DUKE REALTY CORP
Form 10-K
February 29, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** **For the fiscal year ended December 31, 2007** **OR**
o	**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

(Exact Name of Registrant as Specified in Its Charter)

Indiana (State or Other Jurisdiction of Incorporation or Organization)	**35-1740409** (IRS Employer Identification Number)
600 East 96th Street, Suite 100 **Indianapolis, Indiana** (Address of Principal Executive Offices)	**46240** (Zip Code)

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:**
Common Stock ($.01 par value)	New York Stock Exchange
Depositary Shares, each representing a 1/10 interest in a 6.625% Series J Cumulative Redeemable Preferred Share ($.01 par value)	New York Stock Exchange
Depositary Shares, each representing a 1/10 interest in a 6.5% Series K Cumulative Redeemable Preferred Share ($.01 par value)	New York Stock Exchange
Depositary Shares, each representing a 1/10 interest in a 6.6% Series L Cumulative Redeemable Preferred Share ($.01 par value)	New York Stock Exchange
Depositary Shares, each representing 1/10 interest in a 6.95%	

Series M Cumulative Redeemable Preferred Share ($.01 par value)	New York Stock Exchange
Depositary Shares, each representing 1/10 interest in a 7.25%	
Series N Cumulative Redeemable Preferred Share ($.01 par value)	New York Stock Exchange
Depositary Shares, each representing a 1/10 interest in an 8.375%	
Series O Cumulative Redeemable Preferred Share ($.01 par value)	New York Stock Exchange

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

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 Regulation S-K 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. o

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):

Large accelerated filer x Accelerated filer o Non-accelerated filer o Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The aggregate market value of the voting shares of the registrant s outstanding common shares held by non-affiliates of the registrant is $4.9 billion based on the last reported sale price on June 30, 2007.

The number of common shares, $.01 par value outstanding as of February 20, 2008 was 146,303,272.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of Duke Realty Corporation s Definitive Proxy Statement for its 2008 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.

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Cautionary Statement 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, 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 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 performance of financial markets;
- Our continued qualification as a real estate investment trust, or REIT , for U.S. federal income tax purposes;
- Heightened competition for tenants and potential decreases in property occupancy;
- Potential increases in real estate construction costs;
- Potential changes in the financial markets and interest rates;
- Volatility in our stock price and trading volume;
- Our continuing ability to raise funds on favorable terms through the issuance of debt and equity in the capital markets;
- Our ability to successfully identify, acquire, develop and/or manage properties on terms that are favorable to us;

- Our ability to be flexible in the development and operation of joint venture properties;

- Our ability to successfully dispose of properties on terms that are favorable to us;

- 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).

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.

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 not to 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.

PART I

Item 1. Business

Background

We are a self-administered and self-managed real estate investment trust (REIT), which began operations upon completion of our initial public offering in February 1986. In October 1993, we completed an additional common shares offering and acquired the rental real estate and service businesses of Duke Associates, whose operations began in 1972. As of December 31, 2007, our diversified portfolio of 726 rental properties (including 38 properties comprising 10.0 million square feet under development) encompass more than 121.1 million rentable square feet and are leased by a diverse and stable base of more than 3,400 tenants whose businesses include manufacturing, retailing, wholesale trade, distribution, healthcare and professional services. We also own or control approximately 7,700 acres of unencumbered land ready for development.

Through our Service Operations, we provide, on a fee basis, leasing, property and asset management, development, construction, build-to-suit and other tenant-related services. See 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. Our Rental Operations are conducted through Duke Realty Limited Partnership (DRLP). In addition, we conduct our Service Operations through Duke Realty Services LLC, Duke Realty Services Limited Partnership and Duke Construction Limited Partnership. In this Form 10-K Report, the terms we, us and our refer to Duke Realty Corporation and subsidiaries (the Company) and those entities owned or controlled by the Company.

Our headquarters and executive offices are located in Indianapolis, Indiana. In addition, we have 21 regional offices located in Alexandria, Virginia; Atlanta, Georgia; Austin, Texas; Baltimore, Maryland; Cincinnati, Ohio; Columbus, Ohio; Chicago, Illinois; Dallas, Texas; Houston, Texas; Minneapolis, Minnesota; Nashville, Tennessee; Newport Beach, California; Orlando, Florida; Phoenix, Arizona; Raleigh, North Carolina; St. Louis, Missouri; San Antonio, Texas; Savannah, Georgia; Seattle, Washington; Tampa, Florida; and Weston, Florida. We had approximately 1,400 employees as of December 31, 2007.

Business Strategy

One of our primary business objectives is to increase Funds From Operations (FFO) by (i) maintaining and increasing property occupancy and rental rates through the management of our portfolio of existing properties; (ii) developing and acquiring new properties for our Rental Operations in our existing markets; (iii) expanding geographically by acquiring and developing properties in new markets; (iv) using our construction expertise to act as a general contractor in our existing markets and other domestic markets on a fee basis; (v) developing and repositioning properties in our existing markets and other markets which we will sell through our Service Operations property sale program and (vi) providing a full line of real estate services to our tenants and to third parties. FFO is used by industry analysts and investors as a supplemental operating performance measure of an equity REIT like Duke. FFO is calculated in accordance with the definition that was adopted by the Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT). NAREIT created FFO as a supplemental measure of REIT operating performance that excludes historical cost depreciation, among other items, from net income determined in accordance with United States generally accepted accounting principles (GAAP). FFO is a non-GAAP financial measure developed by NAREIT to compare the operating performance of REITs. The most comparable GAAP measure is net income (loss). FFO should not be considered as a substitute for net income or any other measures derived in accordance with GAAP and may not be comparable to other similarly

titled measures of other companies.

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. FFO, as defined by NAREIT, represents GAAP net income (loss), excluding extraordinary items as defined under GAAP and gains or losses from sales of previously depreciated 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.

Management believes that the use of FFO, combined with the required primary GAAP presentations, improves the understanding of operating results of REITs among the investing public and makes comparisons of REIT operating results more meaningful. Management believes FFO is a useful measure for reviewing comparative operating and financial performance (although FFO should be reviewed in conjunction with net income which remains the primary measure of performance) because by excluding gains or losses related to sales of previously depreciated real estate assets and excluding real estate asset depreciation and amortization, FFO provides a useful comparison of the operating performance of our real estate between periods or as compared to different companies.

As a fully integrated commercial real estate firm, we provide in-house leasing, management, development and construction services which, coupled with our significant base of commercially zoned and unencumbered land in existing business parks, should give us a competitive advantage both 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 local levels. As a result, we intend to continue our emphasis on increasing our market share and effective rents in the primary markets where we own properties. We also expect to utilize approximately 7,700 acres of unencumbered land and our many business relationships with our more than 3,400 commercial tenants to expand our build-to-suit business (development projects substantially pre-leased to a single tenant) and to pursue other development and acquisition opportunities in our primary markets. 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 and build-for-sale services outside our primary markets and to expand into high growth and seaport markets across the United States.

Our strategy is to seek to develop and acquire primarily Class A commercial properties located in markets with high growth potential for large national and international companies and other quality regional and local firms. Our industrial and suburban office development focuses on business parks and mixed-use developments suitable for multiple projects on a single site where we can create and control the business environment. These business parks and mixed-use developments often include restaurants and other amenities, which we believe will create an atmosphere that is particularly efficient and desirable. As a fully integrated real estate company, we are able to arrange for or provide to our industrial, office and healthcare 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.

Financing Strategy

We seek to maintain a well-balanced, conservative and flexible capital structure by: (i) extending and sequencing the maturity dates of debt; (ii) borrowing primarily at fixed rates by targeting a variable rate component of total debt less than 20%; (iii) pursuing current and future long-term debt financings and refinancing on an unsecured basis; (iv) maintaining conservative debt service and fixed charge coverage ratios; (v) generating proceeds from the sale of non-strategic properties and (vi) issuing perpetual preferred stock for 5-10% of our total capital structure.

Management believes that these strategies have enabled and should continue to enable us to favorably access capital markets for our long-term requirements such as debt refinancing and financing development and acquisitions of additional rental properties. In addition, as discussed under Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, we have a $1.3 billion unsecured line of credit available for short-term funding of development and acquisition of additional rental properties. Further, we pursue favorable opportunities to dispose of assets that no longer meet our long-term investment criteria and recycle the proceeds into new investments that we believe have excellent long-term growth prospects. Our debt to total market capitalization ratio (total market capitalization is defined as the total market value of all outstanding common and preferred shares and units of limited partnership interest (Units) in DRLP plus outstanding indebtedness) at December 31, 2007 was 48.4%. Our ratio of earnings to debt service and ratio of earnings to fixed charges for the year ended December 31, 2007 were 1.58x and 1.47x, respectively. In computing the ratio of earnings to debt service, earnings have been calculated by adding interest expense (excluding amortization of debt issuance costs) to income from continuing operations, less preferred dividends, and minority interest in earnings of DRLP. Debt service consists of interest expense and recurring principal amortization (excluding maturities) and excludes amortization of debt issuance costs. In computing the ratio of earnings to fixed charges, earnings have been calculated by adding interest expense and minority interest in earnings from DRLP to income from continuing operations. Fixed charges consist of interest costs, whether expensed or capitalized, the interest component of rental expense and amortization of debt issuance costs.

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. Our system of governance reinforces this commitment. Summarized below are the highlights of our Corporate Governance initiatives.

Board Composition	• Board is controlled by supermajority (91.7%) of Independent Directors as of January 30, 2008 and thereafter
Board Committees	• Board Committee members are all Independent Directors
Lead Director	• The Chairman of the Corporate Governance Committee serves as Lead Director of the Independent Directors
Board Policies	• No Shareholder Rights Plan (Poison Pill) • Code of Conduct applies to all Directors and employees, including the Chief Executive Officer and senior financial officers; waivers require the vote of Independent Directors • Effective orientation program for new Directors • Independence of Directors is reviewed annually • Independent Directors meet at least quarterly in executive session • Independent Directors receive no compensation from Duke other than as Directors • Equity-based compensation plans require shareholder approval • Board effectiveness and performance is reviewed annually by the Corporate Governance Committee • Corporate Governance Committee conducts an annual review of the Chief Executive Officer succession plan • Independent Directors and all Board Committees may retain outside advisors, as they deem appropriate • Policy governing retirement age for Directors • Outstanding stock options may not be repriced • Directors required to offer resignation upon job change • Majority voting for election of Directors

Ownership Minimum Stock Ownership Guidelines apply to all Directors and Executive Officers

Our Code of Conduct (which applies to all Directors and employees, including the Chief Executive Officer and senior financial officers) and the Corporate Governance Guidelines are available in the investor information/corporate governance section of our website at www.dukerealty.com. 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.

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 Annual Report, we file quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). All documents that are filed with the SEC are available free of charge on our corporate website, which is www.dukerealty.com. 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 electronic data gathering, analysis and retrieval system (EDGAR) via electronic means, including the SEC s home page on the Internet (http://www.sec.gov). In addition, since some of our securities are listed on the New York Stock Exchange, you may read SEC filings at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The New York Stock Exchange (NYSE) requires that the Chief Executive Officer of each listed company certify annually to the NYSE that he or she is not aware of any violation by the company of NYSE corporate governance listing standards as of the date of such certification. We submitted the certification of our Chairman and Chief Executive Officer, Dennis D. Oklak, with our 2007 Annual Written Affirmation to the NYSE on May 16, 2007.

We included the certifications of the Chief Executive Officer and the Chief Financial Officer of the Company required by Section 302 of the Sarbanes-Oxley Act of 2002 and related rules, relating to the quality of the Company s public disclosure, in this report as Exhibits 31.1 and 31.2.

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 our securities.

The risks contained in this Report are not the only risks faced by us. 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 our securities could decline due to the materialization of any of these risks, and our shareholders 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.

If we were to cease to qualify as a REIT, we and our shareholders would lose significant tax benefits.

We intend 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 us and our shareholders. However, in order for us to continue to qualify as a REIT, we 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 we hold our assets through an operating partnership and its subsidiaries further complicates the application of the REIT requirements. Even a technical or inadvertent mistake could jeopardize our REIT status. Although we believe that we can continue to operate so as to qualify as a REIT, we cannot offer any assurance that we can 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 we were to fail to qualify as a REIT in any taxable year, it would have the following effects:

- We 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 our taxable income at regular corporate rates;

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

- Our net earnings available for investment or distribution to our shareholders would decrease due to the additional tax liability for the year or years involved; and

- We would no longer be required to make any distributions to shareholders in order to qualify as a REIT.

As such, failure to qualify as a REIT would likely have a significant adverse effect on the value of our securities.

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

To maintain our qualification as a REIT under the Code, we must annually distribute to our shareholders at least 90% of our ordinary taxable income, excluding net capital gains. We intend to continue to make distributions to our 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, we may have to borrow funds or sell properties on adverse terms in order to

meet the distribution requirements. If we fail to make a required distribution, we would cease to qualify as a REIT.

U.S. federal income tax developments could affect the desirability of investing in us for individual taxpayers.

In May 2003, federal legislation was enacted that reduced the maximum tax rate for dividends payable to individual taxpayers generally from 38.6% to 15% (from January 1, 2003 through 2008). However, dividends payable by REITs are not eligible for this treatment, except in limited circumstances. Although

this legislation did not have a direct adverse effect on the taxation of REITs or dividends paid by REITs, the more favorable treatment for non-REIT dividends could cause individual investors to consider investments in non-REIT corporations as more attractive relative to an investment in us 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 our common shares.

Our net earnings available for investment or distribution to shareholders could decrease as a result of factors 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;
- 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;
- Changes in interest rate levels;
- The availability of financing on favorable terms; 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.

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 stockholders will decrease if a significant number of our tenants cannot pay their rent 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 intend to continue to pursue development activities as opportunities arise. These development activities generally require various government and other approvals. We may not receive the necessary approvals. We are subject to the risks associated with development activities. These risks include:

- 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 are exposed to risks associated with entering new markets.

We consider entering new markets from time to time. The construction and/or acquisition of properties in new markets involves risks, including the risk that the property will not perform as anticipated and the risk that any actual costs for rehabilitation, repositioning, renovation and improvements identified in the pre-construction or pre-acquisition due diligence process will exceed estimates. There is, and it is expected that there will continue to be, significant competition for investment opportunities that meet our investment criteria as well as risks associated with obtaining financing for acquisition activities, if necessary.

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.

Further, we can give no assurance that acquisition targets meeting our guidelines for quality and yield will be available when we seek them.

Our use of joint ventures may limit our flexibility with jointly owned investments.

In appropriate circumstances, we intend to develop and acquire properties in joint ventures with other persons or entities when circumstances warrant the use of these structures. We currently have joint ventures that are not consolidated with our financial statements. 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; and

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

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, fire, flood and extended 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 earthquakes, hurricanes 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 market value or 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. Although we believe our insurance is with highly rated providers, we are also subject to the risk that such providers may be unwilling or unable to pay our claims when made.

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. 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.

Certain of our officers hold units in our operating partnership and may not have the same interests as our shareholders with regard to certain tax matters.

Certain of our officers own limited partnership units in our operating partnership, Duke Realty Limited Partnership. Owners of limited partnership units may suffer adverse tax consequences upon the sale of certain of our properties, the refinancing of debt related to those properties or in the event we are the subject of a tender offer or merger. As such, owners of limited partnership units, including certain of our officers, may have different objectives regarding the appropriateness of the pricing and timing of these transactions. Though we are the sole general partner of the operating partnership and have the exclusive authority to sell all of our wholly-owned properties or to refinance such properties, officers who hold limited partnership units may influence us not to sell or refinance certain properties even if such sale may be financially advantageous to our shareholders. Adverse tax consequences may also influence the decisions of these officers in the event we are the subject of a tender offer or merger.

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 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 our existing indebtedness. If our debt cannot be paid, refinanced or extended, we may not be able to make distributions to shareholders at expected levels or at all. 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 these 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, as market interest rates increase, so will our debt expense, affecting our cash flow and our ability to make distributions to shareholders.

Financial 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.

Debt financing may not be available and equity issuances could be dilutive to the Company s shareholders.

The Company s ability to execute its business strategy depends on its 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. Debt financing may not be available in sufficient amounts, or on favorable terms or at all. If the Company issues additional equity securities to finance developments and acquisitions instead of incurring debt, the interests of existing shareholders could be diluted.

Our stock price and trading volume may be volatile, which could result in substantial losses to our shareholders.

The equity securities markets have from time to time experienced volatility, creating highly variable and unpredictable pricing of equity securities. The market price of our capital 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 our common stock may fluctuate and cause significant price variations to occur. Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock include recent 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 our securities. If the market price of our securities decline, then our shareholders may be unable to resell their securities upon terms that are attractive to them. We cannot assure that the market price of our securities will not fluctuate or decline significantly in the future. In addition, the securities markets in general can experience considerable unexpected price and volume fluctuations.

We may issue debt and equity securities which are senior to our common stock and preferred stock as to distributions and in liquidation, which could negatively affect the value of our common and preferred stock.

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 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 our common stock and preferred stock. Our preferred stock has a preference over our common stock with respect to distributions and upon liquidation, which could further limit our ability to make distributions to our common shareholders. Any additional preferred stock that we may issue may have a preference over our common stock and existing series of preferred stock with respect to distributions and upon liquidation.

Our leverage strategy may require us to seek substantial amounts of commercial credit and issue debt securities to support our asset growth. 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 will bear the risk of our future offerings reducing the value of their shares of common stock and diluting their interest in us. We may change this leverage strategy from time to time without shareholder approval.

If we are unable to generate sufficient capital and liquidity, then we may be unable to pursue future development projects and other strategic growth initiatives.

To complete our ongoing and planned development projects, and to pursue our other strategic growth 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 current economic environment, REITs like ours have faced earnings pressures that have made it more difficult to generate capital and liquidity from existing operations. In addition, due to the recent crises in the credit and liquidity markets, it has become increasingly difficult to raise capital and generate liquidity through the sale of equity and/or debt securities on favorable terms, if at all. In the event that we are unable to generate sufficient capital and liquidity to meet our short- and long-term needs, or if we are unable to generate capital and liquidity on terms that are favorable to us, then we may be required to curtail our proposed development projects, as well as our other strategic and growth initiatives.

We are subject to certain provisions that could discourage change-of-control transactions, which may reduce the likelihood of our 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, our shareholders may be less likely to receive a control premium for their shares.

Unissued Preferred Stock. Our charter permits our 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 our board to adopt a shareholder rights plan, also known as a poison pill. Although we have repealed our previously existing poison pill and our current board of directors has adopted a policy not to issue preferred stock as an anti-takeover measure, our 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 company without the approval of our board.

Business-Combination Provisions of Indiana Law. We have not opted out of the business-combination provisions of the Indiana Business Corporation Law. As a result, potential bidders may have to negotiate with our board of directors before acquiring 10% of our 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 require a fair price as defined in the Indiana Business Corporation Law or the approval of a majority of the disinterested shareholders.

Control-Share-Acquisition Provisions of Indiana Law. We have 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 our shares may only vote a portion of their shares unless our 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 our outstanding shares, the other shareholders would be entitled to special dissenters rights.

Supermajority Voting Provisions. Our charter prohibits business combinations or significant disposition transactions with a holder of 10% of our shares unless:

- The holders of 80% of our outstanding shares of capital stock approve the transaction;
- The transaction has been approved by three-fourths of those directors who served on the board before the shareholder became a 10% owner; or
- The significant shareholder complies with the fair price provisions of our 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 Operating Partnership contains provisions that could discourage change-of-control transactions, including a requirement that holders of at least 90% of the outstanding partnership units held by us and other unit holders approve:

- Any voluntary sale, exchange, merger, consolidation or other disposition of all or substantially all of the assets of the Operating Partnership in one or more transactions other than a disposition occurring upon a financing or refinancing of the Operating Partnership;
- Our 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 Operating Partnership in exchange for units;
- Our transfer of our interests in the Operating Partnership other than to one of our wholly owned subsidiaries; and
- Any reclassification or recapitalization or change of outstanding shares of our common stock other than certain changes in par value, stock splits, stock dividends or combinations.

We are dependent on key personnel.

Our 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, 2007, we own interests in a diversified portfolio of 726 commercial properties encompassing more than 121.1 million net rentable square feet (including 38 properties comprising 10.0 million square feet under development) and approximately 7,700 acres of land for future development.

Industrial Properties: We own interests in 411 industrial properties encompassing more than 84.6 million square feet (70% of total square feet) more specifically described as follows:

- **Bulk Warehouses** Industrial warehouse/distribution buildings with clear ceiling heights of 20 feet or more. We own 358 buildings totaling approximately 81.2 million square feet of such properties.

- **Service Center Properties** Also known as flex buildings or light industrial, this product type has 12-18 foot clear ceiling heights and a combination of drive-up and dock-height loading access. We own 53 buildings totaling approximately 3.5 million square feet of such properties.

Office Properties: We own interests in 295 office buildings totaling approximately 34.4 million square feet (28% of total square feet). These properties include primarily suburban office properties.

Other Properties: We own interests in 20 healthcare and retail buildings totaling more than 2.1 million square feet (2% of total square feet).

Land: We own or control approximately 7,700 acres of land located primarily in existing business parks. The land is ready for immediate use and is unencumbered. More than 113 million square feet of additional space can be developed on these sites and substantially all of the land is zoned for either office, industrial, healthcare or retail development.

Property Descriptions

The following schedule represents the geographic highlights of properties in our primary markets.

Duke Realty Corporation

Geographic Highlights

In Service Properties as of December 31, 2007

	Square Feet (1)						
	Industrial	**Suburban Office**	**Other**	**Overall**	**Percent of Overall**	**Annual Net Effective Rent (2)**	**Percent of Annual Net Effective Rent**
Primary Market							
Cincinnati	10,437,397	4,776,368	826,597	16,040,362	14.44%	$ 84,968,472	13.57%
Indianapolis	18,016,702	2,977,170	26,352	21,020,224	18.91%	80,951,114	12.94%
Atlanta	8,142,383	3,942,600	389,659	12,474,642	11.22%	74,272,067	11.87%
Chicago	5,565,486	2,829,398	74,901	8,469,785	7.62%	60,403,525	9.65%
St. Louis	3,937,813	3,311,455		7,249,268	6.52%	56,036,367	8.95%
Columbus	3,561,480	3,321,971		6,883,451	6.19%	47,889,436	7.65%
Raleigh	2,001,449	2,697,713		4,699,162	4.23%	44,088,142	7.05%
Central Florida	3,360,479	1,464,140		4,824,619	4.34%	32,879,249	5.25%
Nashville	3,118,718	1,319,788		4,438,506	3.99%	29,246,865	4.67%
Minneapolis	3,575,125	1,067,811		4,642,936	4.18%	28,454,791	4.55%
Dallas	9,182,858	152,000		9,334,858	8.40%	22,636,638	3.62%
Savannah	4,393,700			4,393,700	3.95%	14,835,584	2.37%
Cleveland		1,324,367		1,324,367	1.19%	14,750,841	2.36%
Washington DC	654,918	2,265,750		2,920,668	2.63%	14,265,333	2.28%
South Florida		773,923		773,923	0.70%	8,690,496	1.39%
Norfolk	466,000			466,000	0.42%	2,290,177	0.37%
Seattle	120,000			120,000	0.11%	2,160,000	0.35%
Houston	172,000	159,175		331,175	0.30%	1,584,000	0.25%
Other (3)	436,139		294,968	731,107	0.66%	5,381,105	0.86%
Total	77,142,647	32,383,629	1,612,477	111,138,753	100.00%	$ 625,784,202	100.00%
	69.41%	29.14%	1.45%	100.00%			

	Occupancy %			
	Industrial	**Suburban Office**	**Other**	**Overall**
Primary Market				
Cincinnati	90.96%	90.41%	94.70%	90.98%
Indianapolis	95.39%	95.81%	81.03%	95.43%
Atlanta	94.25%	93.38%	81.41%	93.57%
Chicago	97.69%	94.61%	96.79%	96.65%
St. Louis	85.88%	91.24%		88.33%
Columbus	100.00%	89.01%		94.69%
Raleigh	96.08%	95.24%		95.60%
Central Florida	90.77%	94.05%		91.76%
Nashville	77.12%	81.05%		78.29%
Minneapolis	94.08%	73.40%		89.32%
Dallas	94.37%	100.00%		94.46%
Savannah	100.00%			100.00%
Cleveland		82.39%		82.39%

Washington DC	97.69%	90.41%		92.04%
South Florida		77.64%		77.64%
Norfolk	100.00%			100.00%
Seattle	100.00%			100.00%
Houston	100.00%			51.94%
Other (3)	100.00%		85.65%	94.21%
Total	93.81%	90.17%	89.75%	92.69%

(1) Includes all wholly owned and joint venture projects shown at 100% as of report date .

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(2) Represents the average annual rental property revenue due from tenants in occupancy as of the date of this report, excluding additional rent due as operating expense reimbursements, landlord allowances for operating expenses and percentage rents. Joint Venture properties are shown at the Company s ownership percentage.

(3) Represents properties not located in the Company s primary markets. These properties are located in similar midwest or southeast markets.

Note: Excludes buildings that are in the held for sale portfolio.

Item 3. Legal Proceedings

We are not subject to any material pending legal proceedings, other than ordinary 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. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the quarter ended December 31, 2007.

PART II

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

Our common shares are listed for trading on the New York Stock Exchange under the symbol DRE. The following table sets forth the high and low sales prices of the common stock for the periods indicated and the dividend paid per share during each such period. Comparable cash dividends are expected in the future. As of February 20, 2008, there were 10,535 record holders of common shares.

	2007			2006		
Quarter Ended	**High**	**Low**	**Dividend**	**High**	**Low**	**Dividend**
December 31	$ 35.40	$ 24.25	$ .480	$ 44.05	$ 36.98	$ .475
September 30	37.05	29.74	.480	38.50	34.60	.475
June 30	44.90	35.22	.475	37.90	32.88	.470
March 31	48.42	40.02	.475	38.55	33.32	.470

On January 30, 2008, we declared a quarterly cash dividend of $.480 per share, payable on February 29, 2008, to common shareholders of record on February 14, 2008.

A summary of the tax characterization of the dividends paid per common share for the years ended December 31, 2007, 2006 and 2005 follows:

	2007	2006	2005
Common shareholders dividend	**$ 1.91**	$ 1.89	$ 1.87
Common shareholders dividend special			1.05
Total dividends paid per share	**$ 1.91**	$ 1.89	$ 2.92

Ordinary income	**63.1%**	64.2%	44.2%
Return of capital	**0%**	5.3%	0%
Capital gains	**36.9%**	30.5%	55.8%
	100.0%	100.0%	100.0%

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this Item concerning securities authorized for issuance under equity compensation plans is set forth in or incorporated herein by reference to Part III, Item 12 of this Annual Report.

Sales of Unregistered Securities

We did not sell any of our securities during the three months ended December 31, 2007 that were not registered under the Securities Act.

Issuer Purchases of Equity Securities

From time to time, we repurchase our common shares under a $750.0 million share repurchase program that initially was approved by the Board of Directors and publicly announced in October 2001 (the Repurchase Program). In July 2005, the Board of Directors authorized management to purchase up to $750.0 million of common shares pursuant to this plan. Under the Repurchase Program, we also execute share repurchases on an ongoing basis associated with certain employee elections under our compensation and benefit programs.

The following table shows the share repurchase activity for each of the three months in the quarter ended December 31, 2007:

Month	Total Number of Shares Purchased (1)		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plans or Programs (2)
October			N/A		
November	6,443	$	26.55	6,443	
December	21,191	$	26.64	21,191	
Total	27,634	$	26.62	27,634	

(1) Represents 27,634 common shares swapped to pay the exercise price of stock options.

(2) The number of common shares that may yet be repurchased in the open market to fund shares purchased under our Employee Stock Purchase Plan, as amended, was 81,840 on December 31, 2007. The approximate dollar value of common shares that may yet be purchased under the Repurchase Program was $361.0 million as of December 31, 2007.

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, 2007. 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 amounts):

		2007		2006		2005		2004		2003
Results of Operations:										
Revenues:										
Rental Operations from Continuing Operations	**$**	**823,869**	$	781,552	$	631,611	$	564,094	$	513,404
		99,358		90,125		81,941		70,803		59,456

Service Operations from Continuing Operations										
Total Revenues from Continuing Operations	**$**	**923,227**	$	871,677	$	713,552	$	634,897	$	572,860
Income from Continuing Operations	**$**	**159,196**	$	151,363	$	132,815	$	126,941	$	133,022
Net Income Available for common shareholders	**$**	**217,692**	$	145,095	$	309,183	$	151,279	$	161,911
Per Share Data:										
Basic income per common share:										
Continuing operations	**$**	**0.70**	$	0.69	$	0.61	$	0.63	$	0.70
Discontinued operations		**0.86**		0.39		1.58		0.44		0.49
Diluted income per common share:										
Continuing operations		**0.69**		0.68		0.60		0.63		0.70
Discontinued operations		**0.86**		0.39		1.57		0.43		0.49
Dividends paid per common share		**1.91**		1.89		1.87		1.85		1.83
Dividends paid per common share special						1.05				
Weighted average common shares outstanding		**139,255**		134,883		141,508		141,379		135,595
Weighted average common shares and potential dilutive common equivalents		**149,614**		149,393		155,877		157,062		151,141

	2007	2006	2005	2004	2003
Balance Sheet Data (at December 31):					
Total Assets	**$ 7,661,981**	$ 7,238,595	$ 5,647,560	$ 5,896,643	$ 5,561,249
Total Debt (1)	**4,316,460**	4,109,154	2,600,651	2,518,704	2,335,536
Total Preferred Equity	**744,000**	876,250	657,250	657,250	540,508
Total Shareholders Equity	**2,750,033**	2,503,583	2,452,798	2,825,869	2,666,749
Total Common Shares Outstanding	**146,175**	133,921	134,697	142,894	136,594
Other Data:					
Funds From Operations (2)	**$ 384,032**	$ 338,008	$ 341,189	$ 352,469	$ 335,989

(1) Includes $147,309 of secured debt classified as liabilities of properties held for sale at December 31, 2006.

(2) Funds From Operations (FFO) is used by industry analysts and investors as a supplemental operating performance measure of an equity real estate investment trust (REIT) like Duke. FFO is calculated in accordance with the definition that was adopted by the Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT). NAREIT created FFO as a supplemental measure of REIT operating performance that excludes historical cost depreciation, among other items, from net income determined in accordance with United States generally accepted accounting principles (GAAP). FFO is a non-GAAP financial measure developed by NAREIT to compare the operating performance of REITs. The most comparable GAAP measure is net income (loss). FFO should not be considered as a substitute for net income or any other measures derived in accordance with GAAP and may not be comparable to other similarly titled measures of other companies.

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 the presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. FFO, as defined by NAREIT, represents GAAP net income (loss), excluding extraordinary items as defined under GAAP and gains or losses from sales of previously depreciated 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.

Management believes that the use of FFO, combined with the required primary GAAP presentations, improves the understanding of operating results of REITs among the investing public and makes comparisons of REIT operating results more meaningful. Management believes FFO is a useful measure for reviewing comparative operating and financial performance (although FFO should be reviewed in conjunction with net income which remains the primary measure of performance) because by excluding gains or losses related to sales of previously depreciated real estate assets and excluding real estate asset depreciation and amortization, FFO provides a useful comparison of the operating performance of our real estate between periods or as compared to different companies.

See reconciliation of FFO to GAAP net income under Year in Review section of 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

<u>Business Overview</u>

We are a self-administered and self-managed REIT that began operations through a related entity in 1972. As of December 31, 2007, we:

- Owned or jointly controlled 726 industrial, office, healthcare and retail properties (including properties under development), consisting of more than 121.1 million square feet; and
- Owned or jointly controlled approximately 7,700 acres of unencumbered land with an estimated future development potential of more than 113 million square feet of industrial, office, healthcare and retail properties.

We provide the following services for our properties and for certain properties owned by third parties and joint ventures:

- Property leasing;
- Property management;
- Asset management;
- Construction;
- Development; and
- Other tenant-related services.

