$10.4 million of our total overhead costs to leasing and development, respectively, for consolidated properties during 2011, compared to capitalizing \$23.5 million and \$8.5 million of such costs, respectively, for 2010. Combined overhead costs capitalized to leasing and development totaled 20.6% and 19.1% of our overall pool of overhead costs for 2011 and 2010, respectively.

### Interest Expense

Interest expense from continuing operations increased from \$186.4 million in 2010 to \$220.5 million in 2011. The increase was primarily a result of increased average outstanding debt during 2011 compared to 2010, which was driven by our acquisition activities as well as other uses of capital. A \$7.2 million decrease in the capitalization of

interest costs, the result of developed properties no longer meeting the criteria for interest capitalization, also contributed to the increase in interest expense.

#### Gain (Loss) on Debt Transactions

There were no gains or losses on debt transactions during 2011.

During 2010, through a cash tender offer and open market transactions, we repurchased certain of our outstanding series of unsecured notes scheduled to mature in 2011 and 2013. In total, we paid \$292.2 million for unsecured notes that had a face value of \$279.9 million. We recognized a net loss on extinguishment of \$16.3 million after considering the write-off of unamortized deferred financing costs, discounts and other accounting adjustments.

#### Acquisition-Related Activity

During 2011, we recognized approximately \$2.3 million in acquisition costs, compared to \$1.9 million of such costs in 2010. During 2011, we also recognized a \$1.1 million gain related to the acquisition of a building from one of our 50%-owned unconsolidated joint ventures, compared to a \$57.7 million gain in 2010 on the acquisition of our joint venture partner's 50% interest in Dugan.

#### Critical Accounting Policies

The preparation of our consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Our estimates, judgments and assumptions are inherently subjective and based on the existing business and market conditions, and are therefore continually evaluated based upon available information and experience. Note 2 to the Consolidated Financial Statements includes further discussion of our significant accounting policies. Our management has assessed the accounting policies used in the preparation of our financial statements and discussed them with our Audit Committee and independent auditors. The following accounting policies are considered critical based upon materiality to the financial statements, degree of judgment involved in estimating reported amounts and sensitivity to changes in industry and economic conditions:

**Accounting for Joint Ventures:** We analyze our investments in joint ventures to determine if the joint venture is a variable interest entity (a "VIE") and would require consolidation. We (i) evaluate the sufficiency of the total equity at risk, (ii) review the voting rights and decision-making authority of the equity investment holders as a group, and whether there are any guaranteed returns, protection against losses, or capping of residual returns within the group and (iii) establish whether activities within the venture are on behalf of an investor with disproportionately few voting rights in making this VIE determination. To the extent that we (i) are the sole entity that has the power to direct the activities of the VIE and (ii) have the obligation or rights to absorb the VIE's losses or receive its benefits, then we would be determined to be the primary beneficiary of the VIE and would consolidate it. At each reporting period, we re-assess our conclusions as to which, if any, party within the VIE is considered the primary beneficiary. To the extent that our joint ventures do not qualify as VIEs, we further assess each partner's substantive participating rights to determine if the venture should be consolidated.

We have equity interests in unconsolidated joint ventures that own and operate rental properties and hold land for development. To the extent applicable, we consolidate those joint ventures that are considered to be VIE's where we are the primary beneficiary. For non-variable interest entities, we consolidate those joint ventures that we control through majority ownership interests or where we are the managing entity and our partner does not have substantive participating rights. Control is further demonstrated by the ability of the general partner to manage day-to-day operations, refinance debt and sell the assets of the joint venture without the consent of the limited partner and inability of the limited partner to replace the general partner. We use the equity method of accounting for those joint ventures where we do not have control over operating and financial policies. Under the equity method of accounting, our investment in each joint venture is included on our balance sheet; however, the assets and liabilities of the joint ventures for which we use the equity method are not included on our balance sheet.

To the extent that we contribute assets to a joint venture, our investment in the joint venture is recorded at our cost basis in the assets that were contributed to the joint venture. To the extent that our cost basis is different than the



basis reflected at the joint venture level, the basis difference is amortized over the life of the related asset and included in our share of equity in earnings of the joint venture. We recognize gains on the contribution or sale of real estate to joint ventures, relating solely to the outside partner's interest, to the extent the economic substance of the transaction is a sale.

**Cost Capitalization:** Direct and certain indirect costs, including interest, clearly associated with the development, construction, leasing or expansion of real estate investments are capitalized as a cost of the property.

We capitalize interest and direct and indirect project costs associated with the initial construction of a property up to the time the property is substantially complete and ready for its intended use. We believe the completion of the building shell is the proper basis for determining substantial completion. The interest rate used to capitalize interest is based upon our average borrowing rate on existing debt.

We also capitalize direct and indirect costs, including interest costs, on vacant space during extended lease-up periods after construction of the building shell has been completed if costs are being incurred to ready the vacant space for its intended use. If costs and activities incurred to ready the vacant space cease, then cost capitalization is also discontinued until such activities are resumed. Once necessary work has been completed on a vacant space, project costs are no longer capitalized. We cease capitalization of all project costs on extended lease-up periods after the shorter of a one-year period after the completion of the building shell or when the property attains 90% occupancy. In addition, all leasing commissions paid to third parties for new leases or lease renewals are capitalized.

In assessing the amount of indirect costs to be capitalized, we first allocate payroll costs, on a department-by-department basis, among activities for which capitalization is warranted (i.e., construction, development and leasing) and those for which capitalization is not warranted (i.e., property management, maintenance, acquisitions and dispositions and general corporate functions). To the extent the employees of a department split their time between capitalizable and non-capitalizable activities, the allocations are made based on estimates of the actual amount of time spent in each activity. Once the payroll costs are allocated, the non-payroll costs of each department are allocated among the capitalizable and non-capitalizable activities in the same proportion as payroll costs.

To ensure that an appropriate amount of costs are capitalized, the amount of capitalized costs that are allocated to a specific project are limited to amounts using standards we developed. These standards consist of a percentage of the total development costs of a project and a percentage of the total gross lease amount payable under a specific lease. These standards are derived after considering the amounts that would be allocated if the personnel in the departments were working at full capacity. The use of these standards ensures that overhead costs attributable to downtime or to unsuccessful projects or leasing activities are not capitalized.

**Impairment of Real Estate Assets:** We evaluate our real estate assets, with the exception of those that are classified as held-for-sale, for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such an evaluation is considered necessary, we compare the carrying amount of that real estate asset, or asset group, with the expected undiscounted cash flows that are directly associated with, and that are expected to arise as a direct result of, the use and eventual disposition of that asset, or asset group. Our estimate of the expected future cash flows used in testing for impairment is based on, among other things, our estimates regarding future market conditions, rental rates, occupancy levels, costs of tenant improvements, leasing commissions and other tenant concessions, assumptions regarding the residual value of our properties at the end of our anticipated holding period and the length of our anticipated holding period and is, therefore, subjective by nature. These assumptions could differ materially from actual results. If our strategy changes or if market conditions otherwise dictate a reduction in the holding period and an earlier sale date, an impairment loss could be recognized and such loss could be material. To the extent the carrying amount of a real estate asset, or asset group, exceeds the associated estimate of undiscounted cash flows, an impairment loss is recorded to reduce the carrying value of the asset to its fair value. The determination of the fair value of real estate assets is also highly subjective, especially in markets where there is a lack of recent comparable transactions. We primarily utilize the income approach to estimate the fair value of our income producing real estate assets. To the extent that the assumptions used in testing long-lived assets for

impairment differ from those of a marketplace participant, the assumptions are modified in order to estimate the fair value of a real estate asset when an impairment charge is measured. In addition to determining future cash flows, which make the estimation of a real estate asset's undiscounted cash flows highly subjective, the selection of the discount rate and exit capitalization rate used in applying the income approach is also highly subjective.

To the extent applicable marketplace data is available, we generally use the market approach in estimating the fair value of undeveloped land that is determined to be impaired.

Real estate assets that are classified as held-for-sale are reported at the lower of their carrying value or their fair value, less estimated costs to sell.

**Acquisition of Real Estate Property and Related Assets:** We allocate the purchase price of acquired properties to tangible and identified intangible assets based on their respective fair values, using all pertinent information available at the date of acquisition. The allocation to tangible assets (buildings, tenant improvements and land) is based upon management's determination of the value of the property as if it were vacant. This "as-if vacant" value is estimated using an income, or discounted cash flow, approach that relies upon internally determined assumptions that we believe are consistent with current market conditions for similar properties. The most important assumptions in determining the allocation of the purchase price to tangible assets are the exit capitalization rate, discount rate, estimated market rents, and hypothetical expected lease-up periods. The purchase price of real estate assets is also allocated to intangible assets consisting of the above or below market component of in-place leases and the value of in-place leases.

The value allocable to the above or below market component of an acquired in-place lease is determined based upon the present value (using a discount rate which reflects the risks associated with the acquired leases) of the difference between (i) the contractual amounts to be received pursuant to the lease over its remaining term and (ii) management's estimate of the amounts that would be received using fair market rates over the remaining term of the lease. The amounts allocated to above market leases are included in deferred leasing and other costs in the balance sheet and below market leases are included in other liabilities in the balance sheet; both are amortized to rental income over the remaining terms of the respective leases.

Factors considered in determining the value allocable to in-place leases include estimates, during hypothetical expected lease-up periods, of space that is actually leased at the time of acquisition, of lost rent at market rates, fixed operating costs that will be recovered from tenants, and theoretical leasing commissions required to execute similar leases. These intangible assets are included in deferred leasing and other costs in the balance sheet and are amortized over the remaining term of the existing lease, or the anticipated life of the customer relationship, as applicable.

We record assets acquired in step acquisitions at their full fair value and record a gain or loss for the difference between the fair value and the carrying value of our existing equity interest. Additionally, contingencies arising from a business combination are recorded at fair value if the acquisition date fair value can be determined during the measurement period.

**Valuation of Receivables:** We are subject to tenant defaults and bankruptcies that could affect the collection of rent due under leases or of outstanding receivables. In order to mitigate these risks, we perform credit reviews and analyses on major existing tenants and prospective tenants before leases are executed. We have established the following procedures and policies to evaluate the collectability of outstanding receivables and record allowances:

We maintain a tenant "watch list" containing a list of significant tenants for which the payment of receivables and future rent may be at risk. Various factors such as late rent payments, lease or debt instrument defaults, and indications of a deteriorating financial position are considered when determining whether to include a tenant on the watch list.

As a matter of policy, we reserve the entire receivable balance, including straight-line rent, of any tenant with an amount outstanding over 90 days.

Straight-line rent receivables for any tenant on the watch list or any other tenant identified as a potential long-term risk, regardless of the status of current rent receivables, are reviewed and reserved as necessary.

**Construction Contracts:** We recognize income on construction contracts where we serve as a general contractor on the percentage of completion method. Using this method, profits are recorded on the basis of our estimates of the overall profit and percentage of completion of individual contracts. A portion of the estimated profits is recognized based upon our estimates of the percentage of completion of the construction contract. To the extent that a fixed-price contract is estimated to result in a loss, the loss is recorded immediately. Cumulative revenues recognized may be less or greater than cumulative costs and profits billed at any point in time during a contract's term. This revenue recognition method involves inherent risks relating to profit and cost estimates with those risks reduced through approval and monitoring processes.

With regard to critical accounting policies, management has discussed the following with the Audit Committee:

• Criteria for identifying and selecting our critical accounting policies;

• Methodology in applying our critical accounting policies; and

• Impact of the critical accounting policies on our financial statements.

The Audit Committee has reviewed the critical accounting policies identified by management.

#### Liquidity and Capital Resources

##### Sources of Liquidity

We expect to meet our short-term liquidity requirements over the next twelve months, including payments of dividends and distributions as well as the capital expenditures needed to maintain our current real estate assets, primarily through working capital, net cash provided by operating activities and proceeds received from real estate dispositions. At December 31, 2012 we held \$33.9 million of cash and we had \$285.0 million of outstanding borrowings on the Partnership's \$850.0 million unsecured line of credit.

In addition to our existing sources of liquidity, we expect to meet long-term liquidity requirements, such as scheduled mortgage and unsecured debt maturities, property acquisitions, financing of development activities and other capital improvements, through multiple sources of capital including operating cash flow, proceeds from property dispositions and accessing the public debt and equity markets.

In January 2013, the General Partner completed a public offering of 41.4 million common shares, at an issue price of \$14.25 per share, resulting in gross proceeds of \$590.0 million and, after underwriting fees and estimated offering costs, net proceeds of approximately \$571.9 million. A portion of the net proceeds from this offering were used to repay all of the outstanding borrowings under the Partnership's existing revolving credit facility, which had an outstanding balance of \$285.0 million as of December 31, 2012, and the remaining proceeds will be used to redeem all of the General Partner's outstanding Series O Shares, which are redeemable as of February 22, 2013, and for general corporate purposes.

##### Rental Operations

Cash flows from Rental Operations is our primary source of liquidity and provides a stable cash flow to fund operational expenses. We believe that this cash-based revenue stream is substantially aligned with revenue recognition (except for periodic straight-line rental income accruals and amortization of above or below market rents) as cash receipts from the leasing of rental properties are generally received in advance of, or a short time following, the actual revenue recognition.

We are subject to a number of risks related to general economic conditions, including reduced occupancy, tenant defaults and bankruptcies and potential reduction in rental rates upon renewal or re-letting of properties, any of which would result in reduced cash flow from operations.

## Unsecured Debt and Equity Securities

Our unsecured line of credit as of December 31, 2012 is described as follows (in thousands):

| Description                            | Borrowing Capacity | Maturity Date | Outstanding Balance at December 31, 2012 |
|--|--------------------|---------------|--|
| Unsecured Line of Credit – Partnership | \$850,000          | December 2015 | \$ 285,000                               |

All amounts that were outstanding on the line of credit at December 31, 2012 were repaid in January 2013 with proceeds from the General Partner's common equity offering.

The Partnership's unsecured line of credit has a borrowing capacity of \$850.0 million with the interest rate on borrowings of LIBOR plus 1.25% (equal to 1.47% for borrowings as of December 31, 2012) and a maturity date of December 2015. Subject to certain conditions, the terms also include an option to increase the facility by up to an additional \$400.0 million, for a total of up to \$1.25 billion. This line of credit provides us with an option to obtain borrowings from financial institutions that participate in the line at rates that may be lower than the stated interest rate, subject to certain restrictions.

This line of credit contains financial covenants that require us to meet certain financial ratios and defined levels of performance, including those related to fixed charge coverage, unsecured interest expense coverage and debt-to-asset value (with asset value being defined in the Partnership's unsecured line of credit agreement). As of December 31, 2012, we were in compliance with all covenants under this line of credit.

At December 31, 2012, we had on file with the SEC an automatic shelf registration statement on Form S-3 relating to the offer and sale, from time to time, of an indeterminate amount of debt and equity securities (including guarantees of the Partnership's debt securities by the General Partner). Equity securities are offered and sold by the General Partner and the net proceeds of such offerings are contributed to the Partnership in exchange for additional General Partner Units or Preferred Units. From time to time, we expect to issue additional securities under this automatic shelf registration statement to fund the repayment of long-term debt upon maturity and for other general corporate purposes. On February 11, 2010, the General Partner entered into an at the market equity program that allowed it to issue new common shares, from time to time, with an aggregate offering price of up to \$150.0 million. The General Partner fully utilized this program during the first three months of 2012, issuing approximately 10.8 million common shares, resulting in gross proceeds of \$150.0 million. The General Partner paid approximately \$3.0 million in commissions related to the sales of these common shares and, after considering those commissions and other costs, generated net proceeds of approximately \$147.0 million from the offerings.

On May 7, 2012, the General Partner entered into a new at the market equity program that allows it to issue new common shares, from time to time, with an aggregate offering price of up to \$200.0 million. Through December 31, 2012, the General Partner has issued approximately 11.9 million common shares under this program, resulting in gross proceeds of approximately \$172.2 million. The General Partner paid approximately \$3.4 million in commissions related to the sales of these common shares and, after considering those commissions and other costs, generated net proceeds of approximately \$168.3 million from the offerings.

The indentures (and related supplemental indentures) governing our outstanding series of notes also require us to comply with financial ratios and other covenants regarding our operations. We were in compliance with all such covenants as of December 31, 2012.

## Sale of Real Estate Assets

We regularly work to identify, consider and pursue opportunities to dispose of non-strategic properties on an opportunistic basis and on a basis that is generally consistent with our strategic plans. Our ability to dispose of such properties on favorable terms, or at all, is dependent upon a number of factors including the availability of credit to potential buyers to purchase properties at prices that we consider acceptable. Although we believe that we have demonstrated our ability to generate significant liquidity through the disposition of non-strategic properties,

potential future adverse changes to general market and economic conditions could negatively impact our further ability to dispose of such properties.

#### Transactions with Unconsolidated Entities

Transactions with unconsolidated partnerships and joint ventures also provide a source of liquidity. From time to time we will sell properties to unconsolidated entities, while retaining a continuing interest in that entity, and receive proceeds commensurate to those interests that we do not own. Additionally, unconsolidated entities will from time to time obtain debt financing and will distribute to us, and our joint venture partners, all or a portion of the proceeds from such debt financing.

#### Uses of Liquidity

Our principal uses of liquidity include the following:

- property investment;
- leasing/capital costs;
- dividends and distributions to shareholders and unitholders;
- long-term debt maturities;
- opportunistic repurchases of outstanding debt and preferred stock; and
- other contractual obligations.

#### Property Investment

We continue to pursue an asset repositioning strategy that involves increasing our investment concentration in industrial and medical office properties while reducing our investment concentration in suburban office properties. Pursuant to this strategy, we evaluate development and acquisition opportunities based upon market outlook, including general economic conditions, supply and long-term growth potential. Our ability to make future property investments, along with being dependent upon identifying suitable acquisition and development opportunities, is also dependent upon our continued access to our longer-term sources of liquidity, including issuances of debt or equity securities as well as generating cash flow by disposing of selected properties.

#### Leasing/Capital Costs

Tenant improvements and leasing commissions related to the initial leasing of newly completed or vacant space in acquired properties are referred to as first generation expenditures. Such expenditures are included within development of real estate investments and other deferred leasing costs in our Consolidated Statements of Cash Flows. Tenant improvements and leasing costs to re-let rental space that had been previously under lease to tenants are referred to as second generation expenditures. Building improvements that are not specific to any tenant but serve to improve integral components of our real estate properties are also second generation expenditures.

One of our principal uses of our liquidity is to fund the second generation leasing/capital expenditures of our real estate investments. As illustrated in the tables below, we have significantly reduced such expenditures in 2012 as a direct result of repositioning our investment concentration in office properties in accordance with our asset strategy. The following is a summary of our second generation capital expenditures by type of expenditure (in thousands):

|                                       | 2012     | 2011     | 2010     |
|---------------------------------------|----------|----------|----------|
| Second generation tenant improvements | \$26,643 | \$50,079 | \$36,676 |
| Second generation leasing costs       | 31,059   | 38,130   | 39,090   |
| Building improvements                 | 6,182    | 11,055   | 12,957   |
| Total                                 | \$63,884 | \$99,264 | \$88,723 |

The following is a summary of our second generation capital expenditures by reportable operating segment (in thousands):

|   | 2012     | 2011     | 2010     |
|---|----------|----------|----------|
| Industrial                                | \$33,095 | \$34,872 | \$23,271 |
| Office                                    | 30,092   | 63,933   | 65,203   |
| Medical Office                            | 641      | 410      | 183      |
| Non-reportable Rental Operations segments | 56       | 49       | 66       |
| Total                                     | \$63,884 | \$99,264 | \$88,723 |

Both our first and second generation expenditures vary significantly between leases on a per square foot basis, dependent upon several factors including the product type, the nature of a tenant's operations, the specific physical characteristics of each individual property as well as the market in which the property is located. Second generation expenditures related to the 79 suburban office buildings that were sold in the Blackstone Office Disposition in December 2011 totaled \$26.2 million in 2011 and \$20.2 million in 2010.

#### Dividends and Distributions

The General Partner is required to meet the distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"), in order to maintain its REIT status. Because depreciation is a non-cash expense, cash flow will typically be greater than operating income. We paid dividends or distributions of \$0.68 per common share or Common Unit for each of the years ended December 31, 2012, 2011 and 2010. We expect to continue to distribute at least an amount equal to our taxable earnings, to meet the requirements to maintain the General Partner's REIT status, and additional amounts as determined by the General Partner's board of directors. Distributions are declared at the discretion of the General Partner's board of directors and are subject to actual cash available for distribution, our financial condition, capital requirements and such other factors as the General Partner's board of directors deems relevant.

At December 31, 2012 the General Partner had four series of preferred stock outstanding. The annual dividend rates on the General Partner's preferred shares range between 6.5% and 8.375% and are paid in arrears quarterly. In January 2013, the General Partner called for redemption all of its outstanding Series O Shares. The redemption date is February 22, 2013 and the cash redemption price is \$178.0 million. As a result of this redemption, the General Partner will reduce its future quarterly dividend commitments by \$3.7 million.

In March 2012, the General Partner redeemed all of its Series M Shares for a total payment of \$168.3 million, thus reducing its future quarterly dividend commitments by \$2.9 million.

In July 2011, the General Partner redeemed all of its 7.25% Series N Cumulative Redeemable Preferred Shares ("Series N Shares") for a total payment of \$108.6 million, thus reducing its future quarterly dividend commitments by \$2.0 million.

#### Debt Maturities

Debt outstanding at December 31, 2012 had a face value totaling \$4.4 billion with a weighted average interest rate of 5.86% and with maturity dates ranging between 2013 and 2028. Of this total amount, we had \$3.0 billion of unsecured debt, \$1.2 billion of secured debt and \$285.0 million outstanding on the Partnership's unsecured line of credit at December 31, 2012. Scheduled principal amortization and maturities of such debt totaled \$360.4 million for the year ended December 31, 2012.

The following is a summary of the scheduled future amortization and maturities of our indebtedness at December 31, 2012 (in thousands, except percentage data):

| Year       | Future Repayments      |              |              | Weighted Average Interest Rate of Future Repayments |
|------------|------------------------|--------------|--------------|---|
|            | Scheduled Amortization | Maturities   | Total        |   |
| 2013       | \$ 17,921              | \$ 529,811   | \$ 547,732   | 6.24%   |
| 2014       | 16,659                 | 314,904      | 331,563      | 6.14%   |
| 2015       | 14,999                 | 664,946      | 679,945      | 4.53%   |
| 2016       | 12,591                 | 532,249      | 544,840      | 6.09%   |
| 2017       | 10,100                 | 556,511      | 566,611      | 5.90%   |
| 2018       | 7,937                  | 300,000      | 307,937      | 6.08%   |
| 2019       | 6,936                  | 518,438      | 525,374      | 7.97%   |
| 2020       | 5,381                  | 250,000      | 255,381      | 6.73%   |
| 2021       | 3,416                  | 9,047        | 12,463       | 5.59%   |
| 2022       | 3,611                  | 600,000      | 603,611      | 4.20%   |
| 2023       | 3,817                  | —            | 3,817        | 5.60%   |
| Thereafter | 10,361                 | 50,000       | 60,361       | 7.02%   |
|            | \$ 113,729             | \$ 4,325,906 | \$ 4,439,635 | 5.86%   |

We anticipate generating capital to fund our debt maturities by using undistributed cash generated from our Rental Operations and property dispositions, and by raising additional capital from future debt or equity transactions, such as our January 2013 common offering.

#### Repurchases of Outstanding Debt and Preferred Stock

The General Partner paid \$168.3 million in March 2012 to redeem its Series M Shares at par value.

In January 2013, the General Partner called for redemption all 711,820 of its outstanding Series O Shares. The redemption date is February 22, 2013 and the cash redemption price for the Series O Shares is \$178.0 million, or \$250.00 per share.

To the extent that it supports our overall capital strategy, we may purchase certain of our outstanding unsecured debt prior to its stated maturity or the General Partner may redeem or repurchase certain of its outstanding series of preferred stock.

#### Guarantee Obligations

We are subject to various guarantee obligations in the normal course of business and, in most cases, do not anticipate these obligations to result in significant cash payments.

We are, however, subject to a joint and several guarantee of the loan agreement of the 3630 Peachtree joint venture. A contingent liability in the amount of \$17.3 million, which represents our maximum remaining future exposure under the guarantee, is included within other liabilities in our Consolidated Balance Sheet as of December 31, 2012 based on the probability of us being required to pay this obligation to the lender.

## Historical Cash Flows

Cash and cash equivalents were \$33.9 million and \$213.8 million at December 31, 2012 and 2011, respectively. The following highlights significant changes in net cash associated with our operating, investing and financing activities (in thousands):

|  | Years Ended December 31, |            |            |
|--|--------------------------|------------|------------|
|  | 2012                     | 2011       | 2010       |
| <b>General Partner</b>                               |                          |            |            |
| Net Cash Provided by Operating Activities            | \$299,157                | \$337,537  | \$391,156  |
| Net Cash Provided by (Used for) Investing Activities | (967,616 )               | 750,935    | (288,790 ) |
| Net Cash Provided by (Used for) Financing Activities | 488,539                  | (893,047 ) | (231,304 ) |
| <b>Partnership</b>                                   |                          |            |            |
| Net Cash Provided by Operating Activities            | \$299,256                | \$337,572  | \$390,776  |
| Net Cash Provided by (Used for) Investing Activities | (967,616 )               | 750,935    | (288,790 ) |
| Net Cash Provided by (Used for) Financing Activities | 488,423                  | (893,100 ) | (231,106 ) |
| <b>Operating Activities</b>                          |                          |            |            |

Cash flows from operating activities provide the cash necessary to meet normal operational requirements of our Rental Operations and Service Operations activities. The receipt of rental income from Rental Operations continues to provide the primary source of our revenues and operating cash flows.

The decrease in cash flows from operations from 2011 to 2012, noted in the table above, was primarily due to the overall reduction in rental revenues from discontinued operations, which was driven by the disposition of a significant portion of our office properties in December 2011. This overall change in product mix correspondingly drove a \$35.4 million decrease in cash outflows for second generation capital expenditures (classified within investing activities) during 2012.

The decrease in net cash provided by operating activities from 2010 to 2011 is, in large part, due to a \$10.9 million increase in cash outflows from third-party construction contracts as well as a \$14.7 million increase in cash paid for interest. Our third-party construction activities were profitable, in the aggregate, during 2011 and the net cash outflows during the year were the result of the timing of cash receipts and payments.

**Investing Activities**

Investing activities are one of the primary uses of our liquidity. Development and acquisition activities typically generate additional rental revenues and provide cash flows for operational requirements. Highlights of significant cash sources and uses are as follows:

Real estate development costs totaled \$264.8 million for the year ended December 31, 2012, compared to \$162.1 million and \$119.4 million for the years ended December 31, 2011 and 2010, respectively. We have increased our development activities in 2012 for industrial and medical office properties.

During 2012, we paid cash of \$665.5 million for real estate acquisitions, compared to \$544.8 million in 2011 and \$488.5 million in 2010. In addition, we paid cash of \$64.9 million for undeveloped land in 2012, compared to \$14.1 million in 2011 and \$14.4 million in 2010. The increase in land acquisitions in 2012 is the result of land acquired for specific development projects that commenced shortly after acquisition.

Sales of land and depreciated property provided \$138.1 million in net proceeds in 2012, compared to \$1.57 billion in 2011 and \$499.5 million in 2010.

We received capital distributions (as a result of the sale of properties or refinancing) from unconsolidated subsidiaries of \$5.2 million in 2012, \$59.3 million in 2011 and \$22.1 million in 2010.

During 2012, we contributed or advanced \$28.5 million to fund development activities within unconsolidated companies, compared to \$34.6 million in 2011 and \$53.2 million in 2010.



## Financing Activities

The following items highlight significant capital transactions:

Throughout 2012, the General Partner issued 22.7 million shares of common stock for net proceeds of \$315.3 million. The General Partner had no common stock issuances in 2011. In June 2010, the General Partner issued 26.5 million shares of common stock for net proceeds of \$298.1 million.

In March 2012, the General Partner redeemed all of the outstanding shares of its Series M Shares for a total payment of \$168.3 million. In July 2011, the General Partner redeemed all of the outstanding shares of its Series N Shares for a total payment of \$108.6 million.

Throughout 2011 and 2010, the General Partner completed open market repurchases of approximately 80,000 shares and 4.5 million shares, respectively, of its Series O Shares. The General Partner paid \$2.1 million in 2011 for shares that had a face value of \$2.0 million, compared to \$118.8 million in 2010 for shares that had a face value of \$112.1 million.

In September 2012, we issued \$300.0 million of senior unsecured notes that bear interest at 3.875% and mature on October 15, 2022. In June 2012, we issued \$300.0 million of senior unsecured notes that bear interest at 4.375% and mature on June 15, 2022. We had no senior unsecured note issuances in 2011. In April 2010, we issued \$250.0 million of senior unsecured notes that bear interest at an effective rate of 6.75% and mature in March 2020.

In October 2012, we repaid \$50.0 million of medium term notes, which had an effective interest rate of 5.45%, at their scheduled maturity date. In August 2012, we repaid \$150.0 million of senior unsecured notes, which had an effective interest rate of 6.01%, at their scheduled maturity date. In July 2012, one of our consolidated subsidiaries repaid \$21.0 million of variable rate unsecured debt, which bore interest at a rate of LIBOR plus 0.85%, at its scheduled maturity.

In December 2011, we repaid the remaining \$167.6 million of our 3.75% Exchangeable Notes, which had an effective interest rate of 5.62%, at their scheduled maturity date. In August and March 2011, we also repaid \$122.5 million and \$42.5 million, respectively, of unsecured notes with an effective rate of 5.69% and 6.96%, respectively, at their scheduled maturity dates. In January 2010, we repaid \$99.8 million of senior unsecured notes with an effective interest rate of 5.37% at their scheduled maturity date.

During 2010, through a cash tender offer and open market transactions, we repurchased certain of our outstanding series of unsecured notes scheduled to mature in 2011 and 2013. In total, we paid \$292.2 million for unsecured notes that had a face value of \$279.9 million.

Throughout the year ended December 31, 2012, we repaid five secured loans totaling \$102.1 million, which had a weighted average stated interest rate of 6.08%, at their maturity dates. This compares to payoffs of \$12.8 million in 2011, comprised of four individually insignificant secured loans, and \$195.4 million in 2010, which was secured debt that we assumed upon the July 2010 acquisition of our joint venture partner's 50% interest in Dugan.

We increased net borrowings on the Partnership's \$850.0 million line of credit by \$285.0 million for the year ended December 31, 2012, compared to a decrease of \$175.0 million in 2011 and an increase of \$175.0 million in 2010.

We paid cash dividends or distributions of \$0.68 per common share or per Common Unit in each of the years ended December 31, 2012, 2011 and 2010.

## Credit Ratings

We are currently assigned investment grade corporate credit ratings on our senior unsecured notes from Moody's Investors Service and Standard and Poor's Ratings Group. Our senior unsecured notes have been assigned ratings of BBB- and Baa2 by Standard and Poor's Ratings Group and Moody's Investors Service, respectively.

Our preferred shares carry ratings of BB and Baa3 from Standard and Poor's Ratings Group and Moody's Investors Service, respectively.

The ratings of our senior unsecured notes and preferred shares could change based upon, among other things, the impact that prevailing economic conditions may have on our results of operations and financial condition.

### Financial Instruments

We are exposed to capital market risk, such as changes in interest rates. In order to reduce the volatility relating to interest rate risk, we may enter into interest rate hedging arrangements from time to time. We do not utilize derivative financial instruments for trading or speculative purposes.

### Off Balance Sheet Arrangements

#### Investments in Unconsolidated Companies

We have equity interests in unconsolidated partnerships and limited liability companies that primarily own and operate rental properties and hold land for development. These unconsolidated joint ventures are primarily engaged in the operations and development of industrial, office and medical office real estate properties. The equity method of accounting (see Critical Accounting Policies) is used for these investments in which we have the ability to exercise significant influence, but not control, over operating and financial policies. As a result, the assets and liabilities of these entities are not included on our balance sheet.

Our investments in and advances to unconsolidated subsidiaries represent approximately 5% of our total assets as of December 31, 2012 and 2011, respectively. We believe that these investments provide several benefits to us, including increased market share, tenant and property diversification and an additional source of capital to fund real estate projects.

The following table presents summarized financial information for unconsolidated companies for the years ended December 31, 2012 and 2011, respectively (in thousands, except percentage data):

|  | Joint Ventures |             |
|--|----------------|-------------|
|  | 2012           | 2011        |
| Land, buildings and tenant improvements, net | \$1,991,823    | \$2,051,412 |
| Construction in progress                     | 61,663         | 12,208      |
| Undeveloped land                             | 175,143        | 177,742     |
| Other assets                                 | 289,173        | 309,409     |
|  | \$2,517,802    | \$2,550,771 |
| Indebtedness                                 | \$1,314,502    | \$1,317,554 |
| Other liabilities                            | 70,519         | 71,241      |
|  | 1,385,021      | 1,388,795   |
| Owners' equity                               | 1,132,781      | 1,161,976   |
|  | \$2,517,802    | \$2,550,771 |
| Rental revenue                               | \$291,534      | \$272,937   |
| Gain on sale of properties                   | \$6,792        | \$2,304     |
| Net income                                   | \$3,125        | \$10,709    |
| Total square feet                            | 26,487         | 25,569      |
| Percent leased*                              | 92.15          | % 90.42     |

\*Represents the percentage of total square feet leased based on executed leases and without regard to whether the leases have commenced.

We do not have any relationships with unconsolidated entities or financial partnerships ("special purpose entities") that have been established solely for the purpose of facilitating off-balance sheet arrangements.

## Contractual Obligations

At December 31, 2012, we were subject to certain contractual payment obligations as described in the following table:

| Contractual Obligations                          | Payments due by Period (in thousands) |             |           |           |           |           |             |
|--|---------------------------------------|-------------|-----------|-----------|-----------|-----------|-------------|
|  | Total                                 | 2013        | 2014      | 2015      | 2016      | 2017      | Thereafter  |
| Long-term debt (1)                               | \$5,370,074                           | \$777,490   | \$552,693 | \$582,411 | \$710,802 | \$692,959 | \$2,053,719 |
| Line of credit (2)                               | 303,597                               | 6,365       | 6,365     | 290,867   | —         | —         | —           |
| Share of unconsolidated joint ventures' debt (3) | 484,823                               | 136,231     | 64,963    | 90,999    | 23,801    | 106,059   | 62,770      |
| Ground leases                                    | 206,487                               | 3,692       | 3,769     | 3,788     | 3,814     | 3,835     | 187,589     |
| Operating leases                                 | 10,174                                | 2,638       | 2,667     | 1,858     | 1,720     | 699       | 592         |
| Development and construction backlog costs (4)   | 309,239                               | 301,425     | 7,814     | —         | —         | —         | —           |
| Other  | 1,807                                 | 514         | 394       | 397       | 401       | 101       | —           |
| Total Contractual Obligations                    | \$6,686,201                           | \$1,228,355 | \$638,665 | \$970,320 | \$740,538 | \$803,653 | \$2,304,670 |

(1) Our long-term debt consists of both secured and unsecured debt and includes both principal and interest. Interest expense for variable rate debt was calculated using the interest rates as of December 31, 2012.

(2) Our unsecured line of credit consists of an operating line of credit that matures December 2015. Interest expense for our unsecured line of credit was calculated using the most recent stated interest rate that was in effect.

(3) Our share of unconsolidated joint venture debt includes both principal and interest. Interest expense for variable rate debt was calculated using the interest rate at December 31, 2012.

(4) Represents estimated remaining costs on the completion of owned development projects and third-party construction projects.

## Related Party Transactions

We provide property and asset management, leasing, construction and other tenant related services to unconsolidated companies in which we have equity interests. For the years ended December 31, 2012, 2011 and 2010, respectively, we earned management fees of \$11.0 million, \$10.1 million and \$7.6 million, leasing fees of \$3.4 million, \$4.4 million and \$2.7 million and construction and development fees of \$4.7 million, \$6.7 million and \$10.3 million from these companies, prior to elimination. We recorded these fees based on contractual terms that approximate market rates for these types of services, and we have eliminated our ownership percentages of these fees in the consolidated financial statements.

## Commitments and Contingencies

We have guaranteed the repayment of \$83.8 million of economic development bonds issued by various municipalities in connection with certain commercial developments. We will be required to make payments under our guarantees to the extent that incremental taxes from specified developments are not sufficient to pay the bond debt service. Management does not believe that it is probable that we will be required to make any significant payments in satisfaction of these guarantees.

We also have guaranteed the repayment of secured and unsecured loans of five of our unconsolidated subsidiaries. At December 31, 2012, the maximum guarantee exposure for these loans was approximately \$247.1 million. Included in our total guarantee exposure is a joint and several guarantee of the loan agreement of the 3630 Peachtree joint venture, which had a carrying amount of \$17.3 million on the balance sheet at December 31, 2012.

We lease certain land positions with terms extending to October 2105, with a total obligation of \$206.5 million. No payments on these ground leases, which are classified as operating leases, are material in any individual year.

We are subject to various legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of any ultimate liability with respect to these actions will not materially affect our consolidated financial statements or results of operations.

We own certain parcels of land that are subject to special property tax assessments levied by quasi municipal entities. To the extent that such special assessments are fixed and determinable, the discounted value of the full

assessment is recorded as a liability. We have \$12.5 million of such special assessment liabilities, which are included within other liabilities on our consolidated balance sheet as of December 31, 2012.

#### Item 7A. Quantitative and Qualitative Disclosure About Market Risks

We are exposed to interest rate changes primarily as a result of our line of credit and long-term borrowings. Our interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve our objectives, we borrow primarily at fixed rates. We do not enter into derivative or interest rate transactions for speculative purposes. We have two outstanding swaps, which fix the rates on two of our variable rate loans and are not significant to our Financial Statements at December 31, 2012.

Our interest rate risk is monitored using a variety of techniques. The table below presents the principal amounts (in thousands) of the expected annual maturities, weighted average interest rates for the average debt outstanding in the specified period, fair values (in thousands) and other terms required to evaluate the expected cash flows and sensitivity to interest rate changes.

|                                | 2013      | 2014      | 2015      | 2016      | 2017      | Thereafter  | Total       | Fair Value  |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|
| Fixed rate secured debt        | \$119,549 | \$78,186  | \$142,056 | \$391,794 | \$102,017 | \$309,404   | \$1,143,006 | \$1,251,477 |
| Weighted average interest rate | 5.72%     | 5.63%     | 5.42%     | 5.85%     | 5.96%     | 7.43%       |             |             |
| Variable rate secured debt     | \$1,218   | \$1,285   | \$663     | \$676     | \$12,071  | \$2,499     | \$18,412    | \$18,386    |
| Weighted average interest rate | 1.20%     | 1.18%     | 2.06%     | 2.09%     | 3.51%     | 0.20%       |             |             |
| Fixed rate unsecured debt      | \$426,965 | \$252,092 | \$252,226 | \$152,370 | \$452,523 | \$1,457,041 | \$2,993,217 | \$3,336,386 |
| Weighted average interest rate | 6.40%     | 6.33%     | 7.49%     | 6.71%     | 5.95%     | 5.86%       |             |             |
| Unsecured line of credit       | \$—       | \$—       | \$285,000 | \$—       | \$—       | \$—         | \$285,000   | \$285,632   |
| Rate at December 31, 2012      | N/A       | N/A       | 1.47%     | N/A       | N/A       | N/A         |             |             |

As the table incorporates only those exposures that exist as of December 31, 2012, it does not consider those exposures or positions that could arise after that date. As a result, the ultimate impact of interest rate fluctuations will depend on future exposures that arise, our hedging strategies at that time to the extent we are party to interest rate derivatives, and interest rates. Interest expense on our unsecured line of credit will be affected by fluctuations in LIBOR indices as well as changes in our credit rating. The interest rate at such point in the future as we may renew, extend or replace our unsecured line of credit will be heavily dependent upon the state of the credit environment. At December 31, 2012, the face value of our unsecured debt was \$3.0 billion and we estimated the fair value of that unsecured debt to be \$3.3 billion. At December 31, 2011, the face value of our unsecured notes was \$2.6 billion and our estimate of the fair value of that debt was \$2.8 billion.

#### Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary data are included under Item 15 of this Report.

#### Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There was no change or disagreement with our accountants related to our accounting and financial disclosures.



Item 9A. Controls and Procedures

Controls and Procedures (General Partner)

We conducted an evaluation of the effectiveness of the design and operation of our "disclosure controls and procedures" as of the end of the period covered by this Report. The controls evaluation was done under the supervision and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer.

Attached as exhibits to this Report are certifications of our Chief Executive Officer and Chief Financial Officer, which are required in accordance with Rule 13a-14 of the Securities Exchange Act of 1934. This Controls and Procedures section includes the information concerning the controls evaluation referred to in the certifications and it should be read in conjunction with the certifications for a more complete understanding of the topics presented.

Disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act, such as this Report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Based on the disclosure controls and procedures evaluation referenced above, our Chief Executive Officer and Chief Financial Officer have concluded that as of the end of the period covered by this Report, our disclosure controls and procedures were effective.

Management's annual report on internal control over financial reporting and the audit report of our registered public accounting firm are included in Item 15 of Part IV under the headings "Management's Report on Internal Control" and "Report of Independent Registered Public Accounting Firm," respectively, and are incorporated herein by reference. There were no changes in our internal controls over financial reporting during the quarter ended December 31, 2012, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Controls and Procedures (Partnership)

We conducted an evaluation of the effectiveness of the design and operation of our "disclosure controls and procedures" as of the end of the period covered by this Report. The controls evaluation was done under the supervision and with the participation of management, including the General Partner's Chief Executive Officer and Chief Financial Officer.

Attached as exhibits to this Report are certifications of the General Partner's Chief Executive Officer and Chief Financial Officer, which are required in accordance with Rule 13a-14 of the Securities Exchange Act of 1934. This Controls and Procedures section includes the information concerning the controls evaluation referred to in the certifications and it should be read in conjunction with the certifications for a more complete understanding of the topics presented.

Disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act, such as this Report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to management, including the General Partner's principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Based on the disclosure controls and procedures evaluation referenced above, the General Partner's Chief Executive Officer and Chief Financial Officer have concluded that as of the end of the period covered by this Report, our disclosure controls and procedures were effective.

Management's annual report on internal control over financial reporting and the audit report of our registered public accounting firm are included in Item 15 of Part IV under the headings "Management's Report on Internal Control" and "Report of Independent Registered Public Accounting Firm," respectively, and are incorporated herein by reference. There were no changes in our internal controls over financial reporting during the quarter ended December 31, 2012, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information

There was no information required to be disclosed in a report on Form 8-K during the fourth quarter of 2012 for which no Form 8-K was filed.

