DUKE REALTY CORP
Form 10-K
March 01, 2010
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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, 2009

OR

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

For the transition period from ______ to ______.

Commission File Number: 1-9044

DUKE REALTY CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

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

Depositary Shares, each representing a 1/10 interest in a 6.625% Series J Cumulative Redeemable Preferred Share ($.01 par value)	
Depositary Shares, each representing a 1/10 interest in a 6.5% Series K Cumulative Redeemable Preferred Share ($.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 __

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 __ 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 __

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes __ No __

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. ( )

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 __ Non-accelerated filer__ Smaller reporting company__

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes __ 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 $2.0 billion based on the last reported sale price on June 30, 2009.

The number of common shares, $.01 par value outstanding as of February 22, 2010 was 224,246,609.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of Duke Realty Corporation s Definitive Proxy Statement for its 2010 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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IMPORTANT INFORMATION ABOUT THIS REPORT

In this Report, the words Duke, the Company, we, us and our refer to Duke Realty Corporation and its subsidiar well as Duke Realty Corporation s predecessors and their subsidiaries. DRLP refers to our subsidiary, Duke Realty Limited Partnership.

Cautionary Notice Regarding Forward-Looking Statements

Certain statements contained in or incorporated by reference into this Annual Report on Form 10-K (this Report), including, without limitation, those related to our future operations, constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words believe, estimate, expect, anticipate, intend, plan, seek, may and similar 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, without limitation, the continuing impact of the economic down-turn, which is having and may continue to have a negative effect on the fundamentals of our business, the financial condition of our tenants, and the value of our real estate assets;
- 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;
- 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).

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.

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

PART I

Item 1. Business

Background

We are a self-administered and self-managed REIT, which began operations upon completion of our initial public offering in February 1986. In October 1993, we completed an additional common stock offering and acquired the rental real estate and service businesses of Duke Associates, whose operations began in 1972. As of December 31, 2009, our diversified portfolio of 762 rental properties (including 211 jointly controlled in-service properties with more than 43.2 million square feet, four consolidated properties under development with approximately 663,000 square feet and three jointly controlled properties under development with more than 957,000 square feet) encompasses approximately 135.4 million rentable square feet and is leased by a diverse base of approximately 3,500 tenants whose businesses include manufacturing, retailing, wholesale trade, distribution, healthcare and professional services. We also own, including through ownership interests in unconsolidated joint ventures, approximately 5,000 acres of land and control an additional 1,900 acres through purchase options.

We refined our business strategy in 2009, which includes planned reductions in undeveloped land inventory in light of lower anticipated development volume and the targeting of non-strategic property dispositions. These decisions further align our focus on markets that we believe offer the best long-term prospects for rental rate growth and overall demand with an emphasis on industrial and medical office properties. Additionally, we no longer plan to develop properties with the intent to sell them at or near completion.

Through our Service Operations reportable segment, we have historically developed or acquired properties with the intent to sell (hereafter referred to as Build-for-Sale properties). Build-for-Sale properties were generally identified as such prior to construction commencement and were sold within a relatively short time after being placed in service. Build-for-Sale properties, which are no longer part of our operating strategy, did not represent a significant component of our operations in 2009.

Our Service Operations also provide, on a fee basis, leasing, property and asset management, development, construction, build-to-suit and other tenant-related services. We conduct our Service Operations through Duke Realty Services LLC, Duke Realty Services Limited Partnership and Duke Construction Limited Partnership. Our Rental Operations are conducted through Duke Realty Limited Partnership. 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 related to our reportable segments.

Our headquarters and executive offices are located in Indianapolis, Indiana. In addition, we have 17 regional offices located in Alexandria, Virginia; Atlanta, Georgia; Baltimore, Maryland; Chicago, Illinois; Cincinnati, Ohio; Columbus, Ohio; Dallas, Texas; Houston, Texas; Minneapolis, Minnesota; Nashville, Tennessee; Orlando, Florida; Phoenix, Arizona; Raleigh, North Carolina; St. Louis, Missouri; Savannah, Georgia; Tampa, Florida; and Weston, Florida. We had approximately 1,000 employees as of December 31, 2009.

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Operational Objectives

Our primary operational objective is to drive operational efficiencies, by maximizing cash from operations and Funds From Operations (FFO), through (i) maintaining and increasing property occupancy and rental rates through the management of our portfolio of existing properties; (ii) selectively developing and acquiring new properties for rental operations in our existing markets when economic conditions improve or when accretive returns are present; (iii) 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; and (iv) 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. The National Association of Real Estate Investment Trusts (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 accounting principles generally accepted in the United States of America (GAAP). FFO is a non-GAAP financial measure. The most comparable GAAP measure is net income (loss) attributable to common shareholders. Consolidated basic FFO attributable to common shareholders should not be considered as a substitute for net income (loss) attributable to common shareholders or any other measures derived in accordance with GAAP and may not be comparable to other similarly titled measures of other companies. FFO is calculated in accordance with the definition that was adopted by the Board of Governors of NAREIT.

Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, many industry analysts and investors have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. 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 attributable to common shareholders, combined with net income (which remains the required primary measure of performance), improves the understanding of operating results of REITs among the investing public and makes comparisons of REIT operating results more meaningful. Management believes that, by excluding gains or losses related to sales of previously depreciated real estate assets and excluding real estate asset depreciation and amortization, investors and analysts are able to readily identify the operating results of the long-term assets that form the core of a REIT s activity and assist in comparing these operating results 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 believe that this regional focus will allow us to assess market supply and demand for real estate more effectively as well as to capitalize on the strong relationships with our tenant base. In addition, we seek to further capitalize on strong customer relationships to provide third-party construction services across the United States. As a fully integrated real estate company, we are able to arrange for or provide to our industrial, office and medical office customers not only well located and well maintained facilities, but also additional services such as build-to-suit construction, tenant finish construction, and expansion flexibility.

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

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Capital Strategy

Our strategy is to actively manage the components of our capital structure, in conjunction with the execution of our overall operating strategy, while continuing to maintain investment grade ratings from our credit rating agencies and to ultimately improve the key metrics that drive these credit ratings.

In support of our capital strategy, as well as our overall business strategy, we employ an asset disposition program to sell non-strategic real estate assets, which generates proceeds that can be recycled into new properties that better fit our growth objectives in industrial and medical office properties or can be utilized to reduce our leverage.

We seek to reduce leverage and strengthen our balance sheet by maintaining a balanced and flexible capital structure which includes: (i) extending and sequencing the maturity dates of our outstanding debt obligations; (ii) borrowing primarily at fixed rates by targeting a variable rate component of total debt less than 20%; (iii) issuing common equity from time-to-time to maintain appropriate leverage parameters; and (iv) generating proceeds from the sale of non-strategic properties. By focusing on strengthening our balance sheet, we expect to be well-positioned for future growth.

In addition, as discussed under Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, we have an $850.0 million unsecured line of credit available for our capital needs.

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	Our Board is controlled by supermajority (91.7%) of Independent Directors , as such term is defined under the rules of the New York Stock Exchange (the NYSE) as of January 30, 2010 and thereafter
Board Committees	Our Board Committee members are all Independent Directors
Lead Director	The Chairman of our 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 a majority of our Board of Directors or our Corporate Governance Committee.
	Effective orientation program for new Directors
	Independence of Directors is reviewed annually
	Independent Directors meet at least quarterly in executive sessions

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 our 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

Prohibition on repricing of outstanding stock options

Directors required to offer resignation upon job change

Majority voting for election of Directors

Shareholder Communications Policy

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 Relations/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 Report, we file quarterly and special reports, proxy statements and other information with the SEC. All documents that are filed with the SEC are available free of charge on our corporate website, which is www.dukerealty.com. We are not incorporating the information on our website into this Report, and our website and the information appearing on our website is not included in, and is not part of, this Report. You may also read and copy any document filed at the public reference facilities of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 for further information about the public reference facilities. These documents also may be accessed through the SEC s Interactive Data Electronic Application (IDEA) via the SEC s home page on the Internet (http://www.sec.gov). In addition, since some of our securities are listed on the NYSE, you may read our SEC filings at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

The 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 2009 Annual Written Affirmation to the NYSE on May 13, 2009.

We included the certifications of our Chief Executive Officer and our Chief Financial Officer 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 that we face. Additional risks that are not presently known, or that we presently deem to be immaterial, also could have a material adverse effect on our financial condition, results of operations, business and prospects. The trading price of our securities could decline due to the materialization of any of these risks, and our shareholders may lose all or part of their investment.

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

Risks Related to Our Business

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

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

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

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

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

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

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

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

To complete our ongoing and planned development projects, and to pursue our other strategic initiatives, we must continue to generate sufficient capital and liquidity to fund those activities. To generate that capital and liquidity, we

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

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

The market price of our common and preferred stock could change in ways that may or may not be related to our business, our industry or our operating performance and financial condition. In addition, the trading volume in 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 common and preferred stock. If the market prices of our common and preferred stock decline, then our shareholders may be unable to resell their shares upon terms that are attractive to them. We cannot assure that the market price of our common and preferred stock will not fluctuate or decline significantly in the future. In addition, the securities markets in general may experience considerable unexpected price and volume fluctuations.

We may issue debt and equity securities which are senior to 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.

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

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

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

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

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

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

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

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Risks Related to the Real Estate Industry

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

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

- Changes in the general economic climate;
- The availability of capital on favorable terms, or at all;
- Increases in interest rates;
- Local conditions such as oversupply of property or a reduction in demand;
- Competition for tenants;
- Changes in market rental rates;
- Oversupply or reduced demand for space in the areas where our properties are located;
- Delay or inability to collect rent from tenants who are bankrupt, insolvent or otherwise unwilling or unable to pay;
- Difficulty in leasing or re-leasing space quickly or on favorable terms;
- Costs associated with periodically renovating, repairing and reletting rental space;
- Our ability to provide adequate maintenance and insurance on our properties;
- Our ability to control variable operating costs;
- Changes in government regulations; and

Potential liability under, and changes in, environmental, zoning, tax and other laws.

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

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

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

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

Although we have significantly reduced our development activities, we may still pursue select opportunities and have previously started developments that are currently in various stages of completion. These development activities generally require various government and other approvals, which we may not receive. In addition, we also are subject to the following risks associated with development activities:

- Unsuccessful development opportunities could result in direct expenses to us;
- Construction costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or possibly unprofitable;
- Time required to complete the construction of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting our cash flow and liquidity;
- Occupancy rates and rents of a completed project may not be sufficient to make the project profitable;
- Our ability to dispose of properties developed with the intent to sell or other properties we identify for sale could be impacted by the ability of prospective buyers to obtain financing given the current state of the credit markets; and
- Favorable sources to fund our development activities may not be available.

We may be unsuccessful in operating completed real estate projects.

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

- Prices paid for acquired facilities are based upon a series of market judgments; and
- Costs of any improvements required to bring an acquired facility up to standards to establish the market position intended for that facility might exceed budgeted costs.

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

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.

Risks Related to Our Organization and Structure

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 will continue to do so or that legislation, new regulations, administrative interpretations or court decisions will not significantly change the qualification requirements or the federal income tax consequences of qualification. If 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 have available for other business purposes, including amounts that we need to fund our future capital needs.

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 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.

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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 DRLP 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 DRLP in one or more transactions other than a disposition occurring upon a financing or refinancing of DRLP;

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 DRLP in exchange for units;

Our transfer of our interests in DRLP 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, 2009, we own interests in a diversified portfolio of 762 commercial properties encompassing more than 135.4 million net rentable square feet (including 211 jointly controlled in-service properties with more than 43.2 million square feet, four consolidated properties under development with approximately 663,000 square feet and three jointly controlled properties under development with more than 957,000 square feet).