Management Philosophy and Priorities

Our key business and financial strategies for the future include the following:

- One of our primary business objectives is to increase Funds From Operations (FFO) by (i) maintaining and increasing property occupancy and rental rates through the management of our portfolio of existing properties; (ii) developing and acquiring new properties for rental operations in our existing markets; (iii) expanding geographically by acquiring and developing properties in new markets; (iv) using our construction expertise to act as a general contractor or construction manager in our existing markets and other domestic markets on a fee basis; (v) developing and repositioning properties in our existing markets and other markets which we will sell through our Service Operations property sale program; and (vi) providing a full line of real estate services to our tenants and to third parties.

- Our financing strategy is to actively manage the components of our capital structure including common and preferred equity and debt to maintain a conservatively leveraged balance sheet and investment grade ratings from our credit rating agencies. Additionally, we employ a capital recycling program where we utilize sales of operating real estate assets that no longer fit our strategies to generate proceeds that can be recycled into new properties that better fit our current and longer term strategies. This strategy provides us with the financial flexibility to fund both development and acquisition opportunities. We seek to maintain a well-balanced, conservative and flexible capital structure by: (i) extending and sequencing the maturity dates of debt; (ii) borrowing primarily at fixed rates by targeting a variable rate component of total debt less than 20%; (iii) pursuing current and future long-term debt financings and refinancing generally on an unsecured basis; (iv) maintaining conservative debt service and fixed charge coverage ratios; (v) generating proceeds from the sale of non-strategic properties and (vi) issuing perpetual preferred stock for 5-10% of our total capital structure.

Year in Review

During 2007, we continued the execution of our strategy to improve our portfolio of held for investment buildings through our capital recycling program, increasing our development pipeline to over $1.9 billion, and continuing geographic expansion that we anticipate will provide future earnings growth. As a result of these accomplishments, we achieved steady operating results while maintaining a strong balance sheet.

Net income available for common shareholders for the year ended December 31, 2007, was $217.7 million, or $1.55 per share (diluted), compared to net income of $145.1 million, or $1.07 per share (diluted) for the year ended 2006. FFO available to common shareholders totaled $384.0 million for the year ended December 31, 2007, compared to $338.0 million for the same period in 2006. Industry analysts and investors use FFO as a supplemental operating performance measure of an equity real estate investment trust (REIT). FFO is calculated in accordance with the definition that was adopted by the Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT). FFO, as defined by NAREIT, represents net income (loss) determined in accordance with United States generally accepted accounting principles (GAAP), excluding extraordinary items as defined under GAAP and gains or losses from sales of previously depreciated 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.

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. Thus, NAREIT created FFO as a supplemental measure of REIT operating performance that excludes historical cost depreciation, among other items, from GAAP net income. Management believes that the use of FFO, combined with the required primary GAAP presentations, improves the understanding of operating results of REITs among the investing public and makes comparisons of REIT operating results more meaningful. Management believes FFO is a useful measure for reviewing comparative operating and financial performance (although FFO should be reviewed in conjunction with net income which remains the primary measure of performance) because by excluding gains or losses related to sales of previously depreciated real estate assets and excluding real estate asset depreciation and amortization, FFO provides a useful comparison of the operating performance of our real estate between periods or as compared to different companies.

The following table summarizes the calculation of FFO for the years ended December 31, 2007, 2006 and 2005, respectively (in thousands):

	2007	**2006**	**2005**
Net income available for common shareholders	**$ 217,692**	$ 145,095	$ 309,183
Adjustments:			
Depreciation and amortization	**277,691**	254,268	254,170
Company share of joint venture depreciation and amortization	**26,948**	18,394	19,510
Earnings from depreciable property sales wholly owned	**(121,072)**	(42,089)	(227,513)
Earnings from depreciable property sales share of joint venture	**(6,244)**	(18,802)	(11,096)
Minority interest share of adjustments	**(10,983)**	(18,858)	(3,065)
Funds From Operations	**$ 384,032**	$ 338,008	$ 341,189

We continued strategic initiatives to expand geographically, recycle capital from the disposition of operating properties, and create value by leveraging our development, construction and management capabilities as follows:

- As part of our continuing strategy to expand into new markets, we entered the Southern California, Seattle and Eastern Virginia markets in 2007. This follows our geographic expansion initiatives in 2006 into the Washington, D.C., Baltimore, Phoenix and Houston markets.

- Throughout 2007, we completed land acquisitions totaling $321.3 million while generating proceeds of $161.5 million from the disposition of other land parcels. Of our total undeveloped land inventory, $108.1 million was placed under development during 2007 as construction activity commenced.

- In February 2007, we continued our expansion into the health care real estate market by completing the acquisition of Bremner Healthcare Real Estate (Bremner), a national health care development and management firm. The initial consideration paid to the sellers totaled $47.1 million, and the sellers may be eligible for further contingent payments over the next three years.

- We disposed of 32 non-strategic wholly owned held for rental properties for $336.7 million of gross proceeds. Additionally, unconsolidated subsidiaries disposed of 10 properties of which our share of the gross proceeds totaled $30.1 million. These transactions were a continuation of

our long-term strategy of recycling assets into higher yielding new developments.

- We disposed of 15 properties, which were developed with the intent to sell, for $256.6 million of gross proceeds and recognized pre-tax gains on sale of $34.7 million.

- We will continue to develop long-term assets to be held in our portfolio and develop assets to be sold upon, or soon after, completion. With over $1.9 billion (which includes $182.6 million of third-party construction backlog) in our development pipeline at December 31, 2007, we are encouraged about the long-term growth opportunities in our business. Newly developed properties, with a basis of $593.1 million and occupancy of 59.7% at December 31, 2007, were placed in service during the year.

- We achieved record leasing activity in 2007 with approximately 22.5 million square feet of new leases and approximately 12.0 million square feet of lease renewals.

- We have continued to maintain a high occupancy level during this year of portfolio expansion as the overall occupancy percentage of 92.7% on our in-service held for rental portfolio was consistent with the 2006 level of 92.8%.

Highlights of our key financing activities in 2007 are as follows:

- We had $546.1 million outstanding on our lines of credit as of December 31, 2007. During 2007, the borrowing capacity on our line of credit was increased from $1.0 billion to $1.3 billion while maintaining the interest rate of LIBOR plus 52.5 basis points.

- We issued $300.0 million of unsecured notes at an effective interest rate of 6.16%. We retired $200.0 million of unsecured notes with a weighted average effective interest rate of 5.55%.

- In October 2007, we issued 7.0 million shares of our common stock for net proceeds of $232.7 million.

- In October 2007, we redeemed all of the outstanding shares of our 7.99% Series B Cumulative Redeemable Preferred Stock at a liquidation amount of $132.3 million.

- We continue to maintain a conservative balance sheet and investment grade debt ratings from Moody s Investors Service (Baa1) and Standard & Poor s Ratings Group (BBB+). Our debt to total market capitalization ratio (total market capitalization is defined as the total market value of all outstanding common and preferred shares and units of limited partner interest in our operating partnership plus outstanding indebtedness) was 48.4% at December 31, 2007 compared to 37.4% at December 31, 2006.

Key Performance Indicators

Our operating results depend primarily upon rental income from our industrial, office, and healthcare properties (Rental Operations). The following discussion highlights the areas of Rental Operations that we consider critical for future revenue growth. All square footage totals and occupancy percentages reflect both wholly-owned properties and properties in joint ventures.

Occupancy Analysis: As discussed above, our ability to maintain favorable occupancy rates is a principal driver of our results of operations. The following table sets forth occupancy information regarding our in-service portfolio of rental properties (excluding in-service properties developed or acquired with the intent to sell Service Operations Buildings) as of December 31, 2007 and 2006, respectively (in thousands, except percentage data):

	Total Square Feet		**Percent of Total Square Feet**		**Percent Occupied**	
Type	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Industrial	**77,143**	75,455	**69.4%**	69.3%	**93.8%**	93.1%
Office	**32,384**	32,481	**29.1%**	29.8%	**90.2%**	92.0%
Other	**1,612**	916	**1.5%**	0.9%	**89.8%**	96.2%
Total	**111,139**	108,852	**100.0%**	**100.0%**	**92.7%**	92.8%

Lease Expiration and Renewals: Our ability to maintain and grow occupancy rates primarily depends upon our continuing ability to re-lease expiring space. The following table reflects our in-service portfolio lease expiration schedule by property type as of December 31, 2007. The table indicates square footage and annualized net effective rents (based on December 2007 rental revenue) under expiring leases (in thousands, except percentage data):

	Total Portfolio			Industrial		Office		Other	
Year of Expiration	**Square Feet**	**Ann. Rent Revenue**	**% of Revenue**	**Square Feet**	**Ann. Rent Revenue**	**Square Feet**	**Ann. Rent Revenue**	**Square Feet**	**Ann. Rent Revenue**
2008	12,443	$ 65,183	9%	9,920	$ 36,230	2,467	$ 28,205	56	$ 748
2009	11,780	77,664	11%	8,394	33,718	3,317	43,223	69	723
2010	13,509	99,944	14%	9,240	40,039	4,256	59,718	13	187
2011	13,937	87,565	12%	10,396	39,297	3,474	47,207	67	1,061
2012	10,992	77,328	11%	7,531	30,108	3,412	46,338	49	882
2013	9,401	82,543	12%	5,220	22,364	4,126	59,361	55	818
2014	6,486	38,275	5%	4,995	18,289	1,463	19,521	28	465
2015	8,249	60,814	8%	5,988	23,622	2,261	37,192		
2016	3,994	27,347	4%	2,855	10,342	924	14,506	215	2,499
2017	6,458	44,873	6%	4,572	18,166	1,539	21,988	347	4,719
2018 and Thereafter	5,767	54,201	8%	3,259	16,913	1,960	29,715	548	7,573
	103,016	$ 715,737	100%	72,370	$ 289,088	29,199	$ 406,974	1,447	$ 19,675
Total Portfolio Square Feet	111,139			77,143		32,384		1,612	
Percent Occupied	92.7%			93.8%		90.2%		89.8%	

Note: Excludes buildings that are in the held for sale portfolio.

We renewed 79.7% and 79.9% of our leases up for renewal totaling approximately 9.8 million and 7.5 million square feet in 2007 and 2006, respectively. We attained 5.81% growth in net effective rents on these renewals during 2007. Our lease renewal percentages over the past three years have remained relatively consistent at a 70-80% success rate. We do not presently expect this renewal percentage in 2008 to differ from the past three years.

Development: Another source of growth in earnings is the development of additional properties. These properties should provide future earnings through income upon sale or from Rental Operations income as they are placed in service. We had 16.6 million square feet of property under development with total estimated costs upon completion of $1.2 billion at December 31, 2007, compared to 10.6 million square feet and total costs of $1.1 billion at December 31, 2006. We have increased our development pipeline during 2007 and will continue to pursue additional development opportunities, while focusing on pre-leasing as we closely monitor the strength of the national and local market economies.

The following table summarizes our properties under development as of December 31, 2007 (in thousands, except percentage data):

Anticipated In-Service	**Square Feet**	**Percent Leased**	**Project Costs**	**Anticipated Stabilized**

Date				Return
Held for Rental Buildings:				
1st Quarter 2008	3,753	32%	$ 174,923	9.39%
2nd Quarter 2008	3,843	19%	231,851	8.76%
3rd Quarter 2008	1,778	23%	198,615	9.22%
Thereafter	633	60%	136,590	8.82%
	10,007	28%	741,979	9.04%
Service Operations Buildings:				
1st Quarter 2008	1,231	70%	50,999	8.69%
2nd Quarter 2008	1,044	88%	85,708	8.20%
3rd Quarter 2008	1,252	100%	78,374	8.43%
Thereafter	3,045	86%	240,766	8.11%
	6,572	86%	455,847	8.25%
Total	16,579	51%	$ 1,197,826	8.74%

Acquisition and Disposition Activity: We continued to selectively dispose of non-strategic properties in 2007. Gross sales proceeds related to the dispositions of wholly owned held for rental properties were $336.7 million, which included the disposition of a portfolio of eight office properties in the Cleveland market and a portfolio of twelve industrial properties in the St. Louis market. Our share of proceeds from sales of properties within unconsolidated joint ventures, in which we have less than a 100% interest, totaled $30.1 million. In 2006, proceeds totaled $139.9 million for the disposition of wholly owned held for rental properties and $91.9 million for our share of property sales from unconsolidated joint ventures. Dispositions of wholly owned properties developed for sale rather than rental resulted in $256.6 million in proceeds in 2007 compared to $188.6 million in 2006. We intend to continue to identify properties for disposition in order to recycle the proceeds into higher yielding assets. The level of 2008 dispositions will be impacted by the ability of the prospective buyers to obtain favorable financing given the current state of the capital markets.

In 2007, in addition to the acquisition of Bremner, we acquired $117.0 million of income producing properties and $321.3 million of undeveloped land compared to $948.4 million of income producing properties and $436.7 million of undeveloped land in 2006.

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, 2007, is as follows (in thousands, except number of properties and per share data):

	2007	**2006**	**2005**
Rental Operations revenues from Continuing Operations	**$ 823,869**	$ 781,552	$ 631,611
Service Operations revenues from Continuing Operations	**99,358**	90,125	81,941
Earnings from Continuing Rental Operations	**109,079**	125,514	110,812
Earnings from Continuing Service Operations	**52,034**	53,196	44,278
Operating income	**123,433**	142,913	124,128
Net income available for common shareholders	**217,692**	145,095	309,183
Weighted average common shares outstanding	**139,255**	134,883	141,508
Weighted average common shares and potential dilutive common equivalents	**149,614**	149,393	155,877
Basic income per common share:			
Continuing operations	**$ .70**	$ .69	$ .61
Discontinued operations	**$ .86**	$ .39	$ 1.58
Diluted income per common share:			
Continuing operations	**$ .69**	$ .68	$ .60
Discontinued operations	**$ .86**	$ .39	$ 1.57
Number of in-service properties at end of year	**688**	696	660
In-service square footage at end of year	**111,139**	108,852	97,835

Comparison of Year Ended December 31, 2007 to Year Ended December 31, 2006

Rental Revenue from Continuing Operations

Overall, rental revenue from continuing operations increased from $743.5 million in 2006 to $794.5 million in 2007. The following table reconciles rental revenue from continuing operations by reportable segment to our total reported rental revenue from continuing operations for the years ended December 31, 2007 and 2006, respectively (in thousands):

	2007	2006
Office	**$ 547,478**	$ 534,369
Industrial	**219,080**	194,670
Other	**27,930**	14,509
Total	**$ 794,488**	$ 743,548

Both of our reportable segments that comprise Rental Operations (office and industrial) are within the real estate industry; however, the same economic and industry conditions do not affect each segment in the same manner. The primary causes of the increase in rental revenue from continuing operations, with specific references to a particular segment when applicable, are summarized below:

- In 2007, we acquired six new properties and placed 38 development projects in-service. These acquisitions and developments provided incremental revenues of $2.9 million and $16.6 million, respectively.

- Acquisitions and developments that were placed in service in 2006 provided $12.4 million and $25.1 million, respectively, of incremental revenue in 2007.

- We acquired an additional 31 properties in 2006 and later contributed them to an unconsolidated joint venture, resulting in a $40.2 million reduction in revenues for the year ended December 31, 2007, as compared to the same period in 2006. Of these properties, 23 were contributed in the fourth quarter of 2006, seven were contributed in the second quarter of 2007 and one was contributed in the fourth quarter of 2007.

- Rental revenue includes lease termination fees. Lease termination fees relate to specific tenants who pay a fee to terminate their lease obligations before the end of the contractual lease term. Lease termination fees increased from $16.1 million in 2006 to $24.2 million in 2007.

- The remaining increase in rental revenues is primarily the result of an $18.2 million increase in revenues from reimbursable rental expenses. This increase is largely offset by a corresponding increase in overall rental expenses.

Equity in Earnings of Unconsolidated Companies

Equity in earnings represents our ownership share of net income from investments in unconsolidated companies. These joint ventures generally own and operate rental properties and develop properties. These earnings decreased from $38.0 million in 2006 to $29.4 million in 2007. During 2006, our joint ventures sold 22 non-strategic buildings, with our share of the net gain recorded through equity in earnings totaling $18.8 million, compared to ten joint venture building sales in 2007, with $8.0 million recorded to equity in earnings for our share of the net gains.

Rental Expenses and Real Estate Taxes

The following table reconciles rental expenses and real estate taxes by reportable segment to our total reported amounts in the statement of operations for the years ended December 31, 2007 and 2006, respectively (in thousands):

	2007	**2006**
Rental Expenses:		

Office	**$**	**144,320**	$	143,567
Industrial		**23,919**		21,991
Other		**8,435**		3,519
Total	**$**	**176,674**	$	169,077
Real Estate Taxes:				
Office	**$**	**63,572**	$	55,963
Industrial		**27,530**		21,760
Other		**7,033**		6,015
Total	**$**	**98,135**	$	83,738

Of the overall $7.6 million increase in rental expenses in 2007 compared to 2006, $9.9 million was attributable to properties acquired and developments placed in service from January 1, 2006 through December 31, 2007. This increase was largely offset by a reduction in rental expenses of $7.6 million resulting from the contribution of 31 properties to an unconsolidated joint venture in 2006 and 2007. Inclement weather conditions in the first quarter of 2007, an increase in utility rates and volume in the third quarter of 2007 due to unseasonably high temperatures and normal inflationary factors triggered the remaining increase in rental expenses.

Of the overall $14.4 million increase in real estate taxes in 2007 compared to 2006, $7.7 million was attributable to properties acquired and developments placed in service from January 1, 2006 through December 31, 2007. The remaining increase in real estate taxes was driven by increases in assessments in some of our markets.

Interest Expense

Interest expense from continuing operations remained fairly consistent from 2006 to 2007 at $170.5 million in 2006, compared to $168.4 million in 2007. While we maintained higher outstanding borrowings in 2007 compared to 2006, these higher borrowings were used to fund our increase in development activities and thus, the increased interest costs from these borrowings were capitalized into project costs rather than expensed.

Depreciation and Amortization Expense

Depreciation and amortization increased from $232.7 million in 2006 to $271.6 million in 2007 due to increases in our held-for-rental asset base from acquisitions and developments placed in service during 2006 and 2007.

Service Operations

Service Operations primarily consist of sales of properties developed or acquired with the intent to sell within a short period of time and the leasing, management, construction and development services for joint venture properties and properties owned by third parties. Leasing and management fees are dependent upon occupancy while construction and development services rely on the expansion of business operations of third party property owners. Earnings from Service Operations decreased slightly from $53.2 million in 2006 to $52.0 million in 2007. The following are the factors related to the decrease in earnings from Service Operations in 2007:

- Our Service Operations building development and sales program, whereby a building is developed or repositioned by us and then sold soon after completion, is a significant component of earnings from operations and is often a significant driver of fluctuations in earnings from Service Operations between periods. During 2007, we generated pre-tax gains of $34.7 million from the sale of 15 properties compared to $44.6 million from the sale of nine properties in 2006. Partially offsetting the aforementioned decrease was a $2.9 million reduction in income taxes on these gains on sale, with the net effect of decreased gains on sale in 2007 resulting in a $7.0 million decrease in earnings from Service Operations.

- Increased net general contractor revenues drove a $9.7 million increase in earnings from Service Operations from 2006 as the result of increased volume and margins and favorable settlement of previously existing warranty reserves.

General and Administrative Expense

General and administrative expense increased from $35.8 million in 2006 to $37.7 million in 2007. General and administrative expenses are comprised of two components. The first component is direct expenses that are not attributable to specific assets such as legal fees, audit fees, marketing costs, investor relations expenses and other corporate overhead. The second component is the unallocated indirect costs determined to be unrelated to the operation of our owned properties and Service Operations. Those indirect costs not allocated to these operations are charged to general and administrative expenses. There was a $31.7 million increase in the overall pool of overhead costs in 2007 that was necessitated by our overall growth. The majority of this increase in the overall pool of overhead costs was necessary as the result of increased rental and service operations activity and thus, was allocated to rental operations, construction, development and leasing. Approximately $1.5 million of the aforementioned increase in the overall overhead pool was not allocated to operations, which was the primary reason for the overall $1.9 million increase to general and administrative expense.

Discontinued Operations

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

We classified the operations of 302 properties as discontinued operations as of December 31, 2007. These 302 properties consist of 253 industrial, 48 office and one retail property. As a result, we classified net income from operations, net of minority interest, of $6.7 million, $10.7 million and $18.6 million as net income from discontinued operations for the years ended December 31, 2007, 2006 and 2005, respectively.

Of these properties, 32 were sold during 2007, 21 properties were sold during 2006, 234 properties were sold during 2005, and 15 operating properties are classified as held-for-sale at December 31, 2007. The gains on disposal of these properties, net of impairment adjustment and minority interest, of $113.6 million, $42.1 million and $204.3 million for the years ended December 31, 2007, 2006 and 2005, respectively, are also reported in discontinued operations.

Comparison of Year Ended December 31, 2006 to Year Ended December 31, 2005

Rental Revenue from Continuing Operations

Overall, rental revenue from continuing operations increased from $602.1 million in 2005 to $743.5 million in 2006. The following table reconciles rental revenue from continuing operations by reportable segment to total reported rental revenue from continuing operations for the years ended December 31, 2006 and 2005, respectively (in thousands):

		2006		**2005**
Office	**$**	**534,369**	$	443,927
Industrial		**194,670**		148,359
Other		**14,509**		9,776
Total	**$**	**743,548**	$	602,062

Both of our reportable segments that comprise Rental Operations (office and industrial) are within the real estate industry; however, the same economic and industry conditions do not affect each segment in the same manner. The primary causes of the increase in rental revenue from continuing operations, with specific references to a particular segment when applicable, are summarized below:

- In 2006, we acquired 50 new properties and placed 27 development projects in-service. These 2006 acquisitions and developments are the primary factor in the overall increase in rental revenue for the year ended 2006 compared to 2005 as they provided incremental revenues of $73.8 million and $9.3 million respectively. These acquisitions totaled $948.4 million on 8.6 million square feet and were 99% leased at December 31, 2006.

- Acquisitions and developments that were placed in service in 2005 provided $15.8 million and $11.2 million, respectively, of incremental revenue in 2006.

- Rental revenue includes lease termination fees. Lease termination fees relate to specific tenants who pay a fee to terminate their lease obligations before the end of the contractual lease term. Lease termination fees increased from $7.3 million in 2005 to $16.1 million in 2006.

- Our in-service occupancy increased from 92.7% at December 31, 2005, to 92.9% at December 31, 2006 and contributed to the remaining increase in rental revenue.

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Equity in Earnings of Unconsolidated Companies

Equity in earnings represents our ownership share of net income from investments in unconsolidated companies. These joint ventures generally own and operate rental properties and develop properties. These earnings increased from $29.5 million in 2005 to $38.0 million in 2006. During 2006, our joint ventures sold 22 non-strategic buildings, with our share of the net gain recorded through equity in earnings totaling $18.8 million. During the second quarter of 2005, one of our ventures sold three buildings, with our share of the net gain recorded through equity in earnings totaling $11.1 million.

Rental Expenses and Real Estate Taxes

The following table reconciles rental expenses and real estate taxes by reportable segment to our total reported amounts in the statement of operations for the years ended December 31, 2006 and 2005, respectively (in thousands):

		2006		**2005**
Rental Expenses:				
Office	**$**	**143,567**	$	119,052
Industrial		**21,991**		18,264
Other		**3,519**		1,557
Total	**$**	**169,077**	$	138,873
Real Estate Taxes:				
Office	**$**	**55,963**	$	49,936
Industrial		**21,760**		17,758
Other		**6,015**		5,104
Total	**$**	**83,738**	$	72,798

Rental expenses and real estate taxes for 2006 have increased from 2005 by $30.2 million and $10.9 million, respectively, as the result of acquisition and development activity in 2005 and 2006 as well as from an increase in occupancy over the past two years.

Interest Expense

Interest expense increased from $106.0 million in 2005 to $170.5 million in 2006, as a result of the following:

- Interest costs on the unsecured line of credit increased by $29.2 million from 2005 as the result of increased borrowings throughout the year, as well as increased interest rates.

- Interest costs on unsecured notes increased by $10.2 million as the result of an overall increase in borrowings used mainly to fund acquisitions and development.

- Interest costs on secured debt increased by $27.8 million as the result of the increase in borrowings in 2006.

- Offsetting the above increases, capitalized interest increased by $26.8 million as the result of increased development activities.

Depreciation and Amortization Expense

Depreciation and amortization increased from $203.1 million in 2005 to $232.7 million in 2006 as the result of increases in our held-for-rental asset base from acquisitions and developments placed in service during 2005 and 2006.

Service Operations

Service Operations primarily consist of sales of properties developed or acquired with the intent to sell within a short period of time and the leasing, management, construction and development services for joint venture properties and properties owned by third parties. Leasing and management fees are dependent upon occupancy while construction and development services rely on the expansion of business operations of third party property owners. Earnings from Service Operations increased from $44.3 million in 2005 to $53.2 million in 2006. The following are the factors related to the increase in earnings from Service Operations in 2006.

- Our Service Operations building development and sales program, whereby a building is developed or repositioned by us and then sold soon after completion, is a significant component of earnings from operations and is often a significant driver of fluctuations in earnings from Service Operations between periods. During 2006, we generated pre-tax gains of $44.6 million from the sale of nine properties compared to $29.9 million from the sale of ten properties in 2005. Profit margins on these types of building sales fluctuate by sale depending on the type of property being sold, the strength of the underlying tenant and nature of the sale, such as a pre-contracted purchase price for a primary tenant versus a sale on the open market.

- Partially offsetting the increased 2006 gains from our Service Operations building development and sales program was the effect of a decreased focus on third-party construction services as well as the fact that in the first quarter of 2005, we recognized $2.7 million of a non-recurring deferred gain associated with the sale of our landscaping operations in 2001.

General and Administrative Expense

General and administrative expense increased from $31.0 million in 2005 to $35.8 million in 2006. General and administrative expenses are comprised of two components. The first component is direct expenses that are not attributable to specific assets such as legal fees, audit fees, marketing costs, investor relations expenses and other corporate overhead. The second component is the unallocated indirect costs determined to be unrelated to the operation of our owned properties and Service Operations. Those indirect costs not allocated to these operations are charged to general and administrative expenses. The increase in general and administrative expenses from 2005 was largely attributable to an increase in our overall pool of overhead costs to support our current and anticipated future growth.

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 under Financial Accounting Standards Board (FASB) Interpretation No. 46(R), *Consolidation of Variable Interest Entities,* to determine if the joint venture is considered a variable interest entity and would require consolidation. To the extent that our joint ventures do not qualify as variable interest entities, we further assess under the guidelines of Emerging Issues Task Force (EITF) Issue No. 04-5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights* (EITF 04-5); Statement of Position 78-9, *Accounting for Investments in Real Estate Ventures* (SOP 78-9); Accounting Research Bulletin No. 51, *Consolidated Financial Statements*; and Statement of Financial Accounting Standard (SFAS) No. 94, *Consolidation of All Majority-Owned Subsidiaries,* to determine if the venture should be consolidated. We have equity interests generally ranging from 10% to 50% in unconsolidated joint ventures that develop, own and operate rental properties and hold land for development. We consolidate those joint ventures that are considered to be variable interest entities 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 member 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 polices. 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 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 net income of the joint venture. In accordance with the provisions of SOP 78-9 and SFAS No. 66, *Accounting for Sales of Real Estate*, 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 and incremental to 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 and that this basis is the most widely accepted standard in the real estate industry. 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 Investments: We evaluate our real estate investments upon occurrence of significant changes in the operations, but not less than annually, to assess whether any impairment indications are present that affect the recovery of the recorded value. If any real estate investment is considered to be impaired, a loss is provided to reduce the carrying value of the asset to its estimated fair value. We utilize the guidelines established under SFAS No. 144, *Accounting for the Impairment or Disposal of Long Lived Assets* (SFAS 144), to determine if impairment conditions exist. Under SFAS 144, we review the expected undiscounted cash flows of each property in our held for rental portfolio to determine if there are any indications of impairment of a property. The review of anticipated cash flows involves subjective assumptions of estimated occupancy and rental rates and ultimate residual value. In addition to reviewing anticipated cash flows, we assess other factors such as changes in business climate and legal factors that may affect the ultimate value of the property. These assumptions are subjective and the anticipated cash flows may not ultimately be achieved.

Real estate assets to be disposed of are reported at the lower of their carrying value amount or the fair value less estimated cost to sell.

Acquisition of Real Estate Property and Related Assets: In accordance with SFAS 141, *Business Combinations*, we allocate the purchase price of acquired properties to net tangible and identified intangible assets based on their respective fair values.

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 using discounted cash flow models similar to those used by independent appraisers. Factors considered by management include an estimate of carrying costs during the expected lease-up periods considering current market conditions, and costs to execute similar leases. The remaining purchase price is allocated among three categories of intangible assets consisting of the above or below market component of in-place leases, the value of in-place leases and the value of customer relationships.

- The value allocable to the above or below market component of an acquired in-place lease is determined based upon the present value (using an interest rate which reflects the risks associated with the lease) of the difference between (i) the contractual amounts to be paid pursuant to the lease over its remaining term and (ii) management s estimate of the amounts that would be paid using current 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.

- The total amount of intangible assets is further allocated to in-place lease values and to customer relationship values, based upon management s assessment of their respective values. 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.

Valuation of Receivables: We are subject to tenant defaults and bankruptcies that could affect the collection of outstanding receivables. In order to mitigate these risks, we perform in-house credit reviews and analyses on major existing tenants and all significant leases before they are executed. We have established the following procedures and policies to evaluate the collectibility 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 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 accrued based upon our estimates of the percentage of completion of the construction contract. 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;
- Methodology in applying; and
- Impact on the financial statements.

The Audit Committee has reviewed the critical accounting policies we identified.

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 recurring capital expenditures relating to maintaining our current real estate assets, primarily through the following:

- working capital;
- net cash provided by operating activities; and
- proceeds received from real estate dispositions

Although we historically have not used any other sources of funds to pay for recurring capital expenditures on our current real estate investments, we may rely on the temporary use of borrowings needed to fund such expenditures during periods of high leasing volume.

We expect to meet long-term liquidity requirements, such as scheduled mortgage and unsecured debt maturities, property acquisitions, financing of development activities and other non-recurring capital improvements, primarily from the following sources:

- issuance of additional equity, including common and preferred shares;
- issuance of additional debt securities;
- undistributed cash provided by operating activities; and
- proceeds received from real estate dispositions.

We do not believe the state of the credit markets will adversely affect our ability to secure long-term financing.

Rental Operations

We believe our principal source of liquidity, cash flows from Rental Operations, provides a stable source of cash to fund operational expenses. We believe 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 in a short time following the actual revenue recognition.

We are subject to risks of decreased occupancy through market conditions, as well as tenant defaults and bankruptcies, and potential reduction in rental rates upon renewal or re-letting of properties, each of which would result in reduced cash flow from operations. However, we believe that these risks may be mitigated by our relatively strong market presence in most of our markets and the fact that we perform in-house credit reviews and analyses on major tenants and all significant leases before they are executed.

Debt and Equity Securities

We had an unsecured line of credit available at December 31, 2007. During 2007, the borrowing capacity on this line of credit was increased from $1.0 billion to $1.3 billion. Additionally, in July 2007, one of our consolidated majority owned subsidiaries entered into a lending agreement that included an additional unsecured line of credit. Our unsecured lines of credit as of December 31, 2007 are described as follows (in thousands):

Description	Borrowing Capacity	Maturity Date	Outstanding Balance at December 31, 2007
Unsecured Line of Credit	$ 1,300,000	January 2010	$ 543,000
Unsecured Line of Credit Consolidated Subsidiary	$ 30,000	July 2011	$ 3,067

We use our line of credit to fund development activities, acquire additional rental properties and provide working capital. This line of credit provides us with an option to obtain borrowings from financial institutions that participate in the line, at rates lower than the stated interest rate, subject to certain restrictions. The interest rate on the amounts outstanding on the unsecured line of credit as of December 31, 2007 was LIBOR plus .525%, which for borrowings outstanding at December 31, 2007 ranged from 5.355% to 5.775%. Our line of credit also contains financial covenants that require us to meet financial ratios and defined levels of performance, including those related to variable interest indebtedness, consolidated net worth and debt-to-market capitalization. As of December 31, 2007, we were in compliance with all covenants under our line of credit.