PART III

Item 10. Directors and Executive Officers of the Registrant

The following is a summary of the executive officers of the General Partner as of January 1, 2013:

Dennis D. Oklak, age 59. Mr. Oklak joined the General Partner in 1986. He has held various senior executive positions within the General Partner and was promoted to Chief Executive Officer of the General Partner and joined the General Partner's Board of Directors in 2004. In 2005, Mr. Oklak was appointed Chairman of the General Partner's Board of Directors. Mr. Oklak serves on the Executive Board of the National Association of Real Estate Investment Trusts, or "NAREIT," the Board of Trustees of the Urban Land Institute and is a member of the Real Estate Roundtable. Mr. Oklak serves as Co-Chairman of the Central Indiana Corporate Partnership, the Board of Trustees of the Crossroads of America Council of the Boy Scouts of America Foundation and the Dean's Advisory Board for Ball State University's Miller College of Business. From 2003 to 2009, Mr. Oklak was a member of the board of directors of publicly-traded recreational vehicle manufacturer, Monaco Coach Corporation. Mr. Oklak has served as a director of the General Partner since 2004.

Christie B. Kelly, age 51. Ms. Kelly was appointed as Executive Vice President and Chief Financial Officer of the General Partner in 2009. Ms. Kelly has over 25 years of experience ranging from financial planning and strategic development to senior leadership roles in financial management, mergers and acquisitions, information technology and investment banking. Prior to joining the General Partner, Ms. Kelly served as Senior Vice President of the Global Real Estate Group at Lehman Brothers from 2007 to 2009. Previously, Ms. Kelly was employed by General Electric Company from 1983 to 2007 and served in numerous finance and operational leadership roles, including Business Development Leader for Mergers and Acquisitions for GE Real Estate from 2003 to 2007. Ms. Kelly serves on the Board of Directors of the Butler University College of Business as well as on the Board of Directors of the National Bank of Indianapolis Corporation.

Steven R. Kennedy, age 56. Mr. Kennedy has served as Executive Vice President, Construction since 2004. From 1986 until 2004, he served in various capacities in the construction group, most recently as Senior Vice President.

James B. Connor, age 54. Mr. Connor was appointed Senior Regional Executive Vice President of the General Partner in 2011. His responsibilities include managing and leading the business units in Minneapolis, St. Louis, Chicago, Indianapolis, Cincinnati, Columbus and Cleveland. Prior to being named Senior Regional Executive Vice President, Mr. Connor held various senior management positions with the General Partner, including Executive Vice President of the General Partner's Midwest region, a position he held between 2003 and 2010. Prior to joining the General Partner in 1998, Mr. Connor held numerous executive and brokerage positions with Cushman & Wakefield, most recently serving as Senior Managing Director for the Midwest area. Mr. Connor serves on the Advisory Board of the Marshall Bennett Institute of Real Estate at Roosevelt University in Chicago as well as on the Editorial Board of the Illinois Real Estate Journal.

James D. Bremner, age 57. Mr. Bremner has served as the Company's President, Healthcare since 2007 when the Company acquired Bremner Healthcare Real Estate (formerly known as Bremner & Wiley), a national healthcare development and management firm that Mr. Bremner founded in 1987. Prior to and concurrently with founding his own firm, Mr. Bremner was a broker with Revel Companies, a commercial real estate firm, from 1980 until 1996. Mr. Bremner is on the Board of Trustees of HealthcareLease Properties Real Estate Investment Trust, a Canadian public REIT listed on the Toronto Stock Exchange that owns a portfolio of senior housing and care facilities located in the United States and Canada. Mr. Bremner also serves as a director of Denison, Inc. a private parking management company located in Indianapolis, Indiana, and the Board of Trustees of The Children's Museum of Indianapolis. All other information required by this item will be included in the General Partner's 2013 proxy statement (the "2013 Proxy Statement") for the General Partner's Annual Meeting of Shareholders to be held on April 24, 2013, and is incorporated herein by reference. Certain information with respect to our executive officers required by this item is included in the discussion entitled "Executive Officer of the Registrant" after Item 4 of Part I of this Report. In addition, the General Partner's Code of Conduct (which applies to each of our associates, officers and directors) and the General Partner's Corporate Governance Guidelines are available in the investor information/corporate governance section of our website at [www.dukerealty.com](http://www.dukerealty.com). A copy of these documents may also be obtained without charge by writing to Duke Realty Corporation, 600 East 96<sup>th</sup> Street, Suite 100, Indianapolis, Indiana 46240, Attention: Investor Relations.

**Item 11. Executive Compensation**

The information required by Item 11 of this Report will be included in our 2013 Proxy Statement, which information is incorporated herein by this reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by Item 12 of this Report will be included in our 2013 Proxy Statement, which information is incorporated herein by this reference.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required to be furnished pursuant to Item 13 of this Report will be included in our 2013 Proxy Statement, which information is incorporated herein by this reference.

**Item 14. Principal Accountant Fees and Services**

The information required to be furnished pursuant to Item 14 of this Report will be included in our 2013 Proxy Statement, which information is incorporated herein by this reference.



PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Annual Report:

1. Consolidated Financial Statements

The following Consolidated Financial Statements, together with the Management's Report on Internal Control and the Report of Independent Registered Public Accounting Firm are listed below:

Duke Realty Corporation:

Management's Report on Internal Control

Report of Independent Registered Public Accounting Firm

Duke Realty Limited Partnership:

Management's Report on Internal Control

Report of Independent Registered Public Accounting Firm

Duke Realty Corporation:

Consolidated Balance Sheets, December 31, 2012 and 2011

Consolidated Statements of Operations and Comprehensive Income, Years Ended December 31, 2012, 2011 and 2010

Consolidated Statements of Cash Flows, Years Ended December 31, 2012, 2011 and 2010

Consolidated Statements of Changes in Equity, Years Ended December 31, 2012, 2011 and 2010

Duke Realty Limited Partnership:

Consolidated Balance Sheets, December 31, 2012 and 2011

Consolidated Statements of Operations and Comprehensive Income, Years Ended December 31, 2012, 2011 and 2010

Consolidated Statements of Cash Flows, Years Ended December 31, 2012, 2011 and 2010

Consolidated Statements of Changes in Equity, Years Ended December 31, 2012, 2011 and 2010

Duke Realty Corporation and Duke Realty Limited Partnership:

Notes to Consolidated Financial Statements

2. Consolidated Financial Statement Schedules

Duke Realty Corporation and Duke Realty Limited Partnership:

Schedule III – Real Estate and Accumulated Depreciation

3. Exhibits

The following exhibits are filed with this Form 10-K or incorporated herein by reference to the listed document previously filed with the SEC. Previously unfiled documents are noted with an asterisk (\*).

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| Number   | Description   |
|----------|---|
| 3.1(i)   | Fourth Amended and Restated Articles of Incorporation of the General Partner (filed as Exhibit 3.1 to the General Partner's Current Report on Form 8-K as filed with the SEC on July 30, 2009, and incorporated herein by this reference).  |
| 3.1(ii)  | Amendment to the Fourth Amended and Restated Articles of Incorporation of the General Partner (filed as Exhibit 3.1 to the General Partner's Current Report on Form 8-K as filed with the SEC on July 22, 2011, and incorporated herein by this reference).   |
| 3.1(iii) | Second Amendment to the Fourth Amended and Restated Articles of Incorporation of the General Partner (filed as Exhibit 3.1 to the General Partner's Current Report on Form 8-K as filed with the SEC on March 9, 2012, and incorporated herein by this reference).  |
| 3.2      | Fourth Amended and Restated Bylaws of the General Partner (filed as Exhibit 3.2 to the General Partner's Current Report on Form 8-K as filed with the SEC on July 30, 2009, and incorporated herein by this reference).   |
| 3.3      | Certificate of Limited Partnership of the Partnership, dated September 17, 1993 (filed as Exhibit 3.1(i) to the Partnership's Annual Report on Form 10-K for the year ended December 31, 2006 as filed with the SEC on March 13, 2007, and incorporated herein by this reference).                        |
| 3.4(i)   | Fourth Amended and Restated Agreement of Limited Partnership of the Partnership (filed as Exhibit 3.1 to the Partnership's Current Report on Form 8-K as filed with the SEC on November 3, 2009, and incorporated herein by this reference).  |
| 3.4(ii)  | Amendment to Fourth Amended and Restated Agreement of Limited Partnership of the Partnership (filed as Exhibit 3.1 to the Partnership's Current Report on Form 8-K as filed with the SEC on July 22, 2011, and incorporated herein by this reference).  |
| 3.4(iii) | Second Amendment to Fourth Amended and Restated Agreement of Limited Partnership of the Partnership (filed as Exhibit 3.1 to the Partnership's Current Report on Form 8-K as filed with the SEC on March 9, 2012 and incorporated herein by this reference).  |
| 4.1(i)   | Indenture, dated September 19, 1995, between the Partnership and The First National Bank of Chicago, Trustee (filed as Exhibit 4.1 to the General Partner's Current Report on Form 8-K as filed with the SEC on September 22, 1995, and incorporated herein by this reference).                           |
| 4.1(ii)  | Thirteenth Supplemental Indenture, dated May 22, 2003, between the Partnership and Bank One Trust Company, N.A., Trustee (filed as Exhibit 4 to the Partnership's Current Report on Form 8-K as filed with the SEC on May 22, 2003, and incorporated herein by this reference).                           |
| 4.1(iii) | Seventeenth Supplemental Indenture, dated August 16, 2004, between the Partnership and J.P. Morgan Trust Company, National Association, Trustee (filed as Exhibit 4 to the Partnership's Current Report on Form 8-K as filed with the SEC on August 18, 2004, and incorporated herein by this reference). |
| 4.1(iv)  | Nineteenth Supplemental Indenture, dated as of March 1, 2006, by and between the Partnership and J.P. Morgan Trust Company, National Association (successor in interest to Bank One Trust Company, N.A.), including the form of global note evidencing the 5.5% Senior Notes Due 2016 (filed as Exhibit   |

4.1 to the Partnership's Current Report on Form 8-K as filed with the SEC on March 3, 2006, and incorporated herein by this reference).

- 4.1(v) Twentieth Supplemental Indenture, dated as of July 24, 2006, by and between the Partnership and J.P. Morgan Trust Company, National Association (successor in interest to The First National Bank of Chicago), modifying certain financial covenants contained in Sections 1004 and 1005 of the Indenture, dated September 19, 1995, between the Partnership and The First National Bank of Chicago, Trustee (filed as Exhibit 4.1 to the Partnership's Current Report on Form 8-K as filed with the SEC on July 28, 2006, and incorporated herein by this reference).
- 4.2(i) Indenture, dated as of July 28, 2006, by and between the Partnership and J.P. Morgan Trust Company, National Association (filed as Exhibit 4.1 to the General Partner's automatic shelf registration statement on Form S-3 as filed with the SEC on July 31, 2006, and incorporated herein by this reference).
- 4.2(ii) Second Supplemental Indenture, dated as of August 24, 2006, by and between the Partnership and J.P. Morgan Trust Company, National Association, including the form of global note evidencing the 5.95% Senior Notes Due 2017 (filed as Exhibit 4.2 to the Partnership's Current Report on Form 8-K as filed with the SEC on August 30, 2006, and incorporated herein by this reference).

- 4.2(iii) Third Supplemental Indenture, dated as of September 11, 2007, by and between the Partnership and The Bank of New York Trust Company, N.A. (as successor to J.P. Morgan Trust Company, National Association), including the form of global note evidencing the 6.50% Senior Notes Due 2018 (incorporated by reference to Exhibit 4.1 to the Partnership's Current Report on Form 8-K as filed with the SEC on September 11, 2007, and incorporated herein by this reference).
- 4.2(iv) Fourth Supplemental Indenture, dated as of May 8, 2008, by and between the Partnership and The Bank of New York Trust Company, N.A. (as successor to J.P. Morgan Trust Company, National Association), including the form of global note evidencing the 6.25% Senior Notes due 2013 (incorporated by reference to Exhibit 4.1 to the Partnership's Current Report on Form 8-K as filed with the SEC on May 8, 2008, and incorporated herein by this reference).
- 4.2(v) Fifth Supplemental Indenture, dated as of August 11, 2009, by and between the Partnership and The Bank of New York Mellon Trust Company, N.A. (as successor to J.P. Morgan Trust Company, National Association), including the form of global note evidencing the 7.375% Senior Notes Due 2015 (filed as Exhibit 4.1 to the Partnership's Current Report on Form 8-K as filed with the SEC on August 11, 2009, and incorporated herein by this reference).
- 4.2(vi) Sixth Supplemental Indenture, dated as of August 11, 2009, by and between the Partnership and The Bank of New York Mellon Trust Company, N.A. (as successor to J.P. Morgan Trust Company, National Association), including the form of global note evidencing the 8.25% Senior Notes Due 2019 (filed as Exhibit 4.2 to the Partnership's Current Report on Form 8-K as filed with the SEC on August 11, 2009, and incorporated herein by this reference).
- 4.2(vii) Seventh Supplemental Indenture, dated as of April 1, 2010, by and between the Partnership and J.P. Morgan Trust Company, National Association, including the form of global note evidencing the 6.75% Senior Notes due 2020 (filed as Exhibit 4.1 to the Partnership's Current Report on Form 8-K as filed with the SEC on April 1, 2010, and incorporated herein by this reference).
- 4.2(viii) Eighth Supplemental Indenture, dated June 11, 2012, by and between the Partnership and The Bank of New York Mellon Trust, N.A. (as successor to J.P. Morgan Trust Company, National Association), including the form of global note evidencing the 4.375% Senior Notes Due 2022 (filed as Exhibit 4.1 to the General Partner's Current Report on Form 8-K as filed with the SEC on June 11, 2012, and incorporated herein by this reference).
- 4.2(ix) Ninth Supplemental Indenture, dated September 19, 2012, by and between the Partnership and The Bank of New York Mellon Trust, N.A. (as successor to J.P. Morgan Trust Company, National Association), including the form of global note evidencing the 3.875% Senior Notes Due 2022 (filed as Exhibit 4.1 to the General Partner's Current Report on Form 8-K as filed with the SEC on September 19, 2012, and incorporated herein by this reference).
- 10.1 Promissory Note of Duke Realty Services Limited Partnership (filed as Exhibit 10.3 to the General Partner's Registration Statement on Form S-2 as filed with the SEC on June 8, 1993, and incorporated herein by this reference).
- 10.2(i) Amended and Restated 2005 Long-Term Incentive Plan of the General Partner (filed as Appendix A to the General Partner's Definitive Proxy Statement on Schedule 14A, dated March 18, 2009 as filed with the SEC on March 18, 2009, and incorporated herein by this reference).#
- 10.2(ii)

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2009 Amendment to the General Partner's Amended and Restated 2005 Long-Term Incentive Plan (filed as Exhibit 10.2 to the General Partner's Quarterly Report on Form 10-Q as filed with the SEC on May 6, 2010, and incorporated herein by this reference).#

10.2(iii) 2010 Amendment to the General Partner's Amended and Restated 2005 Long-Term Incentive Plan (filed as Exhibit 10.1 to the General Partner's Current Report on Form 8-K as filed with the SEC on May 4, 2010, and incorporated herein by this reference).#

10.2(iv) 2011 Amendment to the General Partner's Amended and Restated 2005 Long-Term Incentive Plan (filed as Exhibit 10.2 to the General Partner's Quarterly Report on Form 10-Q as filed with the SEC on August 5, 2011, and incorporated herein by this reference).#

10.3(i) Form of 2005 Long-Term Incentive Plan Award Certificate for Restricted Stock Units.# \*

10.3(ii) Form of 2005 Long-Term Incentive Plan Stock Option Award Certificate (filed as Exhibit 99.4 to the General Partner's Current Report on Form 8-K, filed with the SEC on May 3, 2005, and incorporated herein by this reference).#

10.3(iii) Form of 2005 Long-Term Incentive Plan Restricted Stock Unit Award Certificate for Non-Employee Directors (filed as Exhibit 99.6 to the General Partner's Current Report on Form 8-K, filed with the SEC on May 3, 2005, and incorporated herein by this reference).#

- 10.4(i) The General Partner's 2000 Performance Share Plan, Amended and Restated as of January 30, 2008, a sub-plan of the 2005 Long-Term Incentive Plan. # \*
- 10.4(ii) Amendment to the Award Certificate under the General Partner's 2000 Performance Share Plan. # \*
- 10.5(i) The General Partner's 2010 Performance Share Plan, a sub-plan of the 2005 Long-Term Incentive Plan. # \*
- 10.5(ii) Award Certificate under the General Partner's 2010 Performance Share Plan. # \*
- 10.6 The General Partner's 2005 Shareholder Value Plan, Amended and Restated as of January 30, 2008, a sub-plan of the 2005 Long-Term Incentive Plan. # \*
- 10.7 The General Partner's 2005 Dividend Increase Unit Replacement Plan Amended and Restated as of January 30, 2008, a sub-plan of the 2005 Long-Term Incentive Plan. # \*
- 10.8 The General Partner's 2011 Non-Employee Directors Compensation Plan, a sub-plan of the 2005 Long-Term Incentive Plan (filed as Exhibit 10.2 to the General Partner's Quarterly Report on Form 10-Q, filed with the SEC on May 6, 2011, and incorporated herein by this reference).#
- 10.9 Form of Forfeiture Agreement/Performance Unit Award Certificate (filed as Exhibit 99.2 to the General Partner's Current Report on Form 8-K as filed with the SEC on December 9, 2005, and incorporated herein by this reference).#
- 10.10(i) 1995 Key Employee Stock Option Plan of the General Partner (filed as Exhibit 10.13 to the General Partner's Annual Report on Form 10-K for the year ended December 31, 1995 as filed with the SEC on February 21, 1996, and incorporated herein by this reference).#
- 10.10(ii) Amendment One to the 1995 Key Employees' Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.19 to the General Partner's Annual Report on Form 10-K405 for the year ended December 31, 2001 as filed with the SEC on March 15, 2002, and incorporated herein by this reference).#
- 10.10(iii) Amendment Two to the 1995 Key Employees' Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.20 to the General Partner's Annual Report on Form 10-K405 for the year ended December 31, 2001 as filed with the SEC on March 15, 2002, and incorporated herein by this reference).#
- 10.10(iv) Amendment Three to the 1995 Key Employees' Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.21 to the General Partner's Annual Report on Form 10-K405 for the year ended December 31, 2001 as filed with the SEC on March 15, 2002, and incorporated herein by this reference).#
- 10.10(v) Amendment Four to the 1995 Key Employees' Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.22 to the General Partner's Annual Report on Form 10-K405 for the year ended December 31, 2001 as filed with the SEC on March 15, 2002, and incorporated herein by this reference).#

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- 10.10(vi) Amendment Five to the 1995 Key Employees' Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.23 to the General Partner's Annual Report on Form 10-K405 for the year ended December 31, 2001 as filed with the SEC on March 15, 2002, and incorporated herein by this reference).#
- 10.10(vii) Amendment Six to the 1995 Key Employees' Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.24 to the General Partner's Annual Report on Form 10-K405 for the year ended December 31, 2001 as filed with the SEC on March 15, 2002, and incorporated herein by this reference).#
- 10.10(viii) Amendment Seven to the 1995 Key Employees' Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.1 to the General Partner's Quarterly Report on Form 10-Q as filed with the SEC on November 13, 2002, and incorporated herein by this reference).#
- 10.10(ix) Amendment Eight to the 1995 Key Employees' Stock Option Plan of Duke Realty Investments, Inc. (filed as part of Appendix B of the General Partner's Definitive Proxy Statement on Schedule 14A, filed with the SEC on March 16, 2005, and incorporated herein by this reference).#
- 10.10(x) Amendment Nine to the 1995 Key Employees' Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.3 to the General Partner's Quarterly Report on Form 10-Q as filed with the SEC on October 9, 2005, and incorporated herein by this reference).#
- 10.10(xi) Amendment Ten to the 1995 Key Employees' Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.4 to the General Partner's Quarterly Report on Form 10-Q as filed with the SEC on November 8, 2006, and incorporated herein by this reference).#
- 10.10(xii) Amendment Eleven to the 1995 Key Employees' Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.2 to the General Partner's Current Report on Form 8-K as filed with the SEC on May 4, 2010, and incorporated herein by this reference).#

- 10.11(i) Dividend Increase Unit Plan of Duke Realty Services Limited Partnership (filed as Exhibit 10.25 to the General Partner's Annual Report on Form 10-K405 for the year ended December 31, 2001 as filed with the SEC on March 15, 2002, and incorporated herein by this reference).#
- 10.11(ii) Amendment One to the Dividend Increase Unit Plan of Duke Realty Services Limited Partnership (filed as Exhibit 10.26 to the General Partner's Annual Report on Form 10-K405 for the year ended December 31, 2001 as filed with the SEC on March 15, 2002, and incorporated herein by this reference).#
- 10.11(iii) Amendment Two to the Dividend Increase Unit Plan of Duke Realty Services Limited Partnership (filed as Exhibit 10.27 to the General Partner's Annual Report on Form 10-K405 for the year ended December 31, 2001 as filed with the SEC on March 15, 2002, and incorporated herein by this reference).#
- 10.11(iv) Amendment Three to the Dividend Increase Unit Plan of Duke Realty Services Limited Partnership (filed as Exhibit 10.5 to the General Partner's Quarterly Report on Form 10-Q as filed with the SEC on November 13, 2002, and incorporated herein by this reference).#
- 10.11(v) Amendment Four to the Dividend Increase Unit Plan of Duke Realty Services Limited Partnership (filed as Exhibit 10.30 to the General Partner's Annual Report on Form 10-K for the year ended December 31, 2004 as filed with the SEC on March 4, 2005, and incorporated herein by this reference).#
- 10.12(i) 1999 Directors' Stock Option and Dividend Increase Unit Plan of Duke Realty Investments, Inc. (filed as Annex F to the prospectus in the General Partner's Registration Statement on Form S-4 as filed with the SEC on May 4, 1999, and incorporated herein by this reference).#
- 10.12(ii) Amendment One to the 1999 Directors' Stock Option and Dividend Increase Unit Plan of Duke Realty Investments, Inc. (filed as part of Appendix C of the General Partner's Definitive Proxy Statement on Schedule 14A as filed with the SEC on March 15, 2001, and incorporated herein by this reference).#
- 10.12(iii) Amendment Two to the 1999 Directors' Stock Option and Dividend Increase Unit Plan of Duke Realty Investments, Inc. (filed as part of Appendix B of the General Partner's Definitive Proxy Statement on Schedule 14A as filed with the SEC on March 16, 2005, and incorporated herein by this reference).#
- 10.13(i) Executives' Deferred Compensation Plan of Duke Realty Services Limited Partnership, Amended and Restated as of December 5, 2007.# \*
- 10.13(ii) Amendment Number One to the Executives' Deferred Compensation Plan of Duke Realty Services Limited Partnership, Amended and Restated as of December 5, 2007.# \*
- 10.14 Directors' Deferred Compensation Plan of Duke Realty Corporation, Amended and Restated as of January 30, 2008.# \*
- 10.15(i) Form of Letter Agreement Regarding Executive Severance, dated December 13, 2007, between the General Partner and the following executive officers: Dennis D. Oklak, Steven R. Kennedy and James B. Connor (filed as Exhibit 10.23 to the General Partner's Annual Report on Form 10-K for the year ended December 31, 2007, filed with the SEC on February 29, 2008, and incorporated herein by this reference).#
- 10.15(ii) First Amendment to Letter Agreement Regarding Executive Severance, dated December 13, 2007, between the General Partner and the following executive officers: Dennis D. Oklak, Steven R. Kennedy



and James B. Connor.# \*

- 10.15(iii) Second Amendment to Letter Agreement Regarding Executive Severance, dated December 13, 2007, between the General Partner and the following executive officers: Dennis D. Oklak, Steven R. Kennedy and James B. Connor.# \*
- 10.15(iv) Third Amendment to Letter Agreement Regarding Executive Severance, dated December 13, 2007, between the General Partner and the following executive officers: Dennis D. Oklak, Steven R. Kennedy and James B. Connor.# \*
- 10.16(i) Form of Letter Agreement Regarding Executive Severance, dated May 7, 2009, between the General Partner and Christie B. Kelly (filed as Exhibit 10.1 to the General Partner's Quarterly Report on Form 10-Q, filed with the SEC on May 8, 2009, and incorporated herein by this reference).#
- 10.16(ii) First Amendment to Letter Agreement Regarding Executive Severance, dated May 7, 2009, between the General Partner and Christie B. Kelly. # \*
- 10.16(iii) Second Amendment to Letter Agreement Regarding Executive Severance, dated May 7, 2009, between the General Partner and Christie B. Kelly. # \*

- 10.17 Seventh Amended and Restated Revolving Credit Agreement, dated November 18, 2011, among the Partnership, the General Partner, J.P. Morgan Securities LLC, Wells Fargo Securities, LLC, JP Morgan Chase Bank, N.A. and the several banks, financial institutions and other entities from time to time parties thereto as lenders (filed as Exhibit 10.1 to DRLP's Current Report on Form 8-K, filed with the SEC on November 22, 2011, and incorporated herein by this reference).
- 10.18 Equity Distribution Agreement, dated May 7, 2012, by and among the General Partner, the Partnership, Morgan Stanley & Co. LLC, UBS Securities LLC, J. P. Morgan Securities LLC and Credit Suisse (USA) LLC (filed as Exhibit 1.1 to the General Partner's Current Report on Form 8-K as filed with the SEC on May 7, 2012, and incorporated herein by this reference).
- 10.19 Terms Agreement, dated January 10, 2013, by and among the General Partner, Morgan Stanley & Co. LLC and UBS Securities LLC (filed as Exhibit 1.1 to the General Partner's Current Report on Form 8-K as filed with the SEC on January 15, 2013, and incorporated herein by this reference).
- 12.1 Statement of Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Dividends of the General Partner.\*
- 12.2 Statement of Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Distributions of the Partnership.\*
- 21.1 List of the Company's Subsidiaries.\*
- 23.1 Consent of KPMG LLP relating to the General Partner.\*
- 23.2 Consent of KPMG LLP relating to the Partnership.\*
- 24.1 Executed Powers of Attorney of certain directors.\*
- 31.1 Rule 13a-14(a) Certification of the Chief Executive Officer of the General Partner.\*
- 31.2 Rule 13a-14(a) Certification of the Chief Financial Officer of the General Partner.\*
- 31.3 Rule 13a-14(a) Certification of the Chief Executive Officer for the Partnership.\*
- 31.4 Rule 13a-14(a) Certification of the Chief Financial Officer for the Partnership.\*
- 32.1 Section 1350 Certification of the Chief Executive Officer of the General Partner. \* \*\*
- 32.2 Section 1350 Certification of the Chief Financial Officer of the General Partner. \* \*\*
- 32.3 Section 1350 Certification of the Chief Executive Officer for the Partnership. \* \*\*
- 32.4 Section 1350 Certification of the Chief Financial Officer for the Partnership. \* \*\*
- 99.1 Selected Quarterly Financial Information.\*
- 101 The following materials from the General Partner's and the Partnership's Annual Report on Form 10-K for the year ended December 31, 2012 formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Cash Flows, (iv) the Consolidated Statements of Changes in Equity and (v)

the Notes to Consolidated Financial Statements.

# Represents management contract or compensatory plan or arrangement.

\* Filed herewith.

\*\* The certifications attached as Exhibits 32.1, 32.2, 32.3 and 32.4 accompany this Report and are "furnished" to the Securities and Exchange Commission pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed "filed" by the General Partner or the Partnership, respectively, for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

We will furnish to any security holder, upon written request, copies of any exhibit incorporated by reference, for a fee of 15 cents per page, to cover the costs of furnishing the exhibits. Written requests should include a representation that the person making the request was the beneficial owner of securities entitled to vote at the Annual Meeting of Shareholders.

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(b) Exhibits

The exhibits required to be filed with this Report pursuant to Item 601 of Regulation S-K are listed under "Exhibits" in Part IV, Item 15(a)(3) of this Report and are incorporated herein by reference.

(c) Financial Statement Schedule

The Financial Statement Schedule required to be filed with this Report is listed under "Consolidated Financial Statement Schedules" in Part IV, Item 15(a)(2) of this Report, and is incorporated herein by reference.

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### Management's Report on Internal Control

We, as management of Duke Realty Corporation and its subsidiaries (the "General Partner"), are responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Pursuant to the rules and regulations of the Securities and Exchange Commission, internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of assets of the company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Management has evaluated the effectiveness of its internal control over financial reporting as of December 31, 2012 based on the control criteria established in a report entitled Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such evaluation, we have concluded that, as of December 31, 2012, our internal control over financial reporting is effective based on these criteria.

The independent registered public accounting firm of KPMG LLP, as auditors of the General Partner's consolidated financial statements, has also issued an audit report on the General Partner's internal control over financial reporting.

/s/ Dennis D. Oklak  
Dennis D. Oklak  
Chairman and Chief Executive Officer

/s/ Christie B. Kelly  
Christie B. Kelly  
Executive Vice President and Chief Financial Officer

Report of Independent Registered Public Accounting Firm  
The Shareholders and Directors of  
Duke Realty Corporation:

We have audited the accompanying consolidated balance sheets of Duke Realty Corporation and Subsidiaries (the "Company") as of December 31, 2012 and 2011, and the related consolidated statements of operations and comprehensive income, cash flows, and changes in equity for each of the years in the three-year period ended December 31, 2012. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule III. We also have audited the Company's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these consolidated financial statements and the financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's report on internal control. Our responsibility is to express an opinion on these consolidated financial statements and the financial statement schedule and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Duke Realty Corporation and Subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with U.S generally accepted accounting principles. Also in our opinion, the related financial statement schedule III, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also, in our opinion, Duke Realty Corporation and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG LLP

Indianapolis, Indiana  
February 22, 2013

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### Management's Report on Internal Control

We, as management of Duke Realty Limited Partnership and its subsidiaries (the "Partnership"), are responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Pursuant to the rules and regulations of the Securities and Exchange Commission, internal control over financial reporting is a process designed by, or under the supervision of the principal executive and principal financial officers, or persons performing similar functions, of Duke Realty Corporation (the "General Partner"), and effected by the General Partner's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of assets of the Partnership;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the General Partner; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Partnership's assets that could have a material effect on the financial statements.

Management has evaluated the effectiveness of its internal control over financial reporting as of December 31, 2012 based on the control criteria established in a report entitled Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such evaluation, we have concluded that, as of December 31, 2012, our internal control over financial reporting is effective based on these criteria.

The independent registered public accounting firm of KPMG LLP, as auditors of the Partnership's consolidated financial statements, has also issued an audit report on the Partnership's internal control over financial reporting.

/s/ Dennis D. Oklak  
Dennis D. Oklak  
Chairman and Chief Executive Officer  
of the General Partner

/s/ Christie B. Kelly  
Christie B. Kelly  
Executive Vice President and Chief Financial Officer  
of the General Partner



Report of Independent Registered Public Accounting Firm

The Partners of

Duke Realty Limited Partnership:

We have audited the accompanying consolidated balance sheets of Duke Realty Limited Partnership and Subsidiaries (the "Partnership") as of December 31, 2012 and 2011, and the related consolidated statements of operations and comprehensive income, cash flows, and changes in equity for each of the years in the three-year period ended December 31, 2012. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule III. We also have audited the Partnership's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Partnership's management is responsible for these consolidated financial statements and the financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's report on internal control. Our responsibility is to express an opinion on these consolidated financial statements and the financial statement schedule and an opinion on the Partnership's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Duke Realty Limited Partnership and Subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with U.S generally accepted accounting principles. Also in our opinion, the related financial statement schedule III, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also, in our opinion, Duke Realty Limited Partnership and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG LLP

Indianapolis, Indiana  
February 22, 2013

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## DUKE REALTY CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

As of December 31,

(in thousands, except per share amounts)

|   | 2012         | 2011         |
|---|--------------|--------------|
| <b>ASSETS</b>   |              |              |
| Real estate investments:  |              |              |
| Land and improvements   | \$1,284,081  | \$1,202,872  |
| Buildings and tenant improvements   | 5,398,886    | 4,766,793    |
| Construction in progress  | 234,918      | 44,259       |
| Investments in and advances to unconsolidated companies   | 372,256      | 364,859      |
| Undeveloped land  | 614,208      | 622,635      |
|   | 7,904,349    | 7,001,418    |
| Accumulated depreciation  | (1,296,396 ) | (1,108,650 ) |
| Net real estate investments   | 6,607,953    | 5,892,768    |
| Real estate investments and other assets held-for-sale  | 30,937       | 55,580       |
| Cash and cash equivalents   | 33,889       | 213,809      |
| Accounts receivable, net of allowance of \$3,374 and \$3,597  | 22,283       | 22,255       |
| Straight-line rent receivable, net of allowance of \$6,091 and \$7,447  | 120,303      | 105,900      |
| Receivables on construction contracts, including retentions   | 39,754       | 40,247       |
| Deferred financing costs, net of accumulated amortization of \$48,218 and \$59,109                            | 40,083       | 42,268       |
| Deferred leasing and other costs, net of accumulated amortization of \$372,047 and \$292,334                  | 497,827      | 460,881      |
| Escrow deposits and other assets  | 167,072      | 170,729      |
|   | \$7,560,101  | \$7,004,437  |
| <b>LIABILITIES AND EQUITY</b>   |              |              |
| Indebtedness:   |              |              |
| Secured debt  | \$1,167,953  | \$1,173,233  |
| Unsecured notes   | 2,993,217    | 2,616,063    |
| Unsecured lines of credit   | 285,000      | 20,293       |
|   | 4,446,170    | 3,809,589    |
| Liabilities related to real estate investments held-for-sale  | 807          | 975          |
| Construction payables and amounts due subcontractors, including retentions                                    | 84,679       | 55,775       |
| Accrued real estate taxes   | 74,565       | 69,272       |
| Accrued interest  | 59,215       | 58,904       |
| Other accrued expenses  | 57,881       | 60,174       |
| Other liabilities   | 167,935      | 131,735      |
| Tenant security deposits and prepaid rents  | 42,731       | 38,355       |
| Total liabilities   | 4,933,983    | 4,224,779    |
| Shareholders' equity:   |              |              |
| Preferred shares (\$.01 par value); 5,000 shares authorized; 2,503 and 3,176 shares issued and outstanding    | 625,638      | 793,910      |
| Common shares (\$.01 par value); 400,000 shares authorized; 279,423 and 252,927 shares issued and outstanding | 2,794        | 2,529        |
| Additional paid-in capital  | 3,953,497    | 3,594,588    |

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|  |              |              |
|--|--------------|--------------|
| Accumulated other comprehensive income | 2,691        | 987          |
| Distributions in excess of net income  | (1,993,206 ) | (1,677,328 ) |
| Total shareholders' equity             | 2,591,414    | 2,714,686    |
| Noncontrolling interests               | 34,704       | 64,972       |
| Total equity                           | 2,626,118    | 2,779,658    |
|  | \$7,560,101  | \$7,004,437  |

See accompanying Notes to Consolidated Financial Statements.

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DUKE REALTY CORPORATION AND SUBSIDIARIES  
Consolidated Statements of Operations and Comprehensive Income  
For the Years Ended December 31,  
(in thousands, except per share amounts)

|  | 2012        | 2011      | 2010       |
|--|-------------|-----------|------------|
| Revenues:  |             |           |            |
| Rental and related revenue                                   | \$834,369   | \$742,883 | \$669,543  |
| General contractor and service fee revenue                   | 275,071     | 521,796   | 515,361    |
|  | 1,109,440   | 1,264,679 | 1,184,904  |
| Expenses:  |             |           |            |
| Rental expenses  | 153,135     | 144,617   | 134,866    |
| Real estate taxes  | 113,643     | 102,277   | 88,606     |
| General contractor and other services expenses               | 254,870     | 480,480   | 486,865    |
| Depreciation and amortization                                | 375,965     | 326,226   | 276,045    |
|  | 897,613     | 1,053,600 | 986,382    |
| Other operating activities:                                  |             |           |            |
| Equity in earnings of unconsolidated companies               | 4,674       | 4,565     | 7,980      |
| Gain on sale of properties                                   | 344         | 68,549    | 39,662     |
| Undeveloped land carrying costs                              | (8,829)     | (8,934)   | (9,203)    |
| Impairment charges   | —           | (12,931)  | (9,834)    |
| Other operating expenses                                     | (633)       | (1,237)   | (1,231)    |
| General and administrative expenses                          | (46,424)    | (43,107)  | (41,329)   |
|  | (50,868)    | 6,905     | (13,955)   |
| Operating income   | 160,959     | 217,984   | 184,567    |
| Other income (expenses):                                     |             |           |            |
| Interest and other income, net                               | 514         | 658       | 534        |
| Interest expense   | (245,170)   | (220,455) | (186,407)  |
| Loss on debt transactions                                    | —           | —         | (16,349)   |
| Acquisition-related activity                                 | (4,192)     | (1,188)   | 55,820     |
| Income (loss) from continuing operations before income taxes | (87,889)    | (3,001)   | 38,165     |
| Income tax benefit   | 103         | 194       | 1,126      |
| Income (loss) from continuing operations                     | (87,786)    | (2,807)   | 39,291     |
| Discontinued operations:                                     |             |           |            |
| Loss before gain on sales                                    | (1,549)     | (1,766)   | (7,083)    |
| Gain on sale of depreciable properties                       | 13,467      | 100,882   | 33,054     |
| Income from discontinued operations                          | 11,918      | 99,116    | 25,971     |
| Net income (loss)  | (75,868)    | 96,309    | 65,262     |
| Dividends on preferred shares                                | (46,438)    | (60,353)  | (69,468)   |
| Adjustments for redemption/repurchase of preferred shares    | (5,730)     | (3,796)   | (10,438)   |
| Net (income) loss attributable to noncontrolling interests   | 1,891       | (744)     | 536        |
| Net income (loss) attributable to common shareholders        | \$(126,145) | \$31,416  | \$(14,108) |
| Basic net income (loss) per common share:                    |             |           |            |
| Continuing operations attributable to common shareholders    | \$(0.53)    | \$(0.27)  | \$(0.18)   |
| Discontinued operations attributable to common shareholders  | 0.05        | 0.38      | 0.11       |
| Total  | \$(0.48)    | \$0.11    | \$(0.07)   |
| Diluted net income (loss) per common share:                  |             |           |            |
| Continuing operations attributable to common shareholders    | \$(0.53)    | \$(0.27)  | \$(0.18)   |
| Discontinued operations attributable to common shareholders  | 0.05        | 0.38      | 0.11       |
| Total  | \$(0.48)    | \$0.11    | \$(0.07)   |

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|  |             |          |          |
|--|-------------|----------|----------|
| Weighted average number of common shares outstanding                       | 267,900     | 252,694  | 238,920  |
| Weighted average number of common shares and potential dilutive securities | 267,900     | 259,598  | 238,920  |
| Comprehensive income (loss):   |             |          |          |
| Net income (loss)  | \$(75,868 ) | \$96,309 | \$65,262 |
| Other comprehensive income:  |             |          |          |
| Derivative instrument activity   | 1,704       | 2,419    | 4,198    |
| Other comprehensive income   | 1,704       | 2,419    | 4,198    |
| Comprehensive income (loss)  | \$(74,164 ) | \$98,728 | \$69,460 |
| See accompanying Notes to Consolidated Financial Statements.               |             |          |          |

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## DUKE REALTY CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the Years Ended December 31,

(in thousands)

|  | 2012        | 2011       | 2010       |
|--|-------------|------------|------------|
| Cash flows from operating activities:  |             |            |            |
| Net income (loss)  | \$(75,868 ) | \$96,309   | \$65,262   |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities:       |             |            |            |
| Depreciation of buildings and tenant improvements  | 262,825     | 267,222    | 271,058    |
| Amortization of deferred leasing and other costs   | 116,594     | 118,457    | 89,126     |
| Amortization of deferred financing costs   | 13,321      | 14,530     | 13,897     |
| Straight-line rent adjustment  | (19,546 )   | (23,877 )  | (15,233 )  |
| Impairment charges   | —           | 12,931     | 9,834      |
| Loss on debt extinguishment  | —           | —          | 16,349     |
| Gain on acquisitions   | —           | (1,057 )   | (57,715 )  |
| Earnings from land and depreciated property sales  | (13,811 )   | (169,431 ) | (72,716 )  |
| Third-party construction contracts, net  | (10,837 )   | (17,352 )  | (6,449 )   |
| Other accrued revenues and expenses, net   | 13,300      | 24,001     | 68,892     |
| Operating distributions received in excess of equity in earnings from unconsolidated companies | 13,179      | 15,804     | 8,851      |
| Net cash provided by operating activities  | 299,157     | 337,537    | 391,156    |
| Cash flows from investing activities:  |             |            |            |
| Development of real estate investments   | (264,755 )  | (162,070 ) | (119,404 ) |
| Acquisition of real estate investments and related intangible assets, net of cash acquired     | (665,527 )  | (544,816 ) | (488,539 ) |
| Acquisition of undeveloped land  | (64,944 )   | (14,090 )  | (14,404 )  |
| Second generation tenant improvements, leasing costs and building improvements                 | (63,884 )   | (99,264 )  | (88,723 )  |
| Other deferred leasing costs   | (27,772 )   | (26,311 )  | (38,905 )  |
| Other assets   | 4,504       | 747        | (7,260 )   |
| Proceeds from land and depreciated property sales, net   | 138,118     | 1,572,093  | 499,520    |
| Capital distributions from unconsolidated companies  | 5,157       | 59,252     | 22,119     |
| Capital contributions and advances to unconsolidated companies                                 | (28,513 )   | (34,606 )  | (53,194 )  |
| Net cash provided by (used for) investing activities   | (967,616 )  | 750,935    | (288,790 ) |
| Cash flows from financing activities:  |             |            |            |
| Proceeds from issuance of common shares, net   | 315,295     | —          | 298,004    |
| Payments for redemption/repurchase of preferred shares   | (168,272 )  | (110,726 ) | (118,787 ) |
| Proceeds from unsecured debt issuance  | 600,000     | —          | 250,000    |
| Payments on and repurchases of unsecured debt  | (222,846 )  | (334,432 ) | (392,597 ) |
| Proceeds from secured debt financings  | 13,336      | —          | 4,158      |
| Payments on secured indebtedness including principal amortization                              | (117,287 )  | (29,025 )  | (207,060 ) |
| Borrowings (payments) on lines of credit, net  | 264,707     | (172,753 ) | 177,276    |
| Distributions to common shareholders   | (181,892 )  | (171,814 ) | (162,015 ) |
| Distributions to preferred shareholders  | (46,438 )   | (60,353 )  | (69,468 )  |
| Contributions from (distributions to) noncontrolling interests, net                            | 2,179       | (5,292 )   | (5,741 )   |
| Buyout of noncontrolling interests   | (6,208 )    | —          | —          |
| Book overdrafts  | 45,272      | —          | —          |
| Deferred financing costs   | (9,307 )    | (8,652 )   | (5,074 )   |

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|  |            |            |            |
|--|------------|------------|------------|
| Net cash provided by (used for) financing activities                                   | 488,539    | (893,047 ) | (231,304 ) |
| Net increase (decrease) in cash and cash equivalents                                   | (179,920 ) | 195,425    | (128,938 ) |
| Cash and cash equivalents at beginning of year   | 213,809    | 18,384     | 147,322    |
| Cash and cash equivalents at end of year   | \$33,889   | \$213,809  | \$18,384   |
| Non-cash investing and financing activities:   |            |            |            |
| Assumption of indebtedness and other liabilities in real estate acquisitions           | \$112,754  | \$177,082  | \$527,464  |
| Contribution of properties to, net of debt assumed by, unconsolidated companies        | \$—        | \$53,293   | \$41,609   |
| Investments and advances related to acquisition of previously unconsolidated companies | \$—        | \$5,987    | \$184,140  |
| Assumption of indebtedness by buyer in real estate dispositions                        | \$—        | \$24,914   | \$—        |
| Conversion of Limited Partner Units to common shares                                   | \$29,213   | \$3,130    | \$(8,055 ) |
| Issuance of Limited Partner Units for acquisition                                      | \$—        | \$28,357   | \$—        |
| See accompanying Notes to Consolidated Financial Statements.                           |            |            |            |

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## DUKE REALTY CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Changes in Equity

(in thousands, except per share data)

|   | Common Shareholders |                 |                                  | Accumulated                                |   |                                  |             |
|---|---------------------|-----------------|----------------------------------|--|---|----------------------------------|-------------|
|   | Preferred<br>Stock  | Common<br>Stock | Additional<br>Paid-in<br>Capital | Other<br>Comprehensive<br>Income<br>(Loss) | Distributions<br>in Excess of<br>Net Income | Non-<br>Controlling<br>Interests | Total       |
| Balance at December 31, 2009                            | \$1,016,625         | \$2,240         | \$3,267,196                      | \$ (5,630 )                                | \$ (1,355,086)                              | \$42,515                         | \$2,967,860 |
| Net income  | —                   | —               | —                                | —  | 65,798                                      | (536 )                           | 65,262      |
| Other comprehensive income                              | —                   | —               | —                                | 4,198                                      | —   | —                                | 4,198       |
| Issuance of common shares                               | —                   | 265             | 297,801                          | —  | —   | —                                | 298,066     |
| Stock based compensation plan activity                  | —                   | 3               | 13,056                           | —  | (2,531 )                                    | —                                | 10,528      |
| Conversion of Limited Partner Units                     | —                   | 14              | (8,069 )                         | —  | —   | 8,055                            | —           |
| Distributions to preferred shareholders                 | —                   | —               | —                                | —  | (69,468 )                                   | —                                | (69,468 )   |
| Repurchase of preferred shares                          | (112,085 )          | —               | 3,736                            | —  | (10,438 )                                   | —                                | (118,787 )  |
| Distributions to common shareholders (\$0.68 per share) | —                   | —               | —                                | —  | (162,015 )                                  | —                                | (162,015 )  |
| Distributions to noncontrolling interests               | —                   | —               | —                                | —  | —   | (5,741 )                         | (5,741 )    |
| Balance at December 31, 2010                            | \$904,540           | \$2,522         | \$3,573,720                      | \$ (1,432 )                                | \$ (1,533,740)                              | \$44,293                         | \$2,989,903 |
| Net income  | —                   | —               | —                                | —  | 95,565                                      | 744                              | 96,309      |
| Other comprehensive income                              | —                   | —               | —                                | 2,419                                      | —   | —                                | 2,419       |
| Issuance of Limited Partner Units for acquisition       | —                   | —               | —                                | —  | —   | 28,357                           | 28,357      |
| Stock based compensation plan activity                  | —                   | 4               | 14,041                           | —  | (3,190 )                                    | —                                | 10,855      |
| Conversion of Limited Partner Units                     | —                   | 3               | 3,127                            | —  | —   | (3,130 )                         | —           |
| Distributions to preferred shareholders                 | —                   | —               | —                                | —  | (60,353 )                                   | —                                | (60,353 )   |
| Redemption/repurchase of preferred shares               | (110,630 )          | —               | 3,700                            | —  | (3,796 )                                    | —                                | (110,726 )  |
| Distributions to common shareholders (\$0.68 per share) | —                   | —               | —                                | —  | (171,814 )                                  | —                                | (171,814 )  |
| Distributions to noncontrolling interests               | —                   | —               | —                                | —  | —   | (5,292 )                         | (5,292 )    |
|   | \$793,910           | \$2,529         | \$3,594,588                      | \$987                                      | \$ (1,677,328)                              | \$64,972                         | \$2,779,658 |

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|   |           |         |             |         |               |          |             |   |
|---|-----------|---------|-------------|---------|---------------|----------|-------------|---|
| Balance at December 31, 2011                            |           |         |             |         |               |          |             |   |
| Net loss  | —         | —       | —           | —       | (73,977       | ) (1,891 | ) (75,868   | ) |
| Other comprehensive income                              | —         | —       | —           | 1,704   | —             | —        | 1,704       |   |
| Issuance of common shares                               | —         | 227     | 314,596     | —       | —             | —        | 314,823     |   |
| Stock based compensation plan activity                  | —         | 13      | 9,395       | —       | (2,976        | ) —      | 6,432       |   |
| Conversion of Limited Partner Units                     | —         | 25      | 29,188      | —       | —             | (29,213  | ) —         |   |
| Distributions to preferred shareholders                 | —         | —       | —           | —       | (46,438       | ) —      | (46,438     | ) |
| Redemption of preferred shares                          | (168,272  | ) —     | 5,730       | —       | (5,730        | ) —      | (168,272    | ) |
| Distributions to common shareholders (\$0.68 per share) | —         | —       | —           | —       | (181,892      | ) —      | (181,892    | ) |
| Contributions from noncontrolling interests, net        | —         | —       | —           | —       | —             | 2,179    | 2,179       |   |
| Buyout of noncontrolling interests                      | —         | —       | —           | —       | (4,865        | ) (1,343 | ) (6,208    | ) |
| Balance at December 31, 2012                            | \$625,638 | \$2,794 | \$3,953,497 | \$2,691 | \$(1,993,206) | \$34,704 | \$2,626,118 |   |

See accompanying Notes to Consolidated Financial Statements.

