STANLEY WORKS
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NEWSMAKER Q&A

Stanley's CEO: We're Being Hammered

JUNE 10, 2002

John Trani insists the toolmaker's controversial plan to reincorporate in Bermuda for tax reasons is "patriotic" if it saves U.S. jobs

Stanley Works, the venerable New Britain (Conn.) maker of yellow-handled hammers and other tool and hardware products, has put itself in the eye of a political storm. It wants to save $30 million a year in federal taxes by reincorporating in Bermuda.

The move, which would follow similar actions in recent years by other U.S.-based multinationals, has generated a firestorm of criticism. On Capitol Hill, lawmakers have blasted Stanley's plan to cut its U.S. tax bill as immoral and unpatriotic, especially in the wake of the terrorist attacks of September 11.

Stanley shareholders voted to approve the move last month. But following complaints by some investors that they had been misled prior to the vote, the company has agreed to a revote later this summer. One key controversy: Although the move would allow Stanley to pay substantially less in corporate tax, it would also shift to its shareholders an estimated $150 million in capital-gains taxes.

On June 5, Stanley's plainspoken CEO, John M. Trani, told his side of the story to BusinessWeek editors and correspondents in Washington. His view: U.S. companies must be able to compete with foreign competitors on taxes, just as they do on all other costs. If they can't, he says, they will be "extinguished." Here are edited excerpts from the conversation.

Q: Why are you making this move?
A: Tax rates in other countries are much lower. Our foreign competitors have had a significant advantage, and now some U.S. companies have [moved offshore]. So we have a double whammy: We're sitting here in a strategically vulnerable place, and we have to be the poster boy for this issue right

now. That comes with the territory of having a great brand.

Q: Why has it become such a politically controversial issue?
A: Somebody looked at this, and decided [what Stanley is doing] was wrong, so they decided to take up a variety of [issues], all piecemeal.... The more thoughtful view is that we need to look at this comprehensively. Eighty percent of the major acquisitions in the last four years have been foreign companies buying U.S. companies. We don't think that's happenstance.

We recently bid on a European company and got outbid by another company with a lower tax rate, which subsequently said to us, "Now that we bought them, why don't we buy you, too." If that happened, obviously the U.S. jobs would move elsewhere.

The facts of the matter are, this company has to remain competitive. We have a fundamental issue to deal with that can [become demagoguery] very easily.

Q: You're telling us you're taxed more heavily than a European toolmaker?
A: Yes, in the U.S., and outside the U.S. in certain cases.

Q: You say you can save $30 million a year in corporate taxes. Are you talking about U.S. earnings, foreign earnings, or both?
A: Both. It's about managing the overall tax burden of the company. My view is that a company, for tax purposes, is really a bunch of shareowners who pay taxes either through the corporate entity [via the corporate tax], or individually.

If the company decides to give out dividends, then the individual pays. If the company grows, then the shareowners pay through capital-gains taxes. So, [under the Stanley proposal], the shareowners will pay to the U.S. government capital-gains taxes, [but] get a reduction in the [corporate] tax rate.

We wouldn't ask them to do this if we didn't think it would generate earnings through reinvestment in the company, which would increase the stock price, which would generate more tax revenue with a lower tax rate than would otherwise be the case. The shareholders are paying it either way.

Q: I'm looking at your annual report. About 90% of your revenues are from the U.S.
A: No, about 70%.... I'm talking about sales.

Q: I'm talking earnings. So, the bulk of the tax savings is in U.S. taxes?
A: I don't know that. I don't know the answer to that question.

Q: And if the numbers are correct, shareholders will pay taxes of about $150 million on [the reincorporation]?
A: We're not going near a number right now, because, frankly, we've been advised by the lawyers not to discuss what might be assumptions.

Q: Would you disagree with that number?
A: I can't. We made a bunch of assumptions at the time of the last vote, based on what we believe is the tax basis of our shareowner base. [We said]: "Here is our estimate of what the capital gains would be."

Q: But using that number, that means shareholders will get a return on this in five years?
A: Payback is five years, [but] our belief is that five years is way too long to get a return.... So we'll reinvest the tax-rate difference inside the company, grow it, and therefore generate more earnings, which will generate a higher share price, and higher taxes for everybody.

Q: Do you want to see an international, territorial tax system?
A: We think a territorial tax system would be a big, big positive step.

Q: Give us an example of a competitor benefiting from a lower tax rate.
A: Allied Trade, a trading company out of Asia. They have facilities in China and Taiwan, in particular. Their tax rate is much lower. It's the case with all the Asian guys.

The guys in Europe have a different way to get a lower effective tax rate. If you're interested, you're out of my league. But we'll get you somebody to tell you how.

Q: What does it say about this system that you're a CEO of a multinational corporation and even you can't understand how it works?
A: I don't understand how all the IT stuff works, either. Or the ERISA laws. It's a technical area.

The only area we know, as CEOs, is that this group has a significant advantage according to where they're located. This didn't exist in the '60s. In the last 10 to 15 years, the world has gotten a lot more global.

Q: How are you going to equalize tax rates around the world? If you cut them [in the U.S.], they'll cut them elsewhere.... You're setting up one of these race-to-the-bottom situations on taxes, aren't you?
A: We view it that we have a competitive disadvantage that the tax code allows you to remedy. If we locate offshore, we have leveled the playing field. And if [the other country] lowers tax rates, we're as advantaged or disadvantaged as the other companies.

Q: The best way to sell tools in America is to be a foreign company?
A: No, we're a U.S.-headquartered company. The best way to sell tools in the U.S. is to incorporate outside the U.S.

Q: Treasury Secretary Paul O'Neill has said the sensible thing to do is to get rid of the corporate income tax and let shareholders pay the tax. Does that make sense to you?
A: The simpler it gets, the better it is. Then everybody can follow the same rules.

Q: Do you market your products based on nationality, that

this is an American product, made in America?
A: There is no nationalistic marketing view. We got Home Depot and Lowe's and Wal-Mart, and they started buying this [foreign-made] stuff and [overseas competitors] got better at what they did. At one time, the Japanese stuff didn't work. Now it all works. So, everybody moves up the food chain in terms of quality. Otherwise, you don't stay around.

Q: Are you taking a public relations hit?
A: More a stock-price hit than a public relations hit.

Q: People are saying some pretty rough things about you -- that you're immoral, that you're unpatriotic. What's your response?
A: I totally disagree. First of all, [under our plan] people are going to pay more taxes to the government. Secondly, we're going to preserve more jobs here...and that seems to be the patriotic thing to do. If we're uncompetitive, we have to strip pieces of the company out. So this is all about being competitive.

Q: How much tax are you going to pay on the transaction?
A: I don't know. But I just gave 12,000 shares to a charitable trust, just so it's all on the record.

Q: It's hard to make this argument after Tyco, isn't it? [Tyco is a Bermuda-based corporation, and its CEO was just indicted on charges of trying to evade sales taxes on purchases of artwork.]
A: Yeah. We started making this argument last April. The easiest thing would be to fold your tent and go home. I don't think it's the right thing to do. So, we're going to persevere here. If the shareholders say "No," they say "No." But most are saying, "Go get 'em. Do what you have to do."