The consolidated subsidiary s unsecured line of credit allows for borrowings up to $30.0 million at a rate of LIBOR plus .85% (equal to 5.73% for outstanding borrowings as of December 31, 2007). The unsecured line of credit is used to fund development activities within the consolidated subsidiary. The consolidated subsidiary s unsecured line of credit matures in July 2011 with a 12-month extension option.

At December 31, 2007, 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 securities (including guarantees thereof), common shares, preferred shares, depository shares, warrants, stock purchase contracts and Units comprised of one or more of the securities described therein. From time to time, we expect to issue additional securities under this automatic shelf registration statement to fund development and acquisition of additional rental properties and to fund the repayment of the credit facility and other long-term debt upon maturity.

In February 2008, we issued $300.0 million of 8.375% Series O Cumulative Redeemable Preferred Shares.

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, 2007.

Sale of Real Estate Assets

We utilize sales of real estate assets as an additional source of liquidity. We pursue opportunities to sell real estate assets at favorable prices to capture value created by us as well as to improve the overall quality of our portfolio by recycling sale proceeds into new properties with greater value creation opportunities.

Uses of Liquidity

Our principal uses of liquidity include the following:

- Property investments;
- Recurring leasing/capital costs;
- Dividends and distributions to shareholders and unitholders;
- Long-term debt maturities; and
- Other contractual obligations

Property Investments

We evaluate development and acquisition opportunities based upon market outlook, supply and long-term growth potential.

Recurring Expenditures

One of our principal uses of our liquidity is to fund the recurring leasing/capital expenditures of our real estate investments. The following is a summary of our recurring capital expenditures for the years ended December 31, 2007, 2006 and 2005, respectively (in thousands):

	2007	2006	2005

Recurring tenant improvements	**$**	**45,296**	$	41,895	$	60,633
Recurring leasing costs		**32,238**		32,983		33,175
Building improvements		**8,402**		8,122		15,232
Totals	**$**	**85,936**	$	83,000	$	109,040

Dividends and Distributions

In order to qualify as a REIT for federal income tax purposes, we must currently distribute at least 90% of our taxable income to shareholders. We paid dividends per share of $1.91, $1.89 and $1.87 for the years ended December 31, 2007, 2006 and 2005, respectively. We also paid a one-time special dividend of $1.05 per share in 2005 as a result of the significant gain realized from an industrial portfolio sale. We expect to continue to distribute taxable earnings to meet the requirements to maintain our REIT status. However, distributions are declared at the discretion of our board of directors and are subject to actual cash available for distribution, our financial condition, capital requirements and such other factors as our board of directors deems relevant.

Debt Maturities

Debt outstanding at December 31, 2007 totaled $4.3 billion with a weighted average interest rate of 5.74% maturing at various dates through 2028. We had $3.2 billion of unsecured notes, $546.1 million outstanding on our unsecured lines of credit and $524.4 million of secured debt outstanding at December 31, 2007. Scheduled principal amortization and maturities of such debt totaled $249.8 million for the year ended December 31, 2007 and $146.4 million of secured debt was transferred to unconsolidated subsidiaries in connection with the contribution of properties in 2007.

The following is a summary of the scheduled future amortization and maturities of our indebtedness at December 31, 2007 (in thousands, except percentage data):

	Future Repayments			
Year	**Scheduled Amortization**	**Maturities**	**Total**	**Weighted Average Interest Rate of Future Repayments**
2008	$ 10,960	$ 268,968	$ 279,928	5.04%
2009	10,578	275,000	285,578	7.37%
2010	10,253	718,000	728,253	5.49%
2011	10,188	1,036,206	1,046,394	5.12%
2012	8,017	201,216	209,233	5.89%
2013	7,897	150,000	157,897	4.71%
2014	7,942	272,111	280,053	6.44%
2015	6,006		6,006	6.14%
2016	4,944	490,900	495,844	6.16%
2017	4,054	450,000	454,054	5.95%
2018	2,698	300,000	302,698	6.16%
Thereafter	20,522	50,000	70,522	6.84%
	$ 104,059	$ 4,212,401	$ 4,316,460	5.74%

Historical Cash Flows

Cash and cash equivalents were $48.0 million and $68.5 million at December 31, 2007 and 2006, respectively. The following highlights significant changes in net cash associated with our operating, investing and financing activities (in millions):

	Years Ended December 31,		
	2007	**2006**	**2005**
Net Cash Provided by Operating Activities	**$323.9**	$272.9	$409.1
Net Cash Provided by (Used for) Investing Activities	**(434.8)**	(1,234.1)	323.2
Net Cash Provided by (Used for) Financing Activities	**90.4**	1,002.9	(711.2)

Operating Activities

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. In addition, we develop buildings with the intent to sell them at or soon after completion, which provides another significant source of operating cash flow activity. Highlights of such activity are as follows:

- During the year ended December 31, 2007, we incurred Service Operations building development costs of $281.1 million, compared to $281.7 million and $83.4 million for the years ended December 31, 2006 and 2005, respectively. The difference is reflective of the increased activity in our held-for-sale pipeline. The pipeline of build-for-sale projects under construction as of December 31, 2007, has anticipated total costs upon completion of $455.8 million.

- We sold 15 Service Operations buildings in 2007 compared to nine in 2006 and ten in 2005, receiving net proceeds of $232.6 million, $181.8 million and $113.0 million, respectively. We recognized pre-tax gains of $34.7 million, $49.0 million and $29.9 million on these sales for the years ended December 31, 2007, 2006 and 2005, respectively.

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:

- Sales of land and depreciated property provided $480.9 million in net proceeds in 2007, compared to $180.8 million in 2006 and $1.1 billion in 2005. We sold portfolios of eight suburban office properties in our Cleveland market and twelve industrial properties in our St. Louis market during 2007, which together provided $203.5 million of the net proceeds received in 2007. We sold a portfolio of eight industrial properties in our Cleveland market during 2006, which provided $69.8 million of the net proceeds received in 2006. An industrial portfolio sale provided $955.0 million of the $1.1 billion of proceeds received in 2005. We continue to dispose of non-strategic and older properties as part of our capital recycling program to fund acquisitions and new development while improving the overall quality of our investment portfolio.

- We received financing distributions from unconsolidated subsidiaries (as a result of the sale of properties or recapitalization) of $235.8 million in 2007, compared to $296.6 million in 2006.

- Development costs for our held for rental portfolio increased to $451.2 million for the year ended December 31, 2007, from $385.5 million and $210.0 million for the years ended December 31, 2006 and 2005, respectively. Management anticipated this continued increase, as a commitment to development activity was part of our strategic plan for 2007.

- During 2007, we paid cash of $117.4 million for real estate acquisitions, including both $36.1 million for the Bremner acquisition (with the remaining $11.0 million paid through the issuance of Units in Duke Realty Limited Partnership) and $55.4 million for a portfolio of industrial properties located in Seattle, Virginia and Houston, compared to $735.3 million in 2006 and $285.3 million in 2005. In addition, we paid cash of $317.3 million for undeveloped land in 2007, compared to $435.9 million in 2006 and $135.8 million in 2005. The most significant activity in 2006 consisted of the purchase of a portfolio of suburban office and light industrial properties and undeveloped land in the Washington, D.C. area for $867.6 million (of which $713.5 million was paid in cash) and the purchase of a portfolio of industrial properties in Savannah, Georgia for $196.2 million (of which $125.9 million was paid in cash).

Financing Activities

The overall decline in cash provided by (used for) financing activities is a result of the financing that was required for the significant acquisitions in 2006. Specifically, the following items highlight major fluctuations in net cash flow related to financing activities:

- In September 2007, we issued $300.0 million of 6.50% senior unsecured notes due in 2018. The proceeds were used to partially pay down our unsecured line of credit. Our primary borrowing activity in 2006 consisted of a $700.0 million secured term loan obtained in February 2006, which was priced at LIBOR +.525% and was paid in full in August 2006 with proceeds from two unsecured debt issuances: $450.0 million of 5.95% senior unsecured notes due in 2017 and $250.0 million of 5.625% senior unsecured notes due in 2011.

- In August 2007, we repaid $100.0 million of 7.375% senior unsecured notes on the scheduled maturity date.

- In October 2007, we issued 7.0 million shares of our common stock for net proceeds of $232.7 million. The net proceeds of the offering were used to partially pay down our $1.3 billion unsecured line of credit.

- Also in October 2007, we redeemed all of the outstanding shares of our 7.990% Series B Cumulative Redeemable Preferred Stock at the liquidation amount of $132.3 million.

- In November 2007, we repaid $100.0 million of 3.5% senior unsecured notes on the scheduled maturity date.

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. We have been assigned ratings of BBB+ and Baa1, respectively, by Standard and Poor s Ratings Group and Moody s Investors Service.

We also received investment grade credit ratings from the same rating agencies on our preferred stock. We have been assigned ratings of BBB and Baa2, respectively, by Standard and Poor s Ratings Group and Moody s Investors Service.

These senior notes and preferred stock ratings could change based upon, among other things, 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.

In November 2007, we entered into $300.0 million of cash flow hedges through forward-starting interest rate swaps to hedge interest rates on $300.0 million of anticipated debt offerings in 2008. The swaps qualify for hedge accounting, with any changes in fair value recorded in Other Comprehensive Income (OCI). At December 31, 2007, the fair value of these swaps was approximately $6.2 million in a liability position as the effective rate on the swaps was higher than current interest rates at December 31, 2007.

In July 2007, we entered into a $21.0 million cash flow hedge through an interest rate swap to fix the rate on $21.0 million of floating rate term debt, issued by one of our consolidated majority owned subsidiaries, which matures in July 2011. The swap qualifies for hedge accounting, with any changes in fair value recorded in OCI. At December 31, 2007, the fair value of this swap was approximately $1.1 million in a liability position.

In August 2005, we entered into $300.0 million of cash flow hedges through forward-starting interest rate swaps to hedge interest rates on $300.0 million of anticipated debt offerings in 2007. The swaps qualified for hedge accounting, with any changes in fair value recorded in OCI. In conjunction with the September 2007 issuance of $300.0 million of senior unsecured notes, we terminated these cash flow hedges as designated. The settlement amount received of $10.7 million will be recognized to earnings through a reduction of interest expense over the term of the hedged cash flows. The ineffective portion of the hedge was insignificant.

In March 2005, we entered into $300.0 million of cash flow hedges through forward-starting interest rate swaps to hedge interest rates on $300.0 million of anticipated debt offerings in 2006. The swaps qualified for hedge accounting, with any changes in fair value recorded in OCI. In March 2006, we issued $150.0 million of 5.50% senior unsecured notes due 2016 and terminated a corresponding amount of the cash flow hedges designated for this transaction. The settlement amount paid of approximately $800,000 will be recognized to earnings through interest

expense ratably over the life of the senior unsecured notes and the ineffective portion of the hedge was insignificant. In August 2006, we issued $450.0 million of 5.95% senior unsecured notes due 2017 and $250.0 million of 5.63% senior unsecured notes due 2011 and terminated the remaining $150.0 million of cash flow hedges. The settlement amount received of approximately $1.6 million will be recognized to earnings through a reduction of interest expense ratably over the lives of the senior unsecured notes. The ineffective portion of the hedge was insignificant.

The effectiveness of our hedges will be 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.

Off Balance Sheet Arrangements

Investments in Unconsolidated Companies

We have equity interests generally ranging from 10% to 50% in unconsolidated companies that own and operate rental properties and hold land for development. 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 joint ventures are not included on our balance sheet.

Our investments in and advances to unconsolidated companies represents approximately 8% of our total assets as of December 31, 2007. 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, 2007 and 2006, respectively (in thousands, except percentage data):

	Operating Joint Ventures		Development Joint Ventures		Total	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
Land, buildings and tenant improvements, net	**$ 1,543,467**	$ 1,336,929	**$ 227,875**	$ 66,080	**$ 1,771,342**	$ 1,403,009
Construction in progress	**41,157**	6,488	**64,639**	101,473	**105,796**	107,961
Land held for development	**27,558**	1,932	**86,695**	89,348	**114,253**	91,280
Other assets	**158,978**	116,442	**35,638**	32,138	**194,616**	148,580
	$ 1,771,160	$ 1,461,791	**$ 414,847**	$ 289,039	**$ 2,186,007**	**$ 1,750,830**
Indebtedness	**$ 873,611**	$ 368,807	**$ 115,509**	$ 49,163	**$ 989,120**	417,970
Other liabilities	**50,347**	46,226	**174,121**	123,942	**224,468**	170,168
	923,958	415,033	**289,630**	173,105	**1,213,588**	588,138
Owners equity	**847,202**	1,046,758	**125,217**	115,934	**972,419**	1,162,692
	$ 1,771,160	$ 1,461,791	**$ 414,847**	$ 289,039	**$ 2,186,007**	**$ 1,750,830**
Rental revenue	**$ 207,584**	$ 155,162	**$ 8,271**	**$ 2,024**	**$ 215,855**	**$ 157,186**
Net income (loss)	**$ 40,099**	$ 66,059	**$ 1,626**	**$ (74)**	**$ 41,725**	**$ 65,985**
Total square feet	**34,046**	32,372	**4,491**	3,323	**38,537**	35,695
Percent leased	**92.67%**	92.79%	**73.28%**	48.67%	**90.34%**	88.69%
Company ownership percentage	**10%-50%**	10%-50%	**50%**	50%		

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.

<u>Contractual Obligations</u>

At December 31, 2007, we are subject to certain contractual payment obligations as described in the table below:

	Payments due by Period						
Contractual Obligations	**Total**	**2008**	**2009**	**2010**	**2011**	**2012**	**Thereafter**
Long-term debt (1)	$ 5,048,222	$ 483,093	$ 477,318	$ 354,520	$ 1,201,778	$ 324,149	$ 2,207,364
Lines of credit (2)	608,569	30,116	30,116	545,170	3,167		
Share of mortgage debt of unconsolidated joint ventures (3)	996,309	46,570	81,073	183,496	36,245	74,760	574,165
Ground leases	96,388	2,289	2,483	2,606	2,654	2,743	83,613
Operating leases	726	443	215	44	18	6	
Development and construction backlog costs (4)	771,111	707,611	63,500				
Future land and building acquisitions (5)	158,904	158,904					
Service contracts (6)	3,590	2,314	875	155	133	113	
Other (7)	3,196	355	356	358	359	594	1,174
Total Contractual Obligations	**$ 7,687,015**	**$ 1,431,695**	**$ 655,936**	**$ 1,086,349**	**$ 1,244,354**	**$ 402,365**	**$ 2,866,316**

(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 rate at December 31, 2007.

(2) Our unsecured lines of credit consist of an operating line of credit that matures January 2010 and the line of credit of a consolidated subsidiary that matures July 2011.

(3) Our share of unconsolidated mortgage debt includes both principal and interest. Interest expense for variable rate debt was calculated using the interest rate at December 31, 2007.

(4) Represents estimated remaining costs on the completion of held-for-rental, build-for-sale and third-party construction projects.

(5) These land acquisitions are subject to the completion of due diligence requirements, resolution of certain contingencies and completion of customary closing conditions. In most cases we may withdraw from land purchase contracts with the seller s only recourse being earnest money deposits already made.

(6) Service contracts defined as those, which cover periods greater than one year and are not cancelable without cause by either party.

(7) Represents other contractual obligations.

Related Party Transactions

We provide property management, leasing, construction and other tenant related services to unconsolidated companies in which we have equity interests. For the years ended December 31, 2007, 2006 and 2005, respectively, we received from these unconsolidated companies management fees of $7.1 million, $4.4 million and $4.8 million, leasing fees of $4.2 million, $2.9 million and $4.3 million and construction and development fees of $13.1 million, $19.1 million and $2.0 million. 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 $79.3 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 seven of our unconsolidated subsidiaries. At December 31, 2007, the outstanding balance on these loans was approximately $219.8 million. Additionally, we guaranteed $29.0 million of secured indebtedness related to a property sold to a third party in 2006. Management believes that the value of the real estate exceeds the loan balance and that we will not be required to satisfy these guarantees.

We have entered into agreements, subject to the completion of due diligence requirements, resolution of certain contingencies and completion of customary closing conditions, for the future acquisitions of land and buildings totaling $158.9 million. In most cases we may withdraw from land purchase contracts with the seller s only recourse being earnest money deposits already made.

In October 2000, we sold or contributed industrial properties and undeveloped land with a fair value of $487.0 million to a joint venture (Dugan Realty LLC) in which we have a 50% interest and recognized a net gain of $35.2 million. In connection with this transaction, the joint venture partners were given an option to put up to a $50.0 million interest in the joint venture to us in exchange for our common stock or cash (at our option), subject to certain timing and other restrictions. As a result of this put option, we deferred $10.2 million of gain on sale of depreciated property and recorded a $50.0 million liability.

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.

Recent Accounting Pronouncements

We adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* (FIN 48), on January 1, 2007. The adoption of FIN 48 resulted in an additional tax exposure of approximately $1.7 million recorded as an adjustment to the opening balance of Distributions in Excess of Net Income. As of December 31, 2007, tax returns for the calendar years 2004 through 2007 remain subject to examination by the Internal Revenue Service (IRS) and various state and local tax jurisdictions. Our uncertain tax positions are immaterial both individually and in the aggregate primarily due to our tax status as a REIT.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosure about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. We do not expect SFAS 157 to have a material effect when adopted.

In January 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159). SFAS 159 provides a Fair Value Option under which a company may irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities. This Fair Value Option will be available on a contract-by-contract basis with changes in fair value recognized in earnings as those changes occur. The effective date for SFAS 159 is the beginning of each reporting entity s first fiscal year end that begins after November 15, 2007. We will not elect the Fair Value Option for any of our financial assets or liabilities.

In December 2007, the FASB issued SFAS No. 141R, *Business Combinations* (SFAS 141R) and SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment to ARB No. 51* (SFAS 160). SFAS 141R and SFAS 160 require most identifiable assets, liabilities, noncontrolling interests and goodwill acquired in a business combination to be recorded at full fair value and require noncontrolling interests (previously referred to as minority interests) to be reported as a component of equity, which changes the accounting for transactions with noncontrolling interest holders. Both Statements are effective for periods beginning on or after December 15, 2008, and earlier adoption is prohibited. SFAS 141R will be applied to business combinations occurring after the effective date. SFAS 160 will be applied prospectively to all noncontrolling interests, including any that arose before the effective date. We are currently evaluating the impact of adopting SFAS 141R and SFAS 160 on our results of operations and financial position.

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 debt 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 and may enter into derivative financial instruments such as interest rate swaps, caps and treasury locks in order to mitigate our interest rate risk on a related financial instrument. We do not enter into derivative or interest rate transactions for speculative purposes.

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 and other terms required to evaluate the expected cash flows and sensitivity to interest rate changes.

	2008	2009	2010	2011	2012	Thereafter	Total	Fair Value
Fixed rate secured debt	$ 54,248	$ 9,868	$ 9,503	$ 21,542	$ 8,403	$ 411,859	$ 515,423	$ 482,655
Weighted average interest rate	5.77%	6.95%	6.88%	7.17%	6.74%	6.04%		
Variable rate secured debt	$ 680	$ 710	$ 750	$ 785	$ 830	$ 5,215	$ 8,970	$ 8,970
Weighted average interest rate	3.73%	3.72%	3.71%	3.70%	3.70%	3.87%		
Fixed rate unsecured notes	$ 225,000	$ 275,000	$ 175,000	$ 1,021,000	$ 200,000	$ 1,350,000	$ 3,246,000	$ 3,148,645
Weighted average interest rate	4.87%	7.39%	5.37%	5.08%	5.87%	6.06%		

Unsecured lines of credit	$	$	$ 543,000	$ 3,067	$	$	$ 546,067	$ 546,067
Rate at December 31, 2007	N/A	N/A	5.51%	5.73%	N/A	N/A		

As the table incorporates only those exposures that exist as of December 31, 2007, it does not consider those exposures or positions that could arise after that date. As a result, our ultimate realized gain or loss with respect to interest rate fluctuations will depend on the exposures that arise during the period, our hedging strategies at that time, and interest rates.

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

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 Annual Report. The controls evaluation was done under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer.

Attached as exhibits to this Annual Report are certifications of the 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 and 15d-15f 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 Annual 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 the Company 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, our Chief Executive Officer and Chief Financial Officer have concluded that as of the end of the period covered by this Annual 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, 2007, 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 2007 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 Company as of January 1, 2008:

Dennis D. Oklak, age 54. Mr. Oklak was named Chief Executive Officer of the Company in April 2004, and was elected Chairman of the Board of Directors in April 2005. He served as President and Chief Executive Officer from April 2004 to April 2005. He was Co-Chief Operating Officer from April 2002 through January 2003, at which time he was named President and Chief Operating Officer. Mr. Oklak assumed the position of Executive Vice President and Chief Administrative Officer in 1997. From 1986 through 1997, Mr. Oklak served in various financial positions in the Company. He is also a member of the board of directors of recreational vehicle manufacturer Monaco Coach Corporation and the board of directors of the Central Indiana Corporate Partnership. Mr. Oklak also serves on the Board of Governors of the National Association of Real Estate Investment Trusts, or NAREIT. Mr. Oklak has served as a director of the Company since 2004.

Matthew A. Cohoat, age 48. Mr. Cohoat was named Executive Vice President and Chief Financial Officer on January 1, 2004. From 1990 through 2003, Mr. Cohoat held various positions in financial areas of the Company. Mr. Cohoat currently is a member of the board of directors of the Indiana Golf Association Foundation, the Western Golf Association, and United Way of Central Indiana. Additionally, Mr. Cohoat is Vice Chair of the board of directors of Cathedral High School, Treasurer of the board of directors of the Indianapolis Zoo, and secretary of the advisory council of St. Mary s Child Center.

Robert M. Chapman, age 54. Mr. Chapman has served as Chief Operating Officer of the Company since August 2007. He served as Senior Executive Vice President, Real Estate Operations, from November 2003 to July 2007. From 1999 through November 2003, Mr. Chapman served in various real estate investment and operating positions within the Company. Mr. Chapman serves as a director for Rock-Tenn Company, a leading manufacturer of packaging products, merchandising displays and bleached and recycled paperboard.

Howard L. Feinsand, age 60. Mr. Feinsand has served as our Executive Vice President and General Counsel since 1999 and, since 2003, also has served as our Corporate Secretary. Mr. Feinsand served on our Board of Directors from 1988 to January 2003. Mr. Feinsand serves as vice chair of the board of directors of The Alliance Theatre at the Woodruff Arts Center in Atlanta, Georgia, the predominant regional theatre for the southeastern United States. Mr. Feinsand is a director of the Center for Jewish Educational Experiences and a trustee of the Jewish Federation of Greater Atlanta.

Steven R. Kennedy, age 51. Mr. Kennedy was named Executive Vice President, Construction on January 1, 2004. From 1986 until 2004, he served in various capacities in the construction group, most recently as Senior Vice President. Mr. Kennedy serves as Vice Chair of the advisory council for Purdue University s School of Engineering.

All other information required by this item will be included in our 2008 proxy statement (the 2008 Proxy Statement) for our Annual Meeting of Shareholders to be held on April 30, 2008, and is incorporated herein by this 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 Annual Report on Form 10-K. In addition, our Code of Conduct and our Corporate Governance Guidelines are available in the investor information/corporate

governance section of our website at www.dukerealty.com. 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.

Item 11. Executive Compensation

The information required by Item 11 of this Annual Report will be included in our 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 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 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 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:

Management s Report on Internal Control

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets, December 31, 2007 and 2006

Consolidated Statements of Operations, Years Ended December 31, 2007, 2006 and 2005

Consolidated Statements of Cash Flows, Years Ended December 31, 2007, 2006 and 2005

Consolidated Statements of Shareholders Equity, Years Ended December 31, 2007, 2006 and 2005

Notes to Consolidated Financial Statements

2. Consolidated Financial Statement Schedules

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 (*).

Number	Description
3.1(i)	Third Restated Articles of Incorporation of Duke Realty Corporation (filed as Exhibit 3.1 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, as filed with the SEC on May 13, 2003, File No. 001-09044, and incorporated herein by this reference).
3.1(ii)	Amendment to the Third Restated Articles of Incorporation of Duke Realty Corporation, establishing the amount, terms and rights of the Company s 6.625% Series J Cumulative Redeemable Preferred Shares (filed as Exhibit 3 to the Company s Current Report on Form 8-K, as filed with the SEC on August 27, 2003, File No. 001-09044, and incorporated herein by this reference).
3.1(iii)	Amendment to the Third Restated Articles of Incorporation of Duke Realty Corporation, establishing the amount, terms and rights of the Company s 6.5% Series K Cumulative Redeemable Preferred Shares (filed as Exhibit 3 to the Company s Current Report on Form 8-K, as filed with the SEC on February 26, 2004, File No. 001-09044, and incorporated herein by this reference).
3.1(iv)	Amendment to the Third Restated Articles of Incorporation of Duke Realty Corporation, establishing the amount, terms and rights of the Company s 6.6% Series L Cumulative Redeemable Preferred Shares (filed as Exhibit 3.1 of the Company s Current Report on Form 8-K, as filed with the SEC on November 29, 2004, File No. 001-09044, and incorporated herein by reference).
3.1(v)	Amendment to the Third Restated Articles of Incorporation of Duke Realty Corporation, amending the Designating Amendment to the Third Restated Articles of Incorporation of Duke Realty Corporation, establishing the amount, terms and rights of the Company s 6.95% Series M Cumulative Redeemable Preferred Shares, (filed as Exhibit 3.2 to the Company s Current Report on Form 8-K, as filed with the SEC on July 6, 2006, and incorporated herein by this reference).
3.1(vi)	Amendment to the Third Restated Articles of Incorporation of Duke Realty Corporation, establishing the amount, terms and rights of the Company s 7.25% Series N Cumulative Redeemable Preferred Shares (filed as Exhibit 3.1 to the Company s Current Report on Form 8-K, as filed with the SEC on July 6, 2006, and incorporated herein by this reference).
3.1(vii)	Amendment to the Third Restated Articles of Incorporation of Duke Realty Corporation, deleting Exhibits A, D, E, F, H and I and de-designating the related series of preferred shares (filed as Exhibit 3.1(viii) to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, as filed with the SEC on August 7, 2007, File No. 001-09044, and incorporated herein by this reference).
3.1(viii)	Amendment to the Third Restated Articles of Incorporation of Duke Realty Corporation, deleting Exhibit B and de-designating the related series of preferred shares.*
3.2(i)	Third Amended and Restated Bylaws of Duke Realty Corporation (filed as Exhibit 3.2 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, as filed with the SEC on May 13, 2003, File No. 001-09044, and incorporated herein by this reference).
3.2(ii)	Amendment No. 1 to the Third Amended and Restated By-Laws of Duke Realty Corporation (filed as Exhibit 3.1 to the Company s Current Report on Form 8-K, as filed with the SEC on February 7, 2008, File No. 001-09044, and incorporated herein by this reference).

4.1(i) Indenture, dated September 19, 1995, between DRLP and The First National Bank of Chicago, Trustee (filed as Exhibit 4.1 to the Company s Current Report on Form 8-K, as filed with the SEC on September 22, 1995, File No. 001-09044, and incorporated herein by this reference).

4.1(ii) First Supplemental Indenture, dated September 19, 1995, between DRLP and The First National Bank of Chicago, Trustee (filed as Exhibit 4.2 to the Company s Current Report on Form 8-K, as filed with the SEC on September 22, 1995, File No. 001-09044, and incorporated herein by this reference).

4.1(iii) Second Supplemental Indenture, dated April 29, 1996, between DRLP and The First National Bank of Chicago, Trustee (filed as Exhibit 4 to DRLP s Current Report on Form 8-K, as filed with the SEC on July 12, 1996, File No. 000-20625, and incorporated herein by this reference).

4.1(iv) Third Supplemental Indenture, dated May 13, 1997, between DRLP and The First National Bank of Chicago, Trustee (filed as Exhibit 4 to DRLP s Current Report on Form 8-K, as filed with the SEC on May 20, 1997, File No. 000-20625, and incorporated herein by this reference).

4.1(v) Fourth Supplemental Indenture, dated August 21, 1997, between DRLP and The First National Bank of Chicago, Trustee (filed as Exhibit 4.8 to the Company s Registration Statement on Form S-4, as filed with the SEC on May 4, 1999, File No. 333-77645, and incorporated herein by this reference).

4.1(vi) Fifth Supplemental Indenture, dated May 27, 1998, between DRLP and The First National Bank of Chicago, Trustee (filed as Exhibit 4 to DRLP s Current Report on Form 8-K, as filed with the SEC on June 1, 1998, File No. 000-20625, and incorporated herein by this reference).

4.1(vii) Sixth Supplemental Indenture, dated February 12, 1999, between DRLP and The First National Bank of Chicago, Trustee (filed as Exhibit 4 to DRLP s Current Report on Form 8-K, as filed with the SEC on February 12, 1999, File No. 000-20625, and incorporated herein by this reference).

4.1(viii) Seventh Supplemental Indenture, dated June 18, 1999, between DRLP and The First National Bank of Chicago, Trustee (filed as Exhibit 4 to the DRLP s Current Report on Form 8-K, as filed with the SEC on June 29, 1999, File No. 000-20625, and incorporated herein by this reference).

4.1(ix) Eighth Supplemental Indenture, dated November 16, 1999, between DRLP and Bank One Trust Company, N.A., Trustee (filed as Exhibit 4 to the DRLP s Current Report on Form 8-K, as filed with the SEC on November 15, 1999, File No. 000-20625, and incorporated herein by this reference).

4.1(x) Ninth Supplemental Indenture, dated March 5, 2001, between DRLP and Bank One Trust Company, N.A., Trustee (filed as Exhibit 4 to the DRLP s Current Report on Form 8-K, as filed with the SEC on March 2, 2001, File No. 000-20625, and incorporated herein by this reference).

4.1(xi) Tenth Supplemental Indenture, dated June 8, 2001, between DRLP and Bank One Trust Company, N.A., Trustee (filed as Exhibit 4 to the DRLP s Current Report on Form 8-K, as filed with the SEC on August 13, 2001, File No. 000-20625, and incorporated herein by this reference).

4.1(xii) Eleventh Supplemental Indenture, dated August 26, 2002, between DRLP and Bank One Trust Company, N.A., Trustee (filed as Exhibit 4 to the DRLP s Current Report on Form 8-K, as filed with the SEC on August 26, 2002, File No. 000-20625, and incorporated herein by this reference).

4.1(xiii)	Twelfth Supplemental Indenture, dated January 16, 2003, between DRLP and Bank One Trust Company, N.A., Trustee (filed as Exhibit 4 to the DRLP s Current Report on Form 8-K, as filed with the SEC on January 16, 2003, File No. 000-20625, and incorporated herein by this reference).
4.1(xiv)	Thirteenth Supplemental Indenture, dated May 22, 2003, between DRLP and Bank One Trust Company, N.A., Trustee (filed as Exhibit 4 to the DRLP s Current Report on Form 8-K, as filed with the SEC on May 22, 2003, File No. 000-20625, and incorporated herein by this reference).
4.1(xv)	Fourteenth Supplemental Indenture, dated October 24, 2003, between DRLP and Bank One Trust Company, N.A., Trustee (filed as Exhibit 4 to the DRLP s Current Report on Form 8-K, as filed with the SEC on October 24, 2003, File No. 000-20625, and incorporated herein by this reference).
4.1(xvi)	Fifteenth Supplemental Indenture, dated January 7, 2004, between DRLP and J.P. Morgan Trust Company, National Association, Trustee (filed as Exhibit 4 to the DRLP s Current Report on Form 8-K, as filed with the SEC on January 9, 2004, File No. 000-20625, and incorporated herein by this reference).
4.1(xvii)	Sixteenth Supplemental Indenture, dated January 16, 2004, between DRLP and J.P. Morgan Trust Company, National Association, Trustee (filed as Exhibit 4 to the DRLP s Current Report on Form 8-K, as filed with the SEC on January 23, 2004, File No. 000-20625, and incorporated herein by this reference).
4.1(xviii)	Seventeenth Supplemental Indenture, dated August 16, 2004, between DRLP and J.P. Morgan Trust Company, National Association, Trustee (filed as Exhibit 4 to the DRLP s Current Report on Form 8-K, as filed with the SEC on August 18, 2004, File No. 000-20625, and incorporated herein by this reference).
4.1(xix)	Eighteenth Supplemental Indenture, dated December 22, 2004, between DRLP and J.P. Morgan Trust Company, National Association, Trustee (filed as Exhibit 4 to the DRLP s Current Report on Form 8-K, as filed with the SEC on December 23, 2004, File No. 000-20625, and incorporated herein by this reference).
4.1(xx)	Nineteenth Supplemental Indenture, dated as of March 1, 2006, by and between DRLP 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 DRLP s Current Report on Form 8-K, as filed with the SEC on March 3, 2006, File No. 000-20625, and incorporated herein by this reference).
4.1(xxi)	Twentieth Supplemental Indenture, dated as of July 24, 2006, by and between DRLP 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 DRLP and The First National Bank of Chicago, Trustee (filed as Exhibit 4.1 to DRLP s Current Report on Form 8-K, 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 DRLP and J.P. Morgan Trust Company, National Association (filed as Exhibit 4.1 to the Company s automatic shelf registration statement on Form S-3, filed with the SEC on July 31, 2006, and incorporated herein by this reference).