## DUKE REALTY LIMITED PARTNERSHIP AND SUBSIDIARIES

## Consolidated Balance Sheets

As of December 31,  
(in thousands)

|  | 2012         | 2011         |
|--|--------------|--------------|
| <b>ASSETS</b>  |              |              |
| Real estate investments:   |              |              |
| Land and improvements  | \$1,284,081  | \$1,202,872  |
| Buildings and tenant improvements  | 5,398,886    | 4,766,793    |
| Construction in progress   | 234,918      | 44,259       |
| Investments in and advances to unconsolidated companies                                      | 372,256      | 364,859      |
| Undeveloped land   | 614,208      | 622,635      |
|  | 7,904,349    | 7,001,418    |
| Accumulated depreciation   | (1,296,396 ) | (1,108,650 ) |
| Net real estate investments  | 6,607,953    | 5,892,768    |
| Real estate investments and other assets held-for-sale                                       | 30,937       | 55,580       |
| Cash and cash equivalents  | 33,889       | 213,826      |
| Accounts receivable, net of allowance of \$3,374 and \$3,597                                 | 22,283       | 22,255       |
| Straight-line rent receivable, net of allowance of \$6,091 and \$7,447                       | 120,303      | 105,900      |
| Receivables on construction contracts, including retentions                                  | 39,754       | 40,247       |
| Deferred financing costs, net of accumulated amortization of \$48,218 and \$59,109           | 40,083       | 42,268       |
| Deferred leasing and other costs, net of accumulated amortization of \$372,047 and \$292,334 | 497,827      | 460,881      |
| Escrow deposits and other assets   | 167,072      | 170,257      |
|  | \$7,560,101  | \$7,003,982  |
| <b>LIABILITIES AND EQUITY</b>  |              |              |
| Indebtedness:  |              |              |
| Secured debt   | \$1,167,953  | \$1,173,233  |
| Unsecured notes  | 2,993,217    | 2,616,063    |
| Unsecured lines of credit  | 285,000      | 20,293       |
|  | 4,446,170    | 3,809,589    |
| Liabilities related to real estate investments held-for-sale                                 | 807          | 975          |
| Construction payables and amounts due subcontractors, including retentions                   | 84,679       | 55,775       |
| Accrued real estate taxes  | 74,565       | 69,272       |
| Accrued interest   | 59,215       | 58,904       |
| Other accrued expenses   | 58,048       | 59,795       |
| Other liabilities  | 167,935      | 131,735      |
| Tenant security deposits and prepaid rents   | 42,731       | 38,355       |
| Total liabilities  | 4,934,150    | 4,224,400    |
| Partners' equity:  |              |              |
| General Partner:   |              |              |
| Common equity (279,423 and 252,927 General Partner Units issued and outstanding)             | 1,967,091    | 1,923,886    |
| Preferred equity (2,503 and 3,176 Preferred Units issued and outstanding)                    | 625,638      | 793,910      |
|  | 2,592,729    | 2,717,796    |
|  | 21,383       | 56,254       |

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Limited Partners' common equity (4,419 and 6,945 Limited Partner Units issued and outstanding)

|  |             |             |
|--|-------------|-------------|
| Accumulated other comprehensive income | 2,691       | 987         |
| Total partners' equity                 | 2,616,803   | 2,775,037   |
| Noncontrolling interests               | 9,148       | 4,545       |
| Total equity                           | 2,625,951   | 2,779,582   |
|  | \$7,560,101 | \$7,003,982 |

See accompanying Notes to Consolidated Financial Statements.

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## DUKE REALTY LIMITED PARTNERSHIP AND SUBSIDIARIES

## Consolidated Statements of Operations and Comprehensive Income

For the Years Ended December 31,

(in thousands, except per unit amounts)

|  | 2012        | 2011      | 2010       |
|--|-------------|-----------|------------|
| Revenues:  |             |           |            |
| Rental and related revenue                                   | \$834,369   | \$742,883 | \$669,543  |
| General contractor and service fee revenue                   | 275,071     | 521,796   | 515,361    |
|  | 1,109,440   | 1,264,679 | 1,184,904  |
| Expenses:  |             |           |            |
| Rental expenses  | 153,135     | 144,617   | 134,866    |
| Real estate taxes  | 113,643     | 102,277   | 88,606     |
| General contractor and other services expenses               | 254,870     | 480,480   | 486,865    |
| Depreciation and amortization                                | 375,965     | 326,226   | 276,045    |
|  | 897,613     | 1,053,600 | 986,382    |
| Other operating activities:                                  |             |           |            |
| Equity in earnings of unconsolidated companies               | 4,674       | 4,565     | 7,980      |
| Gain on sale of properties                                   | 344         | 68,549    | 39,662     |
| Undeveloped land carrying costs                              | (8,829)     | (8,934)   | (9,203)    |
| Impairment charges   | —           | (12,931)  | (9,834)    |
| Other operating expenses                                     | (633)       | (1,237)   | (1,231)    |
| General and administrative expenses                          | (46,424)    | (43,107)  | (41,329)   |
|  | (50,868)    | 6,905     | (13,955)   |
| Operating income   | 160,959     | 217,984   | 184,567    |
| Other income (expenses):                                     |             |           |            |
| Interest and other income, net                               | 514         | 658       | 534        |
| Interest expense   | (245,170)   | (220,455) | (186,407)  |
| Loss on debt transactions                                    | —           | —         | (16,349)   |
| Acquisition-related activity                                 | (4,192)     | (1,188)   | 55,820     |
| Income (loss) from continuing operations before income taxes | (87,889)    | (3,001)   | 38,165     |
| Income tax benefit   | 103         | 194       | 1,126      |
| Income (loss) from continuing operations                     | (87,786)    | (2,807)   | 39,291     |
| Discontinued operations:                                     |             |           |            |
| Loss before gain on sales                                    | (1,549)     | (1,766)   | (7,083)    |
| Gain on sale of depreciable properties                       | 13,467      | 100,882   | 33,054     |
| Income from discontinued operations                          | 11,918      | 99,116    | 25,971     |
| Net income (loss)  | (75,868)    | 96,309    | 65,262     |
| Distributions on Preferred Units                             | (46,438)    | (60,353)  | (69,468)   |
| Adjustments for redemption/repurchase of Preferred Units     | (5,730)     | (3,796)   | (10,438)   |
| Net (income) loss attributable to noncontrolling interests   | (382)       | 115       | 185        |
| Net income (loss) attributable to common unitholders         | \$(128,418) | \$32,275  | \$(14,459) |
| Basic net income (loss) per Common Unit:                     |             |           |            |
| Continuing operations attributable to common unitholders     | \$(0.53)    | \$(0.27)  | \$(0.18)   |
| Discontinued operations attributable to common unitholders   | 0.05        | 0.38      | 0.11       |
| Total  | \$(0.48)    | \$0.11    | \$(0.07)   |
| Diluted net income (loss) per Common Unit:                   |             |           |            |
| Continuing operations attributable to common unitholders     | \$(0.53)    | \$(0.27)  | \$(0.18)   |
| Discontinued operations attributable to common unitholders   | 0.05        | 0.38      | 0.11       |
| Total  | \$(0.48)    | \$0.11    | \$(0.07)   |
| Weighted average number of Common Units outstanding          | 272,729     | 259,598   | 244,870    |

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|   |             |          |          |
|---|-------------|----------|----------|
| Weighted average number of Common Units and potential dilutive securities | 272,729     | 259,598  | 244,870  |
| Comprehensive income (loss):  |             |          |          |
| Net income (loss)   | \$(75,868 ) | \$96,309 | \$65,262 |
| Other comprehensive income:   |             |          |          |
| Derivative instrument activity  | 1,704       | 2,419    | 4,198    |
| Other comprehensive income  | 1,704       | 2,419    | 4,198    |
| Comprehensive income (loss)   | \$(74,164 ) | \$98,728 | \$69,460 |
| See accompanying Notes to Consolidated Financial Statements.              |             |          |          |

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## DUKE REALTY LIMITED PARTNERSHIP AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the Years Ended December 31,

(in thousands)

|  | 2012        | 2011       | 2010       |
|--|-------------|------------|------------|
| Cash flows from operating activities:  |             |            |            |
| Net income (loss)  | \$(75,868 ) | \$96,309   | \$65,262   |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities:       |             |            |            |
| Depreciation of buildings and tenant improvements  | 262,825     | 267,222    | 271,058    |
| Amortization of deferred leasing and other costs   | 116,594     | 118,457    | 89,126     |
| Amortization of deferred financing costs   | 13,321      | 14,530     | 13,897     |
| Straight-line rent adjustment  | (19,546 )   | (23,877 )  | (15,233 )  |
| Impairment charges   | —           | 12,931     | 9,834      |
| Loss on debt extinguishment  | —           | —          | 16,349     |
| Gain on acquisitions   | —           | (1,057 )   | (57,715 )  |
| Earnings from land and depreciated property sales  | (13,811 )   | (169,431 ) | (72,716 )  |
| Third-party construction contracts, net  | (10,837 )   | (17,352 )  | (6,449 )   |
| Other accrued revenues and expenses, net   | 13,399      | 24,036     | 68,512     |
| Operating distributions received in excess of equity in earnings from unconsolidated companies | 13,179      | 15,804     | 8,851      |
| Net cash provided by operating activities  | 299,256     | 337,572    | 390,776    |
| Cash flows from investing activities:  |             |            |            |
| Development of real estate investments   | (264,755 )  | (162,070 ) | (119,404 ) |
| Acquisition of real estate investments and related intangible assets, net of cash acquired     | (665,527 )  | (544,816 ) | (488,539 ) |
| Acquisition of undeveloped land  | (64,944 )   | (14,090 )  | (14,404 )  |
| Second generation tenant improvements, leasing costs and building improvements                 | (63,884 )   | (99,264 )  | (88,723 )  |
| Other deferred leasing costs   | (27,772 )   | (26,311 )  | (38,905 )  |
| Other assets   | 4,504       | 747        | (7,260 )   |
| Proceeds from land and depreciated property sales, net   | 138,118     | 1,572,093  | 499,520    |
| Capital distributions from unconsolidated companies  | 5,157       | 59,252     | 22,119     |
| Capital contributions and advances to unconsolidated companies                                 | (28,513 )   | (34,606 )  | (53,194 )  |
| Net cash provided by (used for) investing activities   | (967,616 )  | 750,935    | (288,790 ) |
| Cash flows from financing activities:  |             |            |            |
| Contributions from the General Partner   | 315,295     | —          | 298,066    |
| Payments for redemption/repurchase of Preferred Units  | (168,272 )  | (110,726 ) | (118,787 ) |
| Proceeds from unsecured debt issuance  | 600,000     | —          | 250,000    |
| Payments on and repurchases of unsecured debt  | (222,846 )  | (334,432 ) | (392,597 ) |
| Proceeds from secured debt financings  | 13,336      | —          | 4,158      |
| Payments on secured indebtedness including principal amortization                              | (117,287 )  | (29,025 )  | (207,060 ) |
| Borrowings (payments) on lines of credit, net  | 264,707     | (172,753 ) | 177,276    |
| Distributions to common unitholders  | (185,299 )  | (176,593 ) | (165,881 ) |
| Distributions to preferred unitholders   | (46,438 )   | (60,353 )  | (69,468 )  |
| Contributions from (distributions to) noncontrolling interests, net                            | 5,470       | (566 )     | (1,739 )   |
| Buyout of noncontrolling interests   | (6,208 )    | —          | —          |
| Book overdrafts  | 45,272      | —          | —          |
| Deferred financing costs   | (9,307 )    | (8,652 )   | (5,074 )   |

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|  |            |            |            |
|--|------------|------------|------------|
| Net cash provided by (used for) financing activities                                   | 488,423    | (893,100 ) | (231,106 ) |
| Net increase (decrease) in cash and cash equivalents                                   | (179,937 ) | 195,407    | (129,120 ) |
| Cash and cash equivalents at beginning of year   | 213,826    | 18,419     | 147,539    |
| Cash and cash equivalents at end of year   | \$33,889   | \$213,826  | \$18,419   |
| Non-cash investing and financing activities:   |            |            |            |
| Assumption of indebtedness and other liabilities for real estate acquisitions          | \$112,754  | \$177,082  | \$527,464  |
| Contribution of properties to, net of debt assumed by, unconsolidated companies        | \$—        | \$53,293   | \$41,609   |
| Investments and advances related to acquisition of previously unconsolidated companies | \$—        | \$5,987    | \$184,140  |
| Assumption of indebtedness by buyer in real estate dispositions                        | \$—        | \$24,914   | \$—        |
| Conversion of Limited Partner Units to common shares of the General Partner            | \$29,213   | \$3,130    | \$(8,055 ) |
| Issuance of Limited Partner Units for acquisition                                      | \$—        | \$28,357   | \$—        |
| See accompanying Notes to Consolidated Financial Statements.                           |            |            |            |



## DUKE REALTY LIMITED PARTNERSHIP AND SUBSIDIARIES

## Consolidated Statements of Changes in Equity

(in thousands, except per unit data)

|   | Common Unitholders            |                  | Limited Partners' Common Equity | Accumulated Other Comprehensive Income (Loss) | Total Partners' Equity | Noncontrolling Interests | Total Equity |
|---|-------------------------------|------------------|---------------------------------|---|------------------------|--------------------------|--------------|
|   | General Partner Common Equity | Preferred Equity |                                 |   |                        |                          |              |
| Balance at December 31, 2009  | \$1,918,329                   | \$1,016,625      | \$31,192                        | \$ (5,630 )                                   | \$2,960,516            | \$7,150                  | \$2,967,666  |
| Net income (loss)   | (3,670 )                      | 69,468           | (351 )                          | —   | 65,447                 | (185 )                   | 65,262       |
| Other comprehensive income  | —                             | —                | —                               | 4,198   | 4,198                  | —                        | 4,198        |
| Capital Contribution from the General Partner                               | 298,066                       | —                | —                               | —   | 298,066                | —                        | 298,066      |
| Stock based compensation plan activity                                      | 10,528                        | —                | —                               | —   | 10,528                 | —                        | 10,528       |
| Conversion of Limited Partner Units to common shares of the General Partner | (8,055 )                      | —                | 8,055                           | —   | —                      | —                        | —            |
| Distributions to Preferred Unitholders                                      | —                             | (69,468 )        | —                               | —   | (69,468 )              | —                        | (69,468 )    |
| Repurchase of Preferred Units   | (6,702 )                      | (112,085 )       | —                               | —   | (118,787 )             | —                        | (118,787 )   |
| Distributions to Partners (\$0.68 per Common Unit)                          | (161,879 )                    | —                | (4,002 )                        | —   | (165,881 )             | —                        | (165,881 )   |
| Distributions to noncontrolling interests                                   | —                             | —                | —                               | —   | —                      | (1,739 )                 | (1,739 )     |
| Balance at December 31, 2010  | \$2,046,617                   | \$904,540        | \$34,894                        | \$ (1,432 )                                   | \$2,984,619            | \$5,226                  | \$2,989,845  |
| Net income (loss)   | 35,212                        | 60,353           | 859                             | —   | 96,424                 | (115 )                   | 96,309       |
| Other comprehensive income  | —                             | —                | —                               | 2,419   | 2,419                  | —                        | 2,419        |
| Issuance of Limited Partner Units for acquisition                           | —                             | —                | 28,357                          | —   | 28,357                 | —                        | 28,357       |
| Stock based compensation plan activity                                      | 10,890                        | —                | —                               | —   | 10,890                 | —                        | 10,890       |
| Conversion of Limited Partner Units to common shares of the General Partner | 3,130                         | —                | (3,130 )                        | —   | —                      | —                        | —            |
| Distributions to Preferred Unitholders                                      | —                             | (60,353 )        | —                               | —   | (60,353 )              | —                        | (60,353 )    |
| Redemption/repurchase of Preferred Units                                    | (96 )                         | (110,630 )       | —                               | —   | (110,726 )             | —                        | (110,726 )   |
| Distributions to Partners (\$0.68 per Common Unit)                          | (171,867 )                    | —                | (4,726 )                        | —   | (176,593 )             | —                        | (176,593 )   |
|   | —                             | —                | —                               | —   | —                      | (566 )                   | (566 )       |

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|   |             |            |           |         |             |          |             |
|---|-------------|------------|-----------|---------|-------------|----------|-------------|
| Distributions to noncontrolling interests                                   |             |            |           |         |             |          |             |
| Balance at December 31, 2011  | \$1,923,886 | \$793,910  | \$56,254  | \$987   | \$2,775,037 | \$4,545  | \$2,779,582 |
| Net loss  | (120,415 )  | 46,438     | (2,273 )  | —       | (76,250 )   | 382      | (75,868 )   |
| Other comprehensive income  | —           | —          | —         | 1,704   | 1,704       | —        | 1,704       |
| Capital Contribution from the General Partner                               | 314,823     | —          | —         | —       | 314,823     | —        | 314,823     |
| Stock based compensation plan activity                                      | 6,457       | —          | —         | —       | 6,457       | —        | 6,457       |
| Conversion of Limited Partner Units to common shares of the General Partner | 29,213      | —          | (29,213 ) | —       | —           | —        | —           |
| Distributions to Preferred Unitholders                                      | —           | (46,438 )  | —         | —       | (46,438 )   | —        | (46,438 )   |
| Redemption of Preferred Units   | —           | (168,272 ) | —         | —       | (168,272 )  | —        | (168,272 )  |
| Distributions to Partners (\$0.68 per Common Unit)                          | (182,008 )  | —          | (3,291 )  | —       | (185,299 )  | —        | (185,299 )  |
| Contributions from noncontrolling interests, net                            | —           | —          | —         | —       | —           | 5,470    | 5,470       |
| Buyout of noncontrolling interests  | (4,865 )    | —          | (94 )     | —       | (4,959 )    | (1,249 ) | (6,208 )    |
| Balance at December 31, 2012  | \$1,967,091 | \$625,638  | \$21,383  | \$2,691 | \$2,616,803 | \$9,148  | \$2,625,951 |

See accompanying Notes to Consolidated Financial Statements.

DUKE REALTY CORPORATION AND DUKE REALTY LIMITED PARTNERSHIP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) The Company

Duke Realty Corporation (the "General Partner") was formed in 1985 and we believe that it qualifies as a real estate investment trust ("REIT") under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"). Duke Realty Limited Partnership (the "Partnership") was formed on October 4, 1993, when the General Partner contributed all of its properties and related assets and liabilities, together with the net proceeds from an offering of additional shares of its common stock, to the Partnership. Unless otherwise indicated, the notes to the consolidated financial statements apply to both the General Partner and the Partnership. The terms "Company," "we," "us" and "our" refer to the General Partner and the Partnership, collectively, and those entities owned or controlled by the General Partner and/or the Partnership.

The General Partner is the sole general partner of the Partnership, owning approximately 98.4% of the common partnership interests of the Partnership ("General Partner Units") at December 31, 2012. The remaining 1.6% of the common partnership interests ("Limited Partner Units" and, together with the General Partner Units, the "Common Units") are owned by limited partners. As the sole general partner of the Partnership, the General Partner has full, exclusive and complete responsibility and discretion in the day-to-day management and control of the Partnership. The General Partner and the Partnership are operated as one enterprise. The management of the General Partner consists of the same members as the management of the Partnership. As the sole general partner with control of the Partnership, the General Partner consolidates the Partnership for financial reporting purposes, and the General Partner does not have any significant assets other than its investment in the Partnership. Therefore, the assets and liabilities of the General Partner and the Partnership are substantially the same.

Limited Partners have the right to redeem their Limited Partner Units, subject to certain restrictions. Pursuant to the Fourth Amended and Restated Agreement of Limited Partnership, as amended (the "Partnership Agreement"), the General Partner is obligated to redeem the Limited Partner Units in shares of its common stock, unless it determines in its reasonable discretion that the issuance of shares of its common stock could cause it to fail to qualify as a REIT. Each Limited Partner Unit shall be redeemed for one share of the General Partner's common stock, or, in the event that the issuance of shares could cause the General Partner to fail to qualify as a REIT, cash equal to the fair market value of one share of the General Partner's common stock at the time of redemption, in each case, subject to certain adjustments described in the Partnership Agreement. The Limited Partner Units are not required, per the terms of the Partnership Agreement, to be redeemed in registered shares of the General Partner. The General Partner also owns preferred partnership interests in the Partnership ("Preferred Units").

We own and operate a portfolio primarily consisting of industrial and office properties and provide real estate services to third-party owners. Substantially all of our Rental Operations (see Note 8) are conducted through the Partnership. We conduct our Service Operations (see Note 8) through Duke Realty Services, LLC, Duke Realty Services Limited Partnership and Duke Construction Limited Partnership ("DCLP"), which are consolidated entities that are 100% owned by a combination of the General Partner and the Partnership. DCLP is owned through a taxable REIT subsidiary.

(2) The Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include our accounts and the accounts of our majority-owned or controlled subsidiaries. The equity interests in these controlled subsidiaries not owned by us are reflected as noncontrolling interests in the consolidated financial statements. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements. Investments in entities that we do not control, and variable interest entities ("VIEs") in which we are not the primary beneficiary, are not consolidated and are reflected as investments in unconsolidated companies under the equity method of reporting.

Reclassifications

Certain amounts in the accompanying consolidated financial statements for 2011 and 2010 have been reclassified to conform to the 2012 consolidated financial statement presentation.



DUKE REALTY CORPORATION AND DUKE REALTY LIMITED PARTNERSHIP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Real Estate Investments

Rental real property, including land, land improvements, buildings and tenant improvements, are included in real estate investments and are generally stated at cost. Wholly-owned properties that are accounted for as direct financing leases, and which are not material for separate presentation, are also included within real estate investments.

Construction in process and undeveloped land are included in real estate investments and are stated at cost. Real estate investments also include our equity interests in unconsolidated joint ventures that own and operate rental properties and hold land for development.

Depreciation

Buildings and land improvements are depreciated on the straight-line method over their estimated lives not to exceed 40 and 15 years, respectively, for properties that we develop, and not to exceed 30 and 10 years, respectively, for acquired properties. Tenant improvement costs are depreciated using the straight-line method over the shorter of the useful life of the asset or term of the related lease.

Cost Capitalization

Direct and certain indirect costs clearly associated with the development, construction, leasing or expansion of real estate investments are capitalized as a cost of the property. In addition, all leasing commissions paid to third parties for new leases or lease renewals are capitalized. We capitalize a portion of our indirect costs associated with our construction, development and leasing efforts. In assessing the amount of direct and indirect costs to be capitalized, allocations are made based on estimates of the actual amount of time spent in each activity. We do not capitalize any costs attributable to downtime or to unsuccessful projects.

We capitalize direct and indirect project costs associated with the initial construction of a property up to the time the property is substantially complete and ready for its intended use. In addition, we capitalize costs, including real estate taxes, insurance, and utilities, that have been allocated to vacant space based on the square footage of the portion of the building not held available for immediate occupancy during the extended lease-up periods after construction of the building shell has been completed if costs are being incurred to ready the vacant space for its intended use. If costs and activities incurred to ready the vacant space cease, then cost capitalization is also discontinued until such activities are resumed. Once necessary work has been completed on a vacant space, project costs are no longer capitalized.

We cease capitalization of all project costs on extended lease-up periods when significant activities have ceased, which does not exceed the shorter of a one-year period after the completion of the building shell or when the property attains 90% occupancy.

Impairment

We evaluate our real estate assets, with the exception of those that are classified as held-for-sale, for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such an evaluation is considered necessary, we compare the carrying amount of that real estate asset, or asset group, with the expected undiscounted cash flows that are directly associated with, and that are expected to arise as a direct result of, the use and eventual disposition of that asset, or asset group. Our estimate of the expected future cash flows used in testing for impairment is based on, among other things, our estimates regarding future market conditions, rental rates, occupancy levels, costs of tenant improvements, leasing commissions and other tenant concessions, assumptions regarding the residual value of our properties at the end of our anticipated holding period and the length of our anticipated holding period and is, therefore, subjective by nature. These assumptions could differ materially from actual results. If our strategy changes or if market conditions otherwise dictate a reduction in the holding period and an earlier sale date, an impairment loss could be recognized and such loss could be material. To the extent the carrying amount of a real estate asset, or asset group, exceeds the associated estimate of undiscounted cash flows, an impairment loss is recorded to reduce the carrying value of the asset to its fair value.

The determination of the fair value of real estate assets is also highly subjective, especially in markets where there is a lack of recent comparable transactions. We primarily utilize the income approach to estimate the fair value of



DUKE REALTY CORPORATION AND DUKE REALTY LIMITED PARTNERSHIP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

our income producing real estate assets. We utilize marketplace participant assumptions to estimate the fair value of a real estate asset when an impairment charge is required to be measured. The estimation of future cash flows, as well as the selection of the discount rate and exit capitalization rate used in applying the income approach, are highly subjective measures in estimating fair value.

Real estate assets classified as held-for-sale are reported at the lower of their carrying value or their fair value, less estimated costs to sell. Once a property is designated as held-for-sale, no further depreciation expense is recorded.

**Purchase Accounting**

We expense acquisition related costs immediately as period costs. We record assets acquired in step acquisitions at their full fair value and record a gain or loss, within acquisition-related activity in our consolidated Statements of Operations, for the difference between the fair value and the carrying value of our existing equity interest.

Additionally, contingencies arising from a business combination are recorded at fair value if the acquisition date fair value can be determined during the measurement period.

We allocate the purchase price of acquired properties to tangible and identified intangible assets based on their respective fair values, using all pertinent information available at the date of acquisition. The allocation to tangible assets (buildings, tenant improvements and land) is based upon management's determination of the value of the property as if it were vacant. This "as-if vacant" value is estimated using an income, or discounted cash flow, approach that relies upon internally determined assumptions that we believe are consistent with current market conditions for similar properties. The most important assumptions in determining the allocation of the purchase price to tangible assets are the exit capitalization rate, discount rate, estimated market rents, and hypothetical expected lease-up periods. The purchase price of real estate assets is also allocated to intangible assets consisting of the above or below market component of in-place leases and the value of in-place leases.

The value allocable to the above or below market component of an acquired in-place lease is determined based upon the present value (using a discount rate which reflects the risks associated with the acquired leases) of the difference between (i) the contractual amounts to be received pursuant to the lease over its remaining term and (ii) management's estimate of the amounts that would be received using fair market rates over the remaining term of the lease. The amounts allocated to above market leases are included in deferred leasing and other costs in the balance sheet and below market leases are included in other liabilities in the balance sheet; both are amortized to rental income over the remaining terms of the respective leases.

Factors considered in determining the value allocable to in-place leases include estimates, during hypothetical expected lease-up periods, of space that is actually leased at the time of acquisition, of lost rent at market rates, fixed operating costs that will be recovered from tenants, and theoretical leasing commissions required to execute similar leases. These intangible assets are included in deferred leasing and other costs in the balance sheet and are depreciated over the remaining term of the existing lease, or the anticipated life of the customer relationship, as applicable.

**Joint Ventures**

We have equity interests in unconsolidated joint ventures that primarily own and operate rental properties or hold land for development. We consolidate those joint ventures that are considered to be VIEs where we are the primary beneficiary. We analyze our investments in joint ventures to determine if the joint venture is considered a VIE and would require consolidation. We (i) evaluate the sufficiency of the total equity investment at risk, (ii) review the voting rights and decision-making authority of the equity investment holders as a group, and whether there are any guaranteed returns, protection against losses, or capping of residual returns within the group and (iii) establish whether activities within the venture are on behalf of an investor with disproportionately few voting rights in making this VIE determination.

To the extent that we (i) are the sole entity that has the power to direct the activities of the VIE and (ii) have the obligation or rights to absorb the VIE's losses or receive its benefits, then we would be determined to be the primary beneficiary of the VIE and would consolidate it. At each reporting period, we re-assess our conclusions as to which, if any, party within the VIE is considered the primary beneficiary.





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During the second quarter of 2012, we provided additional subordinated financial support to one of our unconsolidated joint ventures in the form of member loans. We determined this to be a reconsideration event and re-evaluated our previous conclusion that this joint venture was not a VIE. Upon such reconsideration, we determined that the fair value of the total equity investment at risk was not sufficient to meet the overall capital requirements of the joint venture, and we therefore concluded that this venture now meets the applicable criteria to be considered a VIE. However, for the reasons described below, we have determined there is no individual primary beneficiary for this joint venture.

During the third quarter of 2012, an unconsolidated venture that was previously determined to be a VIE sold its sole property, retired its outstanding debt and distributed substantially all of its remaining assets.

After the aforementioned reconsideration events, there are three unconsolidated joint ventures at December 31, 2012 that we have determined meet the criteria to be considered VIEs. These three unconsolidated joint ventures were formed with the sole purpose of developing, constructing, leasing, marketing and selling or operating properties. The business activities of these unconsolidated joint ventures have been financed through a combination of equity contributions, partner/member loans, and third-party debt that is guaranteed by a combination of us and the other partner/member of each entity. All significant decisions for these unconsolidated joint ventures, including those decisions that most significantly impact each venture's economic performance, require unanimous approval of each joint venture's partners or members. In certain cases, these decisions also require lender approval. Unanimous approval requirements for these unconsolidated joint ventures include entering into new leases, setting annual operating budgets, selling underlying properties, and incurring additional indebtedness. Because no single entity exercises control over the decisions that most significantly affect each joint venture's economic performance, we determined there to be no individual primary beneficiary and that the equity method of accounting is appropriate. The following is a summary of the carrying value in our consolidated balance sheet, as well as our maximum loss exposure under guarantees for the three unconsolidated subsidiaries that we have determined to be VIEs as of December 31, 2012 and 2011, respectively (in millions):

|  | Carrying Value    |                   | Maximum Loss Exposure |                   |
|--|-------------------|-------------------|-----------------------|-------------------|
|  | December 31, 2012 | December 31, 2011 | December 31, 2012     | December 31, 2011 |
| Investment in Unconsolidated Companies | \$54.7            | \$33.5            | \$54.7                | \$33.5            |
| Guarantee Obligations (1)              | \$(23.3)          | \$(17.7)          | \$(144.8)             | \$(57.0)          |

We are party to guarantees of the third-party debt of these joint ventures and our maximum loss exposure is equal to the maximum monetary obligation pursuant to the guarantee agreements. We have also recorded a liability for our probable future obligation under a guarantee to the lender of one of these ventures, which is included within the carrying value of our guarantee obligations. Pursuant to an agreement with the lender, we may make partner loans to this joint venture that will reduce our maximum guarantee obligation on a dollar-for-dollar basis. The carrying value of our recorded guarantee obligations is included in other liabilities in our Consolidated Balance Sheets.

To the extent that our joint ventures do not qualify as VIEs, they are consolidated if we control them through majority ownership interests or if we are the managing entity (general partner or managing member) and our partner does not have substantive participating rights. Control is further demonstrated by our ability to unilaterally make significant operating decisions, refinance debt and sell the assets of the joint venture without the consent of the non-managing entity and the inability of non-managing entity to remove us from our role as the managing entity. Consolidated joint ventures that are not VIEs are not significant in any period presented in these consolidated financial statements.

We use the equity method of accounting for those joint ventures where we exercise significant influence but do not have control. Under the equity method of accounting, our investment in each joint venture is included on our balance sheet; however, the assets and liabilities of the joint ventures for which we use the equity method are not included on our balance sheet.

To the extent that we contribute assets to a joint venture, our investment in the joint venture is recorded at our cost basis in the assets that were contributed to the joint venture. To the extent that our cost basis is different than the

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basis reflected at the joint venture level, the basis difference is amortized over the life of the related asset and included in our share of equity in net income of the joint venture. We recognize gains on the contribution or sale of real estate to joint ventures, relating solely to the outside partner's interest, to the extent the economic substance of the transaction is a sale.

#### Cash Equivalents

Investments with an original maturity of three months or less are classified as cash equivalents.

#### Valuation of Receivables

We reserve the entire receivable balance, including straight-line rent, of any tenant with an amount outstanding over 90 days. Additional reserves are recorded for more current amounts, as applicable, where we have determined collectability to be doubtful. Straight-line rent receivables for any tenant with long-term risk, regardless of the status of current rent receivables, are reviewed and reserved as necessary.

#### Deferred Costs

Costs incurred in connection with obtaining financing are deferred and are amortized to interest expense over the term of the related loan. All direct and indirect costs, including estimated internal costs, associated with the leasing of real estate investments owned by us are capitalized and amortized over the term of the related lease. We include lease incentive costs, which are payments made on behalf of a tenant to sign a lease, in deferred leasing costs and amortize them on a straight-line basis over the respective lease terms as a reduction of rental revenues. We include as lease incentives amounts funded to construct tenant improvements owned by the tenant. Unamortized costs are charged to expense upon the early termination of the lease or upon early payment of the financing.

#### Convertible Debt Accounting

Our 3.75% Exchangeable Senior Notes ("Exchangeable Notes") were issued in November 2006 and had an exchange rate of 20.47 common shares per \$1,000 principal amount of the notes, representing an exchange price of \$48.85 per common share. We repaid the Exchangeable Notes at the first contractual redemption date in December 2011. We accounted for the debt and equity components of our Exchangeable Notes separately, with the value assigned to the debt component equal to the estimated fair value of debt with similar contractual cash flows, but without the conversion feature, resulting in the debt being recorded at a discount. The resulting debt discount was amortized over the period from its issuance through the date of repayment as additional non-cash interest expense.

Interest expense was recognized on the Exchangeable Notes at an effective rate of 5.62%. The increase to interest expense (in thousands) on the Exchangeable Notes, which led to a corresponding decrease to net income, for the years ended December 31, 2011 and 2010 is summarized as follows:

|   | 2011    | 2010    |
|---|---------|---------|
| Interest expense on Exchangeable Notes, excluding effect of accounting for convertible debt | \$5,769 | \$7,136 |
| Effect of accounting for convertible debt   | 2,090   | 2,474   |
| Total interest expense on Exchangeable Notes  | \$7,859 | \$9,610 |

#### Noncontrolling Interests

Noncontrolling interests relate to the minority ownership interests in the Partnership and interests in consolidated property partnerships that are not wholly-owned by the General Partner or the Partnership. Noncontrolling interests are subsequently adjusted for additional contributions, distributions to noncontrolling holders and the noncontrolling holders' proportionate share of the net earnings or losses of each respective entity. We report noncontrolling interests as a component of total equity.

When a Unit is redeemed (Note 1), the change in ownership is treated as an equity transaction by the General Partner and there is no effect on its earnings or net assets.

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Revenue Recognition

Rental and Related Revenue

The timing of revenue recognition under an operating lease is determined based upon ownership of the tenant improvements. If we are the owner of the tenant improvements, revenue recognition commences after the improvements are completed and the tenant takes possession or control of the space. If we determine that the tenant allowances or improvements we are funding are lease incentives, then we commence revenue recognition when possession or control of the space is turned over to the tenant. Rental income from leases is recognized on a straight-line basis.

We record lease termination fees when a tenant has executed a definitive termination agreement with us and the payment of the termination fee is not subject to any material conditions that must be met or waived before the fee is due to us.

General Contractor and Service Fee Revenue

Management fees are based on a percentage of rental receipts of properties managed and are recognized as the rental receipts are collected. Maintenance fees are based upon established hourly rates and are recognized as the services are performed. Construction management and development fees represent fee-based third-party contracts and are recognized as earned based on the percentage of completion method.

We recognize income on construction contracts where we serve as a general contractor on the percentage of completion method. Using this method, profits are recorded based on our estimates of the percentage of completion of individual contracts, commencing when the work performed under the contracts reaches a point where the final costs can be estimated with reasonable accuracy. The percentage of completion estimates are based on a comparison of the contract expenditures incurred to the estimated final costs. Changes in job performance, job conditions and estimated profitability may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

Receivables on construction contracts were in a net under-billed position of \$16.0 million and \$10.6 million at December 31, 2012 and 2011, respectively.

Property Sales

Gains on sales of all properties are recognized in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 360-20. The specific timing of the sale of a building is measured against various criteria in FASB ASC 360-20 related to the terms of the transactions and any continuing involvement in the form of management or financial assistance from the seller associated with the properties. We make judgments based on the specific terms of each transaction as to the amount of the total profit from the transaction that we recognize considering factors such as continuing ownership interest we may have with the buyer ("partial sales") and our level of future involvement with the property or the buyer that acquires the assets. If the full accrual sales criteria are not met, we defer gain recognition and account for the continued operations of the property by applying the finance, installment or cost recovery methods, as appropriate, until the full accrual sales criteria are met. Estimated future costs to be incurred after completion of each sale are included in the determination of the gain on sales.

To the extent that a property has had operations prior to sale, and that we do not have continuing involvement with the property, gains from sales of depreciated property are included in discontinued operations and the proceeds from the sale of these held-for-rental properties are classified in the investing activities section of the Consolidated Statements of Cash Flows.

Rental properties that do not meet the criteria for presentation as discontinued operations are classified as gain on sale of properties in the Consolidated Statements of Operations.

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## Net Income (Loss) Per Common Share or Common Unit

Basic net income (loss) per common share or Common Unit is computed by dividing net income (loss) attributable to common shareholders or common unitholders, less dividends or distributions on share-based awards expected to vest (referred to as "participating securities" and primarily composed of unvested restricted stock units), by the weighted average number of common shares or Common Units outstanding for the period.