Q: Why not pull back on globalization?
A: Globalization, lowering tariffs, and eliminating protectionism has resulted in more wealth creation than ever before, more people working, more people with housing. One could argue that part of that framework was increasing the competitiveness of U.S. companies in the global marketplace. As a country, we did all those things we had to do...and we're better off for them.

In our view, if we generate more revenue, we're a healthier company. We'll be able to employ more people, and so on.

Q: If you can't do this, what's going to happen?
A: We're going to be competitive...one way or the other. We'll do the same things we're doing now. The lowest-cost, highest-quality operation wins the game. And where that makes sense to do in a locality, a country, vis-a-vis its local market, we'll do that. Where it doesn't make sense, we won't.

We're the last surviving company to manufacture hardware in New Britain, Conn. Every other company has left. We couldn't compete manufacturing hardware in New Britain, so we moved [some manufacturing] to China. You have to operate in the market you're in, and act accordingly.

Q: You're not making a jobs argument, you're making an argument for comparative advantage?

A: Yeah, you could look at it that way -- a comparative leveling argument. You have several factors to operate under. One of the factors is taxes. And if this thing is a big disadvantage where you are, you have to work like hell to offset the disadvantage...or your business is going away.

Q: One of the criticisms of multinational corporations is that they're less American...that they're somehow less patriotic.
A: That is a fundamental issue. The reality is, we [all] have a desire for the way it used to be -- not for the way it is. And business leaders need to deal with the way it is and the way it will be, not the way it was.

Respect the way it was, yes, but deal with the way it is. To not do this is to destroy companies. It's not a choice. If you don't deal with the present, you get extinguished.

The foregoing does not constitute an offer of any securities for sale, or an offer or invitation to purchase any securities. A registration statement on Form S-4 was filed with the Securities and Exchange Commission ("SEC") and will contain a form of proxy statement / prospectus with respect to the reincorporation, providing details of the transaction. This registration statement is available at the SEC's web site, http://www.sec.gov. When finalized, these documents will be available without charge at the SEC's web site and Stanley's web site, http://www.stanleyworks.com. Investors should read these documents before making a decision concerning the transaction.

The Stanley Works, its officers and directors may be deemed to be participants in the solicitation of proxies from shareowners in favor of the reincorporation. Information about the directors and executive officers and ownership of stock is set forth in the proxy statement/prospectus relating to the annual meeting of The Stanley Works contained in the Form S-4 of The Stanley Works, Ltd. filed with the SEC on April 2, 2002.

the acquisition date. ASU 2015-16 is effective for interim periods beginning after December 31, 2016 and we do not believe its adoption will have a material impact on our Consolidated Financial Statements.

Joint Ventures

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

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

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

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

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

When circumstances indicate there may have been a reduction in the value of an equity investment, we evaluate whether the loss in value is other than temporary. If we conclude it is other than temporary we recognize an impairment charge to reflect the equity investment at fair value.

There were no consolidated or unconsolidated joint ventures, in which we have any recognized assets or liabilities or have retained any economic exposure to loss at December 31, 2015 that met the criteria to be considered VIEs.

Cash Equivalents

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

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Valuation of Receivables

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

Deferred Costs

Deferred Financing Costs

Costs incurred in connection with obtaining financing are deferred and are amortized to interest expense over the term of the related loan. In April 2015, the FASB issued ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03"). The standard requires the costs for issuing debt to appear on a balance sheet as a direct deduction from the debt's value. ASU 2015-03 is effective for the Company beginning January 1, 2016. The standard would be applied retrospectively. The Company does not anticipate that the adoption of ASU 2015-03 will have a material impact on its financial position or results of operations.

Lease Related Costs

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

Deferred leasing and other costs at December 31, 2015 and 2014, excluding such costs for properties classified as held-for-sale, were as follows (in thousands):

	2015	2014
Deferred leasing costs	$302,282	$301,173
Acquired lease-related intangible assets	289,518	325,294
	$591,800	$626,467
Accumulated amortization - deferred leasing costs	$(106,912)	$(104,916)
Accumulated amortization - acquired lease-related intangible assets	(138,514)	(133,916)
Total	$346,374	$387,635

The expected future amortization, or charge to rental income, of acquired lease-related intangible assets is summarized in the table below (in thousands):

Year	Amortization Expense	Charge to Rental Income
2016	$33,486	$1,139
2017	28,103	966
2018	21,704	863
2019	17,302	712
2020	12,423	633
Thereafter	32,524	1,149
	$145,542	$5,462

Noncontrolling Interests

Noncontrolling interests relate to the minority ownership interests in the Partnership and interests in consolidated property partnerships that are not wholly-owned by the General Partner or the Partnership. Noncontrolling interests

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are subsequently adjusted for additional contributions, distributions to noncontrolling holders and the noncontrolling holders' proportionate share of the net earnings or losses of each respective entity. We report noncontrolling interests as a component of total equity.

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

Revenue Recognition

Rental and Related Revenue

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

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

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"). ASU 2014-09 is a comprehensive revenue recognition standard that will supersede nearly all existing GAAP revenue recognition guidance as well as impact the existing GAAP guidance governing the sale of nonfinancial assets. The standard’s core principle is that a company will recognize revenue when it satisfies performance obligations, by transferring promised goods or services to customers, in an amount that reflects the consideration to which the company expects to be entitled in exchange for fulfilling those performance obligations. In doing so, companies will need to exercise more judgment and make more estimates than under existing GAAP guidance.

ASU 2014-09 will be effective for public entities for annual and interim reporting periods beginning after December 15, 2017 and early adoption is permitted in periods ending after December 15, 2016. ASU 2014-09 allows for either recognizing the cumulative effect of application (i) at the start of the earliest comparative period presented (with the option to use any or all of three practical expedients) or (ii) at the date of initial application, with no restatement of comparative periods presented.

We have not yet selected a transition method nor have we determined the effect of ASU 2014-09 on our consolidated financial statements.

General Contractor and Service Fee Revenue

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

We recognize income on construction contracts where we serve as a general contractor on the percentage of completion method. Using this method, profits are recorded based on our estimates of the percentage of completion of individual contracts, commencing when the work performed under the contracts reaches a point where the final costs can be estimated with reasonable accuracy. The percentage of completion estimates are based on a comparison of the contract expenditures incurred to the estimated final costs. Changes in job performance, job conditions and estimated profitability may result in revisions to costs and income and are recognized in the period in which the revisions are determined. To the extent that a fixed-price contract is estimated to result in a loss, the loss is recorded immediately. Unbilled and overbilled receivables on construction contracts totaled $5.5 million and $1.1 million, respectively, at December 31, 2015 and $14.7 million and $2.0 million, respectively, at December 31, 2014. Overbilled receivables are included in other liabilities in the Consolidated Balance Sheets.

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Property Sales

In April 2014, the FASB issued ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity ("ASU 2014-08"). Under ASU 2014-08, only disposals representing a strategic shift in operations (for example, a disposal of a major geographic area or a major line of business) will be presented as discontinued operations, while significant continuing involvement with such dispositions will no longer preclude discontinued operations classification. ASU 2014-08 is effective for fiscal years beginning on or after December 15, 2014, with early adoption permitted only for disposals or classifications as held-for-sale that have not been reported in financial statements previously issued or available for issuance. We adopted ASU 2014-08 early and have applied it since April 1, 2014.