4.2(ii)	First Supplemental Indenture, dated as of August 24, 2006, by and between DRLP and J.P. Morgan Trust Company, National Association, including the form of global note evidencing the 5.625% Senior Notes Due 2011 (filed as Exhibit 4.1 to DRLP 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)	Second Supplemental Indenture, dated as of August 24, 2006, by and between DRLP 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 DRLP s Current Report on Form 8-K, as filed with the SEC on August 30, 2006, and incorporated herein by this reference).
4.2(iv)	Third Supplemental Indenture, dated as of September 11, 2007, by and between Duke Realty Limited 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 Current Report on Form 8-K of Duke Realty Limited Partnership, filed with the Commission on September 11, 2007).
10.1(i)	Second Amended and Restated Agreement of Limited Partnership of DRLP (filed as Exhibit 4.1 to DRLP s Annual Report on Form 10-K, as filed with the SEC on March 12, 2007, File No. 000-20625).
10.1(ii)	Second Amendment to Second Amended and Restated Agreement of Limited Partnership of DRLP, (filed as Exhibit 10.3 to the Company s Annual Report on Form 10-K405 for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated herein by this reference).
10.1(iii)	Third Amendment to Second Amended and Restated Agreement of Limited Partnership of DRLP (filed as Exhibit 10.4 to the Company s Annual Report on Form 10-K405 for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated herein by this reference).
10.1(iv)	Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership of DRLP (filed as Exhibit 10.5 to the Company s Annual Report on Form 10-K405 for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated herein by this reference).
10.1(v)	Fifth Amendment to Second Amended and Restated Agreement of Limited Partnership of DRLP, dated August 25, 2003, establishing the amount, terms and rights of DRLP s 6.625% Series J Cumulative Redeemable Preferred Units (filed as Exhibit 10.6 to the Company s Annual Report on Form 10-K for the year ended December 31, 2005, as filed with the SEC on March 7, 2006, File No. 001-09044, and incorporated herein by this reference).
10.1(vi)	Sixth Amendment to Second Amended and Restated Agreement of Limited Partnership of DRLP, dated February 13, 2004, establishing the amount, terms and rights of DRLP s 6.5% Series K Cumulative Redeemable Preferred Units (filed as Exhibit 10.7 to the Company s Annual Report on Form 10-K for the year ended December 31, 2005, as filed with the SEC on March 7, 2006, File No. 001-09044, and incorporated herein by this reference).
10.1(vii)	Seventh Amendment to Second Amended and Restated Agreement of Limited Partnership of DRLP, dated November 30, 2004, establishing the amount, terms and rights of DRLP s 6.6% Series L Cumulative Redeemable Preferred Units (filed as Exhibit 10.8 to the Company s Annual Report on Form 10-K for the year ended December 31, 2005, as filed with the SEC on March 7, 2006, File No. 001-09044, and incorporated herein by this reference).

10.1(viii)	Eighth Amendment to Second Amended and Restated Agreement of Limited Partnership of DRLP, dated January 31, 2006, establishing the amount, terms and rights of DRLP s 6.95% Series M Cumulative Redeemable Preferred Units (filed as Exhibit 3.1 to the Current Report on Form 8-K, as filed with the SEC on February 6, 2006, File No. 000-20625, and incorporated herein by this reference).
10.1(ix)	Ninth Amendment to the Second Amended and Restated Agreement of Limited Partnership of DRLP, dated June 30, 2006, establishing the amount, terms and rights of DRLP s 7.25% Series N Cumulative Redeemable Preferred Units (filed as Exhibit 3.1 to DRLP s Current Report on Form 8-K, as filed with the SEC on July 5, 2006, File No. 000-20625, and incorporated herein by this reference).
10.1(x)	Tenth Amendment to the Second Amended and Restated Agreement of Limited Partnership of DRLP, dated April 30, 2007, deleting those exhibits setting forth the rights of the Series A, D, E, F, H and I preferred units and de-designating the related series of preferred units (filed as Exhibit 3.2(x) to DRLP s Quarterly Report on Form 10-Q, as filed with the SEC on August 13, 2007, File No. 000-20625, and incorporated herein by this reference).
10.1(xi)	Eleventh Amendment to the Second Amended and Restated Agreement of Limited Partnership of DRLP, dated October 3, 2007, deleting those exhibits setting forth the rights of the Series B preferred units and de-designating the related series of preferred units.*
10.1(xii)	Twelfth Amendment to the Second Amended and Restated Agreement of Limited Partnership of Duke Realty Limited Partnership, establishing the amount, terms and rights of Duke Realty Limited Partnership s 8.375% Series O Cumulative Redeemable Preferred Units (filed as Exhibit 3.1 to DRLP s Current Report on Form 8-K, as filed with the SEC on February 27, 2008, and incorporated herein by this reference).
10.2(i)	Second Amended and Restated Agreement of Limited Partnership of Duke Realty Services Limited Partnership (the Services Partnership), dated as of September 30, 1994 (filed as Exhibit 10.3 to the Company s Annual Report on Form 10-K for the year ended December 31, 1994, as filed with the SEC on February 21, 1996, File No. 001-09044, and incorporated herein by this reference).
10.2(ii)	First Amendment to Second Amended and Restated Agreement of Limited Partnership of the Services Partnership, dated July 23, 1998 (filed as Exhibit 10.7 to the Company s Annual Report on Form 10-K for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated by this reference).
10.2(iii)	Second Amendment to Second Amended and Restated Agreement of Limited Partnership of the Services Partnership, dated October 26, 1995 (filed as Exhibit 10.8 to the Company s Annual Report on Form 10-K for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated by this reference).
10.2(iv)	Third Amendment to Second Amended and Restated Agreement of Limited Partnership of the Services Partnership, effective as of January 1, 2002 (filed as Exhibit 10.9 to the Company s Annual Report on Form 10-K for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated by this reference)
10.3	Promissory Note of the Services Partnership (filed as Exhibit 10.3 to the Company s Registration Statement on Form S-2, as filed with the SEC on June 8, 1993, File No. 33-64038, and incorporated herein by this reference).

10.4	Duke Realty Corporation 2005 Long-Term Incentive Plan (filed as Appendix A to the Company s Definitive Proxy Statement on Schedule 14A, dated March 16, 2005, as filed with the SEC on March 16, 2005, File No. 001-09044, and incorporated herein by this reference).#
10.5	Duke Realty Corporation 2005 Shareholder Value Plan, a sub-plan of the 2005 Long-Term Incentive Plan (filed as Exhibit 99.2 to the Company s Current Report on Form 8-K, as filed with the SEC on May 3, 2005, File No. 001-09044, and incorporated herein by this reference).#
10.6(i)	Duke Realty Corporation Non-Employee Directors Compensation Plan, a sub-plan of the 2005 Long-Term Incentive Plan (filed as Exhibit 99.3 to the Company s Current Report on Form 8-K as filed with the SEC on May 3, 2005, File No. 001-09044, and incorporated herein by this reference).#
10.6(ii)	Amendment One to the Duke Realty Corporation 2005 Non-Employee Directors Compensation Plan (filed as Exhibit 99.1 to the Company s Current Report on Form 8-K, as filed with the SEC on October 31, 2005, File No. 001-09044, and incorporated by this reference).#
10.6(iii)	Amendment Two to the Duke Realty Corporation 2005 Non-Employee Directors Compensation Plan (filed as Exhibit 99.1 to the Company s Current Report on Form 8-K, as filed with the SEC on February 7, 2006, File No. 001-09044, and incorporated by this reference).#
10.6(iv)	Amendment Three to the Duke Realty Corporation 2005 Non-Employee Directors Compensation Plan (filed as Exhibit 10.5 to the Company s Quarterly Report on Form 10-Q, as filed with the SEC on November 8, 2006, File No. 001-09044, and incorporated by this reference).#
10.7	Form of 2005 Long-Term Incentive Plan Stock Option Award Certificate (filed as Exhibit 99.4 to the Company s Current Report on Form 8-K, as filed with the SEC on May 3, 2005, File No. 001-09044, and incorporated herein by this reference).#
10.8	Form of 2005 Long-Term Incentive Plan Award Certificate for Restricted Stock Units and Shareholder Value Plan Awards (filed as Exhibit 99.5 to the Company s Current Report on Form 8-K, as filed with the SEC on May 3, 2005, File No. 001-09044, and incorporated herein by this reference).#
10.9	Form of 2005 Long-Term Incentive Plan Restricted Stock Unit Award Certificate for Non-Employee Directors (filed as Exhibit 99.6 to the Company s Current Report on Form 8-K, as filed with the SEC on May 3, 2005, File No. 001-09044, and incorporated herein by this reference).#
10.10	Duke Realty Corporation 2005 Dividend Increase Unit Replacement Plan (filed as Exhibit 99.1 to the Company s Current Report on Form 8-K, as filed with the SEC on December 9, 2005, File No. 001-09044, and incorporated herein by this reference).#
10.11	Form of Forfeiture Agreement/Performance Unit Award Agreement (filed as Exhibit 99.2 to the Company s Current Report on Form 8-K, as filed with the SEC on December 9, 2005, File No. 001-09044, and incorporated herein by this reference).#
10.15(i)	1995 Key Employee Stock Option Plan of the Company (filed as Exhibit 10.13 to the Company s Annual Report on Form 10-K for the year ended December 31, 1995, as filed with the SEC on March 30, 1995, File No. 001-09044, and incorporated herein by this reference).#
10.15(ii)	Amendment One To The 1995 Key Employees Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.19 to the Company s Annual Report on Form 10-K405 for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated herein by this reference).#

10.15(iii)	Amendment Two to the 1995 Key Employees Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.20 to the Company s Annual Report on Form 10-K405 for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated herein by this reference).#
10.15(iv)	Amendment Three to the 1995 Key Employees Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.21 to the Company s Annual Report on Form 10-K405 for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated herein by this reference).#
10.15(v)	Amendment Four to the 1995 Key Employees Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.22 to the Company s Annual Report on Form 10-K405 for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated herein by this reference).#
10.15(vi)	Amendment Five to the 1995 Key Employees Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.23 to the Company s Annual Report on Form 10-K405 for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated herein by this reference).#
10.15(vii)	Amendment Six to the 1995 Key Employees Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.24 to the Company s Annual Report on Form 10-K405 for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated herein by this reference).#
10.15(viii)	Amendment Seven to the 1995 Key Employees Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q, as filed with the SEC on November 13, 2002, File No. 001-09044, and incorporated herein by this reference).#
10.15(ix)	Amendment Eight to the 1995 Key Employees Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.15(ix) to the Company s Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the SEC on March 1, 2007, File No. 001-09044, and incorporated herein by this reference.)#
10.15(x)	Amendment Nine to the 1995 Key Employees Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.3 to the Company s Quarterly Report on Form 10-Q, as filed with the SEC on October 9, 2005, File No. 001-09044, and incorporated herein by this reference).#
10.15(xi)	Amendment Ten to the 1995 Key Employees Stock Option Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.4 to the Company s Quarterly Report on Form 10-Q, as filed with the SEC on November 8, 2006, File No. 001-09044, and incorporated herein by this reference).#
10.16(i)	Dividend Increase Unit Plan of the Services Partnership (filed as Exhibit 10.25 to the Company s Annual Report on Form 10-K405 for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated herein by this reference).#
10.16(ii)	Amendment One to the Dividend Increase Unit Plan of the Services Partnership (filed as Exhibit 10.26 to the Company s Annual Report on Form 10-K405 for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated herein by this reference).#
10.16(iii)	Amendment Two to the Dividend Increase Unit Plan of the Services Partnership (filed as Exhibit 10.27 to the Company s Annual Report on Form 10-K405 for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated herein by this reference).#

10.16(iv)	Amendment Three to the Dividend Increase Unit Plan of the Services Partnership (filed as Exhibit 10.5 to the Company s Quarterly Report on Form 10-Q, as filed with the SEC on November 13, 2002, File No. 001-09044, and incorporated herein by this reference).#
10.16(v)	Amendment Four to the Dividend Increase Unit Plan of the Services Partnership (filed as Exhibit 10.40 to the Company s Annual Report on Form 10-K for the year ended December 31, 2005, as filed with the SEC on March 7, 2006, File No. 001-09044, and incorporated herein by this reference).#
10.17(i)	1995 Shareholder Value Plan of the Services Partnership (filed as Exhibit 10.15 to the Company s Annual Report on Form 10-K for the year ended December 31, 1995, as filed with the SEC on March 30, 1995, File No. 001-09044, and incorporated herein by this reference).#
10.17(ii)	Amendment One to the 1995 Shareholder Value Plan of the Services Partnership (filed as Exhibit 10.29 to the Company s Annual Report on Form 10-K405 for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated herein by this reference).#
10.17(iii)	Amendment Two to the 1995 Shareholder Value Plan of the Services Partnership (filed as Exhibit 10.30 to the Company s Annual Report on Form 10-K405 for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated herein by this reference).#
10.17(iv)	Amendment Three to the 1995 Shareholder Value Plan of the Services Partnership (filed as Exhibit 10.31 to the Company s Annual Report on Form 10-K405 for the year ended December 31, 2001, as filed with the SEC on March 15, 2002, File No. 001-09044, and incorporated herein by this reference).#
10.17(v)	Amendment Four to the 1995 Shareholder Value Plan of the Services Partnership (filed as Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q, as filed with the SEC on November 13, 2002, File No. 001-09044, and incorporated herein by this reference).#
10.17(vi)	Amendment Five to the 1995 Shareholder Value Plan of the Services Partnership (filed as Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q, as filed with the SEC on October 9, 2005, File No. 001-09044, and incorporated herein by this reference).#
10.18(i)	1999 Directors Stock Option and Dividend Increase Unit Plan of Duke Realty Investments, Inc. (filed as Annex F to the prospectus in the Company s Registration Statement on Form S-4, as filed with the SEC on May 4, 1999, File No. 333-77645, and incorporated herein by this reference).#
10.18(ii)	Amendment One to the 1999 Directors Stock Option and Dividend Increase Unit Plan of Duke Realty Investments, Inc. (filed as Appendix B of the Registrant s Definitive Proxy Statement on Schedule 14A, as filed with the SEC on March 15, 2005, File No. 001-09044, and incorporated herein by this reference).#
10.19(i)	1999 Salary Replacement Stock Option and Dividend Increase Unit Plan (filed as Annex G to the prospectus in the Company s Registration Statement on Form S-4, as filed with the SEC on May 4, 1999, File No. 333-77645, and incorporated herein by this reference).#
10.19(ii)	Amendment One to the 1999 Salary Replacement Stock Option and Dividend Increase Unit Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.3 to the Company s Quarterly Report on Form 10-Q, as filed with the SEC on November 13, 2002, File No. 001-09044, and incorporated herein by this reference).#

10.19(iii)	Amendment Two to the 1999 Salary Replacement Stock Option and Dividend Increase Unit Plan of Duke Realty Investments, Inc. (filed as Exhibit 10.4 to the Company s Quarterly Report on Form 10-Q, as filed with the SEC on November 13, 2002, File No. 001-09044, and incorporated herein by this reference).#
10.20(i)	2000 Performance Share Plan of Duke-Weeks Realty Corporation (filed as Exhibit A of the Registrant s Definitive Proxy Statement on Schedule 14A, as filed with the SEC on March 15, 2001, File No. 001-09044, and incorporated herein by this reference).#
10.20(ii)	Amendment One to the 2000 Performance Share Plan of Duke-Weeks Realty Corporation (filed as Exhibit 10.6 to the Company s Quarterly Report on Form 10-Q, as filed with the SEC on November 13, 2002, File No. 001-09044, and incorporated herein by this reference).#
10.20(iii)	Amendment Two to the 2000 Performance Share Plan of Duke-Weeks Realty Corporation (filed as Exhibit 10.42 to the Company s Annual Report on Form 10-K for the year ended December 31, 2003, as filed with the SEC on March 5, 2004, File No. 001-09044, and incorporated herein by this reference).#
10.20(iv)	Amendment Three to the 2000 Performance Share Plan of Duke-Weeks Realty Corporation, (filed as Exhibit 99.1 to the Company s Current Report on Form 8-K, as filed with the SEC on May 2, 2006, File No. 001-09044, and incorporated herein by this reference).#
10.21(i)	Directors Deferred Compensation Plan of Duke-Weeks Realty Corporation (filed as Exhibit 10.5 to the Company s Quarterly Report on Form 10-Q, as filed with the SEC on November 8, 2006, File No. 001-09044, and incorporated herein by this reference).#
10.21(ii)	Amendment One to the Directors Deferred Compensation Plan of Duke-Weeks Realty Corporation (filed as Exhibit 10.21(ii) to the Company s Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the SEC on March 1, 2007, File No. 001-09044, and incorporated herein by this reference).#
10.21(iii)	Amendment Two to the Directors Deferred Compensation Plan of Duke-Weeks Realty Corporation (filed as Exhibit 10.4 to the Company s Quarterly Report on Form 10-Q, as filed with the SEC on October 9, 2005, File No. 001-09044, and incorporated herein by this reference).#
10.21(iv)	Amendment Three to the Directors Deferred Compensation Plan of Duke-Weeks Realty Corporation (filed as Exhibit 99.2 to the Company s Registration Statement on Form S-8, as filed with the SEC on March 24, 2004, File No. 333-113907, and incorporated herein by this reference).#
10.22	Term Loan Agreement, Dated May 31, 2005, by and between DRLP, the Company, J.P. Morgan Securities, Inc., 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 99.1 to the Company s Current Report on Form 8-K, as filed with the SEC on June 6, 2005, File No. 001-09044, and incorporated herein by this reference).
10.23	Form of Letter Agreement Regarding Executive Severance, dated December 13, 2007, between the Company, as the General Partner of DRLP, and the following executive officers: Dennis D. Oklak, Robert M. Chapman, Matthew A. Cohoat, Howard L. Feinsand and Steven R. Kennedy.*

10.24	Commercial Multi-Property Agreement of Purchase and Sale, dated January 24, 2006, by and among DRLP, The Mark Winkler Company, and each of the other entities controlled by or affiliated with The Mark Winkler Company named therein, as amended by the First Amendment to Commercial Multi-Property Agreement of Purchase and Sale dated February 28, 2006, the Second Amendment to Commercial Multi-Property Agreement of Purchase and Sale dated March 10, 2006, and the Third Amendment to Commercial Multi-Property Agreement of Purchase and Sale dated April 21, 2006 (filed as Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q, as filed with the SEC on May 10, 2006, File No. 001-09044, and incorporated herein by this reference).
10.25(i)	Fifth Amended and Restated Revolving Credit Agreement dated January 25, 2006, among DRLP, as borrower, the Company as General Partner and Guarantor, and Bank One as Administrative Agent and Lender (filed as Exhibit 10.56 to the Company s Annual Report on Form 10-K for the year ended December 31, 2005, as filed with the SEC on March 7, 2006, File No. 001-09044, and incorporated herein by this reference).
10.25(ii)	First Amendment to the Fifth Amended and Restated Revolving Credit Agreement, dated November 13, 2007, by and between Duke Realty Limited Partnership, Duke Realty Corporation, 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 the Company s Current Report on Form 8-K, as filed with the SEC on November 15, 2007, File No. 001-09044, and incorporated herein by this reference).
10.26	Term Loan Agreement, dated as of February 28, 2006, by and among DRLP, as borrower, the Company, as General Partner and Guarantor, certain of their respective subsidiaries, as guarantors, Bank of America, N.A., individually and as Administrative Agent, Banc of America Securities LLC, as Lead Arranger and Sole Book Runner, and each of the other lenders named therein (filed as Exhibit 10.1 to DRLP s Current Report on Form 8-K, as filed with the SEC on March 3, 2006, File No. 000-20625, and incorporated herein by this reference).
10.27	Indenture, dated November 22, 2006, by and among DRLP, the Company and The Bank of New York Trust Company, N.A., as trustee, including the form of 3.75% Exchangeable Senior Note due 2011 (filed as Exhibit 4.1 to DRLP s Current Report on Form 8-K, as filed with the Commission on November 29, 2006, File No. 000-20625, and incorporated herein by this reference).
10.28	Registration Rights Agreement, dated November 22, 2006, by and among DRLP, the Company, Morgan Stanley & Co. Incorporated, Citigroup Global Markets Inc. and UBS Securities LLC, as representatives of the initial purchasers of the Notes (incorporated by reference to Exhibit 10.1 1 to DRLP s Current Report on Form 8-K, as filed with the Commission on November 29, 2006, File No. 000-20625, and incorporated herein by this reference).
10.29	Common Stock Delivery Agreement, dated November 22, 2006, by and between DRLP and the Company (filed as Exhibit 10.2 to DRLP s Current Report on Form 8-K, as filed with the Commission on November 29, 2006, File No. 000-20625, and incorporated herein by this reference).
10.30	Contribution Agreement, dated December 5, 2006, by and between DRLP and Quantico and Belbrook Realty Corporation, an affiliate of an investment fund managed by Eaton Vance (filed as Exhibit 10.30 to the Company s Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the SEC on March 1, 2007, File No. 001-09044, and incorporated herein by this reference).(1)

10.31	Contribution Agreement, dated December 5, 2006, by and between DRLP and Lafayette and Belcrest Realty Corporation, an affiliate of an investment fund managed by Eaton Vance (filed as Exhibit 10.31 to the Company s Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the SEC on March 1, 2007, File No. 001-09044, and incorporated herein by this reference).(1)
12.1	Statement of Computation of Ratios of Earnings to Fixed Charges.*
12.2	Statement of Computation of Ratios of Earnings to Debt Service.*
21.1	List of the Company s Subsidiaries.*
23.1	Consent of KPMG LLP.*
24.1	Executed Powers of Attorney of certain directors.*
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.* **
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.* **
99.1	Selected Quarterly Financial Information.*

Represents management contract or compensatory plan or arrangement.

* Filed herewith.

** The certifications attached as Exhibits 32.1 and 32.2 accompany this Annual Report on Form 10-K 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 us for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

(1) Confidential treatment of the agreement was requested.

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.

(b) **Exhibits**

The exhibits required to be filed with this Form 10-K pursuant to Item 601 of Regulation S-K are listed under Exhibits in Part IV, Item 14(a)(3) of Form 10-K and are incorporated herein by reference.

(c) Financial Statement Schedule

The Financial Statement Schedule required to be filed with this Form 10-K is listed under Consolidated Financial Statement Schedules in Part IV, Item 14(a)(2) of this Form 10-K, and is incorporated herein by reference.

Management s Report on Internal Control

We, as management of Duke Realty Corporation and its subsidiaries (Duke), 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 U.S. generally accepted accounting principles and includes those policies and procedure 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, 2007 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 (COSO). Based on such evaluation, we have concluded that, as of December 31, 2007, our internal control over financial reporting is effective based on these criteria.

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

/s/ Dennis D. Oklak
Dennis D. Oklak
Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ Matthew A. Cohoat
Matthew A. Cohoat
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Report of Independent Registered Public Accounting Firm

The Shareholders and Directors of

Duke Realty Corporation:

We have audited the consolidated balance sheets of Duke Realty Corporation and Subsidiaries (the Company) as of December 31, 2007 and 2006 and the related consolidated statements of operations, cash flows and shareholders equity for each of the years in the three-year period ended December 31, 2007. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule III. We also audited the Company s internal control over financial reporting as of December 31, 2007, 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 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, 2007 and 2006, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2007, 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, 2007, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG

Indianapolis, Indiana

February 29, 2008

DUKE REALTY CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

As of December 31,

(in thousands, except per share amounts)

	2007	2006
ASSETS		
Real estate investments:		
Land and improvements	$ 872,372	$ 844,091
Buildings and tenant improvements	4,600,408	4,211,602
Construction in progress	412,729	359,765
Investments in and advances to unconsolidated companies	601,801	628,323
Land held for development	912,448	737,752
	7,399,758	6,781,533
Accumulated depreciation	(951,375)	(867,079)
Net real estate investments	6,448,383	5,914,454
Real estate investments and other assets held-for-sale	273,591	512,925
Cash and cash equivalents	48,012	68,483
Accounts receivable, net of allowance of $1,359 and $1,088	29,009	24,118
Straight-line rent receivable, net of allowance of $2,886 and $1,915	110,737	105,319
Receivables on construction contracts, including retentions	66,925	64,768
Deferred financing costs, net of accumulated amortization of $29,170 and $19,492	55,987	62,277
Deferred leasing and other costs, net of accumulated amortization of $150,702 and $127,155	374,635	311,553
Escrow deposits and other assets	254,702	174,698
	$ 7,661,981	$ 7,238,595
LIABILITIES AND SHAREHOLDERS EQUITY		
Indebtedness:		
Secured debt	$ 524,393	$ 515,192
Unsecured notes	3,246,000	3,129,653
Unsecured lines of credit	546,067	317,000
	4,316,460	3,961,845
Liabilities of properties held for sale	8,954	155,185
Construction payables and amounts due subcontractors, including retentions	142,655	136,508
Accrued expenses:		
Real estate taxes	63,796	59,276
Interest	54,631	52,106
Other	59,221	63,217
Other liabilities	148,013	118,901
Tenant security deposits and prepaid rents	34,535	31,121
Total liabilities	4,828,265	4,578,159
Minority interest	83,683	156,853

Shareholders equity:				
Preferred shares ($.01 par value); 5,000 shares authorized; 2,976 and 3,241 shares issued and outstanding		**744,000**		876,250
Common shares ($.01 par value); 250,000 shares authorized; 146,175 and 133,921 shares issued and outstanding		**1,462**		1,339
Additional paid-in capital		**2,632,615**		2,196,388
Accumulated other comprehensive income (loss)		**(1,279)**		5,435
Distributions in excess of net income		**(626,765)**		(575,829)
Total shareholders equity		**2,750,033**		2,503,583
	$	**7,661,981**	$	7,238,595

See accompanying Notes to Consolidated Financial Statements.

DUKE REALTY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

For the Years Ended December 31,

(in thousands, except per share amounts)

	2007	2006	2005
RENTAL OPERATIONS			
Revenues:			
Rental revenue from continuing operations	**$ 794,488**	$ 743,548	$ 602,062
Equity in earnings of unconsolidated companies	**29,381**	38,004	29,549
	823,869	781,552	631,611
Operating expenses:			
Rental expenses	**176,674**	169,077	138,873
Real estate taxes	**98,135**	83,738	72,798
Interest expense	**168,358**	170,484	106,047
Depreciation and amortization	**271,623**	232,739	203,081
	714,790	656,038	520,799
Earnings from continuing rental operations	**109,079**	125,514	110,812
SERVICE OPERATIONS			
Revenues:			
General contractor gross revenue	**280,537**	308,562	380,173
General contractor costs	**(246,872)**	(284,633)	(348,263)
Net general contractor revenue	**33,665**	23,929	31,910
Service fee revenue	**31,011**	21,633	20,149
Gain on sale of service operations properties	**34,682**	44,563	29,882
Total service operations revenue	**99,358**	90,125	81,941
Operating expenses	**47,324**	36,929	37,663
Earnings from service operations	**52,034**	53,196	44,278
General and administrative expense	**(37,680)**	(35,797)	(30,962)
Operating income	**123,433**	142,913	124,128
OTHER INCOME (EXPENSE)			
Interest and other income, net	**12,135**	10,450	4,637
Earnings from sale of land, net of impairment adjustments	**33,422**	7,791	14,201
Minority interest in earnings of common unitholders	**(6,608)**	(9,544)	(8,713)
Other minority interest in earnings of subsidiaries	**(3,186)**	(247)	(1,438)
Income from continuing operations	**159,196**	151,363	132,815
Discontinued operations:			
Net income from discontinued operations, net of minority interest	**6,706**	10,651	18,554
Gain on sale of depreciable property, net of impairment adjustments and minority interest	**113,565**	42,133	204,293
Income from discontinued operations	**120,271**	52,784	222,847

Net income		**279,467**		204,147		355,662
Dividends on preferred shares		**(58,292)**		(56,419)		(46,479)
Adjustments for redemption of preferred shares		**(3,483)**		(2,633)		
Net income available for common shareholders	**$**	**217,692**	$	145,095	$	309,183
Basic net income per common share:						
Continuing operations	**$**	**.70**	$	.69	$	.61
Discontinued operations		**.86**		.39		1.58
Total	**$**	**1.56**	$	1.08	$	2.19
Diluted net income per common share:						
Continuing operations	**$**	**.69**	$	.68	$	.60
Discontinued operations		**.86**		.39		1.57
Total	**$**	**1.55**	$	1.07	$	2.17
Weighted average number of common shares outstanding		**139,255**		134,883		141,508
Weighted average number of common shares and potential dilutive common equivalents		**149,614**		149,393		155,877

See accompanying Notes to Consolidated Financial Statements.

DUKE REALTY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31,

(in thousands)

	2007	2006	2005
Cash flows from operating activities:			
Net income	**$ 279,467**	$ 204,147	$ 355,662
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of buildings and tenant improvements	**214,477**	206,999	204,377
Amortization of deferred leasing and other costs	**63,214**	47,269	49,793
Amortization of deferred financing costs	**11,212**	8,617	6,154
Minority interest in earnings	**17,743**	14,953	31,493
Straight-line rent adjustment	**(16,843)**	(20,795)	(22,519)
Earnings from land and depreciated property sales	**(154,493)**	(49,614)	(238,060)
Build-for-sale operations, net	**(84,547)**	(148,849)	(6,295)
Construction contracts, net	**(25,818)**	1,749	16,196
Other accrued revenues and expenses, net	**24,150**	26,752	15,356
Operating distributions received in excess of (less than) equity in earnings from unconsolidated companies	**(4,631)**	(18,339)	(3,055)
Net cash provided by operating activities	**323,931**	272,889	409,102
Cash flows from investing activities:			
Development of real estate investments	**(451,162)**	(385,516)	(209,990)
Acquisition of real estate investments and related intangible assets	**(116,021)**	(735,294)	(285,342)
Acquisition of land held for development	**(317,324)**	(435,917)	(135,771)
Recurring tenant improvements	**(45,296)**	(41,895)	(60,633)
Recurring leasing costs	**(32,238)**	(32,983)	(33,175)
Recurring building improvements	**(8,402)**	(8,122)	(15,232)
Other deferred leasing costs	**(39,387)**	(22,429)	(19,425)
Other deferred costs and other assets	**644**	880	(20,281)
Proceeds from land and depreciated property sales, net	**480,943**	180,825	1,134,667
Capital distributions from unconsolidated companies	**235,754**	296,573	
Capital contributions and advances to unconsolidated companies, net	**(142,330)**	(50,182)	(31,599)
Net cash provided by (used for) investing activities	**(434,819)**	(1,234,060)	323,219
Cash flows from financing activities:			
Proceeds from issuance of common shares	**239,605**		
Payments for repurchases of common shares		(101,282)	(287,703)
Proceeds from exercise of stock options	**1,197**	6,672	3,945
Proceeds from issuance of preferred shares, net		283,994	
Payments for redemption of preferred shares	**(132,272)**	(75,010)	
Redemption of limited partner units			(2,129)
Proceeds from unsecured debt issuance	**340,160**	1,429,497	400,000
Payments on unsecured debt	**(223,657)**	(350,000)	(665,000)
Proceeds from issuance of secured debt		1,029,426	
Payments on secured indebtedness including principal amortization	**(24,780)**	(750,354)	(46,675)
Borrowings (payments) on lines of credit, net	**229,067**	(66,000)	383,000
Distributions to common shareholders	**(265,698)**	(255,502)	(264,980)
Distributions to common shareholders special dividends			(143,836)
Distributions to preferred shareholders	**(58,292)**	(56,419)	(46,479)
Distributions to minority interest, net	**(19,576)**	(24,207)	(26,653)
Distributions to minority interest special distributions			(14,069)
Payment for capped call option		(26,967)	
Cash settlement of interest rate swaps	**10,747**	733	
Deferred financing costs	**(6,084)**	(41,659)	(599)
Net cash provided by (used for) financing activities	**90,417**	1,002,922	(711,178)

Net increase (decrease) in cash and cash equivalents		**(20,471)**		41,751		21,143
Cash and cash equivalents at beginning of year		**68,483**		26,732		5,589
Cash and cash equivalents at end of year	**$**	**48,012**	$	68,483	$	26,732
Other non-cash items:						
Assumption of debt for real estate acquisitions	**$**	**34,259**	$	217,520	$	11,743
Contributions of real estate investments to, net of debt assumed by, unconsolidated companies	**$**	**146,593**	$	505,440	$	
Conversion of Limited Partner Units to common shares	**$**	**179,092**	$	39,918	$	18,085
Issuance of Limited Partner Units for acquisition	**$**	**11,020**	$		$	
Common shares repurchased and retired, not settled	**$**		$		$	9,357
Issuance of Limited Partner Units for acquisition of minority interest	**$**		$		$	15,000

See accompanying Notes to Consolidated Financial Statements.