Industrial Properties: We own interests in 427 industrial properties encompassing more than 95.5 million square feet (71% of total square feet). These properties primarily consist of bulk warehouses (industrial warehouse/distribution centers with clear ceiling heights of 20 feet or more), but also include service center properties (also known as flex buildings or light industrial, having 12-18 foot clear ceiling heights and a combination of drive-up and dock-height loading access). Of these properties, 249 buildings with more than 56.4 million square feet are consolidated and 178 buildings with approximately 39.1 million square feet are jointly controlled.

Office Properties: We own interests in 298 office buildings totaling approximately 35.4 million square feet (26% of total square feet). These properties include primarily suburban office properties. Of these properties, 267 buildings with approximately 31.5 million square feet are consolidated and 31 buildings with more than 3.9 million square feet are jointly controlled.

Other Properties: We own interests in 37 medical office and retail buildings totaling approximately 4.6 million square feet (3% of total square feet). Of these properties, 32 buildings with approximately 3.4 million square feet are consolidated and five buildings with more than 1.2 million square feet are jointly controlled.

Land: We own, including through ownership interests in unconsolidated joint ventures, approximately 5,000 acres of land and control an additional 1,900 acres through purchase options.

Property Descriptions

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

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Consolidated Properties

	Square Feet						
	Industrial	Office	Other	Overall	Percent of Overall	Annual Net Effective Rent (1)	Percent of Annual Net Effective Rent
Primary Market							
Indianapolis	9,429,823	2,900,572	864,280	13,194,675	14.6%	$ 82,715,410	13.4%
Atlanta	6,197,930	4,088,053	389,055	10,675,038	11.8%	71,813,138	11.6%
Cincinnati	4,048,418	4,787,195	419,547	9,255,160	10.2%	66,072,614	10.7%
Chicago	4,554,326	2,796,084	73,255	7,423,665	8.2%	54,963,984	8.9%
Raleigh	2,101,449	3,061,022	20,061	5,182,532	5.7%	50,489,512	8.2%
Columbus	3,443,581	3,249,646	73,433	6,766,660	7.5%	47,673,497	7.7%
St. Louis	2,301,593	2,933,292	-	5,234,885	5.8%	43,349,627	7.0%
Central Florida	3,360,479	1,177,465	475,072	5,013,016	5.5%	41,117,234	6.6%
Nashville	3,119,292	1,366,676	120,860	4,606,828	5.1%	33,696,063	5.4%
Minneapolis	3,548,215	1,048,606	-	4,596,821	5.1%	26,326,268	4.2%
Dallas	5,379,082	645,983	279,127	6,304,192	7.0%	23,557,727	3.8%
Savannah	6,784,550	-	-	6,784,550	7.5%	20,419,645	3.3%
South Florida	-	866,285	-	866,285	1.0%	15,397,060	2.5%
Cleveland	-	1,324,451	-	1,324,451	1.4%	12,375,386	2.0%
Washington DC	78,560	649,076	-	727,636	0.8%	8,447,808	1.4%
Baltimore	462,070	-	289,855	751,925	0.8%	8,290,510	1.3%
Houston	835,540	159,175	-	994,715	1.1%	7,202,042	1.2%
Norfolk	466,000	-	-	466,000	0.5%	2,290,177	0.4%
Austin	-	-	96,829	96,829	0.1%	542,359	0.1%
Phoenix	194,899	-	-	194,899	0.2%	68,603	0.0%
Other (2)	120,000	-	-	120,000	0.1%	2,160,000	0.3%
Total	56,425,807	31,053,581	3,101,374	90,580,762	100.0%	$ 618,968,664	100.0%
	62.3%	34.3%	3.4%	100.0%			

Jointly Controlled Properties

	Square Feet						
	Industrial	Office	Other	Overall	Percent of Overall	Annual Net Effective Rent (1)	Percent of Annual Net Effective Rent
Primary Market							
Indianapolis	11,545,594	124,878	-	11,670,472	27.0%	$ 13,710,999	18.3%
Atlanta	2,593,566	-	-	2,593,566	6.0%	4,194,046	5.6%
Cincinnati	7,305,878	-	206,315	7,512,193	17.4%	11,328,697	15.2%
Chicago	1,933,574	-	-	1,933,574	4.5%	3,232,695	4.3%
Raleigh	-	300,389	-	300,389	0.7%	1,406,265	1.9%
Columbus	3,002,156	-	-	3,002,156	6.9%	3,007,359	4.0%
St. Louis	1,635,735	-	104,954	1,740,689	4.0%	2,742,141	3.7%
Central Florida	908,422	624,796	-	1,533,218	3.5%	4,196,242	5.6%
Nashville	-	180,147	-	180,147	0.4%	597,195	0.8%
Minneapolis	-	-	382,170	382,170	0.9%	3,099,898	4.2%
Dallas	8,080,278	-	-	8,080,278	18.7%	10,372,295	13.9%

Washington DC	658,322	2,146,275	-	2,804,597	6.5%	15,109,744	20.2%
Houston	-	89,750	-	89,750	0.2%	257,764	0.3%
Phoenix	1,425,062	-	-	1,425,062	3.3%	1,529,334	2.0%
Total	39,088,587	3,466,235	693,439	43,248,261	100.0%	$ 74,784,674	100.0%
	90.4%	8.0%	1.6%	100.0%			

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	Occupancy %							
	Consolidated Properties				Jointly Controlled Properties			
	Industrial	Office	Other	Overall	Industrial	Office	Other	Overall
Primary Market								
Indianapolis	95.6%	90.2%	83.8%	93.7%	88.2%	94.8%	-	88.3%
Atlanta	93.4%	86.2%	91.7%	90.6%	84.0%	-	-	84.0%
Cincinnati	74.2%	83.0%	96.3%	79.7%	90.4%	-	100.0%	90.6%
Chicago	95.6%	88.1%	92.3%	92.7%	98.1%	-	-	98.1%
Raleigh	95.5%	92.7%	21.8%	93.5%	-	39.4%	-	39.4%
Columbus	97.5%	85.7%	99.7%	91.8%	95.7%	-	-	95.7%
St. Louis	92.8%	79.9%	-	85.6%	71.8%	-	100.0%	73.5%
Central Florida	86.7%	83.5%	93.4%	86.6%	100.0%	85.7%	-	94.2%
Nashville	91.0%	87.1%	56.6%	88.9%	-	100.0%	-	100.0%
Minneapolis	89.7%	65.1%	-	84.1%	-	-	54.1%	54.1%
Dallas	72.6%	75.9%	54.6%	72.2%	75.9%	-	-	75.9%
Savannah	88.5%	-	-	88.5%	-	-	-	-
South Florida	-	94.2%	-	94.2%	-	-	-	-
Cleveland	-	75.7%	-	75.7%	-	-	-	-
Washington DC	91.4%	67.5%	-	70.1%	98.7%	96.8%	-	97.2%
Baltimore	100.0%	-	87.6%	95.2%	-	-	-	-
Houston	96.6%	93.1%	-	96.1%	-	100.0%	-	100.0%
Norfolk	100.0%	-	-	100.0%	-	-	-	-
Austin	-	-	26.5%	26.5%	-	-	-	-
Phoenix	11.8%	-	-	11.8%	100.0%	-	-	100.0%
Other (2)	100.0%	-	-	100.0%	-	-	-	-
Total	89.4%	84.7%	83.0%	87.6%	87.0%	90.0%	74.7%	87.1%

(1) Represents the average annual rental property revenue due from tenants in occupancy as of December 31, 2009, excluding additional rent due as operating expense reimbursements, landlord allowances for operating expenses and percentage rents. Joint venture properties are shown at our ownership percentage.

(2) Represents properties not located in our primary markets.

Item 3. Legal Proceedings

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

Item 4. Reserved

PART II

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

Our common stock is listed for trading on the NYSE under the symbol DRE. The following table sets forth the high and low sales prices of our common stock for the periods indicated and the dividend paid per share during each such period. As of February 22, 2010, there were 9,459 record holders of our common stock.

	2009			2008		
Quarter Ended	**High**	**Low**	**Dividend**	**High**	**Low**	**Dividend**
December 31	$ 12.90	$ 10.84	$ .170	$ 24.12	$ 3.85	$ .485
September 30	13.71	7.45	.170	27.02	20.62	.485
June 30	10.55	5.16	.170	27.05	21.94	.480
March 31	12.25	4.07	.250	26.01	20.56	.480

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On January 27, 2010, we declared a quarterly cash dividend of $.17 per share, payable on February 26, 2010, to common shareholders of record on February 12, 2010.

A summary of the tax characterization of the dividends paid per common share for the years ended December 31, 2009, 2008 and 2007 follows:

	2009	2008	2007
Total dividends paid per share	$ **0.76**	$ 1.93	$ 1.91
Ordinary income	**69.0%**	39.3%	63.1%
Return of capital	**26.4%**	27.3%	0%
Capital gains	**4.6%**	33.4%	36.9%
	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 Report.

Sales of Unregistered Securities

We did not sell any of our securities during the year ended December 31, 2009 that were not registered under the Securities Act.

Issuer Purchases of Equity Securities

From time to time, we repurchase our securities under a repurchase program that initially was approved by the board of directors and publicly announced in October 2001 (the Repurchase Program). In October 2008, the board of directors adopted a resolution (the October 2008 resolution) that reaffirmed management s authority to repurchase common shares under the Repurchase Program and also amended the Repurchase Program to permit the repurchase of outstanding series of preferred shares, as well as any outstanding series of debt securities. The October 2008 resolution, which expired in October 2009, also limited management s authority to repurchase a maximum of $75.0 million of common shares, $75.0 million of debt securities and $25.0 million of preferred shares. In December 2008, the board of directors granted management further authority (the December 2008 resolution), in addition to the previous $75.0 million authorization, to repurchase any outstanding debt securities maturing through December 31, 2011. The December 2008 resolution expires on March 17, 2010. 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, 2009:

Month	Total Number of	Average Price Paid per Share	Total Number of

	Shares Purchased (1)		Shares Purchased as Part of Publicly Announced Plans or Programs
October	5,823	$ 12.06	5,823
November	11,411	$ 11.12	11,411
December	7,630	$ 11.73	7,630
Total	24,864	$ 11.53	24,864

(1) Includes 22,786 common shares repurchased under our Employee Stock Purchase Plan and 2,078 common shares repurchased through a Rabbi Trust under the Executives Deferred Compensation Plan.