Diluted net income (loss) per common share is computed by dividing the sum of basic net income (loss) attributable to common shareholders and the noncontrolling interest in earnings allocable to Limited Partner Units (to the extent the Limited Partner Units are dilutive), by the sum of the weighted average number of common shares outstanding and, to the extent they are dilutive, Units outstanding and any potential dilutive securities for the period. Diluted net income (loss) per Common Unit is computed by dividing the basic net income (loss) attributable to common unitholders by the sum of the weighted average number of Common Units outstanding and any potential dilutive securities for the period.

The following table reconciles the components of basic and diluted net income (loss) per common share or Common Unit (in thousands):

|  | 2012         | 2011     | 2010        |
|--|--------------|----------|-------------|
| <b>General Partner</b>   |              |          |             |
| Net income (loss) attributable to common shareholders                      | \$(126,145 ) | \$31,416 | \$(14,108 ) |
| Less: Dividends on participating securities                                | (3,075 )     | (3,243 ) | (2,513 )    |
| Basic net income (loss) attributable to common shareholders                | (129,220 )   | 28,173   | (16,621 )   |
| Noncontrolling interest in earnings of common unitholders                  | —            | 859      | —           |
| Diluted net income (loss) attributable to common shareholders              | \$(129,220 ) | \$29,032 | \$(16,621 ) |
| Weighted average number of common shares outstanding                       | 267,900      | 252,694  | 238,920     |
| Weighted average Limited Partner Units outstanding                         | —            | 6,904    | —           |
| Other potential dilutive shares  | —            | —        | —           |
| Weighted average number of common shares and potential dilutive securities | 267,900      | 259,598  | 238,920     |
| <b>Partnership</b>   |              |          |             |
| Net income (loss) attributable to common unitholders                       | \$(128,418 ) | \$32,275 | \$(14,459 ) |
| Less: Distributions on participating securities                            | (3,075 )     | (3,243 ) | (2,513 )    |
| Basic and diluted net loss attributable to common unitholders              | \$(131,493 ) | \$29,032 | \$(16,972 ) |
| Weighted average number of Common Units outstanding                        | 272,729      | 259,598  | 244,870     |
| Other potential dilutive units   | —            | —        | —           |
| Weighted average number of Common Units and potential dilutive securities  | 272,729      | 259,598  | 244,870     |

The Limited Partner Units are anti-dilutive to the General Partner for the years ended December 31, 2012 and 2010, as a result of the net loss for these periods. In addition, substantially all potential shares related to our stock-based compensation plans are anti-dilutive for all years presented and potential shares related to our Exchangeable Notes, which were repaid in December 2011, were anti-dilutive for the years ended December 31, 2011 and 2010. The following table summarizes the data that is excluded from the computation of net income (loss) per common share or Common Unit as a result of being anti-dilutive (in thousands):

|   | 2012       | 2011 | 2010     |
|---|------------|------|----------|
| <b>General Partner</b>                                |            |      |          |
| Noncontrolling interest in loss of common unitholders | \$(2,273 ) | \$—  | \$(351 ) |
| Weighted average Limited Partner Units outstanding    | 4,829      | —    | 5,950    |
| <b>General Partner and Partnership</b>                |            |      |          |

Other potential dilutive shares or units:

|   |       |       |       |
|---|-------|-------|-------|
| Anti-dilutive outstanding potential shares or units under fixed stock option and other stock-based compensation plans | 1,859 | 1,677 | 1,779 |
| Anti-dilutive potential shares under the Exchangeable Notes   | —     | 3,140 | 3,890 |
| Outstanding participating securities  | 4,099 | 4,780 | 4,331 |

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Federal Income Taxes

General Partner

The General Partner has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended. To qualify as a REIT, the General Partner must meet a number of organizational and operational requirements, including a requirement to distribute at least 90% of its REIT taxable income to its shareholders. Management intends to continue to adhere to these requirements and to maintain the General Partner's REIT status. As a REIT, the General Partner is entitled to a tax deduction for the dividends it pays to shareholders. Accordingly, the General Partner generally will not be subject to federal income taxes as long as it currently distributes to shareholders an amount equal to or in excess of its taxable income. The General Partner is also generally subject to federal income taxes on any taxable income that is not currently distributed to its shareholders. If the General Partner fails to qualify as a REIT in any taxable year, it will be subject to federal income taxes and may not be able to qualify as a REIT for four subsequent taxable years.

REIT qualification reduces, but does not eliminate, the amount of state and local taxes we pay. In addition, our financial statements include the operations of taxable corporate subsidiaries that are not entitled to a dividends paid deduction and are subject to federal, state and local income taxes. As a REIT, the General Partner may also be subject to certain federal excise taxes if it engages in certain types of transactions.

The following table reconciles the General Partner's net income (loss) to taxable income (loss) before the dividends paid deduction, and subject to the 90% distribution requirement, for the years ended December 31, 2012, 2011 and 2010 (in thousands):

|  | 2012        | 2011      | 2010      |
|--|-------------|-----------|-----------|
| Net income (loss)  | \$(75,868 ) | \$96,309  | \$65,262  |
| Book/tax differences   | 148,456     | (12,885 ) | 74,065    |
| Taxable income before the dividends paid deduction                                 | 72,588      | 83,424    | 139,327   |
| Less: capital gains  | —           | —         | (62,403 ) |
| Adjusted taxable income subject to the 90% distribution requirement                | \$72,588    | \$83,424  | \$76,924  |
| The General Partner's dividends paid deduction is summarized below (in thousands): |             |           |           |

|  | 2012       | 2011       | 2010      |
|--|------------|------------|-----------|
| Total Cash dividends paid  | \$228,330  | \$232,203  | \$231,446 |
| Less: Return of capital  | (152,677 ) | (144,208 ) | (86,630 ) |
| Dividends paid deduction   | 75,653     | 87,995     | 144,816   |
| Less: Capital gain distributions   | —          | —          | (62,403 ) |
| Dividends paid deduction attributable to adjusted taxable income subject to the 90% distribution requirement | \$75,653   | \$87,995   | \$82,413  |

A summary of the tax characterization of the dividends paid by the General Partner for the years ended December 31, 2012, 2011 and 2010 follows:

|                   | 2012    | 2011    | 2010    |
|-------------------|---------|---------|---------|
| Common Shares     |         |         |         |
| Ordinary income   | 14.1 %  | 3.3 %   | 24.9 %  |
| Return of capital | 85.9 %  | 96.7 %  | 56.3 %  |
| Capital gains     | — %     | — %     | 18.8 %  |
|                   | 100.0 % | 100.0 % | 100.0 % |
| Preferred Shares  |         |         |         |
| Ordinary income   | 100.0 % | 100.0 % | 57.0 %  |
| Capital gains     | — %     | — %     | 43.0 %  |
|                   | 100.0 % | 100.0 % | 100.0 % |





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Partnership

For the Partnership, the allocated share of income and loss other than the operations of its taxable REIT subsidiary is included in the income tax returns of its partners; accordingly the only federal income taxes included in the accompanying consolidated financial statements of the Partnership are in connection with its taxable REIT subsidiary.

Deferred Tax Assets

Refinements to our operating strategy in 2009 caused us to reduce our projections of taxable income in our taxable REIT subsidiary. As the result of these changes in our projections, we determined that it was more likely than not that the taxable REIT subsidiary would not generate sufficient taxable income to realize any of its deferred tax assets. Accordingly, a full valuation allowance was established for our deferred tax assets in 2009, which we have continued to maintain through December 31, 2012 as we still believe the taxable REIT subsidiary will not generate sufficient taxable income to realize any of its deferred tax assets. Income taxes are not material to our operating results or financial position.

Cash Paid for Income Taxes

We paid state and local income taxes of \$580,000 and \$340,000 in 2012 and 2011, respectively. We received income tax refunds, net of federal and state income tax payments, of \$19.7 million in 2010. Our taxable REIT subsidiary has no significant net deferred income tax or unrecognized tax benefit items.

Fair Value Measurements

We follow the framework established under accounting standard FASB ASC 820 for measuring fair value of non-financial assets and liabilities that are not required or permitted to be measured at fair value on a recurring basis but only in certain circumstances, such as a business combination.

Assets and liabilities recorded at fair value on the consolidated balance sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities to which we have access.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Use of Estimates

The preparation of the financial statements requires management to make a number of estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The most significant estimates, as discussed within our Summary of Significant Accounting Policies, pertain to the critical assumptions utilized in testing real estate assets for impairment, estimating the fair value of real estate assets when an impairment event has taken place and allocating the purchase price of acquired properties to tangible and intangible assets based on their respective fair values. Actual results could differ from those estimates.

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(3) Significant Acquisitions and Dispositions

Acquisitions and dispositions during the years ended December 31, 2012, 2011 and 2010 were completed in accordance with our strategy to reposition our investment concentration among product types and further diversify our geographic presence. With the exception of certain properties that have been sold or classified as held for sale, the results of operations for all acquired properties have been included in continuing operations within our consolidated financial statements since their respective dates of acquisition.

2012 Acquisitions

We acquired 37 operating properties during the year ended December 31, 2012. These acquisitions consisted of three industrial properties near Chicago, Illinois, two industrial properties in Columbus, Ohio, one industrial property in Southern California, two industrial properties in Northern California, one industrial property in Atlanta, Georgia, one industrial property in Houston, Texas and 27 medical office properties in various markets. The following table summarizes our allocation of the fair value of amounts recognized for each major class of asset and liability (in thousands) for these acquisitions:

|                                   |           |
|-----------------------------------|-----------|
| Real estate assets                | \$668,149 |
| Lease-related intangible assets   | 111,509   |
| Other assets                      | 5,714     |
| Total acquired assets             | 785,372   |
| Secured debt                      | 100,826   |
| Other liabilities                 | 11,928    |
| Total assumed liabilities         | 112,754   |
| Fair value of acquired net assets | \$672,618 |

The leases in the acquired properties had a weighted average remaining life at acquisition of approximately 8.8 years.

2010 and 2011 Acquisitions of Premier Portfolio

We purchased twelve industrial and four office buildings, as well as other real estate assets, during the year ended December 31, 2011. These purchases completed our acquisition of a portfolio of buildings in South Florida (the "Premier Portfolio"), which was placed under contract in 2010, and resulted in cash payments to the sellers of \$27.4 million, the assumption of secured loans with a face value of \$124.4 million and the issuance to the sellers of 2.1 million Units with a fair value at issuance of \$28.4 million (Note 11). These Units were converted to shares of the General Partner in early 2012, after a mandatory one-year holding period.

On December 30, 2010, we purchased 38 industrial buildings, one office building and other real estate assets within the Premier Portfolio.

The following table summarizes our allocation of the fair value of amounts recognized for each major class of assets and liabilities related to the 55 properties and other real estate assets from the Premier Portfolio that have been purchased through December 31, 2011 (in thousands):

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|                                   | Acquired During<br>Year Ended<br>December 31, 2011 | Acquired During<br>Year Ended<br>December 31, 2010 | Total     |
|-----------------------------------|--|--|-----------|
| Real estate assets                | \$153,656  | \$249,960  | \$403,616 |
| Lease-related intangible assets   | 25,445   | 31,091   | 56,536    |
| Other assets                      | 2,571  | 1,801  | 4,372     |
| Total acquired assets             | 181,672  | 282,852  | 464,524   |
| Secured debt                      | 125,003  | 158,238  | 283,241   |
| Other liabilities                 | 4,284  | 4,075  | 8,359     |
| Total assumed liabilities         | 129,287  | 162,313  | 291,600   |
| Fair value of acquired net assets | \$52,385   | \$120,539  | \$172,924 |

The leases in the acquired properties had a weighted average remaining life at acquisition of approximately 3.5 years.  
Other 2011 Acquisitions

In addition to our acquisition of the remaining properties in the Premier portfolio, we also acquired 43 properties during the year ended December 31, 2011. These acquisitions consisted of twelve bulk industrial properties in Chicago, Illinois, six bulk industrial properties in Raleigh, North Carolina, three bulk industrial properties in Dallas, Texas, three bulk industrial properties in Minneapolis, Minnesota, two bulk industrial properties in Southern California, one bulk industrial property in Phoenix, Arizona, one bulk industrial property in Savannah, Georgia, one bulk industrial property in Indianapolis, Indiana, one office property in Raleigh, North Carolina, one office property in Indianapolis, Indiana, one office property in Atlanta, Georgia and eleven medical office properties in various markets. The following table summarizes our allocation of the fair value of amounts recognized for each major class of assets and liabilities (in thousands) for these acquisitions:

|                                   |           |
|-----------------------------------|-----------|
| Real estate assets                | \$503,556 |
| Lease-related intangible assets   | 70,994    |
| Other assets                      | 879       |
| Total acquired assets             | 575,429   |
| Secured debt                      | 40,072    |
| Other liabilities                 | 8,300     |
| Total assumed liabilities         | 48,372    |
| Fair value of acquired net assets | \$527,057 |

The leases in the acquired properties had a weighted average remaining life at acquisition of approximately 6.7 years.  
2010 Acquisition of Remaining Interest in Dugan Realty, L.L.C.

On July 1, 2010, we acquired our joint venture partner's 50% interest in Dugan Realty, L.L.C. ("Dugan"), a real estate joint venture that we had previously accounted for using the equity method, for a payment of \$166.7 million. Dugan held \$28.1 million of cash at the time of acquisition, which resulted in a net cash outlay of \$138.6 million. As the result of this transaction we obtained all of Dugan's membership interests.

At the date of acquisition, Dugan owned 106 industrial buildings totaling 20.8 million square feet and 63 net acres of undeveloped land located in Midwest and Southeast markets. Dugan had a secured loan with a face value of \$195.4 million due in October 2010 and a secured loan with a face value of \$87.6 million due in October 2012, which were both repaid at their scheduled maturity dates (see Note 7).

The following table summarizes our allocation of the fair value of amounts recognized for each major class of assets and liabilities (in thousands):

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|  |           |
|--|-----------|
| Real estate assets   | \$502,418 |
| Lease-related intangible assets                              | 107,155   |
| Other assets   | 28,658    |
| Total acquired assets  | 638,231   |
| Secured debt   | 285,376   |
| Other liabilities  | 20,243    |
| Total assumed liabilities                                    | 305,619   |
| Fair value of acquired net assets (represents 100% interest) | \$332,612 |

We previously managed and performed other ancillary services for Dugan's properties and, as a result, Dugan had no employees of its own and no separately recognizable brand identity. As such, we determined that the consideration paid to the seller, plus the fair value of the incremental share of the assumed liabilities, represented the fair value of the additional interest in Dugan that we acquired, and that no goodwill or other non-real estate related intangible assets were required to be recognized through the transaction. Accordingly, we also determined that the fair value of the acquired ownership interest in Dugan equaled the fair value of our existing ownership interest.

In conjunction with acquiring our partner's ownership interest in Dugan, we derecognized a \$50.0 million liability related to a put option held by our partners. The put liability was originally recognized in October 2000, in connection with a sale of industrial properties and undeveloped land to Dugan, at which point our joint venture partner was given an option to put up to \$50.0 million of its interest in Dugan to us in exchange for the General Partner's common stock or cash (at our option). Our gain on acquisition, considering the derecognition of the put liability, was calculated as follows (in thousands):

|   |           |
|---|-----------|
| Fair value of existing interest (represents 50% interest) | \$166,306 |
| Less:   |           |
| Carrying value of investment in Dugan                     | 158,591   |
| Put option liability derecognized                         | (50,000 ) |
|   | 108,591   |

|                         |          |
|-------------------------|----------|
| Gain on acquisition     | \$57,715 |
| Other 2010 Acquisitions |          |

In addition to the 39 Premier Portfolio properties acquired in 2010 as discussed above, and the acquisition of our partner's ownership interest in Dugan, we also acquired 13 additional properties during the year ended December 31, 2010. These acquisitions consisted of three bulk industrial properties in Houston, Texas, two bulk industrial and two office properties in South Florida, two bulk industrial properties in Chicago, Illinois, one bulk industrial property in Phoenix, Arizona, one bulk industrial property in Nashville, Tennessee, one bulk industrial property in Columbus, Ohio, and one medical office property in Charlotte, North Carolina.

The following table summarizes our allocation of the fair value of amounts recognized for each major class of assets and liabilities (in thousands):

|                                   |           |
|-----------------------------------|-----------|
| Real estate assets                | \$254,014 |
| Lease-related intangible assets   | 71,844    |
| Other assets                      | 3,652     |
| Total acquired assets             | 329,510   |
| Secured and unsecured debt        | 63,458    |
| Other liabilities                 | 5,645     |
| Total assumed liabilities         | 69,103    |
| Fair value of acquired net assets | \$260,407 |



DUKE REALTY CORPORATION AND DUKE REALTY LIMITED PARTNERSHIP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### Fair Value Measurements

The fair value estimates used in allocating the aggregate purchase price of each acquisition among the individual components of real estate assets and liabilities were determined primarily through calculating the "as-if vacant" value of each building, using the income approach, and relied significantly upon internally determined assumptions. We have determined these estimates to have been primarily based upon Level 3 inputs, which are unobservable inputs based on our own assumptions. The range of most significant assumptions utilized in making the lease-up and future disposition estimates used in calculating the "as-if vacant" value of each building acquired during 2012 and 2011 are as follows:

|  | 2012    |         | 2011    |         |
|--|---------|---------|---------|---------|
|  | Low     | High    | Low     | High    |
| Discount rate                                    | 7.13%   | 10.78%  | 6.40%   | 11.10%  |
| Exit capitalization rate                         | 5.75%   | 8.88%   | 4.80%   | 10.00%  |
| Lease-up period (months)                         | 6       | 36      | 9       | 36      |
| Net rental rate per square foot - Industrial     | \$2.75  | \$7.62  | \$2.75  | \$6.70  |
| Net rental rate per square foot - Office         | \$—     | \$—     | \$8.61  | \$16.00 |
| Net rental rate per square foot - Medical Office | \$13.20 | \$26.14 | \$13.75 | \$27.62 |

#### Acquisition-Related Activity

The acquisition-related activity in our consolidated Statements of Operations includes transaction costs for completed acquisitions, which are expensed as incurred, as well as gains or losses related to acquisitions where we had a pre-existing ownership interest. Acquisition-related activity for the years ended December 31, 2012, 2011 and 2010 includes transaction costs of \$4.2 million, \$2.3 million and \$1.9 million, respectively.

#### Dispositions

We disposed of income-producing real estate assets and undeveloped land and received net proceeds of \$138.1 million, \$1.57 billion and \$499.5 million in 2012, 2011 and 2010, respectively.

Included in the building dispositions in 2011 is the sale of substantially all of our wholly-owned suburban office real estate properties in Atlanta, Chicago, Columbus, Dallas, Minneapolis, Orlando and Tampa, consisting of 79 buildings that had an aggregate of 9.8 million square feet to affiliates of Blackstone Real Estate Partners. The sales price was approximately \$1.06 billion which, after settlement of certain working capital items and the payment of applicable transaction costs, was received in a combination of approximately \$1.02 billion in cash and the assumption by the buyer of mortgage debt with a face value of approximately \$24.9 million.

Also included in the building dispositions in 2011 is the sale of 13 suburban office buildings, totaling over 2.0 million square feet, to an existing 20%-owned unconsolidated joint venture. These buildings were sold to the unconsolidated joint venture for an agreed value of \$342.8 million, of which our 80% share of proceeds totaled \$273.7 million.

Included in the building dispositions in 2010 is the sale of seven suburban office buildings, totaling over 1.0 million square feet, to the same 20%-owned joint venture. These buildings were sold to the unconsolidated joint venture for an agreed value of \$173.9 million, of which our 80% share of proceeds totaled \$139.1 million.

All other dispositions were not individually material.

#### (4) Related Party Transactions

We provide property management, asset management, leasing, construction and other tenant related services to unconsolidated companies in which we have equity interests. We recorded the corresponding fees based on contractual terms that approximate market rates for these types of services and we have eliminated our ownership percentage of these fees in the consolidated financial statements. The following table summarizes the fees earned from these companies, prior to elimination, for the years ended December 31, 2012, 2011 and 2010, respectively (in thousands):

|                                   | 2012     | 2011     | 2010    |
|-----------------------------------|----------|----------|---------|
| Management fees                   | \$11,018 | \$10,090 | \$7,620 |
| Leasing fees                      | 3,411    | 4,417    | 2,700   |
| Construction and development fees | 4,739    | 6,711    | 10,257  |

(5) Investments in Unconsolidated Companies

As of December 31, 2012, we had equity interests in 20 unconsolidated joint ventures that primarily own and operate rental properties and hold land for development.

Combined summarized financial information for the unconsolidated companies as of December 31, 2012 and 2011, and for the years ended December 31, 2012, 2011 and 2010, are as follows (in thousands):

|  | 2012        | 2011        | 2010      |
|--|-------------|-------------|-----------|
| Rental revenue                               | \$291,534   | \$272,937   | \$228,378 |
| Net income                                   | \$3,125     | \$10,709    | \$19,202  |
| Land, buildings and tenant improvements, net | \$1,991,823 | \$2,051,412 |           |
| Construction in progress                     | 61,663      | 12,208      |           |
| Undeveloped land                             | 175,143     | 177,742     |           |
| Other assets                                 | 289,173     | 309,409     |           |
|  | \$2,517,802 | \$2,550,771 |           |
| Indebtedness                                 | \$1,314,502 | \$1,317,554 |           |
| Other liabilities                            | 70,519      | 71,241      |           |
|  | 1,385,021   | 1,388,795   |           |
| Owners' equity                               | 1,132,781   | 1,161,976   |           |
|  | \$2,517,802 | \$2,550,771 |           |

Dugan (Note 3) generated \$42.5 million in revenues and \$6.4 million of net income in the six months of 2010 prior to its July 1 consolidation.

Our share of the scheduled principal payments of long term debt for the unconsolidated joint ventures for each of the next five years and thereafter as of December 31, 2012 are as follows (in thousands):

| Year       | Future Repayments |
|------------|-------------------|
| 2013       | \$119,387         |
| 2014       | 51,757            |
| 2015       | 69,834            |
| 2016       | 14,948            |
| 2017       | 101,922           |
| Thereafter | 54,562            |
|            | \$412,410         |

DUKE REALTY CORPORATION AND DUKE REALTY LIMITED PARTNERSHIP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## (6) Discontinued Operations and Assets Held for Sale

The following table illustrates the number of properties in discontinued operations:

|                | Held For Sale at<br>December 31, 2012 | Sold in 2012 | Sold in 2011 | Sold in 2010 | Total |
|----------------|---------------------------------------|--------------|--------------|--------------|-------|
| Office         | 0                                     | 10           | 93           | 11           | 114   |
| Industrial     | 0                                     | 17           | 7            | 6            | 30    |
| Medical Office | 2                                     | 0            | 0            | 0            | 2     |
| Retail         | 0                                     | 1            | 1            | 2            | 4     |
|                | 2                                     | 28           | 101          | 19           | 150   |

We allocate interest expense to discontinued operations and have included such interest expense in computing income from discontinued operations. Interest expense allocable to discontinued operations includes interest on any secured debt for properties included in discontinued operations and an allocable share of our consolidated unsecured interest expense for unencumbered properties. The allocation of unsecured interest expense to discontinued operations was based upon the gross book value of the unencumbered real estate assets included in discontinued operations as it related to the total gross book value of our unencumbered real estate assets.

The following table illustrates the operations of the buildings reflected in discontinued operations for the years ended December 31, 2012, 2011 and 2010, respectively (in thousands):

|  | 2012     | 2011      | 2010       |
|--|----------|-----------|------------|
| Revenues                               | \$8,284  | \$194,166 | \$248,024  |
| Operating expenses                     | (3,286 ) | (89,123 ) | (107,412 ) |
| Depreciation and amortization          | (3,454 ) | (59,453 ) | (84,139 )  |
| Operating income                       | 1,544    | 45,590    | 56,473     |
| Interest expense                       | (3,093 ) | (47,356 ) | (63,556 )  |
| Loss before gain on sales              | (1,549 ) | (1,766 )  | (7,083 )   |
| Gain on sale of depreciable properties | 13,467   | 100,882   | 33,054     |
| Income from discontinued operations    | \$11,918 | \$99,116  | \$25,971   |

Dividends or distributions on preferred shares or Preferred Units and adjustments for the redemption or repurchase of preferred shares or Preferred Units are allocated entirely to continuing operations for both the General Partner and the Partnership.

## Allocation of Noncontrolling Interests - General Partner

The following table illustrates the General Partner's share of the income (loss) attributable to common shareholders from continuing operations and discontinued operations, reduced by the allocation of income or loss between continuing and discontinued operations to the Limited Partner Units, for the years ended December 31, 2012, 2011 and 2010, respectively (in thousands):

|   | 2012         | 2011        | 2010        |
|---|--------------|-------------|-------------|
| Loss from continuing operations attributable to common shareholders     | \$(137,852 ) | \$(65,064 ) | \$(39,448 ) |
| Income from discontinued operations attributable to common shareholders | 11,707       | 96,480      | 25,340      |
| Net income (loss) attributable to common shareholders                   | \$(126,145 ) | \$31,416    | \$(14,108 ) |

## Allocation of Noncontrolling Interests - Partnership

The income from discontinued operations for all periods presented in the Partnership's Consolidated Statements of Operations and Comprehensive Income is entirely attributable to the common unitholders.



DUKE REALTY CORPORATION AND DUKE REALTY LIMITED PARTNERSHIP  
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Properties Held for Sale

At December 31, 2012, we classified two in-service properties as held-for-sale, while at December 31, 2011, we classified 13 in-service properties as held-for-sale. The following table illustrates aggregate balance sheet information of these held-for-sale properties (in thousands):

|                                 | December 31, 2012 | December 31, 2011 |
|---------------------------------|-------------------|-------------------|
| Real estate investment, net     | \$24,994          | \$49,735          |
| Other assets                    | 5,943             | 5,845             |
| Total assets held-for-sale      | \$30,937          | \$55,580          |
| Accrued expenses                | \$94              | \$254             |
| Other liabilities               | 713               | 721               |
| Total liabilities held-for-sale | \$807             | \$975             |

(7)Indebtedness

All debt is held directly or indirectly by the Partnership. The General Partner itself does not have any indebtedness, but does guarantee the unsecured debt of the Partnership.

Indebtedness at December 31, 2012 and 2011 consists of the following (in thousands):

|                            | Maturity Date | Weighted<br>Average Interest<br>Rate<br>2012 |   | Weighted<br>Average Interest<br>Rate<br>2011 | 2012          | 2011        |
|----------------------------|---------------|--|---|--|---------------|-------------|
| Fixed rate secured debt    | 2013 to 2027  | 6.19   | % | 6.25   | % \$1,149,541 | \$1,167,188 |
| Variable rate secured debt | 2014 to 2025  | 2.01   | % | 0.21   | % 18,412      | 6,045       |
| Fixed rate unsecured debt  | 2013 to 2028  | 6.17   | % | 6.56   | % 2,993,217   | 2,616,063   |
| Unsecured lines of credit  | 2015          | 1.47   | % | 1.14   | % 285,000     | 20,293      |
|                            |               |  |   |  | \$4,446,170   | \$3,809,589 |

Secured Debt

As of December 31, 2012, our secured debt was collateralized by rental properties with a carrying value of \$2.0 billion and by letters of credit in the amount of \$5.3 million.

The fair value of our fixed rate secured debt as of December 31, 2012 was \$1.3 billion. Because our fixed rate secured debt is not actively traded in any marketplace, we utilized a discounted cash flow methodology to determine its fair value. Accordingly, we calculated fair value by applying an estimate of the current market rate to discount the debt's remaining contractual cash flows. Our estimate of a current market rate, which is the most significant input in the discounted cash flow calculation, is intended to replicate debt of similar maturity and loan-to-value relationship. The estimated rates ranged from 3.20% to 4.70%, depending on the attributes of the specific loans. The current market rates we utilized were internally estimated; therefore, we have concluded that our determination of fair value for our fixed rate secured debt was primarily based upon Level 3 inputs.

We assumed nine secured loans in conjunction with our acquisition activity in 2012. These assumed loans had a total face value of \$96.1 million and fair value of \$100.8 million. These assumed loans carry a weighted average stated interest rate of 5.56% and a weighted average remaining term at acquisition of 2.4 years. We used an estimated market rate of 3.50% in determining the fair value of these loans.

In June 2012, a newly formed subsidiary, consolidated by both the General Partner and the Partnership, borrowed \$13.3 million on a secured note bearing interest at a variable rate of LIBOR plus 2.50% (equal to 2.71% for outstanding borrowings as of December 31, 2012) and maturing June 29, 2017.

During the year ended December 31, 2012, we repaid five secured loans at their maturity dates totaling \$102.1 million. These loans had a weighted average stated interest rate of 6.08%.



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We assumed 13 secured loans in conjunction with our acquisition activity in 2011. These acquired secured loans had a total face value of \$162.4 million and fair value of \$165.1 million. The assumed loans carry a weighted average stated interest rate of 5.75% and a weighted remaining term upon acquisition of 5.5 years. We used estimated market rates ranging between 3.50% and 5.81% in determining the fair value of the loans.

Unsecured Notes

We took the following actions during 2012 and 2011 as it pertains to our unsecured indebtedness:

In October 2012, we repaid \$50.0 million of medium term notes, which had an effective interest rate of 5.45%, at their scheduled maturity date.

In September 2012, we issued \$300.0 million of unsecured notes that bear interest at 3.875%, have an effective rate of 3.925%, and mature on October 15, 2022.

In August 2012, we repaid \$150.0 million of senior unsecured notes, which had an effective interest rate of 6.01%, at their scheduled maturity date.

In July 2012, one of our consolidated subsidiaries repaid \$21.0 million of variable rate unsecured debt, which bore interest at a rate of LIBOR plus 0.85%, at its scheduled maturity date.

In June 2012, we issued \$300.0 million of senior unsecured notes that bear interest at 4.375%, have an effective rate of 4.466% and mature on June 15, 2022.

In December 2011, we repaid \$167.6 million of our 3.75% Exchangeable Notes at their scheduled maturity date. Due to accounting requirements, which required us to record interest expense on this debt at a similar rate as could have been obtained for non-convertible debt, this debt had an effective interest rate of 5.62%.

In August 2011, we repaid \$122.5 million of senior unsecured notes, which had an effective interest rate of 5.69%, at their scheduled maturity date.

In March 2011, we repaid \$42.5 million of senior unsecured notes, which had an effective interest rate of 6.96%, at their scheduled maturity date.

At December 31, 2012, all of our unsecured notes bear interest at fixed rates. We utilized broker estimates in estimating the fair value of our fixed rate unsecured debt. Our unsecured notes are thinly traded and, in certain cases, the broker estimates were not based upon comparable transactions. The broker estimates took into account any recent trades within the same series of our fixed rate unsecured debt, comparisons to recent trades of other series of our fixed rate unsecured debt, trades of fixed rate unsecured debt from companies with profiles similar to ours, as well as overall economic conditions. We reviewed these broker estimates for reasonableness and accuracy, considering whether the estimates were based upon market participant assumptions within the principal and most advantageous market and whether any other observable inputs would be more accurate indicators of fair value than the broker estimates. We concluded that the broker estimates were representative of fair value. We have determined that our estimation of the fair value of our fixed rate unsecured debt was primarily based upon Level 3 inputs, as defined. The estimated trading values of our fixed rate unsecured debt, depending on the maturity and coupon rates, ranged from 101.00% to 129.00% of face value.

The indentures (and related supplemental indentures) governing our outstanding series of notes also require us to comply with financial ratios and other covenants regarding our operations. We were in compliance with all such covenants as of December 31, 2012.

Unsecured Line of Credit

Our unsecured line of credit as of December 31, 2012 is described as follows (in thousands):

| Description  | Maximum Capacity | Maturity Date | Outstanding Balance<br>at<br>December 31, 2012 |
|--|------------------|---------------|--|
| Unsecured Line of Credit – Partnership   | \$850,000        | December 2015 | \$285,000                                      |
| The Partnership's unsecured line of credit has an interest rate on borrowings of LIBOR plus 1.25% (equal to 1.47% for borrowings as of December 31, 2012) and a maturity date of December 2015. Subject to certain conditions, the |                  |               |  |



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terms also include an option to increase the facility by up to an additional \$400.0 million, for a total of up to \$1.25 billion.

This line of credit provides us with an option to obtain borrowings from financial institutions that participate in the line at rates that may be lower than the stated interest rate, subject to certain restrictions.

This line of credit contains financial covenants that require us to meet certain financial ratios and defined levels of performance, including those related to total fixed charge coverage, unsecured interest expense coverage and debt-to-asset value (with asset value being defined in the Partnership's unsecured line of credit agreement). As of December 31, 2012, we were in compliance with all covenants under this line of credit.

To the extent that there are outstanding borrowings, we utilize a discounted cash flow methodology in order to estimate the fair value of our unsecured line of credit. The net present value of the difference between future contractual interest payments and future interest payments based on our estimate of a current market rate represents the difference between the book value and the fair value. Our estimate of a current market rate is based upon the rate, considering current market conditions and our specific credit profile, at which we estimate we could obtain similar borrowings. The current market rate of 1.61% that we utilized was internally estimated, therefore, we have concluded that our determination of fair value for our unsecured line of credit was primarily based upon Level 3 inputs.

Through July 2012, a consolidated subsidiary had an unsecured line of credit that allowed for borrowings up to \$30.0 million and bore interest at a rate of LIBOR plus 0.85%. This unsecured line of credit was used to fund development activities within the consolidated subsidiary and the outstanding balance of \$20.3 million was repaid at its maturity in July 2012.

#### Changes in Fair Value

As all of our fair value debt disclosures relied primarily on Level 3 inputs, the following table summarizes the book value and changes in the fair value of our debt for the year ended December 31, 2012 (in thousands):

|                            | Book Value<br>at<br>December 31,<br>2011 | Book Value<br>at<br>December 31,<br>2012 | Fair Value at<br>December 31,<br>2011 | Issuances<br>and<br>Assumptions | Payoffs     | Adjustments<br>to Fair<br>Value | Fair Value at<br>December 31,<br>2012 |
|----------------------------|--|--|---------------------------------------|---------------------------------|-------------|---------------------------------|---------------------------------------|
| Fixed rate secured debt    | \$ 1,167,188                             | \$ 1,149,541                             | \$ 1,256,331                          | \$ 100,826                      | \$(116,319) | \$ 10,639                       | \$ 1,251,477                          |
| Variable rate secured debt | 6,045                                    | 18,412                                   | 6,045                                 | 13,336                          | (968)       | (27)                            | 18,386                                |
| Unsecured notes            | 2,616,063                                | 2,993,217                                | 2,834,610                             | 600,000                         | (222,846)   | 124,622                         | 3,336,386                             |
| Unsecured lines of credit  | 20,293                                   | 285,000                                  | 20,244                                | 285,000                         | (20,293)    | 681                             | 285,632                               |
| Total                      | \$ 3,809,589                             | \$ 4,446,170                             | \$ 4,117,230                          | \$ 999,162                      | \$(360,426) | \$ 135,915                      | \$ 4,891,881                          |

#### Scheduled Maturities and Interest Paid

At December 31, 2012, the scheduled amortization and maturities of all indebtedness, excluding fair value and other accounting adjustments, for the next five years and thereafter were as follows (in thousands):

| Year       | Amount      |
|------------|-------------|
| 2013       | \$547,732   |
| 2014       | 331,563     |
| 2015       | 679,945     |
| 2016       | 544,840     |
| 2017       | 566,611     |
| Thereafter | 1,768,944   |
|            | \$4,439,635 |

The amount of interest paid in 2012, 2011 and 2010 was \$246.1 million, \$261.2 million and \$246.5 million, respectively. The amount of interest capitalized in 2012, 2011 and 2010 was \$9.4 million, \$4.3 million and \$11.5 million, respectively.

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DUKE REALTY CORPORATION AND DUKE REALTY LIMITED PARTNERSHIP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(8) Segment Reporting

We have four reportable operating segments at December 31, 2012, the first three of which consist of the ownership and rental of (i) industrial, (ii) office and (iii) medical office real estate investments. The operations of our industrial, office and medical office properties, along with our retail properties, are collectively referred to as "Rental Operations." Our retail properties, as well as any other properties not included in our reportable segments, do not by themselves meet the quantitative thresholds for separate presentation as a reportable segment. The fourth reportable segment consists of various real estate services such as property management, asset management, maintenance, leasing, development, general contracting and construction management to third-party property owners and joint ventures, and is collectively referred to as "Service Operations." Our reportable segments offer different products or services and are managed separately because each segment requires different operating strategies and management expertise.

During 2012, one of the quantitative thresholds was triggered, which required our medical office property operating segment to be presented as a separate reportable segment. As such, our medical office properties are presented as a separate reportable segment for the years ended December 31, 2012, 2011 and 2010.

Other revenue consists of other operating revenues not identified with one of our operating segments. Interest expense and other non-property specific revenues and expenses are not allocated to individual segments in determining our performance measure.

We assess and measure the overall operating results of the General Partner and the Partnership primarily based upon Funds From Operations ("FFO"), which is an industry performance measure that management believes is a useful indicator of consolidated operating performance. FFO is used by industry analysts and investors as a supplemental operating performance measure of a REIT. The National Association of Real Estate Investment Trusts ("NAREIT") created FFO as a non-GAAP supplemental measure of REIT operating performance. FFO, as defined by NAREIT, represents GAAP net income (loss), excluding extraordinary items as defined under GAAP, gains or losses from sales of previously depreciated real estate assets, impairment charges related to depreciable real estate assets, plus certain non-cash items such as real estate asset depreciation and amortization, and after similar adjustments for unconsolidated partnerships and joint ventures. The most comparable GAAP measure is net income (loss) attributable to common shareholders or common unitholders. FFO attributable to common shareholders or common unitholders should not be considered as a substitute for net income (loss) attributable to common shareholders or common unitholders or any other measures derived in accordance with GAAP and may not be comparable to other similarly titled measures of other companies. FFO is calculated in accordance with the definition that was adopted by the Board of Governors of NAREIT.

Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, many industry analysts and investors have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. Management believes that the use of FFO attributable to common shareholders or common unitholders, combined with net income (which remains the primary measure of performance), improves the understanding of operating results of REITs among the investing public and makes comparisons of REIT operating results more meaningful. Management believes that the use of FFO as a performance measure enables investors and analysts to readily identify the operating results of the long-term assets that form the core of a REIT's activity and assist them in comparing these operating results between periods or between different companies.

We do not allocate certain income and expenses ("Non-Segment Items," as shown in the table below) to our operating segments. Thus, the operational performance measure presented here on a segment-level basis represents net earnings, excluding depreciation expense and the Non-Segment Items not allocated, and is not meant to present FFO as defined by NAREIT.

The following table shows (i) the revenues for each of the reportable segments and (ii) a reconciliation of FFO attributable to common shareholders or common unitholders to net income (loss) attributable to common shareholders

or common unitholders for the years ended December 31, 2012, 2011 and 2010 (in thousands):

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DUKE REALTY CORPORATION AND DUKE REALTY LIMITED PARTNERSHIP  
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|  | 2012        | 2011        | 2010        |
|--|-------------|-------------|-------------|
| Revenues   |             |             |             |
| Rental Operations:   |             |             |             |
| Industrial   | \$438,525   | \$379,030   | \$280,538   |
| Office   | 267,982     | 272,807     | 313,712     |
| Medical Office   | 98,647      | 57,673      | 44,287      |
| Non-reportable Rental Operations   | 21,794      | 21,829      | 19,912      |
| General contractor and service fee revenue ("Service Operations")  | 275,071     | 521,796     | 515,361     |
| Total Segment Revenues   | 1,102,019   | 1,253,135   | 1,173,810   |
| Other Revenue  | 7,421       | 11,544      | 11,094      |
| Consolidated Revenue from continuing operations  | 1,109,440   | 1,264,679   | 1,184,904   |
| Discontinued Operations  | 8,284       | 194,166     | 248,024     |
| Consolidated Revenue   | \$1,117,724 | \$1,458,845 | \$1,432,928 |
| Reconciliation of Funds From Operations  |             |             |             |
| Net earnings excluding depreciation and Non-Segment Items  |             |             |             |
| Industrial   | \$327,175   | \$278,315   | \$210,202   |
| Office   | 155,456     | 160,530     | 185,914     |
| Medical Office   | 65,932      | 35,450      | 28,177      |
| Non-reportable Rental Operations   | 15,300      | 15,563      | 13,646      |
| Service Operations   | 20,201      | 41,316      | 28,496      |
|  | 584,064     | 531,174     | 466,435     |
| Non-Segment Items:   |             |             |             |
| Interest expense   | (245,170)   | (220,455)   | (186,407)   |
| Impairment charges on non-depreciable properties   | —           | (12,931)    | (9,834)     |
| Interest and other income  | 514         | 658         | 534         |
| Other operating expenses   | (633)       | (1,237)     | (1,231)     |
| General and administrative expenses  | (46,424)    | (43,107)    | (41,329)    |
| Undeveloped land carrying costs  | (8,829)     | (8,934)     | (9,203)     |
| Loss on debt transactions  | —           | —           | (16,349)    |
| Acquisition-related activity   | (4,192)     | (1,188)     | 55,820      |
| Income tax benefit   | 103         | 194         | 1,126       |
| Other non-segment income   | 3,728       | 6,131       | 8,132       |
| Net (income) loss attributable to noncontrolling interests - consolidated entities not wholly owned by the Partnership | (382)       | 115         | 185         |
| Joint venture items  | 37,469      | 38,161      | 40,346      |
| Dividends on preferred shares/Preferred Units  | (46,438)    | (60,353)    | (69,468)    |
| Adjustments for redemption/repurchase of preferred shares/Preferred Units  | (5,730)     | (3,796)     | (10,438)    |
| Discontinued operations  | 1,905       | 57,687      | 77,056      |
| FFO attributable to common unitholders of the Partnership  | 269,985     | 282,119     | 305,375     |
| Net (income) loss attributable to noncontrolling interests - common limited partnership interests in the Partnership   | 2,273       | (859)       | 351         |
| Noncontrolling interest share of FFO adjustments   | (7,054)     | (6,644)     | (7,771)     |
| FFO attributable to common shareholders of the General Partner   | 265,204     | 274,616     | 297,955     |
| Depreciation and amortization on continuing operations   | (375,965)   | (326,226)   | (276,045)   |
| Depreciation and amortization on discontinued operations   | (3,454)     | (59,453)    | (84,139)    |
| Company's share of joint venture adjustments   | (34,702)    | (33,687)    | (34,674)    |

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|  |              |          |             |
|--|--------------|----------|-------------|
| Earnings from depreciated property sales on continuing operations  | 344          | 68,549   | 39,662      |
| Earnings from depreciated property sales on discontinued operations  | 13,467       | 100,882  | 33,054      |
| Earnings from depreciated property sales - share of joint venture  | 1,907        | 91       | 2,308       |
| Noncontrolling interest share of FFO adjustments   | 7,054        | 6,644    | 7,771       |
| Net income (loss) attributable to common shareholders of the General Partner   | \$(126,145 ) | \$31,416 | \$(14,108 ) |
| Add back: Net income (loss) attributable to noncontrolling interests - common limited partnership interests in the Partnership | (2,273 )     | 859      | (351 )      |
| Net income (loss) attributable to common unitholders of the Partnership  | \$(128,418 ) | \$32,275 | \$(14,459 ) |

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DUKE REALTY CORPORATION AND DUKE REALTY LIMITED PARTNERSHIP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The assets for each of the reportable segments as of December 31, 2012 and 2011 are as follows (in thousands):

|                                       | December 31,<br>2012 | December 31,<br>2011 |
|---------------------------------------|----------------------|----------------------|
| Assets                                |                      |                      |
| Rental Operations:                    |                      |                      |
| Industrial                            | \$3,836,721          | \$3,586,250          |
| Office                                | 1,683,314            | 1,742,196            |
| Medical Office                        | 1,202,929            | 580,177              |
| Non-reportable Rental Operations      | 175,197              | 209,056              |
| Service Operations                    | 162,219              | 167,382              |
| Total Segment Assets                  | 7,060,380            | 6,285,061            |
| Non-Segment Assets - Partnership      | 499,721              | 718,921              |
| Consolidated Assets - Partnership     | \$7,560,101          | \$7,003,982          |
| Non-Segment Assets - General Partner  | —                    | 455                  |
| Consolidated Assets - General Partner | \$7,560,101          | \$7,004,437          |

Tenant improvements and leasing costs to re-let rental space that had been previously under lease to tenants are referred to as second generation expenditures. Building improvements that are not specific to any tenant but serve to improve integral components of our real estate properties are also second generation expenditures. In addition to revenues and FFO, we also review our second generation capital expenditures in measuring the performance of our individual Rental Operations segments. We review these expenditures to determine the costs associated with re-leasing vacant space and maintaining the condition of our properties. Our second generation capital expenditures by segment are summarized as follows for the years ended December 31, 2012, 2011 and 2010 (in thousands):

|   | 2012     | 2011     | 2010     |
|---|----------|----------|----------|
| Second Generation Capital Expenditures    |          |          |          |
| Industrial                                | \$33,095 | \$34,872 | \$23,271 |
| Office                                    | 30,092   | 63,933   | 65,203   |
| Medical Office                            | 641      | 410      | 183      |
| Non-reportable Rental Operations segments | 56       | 49       | 66       |
| Total                                     | \$63,884 | \$99,264 | \$88,723 |

(9)Leasing Activity

Future minimum rents due to us under non-cancelable operating leases at December 31, 2012 are as follows (in thousands):

| Year       | Amount      |
|------------|-------------|
| 2013       | \$667,886   |
| 2014       | 628,433     |
| 2015       | 564,516     |
| 2016       | 499,342     |
| 2017       | 426,569     |
| Thereafter | 1,630,698   |
|            | \$4,417,444 |

In addition to minimum rents, certain leases require reimbursements of specified operating expenses that amounted to \$174.2 million, \$190.8 million and \$190.0 million for the years ended December 31, 2012, 2011 and 2010, respectively.