DUKE REALTY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Shareholders Equity

(in thousands, except per share data)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Distributions In Excess of Net Income	Total
Balance at December 31, 2004	**$ 657,250**	**$ 1,429**	**$ 2,538,461**	**$ (6,547)**	**$ (364,724)**	**$ 2,825,869**
Comprehensive Income:						
Net income					355,662	355,662
Losses on derivative instruments				(571)		(571)
Comprehensive income						355,091
Issuance of common shares		2	4,141			4,143
Acquisition of minority interest		6	18,079			18,085
Tax benefits from employee stock plans			245			245
Stock based compensation expense			2,032			2,032
Dividends on long-term compensation plans			216		(216)	
Retirement of common shares		(90)	(296,970)			(297,060)
Distributions to preferred shareholders					(46,479)	(46,479)
Distributions to common shareholders ($1.87 per share)					(265,076)	(265,076)
Distributions to common shareholders - Special ($1.05 per share)					(144,052)	(144,052)
Balance at December 31, 2005	**$ 657,250**	**$ 1,347**	**$ 2,266,204**	**$ (7,118)**	**$ (464,885)**	**$ 2,452,798**
Comprehensive Income:						
Net income					204,147	204,147
Gains on derivative instruments				12,553		12,553
Comprehensive income						216,700
Issuance of common shares		5	6,181			6,186
Redemption of Preferred Series I shares	(75,000)		(10)			(75,010)
Adjustment for carrying value of preferred stock redemption			2,633		(2,633)	
Issuance of Preferred Series M shares	184,000		(6,266)			177,734
Issuance of Preferred Series N shares	110,000		(3,740)			106,260
Acquisition of minority interest		10	39,908			39,918
Capped call option			(26,967)			(26,967)
Tax benefits from employee stock plans			606			606
Stock based compensation expense			8,892			8,892
Dividends on long-term compensation plans			849		(849)	
Distributions to preferred shareholders					(56,419)	(56,419)
Retirement of common shares		(23)	(91,902)			(91,925)
Distributions to common shareholders ($1.89 per share)					(255,190)	(255,190)
Balance at December 31, 2006	**$ 876,250**	**$ 1,339**	**$ 2,196,388**	**$ 5,435**	**$ (575,829)**	**$ 2,503,583**
Effect of implementing new accounting principle					(1,717)	(1,717)
Balance at January 1, 2007	**$ 876,250**	**$ 1,339**	**$ 2,196,388**	**$ 5,435**	**$ (577,546)**	**$ 2,501,866**
Comprehensive Income:						
Net income					279,467	279,467
Losses on derivative instruments				(6,714)		(6,714)
Comprehensive Income						272,753
Issuance of common shares		73	239,532			239,605

Redemption of Preferred Series B shares	(132,250)		(22)			(132,272)
Adjustment for carrying value of preferred stock redemption			3,483		(3,483)	
Stock based compensation plan activity		2	14,190		(1,213)	12,979
Acquisition of minority interest		48	179,044			179,092
Distributions to preferred shareholders					(58,292)	(58,292)
Distributions to common shareholders ($1.91 per share)					(265,698)	(265,698)
Balance at December 31, 2007	**$ 744,000**	**$ 1,462**	**$ 2,632,615**	**$ (1,279)**	**$ (626,765)**	**$ 2,750,033**

See accompanying Notes to Consolidated Financial Statements.

DUKE REALTY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(1) The Company

Our Rental Operations (see Note 8) are conducted through Duke Realty Limited Partnership (DRLP). We owned approximately 94.9% of the common partnership interests of DRLP (Units) at December 31, 2007. The remaining Units in DRLP are redeemable for shares of our common stock on a one-to-one basis and earn dividends at the same rate as shares of our common stock. We conduct our Service Operations (see Note 8) through Duke Realty Services LLC and Duke Realty Services Limited Partnership, of which we are the sole general partner and of which DRLP is the sole limited partner. We also conduct Service Operations through Duke Construction Limited Partnership, which is effectively 100% owned by DRLP. The consolidated financial statements include our accounts and our majority-owned or controlled subsidiaries, and the terms we , us and our refer to Duke Realty Corporation and subsidiaries (the Company) and those entities owned or controlled by the Company.

(2) Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include our accounts and our controlled subsidiaries. The equity interests in these controlled subsidiaries not owned by us are reflected as minority 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 through majority voting interest or where the other owner has substantial participating rights are not consolidated and are reflected as investments in unconsolidated companies under the equity method of reporting.

Reclassifications

Certain 2006 and 2005 balances have been reclassified to conform to the 2007 presentation.

Real Estate Investments

Rental real property, including land, land improvements, buildings and building improvements, are included in real estate investments and are generally stated at cost. Buildings and land improvements are depreciated on the straight-line method over their estimated life not to exceed 40 and 15 years, respectively, and tenant improvement costs are depreciated using the straight-line method over the term of the related lease.

Direct and certain indirect costs clearly associated with and incremental to 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.

DUKE REALTY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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.

Construction in process and land held for development 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.

Properties held for rental are individually evaluated for impairment when conditions exist which may indicate that it is probable that the sum of expected future cash flows (on an undiscounted basis) from a rental property over its anticipated holding period is less than its historical net cost basis. Upon determination that a permanent impairment has occurred, a loss is recorded to reduce the net book value of that property to its fair market value. Properties to be disposed of are reported at the lower of net historical cost basis or the estimated fair market value, less the estimated costs to sell. Once a property is designated as held for disposal, no further depreciation expense is recorded.

We allocate the purchase price of acquired properties to net tangible and identified intangible assets based on their respective fair values, based on all pertinent information available and adjusted based on changes in that information in no event to exceed one year from 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 using discounted cash flow models similar to those used by independent appraisers. Factors considered by management include an estimate of carrying costs during the expected lease-up periods considering current market conditions, and costs to execute similar leases. The remaining purchase price is allocated among three categories of intangible assets consisting of the above or below market component of in-place leases, the value of in-place leases and the value of customer relationships.

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 paid pursuant to the lease over its remaining term and (ii) management s estimate of the amounts that would be paid 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.

The total amount of intangible assets is further allocated to in-place lease values and to customer relationship values based upon management s assessment of their respective values. 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 analyze our investments in joint ventures under Financial Accounting Standards Board (FASB) Interpretation No. 46(R), *Consolidation of Variable Interest Entities,* to determine if the joint venture is considered a variable interest entity and would require consolidation. To the extent that our joint ventures do not qualify as variable interest entities, we further assess under the guidelines of Emerging Issues Task Force (EITF) Issue No. 04-5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights* (EITF 04-5); Statement of Position 78-9, *Accounting for Investments in Real Estate Ventures* (SOP 78-9); Accounting Research Bulletin No. 51, *Consolidated Financial Statements*; and Statement of Financial Accounting Standard (SFAS) No. 94, *Consolidation of All Majority-Owned Subsidiaries,* to determine if the venture should be consolidated. We have equity interests generally ranging from 10% to 50% in unconsolidated joint ventures

DUKE REALTY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

that develop, own and operate rental properties and hold land for development. We consolidate those joint ventures that are considered to be variable interest entities 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 member 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 polices. 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 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 net income of the joint venture. In accordance with the provisions of SOP 78-9 and SFAS No. 66, *Accounting for Sales of Real Estate* (SFAS 66), 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. Straight-line rent receivables for any tenant with long-term risk, regardless of the status of rent receivables, are reviewed and reserved as necessary.

Deferred Costs

Costs incurred in connection with obtaining financing are amortized to interest expense on the straight-line method, which approximates a constant spread 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.

Minority Interest

Minority interests relate to the minority ownership interests in DRLP and interests in consolidated property partnerships that are not wholly-owned. Minority interest is subsequently adjusted for additional contributions, distributions to minority holders and the minority holders proportionate share of the net earnings or losses of each respective entity.

The value of each DRLP Unit that is redeemed is measured on the date of its redemption and the difference between the aggregate book value and the purchase price of the Units increases the recorded value of the Company s net assets.

DUKE REALTY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Revenues

Rental Operations

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. In contrast, if we determine that the tenant allowances 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 with scheduled rental increases during their terms 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 conditions that must be met or waived before the fee is due to us.

Service Operations

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 terms of the contract, which approximates 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 reach 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.

Unbilled receivables on construction contracts totaled $33.1 million and $32.4 million at December 31, 2007 and 2006, respectively.

Property Sales

Gains on sales of all properties are recognized in accordance with SFAS 66. The specific timing of the sale is measured against various criteria in SFAS 66 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 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.

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.

DUKE REALTY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Gains or losses from our sale of properties that were developed or repositioned with the intent to sell and not for long-term rental are classified as gain on sale of Service Operation properties in the Consolidated Statements of Operations. All activities and proceeds received from the development and sale of these buildings are classified in the operating activities section of the Consolidated Statements of Cash Flows.

Net Income Per Common Share

Basic net income per common share is computed by dividing net income available for common shareholders by the weighted average number of common shares outstanding for the period. Diluted net income per common share is computed by dividing the sum of net income available for common shareholders and the minority interest in earnings allocable to Units not owned by us, by the sum of the weighted average number of common shares outstanding and minority Units outstanding, including any dilutive potential common equivalents for the period.

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

	2007	2006	2005
Basic net income available for common shareholders	**$ 217,692**	$ 145,095	$ 309,183
Minority interest in earnings of common unitholders	**14,399**	14,238	29,649
Diluted net income available for common shareholders	**$ 232,091**	$ 159,333	$ 338,832
Weighted average number of common shares outstanding	**139,255**	134,883	141,508
Weighted average partnership Units outstanding	**9,204**	13,186	13,551
Dilutive shares for stock-based compensation plans (1)	**1,155**	1,324	818
Weighted average number of common shares and potential dilutive common equivalents	**149,614**	149,393	155,877

(1) Excludes the effect of outstanding stock options, as well as the Exchangeable Senior Notes (Exchangeable Notes) issued in 2006, that have an anti-dilutive effect on earnings per share for the periods presented.

A joint venture partner in one of our unconsolidated companies has the option to convert a portion of its ownership in the joint venture to our common shares. The effect of this option on earnings per share was anti-dilutive for the years ended December 31, 2007, 2006 and 2005.

Federal Income Taxes

We have elected to be taxed as a real estate investment trust (REIT) under the Internal Revenue Code. To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement to distribute at least 90% of our adjusted taxable income to our stockholders. Management intends to continue to adhere to these requirements and to maintain our REIT status. As a REIT, we are entitled to a tax deduction for some or all of the dividends we pay to shareholders. Accordingly, we generally will not be subject to federal income taxes as long as we distribute an amount equal to or in excess of our taxable income currently to shareholders. We are also generally subject to federal income taxes on any taxable income that is not currently distributed to its shareholders. If we fail to qualify as a REIT in any taxable year, we 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 corporate federal, state and local income taxes. As a REIT, we may also be subject to certain federal excise taxes if we engage in certain types of transactions.

DUKE REALTY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The following table reconciles our net income to taxable income before the dividends paid deduction for the years ended December 31, 2007, 2006 and 2005 (in thousands):

	2007	2006	2005
Net income	**$ 279,467**	$ 204,147	$ 355,662
Book/tax differences	**84,120**	66,303	129,522
Taxable income before adjustments	**363,587**	270,450	485,184
Less: capital gains	**(160,428)**	(78,246)	(283,498)
Adjusted taxable income subject to 90% dividend requirement	**$ 203,159**	$ 192,204	$ 201,686

Our dividends paid deduction is summarized below (in thousands):

	2007	2006	2005
Cash dividends paid	**$ 324,085**	$ 311,615	$ 455,606
Cash dividends declared and paid in subsequent year that apply to current year	**48,126**		29,578
Cash dividends declared and paid in current year that apply to previous year	**(7,795)**	(21,782)	
Less: Capital gain distributions	**(160,428)**	(78,246)	(283,498)
Less: Return of capital		(15,018)	
Total dividends paid deduction attributable to adjusted taxable income	**$ 203,988**	$ 196,569	$ 201,686

A summary of the tax characterization of the dividends paid for the years ended December 31, 2007, 2006 and 2005 follows:

	2007	2006	2005
Common Shares			
Ordinary income	**63.1%**	64.2%	44.2%
Return of capital		5.3%	
Capital gains	**36.9%**	30.5%	55.8%
	100.0%	100.0%	100.0%
Preferred Shares			
Ordinary income	**63.1%**	73.7%	44.2%
Capital gains	**36.9%**	26.3%	55.8%
	100.0%	100.0%	100.0%

We recorded federal and state income taxes of $9.0 million, $6.8 million and $5.6 million for 2007, 2006 and 2005, respectively, which were primarily attributable to the earnings of our taxable REIT subsidiaries. We paid federal and state income taxes of $10.1 million, $4.3 million and

$8.7 million for 2007, 2006 and 2005, respectively. The taxable REIT subsidiaries have no significant deferred income tax items.

Stock Based Compensation

For all issuances of stock-based awards prior to 2002, we applied the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (APB 25), and related interpretations, in accounting for our stock-based compensation.

Accordingly, for stock options granted prior to 2002, no compensation expense is reflected in net income as all options granted had an exercise price equal to the market value of the underlying common shares on the date of the grant.

Effective January 1, 2002, we prospectively adopted the fair value recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation* (SFAS 123), and applied SFAS 123 to all awards granted after January 1, 2002.

DUKE REALTY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The following table illustrates the effect on net income and earnings per share if we had applied the fair value recognition provisions of SFAS 123 to all stock-based employee compensation for the year ended December 31, 2005 (in thousands, except per share data):

		2005
Net income available for common shareholders, as reported	$	309,183
Add: Stock-based employee compensation expense included in net income determined under fair value method		1,116
Deduct: Total stock-based compensation expense determined under fair value method for all awards		(1,285)
Pro forma net income available for common shareholders	$	309,014
Basic net income per common share		
As reported	$	2.19
Pro forma	$	2.18
Diluted net income per common share		
As reported	$	2.17
Pro forma	$	2.17

Effective January 1, 2006, we adopted SFAS No. 123(R), *Share Based Payment*, (SFAS 123(R)), using the modified prospective application method. Under this method, as of January 1, 2006, we applied the provisions of SFAS 123(R) to new and modified awards, as well as to the nonvested portion of awards granted before the required effective date and outstanding at such time.

Derivative Financial Instruments

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We periodically enter into certain interest rate protection agreements to effectively convert or cap floating rate debt to a fixed rate, and to hedge anticipated future financing transactions, both of which qualify for cash flow hedge accounting treatment. Net amounts paid or received under these agreements are recognized as an adjustment to the interest expense of the corresponding debt. We do not utilize derivative financial instruments for trading or speculative purposes.

If a derivative qualifies as a cash flow hedge, the change in fair value of the derivative is recognized in other comprehensive income to the extent the hedge is effective, while the ineffective portion of the derivative s change in fair value is recognized in earnings. Gains and losses on our interest rate protection agreements are subsequently included in earnings as an adjustment to interest expense in the same periods in which the related interest payments being hedged are recognized in earnings.

We estimate the fair value of derivative instruments using standard market conventions and techniques such as discounted cash flow analysis, option pricing models and termination cost at each balance sheet date. For all hedging relationships, we formally document the hedging relationship and its risk-management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, how the hedging instrument s effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method of measuring ineffectiveness.

DUKE REALTY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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. Actual results could differ from those estimates.

(3) Significant Acquisitions and Dispositions

Acquisitions

We acquired total income producing real estate related assets of $219.9 million, $948.4 million and $295.6 million in 2007, 2006 and 2005, respectively.

In December 2007, in order to further establish our property positions around strategic port locations, we purchased a portfolio of five industrial buildings, in Seattle, Virginia and Houston, as well as approximately 161 acres of undeveloped land and a 12-acre container storage facility in Houston. The total price was $89.7 million and was financed in part through assumption of secured debt that had a fair value of $34.3 million. Of the total purchase price, $66.1 million was allocated to in-service real estate assets, $20.0 million was allocated to undeveloped land and the container storage facility, $3.3 million was allocated to lease related intangible assets, and the remaining amount was allocated to acquired working capital related assets and liabilities. This allocation of purchase price based on the fair value of assets acquired is preliminary. The results of operations for the acquired properties since the date of acquisition have been included in continuing rental operations in our consolidated financial statements.

In February 2007, we completed the acquisition of Bremner Healthcare Real Estate (Bremner), a national health care development and management firm. The primary reason for the acquisition was to expand our development capabilities within the health care real estate market. The initial consideration paid to the sellers totaled $47.1 million, and the sellers may be eligible for further contingent payments over the next three years. Approximately $39.0 million of the total purchase price was allocated to goodwill, which is attributable to the value of Bremner s overall development capabilities and its in-place workforce. The results of operations for Bremner since the date of acquisition have been included in continuing operations in our consolidated financial statements.

In February 2006, we acquired the majority of a Washington, D.C. metropolitan area portfolio of suburban office and light industrial properties (the Mark Winkler Portfolio). The assets acquired for a purchase price of approximately $867.6 million are comprised of 32 in-service properties with approximately 2.9 million square feet for rental, 166 acres of undeveloped land, as well as certain related assets of the Mark Winkler

Company, a real estate management company. The acquisition was financed primarily through assumed mortgage loans and new borrowings.

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The assets acquired and liabilities assumed were recorded at their estimated fair value at the date of acquisition, as summarized below (in thousands):

Operating rental properties	$	602,011
Land held for development		154,300
Total real estate investments		756,311
Other assets		10,478
Lease related intangible assets		86,047
Goodwill		14,722
Total assets acquired		867,558
Debt assumed		(148,527)
Other liabilities assumed		(5,829)
Purchase price, net of assumed liabilities	$	713,202

In December 2006, we contributed 23 of these in-service properties acquired from the Mark Winkler Portfolio with a basis of $381.6 million representing real estate investments and acquired lease related intangible assets to two new unconsolidated subsidiaries. Of the remaining nine in-service properties, eight were contributed to these two unconsolidated subsidiaries in 2007 and one remains in continuing operations as of December 31, 2007. The eight properties contributed in 2007 had a basis of $298.4 million representing real estate investments and acquired lease related intangible assets, and debt secured by these properties of $146.4 million was also assumed by the unconsolidated subsidiaries.

In the third quarter of 2006, we finalized the purchase of a portfolio of industrial real estate properties in Savannah, Georgia. We completed a majority of the purchase in January 2006. The assets acquired for a purchase price of approximately $196.2 million are comprised of 18 buildings with approximately 5.1 million square feet for rental as well as over 60 acres of undeveloped land. The acquisition was financed in part through assumed mortgage loans. The results of operations for the acquired properties since the date of acquisition have been included in continuing rental operations in our consolidated financial statements.

The primary acquisition in 2005 was that of a suburban office portfolio in our Chicago market for a purchase price of approximately $257.6 million. The results of operations for the six properties in this portfolio have been included in continuing rental operations in our consolidated financial statements since the date of acquisition.

<u>Dispositions</u>

In March 2007, as part of our capital recycling program, we sold a portfolio of eight suburban office properties totaling 894,000 square feet in the Cleveland market. The sales price totaled $140.4 million, of which we received net proceeds of $139.3 million. We also sold a portfolio of

twelve flex and light industrial properties in July 2007, totaling 865,000 square feet in the St. Louis market, for a sales price of $65.0 million, of which we received net proceeds of $64.2 million.

On September 29, 2005, we completed the sale of a portfolio of 212 real estate properties, consisting of approximately 14.1 million square feet of primarily light distribution and service center properties and approximately 50 acres of undeveloped land (the Industrial Portfolio Sale). The sales price totaled $983 million, of which we received net proceeds of $955.0 million after the settlement of certain liabilities and transaction costs. Portions of the proceeds were used to pay down $423.0 million outstanding on our unsecured line of credit and the entire outstanding balance on our $400.0 million term loan. The 2005 operations and gain associated with the properties in the Industrial Portfolio Sale have been reclassified to

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discontinued operations. As a result of the taxable income generated by the sale, a one-time special cash dividend of $1.05 per share was paid to our common shareholders in the fourth quarter of 2005.

(4) Related Party Transactions

We provide property management, leasing, construction and other tenant related services to unconsolidated companies in which we have equity interests. For the years ended December 31, 2007, 2006 and 2005, respectively, we received from these unconsolidated companies management fees of $7.1 million, $4.4 million and $4.8 million, leasing fees of $4.2 million, $2.9 million and $4.3 million and construction and development fees of $13.1 million, $19.1 million and $2.0 million. 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.

(5) Investments in Unconsolidated Companies

We have equity interests generally ranging from 10% to 50% in unconsolidated joint ventures that develop, own and operate rental properties and hold land for development.

Combined summarized financial information for the unconsolidated companies as of December 31, 2007 and 2006, and for the years ended December 31, 2007, 2006 and 2005, are as follows (in thousands):

	2007	**2006**	**2005**
Rental revenue	**$ 215,855**	$ 157,186	$ 163,447
Net income	**$ 41,725**	$ 65,985	$ 57,561
Land, buildings and tenant improvements, net	**$ 1,771,342**	$ 1,403,009	
Construction in progress	**105,796**	107,961	
Land held for development	**114,253**	91,280	
Other assets	**194,616**	148,580	
	$ 2,186,007	$ 1,750,830	
Indebtedness	**$ 989,120**	$ 417,970	
Other liabilities	**224,468**	170,168	
	1,213,588	588,138	
Owners equity	**972,419**	1,162,692	
	$ 2,186,007	$ 1,750,830	

Our share of the scheduled payments of long term debt for the unconsolidated joint ventures for each of the next five years and thereafter as of December 31, 2007 are as follows (in thousands):

Year	Future Repayments	
2008	$	2,190
2009		38,869
2010		146,885
2011		9,938
2012		44,778
Thereafter		139,361
	$	382,021

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

We classified the operations of 302 buildings as discontinued operations as of December 31, 2007. These 302 buildings consist of 253 industrial, 48 office and one retail properties. Of these properties, 32 were sold during 2007, 21 properties were sold during 2006, 234 properties were sold during 2005 and 15 operating properties are classified as held-for-sale at December 31, 2007.

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The following table illustrates operations of the buildings reflected in discontinued operations for the years ended December 31 (in thousands):

	2007	2006	2005
Revenues	**$ 41,117**	$ 77,975	$ 166,235
Expenses:			
Operating	**17,187**	28,613	57,335
Interest	**10,666**	16,022	37,223
Depreciation and Amortization	**6,068**	21,529	51,089
General and Administrative	**47**	119	257
Operating Income	**7,149**	11,692	20,331
Minority interest expense	**(443)**	(1,041)	(1,777)
Income from discontinued operations, before gain on sales	**6,706**	10,651	18,554
Gain on sale of property, net of impairment adjustments	**121,072**	46,254	223,858
Minority interest expense gain on sales	**(7,507)**	(4,121)	(19,565)
Gain on sale of property, net of impairment adjustments and minority interest	**113,565**	42,133	204,293
Income from discontinued operations	**$ 120,271**	$ 52,784	$ 222,847

At December 31, 2007, we classified 15 properties as held-for-sale and included in discontinued operations. Additionally, we have classified nine in-service properties as held-for-sale, but have included the results of operations of these properties in continuing operations, either based on our present intention to sell the majority of our ownership interest in the properties to entities in which we will retain a minority equity ownership interest or because the results of operations for the properties are immaterial. The following table illustrates aggregate balance sheet information of the aforementioned 15 properties included in discontinued operations, as well as the nine held-for-sale properties whose results are included in continuing operations at December 31, 2007 (in thousands):

	Properties Included in Discontinued Operations	Properties Included in Continuing Operations	Total Held-for-Sale Properties
Balance Sheet:			
Real estate investments, net	$ 132,194	$ 122,556	$ 254,750
Other assets	10,152	8,689	18,841
Total assets held-for-sale	$ 142,346	$ 131,245	$ 273,591
Accrued expenses	$ 3,586	$ 333	$ 3,919
Other liabilities	1,011	4,024	5,035
Total liabilities held-for-sale	$ 4,597	$ 4,357	$ 8,954

We allocate interest expense to discontinued operations and have included such interest expense in computing net income from discontinued operations. Interest expense allocable to discontinued operations includes interest on any debt on secured 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 discontinued operations unencumbered population as it related to our entire unencumbered population.

We recorded impairment adjustments on depreciable properties of $266,000 and $3.7 million in 2006 and 2005, respectively. No impairment adjustments were recorded on depreciable properties in 2007.

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Notes to Consolidated Financial Statements

(7) Indebtedness

Indebtedness at December 31, 2007 and 2006 consists of the following (in thousands):

	2007	2006
Fixed rate secured debt, weighted average interest rate of 6.11% at December 31, 2007, and 6.21% at December 31, 2006, maturity dates ranging from 2008 to 2026	**$ 515,423**	$ 652,886
Variable rate secured debt, weighted average interest rate of 3.35% at December 31, 2007, and 3.79% at December 31, 2006, maturity dates ranging from 2014 to 2025	**8,970**	9,615
Fixed rate unsecured debt, weighted average interest rate of 5.73% at December 31, 2007, and 5.67% at December 31, 2006, maturity dates ranging from 2008 to 2028	**3,246,000**	3,125,157
Unsecured lines of credit, weighted average interest rate of 5.52% at December 31, 2007, and 5.82% at December 31, 2006 maturity dates ranging from 2010 to 2011	**546,067**	317,000
Variable rate unsecured debt, market rate of 6.2% at December 31, 2006		4,496
	$ 4,316,460	$ 4,109,154

The fair value of our indebtedness as of December 31, 2007, was $4.2 billion. This fair value amount was calculated using current market rates and spreads available to us on debt instruments with similar terms and maturities.

As of December 31, 2007, the $524.4 million of secured debt was collateralized by rental properties with a carrying value of $723.0 million and by letters of credit in the amount of $9.1 million.

We had an unsecured line of credit available at December 31, 2007. During 2007, the borrowing capacity on this line of credit was increased from $1.0 billion to $1.3 billion. Additionally, in July 2007, one of our consolidated majority owned subsidiaries entered into a lending agreement that included an additional unsecured line of credit. Our unsecured lines of credit as of December 31, 2007 are described as follows (in thousands):

Description	Borrowing Capacity	Maturity Date	Outstanding at December 31, 2007

Unsecured Line of Credit		$	1,300,000	January 2010	$	543,000
Unsecured Line of Credit	Consolidated Subsidiary	$	30,000	July 2011	$	3,067

We use our line of credit to fund development activities, acquire additional rental properties and provide working capital. This line of credit provides us with an option to obtain borrowings from financial institutions that participate in the line, at rates lower than the stated interest rate, subject to certain restrictions. The interest rate on the amounts outstanding on the unsecured line of credit as of December 31, 2007 was LIBOR plus .525%, which for borrowings outstanding at December 31, 2007 ranged from 5.355% to 5.775%. Our line of credit also contains various financial covenants that require us to meet financial ratios and defined levels of performance, including those related to variable rate indebtedness, consolidated net worth and debt-to-market capitalization. As of December 31, 2007, we were in compliance with all covenants under our line of credit.

The consolidated subsidiary s unsecured line of credit allows for borrowings up to $30.0 million at a rate of LIBOR plus .85% (equal to 5.73% for outstanding borrowings as of December 31, 2007). The unsecured line of credit is used to fund development activities within the consolidated subsidiary. The consolidated subsidiary s unsecured line of credit matures in July 2011 with a 12-month extension option.

We took the following actions during the year ended December 31, 2007, relevant to our indebtedness:

- In August 2007, we repaid $100.0 million of 7.375% senior unsecured notes on the scheduled maturity date.

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- In September 2007, we issued $300.0 million of 6.50% senior unsecured notes due in January 2018. This issuance was hedged with a forward starting interest rate swap that was settled and reduced the effective interest rate to 6.16%. The net proceeds from that issuance were used to partially pay down the outstanding balance on our unsecured line of credit.

- In November 2007, we repaid $100.0 million of 3.5% senior unsecured notes on the scheduled maturity date.

In November 2006, we issued $575.0 million of 3.75% Exchangeable Senior Notes (Exchangeable Notes), which will pay interest semiannually at a rate of 3.75% per annum and mature in December 2011.

The Exchangeable Notes can be exchanged for shares of our common stock upon the occurrence of certain events as well as at any time beginning on August 1, 2011 and ending on the second business day prior to the maturity date. The Exchangeable Notes had an initial exchange rate of approximately 20.4298 common shares per $1,000 principal amount of the notes, representing an exchange price of approximately $48.95 per share of Duke s common stock and an initial exchange premium of approximately 20.0% based on the price of $40.79 per share of our common stock on the date of the original issuance. The initial exchange rate is subject to adjustment under certain circumstances including increases in our rate of dividends. Upon exchange the holders of the notes would receive (i) cash equal to the principal amount of the note and (ii) to the extent the conversion value exceeds the principal amount of the note, either cash or shares of common stock at our option.

Concurrent with the issuance of the Exchangeable Notes, we purchased a capped call option on our common stock in a private transaction. This capped call option allows us to buy our common shares, up to a maximum of approximately 11.7 million shares, from counter parties equal to the amounts of common stock and/or cash related to the excess conversion value we would pay to the holders of the Exchangeable Notes upon conversion. The capped call option will terminate upon the earlier of the maturity date of the related Exchangeable Notes or the first day all of the related Exchangeable Notes are no longer outstanding due to conversion or otherwise. The capped call option, which cost $27.0 million, was recorded as a reduction of shareholders equity and effectively increased the conversion price to 40% above the stock price on the issuance date. The fair value of the capped call option was $1.9 million at December 31, 2007.

At December 31, 2007, the scheduled amortization and maturities of all indebtedness for the next five years and thereafter were as follows (in thousands):

Year		Amount
2008	$	279,928
2009		285,578
2010		728,253
2011		1,046,394
2012		209,233

Thereafter		1,767,074
	$	4,316,460

The amount of interest paid in 2007, 2006 and 2005 was $225.8 million, $198.1 million and $151.3 million, respectively. The amount of interest capitalized in 2007, 2006 and 2005 was $59.2 million, $36.3 million and $9.5 million, respectively.

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(8) Segment Reporting

We are engaged in three reportable operating segments, the first two of which consist of the ownership and rental of office and industrial real estate investments. The operations of our office and industrial properties, along with our healthcare properties (our healthcare properties, and other property types which are not significant are not separately presented as a reportable segment), are collectively referred to as Rental Operations . The third reportable segment consists of our build-to-suit for sale operations and providing various real estate services such as property management, maintenance, leasing, development and construction management to third-party property owners and joint ventures (Service Operations). Our reportable segments offer different products or services and are managed separately because each segment requires different operating strategies and management expertise.