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

Net Income (Loss) Per Common Share or Common Unit

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

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

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

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	2015	2014	2013
General Partner			
Net income attributable to common shareholders	$615,310	$204,893	$153,044
Less: Dividends on participating securities	(3,081)	(2,588)	(2,678)
Basic net income attributable to common shareholders	612,229	202,305	150,366
Add back dividends on dilutive participating securities	3,081	—	—
Noncontrolling interest in earnings of common unitholders	6,404	2,627	2,094
Diluted net income attributable to common shareholders	$621,714	$204,932	$152,460
Weighted average number of common shares outstanding	345,057	335,777	322,133
Weighted average Limited Partner Units outstanding	3,582	4,308	4,392
Other potential dilutive shares	3,558	361	187
Weighted average number of common shares and potential dilutive securities	352,197	340,446	326,712
Partnership			
Net income attributable to common unitholders	$621,714	$207,520	$155,138
Less: Distributions on participating securities	(3,081)	(2,588)	(2,678)
Basic net income attributable to common unitholders	$618,633	$204,932	$152,460
Add back distributions on dilutive participating securities	3,081	—	—
Diluted net income attributable to common unitholders	$621,714	$204,932	$152,460
Weighted average number of Common Units outstanding	348,639	340,085	326,525
Other potential dilutive units	3,558	361	187
Weighted average number of Common Units and potential dilutive securities	352,197	340,446	326,712

The following table summarizes the data that is excluded from the computation of net income (loss) per common share or Common Unit as a result of being anti-dilutive (in thousands):

	2015	2014	2013
General Partner and Partnership			
Other potential dilutive shares or units:			
Anti-dilutive outstanding potential shares or units under fixed stock option and other stock-based compensation plans	997	1,210	1,373
Anti-dilutive outstanding participating securities	—	3,844	3,871

Other Comprehensive Income

In February 2013, the FASB issued ASU No. 2013-02, Other Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income ("ASU 2013-02"), which was effective for us beginning with the three months ended March 31, 2013. ASU 2013-02 requires presentation of significant amounts reclassified out of accumulated other comprehensive income. Activity within other comprehensive income or loss includes the amortization to interest expense, over the lives of previously hedged loans, of the values of interest rate swaps that have been settled, as well as changes in the fair values of currently outstanding interest rate swaps that we have designated as cash flow hedges. Activity within other comprehensive income is not material for any individual type of activity, as well as for all activities in the aggregate, for all periods presented in these financial statements.

Federal Income Taxes

General Partner

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

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

The following table reconciles the General Partner's net income (loss) to taxable income (loss) before the dividends paid deduction, and subject to the 90% distribution requirement, for the years ended December 31, 2015, 2014 and 2013 (in thousands):

	2015	2014	2013
Net income	$621,861	$246,455	$196,549
Book/tax differences	(314,691)	738	50,127
Taxable income before the dividends paid deduction	307,170	247,193	246,676
Less: capital gains	(294,901)	(95,797)	(109,133)
Adjusted taxable income subject to the 90% distribution requirement	$12,269	$151,396	$137,543

The General Partner's dividends paid deduction is summarized below (in thousands):

	2015	2014	2013
Total Cash dividends paid	$307,170	$255,622	$251,914
Less: Return of capital	—	(5,479)	(1,938)
Dividends paid deduction	307,170	250,143	249,976
Less: Capital gain distributions	(294,901)	(95,797)	(109,133)
Dividends paid deduction attributable to adjusted taxable income subject to the 90% distribution requirement	$12,269	$154,346	$140,843

Our tax return for the year ended December 31, 2015 has not been filed. The taxability information presented for our dividends paid in 2015 is based upon management's estimate. Consequently, the taxability of dividends is subject to change. A summary of the tax characterization of the dividends paid by the General Partner for the years ended December 31, 2015, 2014 and 2013 is as follows:

	2015	2014	2013
Common Shares			
Ordinary income	4.2 %	59.2 %	52.6 %
Return of capital	— %	2.5 %	4.4 %
Capital gains	95.8 %	38.3 %	43.0 %
	100.0 %	100.0 %	100.0 %
Preferred Shares			
Ordinary income		60.7 %	55.0 %
Capital gains		39.3 %	45.0 %
		100.0 %	100.0 %

Partnership

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

Deferred Tax Assets

A full valuation allowance for the deferred tax assets of the taxable REIT subsidiary was maintained for 2015, 2014 and 2013. Based on the level of historical taxable income and projections of taxable income under our current operating strategy, management believes that it is more likely than not that the taxable REIT subsidiary will not

generate sufficient taxable income to realize any of its deferred tax assets. Income taxes are not material to our operating results or financial position. Our taxable REIT subsidiary has no significant net deferred income tax positions or unrecognized tax benefit items.

Cash Paid for Income Taxes

We paid federal, state and local income taxes of $7.0 million and $830,000 in 2014 and 2013, respectively. We received income tax refunds, net of federal, state and local income tax payments, of $830,000 in 2015.

Fair Value Measurements

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

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

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

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

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

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

In addition to the acquired properties discussed in Note 3, assets measured at fair value on a non-recurring basis in the Consolidated Financial Statements consisted of real estate assets, both buildings and undeveloped land, that were determined to be impaired and written down to fair value as discussed in Note 6. The table below aggregates the total fair value of these impaired assets as determined during the years ended December 31, 2015, 2014 and 2013, respectively, by the levels in the fair value hierarchy (in thousands):

	2015			2014			2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Real estate assets	—	—	$31,100	—	—	$146,767	—	—	22,150
Investment in land joint ventures	—	—	$19,500	—	—	$—	—	—	—

Use of Estimates

The preparation of the financial statements requires management to make a number of estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

(3) Acquisitions and Dispositions

Acquisitions and dispositions for the periods presented were completed in accordance with our strategy to reposition our investment concentration among the product types and markets in which we operate. With the

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exception of certain properties that have been sold or classified as held for sale, the results of operations for all acquired properties have been included in continuing operations within our consolidated financial statements since their respective dates of acquisition.

2015 Acquisitions

We acquired two industrial properties during the year ended December 31, 2015, one of which was treated as a business combination and one as an asset acquisition. The following table summarizes the fair value of amounts recognized for each major class of asset and liability (in thousands) for these acquisitions:

Real estate assets	$26,276
Lease related intangible assets	2,001
Total acquired assets	28,277
Other liabilities	319
Total assumed liabilities	319
Fair value of acquired net assets	$27,958

The leases in the acquired properties had an average remaining life at acquisition of approximately 9.2 years.

We have included $988,000 in rental revenues and $135,000 in earnings from continuing operations during 2015 for these properties since their respective dates of acquisition.

2014 Acquisitions

We acquired five operating properties during the year ended December 31, 2014. These acquisitions consisted of four industrial properties and one medical office property. The following table summarizes the fair value of amounts recognized for each major class of asset and liability (in thousands) for these acquisitions:

Real estate assets	$116,773
Lease-related intangible assets	14,238
Total acquired assets	131,011
Other liabilities	355
Total assumed liabilities	355
Fair value of acquired net assets	$130,656

The leases in the acquired properties had a weighted average remaining life at acquisition of approximately 9.0 years.