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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, 2009. 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):

	2009	2008	2007	2006	2005
Results of Operations:					
Revenues:					
Rental and related revenue	**$ 894,580**	$ 857,559	$ 810,547	$ 755,447	$ 606,932
General contractor and service fee revenue	**449,509**	434,624	311,548	330,195	400,322
Total Revenues from Continuing Operations	**$ 1,344,089**	$ 1,292,183	$ 1,122,095	$ 1,085,642	$ 1,007,254
Income (loss) from continuing operations	**$ (277,065)**	$ 91,528	$ 164,435	$ 159,183	$ 143,008
Net income (loss) attributable to common shareholders	**$ (333,601)**	$ 50,408	$ 211,942	$ 144,643	$ 309,183
Per Share Data:					
Basic income (loss) per common share:					
Continuing operations	**$ (1.70)**	$ 0.20	$ 0.60	$ 0.63	$ 0.46
Discontinued operations	**0.03**	0.13	0.91	0.44	1.72
Diluted income (loss) per common share:					
Continuing operations	**(1.70)**	0.20	0.60	0.63	0.46
Discontinued operations	**0.03**	0.13	0.91	0.43	1.71
Dividends paid per common share	**0.76**	1.93	1.91	1.89	1.87
Dividends paid per common share special	**-**	-	-	-	1.05
Weighted average common shares outstanding	**201,206**	146,915	139,255	134,883	141,508
Weighted average common shares and potential dilutive securities	**201,206**	154,553	149,250	149,156	155,809
Balance Sheet Data (at December 31):					
Total Assets	**$ 7,304,279**	$ 7,690,883	$ 7,661,981	$ 7,238,595	$ 5,647,560
Total Debt	**3,854,032**	4,276,990	4,288,436	4,074,979	2,600,651
Total Preferred Equity	**1,016,625**	1,016,625	744,000	876,250	657,250
Total Shareholders' Equity	**2,925,345**	2,844,019	2,778,502	2,537,802	2,452,798
Total Common Shares Outstanding	**224,029**	148,420	146,175	133,921	134,697
Other Data:					
Consolidated basic Funds from Operations attributable to common shareholders (1)	**$ 12,854**	$ 369,698	$ 378,282	$ 337,556	$ 341,189

(1) 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. The National Association of Real Estate Investment Trusts (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 accounting principles generally accepted United States of America (GAAP). FFO is a non-GAAP financial measure. The most comparable GAAP measure is net income (loss) attributable to common shareholders. Consolidated basic FFO attributable to common shareholders should not be considered as a substitute for net income (loss) attributable to common shareholders or any other measures derived in accordance with GAAP and may not be comparable to other similarly titled measures of other companies. FFO is calculated in accordance with the definition that was adopted by the Board of Governors of NAREIT.

Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real

estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, many industry analysts and investors have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. 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 consolidated basic FFO attributable to common shareholders, combined with net income (which remains the primary measure of performance), improves the understanding of operating results of REITs among the investing public and makes comparisons of REIT operating results more meaningful. Management believes that, by excluding gains or losses related to sales of previously depreciated real estate assets and excluding real estate asset depreciation and amortization, investors and analysts are able to readily identify the operating results of the long-term assets that form the core of a REIT s activity and assist in comparing these operating results between periods or as compared to different companies.

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

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

Business Overview

We are a self-administered and self-managed REIT that began operations through a related entity in 1972. As of December 31, 2009, we:

- Owned or jointly controlled 762 industrial, office, medical office and other properties, of which 755 properties with more than 133.8 million square feet are in service and seven properties with more than 1.6 million square feet are under development. The 755 in-service properties are comprised of 544 consolidated properties with approximately 90.6 million square feet and 211 jointly controlled properties with more than 43.2 million square feet. The seven properties under development consist of four consolidated properties with approximately 663,000 square feet and three jointly controlled properties with more than 957,000 square feet.
- Owned, including through ownership interests in unconsolidated joint ventures, approximately 5,000 acres of land and controlled an additional 1,900 acres through purchase options.

We refined our business strategy in 2009, which includes planned reductions in undeveloped land inventory in light of lower anticipated development volume and the targeting of non-strategic property dispositions. These decisions further align our focus on markets that we believe offer the best long-term prospects for rental rate growth and overall demand with an emphasis on industrial and medical office properties. Additionally, we no longer plan to develop properties with the intent to sell them at or near completion.

Through our Service Operations reportable segment, we have historically developed or acquired properties with the intent to sell (hereafter referred to as Build-for-Sale properties). Build-for-Sale properties were generally identified as such prior to construction commencement and were sold within a relatively short time after being placed in service. Build-for-Sale properties, which are no longer part of our operating strategy, did not represent a significant component of our operations in 2009.

Our Service Operations reportable segment, which includes our taxable REIT subsidiary, also provides 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.

Capital Strategy

Our strategy is to actively manage the components of our capital structure, in conjunction with the execution of our overall operating strategy, while continuing to maintain investment grade ratings from our credit rating agencies and to ultimately improve the key metrics that drive these credit ratings.

In support of our capital strategy, as well as our overall business strategy, we employ an asset disposition program to sell non-strategic real estate assets, which generates proceeds that can be recycled into new properties that better fit our growth objectives in industrial and medical office properties or can be utilized to reduce our leverage.

We seek to reduce leverage and strengthen our balance sheet by maintaining a balanced and flexible capital structure which includes: (i) extending and sequencing the maturity dates of our outstanding debt obligations; (ii) borrowing primarily at fixed rates by targeting a variable rate component of total debt less than 20%; (iii) issuing common equity from time-to-time to maintain appropriate leverage parameters; and (iv) generating proceeds from the sale of non-strategic properties. By focusing on strengthening our balance sheet, we expect to be well-positioned for future growth.

Operational Objectives

Our primary operational objective is to drive operational efficiencies, by maximizing cash from operations and Funds From Operations (FFO), through (i) maintaining and increasing property occupancy and rental rates through the management of our portfolio of existing properties; (ii) selectively developing and acquiring new properties for rental operations in our existing markets when economic conditions improve or when accretive returns are present; (iii) 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; and (iv) providing a full line of real estate services to our tenants and to third parties.

Year in Review

Overall, the economy and business fundamentals experienced substantial deterioration in 2009, especially in the first six months of the year. The most significant factor driving operating decisions and results was the lack of available capital in the marketplace.

With a focus on securing our future liquidity position to withstand the continuing challenges in the economy, and to be positioned for future growth, we demonstrated our ability to access multiple capital sources and completed several major financing transactions in 2009. These financing transactions, along with asset dispositions completed during the year, generated over $1.6 billion of new capital in 2009. Major financing transactions included a common equity issuance that generated $575.0 million of proceeds, the issuance of $500.0 million of unsecured notes, $290.4 million of additional borrowings on secured loans and the renewal of our unsecured line of credit at a borrowing capacity of $850.0 million through February 2013.

The refinement of our business strategy, as well as the deep recession and financial market instability that adversely affected real estate values, caused us to recognize asset impairment charges of $303.6 million in 2009 and $19.7 million in 2008. Despite the recessionary climate and lack of available capital for buyers, we were able to successfully execute several land and building disposition transactions in 2009 that generated $300.9 million in gross proceeds.

The economic recession and general turmoil in the financial markets that began in late 2007 continued to negatively impact the real estate industry throughout 2009. There continues to be a tremendous oversupply of space across all product types and in all markets in the commercial real estate industry. As a result, many owners are willing to offer significant concessions to compete for potential tenants, which is driving down rental rates and resulting in large capital expenditures in many cases. Leasing activity has been slower than anticipated, a reflection of the broader economy, which led to a slight decline in our total occupancy.

Net loss attributable to common shareholders for the year ended December 31, 2009, was $333.6 million, or $1.67 per share (diluted), compared to net income of $50.4 million, or $0.33 per share (diluted) for the year ended 2008. The loss attributable to common shareholders was driven primarily by $303.6 million of non-cash asset impairment charges recognized during the year and a $49.2 million decrease in total gains on land and building sales. Additionally, we incurred a $21.8 million increase in interest expense that was driven by a decrease in interest costs capitalized to development projects. FFO attributable to common shareholders totaled $12.9 million for the year ended December 31, 2009, compared to $369.7 million for 2008, with the decrease resulting from the same factors that drove the loss attributable to common shareholders in 2009.

Industry analysts and investors use FFO as a supplemental operating performance measure of an equity real estate investment trust (REIT). The National Association of Real Estate Investment Trusts (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 accounting principles generally accepted in the United States of America (GAAP). FFO is a non-GAAP financial measure. The most comparable GAAP measure is net income (loss) attributable to common shareholders. Consolidated basic FFO attributable to common shareholders should not be considered as a substitute for net income (loss) attributable to common shareholders or any other measures derived in accordance with GAAP and may not be comparable to other similarly titled measures of other companies. FFO is calculated in accordance with the definition that was adopted by the Board of Governors of NAREIT.

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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 consolidated basic FFO attributable to common shareholders, combined with net income (which remains the primary measure of performance), improves the understanding of operating results of REITs among the investing public and makes comparisons of REIT operating results more meaningful. Management believes that, by excluding gains or losses related to sales of previously depreciated real estate assets and excluding real estate asset depreciation and amortization, investors and analysts are able to readily identify the operating results of the long-term assets that form the core of a REIT s activity and assist in comparing these operating results between periods or as compared to different companies. The following table shows a reconciliation of net income (loss) attributable to common shareholders to the calculation of consolidated basic FFO attributable to common shareholders for the years ended December 31, 2009, 2008 and 2007, respectively (in thousands):

	2009	2008	2007
Net income (loss) attributable to common shareholders	**$ (333,601)**	$ 50,408	$ 211,942
Adjustments:			
Depreciation and amortization	**340,126**	314,952	277,691
Company share of joint venture depreciation and amortization	**36,966**	38,321	26,948
Earnings from depreciable property sales wholly owned	**(19,123)**	(16,961)	(121,072)
Earnings from depreciable property sales share of joint venture	**-**	(495)	(6,244)
Noncontrolling interest share of adjustments	**(11,514)**	(16,527)	(10,983)
Consolidated basic Funds From Operations attributable to common shareholders	**$ 12,854**	$ 369,698	$ 378,282

During 2009, we continued to execute within our core areas of competency, while planning for the longer term effects of the economic recession. Highlights of our operating activities are as follows:

We made outright sales, or completed partial sales to unconsolidated joint ventures, of 15 wholly owned buildings for $267.0 million of gross proceeds and also generated $33.9 million of gross proceeds from the divestiture of non-strategic land parcels.

As a result of refinements to our strategy, combined to a lesser extent with a market-wide decline in asset values due to the economic downturn, we recognized $303.6 million of impairment charges on land, buildings, investments in unconsolidated subsidiaries and other real estate related assets during 2009.

We have continued to limit our new development starts to selected projects in markets or product types expected to have strong future rent growth and demand or projects that have significant pre-leasing. The total estimated cost of our consolidated properties under construction was $122.2 million at December 31, 2009 with $91.9 million of such costs incurred through that date. Our total estimated cost for jointly controlled properties under construction was $318.4 million at December 31, 2009 with $126.5 million of costs incurred through that date.

The occupancy level for our in-service portfolio of consolidated properties decreased from 88.1% at December 31, 2008 to 87.6% at December 31, 2009. The decrease was due to the continuation of the 2008 trend of recently completed speculative buildings being placed in service and not being fully leased, as well as the impact of the economy on users of office and bulk industrial space.

Despite the continued challenges presented by the overall economy, total leasing activity for our consolidated properties totaled 15.3 million square feet in 2009 compared to 14.7 million square feet in 2008.

Total leasing activity for our consolidated properties in 2009 totaled 8.8 million square feet of renewals, which represented an 82.0% success rate and attained a 2.2% growth in net effective rents.

We engaged in a number of financing activities during 2009 to adapt to conditions in the credit markets. Highlights of our key financing activities in 2009 are as follows:

In February 2009, we repaid $124.0 million of 6.83% corporate unsecured debt at its scheduled maturity date.

In April 2009, we issued 75.2 million shares of common stock for net proceeds of $551.4 million.

During 2009, we borrowed a total of $290.4 million from six secured debt financings that are secured by 35 rental properties. The secured debt bears interest at a weighted average rate of 7.5%. The composition of these properties as far as product type, geographic location, and overall operating metrics are diverse and similar to our overall portfolio of unsecured properties.