The assets of the Service Operations business segment generally include properties under development. During the period between the completion of development, rehabilitation or repositioning of a Service Operations property and the date the property is contributed to a property fund or sold to a third party, the property and its associated rental income and rental expenses are included in the applicable Rental Operations segment because the primary activity associated with the Service Operations property during that period is rental activities. Upon contribution or sale, the resulting gain or loss is part of the income of the Service Operations business segment.

Other revenue consists mainly of equity in earnings of unconsolidated companies. Segment FFO information (FFO is defined below) is calculated by subtracting operating expenses attributable to the applicable segment from segment revenues. Non-segment assets consist of corporate assets including cash, deferred financing costs and investments in unconsolidated companies. 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 segment operating results based upon an industry performance measure referred to as Funds From Operations (FFO), which management believes is a useful indicator of our 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. FFO is calculated in accordance with the definition that was adopted by the Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT). NAREIT created FFO as a supplemental measure of REIT operating performance that excludes historical cost depreciation, among other items, from net income determined in accordance with GAAP. FFO is a non-GAAP financial measure developed by NAREIT to compare the operating performance of REITs. The most comparable GAAP measure is net income (loss). FFO should not be considered as a substitute for net income or any other measures derived in accordance with GAAP and may not be comparable to other similarly titled measures of other companies.

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. FFO, as defined by NAREIT, represents GAAP net income (loss), excluding extraordinary items as defined under GAAP and gains or losses from sales of previously depreciated 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.

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Management believes that the use of FFO, combined with the required primary GAAP presentations, improves the understanding of operating results of REITs among the investing public and makes comparisons of REIT operating results more meaningful. Management believes FFO is a useful measure for reviewing comparative operating and financial performance (although FFO should be reviewed in conjunction with net income which remains the primary measure of performance) because by excluding gains or losses related to sales of previously depreciated real estate assets and excluding real estate asset depreciation and amortization, FFO provides a useful comparison of the operating performance of our real estate between periods or as compared to different companies.

The following table shows (i) the revenues and FFO for each of the reportable segments and (ii) a reconciliation of net income available for common shareholders to the calculation of FFO for the years ended December 31, 2007, 2006 and 2005 (in thousands):

	2007	2006	2005
Revenues			
Rental Operations:			
Office	**$ 547,478**	$ 534,369	$ 443,927
Industrial	**219,080**	194,670	148,359
Non-reportable Rental Operations segments	**20,952**	5,775	4,449
Service Operations	**99,358**	90,125	81,941
Total Segment Revenues	**886,868**	824,939	678,676
Other Revenue	**36,359**	46,738	34,876
Consolidated Revenue from continuing operations	**923,227**	871,677	713,552
Discontinued Operations	**41,117**	77,975	166,235
Consolidated Revenue	**$ 964,344**	$ 949,652	$ 879,787
Funds From Operations			
Rental Operations:			
Office	**$ 339,587**	$ 334,839	$ 274,940
Industrial	**167,632**	150,919	112,336
Non-reportable Rental Operations segments	**14,382**	4,372	3,335
Services Operations	**52,034**	53,196	44,278
Total Segment FFO	**573,635**	543,326	434,889
Non-Segment FFO:			
Interest expense	**(168,358)**	(170,484)	(106,047)
Interest and other income, net	**12,135**	10,450	4,637
General and administrative expense	**(37,680)**	(35,797)	(30,962)
Gain on land sales, net of impairment	**33,422**	7,791	14,201
Other non-segment income (expense)	**(1,923)**	159	(3,876)
Minority interest	**(9,794)**	(9,791)	(10,151)
Minority interest share of FFO adjustments	**(10,983)**	(18,858)	(3,065)
Joint venture FFO	**50,085**	37,774	37,964
Dividends on preferred shares	**(58,292)**	(56,419)	(46,479)
Adjustment for redemption of preferred shares	**(3,483)**	(2,633)	
Discontinued operations, net of minority interest	**5,268**	32,490	50,078
Consolidated basic FFO	**384,032**	338,008	341,189
Depreciation and amortization on continuing operations	**(271,623)**	(232,739)	(203,081)

Depreciation and amortization on discontinued operations	**(6,068)**	(21,529)	(51,089)
Company s share of joint venture adjustments	**(26,948)**	(18,394)	(19,510)
Earnings from depreciated property sales on discontinued operations	**121,072**	42,089	227,513
Earnings from depreciated property sales share of joint venture	**6,244**	18,802	11,096
Minority interest share of FFO adjustments	**10,983**	18,858	3,065
Net income available for common shareholders	**$ 217,692**	$ 145,095	$ 309,183

The assets for each of the reportable segments as of December 31, 2007 and 2006 are as follows (in thousands):

	December 31, 2007	**December 31, 2006**
Assets		
Rental Operations:		
Office	**$ 3,705,928**	$ 4,061,806
Industrial	**2,313,507**	1,942,992
Non-reportable Rental Operations segments	**312,246**	132,449
Service Operations	**476,033**	301,886
Total Segment Assets	**6,807,714**	6,439,133
Non-Segment Assets	**854,267**	799,462
Consolidated Assets	**$ 7,661,981**	$ 7,238,595

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In addition to revenues and FFO, we also review our recurring capital expenditures in measuring the performance of our individual Rental Operations segments. These recurring capital expenditures consist of tenant improvements, leasing commissions and building improvements. We review these expenditures to determine the costs associated with re-leasing vacant space and maintaining the condition of our properties. Our recurring capital expenditures by segment are summarized as follows for the years ended December 31, 2007, 2006 and 2005 (in thousands):

	2007	2006	2005
Recurring Capital Expenditures			
Office	**$ 68,427**	$ 66,449	$ 66,890
Industrial	**16,454**	16,210	42,083
Non-reportable Rental Operations segments	**1,055**	341	67
Total	**$ 85,936**	$ 83,000	$ 109,040

(9) Leasing Activity

Future minimum rents due to us under non-cancelable operating leases at December 31, 2007 are as follows (in thousands):

Year	Amount
2008	$ 645,005
2009	634,921
2010	573,033
2011	482,761
2012	409,167
Thereafter	1,364,161
	$ 4,109,048

In addition to minimum rents, certain leases require reimbursements of specified operating expenses that amounted to $177.2 million, $161.7 million and $151.4 million for the years ended December 31, 2007, 2006 and 2005, respectively.

(10) <u>Employee Benefit Plans</u>

We maintain a 401(k) plan for full-time employees. We make matching contributions up to an amount equal to three percent of the employee s salary and may also make annual discretionary contributions. The total expense recognized for this plan was $3.7 million, $3.9 million and $3.3 million for the years ended December 31, 2007, 2006 and 2005, 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 $9.3 million, $9.4 million and $8.1 million for 2007, 2006 and 2005, respectively. These expense amounts include estimates based upon the historical experience of claims incurred but not reported as of year-end.

(11) <u>Shareholders Equity</u>

We periodically access 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 DRLP in exchange for an additional interest in DRLP. In October 2007, we redeemed all of the outstanding shares of our 7.99% Series B Cumulative Redeemable Preferred Stock at a liquidation amount of $132.3 million. Offering costs of $3.5 million were charged against net income available to common shareholders in conjunction with the redemption of these shares.

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The following series of preferred shares were outstanding as of December 31, 2007 (in thousands, except percentage data):

Description	Shares Outstanding	Dividend Rate	Redemption Date	Liquidation Preference
Series J Preferred	400	6.625%	August 29, 2008	$ 100,000
Series K Preferred	600	6.500%	February 13, 2009	$ 150,000
Series L Preferred	800	6.600%	November 30, 2009	$ 200,000
Series M Preferred	736	6.950%	January 31, 2011	$ 184,000
Series N Preferred	440	7.250%	June 30, 2011	$ 110,000

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

In October 2007, we issued 7.0 million shares of our common stock for net proceeds of $232.7 million.

Pursuant to the $750.0 million share repurchase plan that was approved by our board of directors, we paid approximately $91.9 million for the redemption of 2,266,684 of our common shares at an average price of $40.55 per share during the year ended December 31, 2006. From time to time, management may repurchase additional common shares pursuant to our share repurchase plan.

(12) Stock Based Compensation

We are authorized to issue up to 9,949,314 shares of our common stock under our stock based employee and non-employee compensation plans.

Cash flows resulting from tax deductions in excess of recognized compensation cost from the exercise of stock options (excess tax benefits) were not significant in any period presented.

Fixed Stock Option Plans

We had options outstanding under six fixed stock option plans as of December 31, 2007. Additional grants may be made under one of those plans. Stock option awards granted under our stock based employee and non-employee compensation plans generally vest over five years at 20% per year and have contractual lives of ten years. The exercise price for stock option grants is set at the fair value of our common stock on the day of grant.

The following table summarizes transactions under our stock option plans as of December 31, 2007:

	2007			
	Shares	**Weighted Average Exercise Price**	**Weighted Average Remaining Life**	**Aggregate Intrinsic Value (1) (in Millions)**
Outstanding, beginning of year	**3,848,925**	**$ 27.85**		
Granted	**2,457,608**	**$ 32.23**		
Exercised	**(371,628)**	**$ 23.02**		
Forfeited	**(83,949)**	**$ 38.50**		
Outstanding, end of year	**5,850,956**	**$ 29.84**	7.3	$ 6.6
Options exercisable, end of year	**2,166,435**	**$ 25.90**	4.5	$ 4.8

(1) The aggregate intrinsic value represents the total pre-tax intrinsic value, based on the closing stock price of $26.08 at December 31, 2007, which would have been received by the option holders had all option holders exercised their options as of that date. This amount changes continuously based on the market prices of the stock.

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Options granted in the years ended December 31, 2007, 2006 and 2005, respectively, had a weighted average fair value per option of $2.89, $3.60 and $3.04. As of December 31, 2007, there was $6.7 million of total unrecognized compensation expense related to stock options granted under the plans, which is expected to be recognized over a weighted average remaining period of 3.91 years. The total intrinsic value of options exercised during the years ended December 31, 2007, 2006 and 2005 respectively, was $5.6 million, $11.3 million and $3.4 million. Compensation expense recognized for fixed stock option plans was $2.3 million, $1.7 million and $1.1 million for the years ended December 31, 2007, 2006 and 2005, respectively. The fair value of options vested during the years ended December 31, 2007, 2006 and 2005 was $1.6 million, $1.6 million and $1.2 million, respectively.

The fair values of the options were determined using the Black-Scholes option-pricing model with the following assumptions:

	2007	**2006**	**2005**
Dividend yield	**5.75% - 6.50%**	6.25%	6.25%
Volatility	**18.0%**	20.0%	20.0%
Risk-free interest rate	**3.63% - 4.78%**	4.5%	3.8%
Expected life	**5 years**	6 years	6 years

The risk free interest rate assumption is based upon observed interest rates appropriate for the term of our employee stock options. The dividend yield assumption is based on the history of and our present expectation of future dividend payouts. Our computation of expected volatility for the valuation of stock options granted in the years ended December 31, 2007, 2006 and 2005 is based on historic, and our present expectation of future volatility over a period of time equal to the expected term. The expected life of employee stock options represents the weighted average period the stock options are expected to remain outstanding.

Performance Share Plan

Performance shares were granted under the 2000 Performance Share Plan, with each performance share economically equivalent to one share of our common stock. The performance shares vest over a five-year period with the vesting percentage for a year dependent upon our attainment of certain predefined levels of earnings growth for such year. The performance shares have a contractual life of five years. In April 2006, the 2000 Performance Share Plan was amended to provide that awards would be settled in shares of common stock rather than cash. The fair value of existing awards was fixed at the date of the amendment and the fair value of subsequent awards will be fixed at the fair value of our common stock at the date of grant.

The following table summarizes transactions for our performance shares for the year ended December 31, 2007:

2000 Performance Share Plan	**Vested**	**Unvested**	**Total**
Performance Share Plan units at December 31, 2006	103,255	69,768	173,023
Granted			
Vested	29,791	(29,791)	
Forfeited			
Dividend reinvestments	9,264		9,264
Disbursements	(4,111)		(4,111)
Total Performance Share Plan units outstanding at December 31, 2007	138,199	39,977	178,176

DUKE REALTY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Compensation expense recognized for Performance Share Plan units was $1.3 million, $1.2 million and $1.3 million for 2007, 2006 and 2005, respectively. The total vest date fair value of shares vesting during the year ended December 31, 2007 was $1.1 million.

Shareholder Value Plan Awards

Our 2005 Shareholder Value Plan (2005 SVP Plan), a sub-plan of our 2005 Long-Term Incentive Plan, was approved by our shareholders in April 2005. Upon vesting, payout of the 2005 Shareholder Value Plan awards will be made in shares of our common stock. Under the 2005 SVP Plan, shareholder value awards fully vest three years after the date of grant. The number of common shares to be issued may range from 0%-300% of the target shares awarded and will be based upon our total shareholder return for such three-year period as compared to the S&P 500 Index and the NAREIT Real Estate 50 Index. Each index is weighted at 50%.

Awards made under the 2005 SVP Plan are measured at fair value, which is determined using a Monte Carlo simulation model that was developed to accommodate the unique features of the 2005 SVP Plan. Compensation cost recognized under the 2005 SVP Plan was $1.5 million, $879,000 and $438,000 for the years ended December 31, 2007, 2006 and 2005, respectively.

The following table summarizes transactions for our awards under the 2005 SVP Plan for 2007:

2005 Shareholder Value Plan Awards	**Number of SVP Units**	**Weighted Average Grant Date Fair Value**
SVP awards at December 31, 2006	159,634	$32.63
Granted	83,580	$46.49
Vested	(67,845)	$30.64
Forfeited	(11,189)	$37.19
SVP awards at December 31, 2007	164,180	$40.20

As of December 31, 2007, there was $2.2 million of total unrecognized compensation expense related to nonvested SVP Plan awards granted under the 2005 SVP Plan, which will be recognized over a weighted average period of 1.73 years. All 2005 SVP Plan awards have a contractual life of three years.

Restricted Stock Units

Under our 2005 Long-Term Incentive Plan and our 2005 Non-Employee Directors Compensation Plan approved by our shareholders in April 2005, restricted stock units (RSUs) may be granted to non-employee directors, executive officers and selected management employees. An RSU is economically equivalent to one share of our common stock. RSUs granted prior to January 1, 2006 vest 20% per year over five years, have contractual lives of five years and are payable in shares of our common stock. RSUs granted to existing non-employee directors subsequent to January 1, 2006 vest 100% over one year, and have contractual lives of one year. We recognize the value of the granted RSUs over this vesting period as expense.

The following table summarizes transactions for our RSUs, excluding dividend equivalents, for 2007:

Restricted Stock Units	Number of RSUs	Weighted Average Grant Date Fair Value
RSUs at December 31, 2006	235,693	$33.07
Granted	96,113	$46.67
Vested	(62,353)	$33.14
Forfeited	(8,355)	$38.99
RSUs at December 31, 2007	261,098	$37.87

DUKE REALTY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Compensation cost recognized for RSUs totaled $3.0 million, $2.1 million and $478,000 for the years ended December 31, 2007, 2006 and 2005, respectively.

As of December 31, 2007, there was $5.9 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 3.9 years.

(13) **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.

In November 2007, we entered into $300.0 million of cash flow hedges through forward-starting interest rate swaps to hedge interest rates on $300.0 million of anticipated debt offerings in 2008. The swaps qualify for hedge accounting, with any changes in fair value recorded in Other Comprehensive Income (OCI). At December 31, 2007, the fair value of these swaps was approximately $6.2 million in a liability position as the effective rate on the swaps was higher than current interest rates at December 31, 2007.

In July 2007, we entered into a $21.0 million cash flow hedge though an interest rate swap to fix the rate on $21.0 million of floating rate term debt, issued by one of our consolidated majority owned subsidiaries, which matures in July 2011. The swap qualifies for hedge accounting, with any changes in fair value recorded in OCI. At December 31, 2007, the fair value of this swap was approximately $1.1 million in a liability position.

In August 2005, we entered into $300.0 million of cash flow hedges through forward-starting interest rate swaps to hedge interest rates on $300.0 million of anticipated debt offerings in 2007. The swaps qualified for hedge accounting, with any changes in fair value recorded in OCI. In conjunction with the September 2007 issuance of $300.0 million of senior unsecured notes, we terminated these cash flow hedges as designated. The settlement amount received of $10.7 million will be recognized to earnings through a reduction of interest expense over the term of the hedged cash flows. The ineffective portion of the hedge was insignificant.

In March 2005, we entered into $300.0 million of cash flow hedges through forward-starting interest rate swaps to hedge interest rates on $300.0 million of anticipated debt offerings in 2006. The swaps qualified for hedge accounting, with any changes in fair value recorded in OCI. In March 2006, we issued $150.0 million of 5.50% senior unsecured notes due 2016 and terminated a corresponding amount of the cash flow hedges designated for this transaction. The settlement amount paid of approximately $800,000 will be recognized to earnings through interest expense ratably over the life of the senior unsecured notes and the ineffective portion of the hedge was insignificant. In August 2006, we issued

$450.0 million of 5.95% senior unsecured notes due 2017 and $250.0 million of 5.63% senior unsecured notes due 2011 and terminated the remaining $150.0 million of cash flow hedges. The settlement amount received of approximately $1.6 million will be recognized to earnings through a reduction of interest expense ratably over the lives of the senior unsecured notes. The ineffective portion of the hedge was insignificant.

The effectiveness of our hedges will be 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.

DUKE REALTY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(14) Recent Accounting Pronouncements

We adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* (FIN 48), on January 1, 2007. The adoption of FIN 48 resulted in an additional tax exposure of approximately $1.7 million recorded as an adjustment to the opening balance of Distributions in Excess of Net Income. As of December 31, 2007, tax returns for the calendar years 2004 through 2007 remain subject to examination by the Internal Revenue Service (IRS) and various state and local tax jurisdictions. Our uncertain tax positions are immaterial both individually and in the aggregate primarily due to our tax status as a REIT.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosure about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. We do not expect SFAS 157 to have a material effect when adopted.

In January 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159). SFAS 159 provides a Fair Value Option under which a company may irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities. This Fair Value Option will be available on a contract-by-contract basis with changes in fair value recognized in earnings as those changes occur. The effective date for SFAS 159 is the beginning of each reporting entity s first fiscal year end that begins after November 15, 2007. We will not elect the Fair Value Option for any of our financial assets or liabilities.

In December 2007, the FASB issued SFAS No. 141R, Business Combinations (SFAS 141R) and SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment to ARB No. 51 (SFAS 160). SFAS 141R and SFAS 160 require most identifiable assets, liabilities, noncontrolling interests and goodwill acquired in a business combination to be recorded at full fair value and require noncontrolling interests (previously referred to as minority interests) to be reported as a component of equity, which changes the accounting for transactions with noncontrolling interest holders. Both Statements are effective for periods beginning on or after December 15, 2008, and earlier adoption is prohibited. SFAS 141R will be applied to business combinations after the effective date. SFAS 160 will be applied prospectively to all noncontrolling interests, including any that arose before the effective date. We are currently evaluating the impact of adopting SFAS 141R and SFAS 160 on our results of operations and financial position.

(15) Commitments and Contingencies

We have guaranteed the repayment of $79.3 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 seven of our unconsolidated subsidiaries. At December 31, 2007, the outstanding balance on these loans was approximately $219.8 million. Additionally, we guaranteed $29.0 million of secured indebtedness related to a property sold to a third party in 2006. Management believes that the value of the real estate exceeds the loan balance and that we will not be required to satisfy these guarantees.

DUKE REALTY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

We have entered into agreements, subject to the completion of due diligence requirements, resolution of certain contingencies and completion of customary closing conditions, for the future acquisitions of land and buildings totaling $158.9 million. In most cases we may withdraw from land purchase contracts with the seller s only recourse being earnest money deposits already made.

In October 2000, we sold or contributed industrial properties and undeveloped land with a fair value of $487.0 million to a joint venture (Dugan Realty LLC) in which we have a 50% interest and recognized a net gain of $35.2 million. In connection with this transaction, the joint venture partners were given an option to put up to a $50.0 million interest in the joint venture to us in exchange for our common stock or cash (at our option), subject to certain timing and other restrictions. As a result of this put option, we deferred $10.2 million of gain on sale of depreciated property and recorded a $50.0 million liability.

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.

(16) Subsequent Events

Declaration of Dividends

The Company s board of directors declared the following dividends at its January 30, 2008, regularly scheduled board meeting:

Class	Quarterly Amount/Share	Record Date	Payment Date
Common	$ 0.48	February 14, 2008	February 29, 2008
Preferred (per depositary share):			
Series J	$ 0.414063	February 15, 2008	February 29, 2008
Series K	$ 0.406250	February 15, 2008	February 29, 2008
Series L	$ 0.412500	February 15, 2008	February 29, 2008
Series M	$ 0.434375	March 17, 2008	March 31, 2008
Series N	$ 0.453125	March 17, 2008	March 31, 2008

In February 2008, we issued $300.0 million of 8.375% Series O Cumulative Redeemable Preferred Shares.

Duke Realty Corporation

Schedule 3

Real Estate and Accumulated Depreciation

December 31, 2007

(in thousands)

Development	Name	Building Type	Encumbrances	Initial Cost Land	Initial Cost Buildings	Cost Capitalized Subsequent to Development or Acquisition	Gross Book Value 12/31/07 Land/Land Imp	Gross Book Value 12/31/07 Bldgs/TI	Gross Book Value 12/31/07 Total	Accumulated Depreciation (1)	Year Constructed	Year Acquired
ALLEN, TEXAS												
Allen Central Park	One Allen Center	Office		1,966	11,178	629	1,966	11,807	13,773		2007	2007
ALPHARETTA, GEORGIA												
Brookside Office Park	Radiant I	Office		1,269	14,697	63	1,269	14,760	16,029	3,142	1998	1999
Brookside Office Park	Brookside I	Office		1,625	8,594	3,926	1,492	12,653	14,145	2,834	1999	1999
Brookside Office Park	Radiant II	Office		831	6,755	185	831	6,940	7,771	1,229	2000	2000
Brookside Office Park	Brookside II	Office		1,381	11,239	2,048	1,248	13,420	14,668	3,159	2000	2000
Hembree Crest	11415 Old Roswell Road	Industrial		648	2,454	1,055	648	3,509	4,157	1,353	1991	1999
NorthWinds Center	Northwinds VII	Office		2,271	19,852	1,571	2,304	21,390	23,694	4,909	1998	1999
NorthWinds Center	Northwinds I	Office		1,879	15,933	1,641	1,879	17,574	19,453	3,286	1997	2004
NorthWinds Center	Northwinds II	Office		1,796	15,973	600	1,796	16,573	18,369	3,406	1997	2004
NorthWinds Center	Northwinds III	Office	15,931	1,868	16,114	597	1,868	16,711	18,579	3,482	1998	2004
NorthWinds Center	Northwinds IV	Office	15,162	1,844	16,089	1,727	1,844	17,816	19,660	3,669	1999	2004
NorthWinds Center	Northwinds V	Office		2,215	15,522	1,336	2,215	16,858	19,073	3,313	1999	2004
NorthWinds Center	Northwinds VI	Office		2,662	15,600	708	2,662	16,308	18,970	3,512	2000	2004
NorthWinds Center	Northwinds Village	Retail		704	4,453	153	710	4,600	5,310	591	2000	2004
NorthWinds Center	Northwinds Restaurant	Retail		202	329		202	329	531	51	1997	2004
Ridgeland	1320 Ridgeland Parkway	Industrial		998	5,874	52	998	5,926	6,924	1,250	1999	1999
Ridgeland	1345 Ridgeland Parkway	Industrial		488	2,186	1,068	488	3,254	3,742	769	1999	1999
Ridgeland	1335 Ridgeland Pkwy	Industrial		579	2,105	803	579	2,908	3,487	650	1999	1999
Preston Ridge	Preston Ridge IV	Office		2,777	13,300	725	2,781	14,021	16,802	3,658	2000	2004
Windward	800 North Point Parkway	Office		1,250	18,443		1,250	18,443	19,693	2,341	1991	2003
Windward	900 North Point Parkway	Office		1,250	13,945		1,250	13,945	15,195	1,786	1991	2003
ARLINGTON HEIGHTS, ILLINOIS												
Arlington Business Park	Atrium II	Office		776	6,882	2,167	776	9,049	9,825	2,479	1986	1998
ATLANTA, GEORGIA												
Druid Chase	6 West Druid Hills Drive	Office		473	6,731	2,489	473	9,220	9,693	2,608	1968	1999
Druid Chase	2801 Buford Highway	Office		794	9,310	2,757	794	12,067	12,861	2,836	1977	1999
Druid Chase		Office		689	6,485	1,308	689	7,793	8,482	1,780	1980	1999

	1190 West Druid Hills Drive											
Center Pointe Medical I and II	Center Pointe Medical I and II	Healthcare	24,067	9,697	29,308	599	9,697	29,907	39,604	500	1984	2007
AURORA, ILLINOIS												
Meridian Business Campus	535 Exchange	Industrial		386	920	269	386	1,189	1,575	301	1984	1999
Meridian Business Campus	525 North Enterprise Street	Industrial		342	1,678	110	342	1,788	2,130	473	1984	1999
Meridian Business Campus	615 North Enterprise Street	Industrial		468	2,824	649	468	3,473	3,941	973	1984	1999
Meridian Business Campus	3615 Exchange	Industrial		410	1,603	140	410	1,743	2,153	493	1986	1999
Meridian Business Campus	4000 Sussex Avenue	Industrial		417	1,711	332	417	2,043	2,460	535	1990	1999
Meridian Business Campus	3737 East Exchange	Industrial		598	2,543	166	598	2,709	3,307	721	1985	1999
Meridian Business Campus	444 North Commerce Street	Industrial		722	5,403	597	722	6,000	6,722	1,659	1985	1999
Meridian Business Campus	880 North Enterprise Street	Industrial		1,150	5,669	530	1,150	6,199	7,349	1,426	1999	1999
Meridian Business Campus	Meridian Office Service Center	Industrial		567	1,083	1,701	567	2,784	3,351	578	2001	2001
Meridian Business Campus	Genera Corporation	Industrial		1,957	3,827		1,957	3,827	5,784	593	2004	2004
BATAVIA, OHIO												
Mercy Hospital Clermont MOB	Mercy Hospital Clermont MOB	Healthcare			8,699	667		9,366	9,366		2005	2007
BERRY HILL, TN												
Four-Forty Business Center	Four-Forty Business Center I	Industrial		938	6,462	46	938	6,508	7,446	1,383	1997	1999
Four-Forty Business Center	Four-Forty Business Center III	Industrial		1,812	7,579	259	1,812	7,838	9,650	1,795	1998	1999
Four-Forty Business Center	Four-Forty Business Center IV	Industrial		1,522	5,552	416	1,522	5,968	7,490	1,343	1997	1999
Four-Forty Business Center	Four-Forty Business Center V	Industrial		471	3,321	527	471	3,848	4,319	1,436	1999	1999
BLOOMINGTON, MINNESOTA												
Alpha Business Center	Alpha Business Ctr I&II	Office		280	1,421	367	280	1,788	2,068	431	1980	1999
Alpha Business Center	Alpha Business Ctr III&IV	Industrial		341	1,775	375	341	2,150	2,491	519	1980	1999
Alpha Business Center	Alpha Business Ctr V	Industrial		537	2,977	361	537	3,338	3,875	813	1980	1999
Hampshire Dist. Center	Hampshire Dist Center North	Industrial	1,228	779	4,500	287	779	4,787	5,566	1,253	1979	1997
Hampshire Dist. Center	Hampshire Dist Center South	Industrial	1,389	901	5,069	313	901	5,382	6,283	1,412	1979	1997
Norman Pointe Office Park	Norman Pointe I	Office		3,650	25,966	2,350	3,650	28,316	31,966	5,621	2000	2000
Norman Pointe Office Park	Norman Pointe II	Office		5,885	38,649	1,206	5,885	39,855	45,740	279	2007	2007

Duke Realty Corporation

Schedule 3

Real Estate and Accumulated Depreciation

December 31, 2007

(in thousands)

Development	Name	Building Type	Encumbrances	Initial Cost Land	Initial Cost Buildings	Cost Capitalized Subsequent to Development or Acquisition	Gross Book Value 12/31/07 Land/Land Imp	Gross Book Value 12/31/07 Bldgs/TI	Gross Book Value 12/31/07 Total	Accumulated Depreciation (1)	Year Constructed	Year Acquired
BLUE ASH, OHIO												
McAuley Place	McAuley Place	Office		2,331	17,604	2,103	2,331	19,707	22,038	3,822	2000	2001
Huntington Bank Building	Huntington Bank Building	Office		175	241		175	241	416	71	1986	1996
Lake Forest/Westlake	Lake Forest Place	Office		1,953	18,680	3,281	1,953	21,961	23,914	6,367	1985	1996
Northmark Office Park	Northmark Building 1	Office		1,452	5,077	440	1,452	5,517	6,969	1,913	1987	2004
Lake Forest/Westlake	Westlake Center	Office		2,459	15,911	3,446	2,459	19,357	21,816	6,049	1981	1996
Landings	Landings Building I	Office		4,302	17,512	301	4,302	17,813	22,115	1,171	2006	2006
Landings	Landings Building II	Office		4,817	9,377	2,134	4,817	11,511	16,328	318	2007	2007
BOLINGBROOK, ILLINOIS												
Joliet Road Business Park	555 Joliet Road, Bolingbrook	Industrial		2,184	9,284	752	2,332	9,888	12,220	1,527	1967	2002
Joliet Road Business Park	Dawes Transportation	Industrial		3,050	4,453		3,050	4,453	7,503	632	2005	2005
BRASELTON, GEORGIA												
Braselton Business Park	Braselton II	Industrial		1,365	8,720	1,720	1,884	9,921	11,805	1,787	2001	2001
Park 85 at Braselton	Park 85 at Braselton Bldg 625	Industrial		9,855	25,690	463	9,855	26,153	36,008	1,871	2004	2005
BRENTOOD, TENNESSEE												
Brentwood South Bus. Center	Brentwood South Bus Ctr I	Industrial		1,065	5,773	838	1,065	6,611	7,676	1,572	1987	1999
Brentwood South Bus. Center	Brentwood South Bus Ctr II	Industrial		1,065	2,781	1,275	1,065	4,056	5,121	882	1987	1999
Brentwood South Bus. Center	Brentwood South Bus Ctr III	Industrial		848	3,998	660	848	4,658	5,506	1,160	1989	1999
Creekside Crossing	Creekside Crossing I	Office		1,900	7,649	580	1,901	8,228	10,129	2,294	1997	1997
Creekside Crossing	Creekside Crossing II	Office		2,087	7,801	1,204	2,087	9,005	11,092	2,477	1999	1999
Creekside Crossing	Creekside Crossing III	Office		2,969	9,700	1,668	2,969	11,368	14,337	840	2006	2006