Fair Value Measurements

The fair value estimates used in allocating the aggregate purchase price of each acquisition among the individual components of real estate assets and liabilities were determined primarily through calculating the "as-if vacant" value of each building, using the income approach, and relied significantly upon internally determined assumptions. We have determined these estimates to have been primarily based upon Level 3 inputs, which are unobservable inputs based on our own assumptions. The range of most significant assumptions utilized in making the lease-up and future disposition estimates used in calculating the "as-if vacant" value of each building acquired during 2015 and 2014 are as follows:

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	2015		2014	
	Low	High	Low	High
Discount rate	7.07%	7.07%	7.38%	9.96%
Exit capitalization rate	5.57%	5.57%	5.98%	8.36%
Lease-up period (months)	12	12	12	12
Net rental rate per square foot - Industrial	$4.85	$4.85	$2.75	$9.36
Net rental rate per square foot - Medical Office	$—	$—	$19.56	$19.56

Acquisition-Related Activity

The acquisition-related activity in our consolidated Statements of Operations and Comprehensive Income consisted of transaction costs for completed acquisitions, which are expensed as incurred, as well as gains or losses related to acquisitions where we had a pre-existing non-controlling ownership interest. Acquisition-related activity for the years ended December 31, 2015, 2014 and 2013 includes transaction costs of $8.5 million, $1.1 million and $4.1 million, respectively. Substantially all of the activity in 2015 was driven by an increase to the estimated fair value of contingent consideration that relates to a previous period's acquisition. In 2013, we recognized gains of $962,000 related to acquisitions of properties from unconsolidated joint ventures.

Dispositions

We disposed of buildings (see Note 6 for the number of buildings sold in each year, as well as for their classification between continuing and discontinued operations) and undeveloped land, which generated net cash proceeds of $1.68 billion, $493.2 million and $740.0 million in 2015, 2014 and 2013, respectively.

On April 1, 2015, we completed the previously announced Suburban Office Portfolio Sale to a joint venture with affiliates of Starwood Capital Group, Vanderbilt Partners and Trinity Capital Advisors for approximately $1.07 billion in proceeds and recorded a gain on sale of $406.1 million. The Suburban Office Portfolio Sale included all of our wholly-owned, in-service suburban office properties located in Nashville, Raleigh, South Florida and St. Louis. The portfolio included approximately 6.7 million square feet across 61 buildings and 57 acres of undeveloped land. Additionally, an office asset in Raleigh, which was under construction at the time of the Suburban Office Portfolio Sale, was completed in late 2015 and sold to the same buyers in January 2016.

A portion of the purchase price for the Suburban Office Portfolio Sale was financed through a $200.0 million first mortgage on certain of the properties in the Suburban Office Portfolio that we provided to the seller. The first mortgage matures on December 31, 2016, is prepayable after January 1, 2016, and bears interest at LIBOR plus 1.5%. We have reviewed the creditworthiness of the entities with which we hold this first mortgage and have concluded it is probable that we will be able to collect all amounts due according to its contractual terms.

On April 8, 2015, we completed the sale of 51 non-strategic industrial properties for $270.0 million in proceeds and recorded a gain on sale of $107.4 million. These properties totaled 5.2 million square feet and were located in primarily Midwest markets.

Included in the building dispositions in 2014 was the sale of six office properties in Cincinnati, Ohio, which totaled 1.0 million square feet and were sold for $150.5 million, as well as the sale of two office properties in South Florida, which totaled 466,000 square feet and were sold for $128.0 million.

The income tax benefit from continuing operations in 2014 was triggered by sales of properties owned, or partially owned, by our taxable REIT subsidiary. Income tax expense included in discontinued operations in 2014 was also the result of the sale of a property, prior to the adoption of ASU 2014-08, which was partially owned by our taxable REIT subsidiary where we have no continuing involvement.

During the year ended December 31, 2014, eleven office properties, eleven industrial properties and one retail property were sold by six of our unconsolidated joint ventures, for which our capital distributions totaled $91.8 million and our share of gains, which are included in equity in earnings, totaled $84.6 million. These sales included a 436,000 square foot office tower in Atlanta, Georgia and a 382,000 square foot retail property in Minneapolis, Minnesota.

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Included in the building dispositions in 2013 was the sale of 18 medical office properties in various markets, which totaled 1.1 million square feet and were sold for $285.9 million. These properties were in markets, or were associated with health systems, where we did not believe there to be significant future growth potential.
During the year ended December 31, 2013, 19 office properties and one industrial property were sold from certain of our unconsolidated joint ventures for which our capital distributions totaled $92.3 million. Our share of gains from joint venture property sales, which are included in equity in earnings, totaled $51.2 million.
All other dispositions were not individually material.

(4) Related Party Transactions

We provide property management, asset management, leasing, construction and other tenant-related services to unconsolidated companies in which we have equity interests. We recorded the corresponding fees based on contractual terms that approximate market rates for these types of services and have eliminated our ownership percentage of these fees in the consolidated financial statements. The following table summarizes the fees earned from these companies, prior to elimination, for the years ended December 31, 2015, 2014 and 2013, respectively (in thousands):

	2015	2014	2013
Management fees	$6,831	$8,530	$9,010
Leasing fees	3,048	3,410	2,260
Construction and development fees	6,126	5,846	5,138

(5) Investments in Unconsolidated Companies

Summarized Financial Information

As of December 31, 2015, we had equity interests in 16 unconsolidated joint ventures that primarily own and operate rental properties and hold land for development.
Combined summarized financial information for the unconsolidated companies at December 31, 2015 and 2014, and for the years ended December 31, 2015, 2014 and 2013, are as follows (in thousands):

	2015	2014	2013
Rental revenue	$160,543	$230,093	$240,064
Gain on sale of properties	$23,696	$121,713	$121,404
Net income	$60,772	$143,857	$116,832
Equity in earnings (loss) of unconsolidated companies	$(3,304)	$94,317	$54,116
Land, buildings and tenant improvements, net	$1,029,803	$1,251,470	
Construction in progress	64,646	34,680	
Undeveloped land	115,773	115,252	
Other assets	144,337	168,653	
	$1,354,559	$1,570,055	
Indebtedness	$413,651	$639,810	
Other liabilities	91,836	71,818	
	505,487	711,628	
Owners' equity	849,072	858,427	
	$1,354,559	$1,570,055	
Investments in and advances to unconsolidated companies (1)	$268,390	$293,650	

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(1) Differences between the net investment in our unconsolidated joint ventures and our underlying equity in the net assets of the ventures are primarily a result of previous impairments related to our investment in the unconsolidated joint ventures, basis differences associated with the sales of properties to joint ventures in which we retained an ownership interest and loans we have made to the joint ventures. These adjustments have resulted in an aggregate difference reducing our investments in unconsolidated joint ventures by $33.7 million and $1.0 million as of December 31, 2015 and 2014, respectively. The substantial majority of the basis difference at December 31, 2015 related to other than temporary impairments on joint venture investments recognized during 2015, as described hereafter. Differences between historical cost basis and the basis reflected at the joint venture level (other than loans and impairments) are typically depreciated over the life of the related asset.
The scheduled principal payments of long term debt for the unconsolidated joint ventures for each of the next five years and thereafter as of December 31, 2015 are as follows (in thousands):

Year	Future Repayments
2016	$53,835
2017	133,770
2018	68,836
2019	15,516
2020	30,504
Thereafter	111,071
	$413,532