In August 2009, we issued $500.0 million of unsecured notes in two equal tranches. The first $250.0 million of the unsecured notes will mature in February 2015 and bear interest at an effective rate of 7.50% while the other $250.0 million of the notes mature in August 2019 and bear interest at an effective rate of 8.38%.

During 2009, we repurchased certain of our outstanding series of unsecured notes scheduled to mature in 2009 through 2011. In total, we paid $500.9 million for unsecured notes that had a face value of $542.9 million, recognizing a net gain on extinguishment of approximately $27.5 million after considering the write-off of unamortized deferred financing costs, discounts and other accounting adjustments. Partially offsetting the aforementioned gains was a $6.8 million charge to write-off fees paid for a cancelled secured transaction.

In order to strengthen our liquidity position going forward and to preserve cash for future debt maturities, in January 2009 the board of directors reduced our annual dividend from $1.94 per share to $1.00 per share. Our dividend was further reduced in the second quarter of 2009 to $0.68 per share on an annualized basis which, as a result of the issuance of additional shares in the April 2009 common stock offering, was necessary for us to maintain our planned level of aggregate dividend payments for 2009.

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Key Performance Indicators

Our operating results depend primarily upon rental income from our industrial, office, medical office and retail properties (collectively referred to as Rental Operations). The following discussion highlights the areas of Rental Operations that we consider critical drivers of future revenues.

Occupancy Analysis: As discussed above, our ability to maintain high occupancy rates is a principal driver of maintaining and increasing rental revenue from continuing operations. The following table sets forth occupancy information regarding our in-service portfolio of consolidated rental properties as of December 31, 2009 and 2008, respectively (in thousands, except percentage data):

	Total Square Feet		Percent of Total Square Feet		Percent Occupied	
Type	**2009**	2008	**2009**	2008	**2009**	2008
Industrial	**56,426**	56,529	**62.3%**	62.7%	**89.4%**	88.5%
Office	**31,054**	31,965	**34.3%**	35.5%	**84.7%**	87.2%
Other (Medical Office and Retail)	**3,101**	1,607	**3.4%**	1.8%	**83.0%**	88.9%
Total	**90,581**	90,101	**100.0%**	100.0%	**87.6%**	88.1%

The decrease in occupancy at December 31, 2009 compared to December 31, 2008 is primarily the result of developments that were not fully leased being placed in service during 2008 and 2009, as well as the effect of the economic downturn on our tenant base. Certain of the developments placed in service during 2008 and 2009 were built with the intention to sell shortly after completion but, due to the deterioration in economic conditions, were not sold and are being held as rental properties for the foreseeable future. Our ongoing ability to maintain favorable occupancy levels may be adversely affected by the continued effects of the economic recession on current and prospective tenants and such a reduction in the level of occupancy may have an adverse impact on revenues from rental operations.

Lease Expiration and Renewals: Our ability to maintain and improve occupancy rates primarily depends upon our continuing ability to re-lease expiring space. The following table reflects our consolidated in-service portfolio lease expiration schedule by property type as of December 31, 2009. The table indicates square footage and annualized net effective rents (based on December 2009 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
2010	6,709	$ 47,986	8%	4,191	$ 16,882	2,509	$ 30,965	9	$ 139
2011	9,886	71,512	12%	6,583	28,557	3,227	41,635	76	1,320
2012	8,765	64,182	10%	5,517	22,346	3,175	40,529	73	1,307
2013	11,268	86,216	14%	7,112	28,258	4,075	56,562	81	1,396
2014	8,987	62,207	10%	6,210	24,395	2,611	34,970	166	2,842
2015	8,699	54,902	9%	6,371	25,096	2,311	29,443	17	363
2016	5,941	36,206	6%	4,365	15,323	1,342	17,912	234	2,971
2017	4,760	37,965	6%	3,069	12,744	1,247	17,511	444	7,710
2018	3,273	41,166	7%	1,281	6,476	1,414	20,924	578	13,766
2019	3,333	40,873	7%	1,280	6,132	1,746	26,854	307	7,887
2020 and Thereafter	7,702	75,754	11%	4,478	20,820	2,634	41,214	590	13,720

	79,323	$ 618,969	100%	50,457	$ 207,029	26,291	$ 358,519	2,575	$ 53,421
Total Portfolio Square Feet	90,581			56,426		31,054		3,101	
Percent Occupied	87.6%			89.4%		84.7%		83.0%	

We renewed 82.0% and 71.3% of our leases up for renewal totaling approximately 8.8 million and 5.5 million square feet in 2009 and 2008, respectively. We attained 2.2% growth in net effective rents on these renewals during 2009, compared to 1.4% in 2008. Growth in net effective rent in 2008 was negatively affected by one significant early lease renewal and would have been 5.7% if that renewal were excluded. Our lease renewal percentages over the past three years have remained relatively consistent at a 70-80% success rate. The effects of current economic conditions upon our base of existing tenants may adversely affect our ability to continue to achieve this renewal rate.

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Future Development: Another source of our earnings growth is our wholly owned and joint venture development activities. We expect to generate future earnings from Rental Operations income as the development properties are placed in service and leased. Considering the current state of the economy and the risks presented by constraints on our ability to access capital on favorable terms, we have reduced the level of our new development activities pending improvements in the economy and capital markets and are focused on the lease-up of recently completed and under development projects.

We had 1.6 million square feet of property under development with total estimated costs upon completion of $440.6 million at December 31, 2009, compared to 4.0 million square feet of property under development with total estimated costs of $729.2 million at December 31, 2008. The square footage and estimated costs include both wholly owned and joint venture development activity at 100%.

The following table summarizes our properties under development as of December 31, 2009 (in thousands, except percentage data):

Ownership Type	Square Feet	Percent Leased	Total Estimated Project Costs	Total Incurred to Date	Amount Remaining to be Spent
Consolidated properties	663	97%	$ 122,224	$ 91,871	$ 30,353
Joint venture properties	957	51%	318,405	126,542	191,863
Total	1,620	70%	$ 440,629	$ 218,413	$ 222,216

Acquisition and Disposition Activity: Gross sales proceeds related to the dispositions of wholly owned undeveloped land and buildings totaled $300.9 million in 2009, compared to $473.6 million in 2008. Our share of proceeds from sales of properties within unconsolidated joint ventures in which we have less than a 100% interest totaled $35.1 million in 2008, and we had no such dispositions in 2009.

We intend to continue to pursue disposition opportunities for non-strategic properties and land in accordance with our strategy. We believe that the number of dispositions we execute in 2010 will be impacted by the ability of prospective buyers to obtain favorable financing or pay cash, given the current state of the economy and credit markets in particular.

In 2009, we acquired $32.1 million of income producing properties comprised of three industrial real estate properties in Savannah, Georgia, compared to acquisitions of $60.5 million of income producing properties in the same market in 2008. We also acquired $6.2 million of undeveloped land in 2009, compared to $42.7 million in 2008.

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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, 2009, is as follows (in thousands, except number of properties and per share data):

	2009	2008	2007
Rental and related revenue	**$ 894,580**	$ 857,559	$ 810,547
General contractor and service fee revenue	**449,509**	434,624	311,548
Operating income (loss)	**(83,763)**	279,568	342,905
Net income (loss) attributable to common shareholders	**(333,601)**	50,408	211,942
Weighted average common shares outstanding	**201,206**	146,915	139,255
Weighted average common shares and potential dilutive securities	**201,206**	154,553	149,250
Basic income (loss) per common share:			
Continuing operations	**$ (1.70)**	$ 0.20	$ 0.60
Discontinued operations	**$ 0.03**	$ 0.13	$ 0.91
Diluted income (loss) per common share:			
Continuing operations	**$ (1.70)**	$ 0.20	$ 0.60
Discontinued operations	**$ 0.03**	$ 0.13	$ 0.91
Number of in-service consolidated properties at end of year	**544**	538	511
In-service consolidated square footage at end of year	**90,581**	90,101	81,010
Number of in-service joint venture properties at end of year	**211**	204	195
In-service joint venture square footage at end of year	**43,248**	40,948	34,113

Comparison of Year Ended December 31, 2009 to Year Ended December 31, 2008

Rental and Related Revenue

Overall, rental and related revenue from continuing operations increased from $857.6 million in 2008 to $894.6 million in 2009. The following table sets forth rental and related revenue from continuing operations by reportable segment for the years ended December 31, 2009 and 2008, respectively (in thousands):

	2009	2008
Rental and Related Revenue:		
Office	**$ 568,074**	$ 555,592
Industrial	**258,888**	250,078
Non-reportable segments	**67,618**	51,889
Total	**$ 894,580**	$ 857,559

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

In 2009, we acquired three properties, consolidated two retail properties in which we previously had a partial ownership interest, and placed 15 developments in service. The acquisitions and developments provided

incremental revenues of $1.4 million and $7.2 million, respectively. The two retail properties that were consolidated in 2009 provided $16.3 million of incremental revenues. Of the development properties placed in service in 2009, ten were medical office properties accounting for $4.1 million of the $7.2 million incremental revenues.

Acquisitions and developments that were placed in service in 2008 provided $422,000 and $31.9 million, respectively, of incremental revenue in 2009.

Rental revenue from continuing operations 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 $9.4 million in 2008 to $14.2 million in 2009.

We contributed five properties to an unconsolidated joint venture in 2008, resulting in a $2.2 million reduction in revenues for the year ended December 31, 2009, as compared to the same period in 2008.

The increase in rental revenues was partially offset by a $6.8 million increase in expense related to doubtful receivables, including both contractual and straight-line receivables, as a result of economic conditions during 2009.

Decreases in rental rates and occupancy in certain of our existing properties, resulting from the economy s impact on the leasing environment, partially offset the above-mentioned items.

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 statements of operations for the years ended December 31, 2009 and 2008, respectively (in thousands):

	2009	2008
Rental Expenses:		
Office	**$ 158,127**	$ 152,856
Industrial	**27,551**	27,703
Non-reportable segments	**17,859**	10,705
Total	**$ 203,537**	$ 191,264
Real Estate Taxes:		
Office	**$ 74,850**	$ 69,546
Industrial	**37,154**	30,580
Non-reportable segments	**7,109**	3,693
Total	**$ 119,113**	$ 103,819

Of the overall $12.3 million increase in rental expenses in 2009 compared to 2008, $10.2 million was attributable to properties acquired or consolidated and developments placed in service from January 1, 2008 through December 31, 2009.

Of the overall $15.3 million increase in real estate taxes in 2009 compared to 2008, $9.8 million was attributable to properties acquired or consolidated and developments placed in service from January 1, 2008 through December 31, 2009. The remaining increase in real estate taxes was driven by increases in tax rates and assessed values on our existing properties.

Service Operations

The following table sets forth the components of the Service Operations reportable segment (excluding Build-for-Sale Properties) for the years ended December 31, 2009 and 2008, respectively (in thousands):

	2009	2008
Service Operations:		
General contractor and service fee revenue	**$ 449,509**	$ 434,624
General contractor and other services expenses	**(427,666)**	(418,743)
Total	**$ 21,843**	$ 15,881

Service Operations primarily consist of the leasing, management, development, construction management and general contractor services for joint venture properties and properties owned by third parties. Service Operations are heavily influenced by the current state of the economy, as leasing and property management fees are dependent upon occupancy while construction and development services rely on the expansion of business operations of third-party property owners and joint venture partners. Earnings from Service Operations increased from $15.9 million in 2008 to $21.8 million in 2009. The increase in earnings from Service Operations was primarily a result of general contractor expenses being higher than usual in 2008 as a result of increases in our total cost estimates for two third-party fixed price construction contracts, which reduced the margins on the contracts.