Creekside Crossing	Creekside Crossing IV	Office	2,966	8,104	651	3,010	8,711	11,721	101	2007	2007
BROOKLYN PARK, MINNESOTA											
7300 Northland Drive	7300 Northland Drive	Industrial	700	6,578	278	703	6,853	7,556	1,831	1980	1998
Crosstown North Bus. Ctr.	Crosstown North Bus. Ctr. 1	Industrial	835	5,321	1,113	1,286	5,983	7,269	1,705	1998	1999
Crosstown North Bus. Ctr.	Crosstown North Bus. Ctr. 2	Industrial	449	2,722	674	599	3,246	3,845	834	1998	1999
Crosstown North Bus. Ctr.	Crosstown North Bus. Ctr. 3	Industrial	758	1,891	233	837	2,045	2,882	515	1999	1999
Crosstown North Bus. Ctr.	Crosstown North Bus. Ctr. 4	Industrial	2,079	7,324	1,331	2,397	8,337	10,734	2,617	1999	1999
Crosstown North Bus. Ctr.	Crosstown North Bus. Ctr. 5	Industrial	1,079	4,433	509	1,354	4,667	6,021	1,049	1999	1999
Crosstown North Bus. Ctr.	Crosstown North Bus. Ctr. 6	Industrial	788	2,951	2,144	1,031	4,852	5,883	1,550	2000	2000
Crosstown North Bus. Ctr.	Crosstown North Bus. Ctr. 10	Industrial	2,757	4,642	1,079	2,723	5,755	8,478	801	2004	2004
Crosstown North Bus. Ctr.	Crosstown North Bus. Ctr. 12	Industrial	4,564	9,014	215	4,564	9,229	13,793	1,066	2005	2005
BUFFALO, NEW YORK											
Office Development	HealthNow	Office	11,686	54,009	3,732	11,686	57,741	69,427		2007	2007
CARMEL, INDIANA											
Hamilton Crossing	Hamilton Crossing I	Industrial	835	4,008	2,588	847	6,584	7,431	2,599	1989	1993
Hamilton Crossing	Hamilton Crossing II	Office	313	840	1,180	384	1,949	2,333	623	1997	1997
Hamilton Crossing	Hamilton Crossing III	Office	890	9,581	1,912	890	11,493	12,383	3,276	2000	2000
Hamilton Crossing	Hamilton Crossing IV	Office	515	5,186	571	598	5,674	6,272	1,320	1999	1999
Hamilton Crossing	Hamilton Crossing VI	Office	1,044	13,671	840	1,068	14,487	15,555	2,271	2003	2003
Meridian Technology Center	Meridian Tech Center	Office	376	2,695	1,107	376	3,802	4,178	831	1986	2002
West Carmel Marketplace	Burger King (Ground Lease)	Grounds	848		189	1,037		1,037		n/a	2007
CAROL STREAM, ILLINOIS											
Carol Stream Business Park	Carol Stream IV	Industrial	3,204	14,986	471	3,204	15,457	18,661	2,303	1994	2003
Carol Stream Business Park	Carol Stream V	Industrial	4,553	7,605	242	4,553	7,847	12,400	707	1986	2003
CARY, NORTH CAROLINA											
Regency Forest	200 Regency Forest Dr.	Office	1,230	13,365	1,877	1,230	15,242	16,472	3,641	1999	1999

Regency Forest	100 Regency Forest Dr.	Office	1,538	9,835	1,907	1,618	11,662	13,280	2,720	1997	1999
Weston Parkway	6501 Weston Parkway	Office	1,775	10,580	1,287	1,775	11,867	13,642	2,807	1996	1999
CELEBRATION, FLORIDA											
Celebration Business Center	Celebration Business Center I	Office	1,102	4,722	529	1,308	5,045	6,353	1,151	1997	1999
Celebration Business Center	Celebration Business Center II	Office	771	3,587	337	961	3,734	4,695	879	1997	1999
Celebration Office Center	Celebration Office Center I	Office	1,382	5,771	326	1,382	6,097	7,479	1,318	2000	2000
Celebration Office Center	Celebration Office Center II	Office	1,382	5,859	2,422	1,382	8,281	9,663	2,455	2001	2001
CHANTILLY, VIRGINIA											
Northridge at Westfields	15002 Northridge Dr.	Office	1,148	2,597	442	1,148	3,039	4,187		2007	2007
Northridge at Westfields	15004 Northridge Dr.	Office	1,305	2,981	426	1,305	3,407	4,712		2007	2007
Northridge at Westfields	15006 Northridge Dr.	Office	1,611	3,586	522	1,611	4,108	5,719		2007	2007

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Schedule 3

Real Estate and Accumulated Depreciation

December 31, 2007

(in thousands)

Development	Name	Building Type	Encumbrances	Initial Cost Land	Initial Cost Buildings	Cost Capitalized Subsequent to Development or Acquisition	Gross Book Value 12/31/07 Land/Land Imp	Gross Book Value 12/31/07 Bldgs/TI	Gross Book Value 12/31/07 Total	Accumulated Depreciation (1)	Year Constructed	Year Acquired
CHILLICOTHE, OHIO												
Adena Health Pavilion	Adena Health Pavilion	Healthcare			11,738	8		11,746	11,746	396	2005	2007
Adena Health System OPC	Adena Health System OPC	Healthcare			2,946	1		2,947	2,947	266	2005	2007
CINCINNATI, OHIO												
311 Elm	311 Elm	Office		339	5,734	1,321	346	7,048	7,394	3,955	1986	1993
312 Elm	312 Elm	Office	34,273	4,750	46,380	5,159	5,428	50,861	56,289	18,388	1992	1993
312 Plum	312 Plum	Office		2,539	23,832	3,736	2,590	27,517	30,107	9,825	1987	1993
One Ashview Place	One Ashview Place	Office		1,204	12,613	2,877	1,204	15,490	16,694	5,149	1989	1997
Blue Ash Office Center	Blue Ash Office Center VI	Office		518	2,752	647	518	3,399	3,917	975	1989	1997
Towers of Kenwood	Towers of Kenwood	Office		4,891	42,239	2,103	4,891	44,342	49,233	5,897	1989	2003
Governors Hill	8790 Governor s Hill	Office		400	4,559	1,055	408	5,606	6,014	2,058	1985	1993
Governors Hill	8800 Governor s Hill	Office		225	2,293	597	231	2,884	3,115	1,394	1985	1993
Governors Hill	8600/8650 Governor s Hill Dr.	Office		1,220	18,337	6,138	1,245	24,450	25,695	8,726	1986	1993
Kenwood Executive Center	Kenwood Executive Center	Office		606	3,930	971	664	4,843	5,507	1,377	1981	1997
Kenwood Commons	8230 Kenwood Commons	Office	3,398	638	4,225	1,006	638	5,231	5,869	2,676	1986	1993
Kenwood Commons	8280 Kenwood Commons	Office	2,102	638	3,027	504	638	3,531	4,169	1,542	1986	1993
Kenwood Medical Office Bldg.	Kenwood Medical Office Bldg.	Office			7,663	100		7,763	7,763	1,710	1999	1999
Pfeiffer Place	Pfeiffer Place	Office		3,608	12,806	1,491	3,608	14,297	17,905	3,390	2001	2001
Pfeiffer Woods	Pfeiffer Woods	Office		1,450	12,322	1,777	2,131	13,418	15,549	3,090	1998	1999
Remington Office Park	Remington Park Building A	Office		560	1,448	680	560	2,128	2,688	571	1982	1997
Remington Office Park	Remington Park Building B	Office		560	1,347	953	560	2,300	2,860	700	1982	1997
Triangle Office Park	Triangle Office Park	Office	3,470	1,018	10,917	1,294	1,018	12,211	13,229	6,380	1965	1993
CLAYTON, MISSOURI												
Interco Corporate Tower	Interco Corporate Tower	Office		6,150	43,068	2,555	6,150	45,623	51,773	7,890	1986	2002

COLUMBUS, OHIO											
Easton	One Easton Oval	Office	2,789	9,946	731	2,789	10,677	13,466	2,659	1998	1998
Easton	Two Easton Oval	Office	2,489	16,379	1,756	2,489	18,135	20,624	4,584	1996	1998
Easton	Easton Way One	Office	1,874	9,181	582	1,874	9,763	11,637	2,707	2000	2000
Easton	Easton Way Two	Office	2,005	8,994	794	2,005	9,788	11,793	3,243	2001	2001
Easton	Easton Way Three	Office	2,768	11,186	93	2,768	11,279	14,047	2,823	2002	2002
Easton	Lane Bryant	Office	4,346	11,395	71	4,371	11,441	15,812	1,336	2005	2005
Easton	4400 Easton Commons	Office	1,886	7,779	988	1,886	8,767	10,653	812	2005	2005
Easton	4343 Easton Commons	Office	3,059	7,248	344	3,059	7,592	10,651	49	2007	2007
Polaris	1000 Polaris Parkway	Office	1,200	5,723	1,502	1,293	7,132	8,425	1,665	1992	1999
COPPELL, TEXAS											
Freeport North	Freeport X	Industrial	8,198	18,852	3,031	8,198	21,883	30,081	5,300	2003	2003
DAVENPORT, FLORIDA											
Park 27 Distribution Center	Park 27 Distribution Center I	Industrial	2,449	6,107	20	2,449	6,127	8,576	1,398	2002	2002
DES PLAINES, ILLINOIS											
2180 South Wolf Road	2180 South Wolf Road	Industrial	179	1,632	486	179	2,118	2,297	611	1966	1998
DOWNERS GROVE, ILLINOIS											
Executive Towers	Executive Towers I	Office	2,652	23,402	6,571	2,652	29,973	32,625	8,141	1983	1997
Executive Towers	Executive Towers II	Office	3,386	27,730	8,441	3,386	36,171	39,557	10,255	1984	1997
Executive Towers	Executive Towers III	Office	3,512	32,345	6,854	3,512	39,199	42,711	11,467	1987	1997
DUBLIN, OHIO											
Scioto Corporate Center	Scioto Corporate Center	Office	1,100	2,876	1,527	1,100	4,403	5,503	1,317	1987	1996
Tuttle Crossing	Qwest	Office	2,618	18,715	1,816	2,670	20,479	23,149	7,456	1990	1993
Tuttle Crossing	4600 Lakehurst	Office	1,494	12,858	560	1,524	13,388	14,912	4,915	1990	1993
Tuttle Crossing	4700 Lakehurst Court	Office	717	2,406	776	717	3,182	3,899	1,067	1994	1994
Tuttle Crossing	4675 Lakehurst	Office	605	5,863	176	605	6,039	6,644	2,006	1995	1995
Tuttle Crossing	5500 Glendon Court	Office	1,066	7,620	1,147	1,066	8,767	9,833	3,174	1995	1995
Tuttle Crossing	5555 Glendon Court	Office	1,600	7,197	1,313	1,767	8,343	10,110	3,021	1995	1995
Britton Central	6060 Britton Parkway	Office	1,601	8,725	182	1,601	8,907	10,508	4,189	1996	1996
Tuttle Crossing	Compmanagement	Office	867	4,397	653	867	5,050	5,917	1,751	1997	1997
Tuttle Crossing	4725 Lakehurst	Office	483	9,349	759	483	10,108	10,591	3,533	1998	1998
Tuttle Crossing	5555 Parkcenter Circle	Office	1,580	8,951	1,084	1,580	10,035	11,615	3,426	1992	1994
Tuttle Crossing	Parkwood Place	Office	1,690	11,563	1,093	1,690	12,656	14,346	4,802	1997	1997
Tuttle Crossing	Nationwide	Office	4,815	15,431	823	4,815	16,254	21,069	4,899	1996	1996
Tuttle Crossing	Emerald II	Office	495	2,767	199	495	2,966	3,461	776	1998	1998

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Schedule 3

Real Estate and Accumulated Depreciation

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(in thousands)

				Initial Cost		Cost Capitalized Subsequent to Development or Acquisition	Gross Book Value 12/31/07			Accumulated Depreciation (1)	Year	Year
Development	**Name**	**Building Type**	**Encumbrances**	**Land**	**Buildings**		**Land/Land Imp**	**Bldgs/TI**	**Total**		**Constructed**	**Acquired**
Tuttle Crossing	Atrium II, Phase I	Office		1,649	9,884	551	1,649	10,435	12,084	3,348	1997	1997
Tuttle Crossing	Atrium II, Phase II	Office		1,597	7,993	1,134	1,597	9,127	10,724	2,359	1998	1998
Tuttle Crossing	Blazer I	Office		904	4,511	592	904	5,103	6,007	1,445	1999	1999
Tuttle Crossing	Parkwood II	Office		1,848	14,030	821	2,409	14,290	16,699	4,943	2000	2000
Tuttle Crossing	Blazer II	Office		1,016	6,046	736	1,016	6,782	7,798	1,853	2000	2000
Tuttle Crossing	Emerald III	Office		1,685	8,079	1,683	1,694	9,753	11,447	2,316	2001	2001
DULUTH, GEORGIA												
Crestwood Pointe	3805 Crestwood Parkway	Office		877	14,888	1,449	877	16,337	17,214	3,952	1997	1999
Crestwood Pointe	3885 Crestwood Parkway	Office		878	13,972	877	878	14,849	15,727	3,345	1998	1999
Hampton Green	Hampton Green Office I	Office		1,388	11,379	772	1,388	12,151	13,539	3,103	2000	2000
River Green	3450 River Green Court	Industrial		194	2,001	273	194	2,274	2,468	484	1989	1999
Business Park At Sugarloaf	2775 Premiere Parkway	Industrial	6,854	560	4,671	277	565	4,943	5,508	1,065	1997	1999
Business Park At Sugarloaf	3079 Premiere Parkway	Industrial	11,554	776	6,277	1,995	783	8,265	9,048	2,249	1998	1999
Business Park At Sugarloaf	Sugarloaf Office I	Office		1,042	8,680	725	1,042	9,405	10,447	2,285	1998	1999
Business Park At Sugarloaf	2850 Premiere Parkway	Office	7,071	621	4,631	19	627	4,644	5,271	612	1997	2002
Business Park At Sugarloaf	Sugarloaf Office II (3039)	Office		972	3,784	618	1,006	4,368	5,374	599	1999	2002
Business Park At Sugarloaf	Sugarloaf Office III (2810)	Office		696	3,896	431	696	4,327	5,023	763	1999	2002
Business Park At Sugarloaf	2855 Premiere Parkway	Industrial	6,068	765	3,512	512	770	4,019	4,789	951	1999	1999
Business Park At Sugarloaf	6655 Sugarloaf	Industrial	9,934	1,651	6,985	75	1,653	7,058	8,711	1,083	1998	2001
Business Park At Sugarloaf	Sugarloaf Office IV	Office		623	2,695	391	623	3,086	3,709	650	2000	2000
Business Park At Sugarloaf	Sugarloaf Office V	Office		744	3,159	539	744	3,698	4,442	1,511	2001	2001
	Sugarloaf VI	Office		1,589	5,902	967	1,589	6,869	8,458	1,035	2004	2004

Business Park At Sugarloaf										
Business Park At Sugarloaf	Sugarloaf VII	Office		1,722	5,163	2,396	1,7276,559,281	373	2006	2006
EAGAN, MINNESOTA										
Apollo Industrial Center	Apollo Industrial Ctr I	Industrial		866	4,976	1,472	886,4377,314	2,110	1997	1997
Apollo Industrial Center	Apollo Industrial Ctr II	Industrial		474	2,462	167	474,6293,103	534	2000	2000
Apollo Industrial Center	Apollo Industrial Ctr III	Industrial		1,432	6,316	51	1,436,3677,799	1,345	2000	2000
Silver Bell Commons	Silver Bell Commons	Industrial		1,807	6,527	1,747	1,908,17010,081	2,422	1999	1999
Trapp Road Commerce Center	Trapp Road Commerce Center I	Industrial		671	3,847	453	704,2744,971	1,046	1996	1998
Trapp Road Commerce Center	Trapp Road Commerce Center II	Industrial		1,250	6,738	1,095	1,266,8179,083	2,011	1998	1998
EARTH CITY, MISSOURI										
Earth City	Rider Trail	Office		2,615	10,877	2,105	2,615,98215,597	3,566	1987	1997
Earth City	3300 Pointe 70	Office		1,186	7,357	2,516	1,186,87311,059	3,448	1989	1997
Earth City	Corporate Center, Earth City	Industrial		783	3,399	1,501	783,9005,683	1,954	2000	2000
Earth City	Corporate Trail Distribution	Industrial		2,850	6,163	659	2,850,8229,672	495	2005	2005
EAST POINTE, GEORGIA										
Camp Creek	Camp Creek Bldg 1400	Office	5,211	561	2,839	821	563,6584,221	854	1988	2001
Camp Creek	Camp Creek Bldg 1800	Office	4,124	462	2,612	228	464,8383,302	514	1989	2001
Camp Creek	Camp Creek Bldg 2000	Office	3,322	395	2,292	46	397,3362,733	425	1989	2001
Camp Creek	Camp Creek Bldg 2400	Industrial	3,050	296	1,675	427	298,1002,398	435	1988	2001
Camp Creek	Camp Creek Bldg 2600	Industrial	3,393	364	2,086	172	366,2562,622	423	1990	2001
Camp Creek	Clorox Company	Industrial	19,322	4,406	9,512	601	4,849,67414,519	1,502	2003	2003
Camp Creek	Camp Creek Building 1200	Office		1,334	2,475	946	1,334,4214,755	904	2004	2004
Camp Creek	3900 North Commerce	Industrial	5,321	1,059	2,967		1,059,9674,026	331	2005	2005
Camp Creek	3909 North Commerce	Industrial		5,687	10,192	8,741	7,217,39424,620	840	2005	2005
Camp Creek	Hartsfield Warehouse BTS	Industrial	11,930	2,065	7,076	64	2,065,1409,205	455	2005	2005
Camp Creek	Camp Creek Building 1000	Office		1,537	2,459	1,103	1,537,5625,099	385	2006	2006
Camp Creek	3000 Centre Parkway	Industrial		1,163	1,884	881	1,170,7583,928	129	2007	2007
EVANSVILLE, INDIANA										
		Healthcare			20,946	1,298	22,24422,244	898	2005	2007

St. Mary s Heart Institute	St. Mary s Heart Institute										
FAIRFIELD, OHIO											
Thunderbird Building 1	Thunderbird Building 1	Industrial	248	1,656	331	248	1,987	2,235	632	1991	1995
FISHERS, INDIANA											
Exit 5	Exit 5 Building 1	Industrial	822	2,695	153	822	2,848	3,670	796	1999	1999
Exit 5	Exit 5 Building 2	Industrial	749	4,134	373	749	4,507	5,256	1,603	1999	1999
FRANKLIN, TENNESSEE											
Aspen Grove Business Center	Aspen Grove Business Ctr I	Industrial	936	6,382	2,721	936	9,103	10,039	2,371	1996	1999
Aspen Grove Business Center	Aspen Grove Business Ctr II	Industrial	1,151	6,482	540	1,151	7,022	8,173	1,556	1996	1999
Aspen Grove Business Center	Aspen Grove Business Ctr III	Industrial	970	5,815	84	970	5,899	6,869	1,522	1998	1999
Aspen Grove Business Center	Aspen Grove Business Center IV	Industrial	492	2,416	20	492	2,436	2,928	443	2002	2002
Aspen Grove Business Center	Aspen Grove Business Ctr V	Industrial	943	5,172	1,452	943	6,624	7,567	1,587	1996	1999

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Schedule 3

Development	Name	Building Type	Encumbrances	Initial Cost Land	Initial Cost Buildings	Cost Capitalized Subsequent to Development or Acquisition	Gross Book Value 12/31/07 Land/Land Imp	Gross Book Value 12/31/07 Bldgs/TI	Gross Book Value 12/31/07 Total	Accumulated Development (1)	Year Constructed	Year Acquired
Aspen Grove Business Center	Aspen Grove Flex Center II	Industrial		240	1,289	373	240	1,662	1,902	144	1999	1999
Aspen Grove Business Center	Aspen Grove Office Center I	Office		950	6,247	2,449	950	8,696	9,646	1,974	1999	1999
Aspen Grove Business Center	Aspen Grove Flex Center I	Industrial		301	1,233	630	301	1,863	2,164	443	1999	1999
Aspen Grove Business Center	Aspen Grove Flex Center III	Industrial		327	1,697	846	327	2,543	2,870	789	2001	2001
Aspen Grove Business Center	Aspen Grove Flex Center IV	Industrial		205	861	205	205	1,066	1,271	164	2001	2001
Aspen Grove Business Center	Aspen Corporate Center 100	Office		723	3,451	94	723	3,545	4,268	718	2004	2004
Aspen Grove Business Center	Aspen Corporate Center 200	Office		1,306	1,870	1,341	1,306	3,211	4,517	344	2005	2005
Aspen Grove Business Center	Aspen Corporate Center 400	Office		1,833	2,621	461	1,833	3,082	4,915	90	2007	2007
Aspen Grove Business Center	Aspen Grove Office Center II	Office		2,320	8,177	3,661	2,320	11,838	14,158	518	2007	2007
Brentwood South Bus. Center	Brentwood South Bus Ctr IV	Industrial		569	2,435	901	569	3,336	3,905	673	1990	1999
Brentwood South Bus. Center	Brentwood South Bus Ctr V	Industrial		445	1,932	93	445	2,025	2,470	439	1990	1999
Brentwood South Bus. Center	Brentwood South Bus Ctr VI	Industrial		489	1,243	602	489	1,845	2,334	408	1990	1999
FRANKLIN PARK, ILLINOIS												
O Hare Distribution Center	O Hare Distribution Ctr	Industrial		3,900	3,013	233	3,900	3,246	7,146	31	2007	2007
FRISCO, TEXAS												
Duke Bridges	Duke Bridges III	Office		4,647	7,676	1,885	4,647	9,561	14,208		2007	2007
FT. WAYNE, INDIANA												
Parkview Ambulatory Svcs - MOB	Parkview Ambulatory Svcs - MOB	Healthcare		937	10,974	526	937	11,500	12,437	75	2006	2007

GARDEN CITY, GEORGIA												
Aviation Court	Aviation Court Land	Grounds		1,509			1,509		1,509	37	n/a	2006
GRAND PRAIRIE, TEXAS												
Grand Lakes	Grand Lakes I	Industrial		8,106	13,069	316	8,040	13,451	21,491	1,149	2006	2006
GROVEPORT, OHIO												
6600 Port Road	6600 Port Road	Industrial		2,725	23,261	1,422	2,850	24,558	27,408	6,819	1995	1997
Groveport Commerce Center	Groveport Commerce Center #437	Industrial		1,049	6,759	1,244	1,065	7,987	9,052	1,782	1999	1999
Groveport Commerce Center	Groveport Commerce Center #168	Industrial		510	3,755	1,060	510	4,815	5,325	1,389	1999	1999
Groveport Commerce Center	Groveport Commerce Center #345	Industrial		1,045	6,435	942	1,045	7,377	8,422	1,712	2000	2000
Groveport Commerce Center	Groveport Commerce Center #667	Industrial		4,420	14,231	356	4,420	14,587	19,007	2,300	2004	2004
HANAHAN, SOUTH CAROLINA												
Charleston	916 Commerce Circle	Industrial	1,079	286	1,781	79	286	1,860	2,146		1999	2006
HAZELWOOD, MISSOURI												
Hazelwood	Lindbergh Distribution Center	Industrial		8,200	10,305	1,064	8,200	11,369	19,569	154	2007	2007
HEBRON, KENTUCKY												
Southpark, KY	Southpark Building 4	Industrial		779	3,353	156	779	3,509	4,288	1,225	1994	1994
Southpark, KY	CR Services	Industrial		1,085	4,214	1,410	1,085	5,624	6,709	1,922	1994	1994
Hebron Industrial Park	Hebron Building 1	Industrial		8,855	11,527	221	8,855	11,748	20,603	1,157	2006	2006
Hebron Industrial Park	Hebron Building 2	Industrial		6,790	9,039	380	6,791	9,418	16,209	81	2007	2007
HOPKINS, MINNESOTA												
Cornerstone Business Center	Cornerstone Business Center	Industrial	4,563	1,469	8,402	497	1,543	8,825	10,368	2,375	1996	1997
HOUSTON, TEXAS												
Cedar Crossing Business Park	Cedar Crossing	Industrial	12,615	6,098	9,776		6,098	9,776	15,874		2005	2007
Sam Houston Crossing	Sam Houston Crossing One	Office		4,016	8,535	135	4,052	8,634	12,686		2007	2007
HUTCHINS, TEXAS												
Duke Intermodal Park	Duke Intermodal I	Industrial		5,290	9,641	1,091	5,290	10,732	16,022	1,399	2006	2006

INDEPENDENCE, OHIO											
Corporate Plaza	Corporate Plaza I	Office	2,116	14,072	2,599	2,116	16,671	18,787	4,625	1989	1996
Corporate Plaza	Corporate Plaza II	Office	1,841	11,906	2,661	1,841	14,567	16,408	3,977	1991	1996
Freedom Square	Freedom Square I	Office	595	3,842	816	600	4,653	5,253	1,348	1980	1996
Freedom Square	Freedom Square II	Office	1,746	11,534	2,288	1,746	13,822	15,568	3,686	1987	1996
Freedom Square	Freedom Square III	Office	701	5,861	371	701	6,232	6,933	1,620	1997	1997
Oak Tree Place	Oak Tree Place	Office	703	4,555	844	703	5,399	6,102	1,339	1979	1997
Park Center Plaza	Park Center Plaza I	Office	2,193	12,607	991	2,193	13,598	15,791	3,953	1998	1998
Park Center Plaza	Park Center Plaza II	Office	2,190	13,353	918	2,190	14,271	16,461	4,194	1999	1999
Park Center Plaza	Park Center Plaza III	Office	2,190	11,545	2,605	2,190	14,150	16,340	3,327	2000	2000

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Development	Name	Building Type	Encumbrances	Initial Cost Land	Initial Cost Buildings	Cost Capitalized Subsequent to Development or Acquisition	Gross Book Value 12/31/07 Land/Land Imp	Gross Book Value 12/31/07 Bldgs/TI	Gross Book Value 12/31/07 Total	Accumulated Depreciation (1)	Year Constructed	Year Acquired
INDIANAPOLIS, INDIANA												
Park 100	Park 465	Industrial		124	759	19	124	778	902	59	1983	2005
Franklin Road Business Park	Franklin Road Business Center	Industrial		594	9,280	1,354	594	10,634	11,228	3,789	1962	1995
6061 Guion Road	6061 Guion Rd	Industrial		274	1,798	194	274	1,992	2,266	664	1974	1995
Hillsdale	Hillsdale Technecenter 4	Industrial		366	5,007	1,295	366	6,302	6,668	2,248	1987	1993
Hillsdale	Hillsdale Technecenter 5	Industrial		251	2,933	1,107	251	4,040	4,291	1,371	1987	1993
Hillsdale	Hillsdale Technecenter 6	Industrial		315	2,962	1,925	315	4,887	5,202	1,692	1987	1993
Keystone Crossing	8555 N. River Road	Office			5,911	1,231		7,142	7,142	2,069	1985	1997
One North Capitol	One North Capitol	Office		1,439	9,276	1,416	1,439	10,692	12,131	2,671	1980	1998
8071 Township Line Road	8071 Township Line Road	Healthcare			2,319	561		2,880	2,880	17	1976	2007
Park 100	Park 100 Bldg 31	Industrial		64	378	20	64	398	462	28	1978	2005
Park 100	Park 100 Building 96	Industrial		1,414	13,804	113	1,667	13,664	15,331	4,535	1994	1995
Park 100	Park 100 Building 98	Industrial		273	8,217	2,170	273	10,387	10,660	3,874	1968	1994
Park 100	Park 100 Building 100	Industrial		103	2,073	663	103	2,736	2,839	915	1995	1995
Park 100	Park 100 Building 102	Office		182	1,118	68	182	1,186	1,368	89	1982	2005
Park 100	Park 100 Building 107	Industrial		99	1,698	370	99	2,068	2,167	656	1984	1995
Park 100	Park 100 Building 109	Industrial		240	1,802	350	246	2,146	2,392	1,103	1985	1986
Park 100	Park 100 Building 116	Office		341	3,166	367	348	3,526	3,874	1,742	1988	1988
Park 100	Park 100 Building 118	Office		226	2,198	791	230	2,985	3,215	1,093	1988	1993
Park 100	Park 100 Building 119	Office		388	3,667	1,394	500	4,949	5,449	2,265	1989	1993
Park 100	Park 100 Building 122	Industrial		284	3,695	1,017	290	4,706	4,996	1,748	1990	1993
Park 100	Park 100 Building 124	Office		227	2,496	418	227	2,914	3,141	403	1992	2002
Park 100	Park 100 Building 127	Industrial		96	1,654	454	96	2,108	2,204	682	1995	1995
Park 100	Park 100 Building 141	Industrial		1,120	3,305	93	1,120	3,398	4,518	472	2005	2005
Park 100	UPS Parking	Grounds		270			270		270	92	n/a	1997
Park 100	Norgate Ground Lease	Grounds		51			51		51		n/a	1995
Park 100	Zollman Ground Lease	Grounds		115			115		115		n/a	1994
Park 100	Bldg 111 Parking Lot	Grounds		196			196		196	62	n/a	1994
Park 100	Becton Dickinson Lot	Grounds				13	13		13	12	n/a	1993

Park 100	3.58 acres on Allison Avenue	Grounds	242			242		242	31	n/a	2000
Park 100	Hewlett-Packard Land Lease	Grounds	252			252		252	25	n/a	2003
Park 100	Park 100 Bldg 121 Land Lease	Grounds	5			5		5		n/a	2003
Park 100	Hewlett Packard Land Lse-62	Grounds	45			45		45	4	n/a	2003
Park 100	West 79th St. Parking Lot LL	Grounds	350			350		350	17	n/a	2006
Park Fletcher	Park Fletcher Building 33	Industrial	1,237	5,264	17	1,237	5,281	6,518	307	1997	2006
Park Fletcher	Park Fletcher Building 34	Industrial	1,331	5,636	193	1,331	5,829	7,160	351	1997	2006
Park Fletcher	Park Fletcher Building 35	Industrial	380	1,503	3	380	1,506	1,886	107	1997	2006
Park Fletcher	Park Fletcher Building 36	Industrial	476	2,355	27	476	2,382	2,858	131	1997	2006
Park Fletcher	Park Fletcher Building 37	Industrial	286	653	2	286	655	941	49	1998	2006
Park Fletcher	Park Fletcher Building 38	Industrial	1,428	5,957	49	1,428	6,006	7,434	326	1999	2006
Park Fletcher	Park Fletcher Building 39	Industrial	570	2,130	101	570	2,231	2,801	127	1999	2006
Park Fletcher	Park Fletcher Building 40	Industrial	761	3,363	111	761	3,474	4,235	183	1999	2006
Park Fletcher	Park Fletcher Building 41	Industrial	952	4,310	78	952	4,388	5,340	226	2001	2006
Park Fletcher	Park Fletcher Building 42	Industrial	2,095	8,301	13	2,095	8,314	10,409	(6)	2001	2006
Parkwood Crossing	One Parkwood Crossing	Office	1,018	10,007	1,110	1,028	11,107	12,135	3,642	1989	1995
Parkwood Crossing	Two Parkwood Crossing	Office	861	6,421	1,027	871	7,438	8,309	2,276	1996	1996
Parkwood Crossing	Three Parkwood Crossing	Office	1,377	8,583	749	1,387	9,322	10,709	3,007	1997	1997
Parkwood Crossing	Four Parkwood Crossing	Office	1,489	10,995	656	1,537	11,603	13,140	2,840	1998	1998
Parkwood Crossing	Five Parkwood Crossing	Office	1,485	11,703	702	1,528	12,362	13,890	3,185	1999	1999
Parkwood Crossing	Six Parkwood Crossing	Office	1,960	16,055	1,028	1,960	17,083	19,043	4,840	2000	2000
Parkwood Crossing	Eight Parkwood Crossing	Office	6,435	16,367	482	6,435	16,849	23,284	3,603	2002	2002
Parkwood Crossing	Nine Parkwood Crossing	Office	6,046	15,991	841	6,047	16,831	22,878	1,837	2005	2005
Parkwood West	One West	Office	5,361	16,182	898	5,361	17,080	22,441	173	2007	2007
River Road - Indianapolis	River Road Building I	Office	856	7,725	1,750	856	9,475	10,331	3,544	1997	1997
Woodland Corporate Park	Woodland Corporate Park I	Office	290	4,338	700	320	5,008	5,328	1,966	1998	1998
Woodland Corporate Park	Woodland Corporate Park II	Office	271	3,543	855	297	4,372	4,669	1,323	1999	1999
Woodland Corporate Park	Woodland Corporate Park III	Office	1,227	4,135	242	1,227	4,377	5,604	1,193	1999	2000
Woodland Corporate Park	Woodland Corporate Park IV	Office	715	7,245	528	715	7,773	8,488	2,426	2000	2000
Woodland Corporate Park	Woodland Corporate Park V	Office	768	10,015	36	768	10,051	10,819	1,800	2002	2002
IRVING, TEXAS											
International Commerce Park	DFW Airport I	Industrial	3,612	9,160	4,028	3,612	13,188	16,800		2007	2007
LAKE FOREST, ILLINOIS											

Bradley Business Center	13825 West Laurel Drive	Industrial	750	1,874	906	750	2,780	3,530	1,129	1978	1999
Conway Park	One Conway Park	Office	1,901	17,612	2,591	1,901	20,203	22,104	5,284	1989	1998