(10)Employee Benefit Plans

We maintain a 401(k) plan for full-time employees. We had historically made matching contributions up to an amount equal to three percent of the employee's salary and may also make annual discretionary contributions. We temporarily

suspended the Company's matching program beginning in July 2009; however, it was reinstated in January 2011 with matching contributions up to an amount equal to two percent of the employee's salary. Also, a discretionary contribution was declared at the end of 2012, 2011 and 2010. The total expense recognized for this

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DUKE REALTY CORPORATION AND DUKE REALTY LIMITED PARTNERSHIP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

plan was \$2.2 million, \$2.5 million and \$1.3 million for the years ended December 31, 2012, 2011 and 2010, respectively.

We make contributions to a contributory health and welfare plan as necessary to fund claims not covered by employee contributions. The total expense we recognized related to this plan was \$7.5 million, \$9.5 million and \$10.4 million for 2012, 2011 and 2010, respectively. These expense amounts include estimates based upon the historical experience of claims incurred but not reported as of year-end.

(11) Shareholders' Equity of the General Partner and Partners' Capital of the Partnership

General Partner

The General Partner periodically uses the public equity markets to fund the development and acquisition of additional rental properties or to pay down debt. The proceeds of these offerings are contributed to the Partnership in exchange for an additional interest in the Partnership.

Throughout 2012, the General Partner issued 22.7 million shares of common stock pursuant to its at the market equity program, generating gross proceeds of approximately \$322.2 million and, after considering commissions and other costs, net proceeds of approximately \$315.3 million. The General Partner paid \$6.4 million in commissions related to the sale of these common shares. The proceeds from these offerings were used for acquisitions, general corporate purposes and redemption of preferred shares and fixed rate secured debt.

In March 2012, the General Partner redeemed all of the outstanding shares of its 6.950% Series M Cumulative Redeemable Preferred Shares at a liquidation amount of \$168.3 million. Offering costs of \$5.7 million were included as a reduction to net loss attributable to common shareholders in conjunction with the redemption of these shares.

In July 2011, the General Partner redeemed all of the outstanding shares of its 7.250% Series N Cumulative Redeemable Preferred Shares at a liquidation amount of \$108.6 million. Offering costs of \$3.6 million were included as a reduction to net income attributable to common shareholders in conjunction with the redemption of these shares.

In February 2011, the General Partner repurchased 80,000 shares of its 8.375% Series O Cumulative Redeemable Preferred Shares ("Series O Shares"). The Series O Shares that were repurchased had a total redemption value of \$2.0 million and were repurchased for \$2.1 million. An adjustment of approximately \$163,000, which included a ratable portion of original issuance costs, was included as a reduction to net income attributable to common shareholders.

In conjunction with the acquisition of the Premier Portfolio (Note 3), we issued 2.1 million Units with a fair value at issuance of \$28.4 million, which were included in noncontrolling interests until early 2012 when the Units were converted after a mandatory one-year holding period.

In June 2010, the General Partner issued 26.5 million shares of common stock for net proceeds of approximately \$298.1 million. The proceeds from this offering were used for acquisitions, general corporate purposes and repurchases of preferred shares and fixed rate unsecured debt.

Throughout 2010, pursuant to the share repurchase plan approved by its board of directors, the General Partner repurchased 4.5 million shares of its Series O Shares. The preferred shares that were repurchased had a total face value of approximately \$112.1 million, and were repurchased for \$118.8 million. An adjustment of approximately \$10.4 million, which included a ratable portion of issuance costs, increased the net loss attributable to common shareholders. All shares repurchased were retired prior to December 31, 2010.

The following series of preferred shares were outstanding as of December 31, 2012 (in thousands, except percentage data):

DUKE REALTY CORPORATION AND DUKE REALTY LIMITED PARTNERSHIP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

| Description        | Shares<br>Outstanding | Dividend<br>Rate | Optional<br>Redemption<br>Date | Liquidation<br>Preference |
|--------------------|-----------------------|------------------|--------------------------------|---------------------------|
| Series J Preferred | 396                   | 6.625            | % August 29, 2008              | \$99,058                  |
| Series K Preferred | 598                   | 6.500            | % February 13, 2009            | \$149,550                 |
| Series L Preferred | 796                   | 6.600            | % November 30, 2009            | \$199,075                 |
| Series O Preferred | 712                   | 8.375            | % February 22, 2013            | \$177,955                 |

All series of preferred shares require cumulative distributions and have no stated maturity date (although the General Partner may redeem all such preferred shares on or following their optional redemption dates at its option, in whole or in part).

## Partnership

For each share of common stock or preferred stock that the General Partner issues, the Partnership issues a corresponding General Partner Unit or Preferred Unit, as applicable, to the General Partner in exchange for the contribution of the proceeds from the stock issuance. Similarly, when the General Partner redeems or repurchases shares of its common stock or preferred stock, the Partnership redeems the corresponding Common Units or Preferred Units held by the General Partner at the same price.

## (12) Stock Based Compensation

We are authorized to issue up to 10.5 million shares of the General Partner's common stock under our stock based employee and non-employee compensation plans.

## Fixed Stock Option Plans

On June 7, 2010, we completed a one-time stock option exchange program, which was approved by the General Partner's shareholders at its annual meeting, to allow the majority of our employees to surrender for cancellation their outstanding stock options in exchange for a lesser number of restricted stock units ("RSUs") based on both the fair value of the options and the RSUs at the time of the exchange. As a result of the program, 4.4 million options were surrendered and cancelled and 1.2 million RSUs were granted.

The total compensation cost for the new RSUs, which is equal to the unamortized compensation expense associated with the related eligible unvested options surrendered, will be recognized over the applicable vesting period of the new RSUs. As the fair value of the RSUs granted was less than the fair value of the eligible options surrendered in exchange for the RSUs, each measured on June 7, 2010, there was no incremental expense recognized through the exchange program. The most significant assumption used in estimating the fair value of the surrendered options was the assumption for expected volatility, which was 70%. The volatility assumption was made based on both historical experience and our best estimate of future volatility. The assumption for dividend yield was 5% while the assumptions for expected term and risk-free rate varied based upon the remaining contractual lives of the surrendered options. Compensation expense recognized for fixed stock option plans was insignificant during the years ended December 31, 2012, 2011 and 2010.

## Restricted Stock Units

Under our 2005 Long-Term Incentive Plan and our 2005 Non-Employee Directors Compensation Plan (collectively, the "Compensation Plans") approved by the General Partner's shareholders in April 2005, RSUs may be granted to non-employee directors, executive officers and selected management employees. A RSU is economically equivalent to a share of the General Partner's common stock.

RSUs granted to employees generally vest 20% per year over five years, have contractual lives of five years and are payable in shares of our common stock with a new share of such common stock issued upon each RSU's vesting.

RSUs granted to existing non-employee directors vest 100% over one year, and have contractual lives of one year.

DUKE REALTY CORPORATION AND DUKE REALTY LIMITED PARTNERSHIP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

RSUs granted on June 7, 2010 in exchange for stock options will vest, depending on the original terms of the surrendered options, over either two or three years.

To the extent that a recipient of a RSU grant is not determined to be retirement eligible, as defined by the Compensation Plans, we recognize expense on a straight-line basis over their vesting periods. Expense is recognized immediately at the date of grant to the extent a recipient is retirement eligible and expense is accelerated to the extent that a participant will become retirement eligible prior to the end of the contractual life of granted RSUs.

The following table summarizes transactions for our RSUs, excluding dividend equivalents, for 2012:

| Restricted Stock Units    | Number of<br>RSUs | Weighted<br>Average<br>Grant Date<br>Fair Value |
|---------------------------|-------------------|---|
| RSUs at December 31, 2011 | 3,503,400         | \$11.59   |
| Granted                   | 877,009           | \$13.81   |
| Vested                    | (1,647,900 )      | \$11.69   |
| Forfeited                 | (51,744 )         | \$11.84   |
| RSUs at December 31, 2012 | 2,680,765         | \$12.26   |

Compensation cost recognized for RSUs totaled \$11.5 million, \$11.2 million and \$9.0 million for the years ended December 31, 2012, 2011 and 2010, respectively.

As of December 31, 2012, there was \$14.1 million of total unrecognized compensation expense related to nonvested RSUs granted under the Plan, which is expected to be recognized over a weighted average period of 2.8 years.

(13) Financial Instruments

We are exposed to capital market risk, such as changes in interest rates. In an effort to manage interest rate risk, we may enter into interest rate hedging arrangements from time to time. We do not utilize derivative financial instruments for trading or speculative purposes.

The effectiveness of our hedges is evaluated throughout their lives using the hypothetical derivative method under which the change in fair value of the actual swap designated as the hedging instrument is compared to the change in fair value of a hypothetical swap. We had no material interest rate derivatives, when considering the fair value of the hedging instruments, in any period presented.

(14) Commitments and Contingencies

We have guaranteed the repayment of \$83.8 million of economic development bonds issued by various municipalities in connection with certain commercial developments. We will be required to make payments under our guarantees to the extent that incremental taxes from specified developments are not sufficient to pay the bond debt service.

Management does not believe that it is probable that we will be required to make any significant payments in satisfaction of these guarantees.

We also have guaranteed the repayment of secured and unsecured loans of five of our unconsolidated subsidiaries. At December 31, 2012, the maximum guarantee exposure for these loans was approximately \$247.1 million. Included in our total guarantee exposure is a joint and several guarantee of the loan agreement of the 3630 Peachtree joint venture, which had a carrying amount of \$17.3 million on the balance sheet at December 31, 2012.

We lease certain land positions with terms extending to October 2105, with a total obligation of \$206.5 million. No payments on these ground leases, which are classified as operating leases, are material in any individual year.

We are subject to various legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of any ultimate liability with respect to these actions will not materially affect our consolidated financial statements or results of operations.

DUKE REALTY CORPORATION AND DUKE REALTY LIMITED PARTNERSHIP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

We own certain parcels of land that are subject to special property tax assessments levied by quasi municipal entities. To the extent that such special assessments are fixed and determinable, the discounted value of the full assessment is recorded as a liability. We have \$12.5 million of such special assessment liabilities, which are included within other liabilities on our consolidated balance sheet as of December 31, 2012.

(15) Subsequent Events

Declaration of Dividends/Distributions

The General Partner's board of directors declared the following dividends/distributions at its regularly scheduled board meeting held on January 30, 2013:

| Class of stock/units              | Quarterly<br>Amount per Share<br>or Unit | Record Date       | Payment Date      |
|-----------------------------------|--|-------------------|-------------------|
| Common                            | \$0.170000                               | February 13, 2013 | February 28, 2013 |
| Preferred (per depositary share): |  |                   |                   |
| Series J                          | \$0.414063                               | February 13, 2013 | February 28, 2013 |
| Series K                          | \$0.406250                               | February 13, 2013 | February 28, 2013 |
| Series L                          | \$0.412500                               | February 13, 2013 | February 28, 2013 |

Common Stock Issuance

In January 2013, the General Partner completed a public offering of 41.4 million common shares, at an issue price of \$14.25 per share, resulting in gross proceeds of \$590.0 million and, after underwriting fees and estimated offering costs, net proceeds of approximately \$571.9 million. A portion of the net proceeds from this offering were used to repay all of the outstanding borrowings under the Partnership's existing revolving credit facility, which had an outstanding balance of \$285.0 million as of December 31, 2012, and the remaining proceeds will be used to redeem all of the General Partner's outstanding Series O Shares, which are redeemable as of February 22, 2013 and for general corporate purposes.

Preferred Series O Redemption Notice

In January 2013, the General Partner called for redemption all 711,820 of its outstanding Series O Shares. The redemption date is February 22, 2013 and the cash redemption price for the Series O Shares is \$178.0 million, or \$250.00 per share.



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Duke Realty Corporation and Duke Realty  
Limited Partnership  
Real Estate and Accumulated Depreciation  
December 31, 2012  
(in thousands)

Schedule III

| Name                              | Building Type  | Encumbrances | Initial Cost |           | Cost Capitalized Subsequent to Development Acquisition | Gross Book Value 12/31/12 |           | Total (1) | Accum. Depr. (2) | Year Constructed/Renovated | Year Acquired |
|-----------------------------------|----------------|--------------|--------------|-----------|--|---------------------------|-----------|-----------|------------------|----------------------------|---------------|
|                                   |                |              | Land         | Buildings |  | Land                      | Buildings |           |                  |                            |               |
| Abilene, Texas                    |                |              |              |           |  |                           |           |           |                  |                            |               |
| Medical Mall of Abilene           | Medical Office | —            | 675          | 8,504     | —  | 675                       | 8,504     | 9,179     | 79               | 1990                       | 2012          |
| Arlington, Texas                  |                |              |              |           |  |                           |           |           |                  |                            |               |
| Baylor Ortho Hosp-Arlington       | Medical Office | 15,683       | 584          | 9,623     | 12,189   | 1,816                     | 20,580    | 22,396    | 2,688            | 2009                       | 2009          |
| Aurora, Illinois                  |                |              |              |           |  |                           |           |           |                  |                            |               |
| 535 Exchange 525 North            | Industrial     | —            | 386          | 920       | 269  | 386                       | 1,189     | 1,575     | 564              | 1984                       | 1999          |
| Enterprise Street                 | Industrial     | —            | 342          | 1,678     | 110  | 342                       | 1,788     | 2,130     | 777              | 1984                       | 1999          |
| 615 North Enterprise Street       | Industrial     | —            | 468          | 2,408     | 741  | 468                       | 3,149     | 3,617     | 1,326            | 1984                       | 1999          |
| 3737 East Exchange 880 North      | Industrial     | —            | 598          | 2,543     | 504  | 598                       | 3,047     | 3,645     | 1,270            | 1985                       | 1999          |
| Enterprise Street                 | Industrial     | 3,729        | 1,150        | 5,314     | 912  | 1,150                     | 6,226     | 7,376     | 2,403            | 2000                       | 2000          |
| Meridian Office Service Center    | Industrial     | —            | 567          | 1,083     | 1,688  | 567                       | 2,771     | 3,338     | 1,307            | 2001                       | 2001          |
| Genera Corporation                | Industrial     | 3,139        | 1,957        | 3,827     | 25   | 1,957                     | 3,852     | 5,809     | 1,504            | 2004                       | 2004          |
| Butterfield 550 940 N. Enterprise | Industrial     | 13,319       | 9,185        | 10,795    | 6,044  | 9,188                     | 16,836    | 26,024    | 2,928            | 2008                       | 2008          |
|                                   | Industrial     | —            | 2,674        | 6,962     | 1,134  | 2,674                     | 8,096     | 10,770    | 88               | 1998                       | 2012          |
| Austell, Georgia                  |                |              |              |           |  |                           |           |           |                  |                            |               |
| Hartman Business Center V         | Industrial     | —            | 2,640        | 21,471    | —  | 2,640                     | 21,471    | 24,111    | 530              | 2008                       | 2012          |
| Baltimore, Maryland               |                |              |              |           |  |                           |           |           |                  |                            |               |
| 5901 Holabird Ave                 | Industrial     | —            | 3,345        | 4,220     | 3,349  | 3,345                     | 7,569     | 10,914    | 2,585            | 2008                       | 2008          |
| 5003 Holabird Ave                 | Industrial     | —            | 6,488        | 9,162     | 1,885  | 6,488                     | 11,047    | 17,535    | 2,521            | 2008                       | 2008          |

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|                                |                   |        |       |        |       |       |        |        |        |      |  |      |
|--------------------------------|-------------------|--------|-------|--------|-------|-------|--------|--------|--------|------|--|------|
| Batavia, Ohio                  |                   |        |       |        |       |       |        |        |        |      |  |      |
| Mercy Hospital<br>Clermont MOB | Medical<br>Office | —      | —     | 6,948  | 1,552 | —     | 8,500  | 8,500  | 1,383  | 2006 |  | 2007 |
| Baytown, Texas                 |                   |        |       |        |       |       |        |        |        |      |  |      |
| Cedar Crossing                 | Industrial        | 10,508 | 9,323 | 5,934  | —     | 9,323 | 5,934  | 15,257 | 2,058  | 2005 |  | 2007 |
| Bloomington,<br>Minnesota      |                   |        |       |        |       |       |        |        |        |      |  |      |
| Hampshire Dist<br>Center North | Industrial        | —      | 779   | 4,474  | 1,315 | 779   | 5,789  | 6,568  | 2,145  | 1979 |  | 1997 |
| Hampshire Dist<br>Center South | Industrial        | —      | 901   | 5,010  | 514   | 900   | 5,525  | 6,425  | 2,178  | 1979 |  | 1997 |
| Blue Ash, Ohio                 |                   |        |       |        |       |       |        |        |        |      |  |      |
| Lake Forest<br>Place           | Office            | —      | 1,953 | 18,315 | 6,834 | 1,953 | 25,149 | 27,102 | 10,769 | 1985 |  | 1996 |
| Northmark Bldg<br>1            | Office            | —      | 1,452 | 2,561  | 1,347 | 1,452 | 3,908  | 5,360  | 1,373  | 1987 |  | 2004 |
| Westlake Center                | Office            | —      | 2,459 | 14,096 | 5,357 | 2,459 | 19,453 | 21,912 | 8,571  | 1981 |  | 1996 |
| Bolingbrook,<br>Illinois       |                   |        |       |        |       |       |        |        |        |      |  |      |

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Duke Realty Corporation and Duke Realty  
Limited Partnership  
Real Estate and Accumulated Depreciation  
December 31, 2012  
(in thousands)

Schedule III

| Name                   | Building Type | Encumbrances | Initial Cost |           | Buildings | Cost of Subsequent Development or Acquisition | Capitalized Costs      |           | Book Value |                  | Year Acquired |
|------------------------|---------------|--------------|--------------|-----------|-----------|---|------------------------|-----------|------------|------------------|---------------|
|                        |               |              | Land         | Buildings |           |   | Land/Land Improvements | Buildings | Total (1)  | Accum. Depr. (2) |               |
| 555 Joliet Road        | Industrial    | 5,988        | 2,184        | 9,263     | 859       | 2,332   | 9,974                  | 12,306    | 3,103      | 2002             | 2002          |
| Dawes Transportation   | Industrial    | —            | 3,050        | 4,453     | 16        | 3,050   | 4,469                  | 7,519     | 1,903      | 2005             | 2005          |
| Chapco Carton Company  | Industrial    | 2,746        | 917          | 4,527     | 91        | 917   | 4,618                  | 5,535     | 1,296      | 1999             | 2002          |
| Crossroads 1           | Industrial    | —            | 1,418        | 5,794     | 444       | 1,418   | 6,238                  | 7,656     | 584        | 1998             | 2010          |
| Crossroads 3           | Industrial    | —            | 1,330        | 4,497     | 61        | 1,330   | 4,558                  | 5,888     | 491        | 2000             | 2010          |
| 370 Crossroads Parkway | Industrial    | —            | 2,409        | 5,324     | 126       | 2,409   | 5,450                  | 7,859     | 436        | 1989             | 2011          |
| 605 Crossroads Parkway | Industrial    | —            | 3,656        | 8,856     | 127       | 3,656   | 8,983                  | 12,639    | 993        | 1998             | 2011          |
| 335 Crossroads Parkway | Industrial    | —            | 2,574        | 8,384     | —         | 2,574   | 8,384                  | 10,958    | —          | 1997             | 2012          |
| Boynton Beach, Florida |               |              |              |           |           |   |                        |           |            |                  |               |
| Gateway Center 1       | Industrial    | 6,735        | 4,271        | 6,153     | 75        | 4,271   | 6,228                  | 10,499    | 669        | 2002             | 2010          |
| Gateway Center 2       | Industrial    | 4,432        | 2,006        | 5,030     | 8         | 2,006   | 5,038                  | 7,044     | 503        | 2002             | 2010          |
| Gateway Center 3       | Industrial    | 3,748        | 2,381        | 3,371     | 7         | 2,381   | 3,378                  | 5,759     | 392        | 2002             | 2010          |
| Gateway Center 4       | Industrial    | 3,087        | 1,800        | 2,815     | 12        | 1,800   | 2,827                  | 4,627     | 367        | 2000             | 2010          |
| Gateway Center 5       | Industrial    | 2,391        | 1,238        | 2,027     | 624       | 1,238   | 2,651                  | 3,889     | 203        | 2000             | 2010          |
| Gateway Center 6       | Industrial    | 2,266        | 1,238        | 1,940     | 566       | 1,238   | 2,506                  | 3,744     | 221        | 2000             | 2010          |
| Gateway Center 7       | Industrial    | 3,320        | 1,800        | 2,925     | 7         | 1,800   | 2,932                  | 4,732     | 345        | 2000             | 2010          |
| Gateway Center 8       | Industrial    | 9,839        | 4,781        | 10,352    | 547       | 4,781   | 10,899                 | 15,680    | 846        | 2004             | 2010          |
| Braselton, Georgia     |               |              |              |           |           |   |                        |           |            |                  |               |
| Braselton II           | Industrial    | —            | 1,365        | 8,706     | 2,049     | 1,884   | 10,236                 | 12,120    | 3,632      | 2001             | 2001          |
| 625 Braselton Pkwy     | Industrial    | 17,970       | 9,855        | 21,466    | 4,889     | 11,062  | 25,148                 | 36,210    | 6,622      | 2006             | 2005          |
|                        | Industrial    | —            | 8,227        | 8,874     | 5,193     | 8,227   | 14,067                 | 22,294    | 3,770      | 2008             | 2008          |

1350 Braselton  
Parkway

Brentwood,  
Tennessee

|                                |             |       |       |       |       |        |        |       |      |      |
|--------------------------------|-------------|-------|-------|-------|-------|--------|--------|-------|------|------|
| Brentwood<br>South Bus Ctr I   | Industrial— | 1,065 | 5,209 | 1,435 | 1,065 | 6,644  | 7,709  | 2,419 | 1987 | 1999 |
| Brentwood<br>South Bus Ctr II  | Industrial— | 1,065 | 2,577 | 1,515 | 1,065 | 4,092  | 5,157  | 1,504 | 1987 | 1999 |
| Brentwood<br>South Bus Ctr III | Industrial— | 848   | 3,518 | 1,107 | 848   | 4,625  | 5,473  | 1,528 | 1989 | 1999 |
| Creekside<br>Crossing I        | Office —    | 1,900 | 7,042 | 1,740 | 1,901 | 8,781  | 10,682 | 3,927 | 1998 | 1998 |
| Creekside<br>Crossing II       | Office —    | 2,087 | 6,566 | 2,109 | 2,087 | 8,675  | 10,762 | 3,317 | 2000 | 2000 |
| Creekside<br>Crossing III      | Office —    | 2,969 | 7,420 | 2,596 | 2,969 | 10,016 | 12,985 | 2,671 | 2006 | 2006 |
| Creekside<br>Crossing IV       | Office —    | 2,966 | 6,989 | 4,980 | 2,877 | 12,058 | 14,935 | 3,510 | 2007 | 2007 |

Bridgeton,  
Missouri

|              |             |       |       |     |       |       |       |     |      |      |
|--------------|-------------|-------|-------|-----|-------|-------|-------|-----|------|------|
| DukePort I   | Industrial— | 2,124 | 5,374 | 345 | 2,124 | 5,719 | 7,843 | 644 | 1996 | 2010 |
| DukePort II  | Industrial— | 1,470 | 2,922 | 32  | 1,470 | 2,954 | 4,424 | 403 | 1997 | 2010 |
| DukePort V   | Industrial— | 600   | 2,918 | 39  | 600   | 2,957 | 3,557 | 260 | 1998 | 2010 |
| DukePort VI  | Industrial— | 1,664 | 6,145 | 117 | 1,664 | 6,262 | 7,926 | 689 | 1999 | 2010 |
| DukePort VII | Industrial— | 834   | 4,102 | 22  | 834   | 4,124 | 4,958 | 480 | 1999 | 2010 |
| DukePort IX  | Industrial— | 2,475 | 5,740 | 271 | 2,475 | 6,011 | 8,486 | 590 | 2001 | 2010 |

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Duke Realty Corporation and Duke Realty  
Limited Partnership  
Real Estate and Accumulated Depreciation  
December 31, 2012  
(in thousands)

Schedule III

| Name                         | Building Type  | Encumbrances | Initial Cost |           | Cost Capitalized Subsequent to Acquisition |           | Gross Book Value 12/31/12 |        | Total (1) | Accum. Depr. (2) | Year Constructed/Renovated | Year Acquired |
|------------------------------|----------------|--------------|--------------|-----------|--|-----------|---------------------------|--------|-----------|------------------|----------------------------|---------------|
|                              |                |              | Land         | Buildings | Land/Buildings                             | Buildings |                           |        |           |                  |                            |               |
| Brooklyn Park, Minnesota     |                |              |              |           |  |           |                           |        |           |                  |                            |               |
| 7300 Northland Drive         | Industrial     | —            | 700          | 5,655     | 347  | 703       | 5,999                     | 6,702  | 2,239     | 1999             |                            | 1998          |
| Crosstown North Bus. Ctr. 1  | Industrial     | 3,465        | 835          | 4,852     | 1,392                                      | 1,286     | 5,793                     | 7,079  | 2,271     | 1998             |                            | 1999          |
| Crosstown North Bus. Ctr. 2  | Industrial     | —            | 449          | 2,455     | 808  | 599       | 3,113                     | 3,712  | 1,162     | 1998             |                            | 1999          |
| Crosstown North Bus. Ctr. 4  | Industrial     | 4,916        | 2,079        | 5,830     | 1,711                                      | 2,397     | 7,223                     | 9,620  | 2,664     | 1999             |                            | 1999          |
| Crosstown North Bus. Ctr. 5  | Industrial     | 3,089        | 1,079        | 4,278     | 729  | 1,354     | 4,732                     | 6,086  | 1,909     | 2000             |                            | 2000          |
| Crosstown North Bus. Ctr. 6  | Industrial     | —            | 788          | 1,402     | 2,367                                      | 1,031     | 3,526                     | 4,557  | 1,286     | 2000             |                            | 2000          |
| Crosstown North Bus. Ctr. 10 | Industrial     | 4,066        | 2,757        | 4,423     | 1,088                                      | 2,723     | 5,545                     | 8,268  | 2,676     | 2005             |                            | 2005          |
| Crosstown North Bus. Ctr. 12 | Industrial     | 7,075        | 4,564        | 8,254     | 830  | 4,564     | 9,084                     | 13,648 | 2,708     | 2005             |                            | 2005          |
| Brownsburg, Indiana          |                |              |              |           |  |           |                           |        |           |                  |                            |               |
| Ortho Indy West-MOB          | Medical Office | —            | —            | 9,817     | 1,592                                      | 865       | 10,544                    | 11,409 | 1,186     | 2008             |                            | 2008          |
| Burr Ridge, Illinois         |                |              |              |           |  |           |                           |        |           |                  |                            |               |
| Burr Ridge Medical Center    | Medical Office | —            | 5,392        | 31,506    | 774  | 5,392     | 32,280                    | 37,672 | 1,289     | 2010             |                            | 2012          |

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|                              |                |       |       |        |       |       |        |        |       |      |      |
|------------------------------|----------------|-------|-------|--------|-------|-------|--------|--------|-------|------|------|
| Carmel,<br>Indiana           |                |       |       |        |       |       |        |        |       |      |      |
| Hamilton Crossing I          | Industrial     | —     | 833   | 2,695  | 3,163 | 845   | 5,846  | 6,691  | 2,815 | 2000 | 1993 |
| Hamilton Crossing II         | Office         | —     | 313   | 491    | 1,714 | 313   | 2,205  | 2,518  | 868   | 1997 | 1997 |
| Hamilton Crossing III        | Office         | —     | 890   | 7,341  | 2,595 | 890   | 9,936  | 10,826 | 3,759 | 2000 | 2000 |
| Hamilton Crossing IV         | Office         | —     | 515   | 4,790  | 838   | 598   | 5,545  | 6,143  | 2,101 | 1999 | 1999 |
| Hamilton Crossing VI         | Office         | —     | 1,044 | 12,778 | 1,313 | 1,068 | 14,067 | 15,135 | 4,418 | 2004 | 2004 |
| Carol Stream,<br>Illinois    |                |       |       |        |       |       |        |        |       |      |      |
| Carol Stream IV              | Industrial     | 9,832 | 3,204 | 14,869 | 1,289 | 3,204 | 16,158 | 19,362 | 5,781 | 2004 | 2003 |
| Carol Stream I               | Industrial     | —     | 1,095 | 3,438  | —     | 1,095 | 3,438  | 4,533  | 443   | 1998 | 2010 |
| Carol Stream III             | Industrial     | —     | 1,556 | 6,331  | —     | 1,556 | 6,331  | 7,887  | 616   | 2002 | 2010 |
| 250 Kehoe Blvd, Carol Stream | Industrial     | —     | 1,715 | 7,560  | —     | 1,715 | 7,560  | 9,275  | 358   | 2008 | 2011 |
| 720 Center Avenue            | Industrial     | —     | 4,031 | 20,735 | 6     | 4,031 | 20,741 | 24,772 | 1,300 | 1999 | 2011 |
| 189-199 Easy Street          | Industrial     | —     | 1,075 | 3,739  | —     | 1,075 | 3,739  | 4,814  | 160   | 1995 | 2011 |
| Cary, North Carolina         |                |       |       |        |       |       |        |        |       |      |      |
| 200 Regency Forest Drive     | Office         | —     | 1,230 | 12,014 | 2,916 | 1,461 | 14,699 | 16,160 | 5,122 | 1999 | 1999 |
| 100 Regency Forest Drive     | Office         | —     | 1,538 | 9,328  | 2,989 | 1,644 | 12,211 | 13,855 | 4,177 | 1997 | 1999 |
| Cedar Park,<br>Texas         |                |       |       |        |       |       |        |        |       |      |      |
| Cedar Park MOB I             | Medical Office | —     | 576   | 15,666 | 435   | 576   | 16,101 | 16,677 | 1,021 | 2007 | 2011 |
| Cedartown,<br>Georgia        |                |       |       |        |       |       |        |        |       |      |      |

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Real Estate and Accumulated Depreciation  
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(in thousands)

Schedule III

| Name   | Building Type  | Encumbrances | Initial Cost |           | Cost of Development or Land/Land Improvements | Cost of Acquisition    |                        | Gross Book Value 12/31/12 | Total (1) | Accum. Depr. (2) | Year Constructed/Renovated | Year Acquired |
|--|----------------|--------------|--------------|-----------|---|------------------------|------------------------|---------------------------|-----------|------------------|----------------------------|---------------|
|  |                |              | Land         | Buildings |   | Land/Land Improvements | Land/Land Improvements |                           |           |                  |                            |               |
| Harbin Clinic Cedartown MOB                        | Medical Office | —            | 755          | 3,121     | —   | 755                    | 3,121                  | 3,876                     | 39        | 2007             |                            | 2012          |
| Celebration, Florida Celebration Medical Plaza     | Medical Office | 13,300       | 558          | 17,335    | —   | 558                    | 17,335                 | 17,893                    | 259       | 2006             |                            | 2012          |
| Chantilly, Virginia 15002 Northridge Dr.           | Office         | —            | 2,082        | 1,663     | 1,817   | 2,082                  | 3,480                  | 5,562                     | 1,106     | 2007             |                            | 2007          |
| 15004 Northridge Dr.                               | Office         | —            | 2,366        | 1,920     | 2,168   | 2,366                  | 4,088                  | 6,454                     | 917       | 2007             |                            | 2007          |
| 15006 Northridge Dr.                               | Office         | —            | 2,920        | 2,139     | 2,339   | 2,920                  | 4,478                  | 7,398                     | 1,182     | 2007             |                            | 2007          |
| Charlotte, North Carolina Morehead Medical Plaza I | Medical Office | 33,051       | 191          | 39,047    | 73  | 191                    | 39,120                 | 39,311                    | 3,468     | 2006             |                            | 2010          |
| Chillicothe, Ohio Adena Health Pavilion            | Medical Office | —            | —            | 14,428    | 96  | —                      | 14,524                 | 14,524                    | 4,590     | 2006             |                            | 2007          |
| Cincinnati, Ohio 311 Elm                           | Office         | —            | 339          | 5,163     | 1,338   | —                      | 6,840                  | 6,840                     | 4,900     | 1986             |                            | 1993          |
|  | Office         | —            | 518          | 2,400     | 727   | 518                    | 3,127                  | 3,645                     | 1,284     | 1989             |                            | 1997          |

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|   |            |       |       |        |       |       |        |        |        |      |      |
|---|------------|-------|-------|--------|-------|-------|--------|--------|--------|------|------|
| Blue Ash<br>Office<br>Center VI<br>Towers of<br>Kenwood<br>8790                               | Office     | —     | 4,891 | 41,231 | 3,881 | 4,891 | 45,112 | 50,003 | 13,983 | 1989 | 2003 |
| Governor's<br>Hill<br>8600/8650   | Office     | —     | 400   | 4,193  | 1,450 | 408   | 5,635  | 6,043  | 2,865  | 1985 | 1993 |
| Governor's<br>Hill Dr.<br>8230  | Office     | —     | 1,220 | 16,873 | 7,275 | 1,245 | 24,123 | 25,368 | 12,817 | 1986 | 1993 |
| Kenwood<br>Commons<br>8280  | Office     | 2,506 | 638   | 3,879  | 1,205 | 638   | 5,084  | 5,722  | 3,427  | 1986 | 1993 |
| Kenwood<br>Commons<br>Kenwood   | Office     | 1,494 | 638   | 2,590  | 798   | 638   | 3,388  | 4,026  | 2,019  | 1986 | 1993 |
| Medical<br>Office<br>Bldg.<br>Pfeiffer<br>Place   | Office     | —     | —     | 7,663  | 100   | —     | 7,763  | 7,763  | 2,819  | 1999 | 1999 |
| Pfeiffer<br>Woods   | Office     | —     | 3,608 | 10,349 | 3,183 | 3,608 | 13,532 | 17,140 | 3,835  | 2001 | 2001 |
| Remington<br>Park<br>Building A<br>Remington<br>Park<br>Building B<br>Triangle<br>Office Park | Office     | —     | 1,450 | 12,033 | 2,125 | 2,131 | 13,477 | 15,608 | 5,391  | 1998 | 1999 |
| World Park<br>Bldg 8  | Office     | —     | 560   | 1,403  | 306   | 560   | 1,709  | 2,269  | 1,244  | 1982 | 1997 |
| World Park<br>Bldg 9  | Office     | —     | 560   | 1,121  | 392   | 560   | 1,513  | 2,073  | 1,026  | 1982 | 1997 |
| World Park<br>Bldg 11   | Office     | 1,215 | 1,018 | 9,934  | 2,375 | 1,018 | 12,309 | 13,327 | 8,128  | 1985 | 1993 |
| World Park<br>Bldg 14   | Industrial | —     | 1,095 | 2,641  | 301   | 1,095 | 2,942  | 4,037  | 292    | 1989 | 2010 |
| World Park<br>Bldg 15   | Industrial | —     | 335   | 1,825  | 113   | 335   | 1,938  | 2,273  | 217    | 1989 | 2010 |
| World Park<br>Bldg 16   | Industrial | —     | 674   | 2,032  | 57    | 674   | 2,089  | 2,763  | 199    | 1989 | 2010 |
| World Park<br>Bldg 17   | Industrial | —     | 668   | 3,617  | 149   | 668   | 3,766  | 4,434  | 395    | 1989 | 2010 |
| World Park<br>Bldg 18   | Industrial | —     | 488   | 1,991  | 16    | 488   | 2,007  | 2,495  | 347    | 1990 | 2010 |
| World Park<br>Bldg 28   | Industrial | —     | 525   | 2,096  | 1     | 525   | 2,097  | 2,622  | 229    | 1989 | 2010 |
|   | Industrial | —     | 1,133 | 5,648  | —     | 1,133 | 5,648  | 6,781  | 573    | 1994 | 2010 |
|   | Industrial | —     | 1,268 | 5,200  | —     | 1,268 | 5,200  | 6,468  | 496    | 1997 | 2010 |
|   | Industrial | —     | 870   | 5,316  | 42    | 870   | 5,358  | 6,228  | 502    | 1998 | 2010 |



|                       |             |       |        |   |       |        |        |     |      |      |
|-----------------------|-------------|-------|--------|---|-------|--------|--------|-----|------|------|
| World Park<br>Bldg 29 | Industrial— | 1,605 | 10,220 | 5 | 1,605 | 10,225 | 11,830 | 932 | 1998 | 2010 |
|-----------------------|-------------|-------|--------|---|-------|--------|--------|-----|------|------|

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## Schedule III

| Name   | Building Type  | Encumbrances | Initial Cost |           | Cost Capitalized Subsequent to Acquisition | Gross Book Value 12/31/12 |              | Total (1) | Accum. Depr. (2) | Year Constructed/Renovated | Year Acquired |
|--|----------------|--------------|--------------|-----------|--|---------------------------|--------------|-----------|------------------|----------------------------|---------------|
|  |                |              | Land         | Buildings |  | Land/Buildings            | Improvements |           |                  |                            |               |
| World Park Bldg 30                           | Industrial     | —            | 2,492        | 11,964    | 447  | 2,492                     | 12,411       | 14,903    | 1,252            | 1999                       | 2010          |
| World Park Bldg 31                           | Industrial     | —            | 533          | 2,531     | 354  | 533                       | 2,885        | 3,418     | 270              | 1998                       | 2010          |
| Western Ridge                                | Medical Office | —            | 1,894        | 8,028     | 764  | 1,915                     | 8,771        | 10,686    | 867              | 2010                       | 2010          |
| Western Ridge MOB II                         | Medical Office | —            | 1,020        | 3,544     | 44   | 1,020                     | 3,588        | 4,608     | 237              | 2011                       | 2011          |
| Good Samaritan Clifton                       | Medical Office | 5,694        | 50           | 8,442     | —  | 50                        | 8,442        | 8,492     | 74               | 1992                       | 2012          |
| Clayton, Missouri<br>101 South Hanley        | Office         | —            | 6,150        | 38,183    | 7,701                                      | 6,150                     | 45,884       | 52,034    | 13,412           | 1986                       | 2002          |
| Columbus, Ohio<br>4343 Easton Commons Ground | Grounds        | —            | 796          | —         | —  | 796                       | —            | 796       | —                | n/a                        | 2007          |