Depreciation and Amortization Expense

Depreciation and amortization expense increased from $308.1 million in 2008 to $339.0 million in 2009 due to increases in our real estate asset base from properties acquired or consolidated and developments placed in service during 2008 and 2009.

Equity in Earnings of Unconsolidated Companies

Equity in earnings represents our ownership share of net income or loss from investments in unconsolidated companies that generally own and operate rental properties and develop properties for sale. Equity in earnings decreased from $23.8 million in 2008 to $9.9 million in 2009. The decrease was primarily a result of our share of the gain on sale of five properties from unconsolidated subsidiaries in 2008 totaling $10.1 million, compared to no such sales in 2009. The decreased gains on property sales were partially offset as the result of consolidating two retail joint ventures in April 2009, for which our share of net loss was $3.5 million in 2008. The remaining decrease in equity in earnings is primarily due to a decrease in operating income within certain of our joint ventures due to decreased occupancy in the underlying rental properties.

Gain on Sale of Properties

Gains on sales of properties decreased from $39.1 million in 2008 to $12.3 million in 2009. We sold 14 properties in 2008 compared to nine properties in 2009. The properties sold in 2008 were part of our Build-for-Sale program, which is no longer a significant part of our Service Operations. Because the properties sold in 2008 and 2009 either had insignificant operations prior to sale or because we maintained varying forms of continuing involvement after sale, they are not classified within discontinued operations.

Earnings from Sales of Land

Earnings from sales of land decreased from $12.7 million in 2008 to $357,000 in 2009. The decrease in earnings was the result of the current state of the real estate market, as fewer developers are willing to make speculative purchases of land for future development.

Impairment Charges

Impairment charges classified in continuing operations include the impairment of undeveloped land and buildings, investments in unconsolidated subsidiaries and other real estate related assets. The increase from $18.5 million in 2008 to $302.8 million in 2009 is primarily due to a refinement of our business strategy coupled with decreases in real estate values and is comprised of the following activity:

> A result of the refinement of our business strategy was the decision to dispose of approximately 1,800 acres of land, which had a total cost basis of $385.3 million, rather than holding it for future development. Our change in strategy for this land triggered the requirement to conduct an impairment analysis, which resulted in a determination that a significant portion of the land was impaired. We recognized impairment charges on land of $136.6 million in 2009, primarily as the result of writing down to fair value the land that was identified for disposition and determined to be impaired.

Additionally, an impairment charge of $78.1 million was recognized in 2009 for 28 office, industrial and retail buildings. One of these properties met the criteria for discontinued operations upon sale and the $772,000 impairment charge related to this property is accordingly reflected in discontinued operations. An impairment analysis of certain of our buildings was triggered either as the result of changes in management s strategy, resulting in certain buildings being identified as non-strategic, or changes in market conditions.

We have an investment in an unconsolidated entity (the 3630 Peachtree joint venture) whose sole activity is the development and operation of the office component of a multi-use office and residential high-rise building located in the Buckhead sub-market of Atlanta. We recognized an impairment charge in 2009 to write off our $14.4 million investment in the 3630 Peachtree joint venture as the result of the other-than-temporary decline in value. As a result of the joint venture s obligations to the lender in its construction loan agreement, the likelihood that our partner will be unable to contribute their share of the additional equity to fund the joint venture s future capital costs, and ultimately from our contingent obligation stemming from our joint and several guarantee of the joint venture s loan, we recorded an additional liability of $36.3 million for our probable future obligation to the lender.

In 2009, we recognized a $5.8 million charge on our investment in an unconsolidated joint venture (the Park Creek joint venture).

We recognized $32.5 million of impairment charges on other real estate related assets in 2009 compared to $8.3 million of charges in 2008. The impairment charges in 2009 related primarily to reserving loans receivable from other real estate entities, as well as writing off previously deferred development costs. Impairment charges recognized on other real estate related assets during 2008 were the result of writing off previously deferred development costs.

In 2008, as the result of a re-assessment of our intended use of some of our land holdings, we recognized non-cash impairment charges on seven of our tracts of undeveloped land totaling $8.6 million. Additionally, as the result of the economy s negative effect on real estate selling prices, we recognized $2.8 million of impairment charges on two of our Build-for-Sale properties that were under construction at December 31, 2008, as they were expected to sell in 2009. One of these properties met the criteria for discontinued operations upon sale and the $1.3 million impairment charge related to this property is accordingly reflected in discontinued operations.

General and Administrative Expense

General and administrative expense increased from $39.5 million in 2008 to $47.9 million in 2009. General and administrative expenses consist of two components. The first component includes general corporate expenses and the second component includes the indirect operating costs not allocated to the development or operations 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 is primarily the result of a $4.8 million increase in severance pay. Other than this expense item, we reduced our total overhead costs by $22.7 million to compensate for the reduction in the volume of leasing and construction activity. However, the absorption of actual overhead costs by an allocation to leasing, construction and other areas decreased by $26.3 million, which, when netted with the $22.7 million reduction in costs, resulted in the remaining increase in general and administrative expenses.

Interest Expense

Interest expense from continuing operations increased from $198.4 million in 2008 to $220.2 million in 2009, primarily as a result of a $26.6 million decrease in capitalization of interest costs, due to properties previously undergoing significant development activities being placed in service or otherwise not meeting the criteria for the capitalization of interest. Additionally, as the result of the conditions in the credit markets driving up interest rates on new borrowings in 2009, the weighted average interest rate on our total outstanding borrowings increased from 5.43% at December 31, 2008 to 6.36% at December 31, 2009.

Gain on Debt Transactions

During 2009, we repurchased certain of our outstanding series of unsecured notes scheduled to mature in 2009 through 2011. The majority of our debt repurchases during 2009 were of our 3.75% Exchangeable Senior Notes (Exchangeable Notes). In total, we paid $500.9 million for unsecured notes that had a face value of $542.9 million, recognizing a net gain on extinguishment of approximately $27.5 million after considering the write-off of unamortized deferred financing costs, discounts and other accounting adjustments. Partially offsetting these gains, we recognized $6.8 million of expense in 2009 for the write-off of fees paid for a pending secured financing that we cancelled in the third quarter of 2009.

Income Taxes

We recognized an income tax benefit of $6.1 million and $7.0 million, respectively, in 2009 and 2008.

We recorded a net valuation allowance of $7.3 million against our deferred tax assets during 2009. The valuation allowance was recorded as the result of changes to our projections for future taxable income within our taxable REIT subsidiary. The decreased projection of taxable income was the result of a revision in strategy, whereby we determined that we would indefinitely discontinue the development of Build-for-Sale properties, necessitating the revision of our taxable income projections.

Notwithstanding the valuation allowance recorded during 2009, our taxable REIT subsidiary recognized significantly higher taxable losses in 2009 than in 2008 as the result of the timing and profitability of land and building sales.

Discontinued Operations

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

The operations of 45 buildings are currently classified as discontinued operations. These 45 properties consist of 20 industrial and 25 office properties. As a result, we classified income (loss), before gain on sales, of $(439,000), $3.2 million and $5.6 million in discontinued operations for the years ended December 31, 2009, 2008 and 2007, respectively.

Of these properties, five were sold during 2009, eight properties were sold during 2008 and 32 properties were sold during 2007. The gains on disposal of these properties of $6.8 million, $17.0 million and $121.1 million for the years ended December 31, 2009, 2008 and 2007, respectively, are also reported in discontinued operations. Discontinued operations also includes impairment charges of $772,000 and $1.3 million for the years ended December 31, 2009 and

2008, respectively, recognized on properties that were subsequently sold.

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Comparison of Year Ended December 31, 2008 to Year Ended December 31, 2007

Rental and Related Revenue

Overall, rental revenue from continuing operations increased from $810.5 million in 2007 to $857.6 million in 2008. 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, 2008 and 2007, respectively (in thousands):

	2008	2007
Rental and Related Revenue:		
Office	**$ 555,592**	$ 550,116
Industrial	**250,078**	218,055
Non-reportable segments	**51,889**	42,376
Total	**$ 857,559**	$ 810,547

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

In 2008, we acquired five new properties and placed 36 developments in service. These acquisitions and developments provided incremental revenues of $3.5 million and $20.4 million, respectively.

Acquisitions and developments that were placed in service in 2007 provided $10.3 million and $37.7 million, respectively, of incremental revenue in 2008.

We sold eight properties to an unconsolidated joint venture in 2007, resulting in an $11.2 million reduction in revenues for the year ended December 31, 2008, as compared to the same period in 2007. Of these properties, seven were sold in the second quarter of 2007 and one was sold in the fourth quarter of 2007.

Rental revenue from continuing operations 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 decreased from $24.2 million in 2007 to $9.4 million in 2008.

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 statements of operations for the years ended December 31, 2008 and 2007, respectively (in thousands):

	2008	2007
Rental Expenses:		

Office	**$ 152,856**	$ 145,214
Industrial	**27,703**	23,819
Non-reportable segments	**10,705**	7,003
Total	**$ 191,264**	$ 176,036
Real Estate Taxes:		
Office	**$ 69,546**	$ 64,335
Industrial	**30,580**	27,409
Non-reportable segments	**3,693**	1,963
Total	**$ 103,819**	$ 93,707

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Of the overall $15.2 million increase in rental expenses in 2008 compared to 2007, $11.5 million was attributable to properties acquired and developments placed in service from January 1, 2007 through December 31, 2008. This increase was partially offset by a reduction in rental expenses of $2.0 million resulting from the sale of eight properties to an unconsolidated joint venture in 2007. Increases in utility costs and snow removal in our existing base of properties also contributed to the overall increase in rental expenses.

Of the overall $10.1 million increase in real estate taxes in 2008 compared to 2007, $7.0 million was attributable to properties acquired and developments placed in service from January 1, 2007 through December 31, 2008. The remaining increase in real estate taxes was driven by increases in tax rates and assessed values on our existing properties.

Service Operations

The following table sets forth the components of the Service Operations reportable segment (excluding Build-for-Sale Properties) for the years ended December 31, 2008 and 2007, respectively (in thousands):

	2008	2007
Service Operations:		
General contractor and service fee revenue	**$ 434,624**	$ 311,548
General contractor and other services expenses	**(418,743)**	(287,936)
Total	**$ 15,881**	$ 23,612

The decrease in earnings from Service Operations was primarily due to general contractor expenses being higher than usual in 2008 as a result of increases in our total cost estimates for two third-party fixed price construction contracts, which reduced the margins on the contracts.

Depreciation and Amortization Expense

Depreciation and amortization increased from $269.7 million in 2007 to $308.1 million in 2008 due to increases in our real estate asset base from acquisitions and developments placed in service during 2007 and 2008 as well as the result of recording additional depreciation expense in the amount of $13.2 million for properties removed from held-for-sale classification in 2008.

Equity in Earnings of Unconsolidated Companies

Equity in earnings decreased from $29.4 million in 2007 to $23.8 million in 2008 largely as the result of our $7.0 million share of additional depreciation expense recognized when two properties owned by unconsolidated retail joint ventures were removed from held-for-sale classification. The additional depreciation expense was partially offset by an increase in gain on building sales in 2008 compared to 2007. During 2007, our joint ventures sold ten non-strategic buildings, with our share of the net gain recognized through equity in earnings totaling $8.0 million, compared to five joint venture building sales in 2008, with $10.1 million recorded to equity in earnings for our share of the net gains.