Other Than Temporary Impairment of Investments in Unconsolidated Joint Ventures
During 2015, we recognized $30.0 million of charges through equity in earnings related to investments in three of our unconsolidated joint ventures that we determined had experienced declines in fair value that were other than temporary.
The most significant of these impairment charges pertain to our investment in an unconsolidated joint venture (the "Linden joint venture") whose sole asset is undeveloped retail land. The Linden joint venture has not been able to proceed with development of its land as the result of a series of zoning and use-related legal challenges. During the three months ended December 31, 2015, we changed our strategy such that we now intend to monetize our investment in the joint venture rather than holding for development and continuing to attempt to resolve the legal challenges. As the result of this change in strategy, we determined that an other-than-temporary decline in the value of our investment in the joint venture had taken place. During the three months ended December 31, 2015, we recognized a $19.5 million impairment charge to write our investment in the Linden joint venture to its fair value. The fair value of our investment in the joint venture was primarily based on offers received for the site. The joint venture had no outstanding debt as of December 31, 2015.
We believe that all of the fair value estimates used in recording the above-mentioned charges were based on level 3 inputs, as previously defined.
(6) Discontinued Operations, Assets Held-for-Sale and Impairments

The following table illustrates the number of sold or held-for-sale properties included in, or excluded from, discontinued operations:

	Held-for-Sale at December 31, 2015	Sold in 2015	Sold in 2014	Sold in 2013	Total
Office	0	56	0	12	68
Industrial	0	5	11	6	22
Medical Office	0	1	1	6	8
Retail	0	0	0	1	1
Total properties included in discontinued operations	0	62	12	25	99

Properties excluded from discontinued operations	4	91	17	13	125
Total properties sold or classified as held-for-sale	4	153	29	38	224

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

The following table illustrates the operations of the buildings reflected in discontinued operations for the years ended December 31, 2015, 2014 and 2013, respectively (in thousands):

	2015	2014	2013
Revenues	$32,549	$120,884	$159,096
Operating expenses	(12,498)	(47,123)	(62,048)
Depreciation and amortization	(3,517)	(38,342)	(55,594)
Operating income	16,534	35,419	41,454
Interest expense	(5,595)	(24,348)	(37,649)
Income before gain on sales	10,939	11,071	3,805
Gain on sale of depreciable properties	424,892	22,763	133,242
Income from discontinued operations before income taxes	435,831	33,834	137,047
Income tax expense	(3,175)	(2,969)	—
Income from discontinued operations	$432,656	$30,865	$137,047

Income tax expense included in discontinued operations was the result of the sale of a property, prior to the adoption of ASU 2014-08, that was partially owned by our taxable REIT subsidiary where we have no continuing involvement.

Capital expenditures on a cash basis for the years ended December 31, 2015, 2014 and 2013 were $7.4 million, $32.5 million and $21.7 million, respectively, related to properties classified within discontinued operations.

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

Allocation of Noncontrolling Interests - General Partner

The following table illustrates the General Partner's share of the income (loss) attributable to common shareholders from continuing operations and discontinued operations, reduced by the allocation of income or loss between continuing and discontinued operations to noncontrolling interests, for the years ended December 31, 2015, 2014 and 2013, respectively (in thousands):

	2015	2014	2013
Income from continuing operations attributable to common shareholders	$187,099	$174,419	$21,109
Income from discontinued operations attributable to common shareholders	428,211	30,474	131,935
Net income attributable to common shareholders	$615,310	$204,893	$153,044

Allocation of Noncontrolling Interests - Partnership

Substantially all of the income from discontinued operations for all periods presented in the Partnership's Consolidated Statements of Operations and Comprehensive Income is attributable to the common unitholders, with the exception of the 2013 sale of a property from a consolidated real estate joint venture.

Properties Held for Sale

At December 31, 2015, we have classified four in-service properties as held-for-sale, but have included the results of operations of these properties in continuing operations because they did not qualify as discontinued operations

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pursuant to ASC 2014-08. The following table illustrates aggregate balance sheet information of these held-for-sale properties (in thousands):

	December 31, 2015	December 31, 2014		
	Held-for-Sale Properties Included in Continuing Operations	Properties Included in Continuing Operations	Properties Included in Discontinued Operations	Total Held-For-Sale Properties
Land and improvements	$9,797	$21,347	$126,921	$148,268
Buildings and tenant improvements	39,480	36,925	721,398	758,323
Undeveloped land	—	12,443	—	12,443
Accumulated depreciation	(7,183)	(23,071)	(247,269)	(270,340)
Deferred leasing and other costs, net	3,293	3,480	44,840	48,320
Other assets	414	562	27,475	28,037
Total assets held-for-sale	$45,801	$51,686	$673,365	$725,051
Secured debt	$—	$—	$40,764	$40,764
Accrued expenses	322	233	5,180	5,413
Other liabilities	650	434	12,481	12,915
Total liabilities held-for-sale	$972	$667	$58,425	$59,092

Impairment Charges

The following table illustrates impairment charges recognized during the years ended December 31, 2015 and 2014, respectively (in thousands):

	2015	2014	2013
Impairment charges - land	$19,526	$33,700	$3,777
Impairment charges - building	3,406	15,406	—
Impairment charges	$22,932	$49,106	$3,777

As the result of changes in our intended use for certain of our undeveloped land holdings, we recognized impairment charges of $19.5 million and $33.7 million for the years ended December 31, 2015 and 2014, respectively. The various land holdings written down to fair value, totaled 139 and 442 acres for the years ended December 31, 2015 and 2014, respectively. The fair value of the land upon which we recognized impairment charges was estimated based on asset-specific offers to purchase, comparable transactions and, in certain cases, estimates made by national and local independent real estate brokers who were familiar with the land parcels subject to evaluation as well as with conditions in the specific markets where the various land parcels are located. In all cases when estimates from brokers were utilized, members of our senior management who were responsible for the individual markets where the land parcels are located, and members of the Company’s accounting and financial management team, reviewed the broker’s estimates for factual accuracy and reasonableness. In all cases, we were ultimately responsible for all valuation estimates made in determining the extent of the impairment. Our valuation estimates primarily relied upon Level 3 inputs.

During the fourth quarter of 2014, we completed a review of our existing portfolio of buildings and determined that certain buildings, which had previously not been actively marketed for disposal, were not strategic and would not be held as long-term investments. Impairment charges of $15.4 million were recognized for the year ended December 31,

2014. We determined that, as the result of this change to management's strategy, six properties were impaired during the year ended December 31, 2014. Our estimates of fair value for these buildings were based primarily upon asset-specific purchase and sales contracts as well as using the income approach for a single property. For the property for which the income approach was utilized in determining fair value, which was an office property in Washington D.C., the most significant assumptions utilized were the exit capitalization rate of 8.50% and the net rental rate of $12.50 per square foot. We have concluded that our valuation estimates for the building impairments recognized during 2014 were primarily based on Level 3 inputs.