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LAKE MARY, FLORIDA												
Northpoint	Northpoint Center I	Office		1,087	10,487	1,464	1,087	11,951	13,038	2,612	1998	2001
Northpoint	Northpoint Center II	Office		1,202	9,238	916	1,202	10,154	11,356	1,988	1999	2001
Northpoint	Northpoint III	Office		1,552	10,252	198	1,552	10,450	12,002	2,818	2001	2001
Northpoint	Northpoint IV	Office		1,605	8,273	4,703	1,605	12,976	14,581	2,182	2002	2002
LAWRENCEVILLE, GEORGIA												
Hillside at Huntcrest	Huntcrest I	Office		1,193	10,829	286	1,193	11,115	12,308	2,618	2000	2001
Hillside at Huntcrest	Huntcrest II	Office		927	9,559	1,010	927	10,569	11,496	1,657	2000	2001
Hillside at Huntcrest	Huntcrest III	Office		1,358	12,817	348	1,358	13,165	14,523	2,733	2001	2002
Hillside at Huntcrest	Huntcrest IV	Office		1,295	5,742	332	1,306	6,063	7,369	766	2003	2003
Other Northeast I85 Properties	Weyerhaeuser BTS	Industrial	9,290	3,974	3,101	21	3,982	3,114	7,096	786	2004	2004
LEBANON, INDIANA												
Lebanon Business Park	Lebanon Building 4	Industrial	11,610	305	9,012	236	305	9,248	9,553	2,236	1997	1997
Lebanon Business Park	Lebanon Building 9	Industrial	10,614	554	6,871	770	554	7,641	8,195	1,806	1999	1999
Lebanon Business Park	Lebanon Building 12	Industrial	24,610	5,163	13,207	394	5,163	13,601	18,764	2,731	2002	2002
Lebanon Business Park	Lebanon Building 13	Industrial	9,365	561	6,579	83	1,901	5,322	7,223	1,262	2003	2003
Lebanon Business Park	Lebanon Building 14	Industrial	19,431	2,813	12,056	601	2,813	12,657	15,470	1,418	2004	2004
LEBANON, TENNESSEE												
Park 840 Logistics Center	Pk 840 Logistics Cnt. Bldg 653	Industrial		6,776	11,125	1,090	6,776	12,215	18,991	733	2006	2006
LISLE, ILLINOIS												
Corporate Lakes Business Park	2275 Cabot Drive	Office		3,355	7,008	6	3,355	7,014	10,369	901	1996	2004
MARYLAND HEIGHTS, MISSOURI												
Riverport Business Park	Riverport Tower	Office		3,549	29,254	8,249	3,954	37,098	41,052	10,929	1991	1997
Riverport Business Park	Riverport Distribution	Industrial		242	2,230	1,043	242	3,273	3,515	736	1990	1997
Riverport Business Park	Express Scripts Service Center	Industrial		1,197	8,755	427	1,197	9,182	10,379	2,570	1992	1997
Riverport Business Park	Express Scripts HQ	Office		2,285	8,988	295	2,285	9,283	11,568	2,036	1999	1999
Riverport Business Park	Riverport 1	Industrial		900	2,849	372	900	3,221	4,121	937	1999	1999

Riverport Business Park	Riverport 2	Industrial		1,238	4,161	80	1,238	4,241	5,479	1,091	2000	2000
Riverport Business Park	Riverport 3	Industrial		1,269	3,804	2,171	1,269	5,975	7,244	2,270	2001	2001
Riverport Business Park	Riverport IV	Industrial		1,864	3,362	1,353	1,864	4,715	6,579	169	2007	2007
MASON, OHIO												
Deerfield Crossing	Deerfield Crossing Building 1	Office		1,493	12,046	853	1,493	12,899	14,392	3,285	1999	1999
Deerfield Crossing	Deerfield Crossing Building 2	Office		1,069	13,478	491	1,069	13,969	15,038	4,335	2001	2001
Governors Pointe	Governor s Pointe 4770	Office		586	7,870	818	596	8,678	9,274	3,996	1986	1993
Governors Pointe	Governor s Pointe 4705	Office		719	6,100	3,688	987	9,520	10,507	3,471	1988	1993
Governors Pointe	Governor s Pointe 4605	Office		630	17,632	3,526	909	20,879	21,788	7,277	1990	1993
Governors Pointe	Governor s Pointe 4660	Office		385	4,298	279	529	4,433	4,962	1,382	1997	1997
Governors Pointe	Governor s Pointe 4680	Office		1,115	7,283	1,041	1,115	8,324	9,439	2,418	1998	1998
Governors Pointe Retail	Bigg s Supercenter	Retail		2,107	9,927	430	4,227	8,237	12,464	3,429	1996	1996
Governors Pointe Retail	Lowes	Retail		3,750	6,502	623	3,750	7,125	10,875	3,190	1997	1997
MCDONOUGH, GEORGIA												
Liberty Distribution Center	120 Declaration Drive	Industrial		615	8,522	282	615	8,804	9,419	1,954	1997	1999
Liberty Distribution Center	250 Declaration Drive	Industrial	22,292	2,273	13,225	2,278	2,312	15,464	17,776	2,757	2001	2001
MENDOTA HEIGHTS, MINNESOTA												
Enterprise Industrial Center	Enterprise Industrial Center	Industrial	1,138	864	5,027	579	888	5,582	6,470	1,502	1979	1997
MIAMISBURG, OHIO												
Kettering Sycamore POB	Kettering Sycamore POB	Healthcare		203	12,501	459	203	12,960	13,163		2007	2007
MONROE, OHIO												
Monroe Business Center	Monroe Business Center Bldg. 1	Industrial		660	5,082	354	660	5,436	6,096	1,511	1992	1999
MOREHEAD CITY, NC												
Industrial Development	NC State Ports Authority	Industrial			11,653	1,693		13,346	13,346		2007	2007

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MORRISVILLE, NORTH CAROLINA												
Perimeter Park	507 Airport Blvd	Industrial		1,327	8,273	1,510	1,351	9,759	11,110	2,424	1993	1999
Perimeter Park	5151 McCrimmon Pkwy	Office		1,318	7,832	1,926	1,342	9,734	11,076	1,934	1995	1999
Perimeter Park	2600 Perimeter Park Dr	Industrial		975	5,210	613	991	5,807	6,798	1,217	1997	1999
Perimeter Park	5150 McCrimmon Pkwy	Industrial		1,739	12,207	819	1,773	12,992	14,765	2,782	1998	1999
Perimeter Park	2400 Perimeter Park Dr.	Office		760	5,776	1,159	778	6,917	7,695	1,676	1999	1999
Perimeter Park	3000 Perimeter Park Dr (Met 1)	Industrial	554	482	2,891	1,160	491	4,042	4,533	1,036	1989	1999
Perimeter Park	2900 Perimeter Park Dr (Met 2)	Industrial	407	235	1,942	1,108	264	3,021	3,285	663	1990	1999
Perimeter Park	2800 Perimeter Park Dr (Met 3)	Industrial	762	777	4,826	599	811	5,391	6,202	1,235	1992	1999
Perimeter Park	1100 Perimeter Park Drive	Industrial		777	5,950	932	794	6,865	7,659	1,618	1990	1999
Perimeter Park	1400 Perimeter Park Drive	Office		666	4,561	1,214	900	5,541	6,441	1,490	1991	1999
Perimeter Park	1500 Perimeter Park Drive	Office		1,148	10,262	404	1,177	10,637	11,814	2,337	1996	1999
Perimeter Park	1600 Perimeter Park Drive	Office		1,463	9,964	2,101	1,513	12,015	13,528	2,859	1994	1999
Perimeter Park	1800 Perimeter Park Drive	Office		907	5,649	1,067	993	6,630	7,623	1,554	1994	1999
Perimeter Park	2000 Perimeter Park Drive	Office		788	5,738	897	842	6,581	7,423	1,909	1997	1999
Perimeter Park	1700 Perimeter Center West	Office		1,230	10,765	2,779	1,260	13,514	14,774	3,018	1997	1999
Perimeter Park	3900 N. Paramount Parkway	Office		540	13,270	256	574	13,492	14,066	2,901	1998	1999
Perimeter Park	3900 S. Paramount Pkwy	Office		1,575	12,152	1,483	1,612	13,598	15,210	3,918	2000	1999

Perimeter Park	5200 East Paramount	Office	1,7148,388	1,010	1,797	18,349	20,146	5,681	1999	1999
Perimeter Park	3500 Paramount Pkwy	Office	7125,948	137	755	13,085	13,840	4,333	1999	2000
Perimeter Park	2700 Perimeter Park	Industrial	662,794	1,732	662	4,526	5,188	1,379	2001	2001
Perimeter Park	5200 West Paramount	Office	1,8121,608	1,083	1,831	13,691	15,522	2,954	2000	2001
Perimeter Park	2450 Perimeter Park	Office	662,894	25	669	2,919	3,588	789	2001	2001
Perimeter Park	3800 Paramount Parkway	Office	2,657,329	3,052	2,657	10,381	13,038	660	2006	2006
Perimeter Park	Lenovo BTS I	Office	1,4169,961	1,503	1,439	18,464	19,903	932	2006	2006
Perimeter Park	Lenovo BTS II	Office	1,7165,809	1,984	1,725	18,793	20,518	801	2007	2007
Perimeter Park	Perimeter One	Office	5,8140,421	833	5,880	15,254	21,134	112	2007	2007
Woodlake Center	100 Innovation Avenue (Woodlk)	Industrial	633,748	634	633	4,382	5,015	859	1994	1999
Woodlake Center	101 Innovation Ave(Woodlk III)	Industrial	614,095	148	615	4,243	4,858	957	1997	1999
Woodlake Center	200 Innovation Drive	Industrial	354,489	60	357	4,549	4,906	1,271	1999	1999
Woodlake Center	501 Innovation Ave.	Industrial	645,632	176	640	5,808	6,448	1,140	1999	1999
Woodlake Center	1000 Innovation (Woodlk 6)	Industrial	512,927	88	514	3,015	3,529	436	1996	2002
Woodlake Center	1200 Innovation (Woodlk 7)	Industrial	745,936	98	740	6,034	6,774	1,958	1996	2002
Woodlake Center	Woodlake VIII	Industrial	901,517	339	908	1,856	2,764	441	2003	2003
NAPERVILLE, ILLINOIS										
Meridian Business Campus	1835 Jefferson	Industrial	3,187,959	5	3,184	7,960	11,144	956	2003	2003
NASHVILLE, TENNESSEE										
Airpark East	Airpark East-800 Commerce Dr.	Industrial	1,562,943	732	1,564	3,675	5,239	696	2001	2002
Lakeview Place	Three Lakeview	Office	2,1126,737	2,869	2,126	14,606	16,732	3,143	1999	1999
Lakeview Place	One Lakeview Place	Office	2,0146,147	1,837	2,123	12,907	15,030	3,140	1986	1998
Lakeview Place	Two Lakeview Place	Office	2,0146,712	1,954	2,046	13,666	15,712	3,374	1988	1998
Riverview Business Center	Riverview Office Building	Office	845,892	1,456	847	7,348	8,195	1,731	1983	1999
Nashville Business Center	Nashville Business Center I	Industrial	936,031	656	936	6,687	7,623	1,397	1997	1999

Nashville Business Center	Nashville Business Center II	Industrial		5,659	10,206	840	5,659	11,046	16,705	1,074	2005	2005
NEW ALBANY, OHIO												
New Albany	6525 West Campus Oval	Office		842	3,607	2,245	881	5,813	6,694	1,072	1999	1999
NILES, ILLINOIS												
Howard 220	Howard 220	Industrial		4,920	3,669	138	4,920	3,807	8,727	306	1950	2004
NORCROSS, GEORGIA												
Gwinnett Park	1835 Shackleford Court	Office		29	6,052	1,012	29	7,064	7,093	1,708	1990	1999
Gwinnett Park	1854 Shackelford Court	Office		52	9,790	1,331	52	11,121	11,173	2,524	1985	1999
Gwinnett Park	4275 Shackleford Road	Office		12	2,027	548	12	2,571	2,583	693	1985	1999
NORFOLK, VIRGINIA												
Norfolk Industrial Park	1400 Sewells Point Road	Industrial	3,131	1,463	5,723		1,463	5,723	7,186		1983	2007
NORTHLAKE, ILLINOIS												
Northlake 1 Park	Northlake I	Industrial		5,721	10,579	624	5,721	11,203	16,924	1,863	2002	2002
Northlake Distribution Park	Northlake III - Grand Whse.	Industrial		5,382	5,708	230	5,382	5,938	11,320	368	2006	2006
NORTH OLMSTED, OHIO												
Great Northern Corporate Ctr.	Great Northern Corp Center I	Office		1,048	6,779	1,697	1,040	8,484	9,524	2,373	1985	1996
Great Northern Corporate Ctr.	Great Northern Corp Center II	Office		1,048	6,742	1,750	1,048	8,492	9,540	2,264	1987	1996
Great Northern Corporate Ctr.	Great Northern Corp Center III	Office		604	4,952	605	604	5,557	6,161	1,244	1999	1999

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OAK BROOK, ILLINOIS												
2000 York Road	2000 York Road	Office	10,422	2,625	15,831	15	2,625	15,846	18,471	5,421	1960	2005
ORLANDO, FLORIDA												
Liberty Park at Southcenter	Southcenter I-Brede/Allied BTS	Industrial		3,094	3,867		3,094	3,867	6,961	877	2002	2002
Parksouth Distribution Center	Parksouth Dist. Ctr-Bldg B	Industrial		565	4,893	431	570	5,319	5,889	1,264	1996	1999
Parksouth Distribution Center	Parksouth Dist. Ctr-Bldg A	Industrial		493	4,521	234	498	4,750	5,248	1,052	1997	1999
Parksouth Distribution Center	Parksouth Dist. Ctr-Bldg D	Industrial		593	4,131	287	597	4,414	5,011	928	1998	1999
Parksouth Distribution Center	Parksouth Dist. Ctr-Bldg E	Industrial		649	4,549	344	653	4,889	5,542	1,098	1997	1999
Parksouth Distribution Center	Parksouth Dist. Ctr-Bldg F	Industrial		1,030	5,232	1,104	1,035	6,331	7,366	1,629	1999	1999
Parksouth Distribution Center	Parksouth Dist. Ctr-Bldg H	Industrial		725	3,310	125	730	3,430	4,160	742	2000	2000
Parksouth Distribution Center	Parksouth Dist. Ctr-Bldg C	Industrial		598	1,769	1,273	674	2,966	3,640	481	2000	2000
Parksouth Distribution Center	Parksouth-Benjamin Moore BTS	Industrial		708	2,070	10	1,115	1,673	2,788	347	2003	2003
Crossroads Business Park	Crossroads Business Center VII	Industrial		2,803	5,891	3,184	2,803	9,075	11,878	600	2006	2006
Crossroads Business Park	Crossroads VIII	Industrial		2,701	4,817	303	2,701	5,120	7,821	70	2007	2007
Park 27 Distribution Center	Park 27 Distribution Center II	Industrial		4,374	8,218	235	4,374	8,453	12,827	92	2007	2007
OTSEGO, MINNESOTA												
Gateway North Business Center	Gateway North 1	Industrial		2,243	3,959	4	2,243	3,963	6,206	49	2007	2007
PARK RIDGE, ILLINOIS												
O Hare Corporate Centre	O Hare Corporate Centre	Office		1,476	8,816	787	1,476	9,603	11,079	1,279	1985	2003
PHOENIX, ARIZONA												
		Industrial		7,421	26,329	212	7,424	26,538	33,962		2007	2007

Buckeye Logistics Center	Buckeye Logistics Center											
PLAINFIELD, ILLINOIS												
Edward Plainfield MOB I	Edward Plainfield MOB I	Healthcare			9,483	706		10,189	10,189	480	2005	2007
PLAINFIELD, INDIANA												
Plainfield Business Park	Plainfield Building 1	Industrial	17,0261,104		11,151	425	1,104	11,576	12,680	2,354	2000	2000
Plainfield Business Park	Plainfield Building 2	Industrial	17,6557387		9,437	2,806	2,603	11,027	13,630	2,762	2000	2000
Plainfield Business Park	Plainfield Building 3	Industrial	17,4242,016		9,239	2,303	2,016	11,542	13,558	1,306	2002	2002
Plainfield Business Park	Plainfield Building 5	Industrial	13,1242,726		7,284	212	2,726	7,496	10,222	1,115	2004	2004
Plainfield Business Park	Plainfield Building 8	Industrial	21,6934,527		11,928	859	4,527	12,787	17,314	815	2006	2006
PLANO, TEXAS												
5556 & 5560 Tennyson Parkway	5560 Tennyson Parkway	Office		1,527	5,831	724	1,527	6,555	8,082	1,615	1997	1999
5556 & 5560 Tennyson Parkway	5556 Tennyson Parkway	Office		1,181	11,154	205	1,181	11,359	12,540	3,119	1999	1999
PLYMOUTH, MINNESOTA												
Medicine Lake Indust Ctr	Medicine Lake Indus. Center	Industrial	1,9681,145		5,977	1,362	1,145	7,339	8,484	1,789	1970	1997
PORT WENTWORTH, GEORGIA												
Grange Road	318 Grange Road	Industrial	2,824957		4,816	1	957	4,817	5,774	351	2001	2006
Grange Road	246 Grange Road	Industrial	6,1971,191		8,294	7	1,191	8,301	9,492	525	2006	2006
Crossroads (Savannah)	100 Ocean Link Way-Godley Rd	Industrial	11,1022,306		13,389	30	2,336	13,389	15,725	646	2006	2006
RALEIGH, NORTH CAROLINA												
Brook Forest	Brook Forest I	Office		1,242	5,248	541	1,242	5,789	7,031	1,502	2000	2000
Centerview	Centerview 5540	Office		773	6,243	1,462	773	7,705	8,478	1,222	1986	2003
Centerview	Centerview 5565	Office		513	4,807	691	513	5,498	6,011	783	1999	2003
Crabtree Overlook	Crabtree Overlook	Office		2,164	20,253	135	2,164	20,388	22,552	6,054	2000	2000
Interchange Plaza	801 Jones Franklin Rd	Office		1,351	7,753	934	1,351	8,687	10,038	2,036	1995	1999
Interchange Plaza	5520 Capital Ctr Dr (Intrch I)	Office		842	4,395	531	842	4,926	5,768	1,432	1993	1999
Walnut Creek	Walnut Creek Business Park#1	Industrial		419	2,294	582	442	2,853	3,295	649	2001	2001
Walnut Creek	Walnut Creek Business Park#2	Industrial		456	3,529	287	487	3,785	4,272	1,106	2001	2001
Walnut Creek	Walnut Creek Business Park#3	Industrial		679	3,966	1,251	719	5,177	5,896	1,197	2001	2001
Walnut Creek	Walnut Creek IV	Industrial		2,038	2,152	514	2,083	2,621	4,704	597	2004	2004
ROMEOVILLE, ILLINOIS												
Crossroads Business Park	Chapco Carton Company	Industrial		917	4,537	49	917	4,586	5,503	696	1999	2002
Park 55	Park 55 Bldg. 1	Industrial		6,433	8,997	944	6,433	9,941	16,374	1,680	2004	2004
ROSEMONT, ILLINOIS												
		Office		7,700	33,263	386	7,700	33,649	41,349	6,332	1984	2005

O Hare International Ctr	O Hare International Ctr I										
O Hare International Ctr	O Hare International Ctr II	Office	8,103	31,997	2,675	8,103	34,672	42,775	5,440	1987	2005

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Riverway	Riverway East	Office		13,664	34,542	1,477	13,664	36,019	49,683	7,300	1987	2005
Riverway	Riverway West	Office		3,294	39,676	3,499	3,294	43,175	46,469	5,567	1989	2005
Riverway	Riverway Central	Office		4,229	68,293	2,311	4,229	70,604	74,833	8,727	1989	2005
Riverway	Riverway Retail	Retail		189		3	189	3	192	45	1987	2005
Riverway	Riverway MW II (Ground Lease)	Grounds		586			586		586		n/a	2007
SAVANNAH, GEORGIA												
Gulfstream Road	198 Gulfstream	Industrial	6,280	549	4,255		549	4,255	4,804	323	1997	2006
Gulfstream Road	194 Gulfstream	Industrial	978	412	2,816	20	412	2,836	3,248	212	1998	2006
Gulfstream Road	190 Gulfstream	Industrial	2,172	689	4,916		689	4,916	5,605	355	1999	2006
Grange Road	250 Grange Road	Industrial	4,644	928	8,648	7	928	8,655	9,583	555	2002	2006
Grange Road	248 Grange Road	Industrial	1,980	664	3,496	8	664	3,504	4,168	230	2002	2006
SPA Park	80 Coleman Blvd.	Industrial	2,074	782	2,962		782	2,962	3,744	160	2002	2006
Crossroads (Savannah)	163 Portside Court	Industrial	21,48[illegible]	8,433	8,366	1	8,433	8,367	16,800	945	2004	2006
Crossroads (Savannah)	151 Portside Court	Industrial	3,765	966	7,155		966	7,155	8,121	341	2003	2006
Crossroads (Savannah)	175 Portside Court	Industrial	13,89[illegible]	4,300	15,696		4,300	15,696	19,996	1,179	2005	2006
Crossroads (Savannah)	150 Portside Court	Industrial	10,63[illegible]	3,071	23,001	704	3,071	23,705	26,776	1,581	2001	2006
Crossroads (Savannah)	235 Jimmy Deloach Parkway	Industrial	3,81[illegible]	1,074	8,442		1,074	8,442	9,516	517	2001	2006
Crossroads (Savannah)	239 Jimmy Deloach Parkway	Industrial	3,3[illegible]	1,074	7,141		1,074	7,141	8,215	441	2001	2006
Crossroads (Savannah)	246 Jimmy Deloach Parkway	Industrial	3,766	992	5,383	14	992	5,397	6,389	337	2006	2006
Crossroads (Savannah)	276 Jimmy Deloach Parkway	Grounds		2,266			2,266		2,266	84	n/a	2006
SEVEN HILLS, OHIO												
Rock Run Business Campus	Rock Run North	Office		837	5,429	664	960	5,970	6,930	1,847	1984	1996
		Office		1,046	6,898	758	1,169	7,533	8,702	2,400	1985	1996

Rock Run Business Campus	Rock Run Center										
SHARONVILLE, OHIO											
Mosteller Distribution Center	Mosteller Distribution Ctr. I	Industrial	1,275	5,294	3,534	1,275	8,828	10,103	2,618	1957	1996
Mosteller Distribution Center	Mosteller Distribution Ctr. II	Industrial	828	4,723	1,577	828	6,300	7,128	2,413	1997	1997
ST. LOUIS PARK, MINNESOTA											
The West End	1600 Tower	Office	2,321	29,136	4,686	2,321	33,822	36,143	8,348	2000	2000
The West End	MoneyGram Tower	Office	3,039	35,487	6,151	3,091	41,586	44,677	8,927	1987	1999
Minneapolis	Chilies Ground Lease	Grounds	921		69	990		990	5	n/a	1998
Minneapolis	Olive Garden Ground Lease	Grounds	921			921		921		n/a	1998
ST. LOUIS, MISSOURI											
Lakeside Crossing	Lakeside Crossing Building One	Industrial	596	2,078	637	596	2,715	3,311	800	2001	2001
Lakeside Crossing	Lakeside Crossing Building II	Industrial	1,122	2,227		1,121	2,228	3,349	1,007	2002	2002
Lakeside Crossing	Lakeside Crossing Building III	Industrial	1,905	4,305	650	1,905	4,955	6,860	1,101	2001	2001
Lakeside Crossing	Lakeside Crossing V	Office	860	1,928		860	1,928	2,788	776	2003	2003
Lakeside Crossing	Lakeside Crossing Building VI	Industrial	1,079	2,125	2,388	1,512	4,080	5,592	1,053	2002	2002
Laumeier Office Park	Laumeier I	Office	1,384	8,869	2,271	1,384	11,140	12,524	3,825	1987	1995
Laumeier Office Park	Laumeier II	Office	1,421	9,440	1,565	1,421	11,005	12,426	3,855	1988	1995
Laumeier Office Park	Laumeier IV	Office	1,029	6,728	1,455	1,029	8,183	9,212	2,107	1987	1998
Maryville Center	500-510 Maryville Centre	Office	3,402	24,533	3,915	3,402	28,448	31,850	7,537	1984	1997
Maryville Center	530 Maryville Centre	Office	2,219	15,231	2,381	2,219	17,612	19,831	5,023	1990	1997
Maryville Center	550 Maryville Centre	Office	1,996	12,516	2,261	1,996	14,777	16,773	3,730	1988	1997
Maryville Center	635-645 Maryville Centre	Office	3,048	18,166	2,372	3,048	20,538	23,586	5,550	1987	1997
Maryville Center	655 Maryville Centre	Office	1,860	13,258	2,320	1,860	15,578	17,438	3,864	1994	1997
Maryville Center	540 Maryville Centre	Office	2,219	14,455	1,736	2,219	16,191	18,410	4,503	1990	1997
Maryville Center	520 Maryville Centre	Office	2,404	14,520	1,121	2,404	15,641	18,045	3,751	1998	1998

Maryville Center	700 Maryville Centre	Office		4,556	28,599	397	4,556	28,996	33,552	7,789	1999	1999
Maryville Center	533 Maryville Centre	Office		3,230	16,746	283	3,230	17,029	20,259	4,342	2000	2000
Maryville Center	555 Maryville Centre	Office		3,226	15,978	1,901	3,226	17,879	21,105	3,965	2000	2000
Maryville Center	625 Maryville Centre	Office	2,105	2,509	11,229	282	2,509	11,511	14,020	2,343	1996	2002
West Port Place	Westport Center I	Industrial		1,707	5,329	887	1,707	6,216	7,923	1,959	1998	1998
West Port Place	Westport Center II	Industrial		914	2,000	257	914	2,257	3,171	740	1998	1998
West Port Place	Westport Center III	Industrial		1,206	2,651	523	1,206	3,174	4,380	902	1998	1998
West Port Place	Westport Center IV	Industrial		1,440	4,660	58	1,440	4,918	6,358	1,142	2000	2000
West Port Place	Westport Center V	Industrial		493	1,274	52	493	1,326	1,619	316	1989	1999
West Port Place	Westport Place	Office		1,990	5,478	2,069	1,990	7,547	9,537	1,637	1999	1999
Westmark	Westmark	Office		1,497	10,012	2,234	1,884	12,059	13,743	4,371	1987	1995
Westview Place	Westview Place	Office		668	6,295	3,482	869	11,777	12,446	3,707	1988	1995
Woodsmill Commons	Woodsmill Commons II (400)	Office		1,718	7,696	51	1,718	7,947	9,665	1,198	1985	2003
Woodsmill Commons	Woodsmill Commons I (424)	Office		1,836	7,779	598	1,836	8,377	10,213	1,307	1985	2003

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STERLING, VIRGINIA												
TransDulles Centre	22800 Davis Drive	Office		2,550	11,250		2,550	11,250	13,800	648	1989	2006
TransDulles Centre	22714 Glenn Drive	Industrial		3,973	4,422	128	3,973	4,550	8,523		2007	2007
SUFFOLK, VIRGINIA												
Northgate Commerce Park	101 Industrial Drive, Bldg. A	Industrial		1,558	8,231		1,558	8,231	9,789		2007	2007
Northgate Commerce Park	155 Industrial Drive, Bldg. B	Industrial		1,558	8,231		1,558	8,231	9,789		2007	2007
SUMMIT, NEW JERSEY												
Medical Arts Center II	Medical Arts Center II	Healthcare			13,096	1,054		14,150	14,150		2006	2007
SUMNER, WASHINGTON												
Sumner Transit	Sumner Transit	Industrial	18,519	17,385	6,100		17,385	6,100	23,485		2005	2007
SUNRISE, FLORIDA												
Sawgrass	Sawgrass - Building B	Office		1,211	5,176	1,253	1,211	6,429	7,640	1,504	1999	2001
Sawgrass	Sawgrass - Building A	Office		1,147	4,544	63	1,147	4,607	5,754	1,214	2000	2001
Sawgrass	Sawgrass Pointe	Office		3,484	21,827	5,804	3,484	27,631	31,115	5,473	2001	2001
TAMPA, FLORIDA												
Fairfield Distribution Center	Fairfield Distribution Ctr I	Industrial		483	2,626	94	487	2,716	3,203	589	1998	1999
Fairfield Distribution Center	Fairfield Distribution Ctr II	Industrial		530	4,900	70	534	4,966	5,500	1,066	1998	1999
Fairfield Distribution Center	Fairfield Distribution Ctr III	Industrial		334	2,771	98	338	2,865	3,203	610	1999	1999
Fairfield Distribution Center	Fairfield Distribution Ctr IV	Industrial		600	1,958	1,089	604	3,043	3,647	755	1999	1999
Fairfield Distribution	Fairfield Distribution	Industrial		488	2,796	213	488	3,009	3,497	669	2000	2000

Center	Ctr V										
Fairfield Distribution Center	Fairfield Distribution Ctr VI	Industrial	555	4,153	487	555	4,640	5,195	1,070	2001	2001
Fairfield Distribution Center	Fairfield Distribution Ctr VII	Industrial	394	2,618	778	394	3,396	3,790	1,018	2001	2001
Fairfield Distribution Center	Fairfield VIII	Industrial	1,082	3,326		1,082	3,326	4,408	979	2004	2004
Eagle Creek Business Center	Eagle Creek Business Ctr. I	Industrial	3,705	3,187	1,043	3,705	4,230	7,935	431	2006	2006
Eagle Creek Business Center	Eagle Creek Business Ctr. II	Industrial	2,354	2,272	960	2,354	3,232	5,586	179	2007	2007
Eagle Creek Business Center	Eagle Creek Business Ctr. III	Industrial	2,332	2,237	501	2,332	2,738	5,070	138	2007	2007
Highland Oaks	Highland Oaks I	Office	1,525	12,720	937	1,525	13,657	15,182	3,236	1999	1999
Highland Oaks	Highland Oaks II	Office	1,605	10,991	3,218	1,605	14,209	15,814	3,623	1999	1999
Highland Oaks	Highland Oaks III	Office	2,882	8,871	288	2,522	9,519	12,041	312	2007	2007
Highland Oaks	Highland Oaks V	Office	2,412	6,524	961	2,412	7,485	9,897	317	2007	2007
TITUSVILLE, FLORIDA											
Retail Development	Crossroads Marketplace	Retail	12,678	6,314	503	12,021	7,474	19,495		2007	2007
WEST CHESTER, OHIO											
Centre Pointe Office Park	Centre Pointe I	Office	2,501	9,552	313	2,501	9,865	12,366	2,101	2000	2004
Centre Pointe Office Park	Centre Pointe II	Office	2,056	10,063	286	2,056	10,349	12,405	2,109	2001	2004
Centre Pointe Office Park	Centre Pointe III	Office	2,048	10,309	461	2,048	10,770	12,818	2,352	2002	2004
Centre Pointe Office Park	Centre Pointe IV	Office	2,013	9,017	1,540	2,932	9,638	12,570	939	2005	2005
Centre Pointe Office Park	Centre Pointe V	Office	2,557	13,982	98	2,611	14,026	16,637		2007	2007
World Park at Union Centre	World Park at Union Centre 10	Industrial	2,150	7,885	587	2,151	8,471	10,622	543	2005	2005
World Park at Union Centre	World Park at Union Centre 11	Industrial	2,592	6,936	13	2,592	6,949	9,541	1,247	2004	2004
WESTMONT, ILLINOIS											
Oakmont Corporate Center	Oakmont Tech Center	Office	1,501	8,590	2,488	1,703	10,876	12,579	2,676	1989	1998
Oakmont Corporate Center	Oakmont Circle Office	Office	3,177	13,798	2,785	3,521	16,239	19,760	4,073	1990	1998
WESTON, FLORIDA											
Weston Pointe	Weston Pointe I	Office	2,580	10,020	705	2,580	10,725	13,305	1,536	1999	2003
Weston Pointe	Weston Pointe II	Office	2,183	10,791	64	2,183	10,855	13,038	1,539	2000	2003
Weston Pointe	Weston Pointe III	Office	2,183	11,531	717	2,183	12,248	14,431	1,546	2001	2003

Weston Pointe	Weston Pointe IV	Office		3,349	10,686	29	3,349	10,715	14,064	1,030	2005	2005
ZIONSVILLE, INDIANA												
Anson	Marketplace at Anson	Retail		2,147	2,862	160	2,147	3,022	5,169		2007	2007