Gain on Sale of Properties

Gains on sales of properties increased from $34.7 million in 2007 to $39.1 million in 2008. We sold 15 properties in 2007 compared to 14 properties in 2008. The properties sold in 2007 and 2008 were part of our Build-for-Sale

program, which is no longer a significant part of our Service Operations.

Earnings from Sales of Land

Earnings from sales of land decreased from $34.0 million in 2007 to $12.7 million in 2008. The decrease in earnings was the result of several significant and high margin land sales during 2007 compared to decreased activity in 2008 as the result of the downturn in the real estate market and in the overall economy.

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Impairment Charges

Impairment charges consisted of impairment charges recognized on our long-lived assets as well as the write-off of previously capitalized costs of potential projects that we determined are no longer likely to be pursued. The increase from $5.7 million in 2007 to $18.5 million in 2008 was largely the result of a re-assessment of our intended use of some of our land holdings, as well as the negative effect of the overall economy on real estate values in certain of our markets. We recognized non-cash impairment charges in 2008 on seven of our tracts of undeveloped land totaling $8.6 million. Additionally, as the result of the economy s negative effect on real estate selling prices, we recognized $2.8 million of impairment charges on two of our properties that were under construction at December 31, 2008, as they were expected to sell in 2009. One of these properties met the criteria for discontinued operations upon sale and the $1.3 million impairment charge related to this property is accordingly reflected in discontinued operations.

The remaining $8.3 million and $5.7 million of activity in 2008 and 2007, respectively, primarily pertained to costs previously capitalized for potential projects that we later determined would not be pursued.

General and Administrative Expense

General and administrative expense increased from $37.7 million in 2007 to $39.5 million in 2008. The increase in general and administrative expenses was largely driven by a $10.9 million decrease in overhead costs allocated to leasing and construction activity based on decreased volume in these areas. Offsetting the decreased allocation of general and administrative expenses to operating activities was a $9.1 million decrease in total overhead costs in 2008 as we focused on overhead reduction opportunities.

Interest Expense

Interest expense from continuing operations increased from $175.0 million in 2007 to $198.4 million in 2008. The increase is primarily the result of interest costs related to development projects that were placed in service in late 2007 and 2008 where the costs to finance these projects were capitalized during construction. Overall, our weighted average interest rates remained fairly consistent from 2007 to 2008, as the weighted average interest rate on our unsecured notes increased from 5.73% to 5.93%, while we experienced lower interest rates throughout 2008 on our LIBOR-based unsecured lines of credit.

Income Taxes

We recognized an income tax expense of $6.3 million and an income tax benefit of $7.0 million, respectively, in 2007 and 2008. Our taxable REIT subsidiary recognized taxable losses in 2008, compared to taxable income in 2007, as the result of the timing of land and building sales.

Critical Accounting Policies

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

materiality to the financial statements, degree of judgment involved in estimating reported amounts and sensitivity to changes in industry and economic conditions:

Accounting for Joint Ventures: We analyze our investments in joint ventures to determine if the joint venture is a variable interest entity (a VIE) and would require consolidation. We (a) evaluate the sufficiency of the total equity at risk, (b) review the voting rights and decision-making authority of the equity investment holders as a group, and whether there are any guaranteed returns, protection against losses, or capping of residual returns within the group and (c) establish whether activities within the venture are on behalf of an investor with disproportionately few voting rights in making this VIE determination. We would consolidate a venture that is determined to be a VIE if we were the primary beneficiary. Beginning January 1, 2010, a new accounting standard will be effective and will change the method by which the primary beneficiary of a VIE is determined to a primarily qualitative approach whereby the variable interest holder, if any, that controls a VIE s most significant activities is the primary beneficiary. To the extent that our joint ventures do not qualify as VIEs, we further assess each partner s substantive participating rights to determine if the venture should be consolidated.

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We have equity interests generally ranging from 10% to 50% in unconsolidated joint ventures that own and operate rental properties and hold land for development. To the extent applicable, we consolidate those joint ventures that are considered to be VIE s where we are the primary beneficiary. For non-variable interest entities, we consolidate those joint ventures that we control through majority ownership interests or where we are the managing entity and our partner does not have substantive participating rights. Control is further demonstrated by the ability of the general partner to manage day-to-day operations, refinance debt and sell the assets of the joint venture without the consent of the limited partner and inability of the limited partner to replace the general partner. We use the equity method of accounting for those joint ventures where we do not have control over operating and financial policies. Under the equity method of accounting, our investment in each joint venture is included on our balance sheet; however, the assets and liabilities of the joint ventures for which we use the equity method are not included on our balance sheet.

To the extent that we contribute assets to a joint venture, our investment in the joint venture is recorded at our cost basis in the assets that were contributed to the joint venture. To the extent that our cost basis is different than the basis reflected at the joint venture level, the basis difference is amortized over the life of the related asset and included in our share of equity in net income of the joint venture. We recognize gains on the contribution or sale of real estate to joint ventures, relating solely to the outside partner s interest, to the extent the economic substance of the transaction is a sale.

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

The determination of the fair value of real estate assets is also highly subjective, especially in markets where there is a lack of recent comparable transactions. We primarily utilize the income approach to estimate the fair value of our income producing real estate assets. To the extent that the assumptions used in testing long-lived assets for impairment differ from those of a marketplace participant, the assumptions are modified in order to estimate the fair value of a real estate asset when an impairment charge is measured. In addition to determining future cash flows, which make the estimation of a real estate asset s undiscounted cash flows highly subjective, the selection of the discount rate and exit capitalization rate used in applying the income approach is also highly subjective.

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

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

Acquisition of Real Estate Property and Related Assets: We allocate the purchase price of acquired properties to net tangible and identified intangible assets based on their respective fair values. Beginning January 1, 2009, we record assets acquired in step acquisitions at their full fair value and record a gain or loss for the difference between the fair value and the carrying value of our existing equity interest. Additionally, beginning January 1, 2009, contingencies

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

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 purchase price of real estate assets is also 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 amortized 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 prospective tenants before leases are executed. We have established the following procedures and policies to evaluate the collectability of outstanding receivables and record allowances:

- We maintain a tenant watch list containing a list of significant tenants for which the payment of receivables and future rent may be at risk. Various factors such as late rent payments, lease or debt instrument defaults, and indications of a deteriorating financial position are considered when determining whether to include a tenant on the watch list.
- As a matter of policy, we reserve the entire receivable balance, including straight-line rent, of any tenant with an amount outstanding over 90 days.
- Straight-line rent receivables for any tenant on the watch list or any other tenant identified as a potential long-term risk, regardless of the status of 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. To the extent that a fixed-price contract is estimated to result in a loss, the loss is recorded immediately. Cumulative revenues recognized may be less or greater than cumulative costs and profits billed at any point in time during a contract s term. This revenue recognition method involves inherent risks relating to profit and cost estimates with those risks reduced through approval and monitoring processes.

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

- Criteria for identifying and selecting our critical accounting policies;
- Methodology in applying our critical accounting policies; and
- Impact of the critical accounting policies on our financial statements.

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

Liquidity and Capital Resources

Sources of Liquidity

As the result of generating capital in excess of $1.6 billion through a common equity issuance, secured and unsecured borrowings, and property dispositions, we have repaid the entire balance on DRLP s unsecured line of credit and created capacity, through cash and availability on the line, to meet our short-term liquidity requirements over the next twelve months.

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, through multiple sources of capital including operating cash flow and accessing the public debt and equity markets.

Rental Operations

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

We are subject to a number of risks as a result of current economic conditions, including reduced occupancy, 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. In 2009, we recognized $12.0 million of expense related to reserving doubtful receivables, including reserves on straight-line rent, compared to $5.2 million in 2008.

Unsecured Debt and Equity Securities

Our unsecured lines of credit as of December 31, 2009 are described as follows (in thousands):

Description		Borrowing Capacity	Maturity Date	Outstanding Balance at December 31, 2009
Unsecured Line of Credit	DRLP	$ 850,000	February 2013	$ -
Unsecured Line of Credit	Consolidated Subsidiary	$ 30,000	July 2011	$ 15,770

On November 20, 2009, the Company and DRLP renewed its unsecured line of credit. Under terms of the renewal, the DRLP unsecured line of credit has a borrowing capacity of $850.0 million with an interest rate on borrowings of 275 basis points over the applicable LIBOR rate, and matures in February 2013. Subject to certain conditions, the terms also include an option to increase the facility by up to an additional $200.0 million, for a total of up to $1.05 billion. This line of credit provides us with an option to obtain borrowings from financial institutions that participate in the line, at rates that may be lower than the stated interest rate, subject to certain restrictions.

This line of credit contains financial covenants that require us to meet certain financial ratios and defined levels of performance, including those related to fixed charge coverage and debt-to-asset value (with asset value being defined in the DRLP unsecured line of credit agreement). As of December 31, 2009, we were in compliance with all covenants under this line of credit.

In April 2009, we received $551.4 million of net proceeds from the issuance of approximately 75.2 million shares of common stock. The net proceeds from the offering were used to repay outstanding borrowings under the DRLP unsecured revolving line of credit as well as for general corporate purposes.

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In August 2009, we issued $500.0 million of senior unsecured notes in two equal tranches. The first $250.0 million of the senior unsecured notes mature in February 2015 and bear interest at an effective rate of 7.50%, while the other $250.0 million of the senior unsecured notes mature in August 2019 and bear interest at an effective rate of 8.38%. The net proceeds from the issuance were primarily used to repurchase outstanding unsecured notes, both on the open market and through cash tender offers, maturing through December 2011.

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 well as applicable covenants under our unsecured line of credit, as of December 31, 2009.

At December 31, 2009, 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 DRLP s debt securities (including guarantees thereof) and the Company s common shares, preferred shares, depository shares, warrants, stock purchase contracts and units comprised of one or more of these securities. From time to time, we expect to issue additional securities under this automatic shelf registration statement to fund the repayment of the credit facility and other long-term debt upon maturity.

Sale of Real Estate Assets

We pursue opportunities to sell non-strategic real estate assets in order to generate additional liquidity. Our ability to dispose of such properties is dependent on the availability of credit to potential buyers to purchase properties at prices that we consider acceptable. In light of recent market and economic conditions, including, without limitation, the availability and cost of credit, the U.S. mortgage market, and condition of the equity and real estate markets, we may be unable to dispose of such properties quickly, or on favorable terms.

Transactions with Unconsolidated Entities

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

We have a 20% equity interest in an unconsolidated joint venture that may acquire up to $800.0 million of our newly developed build-to-suit projects over a three-year period from its formation in May 2008. Properties are sold to the joint venture upon completion, lease commencement and satisfaction of other customary conditions. We received net sale and financing proceeds of approximately $251.6 million, during the year ended December 31, 2008, related to the joint venture s acquisition of seven of our properties. During the year ended December 31, 2009, the joint venture acquired five additional properties from us and we received net sale proceeds, commensurate to our partner s ownership interest, of approximately $82.5 million.

Uses of Liquidity

Our principal uses of liquidity include the following:

- accretive property investment;
- recurring leasing/capital costs;

dividends and distributions to shareholders and unitholders;
long-term debt maturities;
opportunistic repurchases of outstanding debt; and
other contractual obligations.

Property Investment

We evaluate development and acquisition opportunities based upon market outlook, supply and long-term growth potential. Our ability to make future property investments is dependent upon our continued access to our longer-term sources of liquidity including the issuances of debt or equity securities as well as generating cash flow by disposing of selected properties. In light of current economic conditions, management continues to evaluate our investment priorities and is focused on accretive growth.