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(7) Indebtedness

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

Indebtedness at December 31, 2015 and 2014 consists of the following (in thousands):

	Maturity Date	Weighted Average Interest Rate 2015		Weighted Average Interest Rate 2014		2015	2014
Fixed rate secured debt	2016 to 2027	6.55	%	6.27	%	$736,896	$979,842
Variable rate secured debt	2025	0.03	%	0.13	%	3,100	3,400
Unsecured debt	2016 to 2028	4.63	%	5.22	%	2,530,743	3,364,161
Unsecured line of credit	2019	1.41	%	1.22	%	71,000	106,000
						$3,341,739	$4,453,403
Less secured debt related to real estate assets held-for-sale						—	40,764
Total indebtedness as reported on consolidated balance sheets						$3,341,739	$4,412,639

Secured Debt

At December 31, 2015, our secured debt was collateralized by rental properties with a carrying value of $1.19 billion and by a letter of credit in the amount of $3.2 million.

The fair value of our fixed rate secured debt at December 31, 2015 was $789.1 million. Because our fixed rate secured debt is not actively traded in any marketplace, we utilized a discounted cash flow methodology to determine its fair value. Accordingly, we calculated fair value by applying an estimate of the current market rate to discount the debt's remaining contractual cash flows. Our estimate of a current market rate, which is the most significant input in the discounted cash flow calculation, is intended to replicate debt of similar maturity and loan-to-value relationship. The estimated rates ranged from 2.40% to 3.90%, depending on the attributes of the specific loans. The current market rates we utilized were internally estimated; therefore, we have concluded that our determination of fair value for our fixed rate secured debt was primarily based upon Level 3 inputs.

During 2015, we repaid 17 secured loans, totaling $231.2 million. These loans had a weighted average stated interest rate of 5.41%. Certain of these secured loans were repaid prior to their scheduled maturity date, which resulted in a $3.7 million loss on extinguishment, which included both prepayment penalties as well as the write-off of unamortized deferred loan and mark to market costs.

During 2014, we repaid nine secured loans, totaling $99.3 million. These loans had a weighted average stated interest rate of 5.56%.
Unsecured Debt

At December 31, 2015, with the exception of the $250.0 million variable rate term note described below, all of our unsecured debt bore interest at fixed rates and primarily consisted of unsecured notes that are publicly traded. We utilized broker estimates in estimating the fair value of our fixed rate unsecured debt. Our unsecured notes are thinly traded and, in certain cases, the broker estimates were not based upon comparable transactions. The broker estimates took into account any recent trades within the same series of our fixed rate unsecured debt, comparisons to recent trades of other series of our fixed rate unsecured debt, trades of fixed rate unsecured debt from companies with profiles similar to ours, as well as overall economic conditions. We reviewed these broker estimates for reasonableness and accuracy, considering whether the estimates were based upon market participant assumptions within the principal and most advantageous market and whether any other observable inputs would be more

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accurate indicators of fair value than the broker estimates. We concluded that the broker estimates were representative of fair value. We have determined that our estimation of the fair value of our fixed rate unsecured debt was primarily based upon Level 3 inputs, as defined. The estimated trading values of our fixed rate unsecured debt, depending on the maturity and coupon rates, ranged from 98.00% to 124.00% of face value.

We utilize a discounted cash flow methodology in order to estimate the fair value of our variable rate term loan. The net present value of the difference between future contractual interest payments and future interest payments based on our estimate of a current market rate represents the difference between the book value and the fair value. Our estimate of a current market rate was based on estimated market spreads and the quoted yields on federal government treasury securities with similar maturity dates.

We took the following actions during 2015 and 2014 as it pertains to our unsecured indebtedness:

- In February 2015, we repaid a $250.0 million senior unsecured note at its maturity date. This loan had a stated interest rate of 7.38% and an effective rate of 7.50%.
- In April 2015, the Partnership completed the previously described Tender Offer to purchase, for a combined aggregate purchase price (exclusive of accrued and unpaid interest) of up to $500.0 million, certain of its outstanding series of unsecured notes. A portion of the proceeds from the Suburban Office Portfolio Sale were used to fund the Tender Offer, which resulted in the repurchase of notes having a face value of $424.9 million, for a cash payment of $500.0 million. The repurchased notes had contractual maturity dates ranging between February 2017 and March 2020 and bore interest at stated rates ranging between 5.95% and 8.25%.
- In May 2015, we repurchased unsecured notes with a face value of $6.3 million, for a cash payment of $7.1 million. These notes had a stated interest rate of 6.50% and an effective rate of 6.08%.
- In October 2015, we redeemed $150.0 million in unsecured notes that had a scheduled maturity in March 2016, for a cash payment of $152.6 million. These notes had a stated interest rate of 5.50% and an effective rate of 6.72%.
- During 2015, the early repayment of unsecured notes, either through the Tender Offer or repurchase, resulted in an aggregate loss on extinguishment of $82.0 million, which included applicable repurchase premiums as well as the write-off of unamortized deferred loan costs.
- In November 2014, we issued $300.0 million of unsecured notes that bear interest at a stated rate of 3.75%, have an effective rate of 3.90%, and mature on December 1, 2024.

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 at December 31, 2015.

Unsecured Line of Credit

Our unsecured line of credit at December 31, 2015 is described as follows (in thousands):

Description	Borrowing Capacity	Maturity Date	Outstanding Balance at December 31, 2015
Unsecured Line of Credit – Partnership	$1,200,000	January 2019	$71,000

The Partnership's unsecured line of credit has an interest rate on borrowings of LIBOR plus 1.05% (equal to 1.41% for borrowings at December 31, 2015) and has a maturity date of January 2019. Subject to certain conditions, the terms also include an option to increase the facility by up to an additional $400.0 million, for a total of up to $1.6 billion. This line of credit provides us with an option to obtain borrowings from financial institutions that participate in the line at rates that may be lower than the stated interest rate, subject to certain restrictions.

This line of credit contains financial covenants that require us to meet certain financial ratios and defined levels of performance, including those related to fixed charge coverage, unsecured interest expense coverage and debt-to-asset value (with asset value being defined in the Partnership's unsecured line of credit agreement). At December 31, 2015, we were in compliance with all covenants under this line of credit.

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To the extent that there are outstanding borrowings, we utilize a discounted cash flow methodology in order to estimate the fair value of our unsecured line of credit. The net present value of the difference between future contractual interest payments and future interest payments based on our estimate of a current market rate represents the difference between the book value and the fair value. Our estimate of a current market rate was based on estimated market spreads and the quoted yields on federal government treasury securities with similar maturity dates. The current market rate of 1.61% that we utilized was internally estimated; therefore, we have concluded that our determination of fair value for our unsecured line of credit was primarily based upon Level 3 inputs.

Changes in Fair Value

As all of our fair value debt disclosures relied primarily on Level 3 inputs, the following table summarizes the book value and changes in the fair value of our debt for the year ended December 31, 2015 (in thousands):

	Book Value at 12/31/2014	Book Value at 12/31/2015	Fair Value at 12/31/2014	Payments/Payoffs	Adjustments to Fair Value	Fair Value at 12/31/2015
Fixed rate secured debt	$979,842	$736,896	$1,065,301	$ (241,114)	$(35,092)	$789,095
Variable rate secured debt	3,400	3,100	3,400	(300)	—	3,100
Unsecured debt	3,364,161	2,530,743	3,603,475	(833,417)	(145,263)	2,624,795
Unsecured line of credit	106,000	71,000	106,000	(35,000)	(148)	70,852
Total	$4,453,403	$3,341,739	$4,778,176	$ (1,109,831)	$(180,503)	$3,487,842
Less secured debt related to real estate assets held-for-sale	40,764	—				
Total indebtedness as reported on consolidated balance sheets	$4,412,639	$3,341,739				

Scheduled Maturities and Interest Paid

At December 31, 2015, the scheduled amortization and maturities of all indebtedness, excluding fair value and other accounting adjustments, for the next five years and thereafter were as follows (in thousands):

Year	Amount
2016	$357,037
2017	350,295
2018	293,379
2019	725,912
2020	134,041
Thereafter	1,480,252
	$3,340,916

The amount of interest paid in 2015, 2014 and 2013 was $211.8 million, $229.0 million and $254.2 million, respectively. The amount of interest capitalized in 2015, 2014 and 2013 was $16.8 million, $17.6 million and $16.8 million, respectively.