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Real Estate and Accumulated Depreciation  
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Schedule III

| Name                           | Building Type  | Encumbrances | Initial Cost |           | Cost Capitalized Subsequent to Acquisition |                        | Gross Book Value 12/31/12 |        | Total (1) | Accum. Depr. (2) | Year Constructed/Renovated | Year Acquired |
|--------------------------------|----------------|--------------|--------------|-----------|--|------------------------|---------------------------|--------|-----------|------------------|----------------------------|---------------|
|                                |                |              | Land         | Buildings | Development                                | Land/Land Improvements | Buildings                 |        |           |                  |                            |               |
| Coppell, Texas                 |                |              |              |           |  |                        |                           |        |           |                  |                            |               |
| Freeport X                     | Industrial     | 15,290       | 8,198        | 16,900    | 3,258                                      | 8,198                  | 20,158                    | 28,356 | 9,666     | 2004             |                            | 2004          |
| Point West VI                  | Industrial     | 16,390       | 10,181       | 17,905    | 5,749                                      | 10,181                 | 23,654                    | 33,835 | 6,456     | 2008             |                            | 2008          |
| Point West VII                 | Industrial     | 13,613       | 6,785        | 13,668    | 6,555                                      | 7,201                  | 19,807                    | 27,008 | 5,373     | 2008             |                            | 2008          |
| Samsung Pkg Lot-PWT7           | Grounds        | —            | 306          | —         | 61   | 367                    | —                         | 367    | 149       | n/a              |                            | 2009          |
| Corona, California             |                |              |              |           |  |                        |                           |        |           |                  |                            |               |
| 1283 Sherborn Street           | Industrial     | —            | 8,677        | 16,778    | 40   | 8,677                  | 16,818                    | 25,495 | 1,191     | 2005             |                            | 2011          |
| Dallas, Texas                  |                |              |              |           |  |                        |                           |        |           |                  |                            |               |
| Baylor Administration Building | Medical Office | —            | 50           | 14,435    | 100  | 150                    | 14,435                    | 14,585 | 1,838     | 2009             |                            | 2009          |
| Davenport, Florida             |                |              |              |           |  |                        |                           |        |           |                  |                            |               |
| Park 27 Distribution Center I  | Industrial     | —            | 2,449        | 6,107     | 33   | 2,449                  | 6,140                     | 8,589  | 2,970     | 2003             |                            | 2003          |
| Park 27 Distribution Center II | Industrial     | —            | 4,374        | 8,218     | 4,948                                      | 4,415                  | 13,125                    | 17,540 | 4,062     | 2007             |                            | 2007          |
| Davie, Florida                 |                |              |              |           |  |                        |                           |        |           |                  |                            |               |
| Westport Business Park 1       | Industrial     | 2,099        | 1,200        | 1,317     | 59   | 1,200                  | 1,376                     | 2,576  | 160       | 1991             |                            | 2011          |
| Westport Business Park 2       | Industrial     | 1,779        | 1,088        | 818       | 39   | 1,088                  | 857                       | 1,945  | 109       | 1991             |                            | 2011          |
| Westport Business Park 3       | Industrial     | 5,315        | 2,363        | 6,353     | 475  | 2,363                  | 6,828                     | 9,191  | 496       | 1991             |                            | 2011          |
| Deerfield Township, Ohio       |                |              |              |           |  |                        |                           |        |           |                  |                            |               |
| Deerfield Crossing A           | Office         | —            | 1,493        | 10,952    | 2,048                                      | 1,493                  | 13,000                    | 14,493 | 4,937     | 1999             |                            | 1999          |
| Deerfield Crossing B           | Office         | —            | 1,069        | 9,517     | 973  | 1,069                  | 10,490                    | 11,559 | 3,264     | 2001             |                            | 2001          |

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|   |            |        |       |        |       |       |        |        |        |      |      |
|---|------------|--------|-------|--------|-------|-------|--------|--------|--------|------|------|
| Governor's<br>Pointe 4770                   | Office     | —      | 586   | 7,422  | 1,165 | 596   | 8,577  | 9,173  | 5,326  | 1986 | 1993 |
| Governor's<br>Pointe 4705                   | Office     | —      | 719   | 5,680  | 3,941 | 928   | 9,412  | 10,340 | 5,118  | 1988 | 1993 |
| Governor's<br>Pointe 4605                   | Office     | —      | 630   | 15,757 | 4,482 | 838   | 20,031 | 20,869 | 10,458 | 1990 | 1993 |
| Governor's<br>Pointe 4660                   | Office     | —      | 385   | 3,922  | 379   | 385   | 4,301  | 4,686  | 1,805  | 1997 | 1997 |
| Governor's<br>Pointe 4680                   | Office     | —      | 1,115 | 6,088  | 1,718 | 1,115 | 7,806  | 8,921  | 3,210  | 1998 | 1998 |
| Deer Park,<br>Texas<br>801 Seaco<br>Court   | Industrial | —      | 2,331 | 5,159  | —     | 2,331 | 5,159  | 7,490  | 86     | 2006 | 2012 |
| Duluth, Georgia<br>2775 Premiere<br>Parkway | Industrial | 6,477  | 560   | 4,507  | 434   | 565   | 4,936  | 5,501  | 1,714  | 1997 | 1999 |
| 3079 Premiere<br>Parkway                    | Industrial | 9,705  | 776   | 4,844  | 2,301 | 783   | 7,138  | 7,921  | 2,517  | 1998 | 1999 |
| 2855 Premiere<br>Parkway                    | Industrial | 6,168  | 765   | 3,182  | 1,092 | 770   | 4,269  | 5,039  | 1,425  | 1999 | 1999 |
| 6655 Sugarloaf                              | Industrial | 13,336 | 1,651 | 6,985  | 1,065 | 1,659 | 8,042  | 9,701  | 2,270  | 1998 | 2001 |
| 6650 Sugarloaf<br>Parkway                   | Office     | 5,300  | 1,573 | 4,240  | 298   | 1,573 | 4,538  | 6,111  | 446    | 2004 | 2011 |
| 2450<br>Meadowbrook<br>Parkway              | Industrial | —      | 383   | 1,622  | 32    | 383   | 1,654  | 2,037  | 210    | 1989 | 2010 |

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December 31, 2012  
(in thousands)

## Schedule III

| Name                                | Building<br>Type | Encumbrances | Initial Cost |           | Cost Capitalized<br>Subsequent to<br>Acquisition | Gross Book Value<br>12/31/12 |              | Total<br>(1) | Accum.<br>Depr. (2) | Year<br>Constructed/<br>Renovated | Year<br>Acquired |
|-------------------------------------|------------------|--------------|--------------|-----------|--|------------------------------|--------------|--------------|---------------------|-----------------------------------|------------------|
|                                     |                  |              | Land         | Buildings |  | Land/Buildings               | Improvements |              |                     |                                   |                  |
| 2500<br>Meadowbrook<br>Parkway      | Industrial       | —            | 405          | 1,918     | 70   | 405                          | 1,988        | 2,393        | 193                 | 1987                              | 2010             |
| 2625<br>Pinemeadow<br>Court         | Industrial       | —            | 861          | 4,025     | 43   | 861                          | 4,068        | 4,929        | 811                 | 1994                              | 2010             |
| 2660<br>Pinemeadow<br>Court         | Industrial       | —            | 540          | 2,302     | 27   | 540                          | 2,329        | 2,869        | 316                 | 1996                              | 2010             |
| 2450 Satellite<br>Boulevard         | Industrial       | —            | 556          | 2,497     | 67   | 556                          | 2,564        | 3,120        | 416                 | 1994                              | 2010             |
| Durham, North<br>Carolina           |                  |              |              |           |  |                              |              |              |                     |                                   |                  |
| 1805 T.W.<br>Alexander<br>Drive     | Industrial       | —            | 4,110        | 11,795    | 115  | 4,110                        | 11,910       | 16,020       | 1,345               | 2000                              | 2011             |
| 1757 T.W.<br>Alexander<br>Drive     | Industrial       | 9,066        | 2,998        | 9,095     | —  | 2,998                        | 9,095        | 12,093       | 493                 | 2007                              | 2011             |
| Eagan,<br>Minnesota                 |                  |              |              |           |  |                              |              |              |                     |                                   |                  |
| Apollo<br>Industrial Ctr I          | Industrial       | 3,524        | 866          | 4,300     | 1,844  | 880                          | 6,130        | 7,010        | 2,635               | 1997                              | 1997             |
| Apollo<br>Industrial Ctr<br>II      | Industrial       | 1,579        | 474          | 2,332     | 259  | 474                          | 2,591        | 3,065        | 855                 | 2000                              | 2000             |
| Apollo<br>Industrial Ctr<br>III     | Industrial       | 3,777        | 1,432        | 6,107     | 25   | 1,432                        | 6,132        | 7,564        | 2,013               | 2000                              | 2000             |
| Silver Bell<br>Commons              | Industrial       | —            | 1,807        | 5,539     | 2,408  | 1,941                        | 7,813        | 9,754        | 3,116               | 1999                              | 1999             |
| Trapp Road<br>Commerce<br>Center I  | Industrial       | 2,283        | 671          | 3,841     | 504  | 700                          | 4,316        | 5,016        | 1,719               | 1996                              | 1998             |
| Trapp Road<br>Commerce<br>Center II | Industrial       | 4,013        | 1,250        | 5,946     | 1,416  | 1,266                        | 7,346        | 8,612        | 2,684               | 1998                              | 1998             |

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Earth City,  
Missouri

|                              |            |   |       |       |       |       |        |        |       |      |      |
|------------------------------|------------|---|-------|-------|-------|-------|--------|--------|-------|------|------|
| Rider Trail                  | Office     | — | 2,615 | 9,807 | 3,834 | 2,615 | 13,641 | 16,256 | 5,588 | 1987 | 1997 |
| 3300 Pointe 70               | Office     | — | 1,186 | 6,031 | 2,921 | 1,186 | 8,952  | 10,138 | 3,936 | 1989 | 1997 |
| Corporate Center, Earth City | Industrial | — | 783   | 1,287 | 2,179 | 783   | 3,466  | 4,249  | 1,232 | 2000 | 2000 |
| Corporate Trail Distribution | Industrial | — | 2,850 | 6,163 | 2,239 | 2,875 | 8,377  | 11,252 | 2,711 | 2006 | 2006 |

East Point,  
Georgia

|                               |            |        |       |        |        |       |        |        |       |      |      |
|-------------------------------|------------|--------|-------|--------|--------|-------|--------|--------|-------|------|------|
| Camp Creek Bldg 1400          | Office     | 5,490  | 561   | 2,480  | 1,533  | 581   | 3,993  | 4,574  | 1,297 | 1988 | 2001 |
| Camp Creek Bldg 1800          | Office     | 4,597  | 462   | 2,468  | 835    | 477   | 3,288  | 3,765  | 1,060 | 1989 | 2001 |
| Camp Creek Bldg 2000          | Office     | 5,002  | 395   | 2,249  | 1,184  | 475   | 3,353  | 3,828  | 1,013 | 1989 | 2001 |
| Camp Creek Bldg 2400          | Industrial | 3,043  | 296   | 1,369  | 830    | 316   | 2,179  | 2,495  | 746   | 1988 | 2001 |
| Camp Creek Bldg 2600          | Industrial | 4,505  | 364   | 2,014  | 1,273  | 1,127 | 2,524  | 3,651  | 846   | 1990 | 2001 |
| 3201 Centre Parkway           | Industrial | 20,424 | 4,406 | 9,512  | 3,181  | 5,026 | 12,073 | 17,099 | 4,175 | 2004 | 2004 |
| Camp Creek Bldg 1200          | Office     | —      | 1,334 | 738    | 1,103  | 1,351 | 1,824  | 3,175  | 847   | 2005 | 2005 |
| 3900 North Commerce           | Industrial | 5,129  | 1,059 | 2,966  | 59     | 1,098 | 2,986  | 4,084  | 976   | 2005 | 2005 |
| 3909 North Commerce           | Industrial | —      | 5,687 | 10,192 | 12,583 | 9,032 | 19,430 | 28,462 | 8,382 | 2006 | 2006 |
| 4200 North Commerce           | Industrial | 11,684 | 2,065 | 7,076  | 194    | 2,156 | 7,179  | 9,335  | 1,792 | 2006 | 2006 |
| Camp Creek Building 1000      | Office     | —      | 1,537 | 2,459  | 1,151  | 1,557 | 3,590  | 5,147  | 2,048 | 2006 | 2006 |
| 3000 Centre Parkway           | Industrial | —      | 1,163 | 1,223  | 1,136  | 1,191 | 2,331  | 3,522  | 753   | 2007 | 2007 |
| 1500 Centre Parkway           | Office     | —      | 1,683 | 5,564  | 3,352  | 1,730 | 8,869  | 10,599 | 3,106 | 2008 | 2008 |
| 1100 Centre Parkway           | Office     | —      | 1,309 | 4,881  | 485    | 1,342 | 5,333  | 6,675  | 1,029 | 2008 | 2008 |
| 4800 N. Commerce Dr. (Site Q) | Industrial | —      | 2,476 | 4,650  | 1,526  | 2,541 | 6,111  | 8,652  | 1,319 | 2008 | 2008 |

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Duke Realty Corporation and Duke Realty  
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Real Estate and Accumulated Depreciation  
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Schedule III

| Name  | Building<br>Type  | Encumbrances | Initial Cost |           | Land  | Buildings | Development<br>Subsequent to<br>Acquisition | Gross Book Value |           | Total<br>(1) | Accum.<br>Depr. (2) | Year<br>Constructed/<br>Renovated | Year<br>Acquired |
|---|-------------------|--------------|--------------|-----------|-------|-----------|---|------------------|-----------|--------------|---------------------|-----------------------------------|------------------|
|   |                   |              | Land         | Buildings |       |           |   | Land             | Buildings |              |                     |                                   |                  |
| Elk Grove<br>Village,<br>Illinois<br>1717 Busse<br>Road       | Industrial        | 14,051       | 3,602        | 19,016    | —     | 3,602     | 19,016                                      | 22,618           | 970       | 2004         |                     |                                   | 2011             |
| Ellabell,<br>Georgia<br>1086<br>Orafold<br>Pkwy               | Industrial        | 9,751        | 2,042        | 13,104    | 190   | 2,046     | 13,290                                      | 15,336           | 2,607     | 2006         |                     |                                   | 2008             |
| Escanaba,<br>Michigan<br>Marquette<br>General                 | Medical<br>Office | —            | 14           | 9,618     | 12    | 14        | 9,630                                       | 9,644            | 168       | 2012         |                     |                                   | 2012             |
| Evansville,<br>Indiana<br>St. Mary's<br>Heart<br>Institute    | Medical<br>Office | —            | —            | 20,946    | 1,559 | —         | 22,505                                      | 22,505           | 5,870     | 2006         |                     |                                   | 2007             |
| Fairfax,<br>Virginia<br>Fair Oaks<br>MOB                      | Medical<br>Office | —            | 808          | 28,570    | —     | 808       | 28,570                                      | 29,378           | 411       | 2009         |                     |                                   | 2012             |
| Fairfield,<br>Ohio<br>Union<br>Centre<br>Industrial<br>Park 2 | Industrial        | —            | 5,635        | 8,709     | 1,832 | 5,635     | 10,541                                      | 16,176           | 2,587     | 2008         |                     |                                   | 2008             |
| Fishers,<br>Indiana<br>Exit 5<br>Building 1                   | Industrial        | —            | 822          | 2,618     | 440   | 822       | 3,058                                       | 3,880            | 1,250     | 1999         |                     |                                   | 1999             |
|   | Industrial        | —            | 749          | 3,003     | 1,032 | 749       | 4,035                                       | 4,784            | 1,553     | 2000         |                     |                                   | 2000             |

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|   |                   |   |       |        |       |       |        |        |       |      |      |
|---|-------------------|---|-------|--------|-------|-------|--------|--------|-------|------|------|
| Exit 5<br>Building 2<br>St. Vincent<br>Northeast<br>MOB       | Medical<br>Office | — | —     | 23,101 | 4,568 | 4,235 | 23,434 | 27,669 | 7,019 | 2008 | 2008 |
| Flower<br>Mound,<br>Texas<br>Lakeside<br>Ranch Bldg<br>20     | Industrial        | — | 9,861 | 20,994 | 340   | 9,861 | 21,334 | 31,195 | 1,616 | 2007 | 2011 |
| Fort Worth,<br>Texas<br>Riverpark<br>Bldg 700                 | Industrial        | — | 3,975 | 10,766 | 32    | 3,975 | 10,798 | 14,773 | 922   | 2007 | 2011 |
| Franklin,<br>Tennessee<br>Aspen<br>Grove<br>Business<br>Ctr I | Industrial        | — | 936   | 5,923  | 3,455 | 936   | 9,378  | 10,314 | 4,331 | 1996 | 1999 |
| Aspen<br>Grove<br>Business<br>Ctr II                          | Industrial        | — | 1,151 | 6,272  | 877   | 1,151 | 7,149  | 8,300  | 2,531 | 1996 | 1999 |
| Aspen<br>Grove<br>Business<br>Ctr III                         | Industrial        | — | 970   | 5,352  | 688   | 970   | 6,040  | 7,010  | 2,110 | 1998 | 1999 |
| Aspen<br>Grove<br>Business<br>Center IV                       | Industrial        | — | 492   | 2,234  | 575   | 492   | 2,809  | 3,301  | 674   | 2002 | 2002 |
| Aspen<br>Grove<br>Business<br>Ctr V                           | Industrial        | — | 943   | 5,084  | 2,593 | 943   | 7,677  | 8,620  | 3,346 | 1996 | 1999 |
| Aspen<br>Grove Flex<br>Center II                              | Industrial        | — | 240   | 1,059  | 483   | 240   | 1,542  | 1,782  | 119   | 1999 | 1999 |
| Aspen<br>Grove<br>Office<br>Center I                          | Office            | — | 950   | 5,581  | 2,814 | 950   | 8,395  | 9,345  | 2,924 | 1999 | 1999 |
| Aspen<br>Grove Flex<br>Center I                               | Industrial        | — | 301   | 1,061  | 813   | 301   | 1,874  | 2,175  | 607   | 1999 | 1999 |
|   | Industrial        | — | 327   | 856    | 1,089 | 327   | 1,945  | 2,272  | 547   | 2001 | 2001 |



Aspen  
 Grove Flex  
 Center III  
 Aspen  
 Grove Flex Industrial—  
 Center IV

205 821 242 205 1,063 1,268 303 2001 2001

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Real Estate and Accumulated Depreciation  
December 31, 2012  
(in thousands)

Schedule III

| Name  | Building Type  | Encumbrances | Initial Cost |           | Cost Capitalized Subsequent to Acquisition |                | Gross Book Value at 12/31/12 |                | Total Accumulated Depreciation (1) |                | Year Constructed/Renovated | Year Acquired |
|---|----------------|--------------|--------------|-----------|--|----------------|------------------------------|----------------|------------------------------------|----------------|----------------------------|---------------|
|   |                |              | Land         | Buildings | Development                                | Land/Buildings | Land/Buildings               | Land/Buildings | Land/Buildings                     | Land/Buildings |                            |               |
| Aspen Corporate Center 100                        | Office         | —            | 723          | 2,358     | 162  | 723            | 2,520                        | 3,243          | 562                                | 2004           |                            | 2004          |
| Aspen Corporate Center 200                        | Office         | —            | 1,306        | 1,649     | 1,655                                      | 1,306          | 3,304                        | 4,610          | 1,601                              | 2006           |                            | 2006          |
| Aspen Corporate Center 300                        | Office         | —            | 1,451        | 2,050     | 1,902                                      | 1,460          | 3,943                        | 5,403          | 937                                | 2008           |                            | 2008          |
| Aspen Corporate Center 400                        | Office         | —            | 1,833        | 2,621     | 2,514                                      | 1,833          | 5,135                        | 6,968          | 1,813                              | 2007           |                            | 2007          |
| Aspen Grove Office Center II                      | Office         | —            | 2,320        | 8,177     | 3,800                                      | 2,320          | 11,977                       | 14,297         | 4,467                              | 2007           |                            | 2007          |
| Brentwood South Bus Ctr IV                        | Industrial     | —            | 569          | 2,046     | 1,400                                      | 705            | 3,310                        | 4,015          | 1,437                              | 1990           |                            | 1999          |
| Brentwood South Bus Ctr V                         | Industrial     | —            | 445          | 1,885     | 235  | 445            | 2,120                        | 2,565          | 763                                | 1990           |                            | 1999          |
| Brentwood South Bus Ctr VI                        | Industrial     | 1,069        | 489          | 1,110     | 684  | 489            | 1,794                        | 2,283          | 639                                | 1990           |                            | 1999          |
| Franklin Park, Illinois O'Hare Distribution Ctr   | Industrial     | —            | 3,900        | 2,702     | 1,163                                      | 3,900          | 3,865                        | 7,765          | 724                                | 2007           |                            | 2007          |
| Ft. Wayne, Indiana Parkview Ambulatory Svcs - MOB | Medical Office | —            | 937          | 10,661    | 4,420                                      | 937            | 15,081                       | 16,018         | 2,901                              | 2007           |                            | 2007          |
| Garden City, Georgia                              | Grounds        | —            | 1,509        | —         | —  | 1,509          | —                            | 1,509          | 132                                | n/a            |                            | 2006          |

Aviation  
Court Land

Garner, North  
Carolina  
600

|                  |              |     |       |    |     |       |       |     |      |      |
|------------------|--------------|-----|-------|----|-----|-------|-------|-----|------|------|
| Greenfield North | Industrial — | 597 | 3,049 | 17 | 597 | 3,066 | 3,663 | 258 | 2006 | 2011 |
|------------------|--------------|-----|-------|----|-----|-------|-------|-----|------|------|

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Schedule III

| Name                                       | Building Type | Encumbrances | Initial Cost |           | Development or Land/Landfill Acquisition | Cost Capitalized Subsequent to 12/31/12 |           | Gross Book Value at 12/31/12 |           | Total Accum. Depr. (1) | Year Constructed/Renovated | Year Acquired |
|--|---------------|--------------|--------------|-----------|--|---|-----------|------------------------------|-----------|------------------------|----------------------------|---------------|
|  |               |              | Land         | Buildings |  | Land/Landfill                           | Buildings | Land                         | Buildings |                        |                            |               |
| 700 Greenfield North                       | Industrial    | —            | 468          | 2,664     | 12                                       | 468                                     | 2,676     | 3,144                        | 224       | 2007                   |                            | 2011          |
| 800 Greenfield North                       | Industrial    | —            | 438          | 5,872     | 67                                       | 438                                     | 5,939     | 6,377                        | 309       | 2004                   |                            | 2011          |
| 900 Greenfield North                       | Industrial    | —            | 422          | 6,532     | 202                                      | 422                                     | 6,734     | 7,156                        | 394       | 2007                   |                            | 2011          |
| Geneva, Illinois<br>1800 Averill Road      | Industrial    | —            | 3,189        | 11,890    | (13 )                                    | 3,189                                   | 11,877    | 15,066                       | 597       | 2000                   |                            | 2011          |
| Goodyear, Arizona<br>Goodyear One          | Industrial    | —            | 5,142        | 4,942     | 1,873                                    | 5,142                                   | 6,815     | 11,957                       | 2,190     | 2008                   |                            | 2008          |
| Grand Prairie, Texas<br>Grand Lakes I      | Industrial    | —            | 8,106        | 10,679    | 1,309                                    | 8,040                                   | 12,054    | 20,094                       | 3,928     | 2006                   |                            | 2006          |
| Grand Lakes II                             | Industrial    | —            | 11,853       | 16,714    | 8,392                                    | 11,853                                  | 25,106    | 36,959                       | 8,166     | 2008                   |                            | 2008          |
| Pioneer 161 Building                       | Industrial    | —            | 7,381        | 17,628    | —  | 7,381                                   | 17,628    | 25,009                       | 1,328     | 2008                   |                            | 2011          |
| Grove City, Ohio<br>SouthPointe Building A | Industrial    | —            | 844          | 5,606     | 6  | 844                                     | 5,612     | 6,456                        | 680       | 1995                   |                            | 2010          |
| SouthPointe Building B                     | Industrial    | —            | 790          | 5,284     | —  | 790                                     | 5,284     | 6,074                        | 637       | 1996                   |                            | 2010          |
| SouthPointe Building C                     | Industrial    | —            | 754          | 6,418     | —  | 754                                     | 6,418     | 7,172                        | 607       | 1996                   |                            | 2010          |
| Groveport, Ohio                            |               |              |              |           |  |   |           |                              |           |                        |                            |               |

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|   |                |       |       |        |       |       |        |        |       |      |      |
|---|----------------|-------|-------|--------|-------|-------|--------|--------|-------|------|------|
| 6600 Port Road<br>Groveport<br>Commerce Center #437 | Industrial     | —     | 2,725 | 21,768 | 2,131 | 3,213 | 23,411 | 26,624 | 9,417 | 1998 | 1997 |
| Groveport<br>Commerce Center #168                   | Industrial     | 4,414 | 1,049 | 6,759  | 1,420 | 1,065 | 8,163  | 9,228  | 2,942 | 1999 | 1999 |
| Groveport<br>Commerce Center #345                   | Industrial     | 2,311 | 510   | 2,831  | 1,295 | 510   | 4,126  | 4,636  | 1,450 | 2000 | 2000 |
| Groveport<br>Commerce Center #667                   | Industrial     | 4,391 | 1,045 | 6,123  | 1,453 | 1,045 | 7,576  | 8,621  | 2,852 | 2000 | 2000 |
| Rickenbacker 936                                    | Industrial     | —     | 5,680 | 23,872 | —     | 5,680 | 23,872 | 29,552 | 1,753 | 2008 | 2010 |
| Hamilton, Ohio                                      |                |       |       |        |       |       |        |        |       |      |      |
| Bethesda Specialty Hospital                         | Medical Office | 4,444 | 1,499 | 4,990  | 98    | 1,499 | 5,088  | 6,587  | 229   | 2000 | 2012 |
| Bethesda Imaging/ED                                 | Medical Office | 2,810 | 751   | 3,411  | 2     | 751   | 3,413  | 4,164  | 142   | 2006 | 2012 |
| Bethesda Sleep Center                               | Medical Office | 1,944 | 501   | 2,220  | —     | 501   | 2,220  | 2,721  | 81    | 2008 | 2012 |
| Bethesda Condo 1                                    | Medical Office | 510   | —     | 664    | —     | —     | 664    | 664    | 23    | 2004 | 2012 |
| Bethesda Condo 2                                    | Medical Office | 2,482 | —     | 3,478  | 247   | —     | 3,725  | 3,725  | 120   | 2008 | 2012 |
| 3090 McBride Road                                   | Medical Office | 1,008 | 375   | 1,208  | —     | 375   | 1,208  | 1,583  | 52    | 2008 | 2012 |
| Hazelwood, Missouri                                 |                |       |       |        |       |       |        |        |       |      |      |
| Lindbergh Distribution Center                       | Industrial     | —     | 8,200 | 10,305 | 3,525 | 8,491 | 13,539 | 22,030 | 3,499 | 2007 | 2007 |
| Hebron, Kentucky                                    |                |       |       |        |       |       |        |        |       |      |      |

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(in thousands)

Schedule III

| Name   | Building Type  | Encumbrances | Initial Cost |           | Cost Capitalized Subsequent to Acquisition | Gross Book Value 12/31/12 |                | Total (1) | Accum. Depr. (2) | Year Constructed/Renovated | Year Acquired |
|--|----------------|--------------|--------------|-----------|--|---------------------------|----------------|-----------|------------------|----------------------------|---------------|
|  |                |              | Land         | Buildings |  | Land/Buildings            | Land/Buildings |           |                  |                            |               |
| Southpark Building 4                                   | Industrial     | —            | 779          | 3,113     | 1,339                                      | 779                       | 4,452          | 5,231     | 1,881            | 1994                       | 1994          |
| CR Services  | Industrial     | —            | 1,085        | 4,054     | 1,409                                      | 1,085                     | 5,463          | 6,548     | 2,606            | 1994                       | 1994          |
| Hebron Building 1                                      | Industrial     | —            | 8,855        | 10,961    | 392  | 8,855                     | 11,353         | 20,208    | 4,163            | 2006                       | 2006          |
| Hebron Building 2                                      | Industrial     | —            | 6,790        | 9,037     | 3,859                                      | 6,813                     | 12,873         | 19,686    | 3,687            | 2007                       | 2007          |
| Skyport Building 1                                     | Industrial     | —            | 1,057        | 6,219     | —  | 1,057                     | 6,219          | 7,276     | 790              | 1997                       | 2010          |
| Skyport Building 2                                     | Industrial     | —            | 1,400        | 9,333     | —  | 1,400                     | 9,333          | 10,733    | 1,059            | 1998                       | 2010          |
| Skyport Building 3                                     | Industrial     | —            | 2,016        | 9,114     | 223  | 2,016                     | 9,337          | 11,353    | 1,173            | 2000                       | 2010          |
| Skyport Building 4                                     | Industrial     | —            | 473          | 2,979     | 42   | 473                       | 3,021          | 3,494     | 599              | 1999                       | 2010          |
| Skyport Building 5                                     | Industrial     | —            | 2,878        | 7,408     | 581  | 2,878                     | 7,989          | 10,867    | 1,398            | 2006                       | 2010          |
| Southpark Building 1                                   | Industrial     | —            | 553          | 1,801     | 89   | 553                       | 1,890          | 2,443     | 295              | 1990                       | 2010          |
| Southpark Building 3                                   | Industrial     | —            | 755          | 3,982     | 18   | 755                       | 4,000          | 4,755     | 433              | 1991                       | 2010          |
| Hillsdale, Illinois<br>4160 Madison Street             | Industrial     | —            | 1,069        | 866       | 50   | 1,069                     | 916            | 1,985     | 135              | 1974                       | 2011          |
| Holly Springs, North Carolina<br>REX Holly Springs MOB | Medical Office | —            | 11           | 7,724     | 126  | 11                        | 7,850          | 7,861     | 347              | 2011                       | 2011          |
| Hopkins, Minnesota<br>Cornerstone Business             | Industrial     | 2,473        | 1,469        | 8,360     | 716  | 1,454                     | 9,091          | 10,545    | 3,669            | 1996                       | 1997          |

|                       |            |       |       |        |         |       |        |        |       |      |      |
|-----------------------|------------|-------|-------|--------|---------|-------|--------|--------|-------|------|------|
| Center                |            |       |       |        |         |       |        |        |       |      |      |
| Houston, Texas        |            |       |       |        |         |       |        |        |       |      |      |
| Point North One       | Industrial | —     | 3,125 | 3,420  | 2,169   | 3,125 | 5,589  | 8,714  | 1,935 | 2008 | 2008 |
| Westland I            | Industrial | —     | 4,183 | 4,837  | 3,147   | 4,233 | 7,934  | 12,167 | 2,449 | 2008 | 2008 |
| Westland II           | Industrial | —     | 3,439 | 8,890  | 226     | 3,246 | 9,309  | 12,555 | 831   | 2011 | 2011 |
| Hutchins, Texas       |            |       |       |        |         |       |        |        |       |      |      |
| Duke Intermodal I     | Industrial | 9,438 | 5,290 | 9,242  | 2,554   | 5,290 | 11,796 | 17,086 | 3,162 | 2006 | 2006 |
| Independence, Ohio    |            |       |       |        |         |       |        |        |       |      |      |
| Corporate Plaza I     | Office     | —     | 2,116 | 13,116 | (1,841) | 2,116 | 11,275 | 13,391 | 6,897 | 1989 | 1996 |
| Corporate Plaza II    | Office     | —     | 1,841 | 11,336 | 791     | 1,841 | 12,127 | 13,968 | 6,821 | 1991 | 1996 |
| Freedom Square I      | Office     | —     | 595   | 3,454  | (1,575) | 595   | 1,879  | 2,474  | 1,772 | 1980 | 1996 |
| Freedom Square II     | Office     | —     | 1,746 | 11,368 | (1,441) | 1,746 | 9,927  | 11,673 | 6,151 | 1987 | 1996 |
| Freedom Square III    | Office     | —     | 701   | 5,178  | (1,089) | 701   | 4,089  | 4,790  | 2,201 | 1997 | 1997 |
| Oak Tree Place        | Office     | —     | 703   | 4,256  | 978     | 703   | 5,234  | 5,937  | 2,203 | 1995 | 1997 |
| Park Center Plaza I   | Office     | —     | 2,193 | 10,517 | 3,223   | 2,193 | 13,740 | 15,933 | 5,619 | 1998 | 1998 |
| Park Center Plaza II  | Office     | —     | 2,190 | 10,799 | 2,897   | 2,190 | 13,696 | 15,886 | 5,346 | 1999 | 1999 |
| Park Center Plaza III | Office     | —     | 2,190 | 10,595 | 3,456   | 2,190 | 14,051 | 16,241 | 5,806 | 2000 | 2000 |

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Schedule III

| Name                            | Building Type  | Encumbrances | Initial Cost |           | Cost Capitalized Subsequent to Acquisition |                | Gross Book Value 12/31/12 |        | Total (1) | Accum. Depr. (2) | Year Constructed/Renovated | Year Acquired |
|---------------------------------|----------------|--------------|--------------|-----------|--|----------------|---------------------------|--------|-----------|------------------|----------------------------|---------------|
|                                 |                |              | Land         | Buildings | Development                                | Land/Buildings | Land/Buildings            |        |           |                  |                            |               |
| Indianapolis, Indiana           |                |              |              |           |  |                |                           |        |           |                  |                            |               |
| 6061 Guion Rd                   | Industrial     | —            | 274          | 1,770     | 355  | 274            | 2,125                     | 2,399  | 1,027     | 1974             |                            | 1995          |
| 8071 Township Line Road         | Medical Office | —            | —            | 2,279     | 994  | —              | 3,273                     | 3,273  | 620       | 2007             |                            | 2007          |
| Franklin Township POB           | Medical Office | —            | —            | 3,197     | 55   | 10             | 3,242                     | 3,252  | 454       | 2009             |                            | 2009          |
| St. Francis US31 & Southport Rd | Medical Office | —            | —            | 3,547     | 37   | 11             | 3,573                     | 3,584  | 552       | 2009             |                            | 2009          |
| St. Vincent Max Simon MOB       | Medical Office | —            | 3,209        | 11,575    | 704  | 3,209          | 12,279                    | 15,488 | 988       | 2007             |                            | 2011          |
| Park 100 Bldg 31                | Industrial     | —            | 64           | 354       | 154  | 64             | 508                       | 572    | 135       | 1978             |                            | 2005          |
| Park 100 Building 96            | Industrial     | 7,827        | 1,171        | 13,804    | 113  | 1,424          | 13,664                    | 15,088 | 6,502     | 1997             |                            | 1995          |
| Park 100 Building 98            | Industrial     | —            | 273          | 7,495     | 2,729                                      | 273            | 10,224                    | 10,497 | 5,611     | 1995             |                            | 1994          |
| Park 100 Building 100           | Industrial     | —            | 103          | 1,931     | 842  | 103            | 2,773                     | 2,876  | 1,360     | 1995             |                            | 1995          |
| Park 100 Building 102           | Office         | —            | 182          | 1,087     | 424  | 182            | 1,511                     | 1,693  | 414       | 1982             |                            | 2005          |
| Park 100 Building 109           | Industrial     | —            | 240          | 1,654     | 498  | 246            | 2,146                     | 2,392  | 1,472     | 1985             |                            | 1986          |
| Park 100 Building 116           | Office         | —            | 341          | 2,864     | 580  | 348            | 3,437                     | 3,785  | 2,122     | 1988             |                            | 1988          |
| Park 100 Building 118           | Office         | —            | 226          | 1,919     | 1,142                                      | 230            | 3,057                     | 3,287  | 1,590     | 1988             |                            | 1993          |
| Park 100 Building 122           | Industrial     | —            | 284          | 3,154     | 1,158                                      | 290            | 4,306                     | 4,596  | 2,268     | 1990             |                            | 1993          |
| Park 100 Building 124           | Office         | —            | 227          | 2,193     | 732  | 227            | 2,925                     | 3,152  | 829       | 1992             |                            | 2002          |
| Park 100 Building 127           | Industrial     | —            | 96           | 1,485     | 672  | 96             | 2,157                     | 2,253  | 991       | 1995             |                            | 1995          |
| Park 100 Building 141           | Industrial     | 1,961        | 1,120        | 2,562     | 273  | 1,120          | 2,835                     | 3,955  | 936       | 2005             |                            | 2005          |
| Hewlett-Packard Land Lease      | Grounds        | —            | 252          | —         | —  | 252            | —                         | 252    | 65        | n/a              |                            | 2003          |
| Park 100 Bldg 121 Land Lease    | Grounds        | —            | 5            | —         | —  | 5              | —                         | 5      | 1         | n/a              |                            | 2003          |



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|                                 |            |   |       |        |       |       |        |        |       |      |      |
|---------------------------------|------------|---|-------|--------|-------|-------|--------|--------|-------|------|------|
| Hewlett Packard<br>Land Lse-62  | Grounds    | — | 45    | —      | —     | 45    | —      | 45     | 12    | n/a  | 2003 |
| West 79th St.<br>Parking Lot LL | Grounds    | — | 350   | —      | 699   | 1,049 | —      | 1,049  | 324   | n/a  | 2006 |
| Park Fletcher<br>Building 33    | Industrial | — | 1,237 | 5,264  | 594   | 1,237 | 5,858  | 7,095  | 1,552 | 1997 | 2006 |
| Park Fletcher<br>Building 34    | Industrial | — | 1,331 | 5,427  | 667   | 1,331 | 6,094  | 7,425  | 1,667 | 1997 | 2006 |
| Park Fletcher<br>Building 35    | Industrial | — | 380   | 1,422  | 134   | 380   | 1,556  | 1,936  | 431   | 1997 | 2006 |
| Park Fletcher<br>Building 36    | Industrial | — | 476   | 2,328  | 68    | 476   | 2,396  | 2,872  | 642   | 1997 | 2006 |
| Park Fletcher<br>Building 37    | Industrial | — | 286   | 653    | 9     | 286   | 662    | 948    | 218   | 1998 | 2006 |
| Park Fletcher<br>Building 38    | Industrial | — | 1,428 | 5,927  | 137   | 1,428 | 6,064  | 7,492  | 1,554 | 1999 | 2006 |
| Park Fletcher<br>Building 39    | Industrial | — | 570   | 2,054  | 292   | 570   | 2,346  | 2,916  | 643   | 1999 | 2006 |
| Park Fletcher<br>Building 40    | Industrial | — | 761   | 2,997  | 514   | 761   | 3,511  | 4,272  | 887   | 1999 | 2006 |
| Park Fletcher<br>Building 41    | Industrial | — | 952   | 4,131  | 295   | 952   | 4,426  | 5,378  | 980   | 2001 | 2006 |
| Park Fletcher<br>Building 42    | Industrial | — | 2,095 | 8,273  | 121   | 2,095 | 8,394  | 10,489 | 1,880 | 2001 | 2006 |
| One Parkwood<br>Crossing        | Office     | — | 1,018 | 9,171  | 1,913 | 1,018 | 11,084 | 12,102 | 4,954 | 1989 | 1995 |
| Three Parkwood<br>Crossing      | Office     | — | 1,377 | 7,256  | 1,603 | 1,316 | 8,920  | 10,236 | 3,942 | 1997 | 1997 |
| Four Parkwood<br>Crossing       | Office     | — | 1,489 | 10,591 | 1,188 | 1,537 | 11,731 | 13,268 | 4,932 | 1998 | 1998 |
| Five Parkwood<br>Crossing       | Office     | — | 1,485 | 10,151 | 2,045 | 1,528 | 12,153 | 13,681 | 3,788 | 1999 | 1999 |
| Six Parkwood<br>Crossing        | Office     | — | 1,960 | 12,999 | 1,883 | 1,960 | 14,882 | 16,842 | 4,946 | 2000 | 2000 |
| Seven<br>Parkwood<br>Crossing   | Office     | — | 1,877 | 4,121  | 1,189 | 1,877 | 5,310  | 7,187  | 325   | 2000 | 2011 |
| Eight Parkwood<br>Crossing      | Office     | — | 6,435 | 15,340 | 776   | 6,435 | 16,116 | 22,551 | 6,983 | 2003 | 2003 |
| Nine Parkwood<br>Crossing       | Office     | — | 6,046 | 13,182 | 2,646 | 6,047 | 15,827 | 21,874 | 4,308 | 2005 | 2005 |

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Duke Realty Corporation and Duke Realty  
Limited Partnership  
Real Estate and Accumulated Depreciation  
December 31, 2012  
(in thousands)

Schedule III

| Name                        | Building Type | Encumbered | Initial Cost |           | Cost of Subsequent Development | Gross Book Value |           | Total (1) | Accum. Depr. | Year Constructed/Renovated | Year Acquired |
|-----------------------------|---------------|------------|--------------|-----------|--------------------------------|------------------|-----------|-----------|--------------|----------------------------|---------------|
|                             |               |            | Land         | Buildings | Land/Buildings Acquisition     | Land             | Buildings |           |              |                            |               |
| One West PWV                | Office        | 14,328     | 5,361        | 16,182    | 5,003                          | 5,361            | 21,185    | 26,546    | 3,969        | 2007                       | 2007          |
| Granite City Lease          | Grounds       | —          | 1,846        | 856       | 143                            | 1,989            | 856       | 2,845     | 372          | 2008                       | 2009          |
| One West Parking Garage     | Grounds       | —          | —            | 1,616     | —                              | —                | 1,616     | 1,616     | 57           | 2007                       | 2011          |
| River Road Building I       | Office        | —          | 856          | 6,180     | 2,397                          | 856              | 8,577     | 9,433     | 4,617        | 1998                       | 1998          |
| River Road Building II      | Office        | —          | 1,827        | 8,416     | 3,069                          | 1,886            | 11,426    | 13,312    | 2,381        | 2008                       | 2008          |
| Woodland Corporate Park I   | Office        | —          | 290          | 3,414     | 1,377                          | 320              | 4,761     | 5,081     | 1,879        | 1998                       | 1998          |
| Woodland Corporate Park II  | Office        | —          | 271          | 2,914     | 2,050                          | 297              | 4,938     | 5,235     | 1,655        | 1999                       | 1999          |
| Woodland Corporate Park III | Office        | —          | 1,227        | 3,359     | 420                            | 1,227            | 3,779     | 5,006     | 1,253        | 2000                       | 2000          |
| Woodland Corporate Park V   | Office        | —          | 768          | 9,985     | 93                             | 768              | 10,078    | 10,846    | 3,705        | 2003                       | 2003          |
| Woodland Corporate Park VI  | Office        | —          | 2,145        | 10,163    | 4,289                          | 2,145            | 14,452    | 16,597    | 3,506        | 2008                       | 2008          |
| 3200 North Elizabeth        | Industrial    | —          | 360          | 787       | —                              | 360              | 787       | 1,147     | 99           | 1973                       | 2010          |
| Georgetown Rd. Bldg 1       | Industrial    | —          | 468          | 2,108     | 136                            | 468              | 2,244     | 2,712     | 274          | 1987                       | 2010          |
| Georgetown Rd. Bldg 2       | Industrial    | —          | 465          | 2,187     | 173                            | 465              | 2,360     | 2,825     | 225          | 1987                       | 2010          |
| Georgetown Rd. Bldg 3       | Industrial    | —          | 408          | 1,036     | 72                             | 408              | 1,108     | 1,516     | 113          | 1987                       | 2010          |
| North Airport Park Bldg 2   | Industrial    | —          | 1,800        | 4,998     | 111                            | 1,800            | 5,109     | 6,909     | 617          | 1997                       | 2010          |
| Park 100 Building 39        | Industrial    | —          | 628          | 2,284     | 26                             | 628              | 2,310     | 2,938     | 275          | 1987                       | 2010          |
|                             | Industrial    | —          | 690          | 1,730     | 374                            | 690              | 2,104     | 2,794     | 196          | 1984                       | 2010          |