We have continued to operate at a substantially reduced level of new development activity, as compared to recent years, and are focused on the core operations of our existing base of properties.

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, 2009, 2008 and 2007, respectively (in thousands):

	2009	2008	2007
Recurring tenant improvements	**$ 29,321**	$ 36,885	$ 45,296
Recurring leasing costs	**40,412**	28,205	32,238
Building improvements	**9,321**	9,724	8,402
Totals	**$ 79,054**	$ 74,814	$ 85,936

Dividends and Distributions

We are required to meet the distribution requirements of the Internal Revenue Code of 1986, as amended (the Code), in order to maintain our REIT status. Because depreciation and impairments are non-cash expenses, cash flow will typically be greater than operating income. We paid dividends per share of $0.76, $1.93 and $1.91 for the years ended December 31, 2009, 2008 and 2007, respectively. We expect to continue to distribute at least an amount equal to our taxable earnings, to meet the requirements to maintain our REIT status, and additional amounts as determined by our board of directors. 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.

At December 31, 2009 we had six series of preferred shares outstanding. The annual dividend rates on our preferred shares range between 6.5% and 8.375% and are paid in arrears quarterly.

Debt Maturities

Debt outstanding at December 31, 2009 had a face value totaling $3.9 billion with a weighted average interest rate of 6.36% maturing at various dates through 2028. We had $3.1 billion of unsecured debt, $15.8 million outstanding on a consolidated subsidiary s unsecured line of credit and $784.7 million of secured debt outstanding at December 31, 2009. We made scheduled and unscheduled principal payments of $1.2 billion on outstanding debt (including repurchases of outstanding debt discussed below) during the year ended December 31, 2009.

The following is a summary of the scheduled future amortization and maturities of our indebtedness at December 31, 2009 (in thousands, except percentage data):

	Future Repayments			Weighted Average
Year	Scheduled Amortization	Maturities	Total	Interest Rate of Future Repayments
2010	$ 11,456	$ 99,849	$ 111,305	5.48%
2011	11,621	611,484	623,105	5.30%
2012	9,767	213,134	222,901	5.84%
2013	9,819	475,000	484,819	6.49%
2014	10,113	272,112	282,225	6.44%
2015	8,785	250,000	258,785	7.45%
2016	7,994	490,900	498,894	6.16%
2017	6,508	469,324	475,832	5.94%
2018	4,671	300,000	304,671	6.08%
2019	3,463	518,438	521,901	7.98%
2020	3,234	-	3,234	5.55%
Thereafter	21,205	50,000	71,205	6.80%
	$ 108,636	$ 3,750,241	$ 3,858,877	6.36%

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We anticipate generating capital to fund our debt maturities by using undistributed cash generated from rental operations and property dispositions, as well as by raising additional capital from future debt or equity transactions.

Repurchases of Outstanding Debt

During 2009, through a cash tender offer as well as open market transactions, we paid $500.9 million to repurchase outstanding unsecured notes with a face value of $542.9 million. We expect to use a portion of the cash we have on hand at December 31, 2009 to repay unsecured notes maturing in 2010.

Guarantee Obligations

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

We are, however, subject to a joint and several guarantee of the construction loan agreement of the 3630 Peachtree joint venture. A contingent liability in the amount of $36.3 million was established in 2009 based on the probability of us being required to pay this obligation to the lender.

Historical Cash Flows

Cash and cash equivalents were $147.3 million and $22.5 million at December 31, 2009 and 2008, respectively. The following highlights significant changes in net cash associated with our operating, investing and financing activities (in millions):

	Years Ended December 31,		
	2009	2008	2007
Net Cash Provided by Operating Activities	**$ 400,472**	$ 642,847	$ 323,931
Net Cash Used for Investing Activities	**(175,948)**	(522,592)	(434,819)
Net Cash Provided by (Used for) Financing Activities	**(99,734)**	(145,735)	90,417

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 have historically developed Build-for-Sale properties with the intent to sell them at or soon after completion. As part of a refinement to our strategy, we have ceased new Build-for-Sale development activity to focus on completion of existing projects. Highlights of operating cash changes are as follows:

During the year ended December 31, 2009, we incurred Build-for-Sale property development costs of $16.9 million, compared to $216.1 million and $281.1 million for the years ended December 31, 2008 and 2007, respectively. The decrease is a result of the planned elimination of our Build-for-Sale program.

We sold three Build-for-Sale properties in 2009 compared to 14 in 2008 and 15 in 2007, receiving net proceeds of $31.9 million, $343.0 million and $232.6 million, respectively. The 2009 sales were nearly break-even, while the 2008 and 2007 sales resulted in pre-tax gains of $39.1 million and $34.7 million, respectively.

Net cash flows from third-party construction contracts totaled a net outflow of $4.6 million for the year ended December 31, 2009, compared to a net inflow of $125.9 million and a net outflow of $25.8 million for the years ended December 31, 2008 and 2007, respectively. The increase in 2008 was largely driven by $105.1 million in cash proceeds from the 2008 sale of a parcel of land that was completed in conjunction with a significant third-party construction project.

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:

Development expenditures for our held-for-rental portfolio totaled $268.9 million for the year ended December 31, 2009, compared to $436.3 million and $451.2 million for the years ended December 31, 2008 and 2007, respectively. The decrease is in line with our planned reduction in new development activity.
During 2009, we paid cash of $31.7 million for real estate acquisitions, compared to $20.1 million in 2008 and $117.4 million in 2007. In addition, we paid cash of $5.5 million for undeveloped land in 2009, compared to $40.9 million in 2008 and $317.3 million in 2007. The cash paid for real estate acquisitions in 2007 included $55.4 million for a portfolio of industrial properties located in Seattle, Virginia and Houston.
Sales of land and depreciated property provided $256.3 million in net proceeds in 2009, compared to $116.6 million in 2008 and $480.9 million in 2007. 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.
During 2009, we contributed or advanced $23.5 million to fund development activities within unconsolidated companies, compared to $132.2 million in 2008 and $142.3 million in 2007. The decrease was largely as the result of a planned reduction in new development.
We received capital distributions (as a result of the sale of properties or refinancing) from unconsolidated subsidiaries of $95.4 million in 2008 and $235.8 million in 2007. We received no such distributions from unconsolidated companies in 2009.

Financing Activities

The following items highlight significant capital transactions:

In order to retain additional cash to help meet our capital needs, we reduced our quarterly dividend beginning in the first quarter of 2009. We paid cash dividends of $0.76 per common share in 2009, compared to cash dividends of $1.93 per common share in 2008 and $1.91 per common share in 2007.
In November 2009, we repaid $82.1 million of senior unsecured notes with an effective interest rate of 7.86% on their scheduled maturity date. In February 2009, we repaid $124.0 million of corporate unsecured debt with an effective interest rate of 6.83% on its scheduled maturity date. This compares to repayments of $125.0 million and $100.0 million of senior unsecured notes with effective interest rates of 3.36% and 6.76% on their scheduled maturity dates in January 2008 and May 2008, respectively. We also repaid $100.0 million of senior unsecured notes with an effective interest rate of 7.47% on their scheduled maturity date in August 2007 and $100.0 million of corporate unsecured debt with an effective interest rate of 3.63% on their scheduled maturity date in November 2007.
We decreased net borrowings on DRLP s $850.0 million line of credit by $474.0 million for the year ended December 31, 2009, completely repaying the outstanding balance, compared to a decrease of $69.0 million in 2008 and an increase of $226.0 million in 2007.
In August 2009, we issued $250.0 million of senior unsecured notes due in 2015 bearing interest at an effective rate of 7.50% and $250.0 million of senior unsecured notes due in 2019 bearing interest at an effective rate of 8.38%. This compares to issuances of senior unsecured notes in May 2008 and September

2007, respectively, of $325.0 million with an effective interest rate of 7.36% due in 2013 and $300.0 million with an effective interest rate of 6.16% due in 2018.

Throughout 2009 and the fourth quarter of 2008, we repurchased certain of our outstanding series of unsecured notes maturing in 2009 through 2011. In 2009, cash payments of $500.9 million were made to repurchase notes with a face value of $542.9 million, compared to cash payments of $36.5 million made in the fourth quarter of 2008 for notes with a face value of $38.5 million.

- In February, March and July 2009, we received cash proceeds of $270.0 million from three 10-year secured debt financings that are secured by 32 rental properties. The secured debt bears interest at a weighted average rate of 7.69% and matures at various points in 2019.
- In April 2009, we issued 75.2 million shares of common stock for net proceeds of $551.4 million. The proceeds from this offering were contributed to DRLP in exchange for additional units in DRLP and were used to repay outstanding borrowings under the DRLP unsecured revolving line of credit and for other general corporate purposes. We had no common stock issuances in 2008, but we issued 7.0 million shares of our common stock in October 2007 for net proceeds of $232.7 million.
- During the fourth quarter of 2008, we opportunistically repurchased a portion of all outstanding series of preferred shares in the open market in order to take advantage of the significant discounts at which they were trading. In total, we repurchased preferred shares having a redemption value of approximately $27.4 million for $12.4 million, which resulted in an approximate $14.0 million gain on repurchase after considering the charge-off of offering costs from those shares.
- In March 2008, we settled three forward-starting swaps and made a cash payment of $14.6 million to the counterparties.
- In February 2008, we received net proceeds of approximately $290.0 million from the issuance of shares of our Series O Cumulative Redeemable Preferred Stock; we had no new preferred equity issuances in 2009.
- 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.

Credit Ratings

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

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

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

Financial Instruments

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

Off Balance Sheet Arrangements

Investments in Unconsolidated Companies

We have equity interests generally ranging from 10% to 50% in unconsolidated partnerships and joint ventures that own and operate rental properties and hold land for development. Our unconsolidated subsidiaries are primarily engaged in the operations and development of Industrial, Office and Medical Office real estate properties. We hold interests both in joint ventures that operate real estate for long-term investment and rental income (Operating Joint Ventures) as well as joint ventures that develop properties with the intent to sell within a relatively short period of time after completion and lease-up (Development Joint Ventures). 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. Total assets of our unconsolidated subsidiaries were $2.6 billion as of both December 31, 2009 and 2008.

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Our investments in and advances to unconsolidated companies represent approximately 7% and 9% of our total assets as of December 31, 2009 and 2008, respectively. 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, 2009 and 2008, respectively (in thousands, except percentage data):

	Operating Joint Ventures		Development Joint Ventures		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Land, buildings and tenant improvements, net	**$ 1,919,553**	$ 1,802,999	**$ 152,882**	$ 215,385	**$ 2,072,435**	$ 2,018,384
Construction in progress	**36,902**	44,071	**91,355**	148,082	**128,257**	192,153
Undeveloped land	**25,323**	24,739	**151,033**	154,285	**176,356**	179,024
Other assets	**201,355**	191,149	**58,894**	47,897	**260,249**	239,046
	$ 2,183,133	$ 2,062,958	**$ 454,164**	$ 565,649	**$ 2,637,297**	$ 2,628,607
Indebtedness	**$ 1,024,661**	$ 1,029,815	**$ 295,035**	$ 195,947	**$ 1,319,696**	$ 1,225,762
Other liabilities	**58,239**	56,632	**17,154**	191,461	**75,393**	248,093
	1,082,900	1,086,447	**312,189**	387,408	**1,395,089**	1,473,855
Owners equity	**1,100,233**	976,511	**141,975**	178,241	**1,242,208**	1,154,752
	$ 2,183,133	$ 2,062,958	**$ 454,164**	$ 565,649	**$ 2,637,297**	$ 2,628,607
Rental revenue	**$ 252,973**	$ 230,733	**$ 1,814**	$ 19,579	**$ 254,787**	$ 250,312
Gain on sale of properties	**$ -**	$ 982	**$ -**	$ 23,432	**$ -**	$ 24,414
Net income (loss)	**$ 14,030**	$ 22,123	**$ (4,270)**	$ 18,314	**$ 9,760**	$ 40,437
Total square feet	**41,639**	39,854	**2,568**	3,236	**44,207**	43,090
Percent leased	**88.21%**	91.19%	**66.76%**	33.05%	**86.31%**	86.66%
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.