(8) Segment Reporting

We have four reportable operating segments at December 31, 2015, the first three of which consist of the ownership and rental of (i) industrial, (ii) medical office and (iii) office real estate investments. Properties not included in our reportable segments, which do not by themselves meet the quantitative thresholds for separate presentation as a reportable segment, are generally referred to as non-reportable Rental Operations. The operations of our industrial, medical office and office properties, as well as our non-reportable Rental Operations, are collectively referred to as "Rental Operations." Although our office real estate investment segment did not meet the quantitative thresholds for separate presentation as a reportable segment for the year ended December 31, 2015, we have elected to continue to separately report it when considering that it was significant during the years ended December 31, 2014 and 2013.

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The fourth reportable segment consists of various real estate services such as property management, asset management, maintenance, leasing, development, general contracting and construction management to third-party property owners and joint ventures, and is collectively referred to as "Service Operations." Our reportable segments offer different products or services and are managed separately because each segment requires different operating strategies and management expertise.

Revenues by Reportable Segment

The following table shows the revenues for each of the reportable segments, as well as a reconciliation to consolidated revenues, for the years ended December 31, 2015, 2014 and 2013 (in thousands):

	2015	2014	2013
Revenues			
Rental Operations:			
Industrial	$556,903	$529,144	$479,147
Medical Office	160,951	146,530	127,475
Office	90,722	131,722	142,772
Non-reportable Rental Operations	—	8,814	7,206
Service Operations	133,367	224,500	206,596
Total segment revenues	941,943	1,040,710	963,196
Other revenue	7,489	6,141	5,564
Consolidated revenue from continuing operations	949,432	1,046,851	968,760
Discontinued operations	32,549	120,884	159,096
Consolidated revenue	$981,981	$1,167,735	$1,127,856

Supplemental Performance Measure

PNOI is the non-GAAP supplemental performance measure that we use to evaluate the performance of, and to allocate resources among, the real estate investments in the reportable and operating segments that comprise our Rental Operations. PNOI for our Rental Operations segments is comprised of rental revenues from continuing operations less rental expenses and real estate taxes from continuing operations, along with certain other adjusting items (collectively referred to as "Rental Operations revenues and expenses excluded from PNOI," as shown in the following table). Additionally, we do not allocate interest expense, depreciation expense and certain other non-property specific revenues and expenses (collectively referred to as "Non-Segment Items," as shown in the following table) to our individual operating segments.

We evaluate the performance of our Service Operations reportable segment using net income or loss, as allocated to that segment ("Earnings from Service Operations").

The following table shows a reconciliation of our segment-level measures of profitability to consolidated income from continuing operations before income taxes, for the years ended December 31, 2015, 2014 and 2013 (in thousands):

DUKE REALTY CORPORATION AND DUKE REALTY LIMITED PARTNERSHIP
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	2015	2014	2013
PNOI			
Industrial	$393,909	$351,955	$315,846
Medical Office	103,540	91,099	70,844
Office	38,231	39,820	38,977
Non-reportable Rental Operations	—	4,506	(90)
PNOI, excluding all sold/held for sale properties	535,680	487,380	425,577
PNOI from sold/held-for-sale properties included in continuing operations	27,971	68,451	91,604
PNOI, continuing operations	563,651	555,831	517,181
Earnings from Service Operations	14,197	24,469	22,763
Rental Operations revenues and expenses excluded from PNOI:			
Straight-line rental income and expense, net	20,669	19,412	11,443
Revenues related to lease buyouts	1,567	5,246	11,151
Amortization of lease concessions and above and below market rents	(3,258)	(4,789)	(8,115)
Intercompany rents and other adjusting items	(2,044)	(4,219)	(3,009)
Non-Segment Items:			
Equity in earnings (loss) of unconsolidated companies	(3,304)	94,317	54,116
Interest expense	(173,574)	(196,186)	(202,174)
Depreciation expense	(317,329)	(346,275)	(353,456)
Gain on sale of properties	229,702	162,715	59,179
Impairment charges	(22,932)	(49,106)	(3,777)
Interest and other income, net	4,667	1,246	1,887
General and administrative expenses	(58,565)	(49,362)	(42,673)
Gain on land sales	35,054	10,441	9,547
Other operating expenses	(5,947)	(7,191)	(8,144)
Loss on extinguishment of debt	(85,713)	(283)	(9,433)
Acquisition-related activity	(8,499)	(1,099)	(3,093)
Other non-segment revenues and expenses, net	(3,065)	(421)	1,029
Income from continuing operations before income taxes	$185,277	$214,746	$54,422

The assets for each of the reportable segments at December 31, 2015 and 2014 were as follows (in thousands):

	December 31, 2015	December 31, 2014
Assets		
Rental Operations:		
Industrial	$4,552,107	$4,677,047
Medical Office	1,269,546	1,229,632
Office	367,469	1,252,627
Non-reportable Rental Operations	—	71,741
Service Operations	137,257	158,762
Total segment assets	6,326,379	7,389,809
Non-segment assets	590,734	365,030
Consolidated assets	$6,917,113	$7,754,839

Tenant improvements and leasing costs to re-let rental space that we previously leased to tenants are referred to as second generation expenditures. Building improvements that are not specific to any tenant but serve to improve integral components of our real estate properties are also second generation expenditures. In addition to revenues and FFO, we also review our second generation capital expenditures in measuring the performance of our individual Rental Operations segments. We review these expenditures to determine the costs associated with re-leasing vacant space and maintaining the condition of our properties. Our second generation capital expenditures by segment are summarized as follows for the years ended December 31, 2015, 2014 and 2013 (in thousands):

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	2015	2014	2013
Second Generation Capital Expenditures			
Industrial	$45,716	$53,840	$41,971
Medical Office	4,711	3,131	3,106
Office	11,443	41,124	46,600
Non-reportable Rental Operations segments	30	726	121
Total	$61,900	$98,821	$91,798

Both our first and second generation expenditures vary significantly between leases on a per square foot basis, dependent upon several factors including the product type, the nature of a tenant's operations, the specific physical characteristics of each individual property as well as the market in which the property is located.

(9) Leasing Activity

Future minimum rents due to us under non-cancelable operating leases at December 31, 2015 are as follows (in thousands):

Year	Amount
2016	$597,811
2017	585,202
2018	525,966
2019	463,653
2020	404,912
Thereafter	1,717,524
	$4,295,068

In addition to minimum rents, certain leases require reimbursements of specified operating expenses that amounted to $193.4 million, $201.8 million and $196.3 million for the years ended December 31, 2015, 2014 and 2013, respectively.