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|                         |             |     |       |     |     |       |       |     |      |      |
|-------------------------|-------------|-----|-------|-----|-----|-------|-------|-----|------|------|
| Park 100<br>Building 48 |             |     |       |     |     |       |       |     |      |      |
| Park 100<br>Building 49 | Industrial— | 364 | 1,687 | 159 | 364 | 1,846 | 2,210 | 176 | 1982 | 2010 |
| Park 100<br>Building 50 | Industrial— | 327 | 786   | 39  | 327 | 825   | 1,152 | 80  | 1982 | 2010 |
| Park 100<br>Building 52 | Industrial— | 216 | 189   | —   | 216 | 189   | 405   | 26  | 1983 | 2010 |
| Park 100<br>Building 53 | Industrial— | 338 | 1,513 | 113 | 338 | 1,626 | 1,964 | 177 | 1984 | 2010 |
| Park 100<br>Building 54 | Industrial— | 354 | 1,416 | 117 | 354 | 1,533 | 1,887 | 146 | 1984 | 2010 |
| Park 100<br>Building 57 | Industrial— | 616 | 1,183 | 157 | 616 | 1,340 | 1,956 | 117 | 1984 | 2010 |
| Park 100<br>Building 58 | Industrial— | 642 | 2,265 | 102 | 642 | 2,367 | 3,009 | 287 | 1984 | 2010 |
| Park 100<br>Building 59 | Industrial— | 411 | 1,460 | 70  | 411 | 1,530 | 1,941 | 157 | 1985 | 2010 |
| Park 100<br>Building 60 | Industrial— | 382 | 1,526 | 51  | 382 | 1,577 | 1,959 | 177 | 1985 | 2010 |
| Park 100<br>Building 62 | Industrial— | 616 | 718   | 36  | 616 | 754   | 1,370 | 254 | 1986 | 2010 |
| Park 100<br>Building 63 | Industrial— | 388 | 1,058 | —   | 388 | 1,058 | 1,446 | 161 | 1987 | 2010 |
| Park 100<br>Building 64 | Industrial— | 389 | 1,078 | 4   | 389 | 1,082 | 1,471 | 129 | 1987 | 2010 |
| Park 100<br>Building 66 | Industrial— | 424 | 1,439 | 7   | 424 | 1,446 | 1,870 | 294 | 1987 | 2010 |
| Park 100<br>Building 67 | Industrial— | 338 | 710   | 165 | 338 | 875   | 1,213 | 79  | 1987 | 2010 |
| Park 100<br>Building 68 | Industrial— | 338 | 1,225 | 26  | 338 | 1,251 | 1,589 | 137 | 1987 | 2010 |

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Real Estate and Accumulated Depreciation  
December 31, 2012  
(in thousands)

Schedule III

| Name                            | Building Type | Encumbrances | Initial Cost |           | Cost Capitalized Subsequent to Acquisition | Gross Book Value at 12/31/12 |           | Total (1) | Accum. Depr. (2) | Year Constructed/Renovated | Year Acquired |
|---------------------------------|---------------|--------------|--------------|-----------|--|------------------------------|-----------|-----------|------------------|----------------------------|---------------|
|                                 |               |              | Land         | Buildings |  | Land/Land Improvements       | Buildings |           |                  |                            |               |
| Park 100 Building 79            | Industrial    | —            | 358          | 1,781     | 53   | 358                          | 1,834     | 2,192     | 173              | 1988                       | 2010          |
| Park 100 Building 80            | Industrial    | —            | 358          | 1,920     | 36   | 358                          | 1,956     | 2,314     | 271              | 1988                       | 2010          |
| Park 100 Building 83            | Industrial    | —            | 427          | 1,488     | 4  | 427                          | 1,492     | 1,919     | 201              | 1989                       | 2010          |
| Park 100 Building 84            | Industrial    | —            | 427          | 2,096     | 4  | 427                          | 2,100     | 2,527     | 332              | 1989                       | 2010          |
| Park 100 Building 87            | Industrial    | —            | 1,136        | 7,008     | 379  | 1,136                        | 7,387     | 8,523     | 951              | 1989                       | 2010          |
| Park 100 Building 97            | Industrial    | —            | 1,070        | 4,993     | 196  | 1,070                        | 5,189     | 6,259     | 484              | 1994                       | 2010          |
| Park 100 Building 110           | Office        | —            | 376          | 1,706     | 25   | 376                          | 1,731     | 2,107     | 169              | 1987                       | 2010          |
| Park 100 Building 111           | Industrial    | —            | 633          | 3,134     | 214  | 633                          | 3,348     | 3,981     | 489              | 1987                       | 2010          |
| Park 100 Building 112           | Industrial    | —            | 356          | 878       | 18   | 356                          | 896       | 1,252     | 122              | 1987                       | 2010          |
| Park 100 Building 128           | Industrial    | 9,872        | 1,152        | 16,581    | 18   | 1,152                        | 16,599    | 17,751    | 2,893            | 1996                       | 2010          |
| Park 100 Building 129           | Industrial    | 5,127        | 1,280        | 9,062     | 305  | 1,280                        | 9,367     | 10,647    | 812              | 2000                       | 2010          |
| Park 100 Building 131           | Industrial    | 5,860        | 1,680        | 10,874    | —  | 1,680                        | 10,874    | 12,554    | 986              | 1997                       | 2010          |
| Park 100 Building 133           | Industrial    | —            | 104          | 1,157     | —  | 104                          | 1,157     | 1,261     | 99               | 1997                       | 2010          |
| Itasca, Illinois 751 Expressway | Industrial    | —            | 1,208        | 2,424     | (23 )                                      | 1,208                        | 2,401     | 3,609     | 148              | 1978                       | 2011          |
| Katy, Texas                     |               |              |              |           |  |                              |           |           |                  |                            |               |

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|   |                   |        |        |        |       |        |        |        |       |      |      |
|---|-------------------|--------|--------|--------|-------|--------|--------|--------|-------|------|------|
| Christus St.<br>Catherine<br>Plaza 1                              | Medical<br>Office | —      | 47     | 9,092  | 27    | 47     | 9,119  | 9,166  | 558   | 2001 | 2011 |
| Christus St.<br>Catherine<br>Plaza 2                              | Medical<br>Office | —      | 122    | 12,009 | 44    | 122    | 12,053 | 12,175 | 625   | 2004 | 2011 |
| Christus St.<br>Catherine<br>Plaza 3                              | Medical<br>Office | —      | 131    | 9,963  | 14    | 131    | 9,977  | 10,108 | 747   | 2006 | 2011 |
| Kissimmee,<br>Florida<br>Kissimmee<br>Medical<br>Plaza            | Medical<br>Office | 10,875 | 763    | 18,221 | —     | 763    | 18,221 | 18,984 | 214   | 2009 | 2012 |
| Kyle, Texas<br>Seton Hays<br>MOB I                                | Medical<br>Office | —      | 165    | 11,736 | 3,359 | 165    | 15,095 | 15,260 | 1,476 | 2009 | 2009 |
| Lafayette,<br>Indiana<br>St. Elizabeth<br>3920<br>Building A      | Medical<br>Office | —      | 165    | 8,968  | 2,003 | 165    | 10,971 | 11,136 | 1,096 | 2009 | 2009 |
| St. Elizabeth<br>3900<br>Building B                               | Medical<br>Office | —      | 146    | 10,070 | 1,084 | 146    | 11,154 | 11,300 | 1,127 | 2009 | 2009 |
| La Miranda,<br>California<br>Trojan Way                           | Industrial        | —      | 23,503 | 33,342 | 92    | 23,503 | 33,434 | 56,937 | 910   | 2002 | 2012 |
| LaPorte,<br>Texas<br>Bayport<br>Container<br>Lot                  | Grounds           | —      | 3,334  | —      | —     | 3,334  | —      | 3,334  | —     | n/a  | 2010 |
| Las Cruces,<br>New Mexico<br>Mountain<br>View<br>Medical<br>Plaza | Medical<br>Office | 12,703 | 430    | 20,298 | —     | 430    | 20,298 | 20,728 | 330   | 2003 | 2012 |

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Duke Realty Corporation and Duke Realty  
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Real Estate and Accumulated Depreciation  
December 31, 2012  
(in thousands)

Schedule III

| Name  | Building Type | Encumbrances | Initial Cost |           | Cost Capitalized Subsequent to Acquisition |                        | Gross Book Value 12/31/12 |           | Total (1) | Accum. Depr. (2) | Year Constructed/Renovated | Year Acquired |
|---|---------------|--------------|--------------|-----------|--|------------------------|---------------------------|-----------|-----------|------------------|----------------------------|---------------|
|   |               |              | Land         | Buildings | Development                                | Land/Land Improvements | Buildings                 | Buildings |           |                  |                            |               |
| Lawrenceville, Georgia<br>Weyerhaeuser BTS                | Industrial    | 8,793        | 3,974        | 3,101     | 22   | 3,982                  | 3,115                     | 7,097     | 2,069     | 2004             |                            | 2004          |
| Lebanon, Indiana<br>Lebanon Building 4                    | Industrial    | 10,985       | 305          | 8,959     | 113  | 177                    | 9,200                     | 9,377     | 3,457     | 2000             |                            | 1997          |
| Lebanon Building 9  | Industrial    | 10,659       | 554          | 6,675     | 770  | 554                    | 7,445                     | 7,999     | 2,760     | 1999             |                            | 1999          |
| Lebanon Building 12                                       | Industrial    | 25,219       | 5,163        | 12,851    | 664  | 5,163                  | 13,515                    | 18,678    | 6,186     | 2003             |                            | 2003          |
| Lebanon Building 13                                       | Industrial    | 9,697        | 561          | 6,473     | 255  | 1,901                  | 5,388                     | 7,289     | 2,848     | 2003             |                            | 2003          |
| Lebanon Building 14                                       | Industrial    | 19,511       | 2,813        | 11,496    | 1,446                                      | 2,813                  | 12,942                    | 15,755    | 3,730     | 2005             |                            | 2005          |
| Lebanon Building 1(Amer Air)                              | Industrial    | —            | 312          | 3,799     | 10   | 312                    | 3,809                     | 4,121     | 411       | 1996             |                            | 2010          |
| Lebanon Building 2  | Industrial    | —            | 948          | 19,037    | 144  | 948                    | 19,181                    | 20,129    | 1,718     | 2007             |                            | 2010          |
| Lebanon Building 6  | Industrial    | 12,964       | 699          | 8,446     | —  | 699                    | 8,446                     | 9,145     | 1,060     | 1998             |                            | 2010          |
| Lebanon, Tennessee<br>Park 840<br>Logistics Cnt. Bldg 653 | Industrial    | —            | 6,776        | 10,954    | 3,925                                      | 6,776                  | 14,879                    | 21,655    | 5,219     | 2006             |                            | 2006          |
| Lockbourne, Ohio<br>Creekside XXII                        | Industrial    | —            | 2,868        | 17,032    | 117  | 2,868                  | 17,149                    | 20,017    | 722       | 2008             |                            | 2012          |
| Creekside XIV   | Industrial    | —            | 1,947        | 12,630    | —  | 1,947                  | 12,630                    | 14,577    | 685       | 2005             |                            | 2012          |

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|   |                   |        |        |        |       |        |        |        |        |      |      |
|---|-------------------|--------|--------|--------|-------|--------|--------|--------|--------|------|------|
| Longview,<br>Texas<br>Longview<br>MOB                       | Medical<br>Office | 15,270 | 403    | 26,792 | —     | 403    | 26,792 | 27,195 | 408    | 2003 | 2012 |
| Lynwood,<br>California<br>Century<br>Distribution<br>Center | Industrial        | —      | 16,847 | 18,689 | 31    | 16,847 | 18,720 | 35,567 | 1,713  | 2007 | 2011 |
| Manteca,<br>California<br>600 Spreckels<br>Ave              | Industrial        | —      | 4,851  | 19,703 | —     | 4,851  | 19,703 | 24,554 | 225    | 1999 | 2012 |
| Maryland<br>Heights,<br>Missouri<br>Riverport<br>Tower      | Office            | —      | 3,549  | 27,655 | 8,195 | 3,549  | 35,850 | 39,399 | 16,280 | 1991 | 1997 |
| Riverport<br>Distribution<br>14000                          | Industrial        | —      | 242    | 2,217  | 1,132 | 242    | 3,349  | 3,591  | 1,541  | 1990 | 1997 |
| Riverport Dr<br>13900                                       | Industrial        | —      | 1,197  | 8,590  | 427   | 1,197  | 9,017  | 10,214 | 3,840  | 1992 | 1997 |
| Riverport Dr  | Office            | —      | 2,285  | 9,473  | 891   | 2,285  | 10,364 | 12,649 | 4,166  | 1999 | 1999 |
| Riverport I   | Industrial        | —      | 900    | 2,583  | 559   | 900    | 3,142  | 4,042  | 1,442  | 1999 | 1999 |
| Riverport II  | Industrial        | —      | 1,238  | 4,152  | 743   | 1,238  | 4,895  | 6,133  | 1,846  | 2000 | 2000 |
| Riverport III   | Industrial        | —      | 1,269  | 1,907  | 2,375 | 1,269  | 4,282  | 5,551  | 1,655  | 2001 | 2001 |
| Riverport IV  | Industrial        | —      | 1,864  | 3,362  | 1,736 | 1,864  | 5,098  | 6,962  | 1,438  | 2007 | 2007 |

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Duke Realty Corporation and Duke Realty  
Limited Partnership  
Real Estate and Accumulated Depreciation  
December 31, 2012  
(in thousands)

Schedule III

| Name  | Building<br>Type  | Encumbrances | Initial Cost |           | Cost Capitalized<br>Subsequent to<br>Acquisition |           | Gross Book Value<br>12/31/12 |           | Total<br>Depr. (1) | Accum.<br>Depr. (2) | Year<br>Constructed/<br>Renovated | Year<br>Acquired |
|---|-------------------|--------------|--------------|-----------|--|-----------|------------------------------|-----------|--------------------|---------------------|-----------------------------------|------------------|
|   |                   |              | Land         | Buildings | Land   | Buildings | Land                         | Buildings |                    |                     |                                   |                  |
| McDonough,<br>Georgia<br>120<br>Declaration<br>Dr<br>250<br>Declaration<br>Dr | Industrial        | —            | 615          | 8,377     | 393  | 615       | 8,770                        | 9,385     | 2,992              | 1997                |                                   | 1999             |
|   | Industrial        | 19,328       | 2,273        | 11,552    | 2,802  | 2,312     | 14,315                       | 16,627    | 4,167              | 2001                |                                   | 2001             |
| McKinney,<br>Texas<br>Baylor<br>McKinney<br>MOB I                             | Medical<br>Office | —            | 313          | 18,762    | 311  | 313       | 19,073                       | 19,386    | 404                | 2012                |                                   | 2012             |
| Melrose Park,<br>Illinois<br>Melrose<br>Business<br>Center                    | Industrial        | —            | 5,907        | 17,578    | (18)   | 5,907     | 17,560                       | 23,467    | 1,487              | 2000                |                                   | 2010             |
| Mendota<br>Heights,<br>Minnesota<br>Enterprise<br>Industrial<br>Center        | Industrial        | —            | 864          | 4,918     | 673  | 864       | 5,591                        | 6,455     | 2,316              | 1979                |                                   | 1997             |
| Mequon,<br>Wisconsin<br>Seton<br>Professional<br>Building                     | Medical<br>Office | —            | 733          | 13,281    | —  | 733       | 13,281                       | 14,014    | 189                | 1994                |                                   | 2012             |
| Middletown,<br>Delaware<br>560<br>Merrimac<br>Ave.                            | Industrial        | —            | 12,320       | 62,039    | 302  | 12,320    | 62,341                       | 74,661    | 517                | 2012                |                                   | 2012             |



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|  |                   |        |        |        |       |        |        |        |        |      |      |
|--|-------------------|--------|--------|--------|-------|--------|--------|--------|--------|------|------|
| Milwaukee,<br>Wisconsin<br>Water Tower<br>Medical<br>Commons     | Medical<br>Office | —      | 1,024  | 43,728 | —     | 1,024  | 43,728 | 44,752 | 487    | 2007 | 2012 |
| Mishawaka,<br>Indiana<br>SJPMC<br>Edison Lakes<br>MOB            | Medical<br>Office | —      | —      | 31,951 | 5,787 | 60     | 37,678 | 37,738 | 4,058  | 2009 | 2009 |
| Modesto,<br>California<br>1000 Oates<br>Court                    | Industrial        | 14,927 | 10,115 | 18,397 | —     | 10,115 | 18,397 | 28,512 | —      | 2002 | 2012 |
| Moosic,<br>Pennsylvania<br>Shoppes at<br>Montage                 | Retail            | —      | 21,347 | 37,902 | 3,120 | 21,347 | 41,022 | 62,369 | 15,592 | 2007 | 2009 |
| Morgans<br>Point, Texas<br>Barbours Cut<br>I                     | Industrial        | —      | 1,482  | 8,209  | —     | 1,482  | 8,209  | 9,691  | 828    | 2004 | 2010 |
| Barbours Cut<br>II   | Industrial        | —      | 1,447  | 8,471  | —     | 1,447  | 8,471  | 9,918  | 855    | 2005 | 2010 |
| Morrisville,<br>North<br>Carolina<br>507 Airport<br>Blvd<br>5151 | Industrial        | —      | 1,327  | 7,143  | 1,876 | 1,351  | 8,995  | 10,346 | 3,194  | 1993 | 1999 |
| McCrimmon<br>Pkwy<br>2600  | Office            | —      | 1,318  | 7,075  | 3,260 | 1,342  | 10,311 | 11,653 | 3,613  | 1995 | 1999 |
| Perimeter<br>Park Dr<br>5150                                     | Industrial        | —      | 975    | 4,997  | 1,440 | 991    | 6,421  | 7,412  | 2,331  | 1997 | 1999 |
| McCrimmon<br>Pkwy  | Office            | —      | 1,739  | 12,073 | 1,699 | 1,773  | 13,738 | 15,511 | 4,962  | 1998 | 1999 |

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Duke Realty Corporation and Duke Realty  
Limited Partnership  
Real Estate and Accumulated Depreciation Schedule III  
December 31, 2012  
(in thousands)

| Name                                 | Building<br>Type | Enclosure | Initial Cost |          | Cost Capitalized<br>Subsequent to<br>Acquisition |          | Gross Book Value<br>12/31/12 |          | Total<br>Depr. (1) | Accum.<br>Depr. (2) | Year<br>Constructed/<br>Renovated | Year<br>Acquired |
|--------------------------------------|------------------|-----------|--------------|----------|--|----------|------------------------------|----------|--------------------|---------------------|-----------------------------------|------------------|
|                                      |                  |           | Land         | Building | Land   | Building | Land                         | Building |                    |                     |                                   |                  |
| 2400<br>Perimeter Park<br>Drive      | Office           | —         | 760          | 5,417    | 1,932  | 778      | 7,331                        | 8,109    | 2,346              | 1999                |                                   | 1999             |
| 3000<br>Perimeter Park<br>Dr (Met 1) | Industrial       | —         | 482          | 2,453    | 1,323  | 491      | 3,767                        | 4,258    | 1,426              | 1989                |                                   | 1999             |
| 2900<br>Perimeter Park<br>Dr (Met 2) | Industrial       | —         | 235          | 1,875    | 1,359  | 264      | 3,205                        | 3,469    | 1,298              | 1990                |                                   | 1999             |
| 2800<br>Perimeter Park<br>Dr (Met 3) | Industrial       | —         | 777          | 4,494    | 1,130  | 843      | 5,558                        | 6,401    | 2,006              | 1992                |                                   | 1999             |
| 1100<br>Perimeter Park<br>Drive      | Office           | —         | 777          | 5,472    | 2,469  | 794      | 7,924                        | 8,718    | 2,637              | 1990                |                                   | 1999             |
| 1500<br>Perimeter Park<br>Drive      | Office           | —         | 1,148        | 10,080   | 1,942  | 1,177    | 11,993                       | 13,170   | 3,979              | 1996                |                                   | 1999             |
| 1600<br>Perimeter Park<br>Drive      | Office           | —         | 1,463        | 9,195    | 2,445  | 1,513    | 11,590                       | 13,103   | 4,466              | 1994                |                                   | 1999             |
| 1800<br>Perimeter Park<br>Drive      | Office           | —         | 907          | 5,221    | 1,803  | 993      | 6,938                        | 7,931    | 2,649              | 1994                |                                   | 1999             |
| 2000<br>Perimeter Park<br>Drive      | Office           | —         | 788          | 5,099    | 1,096  | 842      | 6,141                        | 6,983    | 2,382              | 1997                |                                   | 1999             |
| 1700<br>Perimeter Park<br>Drive      | Office           | —         | 1,230        | 8,838    | 2,993  | 1,260    | 11,801                       | 13,061   | 4,392              | 1997                |                                   | 1999             |
| 5200 East<br>Paramount<br>Parkway    | Office           | —         | 1,748        | 9,093    | 1,475  | 1,797    | 10,519                       | 12,316   | 186                | 1999                |                                   | 1999             |
| 2700<br>Perimeter Park               | Industrial       | —         | 662          | 1,250    | 1,920  | 662      | 3,170                        | 3,832    | 952                | 2001                |                                   | 2001             |
| 5200 West<br>Paramount               | Office           | —         | 1,831        | 12,608   | 1,831  | 1,831    | 14,439                       | 16,270   | 6,083              | 2001                |                                   | 2001             |
| 2450<br>Perimeter Park<br>Drive      | Office           | —         | 669          | 2,259    | 3  | 669      | 2,262                        | 2,931    | 632                | 2002                |                                   | 2002             |

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|   |                   |   |       |        |       |       |        |        |       |      |      |
|---|-------------------|---|-------|--------|-------|-------|--------|--------|-------|------|------|
| 3800<br>Paramount<br>Parkway                                      | Office            | — | 2,657 | 5,241  | 3,663 | 2,657 | 8,904  | 11,561 | 2,694 | 2006 | 2006 |
| Lenovo BTS I  | Office            | — | 1,439 | 16,961 | 1,518 | 1,439 | 18,479 | 19,918 | 5,401 | 2006 | 2006 |
| Lenovo BTS<br>II  | Office            | — | 1,725 | 16,809 | 1,996 | 1,725 | 18,805 | 20,530 | 4,929 | 2007 | 2007 |
| 5221<br>Paramount<br>Parkway                                      | Office            | — | 1,661 | 13,600 | 3,005 | 1,661 | 16,605 | 18,266 | 3,146 | 2008 | 2008 |
| 2250<br>Perimeter Park  | Office            | — | 2,290 | 6,981  | 2,436 | 2,290 | 9,417  | 11,707 | 2,955 | 2008 | 2008 |
| Perimeter One   | Office            | — | 5,880 | 13,565 | 9,295 | 5,880 | 22,860 | 28,740 | 8,606 | 2007 | 2007 |
| The Market at<br>Perimeter Park                                   | Retail            | — | 1,149 | 1,688  | 413   | 1,149 | 2,101  | 3,250  | 428   | 2009 | 2009 |
| 100<br>Innovation   | Industrial        | — | 633   | 3,748  | 681   | 633   | 4,429  | 5,062  | 1,633 | 1994 | 1999 |
| 101<br>Innovation   | Industrial        | — | 615   | 3,958  | 148   | 615   | 4,106  | 4,721  | 1,383 | 1997 | 1999 |
| 200<br>Innovation   | Industrial        | — | 357   | 4,036  | 311   | 357   | 4,347  | 4,704  | 1,494 | 1999 | 1999 |
| 501<br>Innovation   | Industrial        | — | 640   | 5,571  | 176   | 640   | 5,747  | 6,387  | 1,931 | 1999 | 1999 |
| 1000<br>Innovation  | Industrial        | — | 514   | 2,927  | 231   | 514   | 3,158  | 3,672  | 873   | 1996 | 2002 |
| 1200<br>Innovation  | Industrial        | — | 740   | 4,406  | 362   | 740   | 4,768  | 5,508  | 1,308 | 1996 | 2002 |
| 400<br>Innovation   | Industrial        | — | 908   | 1,240  | 387   | 908   | 1,627  | 2,535  | 776   | 2004 | 2004 |
| Munster,<br>Indiana<br>Hammond<br>Clinic<br>Specialty Ctr.<br>(3) | Medical<br>Office | — | —     | 12,954 | —     | —     | 12,954 | 12,954 | —     | 1986 | 2011 |
| HC Family<br>Wellness<br>Center (3)                               | Medical<br>Office | — | —     | 3,568  | —     | —     | 3,568  | 3,568  | —     | 1999 | 2011 |
| Franciscan<br>Physician<br>Hosp. OPC (3)                          | Medical<br>Office | — | —     | 4,564  | —     | —     | 4,564  | 4,564  | —     | 1998 | 2011 |
| Murfreesboro,<br>Tennessee<br>Middle Tenn<br>Med Ctr -<br>MOB     | Medical<br>Office | — | —     | 20,564 | 4,976 | 7     | 25,533 | 25,540 | 4,433 | 2008 | 2008 |
| Naperville,<br>Illinois<br>1835 Jefferson                         | Industrial        | — | 3,180 | 7,959  | 5     | 3,184 | 7,960  | 11,144 | 2,350 | 2005 | 2003 |

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|            |              |       |        |    |       |        |        |       |      |      |
|------------|--------------|-------|--------|----|-------|--------|--------|-------|------|------|
| Ambassador | Industrial — | 4,778 | 11,252 | 11 | 4,778 | 11,263 | 16,041 | 1,308 | 2006 | 2010 |
| Dr         |              |       |        |    |       |        |        |       |      |      |

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Duke Realty Corporation and Duke Realty  
Limited Partnership  
Real Estate and Accumulated Depreciation  
December 31, 2012  
(in thousands)

Schedule III

| Name   | Building<br>Type | Encumbrances | Initial Cost |           | Costs<br>Subsequent<br>Development<br>Acquisition | Cost Capitalized<br>12/31/12 |           | Book Value<br>12/31/12 |           | Total<br>Depr. (1) | Accum.<br>Depr. (2) | Year<br>Constructed/<br>Renovated | Year<br>Acquired |
|--|------------------|--------------|--------------|-----------|---|------------------------------|-----------|------------------------|-----------|--------------------|---------------------|-----------------------------------|------------------|
|  |                  |              | Land         | Buildings |   | Land                         | Buildings | Land                   | Buildings |                    |                     |                                   |                  |
| 1860 W.<br>Jefferson   | Industrial       | 18,510       | 7,016        | 35,581    | 9   | 7,016                        | 35,590    | 42,606                 | 1,487     | 2000               |                     |                                   | 2012             |
| Nashville,<br>Tennessee<br>Airpark<br>East-800<br>Commerce Dr.<br>Riverview<br>Office<br>Building<br>Nashville<br>Business<br>Center I<br>Nashville<br>Business<br>Center II<br>Four-Forty<br>Business<br>Center I<br>Four-Forty<br>Business<br>Center III<br>Four-Forty<br>Business<br>Center IV<br>Four-Forty<br>Business<br>Center V<br>Four-Forty<br>Business<br>Center II | Industrial       | 2,295        | 1,564        | 2,578     | 1,065   | 1,564                        | 3,643     | 5,207                  | 1,057     | 2002               |                     |                                   | 2002             |
|  | Office           | —            | 847          | 4,840     | 2,036   | 847                          | 6,876     | 7,723                  | 2,330     | 1983               |                     |                                   | 1999             |
|  | Industrial       | —            | 936          | 5,943     | 1,280   | 936                          | 7,223     | 8,159                  | 2,680     | 1997               |                     |                                   | 1999             |
|  | Industrial       | —            | 5,659        | 10,206    | 845   | 5,659                        | 11,051    | 16,710                 | 4,057     | 2005               |                     |                                   | 2005             |
|  | Industrial       | —            | 938          | 6,438     | 125   | 938                          | 6,563     | 7,501                  | 2,236     | 1997               |                     |                                   | 1999             |
|  | Industrial       | —            | 1,812        | 7,323     | 1,253   | 1,812                        | 8,576     | 10,388                 | 3,069     | 1998               |                     |                                   | 1999             |
|  | Industrial       | —            | 1,522        | 5,242     | 615   | 1,522                        | 5,857     | 7,379                  | 2,047     | 1997               |                     |                                   | 1999             |
|  | Industrial       | —            | 471          | 2,236     | 718   | 471                          | 2,954     | 3,425                  | 1,031     | 1999               |                     |                                   | 1999             |
|  | Industrial       | 2,711        | 1,108        | 4,829     | —   | 1,108                        | 4,829     | 5,937                  | 369       | 1996               |                     |                                   | 2010             |
| Niles, Illinois<br>Howard 220  | Industrial       | 7,271        | 4,920        | 2,320     | 9,615   | 7,761                        | 9,094     | 16,855                 | 2,303     | 2008               |                     |                                   | 2004             |
| Norfolk,<br>Virginia<br>1400 Sewells<br>Point Rd   | Industrial       | 1,885        | 1,463        | 5,723     | 575   | 1,463                        | 6,298     | 7,761                  | 1,118     | 1983               |                     |                                   | 2007             |

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Northlake,  
Illinois

|                            |            |       |       |        |     |       |        |        |       |      |      |
|----------------------------|------------|-------|-------|--------|-----|-------|--------|--------|-------|------|------|
| Northlake I                | Industrial | 7,897 | 5,721 | 9,123  | 835 | 5,721 | 9,958  | 15,679 | 2,548 | 2002 | 2002 |
| Northlake<br>III-Grnd Whse | Industrial | 5,536 | 5,382 | 5,708  | 253 | 5,382 | 5,961  | 11,343 | 1,973 | 2006 | 2006 |
| 200 Champion<br>Way        | Industrial | —     | 3,554 | 12,262 | —   | 3,554 | 12,262 | 15,816 | 655   | 1997 | 2011 |

Oak Brook,  
Illinois

|              |        |   |       |        |     |       |        |        |        |      |      |
|--------------|--------|---|-------|--------|-----|-------|--------|--------|--------|------|------|
| 2000 York Rd | Office | — | 2,625 | 15,814 | 377 | 2,625 | 16,191 | 18,816 | 12,016 | 1986 | 2005 |
|--------------|--------|---|-------|--------|-----|-------|--------|--------|--------|------|------|

Orlando,  
Florida

|                                      |            |   |       |       |     |       |       |       |       |      |      |
|--------------------------------------|------------|---|-------|-------|-----|-------|-------|-------|-------|------|------|
| Southcenter<br>I-Brede/Allied<br>BTS | Industrial | — | 3,094 | 3,867 | 117 | 3,094 | 3,984 | 7,078 | 1,852 | 2003 | 2003 |
|--------------------------------------|------------|---|-------|-------|-----|-------|-------|-------|-------|------|------|

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Duke Realty Corporation and Duke Realty Limited  
Partnership  
Real Estate and Accumulated Depreciation  
December 31, 2012  
(in thousands)

Schedule III

| Name                              | Building Type  | Encumbrances | Initial Cost |           | Cost Capitalized Subsequent to Acquisition |           | Gross Book Value 12/31/12 |           | Total Accum. Depr. (1) | Year Constructed/ Renovated | Year Acquired |
|-----------------------------------|----------------|--------------|--------------|-----------|--|-----------|---------------------------|-----------|------------------------|-----------------------------|---------------|
|                                   |                |              | Land         | Buildings | Land                                       | Buildings | Land                      | Buildings |                        |                             |               |
| Parksouth Distribution Ctr. B     | Industrial     | —            | 565          | 4,479     | 551  | 570       | 5,025                     | 5,595     | 1,721                  | 1996                        | 1999          |
| Parksouth Distribution Ctr. A     | Industrial     | —            | 493          | 4,340     | 745  | 498       | 5,080                     | 5,578     | 1,641                  | 1997                        | 1999          |
| Parksouth Distribution Ctr. D     | Industrial     | —            | 593          | 4,075     | 558  | 597       | 4,629                     | 5,226     | 1,658                  | 1998                        | 1999          |
| Parksouth Distribution Ctr. E     | Industrial     | —            | 649          | 4,433     | 684  | 677       | 5,089                     | 5,766     | 1,796                  | 1997                        | 1999          |
| Parksouth Distribution Ctr. F     | Industrial     | —            | 1,030        | 4,767     | 1,758                                      | 1,232     | 6,323                     | 7,555     | 2,368                  | 1999                        | 1999          |
| Parksouth Distribution Ctr. H     | Industrial     | —            | 725          | 3,020     | 525  | 754       | 3,516                     | 4,270     | 1,113                  | 2000                        | 2000          |
| Parksouth Distribution Ctr. C     | Industrial     | —            | 598          | 1,769     | 1,695                                      | 674       | 3,388                     | 4,062     | 1,060                  | 2003                        | 2001          |
| Parksouth-Benjamin Moore BTS      | Industrial     | —            | 708          | 2,070     | 62   | 1,129     | 1,711                     | 2,840     | 745                    | 2003                        | 2003          |
| Crossroads VII                    | Industrial     | —            | 2,803        | 5,891     | 3,212                                      | 2,803     | 9,103                     | 11,906    | 3,328                  | 2006                        | 2006          |
| Crossroads VIII                   | Industrial     | —            | 2,701        | 4,817     | 1,914                                      | 2,701     | 6,731                     | 9,432     | 1,720                  | 2007                        | 2007          |
| E Orlando Med Surgery Plaza       | Medical Office | 9,058        | 683          | 14,011    | —  | 683       | 14,011                    | 14,694    | 177                    | 2009                        | 2012          |
| Otsego, Minnesota Gateway North 1 | Industrial     | —            | 2,243        | 3,959     | 1,244                                      | 2,287     | 5,159                     | 7,446     | 1,352                  | 2007                        | 2007          |
| Pembroke Pines, Florida           |                |              |              |           |  |           |                           |           |                        |                             |               |
| Pembroke Gardens                  | Retail         | —            | 26,067       | 87,897    | 6,021                                      | 24,866    | 95,119                    | 119,985   | 26,624                 | 2007                        | 2009          |
| PNC Ground Lease-Nursery Site     | Grounds        | —            | 1,752        | —         | —  | 1,752     | —                         | 1,752     | 49                     | n/a                         | 2011          |
| Phoenix, Arizona                  |                |              |              |           |  |           |                           |           |                        |                             |               |
| Estrella Buckeye                  | Industrial     | 3,898        | 1,796        | 5,889     | 212  | 1,796     | 6,101                     | 7,897     | 1,107                  | 1996                        | 2010          |
| Riverside Business Center         | Industrial     | —            | 5,349        | 13,154    | 885  | 5,349     | 14,039                    | 19,388    | 1,862                  | 2007                        | 2011          |
| Plainfield, Illinois              |                |              |              |           |  |           |                           |           |                        |                             |               |
| Edward Plainfield MOB I           | Medical Office | —            | —            | 8,770     | 1,451                                      | —         | 10,221                    | 10,221    | 2,953                  | 2006                        | 2007          |
| Plainfield, Indiana               |                |              |              |           |  |           |                           |           |                        |                             |               |

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|                          |                   |        |       |        |       |       |        |        |       |      |      |
|--------------------------|-------------------|--------|-------|--------|-------|-------|--------|--------|-------|------|------|
| Plainfield Building<br>1 | Industrial        | 15,870 | 1,104 | 11,151 | 456   | 1,104 | 11,607 | 12,711 | 4,080 | 2000 | 2000 |
| Plainfield Building<br>2 | Industrial        | 15,400 | 1,387 | 7,863  | 3,218 | 2,868 | 9,600  | 12,468 | 4,452 | 2000 | 2000 |
| Plainfield Building<br>3 | Industrial        | 16,796 | 2,016 | 9,098  | 2,587 | 2,016 | 11,685 | 13,701 | 2,970 | 2002 | 2002 |
| Plainfield Building<br>5 | Industrial        | 12,115 | 2,726 | 6,488  | 983   | 2,726 | 7,471  | 10,197 | 2,640 | 2004 | 2004 |
| Plainfield Building<br>8 | Industrial        | 20,720 | 4,527 | 11,088 | 1,034 | 4,527 | 12,122 | 16,649 | 3,086 | 2006 | 2006 |
| Plano, Texas             |                   |        |       |        |       |       |        |        |       |      |      |
| Baylor Plano MOB         | Medical<br>Office | —      | 16    | 28,375 | 3,036 | 49    | 31,378 | 31,427 | 3,172 | 2009 | 2009 |

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Duke Realty Corporation and Duke Realty  
Limited Partnership  
Real Estate and Accumulated Depreciation  
December 31, 2012  
(in thousands)

Schedule III

| Name                          | Building Type | Encumbrances | Initial Cost |           | Buildings | Land/Landfill Acquisition | Cost Capitalized Subsequent to Development |               | Gross Book Value 12/31/12 |      | Total (1) | Accum. Depr. (2) | Year Constructed/Renovated | Year Acquired |
|-------------------------------|---------------|--------------|--------------|-----------|-----------|---------------------------|--|---------------|---------------------------|------|-----------|------------------|----------------------------|---------------|
|                               |               |              | Land         | Buildings |           |                           | Development                                | Land/Landfill | Buildings                 |      |           |                  |                            |               |
| Plantation, Florida           |               |              |              |           |           |                           |  |               |                           |      |           |                  |                            |               |
| Royal Palm I                  | Office        | —            | 10,209       | 30,829    | 322       | 10,209                    | 31,151                                     | 41,360        | 5,678                     | 2001 |           |                  |                            | 2010          |
| Royal Palm II                 | Office        | —            | 8,935        | 30,011    | 1,025     | 8,935                     | 31,036                                     | 39,971        | 4,794                     | 2007 |           |                  |                            | 2010          |
| Crossroads Business Park 1    | Office        | 10,870       | 3,735        | 11,407    | 515       | 3,735                     | 11,922                                     | 15,657        | 1,254                     | 1997 |           |                  |                            | 2011          |
| Crossroads Business Park 2    | Office        | 14,424       | 2,610        | 12,018    | 542       | 2,610                     | 12,560                                     | 15,170        | 1,446                     | 1998 |           |                  |                            | 2011          |
| Crossroads Business Park 3    | Office        | 16,625       | 3,938        | 13,136    | 2,913     | 3,938                     | 16,049                                     | 19,987        | 1,097                     | 1999 |           |                  |                            | 2011          |
| Crossroads Business Park 4    | Office        | 9,814        | 3,037        | 11,462    | 568       | 3,037                     | 12,030                                     | 15,067        | 843                       | 2001 |           |                  |                            | 2011          |
| Crossroads Bus. Pk.-So. Trust | Grounds       | —            | 864          | —         | —         | 864                       | —  | 864           | 9                         | n/a  |           |                  |                            | 2011          |
| Plymouth, Minnesota           |               |              |              |           |           |                           |  |               |                           |      |           |                  |                            |               |
| Medicine Lake Indus. Center   | Industrial    | —            | 1,145        | 5,893     | 1,873     | 1,145                     | 7,766                                      | 8,911         | 3,251                     | 1970 |           |                  |                            | 1997          |
| Pompano Beach, Florida        |               |              |              |           |           |                           |  |               |                           |      |           |                  |                            |               |
| Atlantic Business Center 1    | Industrial    | —            | 3,165        | 8,949     | 873       | 3,165                     | 9,822                                      | 12,987        | 733                       | 2000 |           |                  |                            | 2010          |
| Atlantic Business Center 2    | Industrial    | 5,758        | 2,663        | 8,751     | 657       | 2,663                     | 9,408                                      | 12,071        | 744                       | 2001 |           |                  |                            | 2010          |

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|                             |            |       |       |       |     |       |       |        |     |      |      |
|-----------------------------|------------|-------|-------|-------|-----|-------|-------|--------|-----|------|------|
| Atlantic Business Center 3  | Industrial | 5,711 | 2,764 | 8,553 | —   | 2,764 | 8,553 | 11,317 | 778 | 2001 | 2010 |
| Atlantic Business Center 4A | Industrial | 4,246 | 1,804 | 6,259 | 18  | 1,804 | 6,277 | 8,081  | 592 | 2002 | 2010 |
| Atlantic Business Center 4B | Industrial | 4,458 | 1,834 | 5,531 | 18  | 1,834 | 5,549 | 7,383  | 491 | 2002 | 2010 |
| Atlantic Business Center 5A | Industrial | 4,468 | 1,980 | 6,139 | —   | 1,980 | 6,139 | 8,119  | 549 | 2002 | 2010 |
| Atlantic Business Center 5B | Industrial | 3,902 | 1,995 | 6,257 | —   | 1,995 | 6,257 | 8,252  | 471 | 2004 | 2010 |
| Atlantic Business Center 6A | Industrial | 4,530 | 1,999 | 6,256 | —   | 1,999 | 6,256 | 8,255  | 556 | 2004 | 2010 |
| Atlantic Business Center 6B | Industrial | 4,582 | 1,988 | 6,337 | —   | 1,988 | 6,337 | 8,325  | 563 | 2002 | 2010 |
| Atlantic Business Center 7A | Industrial | 3,245 | 2,194 | 4,319 | —   | 2,194 | 4,319 | 6,513  | 425 | 2005 | 2010 |
| Atlantic Business Center 7B | Industrial | 3,944 | 2,066 | 6,925 | —   | 2,066 | 6,925 | 8,991  | 569 | 2004 | 2010 |
| Atlantic Business Center 8  | Industrial | 4,710 | 1,616 | 3,785 | 20  | 1,616 | 3,805 | 5,421  | 369 | 2005 | 2010 |
| Atlantic Business Center 9  | Industrial | 2,931 | 1,429 | 2,329 | —   | 1,429 | 2,329 | 3,758  | 202 | 2006 | 2010 |
| Copans Business Park 3      | Industrial | 4,445 | 1,710 | 3,892 | 77  | 1,710 | 3,969 | 5,679  | 364 | 1989 | 2010 |
| Copans Business Park 4      | Industrial | 4,003 | 1,781 | 3,435 | 38  | 1,781 | 3,473 | 5,254  | 327 | 1989 | 2010 |
| Central Business Park 1     | Office     | 6,329 | 1,613 | 4,982 | 611 | 1,613 | 5,593 | 7,206  | 787 | 1985 | 2010 |
| Central Business Park 2     | Industrial | 1,227 | 634   | 556   | 14  | 634   | 570   | 1,204  | 104 | 1982 | 2010 |
| Central Business Park 3     | Industrial | 1,466 | 638   | 1,031 | —   | 638   | 1,031 | 1,669  | 101 | 1982 | 2010 |

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|  |            |       |       |       |    |       |       |       |     |      |      |
|--|------------|-------|-------|-------|----|-------|-------|-------|-----|------|------|
| Park<br>Central<br>Business<br>Park 4<br>Park<br>Central<br>Business<br>Park 5 | Industrial | 1,637 | 938   | 1,076 | 64 | 938   | 1,140 | 2,078 | 100 | 1985 | 2010 |
|  | Industrial | 2,014 | 1,125 | 1,442 | 22 | 1,125 | 1,464 | 2,589 | 135 | 1986 | 2010 |

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Duke Realty Corporation and Duke Realty  
Limited Partnership  
Real Estate and Accumulated Depreciation  
December 31, 2012  
(in thousands)