Contractual Obligations

At December 31, 2009, we were subject to certain contractual payment obligations as described in the table below:

	Payments due by Period (in thousands)						
Contractual Obligations	**Total**	**2010**	**2011**	**2012**	**2013**	**2014**	**Thereafter**
Long-term debt (1)	$ 4,338,743	$ 301,079	$ 789,057	$ 377,120	$ 612,961	$ 395,988	$ 1,862,538
Lines of credit (2)	30,263	4,727	20,372	4,446	718	-	-
Share of debt of unconsolidated joint ventures (3)	591,962	207,817	98,971	60,784	42,368	25,292	156,730
Ground leases	84,436	2,076	2,090	1,950	1,882	1,902	74,536
Operating leases	1,297	518	364	142	102	89	82

Development and construction backlog costs (4)	878,033	472,542	305,491	100,000	-	-	-
Other (5)	1,565	529	223	225	227	88	273
Total Contractual Obligations	**$ 5,926,299**	**$ 989,288**	**$ 1,216,568**	**$ 544,667**	**$ 658,258**	**$ 423,359**	**$ 2,094,159**

(1) Our long-term debt consists of both secured and unsecured debt and includes both principal and interest. Interest expense for variable rate debt was calculated using the interest rates as of December 31, 2009.

(2) Our unsecured lines of credit consist of an operating line of credit that matures February 2013 and the line of credit of a consolidated subsidiary that matures July 2011. Interest expense for our unsecured lines of credit was calculated using the most recent stated interest rates that were in effect.

(3) Our share of unconsolidated joint venture debt includes both principal and interest. Interest expense for variable rate debt was calculated using the interest rate at December 31, 2009.

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

(5) Represents other contractual obligations.

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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, 2009, 2008 and 2007, respectively, we earned management fees of $8.4 million, $7.8 million and $7.1 million, leasing fees of $4.2 million, $2.8 million and $4.2 million and construction and development fees of $10.2 million, $12.7 million and $13.1 million from these companies. 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 $82.1 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 eight of our unconsolidated subsidiaries. At December 31, 2009, the maximum guarantee exposure for these loans was approximately $346.9 million. With the exception of the guarantee of the debt of 3630 Peachtree joint venture, for which we have recorded a contingent liability, management believes that the value of the underlying real estate exceeds the associated loan balances and that we will not be required to satisfy these guarantees.

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 lease certain land positions with terms extending to May 2070, with a total obligation of $84.4 million. No payments on these ground leases are material in any individual year.

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

Recent Accounting Pronouncements

On January 1, 2009, we adopted a newly effective accounting standard for convertible debt instruments that may be settled in cash upon conversion. The new standard requires separate accounting for the debt and equity components of certain convertible instruments. Our Exchangeable Notes issued in November 2006 have an exchange rate of 20.47 common shares per $1,000 principal amount of the notes, representing an exchange price of $48.85 per share of our common stock. The Exchangeable Notes were subject to the accounting changes required by the new standard, which required that the value assigned to the debt component equal the estimated fair value of debt with similar contractual cash flows, but without the conversion feature, resulting in the debt being recorded at a discount. The resulting debt discount will be amortized over the period from its issuance through November 2011, the first optional redemption date, as additional non-cash interest expense.

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At December 31, 2009, the Exchangeable Notes had $235.4 million of principal outstanding, an unamortized discount of $6.0 million and a net carrying amount of $229.4 million. The carrying amount of the equity component was $34.7 million at December 31, 2009. Subsequent to the implementation of the new standard, interest expense is recognized on the Exchangeable Notes at an effective rate of 5.6%. The increase to interest expense (in thousands) on the Exchangeable Notes, which led to a corresponding decrease to net income, for the years ended December 31, 2009, 2008 and 2007 is summarized as follows:

	2009	2008	2007
Interest expense on Exchangeable Notes, excluding effect of accounting for convertible debt	**$ 14,850**	$ 21,574	$ 21,594
Effect of accounting for convertible debt	**5,024**	6,536	6,151
Total interest expense on Exchangeable Notes	**$ 19,874**	$ 28,110	$ 27,745

In June 2009, the FASB issued a new accounting standard that will be effective on January 1, 2010. This accounting standard is a revision to a previous FASB interpretation and changes how a reporting entity evaluates whether an entity is a VIE and which entity is considered the primary beneficiary of a VIE and is therefore required to consolidate such VIE. This accounting standard will also require assessments at each reporting period of which party within the VIE is considered the primary beneficiary and will require a number of new disclosures related to VIE s. We do not anticipate this new accounting standard to have a significant impact on our financial position and results of operations upon adoption.

Item 7A. Quantitative and Qualitative Disclosure About Market Risks

We are exposed to interest rate changes primarily as a result of our line of credit and long-term borrowings. Our interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve our objectives, we borrow primarily at fixed rates. We do not enter into derivative or interest rate transactions for speculative purposes. Our two outstanding swaps, that fixed the rates on two of our variable rate loans, were not significant to the Financial Statements in terms of notional amount or fair value at December 31, 2009.

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

	2010	2011	2012	2013	2014	Thereafter	Total	Fair Value
Fixed rate secured debt	$ 10,706	$ 22,975	$ 10,153	$ 8,939	$ 31,290	$ 681,122	$ 765,185	$ 770,255
Weighted average interest rate	6.91%	7.16%	6.76%	6.61%	7.44%	6.62%		
Variable rate secured debt	$ 750	$ 785	$ 12,748	$ 880	$ 935	$ 3,400	$ 19,498	$ 14,419
Weighted average interest rate	0.80%	0.81%	4.73%	0.83%	0.83%	0.56%		
Fixed rate unsecured notes	$ 99,849	$ 583,575	$ 200,000	$ 475,000	$ 250,000	$ 1,450,000	$ 3,058,424	$ 3,042,230
Weighted average interest rate	5.37%	5.35%	5.87%	6.50%	6.33%	6.79%		
Unsecured lines of credit	$ -	$ 15,770	$ -	$ -	$ -	$ -	$ 15,770	$ 14,714
Rate at December 31, 2009	N/A	1.08%	N/A	N/A	N/A	N/A		

As the table incorporates only those exposures that exist as of December 31, 2009, 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 to the extent we are party to interest rate derivatives, and interest rates. Interest expense on our unsecured lines of credit will be affected by fluctuations in LIBOR indices as well as changes in our credit rating.

At December 31, 2009 the redemption value of our unsecured notes was $3.1 billion and we estimated the fair value of those unsecured notes to be $3.0 billion, whereas at December 31, 2008 the redemption value of our unsecured notes was $3.3 billion and our estimate of the fair value was $2.2 billion. Our unsecured notes are thinly traded and our estimate of the fair value of those notes, when compared to their redemption value, has increased significantly since December 31, 2008 largely as the result of recent comparable trades being completed at significantly lower, or no, discounts.

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 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 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 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 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, 2009, 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 2009 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, 2010:

Dennis D. Oklak, age 56. Mr. Oklak joined the Company in 1986. He held various senior executive positions within the Company and was promoted to Chief Executive Officer and joined the Company s Board of Directors in April 2004. In April 2005, Mr. Oklak was appointed Chairman of the Board of Directors. Mr. Oklak serves on the Board of Governors of the National Association of Real Estate Investment Trusts, or NAREIT, and is a member of the Real Estate Roundtable and co-chair of the Roundtable s Sustainability Policy Advisory Committee. From 2003 to 2009, Mr. Oklak was a member of the board of directors of publicly-traded recreational vehicle manufacturer, Monaco Coach Corporation. He also is a member of the board of directors and the Executive Committee of the Central Indiana Corporate Partnership and serves on the Dean s Executive Advisory Board of Ball State University s Miller College of Business. Mr. Oklak has served as a director of the Company since 2004.

Christie B. Kelly, age 48. Ms. Kelly was appointed as Executive Vice President and Chief Financial Officer of the Company effective February 27, 2009. Ms. Kelly has 25 years of experience ranging from financial planning and strategic development to senior leadership roles in financial management, mergers and acquisitions, information technology and investment banking. Prior to joining the Company, Ms. Kelly served as Senior Vice President of the Global Real Estate Group at Lehman Brothers from 2007 to February 2009. Previously, Ms. Kelly was employed by General Electric Company from 1983 to 2007 and served in numerous finance and operational leadership roles, including Business Development Leader for Mergers and Acquisitions for GE Real Estate from 2003 to 2007.

Howard L. Feinsand, age 62. Mr. Feinsand has served as the Company s Executive Vice President and General Counsel since 1999, and, since 2003, also has served as our Corporate Secretary. Mr. Feinsand served on the Company s Board of Directors from 1988 to January 2003. From 1996 until 1999, Mr. Feinsand was the founder and principal of Choir Capital Ltd. From 1995 until 1996, he was Managing Director of Citicorp North America, Inc. He was the Senior Vice President and Manager-Capital Markets, Pricing and Investor Programs of GE Capital Aviation Services, Inc. from 1989 to 1995. From 1971 through 1989, Mr. Feinsand practiced law in New York City. Mr. Feinsand serves as Chair of the Board of Directors of The Alliance Theatre at the Woodruff Arts Center in Atlanta, Georgia and as Vice Chair of the Board of Trustees and member of the Executive Committee of the Woodruff Arts Center. Mr. Feinsand is a trustee of the Jewish Federation of Greater Atlanta.

***Steven R. Kennedy, age* 53**. 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 2010 proxy statement (the 2010 Proxy Statement) for our Annual Meeting of Shareholders to be held on April 28, 2010, 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 Report. In addition, our Code of Conduct (which applies to each of our associates, officers and directors) 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.

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Item 11. Executive Compensation

The information required by Item 11 of this Report will be included in our 2010 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 2010 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 2010 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 2010 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, 2009 and 2008
Consolidated Statements of Operations, Years Ended December 31, 2009, 2008 and 2007
Consolidated Statements of Cash Flows, Years Ended December 31, 2009, 2008 and 2007
Consolidated Statements of Changes in Equity, Years Ended December 31, 2009, 2008 and 2007
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)	Fourth Amended and Restated Articles of Incorporation 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 July 30, 2009, File No. 001-09044, and incorporated herein by this reference).

3.2(i)	Fourth Amended and Restated Bylaws of Duke Realty Corporation (filed as Exhibit 3.2 to the Company s Current Report on Form 8-K, as filed with the SEC on July 30, 2009, 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)	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(iii)	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(iv)	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(v)	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(vi)	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(vii)	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(viii)	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(ix)	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(x)	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(xi)	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).
4.2(v)	Fourth Supplemental Indenture, dated as of May 8, 2008, 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 6.25% Senior Notes due 2013 (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 May 8, 2008).
10.1(i)	Fourth Amended and Restated Agreement of Limited Partnership of DRLP (filed as Exhibit 3.1 to DRLP s Current Report on Form 8-K, as filed with the SEC on November 3, 2009, File No. 000-20625).
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).#

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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).#

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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).#