Schedule III

| Name                              | Building Type | Encumbrances | Initial Cost |           |             | Cost Capitalized Subsequent to Acquisition |           |             | Gross Book Value 12/31/12 |           | Total Depr. (1) | Accum. Depr. (2) | Year Constructed/Renovated | Year Acquired |
|-----------------------------------|---------------|--------------|--------------|-----------|-------------|--|-----------|-------------|---------------------------|-----------|-----------------|------------------|----------------------------|---------------|
|                                   |               |              | Land         | Buildings | Development | Land                                       | Buildings | Development | Land                      | Buildings |                 |                  |                            |               |
| Park Central<br>Business Park 6   | Industrial    | 2,050        | 1,088        | 1,068     | 73          | 1,088                                      | 1,141     | 2,229       | 175                       | 1986      |                 |                  |                            | 2010          |
| Park Central<br>Business Park 7   | Industrial    | 2,068        | 979          | 950       | —           | 979  | 950       | 1,929       | 171                       | 1986      |                 |                  |                            | 2010          |
| Park Central<br>Business Park 10  | Industrial    | 3,684        | 1,688        | 2,299     | (4 )        | 1,688                                      | 2,295     | 3,983       | 311                       | 1999      |                 |                  |                            | 2010          |
| Park Central<br>Business Park 11  | Industrial    | 5,892        | 3,098        | 3,607     | (58 )       | 3,098                                      | 3,549     | 6,647       | 474                       | 1995      |                 |                  |                            | 2010          |
| Pompano<br>Commerce Ctr I         | Industrial    | —            | 3,250        | 5,425     | 308         | 3,250                                      | 5,733     | 8,983       | 832                       | 2010      |                 |                  |                            | 2010          |
| Pompano<br>Commerce Ctr III       | Industrial    | —            | 3,250        | 5,704     | —           | 3,250                                      | 5,704     | 8,954       | 883                       | 2010      |                 |                  |                            | 2010          |
| Sample 95<br>Business Park 1      | Industrial    | 7,084        | 3,300        | 6,423     | 43          | 3,300                                      | 6,466     | 9,766       | 518                       | 1999      |                 |                  |                            | 2010          |
| Sample 95<br>Business Park 2      | Industrial    | 9,784        | 2,963        | 6,367     | —           | 2,963                                      | 6,367     | 9,330       | 499                       | 1999      |                 |                  |                            | 2011          |
| Sample 95<br>Business Park 3      | Industrial    | 8,389        | 3,713        | 4,465     | 144         | 3,713                                      | 4,609     | 8,322       | 417                       | 1999      |                 |                  |                            | 2011          |
| Sample 95<br>Business Park 4      | Industrial    | —            | 1,688        | 5,408     | 63          | 1,688                                      | 5,471     | 7,159       | 536                       | 1999      |                 |                  |                            | 2010          |
| Copans<br>Business Park 1         | Industrial    | —            | 1,856        | 3,236     | 546         | 1,856                                      | 3,782     | 5,638       | 310                       | 1989      |                 |                  |                            | 2011          |
| Copans<br>Business Park 2         | Industrial    | —            | 1,988        | 3,660     | 140         | 1,988                                      | 3,800     | 5,788       | 415                       | 1989      |                 |                  |                            | 2011          |
| Park Central<br>Business Park 8-9 | Industrial    | 7,675        | 4,136        | 6,870     | 228         | 4,136                                      | 7,098     | 11,234      | 795                       | 1998      |                 |                  |                            | 2011          |
|                                   | Industrial    | 9,022        | 2,696        | 6,499     | 42          | 2,696                                      | 6,541     | 9,237       | 705                       | 1998      |                 |                  |                            | 2011          |

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|   |            |       |       |        |        |       |        |        |       |      |      |
|---|------------|-------|-------|--------|--------|-------|--------|--------|-------|------|------|
| Park Central<br>Business Park<br>12                 |            |       |       |        |        |       |        |        |       |      |      |
| Park Central<br>Business Park                       | Industrial | 2,680 | 1,635 | 2,910  | 63     | 1,635 | 2,973  | 4,608  | 231   | 1996 | 2011 |
| 14  |            |       |       |        |        |       |        |        |       |      |      |
| Park Central<br>Business Park                       | Industrial | 2,052 | 1,500 | 2,150  | 20     | 1,500 | 2,170  | 3,670  | 174   | 1998 | 2011 |
| 15  |            |       |       |        |        |       |        |        |       |      |      |
| Park Central<br>Business Park                       | Industrial | 3,765 | 2,438 | 3,397  | 117    | 2,438 | 3,514  | 5,952  | 401   | 1997 | 2011 |
| 33  |            |       |       |        |        |       |        |        |       |      |      |
| Atlantic<br>Business Ctr.<br>10-KFC                 | Grounds    | —     | 772   | —      | —      | 772   | —      | 772    | 9     | n/a  | 2010 |
| Port<br>Wentworth,<br>Georgia<br>318 Grange<br>Road | Industrial | 1,470 | 957   | 4,157  | 98     | 957   | 4,255  | 5,212  | 817   | 2001 | 2006 |
| 246 Grange<br>Road                                  | Industrial | 5,091 | 1,191 | 8,294  | 7      | 1,191 | 8,301  | 9,492  | 1,922 | 2006 | 2006 |
| 100 Ocean<br>Link<br>Way-Godley<br>Rd               | Industrial | 9,193 | 2,306 | 13,389 | 81     | 2,336 | 13,440 | 15,776 | 2,942 | 2006 | 2006 |
| 500<br>Expansion<br>Blvd                            | Industrial | 3,950 | 649   | 6,282  | 81     | 649   | 6,363  | 7,012  | 973   | 2006 | 2008 |
| 400<br>Expansion<br>Blvd                            | Industrial | 9,058 | 1,636 | 14,506 | 19     | 1,636 | 14,525 | 16,161 | 2,334 | 2007 | 2008 |
| 605<br>Expansion<br>Blvd                            | Industrial | 5,337 | 1,615 | 7,456  | 25     | 1,615 | 7,481  | 9,096  | 1,248 | 2007 | 2008 |
| 405<br>Expansion<br>Blvd                            | Industrial | 2,062 | 535   | 3,543  | —      | 535   | 3,543  | 4,078  | 629   | 2008 | 2009 |
| 600<br>Expansion<br>Blvd                            | Industrial | 5,904 | 1,248 | 10,387 | —      | 1,248 | 10,387 | 11,635 | 1,796 | 2008 | 2009 |
| 602<br>Expansion<br>Blvd                            | Industrial | —     | 1,840 | 12,181 | 27     | 1,859 | 12,189 | 14,048 | 1,905 | 2009 | 2009 |
| Raleigh, North<br>Carolina<br>Crabtree<br>Overlook  | Office     | —     | 2,164 | 15,288 | 882    | 2,164 | 16,170 | 18,334 | 5,084 | 2001 | 2001 |
|   |            | —     | 10    | 6,653  | (373 ) | 10    | 6,280  | 6,290  | 256   | 2011 | 2011 |

|                                      |                   |   |    |        |     |    |        |        |     |      |  |      |
|--------------------------------------|-------------------|---|----|--------|-----|----|--------|--------|-----|------|--|------|
| WakeMed<br>Brier Creek<br>Healthplex | Medical<br>Office |   |    |        |     |    |        |        |     |      |  |      |
| WakeMed<br>Raleigh<br>Medical Park   | Medical<br>Office | — | 15 | 12,078 | 363 | 15 | 12,441 | 12,456 | 228 | 2012 |  | 2012 |

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Duke Realty Corporation and Duke Realty  
Limited Partnership  
Real Estate and Accumulated Depreciation  
December 31, 2012  
(in thousands)

Schedule III

| Name                               | Building<br>Type | Encumbrances | Initial Cost |           | Cost Capitalized<br>Subsequent to<br>Acquisition |           | Gross Book Value<br>12/31/12 |           | Total<br>Depr. (1) | Accum.<br>Depr. (2) | Year<br>Constructed/<br>Renovated | Year<br>Acquired |
|------------------------------------|------------------|--------------|--------------|-----------|--|-----------|------------------------------|-----------|--------------------|---------------------|-----------------------------------|------------------|
|                                    |                  |              | Land         | Buildings | Land   | Buildings | Land                         | Buildings |                    |                     |                                   |                  |
| Walnut Creek Business Park I       | Industrial       | —            | 419          | 1,780     | 662  | 442       | 2,419                        | 2,861     | 718                | 2001                |                                   | 2001             |
| Walnut Creek Business Park II      | Industrial       | —            | 456          | 2,318     | 437  | 487       | 2,724                        | 3,211     | 841                | 2001                |                                   | 2001             |
| Walnut Creek Business Park III     | Industrial       | —            | 679          | 2,927     | 1,372  | 719       | 4,259                        | 4,978     | 1,117              | 2001                |                                   | 2001             |
| Walnut Creek Business Park IV      | Industrial       | —            | 2,038        | 1,843     | 1,452  | 2,083     | 3,250                        | 5,333     | 1,616              | 2004                |                                   | 2004             |
| Walnut Creek Business Park V       | Industrial       | —            | 1,718        | 3,302     | 602  | 1,718     | 3,904                        | 5,622     | 1,180              | 2008                |                                   | 2008             |
| Rome, Georgia Harbin Cancer Center | Medical Office   | —            | 718          | 14,032    | —  | 718       | 14,032                       | 14,750    | 176                | 2010                |                                   | 2012             |
| Harbin Clinic Heart Center         | Medical Office   | —            | 2,556        | 10,363    | —  | 2,556     | 10,363                       | 12,919    | 93                 | 1994                |                                   | 2012             |
| Harbin Clinic 1825 MarthaBerry (3) | Medical Office   | —            | —            | 28,714    | —  | —         | 28,714                       | 28,714    | 161                | 1960                |                                   | 2012             |
| Harbin Clinic Rome Dialysis        | Medical Office   | —            | 190          | 765       | —  | 190       | 765                          | 955       | 10                 | 2005                |                                   | 2012             |
| Harbin Specialty Center            | Medical Office   | —            | 2,203        | 14,764    | —  | 2,203     | 14,764                       | 16,967    | 168                | 2007                |                                   | 2012             |

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|                                    |                   |        |       |        |        |       |        |        |        |      |      |
|------------------------------------|-------------------|--------|-------|--------|--------|-------|--------|--------|--------|------|------|
| Romeoville,<br>Illinois            |                   |        |       |        |        |       |        |        |        |      |      |
| Park 55<br>Bldg. 1                 | Industrial        | 7,438  | 6,433 | 7,857  | 1,076  | 6,433 | 8,933  | 15,366 | 3,054  | 2005 | 2005 |
| Crossroads 2                       | Industrial        | 6,144  | 2,938 | 9,826  | 161    | 2,938 | 9,987  | 12,925 | 1,046  | 1999 | 2010 |
| Crossroads 5                       | Industrial        | —      | 5,296 | 6,199  | 221    | 5,296 | 6,420  | 11,716 | 1,625  | 2009 | 2010 |
| Roseville,<br>Minnesota            |                   |        |       |        |        |       |        |        |        |      |      |
| I-35 Business<br>Center 1          | Industrial        | —      | 1,655 | 6,048  | 22     | 1,655 | 6,070  | 7,725  | 349    | 1998 | 2011 |
| I-35 Business<br>Center 2          | Industrial        | —      | 1,373 | 4,220  | 31     | 1,373 | 4,251  | 5,624  | 244    | 2000 | 2011 |
| Roswell,<br>Georgia                |                   |        |       |        |        |       |        |        |        |      |      |
| North Fulton<br>Medical<br>Plaza   | Medical<br>Office | —      | 291   | 10,908 | 57     | 291   | 10,965 | 11,256 | 137    | 2012 | 2012 |
| Ruston,<br>Louisiana               |                   |        |       |        |        |       |        |        |        |      |      |
| The Green<br>Clinic                | Medical<br>Office | —      | 919   | 15,185 | —      | 919   | 15,185 | 16,104 | 211    | 1984 | 2012 |
| San Antonio,<br>Texas              |                   |        |       |        |        |       |        |        |        |      |      |
| Christus<br>Santa Rosa<br>MOB      | Medical<br>Office | —      | 4,310 | 15,201 | 55     | 4,310 | 15,256 | 19,566 | 834    | 2006 | 2011 |
| Christus<br>Santa Rosa<br>Hospital | Medical<br>Office | 10,238 | 5,267 | 10,660 | 186    | 5,267 | 10,846 | 16,113 | 765    | 2005 | 2011 |
| Sandy<br>Springs,<br>Georgia       |                   |        |       |        |        |       |        |        |        |      |      |
| Center Pointe<br>I & II            | Medical<br>Office | —      | 9,697 | 19,026 | 21,398 | 9,707 | 40,414 | 50,121 | 10,458 | 2010 | 2007 |



Duke Realty Corporation and Duke Realty  
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December 31, 2012  
(in thousands)

## Schedule III

| Name                  | Building<br>Type | Encumbrances | Initial Cost |           | Cost Capitalized<br>Subsequent to<br>Acquisition |           | Gross Book Value<br>12/31/12 |           | Total<br>Depreciation<br>(1) | Accumulated<br>Depreciation<br>(2) | Year<br>Constructed/<br>Renovated | Year<br>Acquired |
|-----------------------|------------------|--------------|--------------|-----------|--|-----------|------------------------------|-----------|------------------------------|------------------------------------|-----------------------------------|------------------|
|                       |                  |              | Land         | Buildings | Land   | Buildings | Land                         | Buildings |                              |                                    |                                   |                  |
| Savannah,<br>Georgia  |                  |              |              |           |  |           |                              |           |                              |                                    |                                   |                  |
| 198<br>Gulfstream     | Industrial       | 5,324        | 549          | 3,805     | 154  | 549       | 3,959                        | 4,508     | 762                          | 1997                               |                                   | 2006             |
| 194<br>Gulfstream     | Industrial       | 173          | 412          | 2,514     | 15   | 412       | 2,529                        | 2,941     | 471                          | 1998                               |                                   | 2006             |
| 190<br>Gulfstream     | Industrial       | 730          | 689          | 4,916     | —  | 689       | 4,916                        | 5,605     | 1,230                        | 1999                               |                                   | 2006             |
| 250 Grange<br>Road    | Industrial       | 2,678        | 928          | 8,648     | 7  | 928       | 8,655                        | 9,583     | 1,940                        | 2002                               |                                   | 2006             |
| 248 Grange<br>Road    | Industrial       | 1,141        | 664          | 3,496     | 8  | 664       | 3,504                        | 4,168     | 792                          | 2002                               |                                   | 2006             |
| 163 Portside<br>Court | Industrial       | 20,034       | 8,433        | 8,366     | 20   | 8,433     | 8,386                        | 16,819    | 3,344                        | 2004                               |                                   | 2006             |
| 151 Portside<br>Court | Industrial       | 2,254        | 966          | 7,155     | 73   | 966       | 7,228                        | 8,194     | 1,295                        | 2003                               |                                   | 2006             |
| 175 Portside<br>Court | Industrial       | 11,322       | 4,300        | 15,696    | 153  | 4,301     | 15,848                       | 20,149    | 4,070                        | 2005                               |                                   | 2006             |
| 150 Portside<br>Court | Industrial       | —            | 3,071        | 23,001    | 1,295  | 3,071     | 24,296                       | 27,367    | 6,090                        | 2001                               |                                   | 2006             |

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Duke Realty Corporation and Duke Realty  
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Real Estate and Accumulated Depreciation  
December 31, 2012  
(in thousands)

Schedule III

| Name                                      | Building Type  | Encumbrance | Initial Cost |           | Development Subsequent to Acquisition | Cost Capitalized |           | Gross Book Value |           | Total (1) | Accum. Depr. | Year Constructed/Renovated | Year Acquired |
|---|----------------|-------------|--------------|-----------|---------------------------------------|------------------|-----------|------------------|-----------|-----------|--------------|----------------------------|---------------|
|   |                |             | Land         | Buildings |                                       | Land             | Buildings | Land             | Buildings |           |              |                            |               |
| 235 Jimmy Deloach Parkway                 | Industrial     | —           | 1,074        | 8,442     | 44                                    | 1,074            | 8,486     | 9,560            | 1,926     | 2001      |              |                            | 2006          |
| 239 Jimmy Deloach Parkway                 | Industrial     | —           | 1,074        | 7,141     | 37                                    | 1,074            | 7,178     | 8,252            | 1,647     | 2001      |              |                            | 2006          |
| 246 Jimmy Deloach Parkway                 | Industrial     | 3,094       | 992          | 5,383     | 64                                    | 992              | 5,447     | 6,439            | 1,260     | 2006      |              |                            | 2006          |
| 200 Ocean Link Way                        | Industrial     | 6,001       | 878          | 10,021    | 90                                    | 883              | 10,106    | 10,989           | 1,730     | 2006      |              |                            | 2008          |
| 2509 Dean Forest Rd - Westport            | Industrial     | —           | 2,392        | 8,303     | 75                                    | 2,393            | 8,377     | 10,770           | 791       | 2008      |              |                            | 2011          |
| 276 Jimmy Deloach Land                    | Grounds        | —           | 2,267        | —         | 3                                     | 2,270            | —         | 2,270            | 312       | n/a       |              |                            | 2006          |
| Sea Brook, Texas Bayport Logistics Center | Industrial     | —           | 2,629        | 13,284    | —                                     | 2,629            | 13,284    | 15,913           | 1,384     | 2009      |              |                            | 2010          |
| Sebring, Florida Sebring Medical Pavilion | Medical Office | —           | 514          | 6,870     | —                                     | 514              | 6,870     | 7,384            | 84        | 2008      |              |                            | 2012          |
| Seven Hills, Ohio Rock Run North          | Office         | —           | 837          | 5,250     | (2,314)                               | 837              | 2,936     | 3,773            | 2,305     | 1984      |              |                            | 1996          |
| Rock Run Center                           | Office         | —           | 1,046        | 6,467     | (2,794)                               | 1,046            | 3,673     | 4,719            | 3,001     | 1985      |              |                            | 1996          |
| Shakopee, Minnesota                       | Industrial     | —           | 1,496        | 6,309     | —                                     | 1,496            | 6,309     | 7,805            | 365       | 2000      |              |                            | 2011          |

|   |                   |   |       |       |       |       |        |        |       |      |  |      |
|---|-------------------|---|-------|-------|-------|-------|--------|--------|-------|------|--|------|
| MN Valley<br>West                       |                   |   |       |       |       |       |        |        |       |      |  |      |
| Sharonville,<br>Ohio                    |                   |   |       |       |       |       |        |        |       |      |  |      |
| Mosteller<br>Distribution<br>Ctr. II    | Industrial        | — | 828   | 3,579 | 1,478 | 408   | 5,477  | 5,885  | 2,345 | 1997 |  | 1997 |
| Snellville,<br>Georgia                  |                   |   |       |       |       |       |        |        |       |      |  |      |
| New<br>Hampton<br>Place                 | Medical<br>Office | — | 27    | 6,076 | 512   | 27    | 6,588  | 6,615  | 500   | 2011 |  | 2011 |
| St. John,<br>Indiana                    |                   |   |       |       |       |       |        |        |       |      |  |      |
| Hammond<br>Clinic St.<br>John (3)       | Medical<br>Office | — | —     | 2,791 | —     | —     | 2,791  | 2,791  | —     | 1996 |  | 2011 |
| St. Louis<br>Park,<br>Minnesota         |                   |   |       |       |       |       |        |        |       |      |  |      |
| Chilies<br>Ground<br>Lease              | Grounds           | — | 921   | —     | 157   | 1,078 | —      | 1,078  | 88    | n/a  |  | 1998 |
| Olive<br>Garden<br>Ground<br>Lease      | Grounds           | — | 921   | —     | 114   | 1,035 | —      | 1,035  | 105   | n/a  |  | 1998 |
| St. Louis,<br>Missouri                  |                   |   |       |       |       |       |        |        |       |      |  |      |
| Lakeside<br>Crossing<br>Building<br>One | Industrial        | — | 547   | 832   | 684   | 431   | 1,632  | 2,063  | 389   | 2002 |  | 2002 |
| Lakeside<br>Crossing<br>Building II     | Industrial        | — | 732   | 1,964 | 47    | 731   | 2,012  | 2,743  | 1,290 | 2003 |  | 2003 |
| Lakeside<br>Crossing<br>Building III    | Industrial        | — | 1,784 | 3,467 | 374   | 1,502 | 4,123  | 5,625  | 1,246 | 2002 |  | 2002 |
| Laumeier I                              | Office            | — | 1,384 | 7,823 | 5,044 | 1,220 | 13,031 | 14,251 | 5,712 | 1987 |  | 1995 |
| Laumeier II                             | Office            | — | 1,421 | 7,899 | 2,629 | 1,258 | 10,691 | 11,949 | 5,220 | 1988 |  | 1995 |
| Laumeier IV                             | Office            | — | 1,029 | 6,142 | 1,775 | 1,029 | 7,917  | 8,946  | 3,057 | 1987 |  | 1998 |

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Schedule III

| Name                             | Building<br>Type | Encumbrances | Initial Cost |           | Cost Capitalized<br>Subsequent to<br>Acquisition |           | Gross Book Value<br>12/31/12 |           | Total<br>Depr. (1) | Accum.<br>Depr. (2) | Year<br>Constructed/<br>Renovated | Year<br>Acquired |
|----------------------------------|------------------|--------------|--------------|-----------|--|-----------|------------------------------|-----------|--------------------|---------------------|-----------------------------------|------------------|
|                                  |                  |              | Land         | Buildings | Land   | Buildings | Land                         | Buildings |                    |                     |                                   |                  |
| 530<br>Maryville<br>Centre       | Office           | —            | 2,219        | 13,993    | 3,420  | 2,219     | 17,413                       | 19,632    | 7,079              | 1990                |                                   | 1997             |
| 550<br>Maryville<br>Centre       | Office           | —            | 1,996        | 12,244    | 2,595  | 1,996     | 14,839                       | 16,835    | 6,735              | 1988                |                                   | 1997             |
| 635-645<br>Maryville<br>Centre   | Office           | —            | 3,048        | 16,842    | 4,306  | 3,048     | 21,148                       | 24,196    | 8,311              | 1987                |                                   | 1997             |
| 655<br>Maryville<br>Centre       | Office           | —            | 1,860        | 13,067    | 2,359  | 1,860     | 15,426                       | 17,286    | 6,299              | 1994                |                                   | 1997             |
| 540<br>Maryville<br>Centre       | Office           | —            | 2,219        | 13,658    | 2,789  | 2,219     | 16,447                       | 18,666    | 7,165              | 1990                |                                   | 1997             |
| 520<br>Maryville<br>Centre       | Office           | —            | 2,404        | 13,937    | 1,558  | 2,404     | 15,495                       | 17,899    | 5,822              | 1999                |                                   | 1999             |
| 625<br>Maryville<br>Centre       | Office           | —            | 2,509        | 10,935    | 1,559  | 2,509     | 12,494                       | 15,003    | 4,217              | 1996                |                                   | 2002             |
| Westport<br>Center I             | Industrial       | —            | 1,707        | 4,453     | 1,127  | 1,707     | 5,580                        | 7,287     | 2,563              | 1998                |                                   | 1998             |
| Westport<br>Center II            | Industrial       | —            | 914          | 1,924     | 425  | 914       | 2,349                        | 3,263     | 1,197              | 1998                |                                   | 1998             |
| Westport<br>Center III           | Industrial       | —            | 1,206        | 2,651     | 885  | 1,206     | 3,536                        | 4,742     | 1,548              | 1999                |                                   | 1999             |
| Westport<br>Center V             | Industrial       | —            | 493          | 1,274     | 119  | 493       | 1,393                        | 1,886     | 559                | 2000                |                                   | 2000             |
| Westport<br>Place                | Office           | —            | 1,990        | 5,471     | 2,180  | 1,990     | 7,651                        | 9,641     | 3,965              | 2000                |                                   | 2000             |
| Westmark                         | Office           | —            | 1,497        | 9,119     | 2,844  | 1,342     | 12,118                       | 13,460    | 5,687              | 1987                |                                   | 1995             |
| Westview<br>Place                | Office           | —            | 669          | 7,238     | 4,554  | 669       | 11,792                       | 12,461    | 6,101              | 1988                |                                   | 1995             |
| Woodsmill<br>Commons II<br>(400) | Office           | —            | 1,718        | 7,096     | 1,229  | 1,718     | 8,325                        | 10,043    | 2,643              | 1985                |                                   | 2003             |
| Woodsmill<br>Commons I<br>(424)  | Office           | —            | 1,836        | 6,631     | 1,324  | 1,836     | 7,955                        | 9,791     | 2,444              | 1985                |                                   | 2003             |

|   |                   |        |        |        |       |        |        |        |        |      |      |
|---|-------------------|--------|--------|--------|-------|--------|--------|--------|--------|------|------|
| Stafford,<br>Texas<br>Stafford<br>Distribution<br>Center        | Industrial        | —      | 3,502  | 4,824  | 3,321 | 3,502  | 8,145  | 11,647 | 2,616  | 2008 | 2008 |
| Sterling,<br>Virginia<br>22800 Davis<br>Drive                   | Office            | —      | 2,550  | 11,250 | 31    | 2,550  | 11,281 | 13,831 | 2,204  | 1989 | 2006 |
| 22714 Glenn<br>Drive  | Industrial        | —      | 3,973  | 3,871  | 1,046 | 3,973  | 4,917  | 8,890  | 1,364  | 2007 | 2007 |
| Suffolk,<br>Virginia<br>101<br>Industrial Dr,                   | Industrial        | —      | 1,558  | 8,230  | 24    | 1,558  | 8,254  | 9,812  | 1,177  | 2007 | 2007 |
| Bldg. A<br>103<br>Industrial Dr                                 | Industrial        | —      | 1,558  | 8,230  | —     | 1,558  | 8,230  | 9,788  | 1,177  | 2007 | 2007 |
| Summerville,<br>Georgia<br>Harbin Clinic<br>Summerville<br>Dial | Medical<br>Office | —      | 195    | 1,182  | —     | 195    | 1,182  | 1,377  | 25     | 2007 | 2012 |
| Sumner,<br>Washington<br>Sumner<br>Transit                      | Industrial        | 15,559 | 16,032 | 5,935  | 278   | 16,032 | 6,213  | 22,245 | 2,254  | 2005 | 2007 |
| Sunrise,<br>Florida<br>Sawgrass -<br>Building B                 | Office            | —      | 1,211  | 4,263  | 2,627 | 1,211  | 6,890  | 8,101  | 2,040  | 1999 | 2001 |
| Sawgrass -<br>Building A  | Office            | —      | 1,147  | 3,862  | 457   | 1,147  | 4,319  | 5,466  | 1,410  | 2000 | 2001 |
| Sawgrass<br>Pointe I  | Office            | —      | 3,484  | 20,567 | 8,769 | 3,484  | 29,336 | 32,820 | 12,131 | 2002 | 2002 |
| Sawgrass<br>Pointe II   | Office            | —      | 3,481  | 11,973 | (41 ) | 3,481  | 11,932 | 15,413 | 3,674  | 2009 | 2009 |
| VA<br>Outpatient  | Medical<br>Office | —      | 5,132  | 20,887 | —     | 5,132  | 20,887 | 26,019 | 247    | 2008 | 2012 |

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Real Estate and Accumulated Depreciation  
December 31, 2012  
(in thousands)

Schedule III

| Name                           | Building Type | Encumbrances | Initial Cost |           | Cost Capitalized Subsequent to Acquisition |                | Gross Book Value 12/31/12 |       | Total Accum. Depr. (1) | Year Constructed | Year Renovated | Year Acquired |
|--------------------------------|---------------|--------------|--------------|-----------|--|----------------|---------------------------|-------|------------------------|------------------|----------------|---------------|
|                                |               |              | Land         | Buildings | Development                                | Land/Buildings | Land/Buildings            |       |                        |                  |                |               |
| Suwanee, Georgia               |               |              |              |           |  |                |                           |       |                        |                  |                |               |
| 90 Horizon Drive               | Industrial    | —            | 180          | 1,274     | 105  | 180            | 1,379                     | 1,559 | 117                    | 2001             |                | 2010          |
| 225 Horizon Drive              | Industrial    | —            | 457          | 2,089     | —  | 457            | 2,089                     | 2,546 | 207                    | 1990             |                | 2010          |
| 250 Horizon Drive              | Industrial    | —            | 1,625        | 6,490     | 31   | 1,625          | 6,521                     | 8,146 | 699                    | 1997             |                | 2010          |
| 70 Crestridge Drive            | Industrial    | —            | 956          | 3,657     | 119  | 956            | 3,776                     | 4,732 | 460                    | 1998             |                | 2010          |
| 2780 Horizon Ridge             | Industrial    | —            | 1,143        | 5,834     | 95   | 1,143          | 5,929                     | 7,072 | 614                    | 1997             |                | 2010          |
| 2800 Vista Ridge Drive         | Industrial    | —            | 1,557        | 2,651     | 116  | 1,557          | 2,767                     | 4,324 | 508                    | 1995             |                | 2010          |
| 25 Crestridge Drive            | Industrial    | —            | 723          | 2,736     | 28   | 723            | 2,764                     | 3,487 | 288                    | 1999             |                | 2010          |
| Genera Corp. BTS               | Industrial    | —            | 1,505        | 4,958     | —  | 1,505          | 4,958                     | 6,463 | 596                    | 2006             |                | 2010          |
| 1000 Northbrook Parkway        | Industrial    | —            | 756          | 4,034     | 276  | 756            | 4,310                     | 5,066 | 501                    | 1986             |                | 2010          |
| Tampa, Florida                 |               |              |              |           |  |                |                           |       |                        |                  |                |               |
| Fairfield Distribution Ctr I   | Industrial    | 1,573        | 483          | 2,568     | 202  | 487            | 2,766                     | 3,253 | 935                    | 1998             |                | 1999          |
| Fairfield Distribution Ctr II  | Industrial    | 2,901        | 530          | 4,848     | 272  | 534            | 5,116                     | 5,650 | 1,730                  | 1998             |                | 1999          |
| Fairfield Distribution Ctr III | Industrial    | 1,565        | 334          | 2,745     | 134  | 338            | 2,875                     | 3,213 | 985                    | 1999             |                | 1999          |
| Fairfield Distribution Ctr IV  | Industrial    | 1,675        | 600          | 1,591     | 1,290                                      | 604            | 2,877                     | 3,481 | 1,071                  | 1999             |                | 1999          |
| Fairfield Distribution         | Industrial    | 1,746        | 488          | 2,620     | 263  | 488            | 2,883                     | 3,371 | 959                    | 2000             |                | 2000          |

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|                                     |                   |       |       |        |       |       |        |        |       |      |      |
|-------------------------------------|-------------------|-------|-------|--------|-------|-------|--------|--------|-------|------|------|
| Ctr V<br>Fairfield                  |                   |       |       |        |       |       |        |        |       |      |      |
| Distribution                        | Industrial        | 2,612 | 555   | 3,603  | 854   | 555   | 4,457  | 5,012  | 1,303 | 2001 | 2001 |
| Ctr VI<br>Fairfield                 |                   |       |       |        |       |       |        |        |       |      |      |
| Distribution                        | Industrial        | 1,500 | 394   | 1,853  | 791   | 394   | 2,644  | 3,038  | 773   | 2001 | 2001 |
| Ctr VII<br>Fairfield                |                   |       |       |        |       |       |        |        |       |      |      |
| Distribution                        | Industrial        | 1,857 | 1,082 | 2,071  | 420   | 1,082 | 2,491  | 3,573  | 957   | 2004 | 2004 |
| Ctr VIII<br>Eagle Creek             |                   |       |       |        |       |       |        |        |       |      |      |
| Business Ctr.                       | Industrial        | —     | 3,705 | 3,072  | 1,040 | 3,705 | 4,112  | 7,817  | 2,176 | 2006 | 2006 |
| I<br>Eagle Creek                    |                   |       |       |        |       |       |        |        |       |      |      |
| Business Ctr.                       | Industrial        | —     | 2,354 | 2,272  | 969   | 2,354 | 3,241  | 5,595  | 1,527 | 2007 | 2007 |
| II<br>Eagle Creek                   |                   |       |       |        |       |       |        |        |       |      |      |
| Business Ctr.                       | Industrial        | —     | 2,332 | 2,237  | 1,731 | 2,332 | 3,968  | 6,300  | 1,343 | 2007 | 2007 |
| III                                 |                   |       |       |        |       |       |        |        |       |      |      |
| Waco, Texas                         |                   |       |       |        |       |       |        |        |       |      |      |
| Hillcrest<br>MOB 1                  | Medical<br>Office | —     | 812   | 25,050 | —     | 812   | 25,050 | 25,862 | 368   | 2009 | 2012 |
| Hillcrest<br>MOB 2                  | Medical<br>Office | —     | 657   | 12,243 | —     | 657   | 12,243 | 12,900 | 168   | 2009 | 2012 |
| West Chester,<br>Ohio               |                   |       |       |        |       |       |        |        |       |      |      |
| Centre Pointe<br>I                  | Office            | —     | 2,501 | 7,441  | 899   | 2,501 | 8,340  | 10,841 | 2,308 | 2000 | 2004 |
| Centre Pointe<br>II                 | Office            | —     | 2,056 | 8,106  | 988   | 2,056 | 9,094  | 11,150 | 2,337 | 2001 | 2004 |
| Centre Pointe<br>III                | Office            | —     | 2,048 | 7,105  | 2,050 | 2,048 | 9,155  | 11,203 | 2,442 | 2002 | 2004 |
| Centre Pointe<br>IV                 | Office            | —     | 2,013 | 8,715  | 1,540 | 2,932 | 9,336  | 12,268 | 3,431 | 2005 | 2005 |
| Centre Pointe<br>VI                 | Office            | —     | 2,759 | 8,266  | 3,994 | 2,759 | 12,260 | 15,019 | 3,194 | 2008 | 2008 |
| World Park<br>at Union<br>Centre 10 | Industrial        | —     | 2,150 | 5,503  | 7,408 | 2,151 | 12,910 | 15,061 | 5,199 | 2006 | 2006 |
| World Park<br>at Union<br>Centre 11 | Industrial        | —     | 2,592 | 6,923  | 47    | 2,592 | 6,970  | 9,562  | 3,121 | 2004 | 2004 |
| World Park<br>at Union<br>Centre 1  | Industrial        | —     | 300   | 3,008  | 137   | 300   | 3,145  | 3,445  | 487   | 1998 | 2010 |
| World Park<br>at Union<br>Centre 2  | Industrial        | —     | 287   | 2,338  | 203   | 287   | 2,541  | 2,828  | 214   | 1999 | 2010 |
|                                     | Industrial        | —     | 1,125 | 6,042  | —     | 1,125 | 6,042  | 7,167  | 567   | 1998 | 2010 |

World Park  
at Union  
Centre 3

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Duke Realty Corporation and Duke Realty Limited  
Partnership  
Real Estate and Accumulated Depreciation  
December 31, 2012  
(in thousands)

Schedule III

| Name   | Building Type | Encumbrances | Initial Cost |           | Cost Capitalized Subsequent to Development or Acquisition | Gross Book Value 12/31/12 |              | Total (1) | Accum. Depr. (2) | Year Constructed |
|--|---------------|--------------|--------------|-----------|---|---------------------------|--------------|-----------|------------------|------------------|
|  |               |              | Land         | Buildings |   | Land/Land Improvements    | Buildings/TI |           |                  |                  |
| World Park at Union Centre 4                     | Industrial—   | —            | 335          | 2,040     | 185   | 335                       | 2,225        | 2,560     | 201              | 1999             |
| World Park at Union Centre 5                     | Industrial—   | —            | 482          | 2,528     | 15  | 482                       | 2,543        | 3,025     | 286              | 1999             |
| World Park at Union Centre 6                     | Industrial—   | —            | 1,219        | 6,415     | 211   | 1,219                     | 6,626        | 7,845     | 618              | 1999             |
| World Park at Union Centre 7                     | Industrial—   | —            | 1,918        | 5,230     | 299   | 1,918                     | 5,529        | 7,447     | 757              | 2005             |
| World Park at Union Centre 8                     | Industrial—   | —            | 1,160        | 6,134     | —   | 1,160                     | 6,134        | 7,294     | 650              | 1999             |
| World Park at Union Centre 9                     | Industrial—   | —            | 1,189        | 6,172     | (3 )  | 1,189                     | 6,169        | 7,358     | 725              | 2001             |
| West Chicago, Illinois<br>1250 Carolina Drive    | Industrial—   | —            | 1,246        | 4,173     | 124   | 1,246                     | 4,297        | 5,543     | 285              | 1990             |
| West Jefferson, Ohio<br>Restoration Hardware BTS | Industrial—   | —            | 6,454        | 24,812    | 2,443   | 6,510                     | 27,199       | 33,709    | 5,208            | 2008             |
| 15 Commerce Parkway                              | Industrial—   | —            | 10,439       | 27,143    | 56  | 10,439                    | 27,199       | 37,638    | 2,241            | 2011             |
| West Palm Beach, Florida<br>Park of Commerce 1   | Industrial—   | —            | 1,635        | 2,486     | 148   | 1,635                     | 2,634        | 4,269     | 299              | 2010             |
| Park of Commerce 3                               | Industrial—   | —            | 2,160        | 4,340     | 160   | 2,320                     | 4,340        | 6,660     | 454              | 2010             |
| Airport Center 1                                 | Industrial    | 5,125        | 2,437        | 6,212     | —   | 2,437                     | 6,212        | 8,649     | 607              | 2002             |
|  | Industrial    | 3,753        | 1,706        | 4,632     | —   | 1,706                     | 4,632        | 6,338     | 446              | 2002             |

|   |           |           |           |          |           |           |           |           |      |  |
|---|-----------|-----------|-----------|----------|-----------|-----------|-----------|-----------|------|--|
| Airport Center<br>2   |           |           |           |          |           |           |           |           |      |  |
| Airport Center<br>3   |           |           |           |          |           |           |           |           |      |  |
| Industrial  | 3,745     | 1,500     | 4,750     | 121      | 1,500     | 4,871     | 6,371     | 443       | 2002 |  |
| Park of<br>Commerce 4   |           |           |           |          |           |           |           |           |      |  |
| Grounds   | 5,739     | 5,934     | —         | —        | 5,934     | —         | 5,934     | 9         | n/a  |  |
| Park of<br>Commerce 5   |           |           |           |          |           |           |           |           |      |  |
| Grounds   | 6,041     | 6,308     | —         | —        | 6,308     | —         | 6,308     | 8         | n/a  |  |
| Whitestown,<br>Indiana  |           |           |           |          |           |           |           |           |      |  |
| AllPoints<br>Anson Bldg 14                                      |           |           |           |          |           |           |           |           |      |  |
| Industrial  | —         | 2,127     | 8,155     | —        | 2,127     | 8,155     | 10,282    | 596       | 2007 |  |
| Zionsville,<br>Indiana  |           |           |           |          |           |           |           |           |      |  |
| Marketplace at<br>Anson   |           |           |           |          |           |           |           |           |      |  |
| Retail  | —         | 2,147     | 2,584     | 2,314    | 2,147     | 4,898     | 7,045     | 1,249     | 2007 |  |
| Accum. Depr.<br>on<br>Improvements<br>of<br>Undeveloped<br>Land |           |           |           |          |           |           |           |           |      |  |
|   | —         | —         | —         | —        | —         | —         | —         | 20,457    |      |  |
| Eliminations  |           |           |           |          |           |           |           |           |      |  |
|   | —         | —         | —         | (2,299 ) | 6         | (2,305 )  | (2,299 )  | (2,801 )  |      |  |
|   | 1,167,953 | 1,260,609 | 4,785,308 | 662,333  | 1,285,675 | 5,422,575 | 6,708,250 | 1,296,685 |      |  |

(1) The tax basis (in thousands) of our real estate assets at December 31, 2012 was approximately \$7,056,492 for federal income tax purposes.

Depreciation of real estate is computed using the straight-line method over 40 years for buildings and 15 years for land improvements for properties that we develop, 30 years for buildings and 10 years for land improvements for properties that we acquire, and shorter periods based on lease terms (generally 3 to 10 years) for tenant improvements.

We hold legal title to these buildings but, for accounting purposes, are treated as direct financing leases. Due to being immaterial for separate presentation, we have classified these buildings within real estate investments and have included them in this schedule.

|   | Real Estate Assets |              |             | Accumulated Depreciation |             |             |
|---|--------------------|--------------|-------------|--------------------------|-------------|-------------|
|   | 2012               | 2011         | 2010        | 2012                     | 2011        | 2010        |
| Balance at beginning of year                          | \$6,038,107        | \$7,032,889  | \$6,390,119 | \$1,127,595              | \$1,406,437 | \$1,311,733 |
| Acquisitions  | 658,917            | 669,631      | 449,530     |                          |             |             |
| Construction costs and tenant improvements            | 211,460            | 184,533      | 162,301     |                          |             |             |
| Depreciation expense                                  |                    |              |             | 262,825                  | 267,222     | 271,058     |
| Consolidation of previously unconsolidated properties | —                  | 5,988        | 530,573     |                          |             |             |
|   | 6,908,484          | 7,893,041    | 7,532,523   | 1,390,420                | 1,673,659   | 1,582,791   |
| Deductions during year:                               |                    |              |             |                          |             |             |
| Cost of real estate sold or contributed               | (157,630 )         | (1,774,576 ) | (421,325 )  | (51,131 )                | (465,353 )  | (97,699 )   |
| Write-off of fully amortized assets                   | (42,604 )          | (80,358 )    | (78,309 )   | (42,604 )                | (80,711 )   | (78,655 )   |
| Balance at end of year                                | \$6,708,250        | \$6,038,107  | \$7,032,889 | \$1,296,685              | \$1,127,595 | \$1,406,437 |

See Accompanying Notes to Independent Auditors' Report

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

DUKE REALTY CORPORATION

February 22, 2013

By: /s/ Dennis D. Oklak  
Dennis D. Oklak  
Chairman and Chief Executive Officer

By: /s/ Christie B. Kelly  
Christie B. Kelly  
Executive Vice President and Chief Financial Officer

By: /s/ Mark A. Denien  
Mark A. Denien  
Senior Vice President and Chief Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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| Signature   | Date      | Title    |
|---|-----------|----------|
| /s/ Thomas J. Baltimore, Jr.*<br>Thomas J. Baltimore, Jr. | 1/30/2013 | Director |
| /s/ William Cavanaugh III*<br>William Cavanaugh III       | 1/30/2013 | Director |
| /s/ Alan H. Cohen*<br>Alan H. Cohen                       | 1/30/2013 | Director |
| /s/ Ngaire E. Cuneo*<br>Ngaire E. Cuneo                   | 1/30/2013 | Director |
| /s/ Charles R. Eitel*<br>Charles R. Eitel                 | 1/30/2013 | Director |
| /s/ Martin C. Jischke, PhD*<br>Martin C. Jischke, PhD     | 1/30/2013 | Director |
| /s/ Melanie R. Sabelhaus*<br>Melanie R. Sabelhaus         | 1/30/2013 | Director |
| /s/ Peter M. Scott III*<br>Peter M. Scott III             | 1/30/2013 | Director |
| /s/ Jack R. Shaw*<br>Jack R. Shaw                         | 1/30/2013 | Director |
| /s/ Lynn C. Thurber*<br>Lynn C. Thurber                   | 1/30/2013 | Director |
| /s/ Robert J. Woodward, Jr.*<br>Robert J. Woodward, Jr.   | 1/30/2013 | Director |

\* By Dennis D. Oklak, Attorney-in-Fact

/s/ Dennis D. Oklak