(10) Employee Benefit Plans

We maintain a 401(k) plan for our eligible employees. We make matching contributions up to an amount equal to three percent of the employee's salary and may also make annual discretionary contributions. In February 2013, we revised the Company's matching program, changing the matching contributions from 100% of the employee salary deferral contributions up to two percent of eligible compensation to 50% of the employee salary deferral contributions up to six percent of eligible compensation. Also, a discretionary contribution was declared at the end of 2015, 2014 and 2013. The total expense recognized for this plan was $2.5 million, $2.9 million and $2.9 million for the years ended December 31, 2015, 2014 and 2013, respectively.

We make contributions to a contributory health and welfare plan as necessary to fund claims not covered by employee contributions. The total expense we recognized related to this plan was $6.0 million, $7.0 million and $7.9 million for 2015, 2014 and 2013, respectively. These expense amounts include estimates based upon the historical experience of claims incurred but not reported as of year-end.

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

General Partner

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

During 2015, the General Partner issued 233,000 common shares pursuant to its at the market equity program, generating gross proceeds of approximately $5.0 million and, after deducting commissions and other costs, net proceeds of approximately $4.5 million. The proceeds from these offerings were contributed to the Partnership and used for general corporate purposes.

During 2014, pursuant to the share repurchase plan approved by our board of directors, the General Partner repurchased 750,243 preferred shares from among our remaining outstanding series. The preferred shares repurchased had a total redemption value of approximately $18.8 million and were repurchased for $17.7 million. In conjunction with the repurchases, approximately $618,000 of initial issuance costs, the ratable portion of such costs associated with the repurchased shares, were charged against income attributable to common shareholders. As the result of these repurchases, an adjustment of approximately $483,000 was included as an increase to net income attributable to common shareholders.

In August 2014, the General Partner redeemed all 384,530 shares of its outstanding 6.625% Series J Cumulative Redeemable Preferred Shares ("Series J Shares"). The cash redemption price for the Series J Shares was $96.1 million, or $250 per share, plus dividends accrued through the date of redemption. Original offering costs of $3.2 million were included as a reduction to net income attributable to common shareholders in conjunction with the redemption of these shares.

In December 2014, the General Partner redeemed all 597,579 shares of its outstanding 6.5% Series K Cumulative Redeemable Preferred Shares ("Series K Shares") and all 733,597 shares of its outstanding 6.6% Series L Cumulative Redeemable Preferred Shares ("Series L Shares"). The cash redemption price for the Series K Shares and the Series L Shares was $149.4 million and $183.4 million respectively, or $250 per share, plus dividends accrued through the date of redemption. Original offering costs of $5.0 million and $6.0 million were included as a reduction to net income attributable to common shareholders for the Series K Shares and Series L Shares respectively, in conjunction with the redemption of these shares.

During 2014, the General Partner issued 16.4 million common shares pursuant to its at the market equity program, generating gross proceeds of approximately $292.3 million and, after deducting commissions and other costs, net proceeds of approximately $289.1 million. The proceeds from these offerings were used for share redemptions and general corporate purposes, which include the funding of development costs.

In April 2014, the General Partner's shareholders approved an increase in the number of authorized shares of the General Partner's common stock from 400 million to 600 million.

In January 2013, the General Partner completed a public offering of 41.4 million common shares at an issue price of $14.25 per share, resulting in gross proceeds of $590.0 million and, after deducting underwriting fees and estimated offering costs, net proceeds of approximately $571.9 million. A portion of the net proceeds from this offering were used to repay all of the outstanding borrowings under the Partnership's existing revolving credit facility, which had an outstanding balance of $285.0 million at December 31, 2012, and the remaining proceeds were used to redeem all of the General Partner's outstanding 8.375% Series O Cumulative Redeemable Preferred Shares ("Series O Shares") and for general corporate purposes.

Throughout 2013, the General Partner issued 4.8 million shares of common stock pursuant to its at the market equity program, generating gross proceeds of approximately $79.3 million and, after deducting commissions and other costs, net proceeds of approximately $77.8 million. The proceeds from these offerings were used for general corporate purposes, which include the funding of development costs.

In February 2013, the General Partner redeemed all of the outstanding shares of its Series O Shares at their liquidation amount of $178.0 million. Original offering costs of $5.9 million were included as a reduction to net income attributable to common shareholders in conjunction with the redemption of these shares.

Partnership

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

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DUKE REALTY CORPORATION AND DUKE REALTY LIMITED PARTNERSHIP
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(12) Stock Based Compensation

We are authorized to issue up to 13.8 million shares of the General Partner's common stock under our stock-based employee and non-employee compensation plans.

Restricted Stock Units

Under our 2015 Long-Term Incentive Plan, which was approved by the General Partner's shareholders in April 2015, and our 2015 Non-Employee Directors Compensation Plan (collectively, the "Compensation Plans"), RSUs may be granted to non-employee directors, executive officers and selected management employees. A RSU is economically equivalent to a share of the General Partner's common stock.

RSUs granted to employees in 2015 vest ratably over a three-year period and are payable in shares of our common stock with a new share of such common stock issued upon each RSU's vesting. RSUs granted to employees prior to 2015 vest ratably over a five-year period and are payable in the same manner. RSUs granted to existing non-employee directors vest 100% over one year and have contractual lives of one year.

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

The following table summarizes transactions for our RSUs, excluding dividend equivalents, for 2015:

Restricted Stock Units	Number of RSUs	Weighted Average Grant Date Fair Value
RSU's at December 31, 2014	2,150,009	$15.03
Granted	611,075	$21.15
Vested	(758,457)	$14.13
Forfeited	(187,505)	$17.02
RSU's at December 31, 2015	1,815,122	$17.26

Compensation cost recognized for RSUs totaled $11.7 million, $12.3 million and $13.3 million for the years ended December 31, 2015, 2014 and 2013, respectively.

As of December 31, 2015, there was $10.9 million of total unrecognized compensation expense related to nonvested RSUs granted under the Plan, which is expected to be recognized over a weighted average period of 2.1 years.

The weighted average grant date fair value of RSUs as of December 31, 2013 was $13.71.

(13) Financial Instruments

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

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

(14) Commitments and Contingencies

The Partnership has guaranteed the repayment of $34.0 million of economic development bonds issued by various municipalities in connection with certain commercial developments. We will be required to make payments under

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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.

The Partnership also has guaranteed the repayment of secured and unsecured loans of two of our unconsolidated subsidiaries. At December 31, 2015, the maximum guarantee exposure for these loans was approximately $90.3 million.

We lease certain land positions with terms extending to August 2111, with a total future payment obligation of $306.5 million. No payments on these ground leases, which are classified as operating leases, are material in any individual year.

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

We own certain parcels of land that are subject to special property tax assessments levied by quasi municipal entities. To the extent that such special assessments are fixed and determinable, the discounted value of the full assessment is recorded as a liability. We have $11.1 million of such special assessment liabilities, which are included within other liabilities on our consolidated balance sheet as of December 31, 2015.

(15) Selected Interim Financial Information (unaudited)

The tables below are the Company's selected quarterly information for the years ended December 31, 2015 and 2014 (in thousands, except number of properties and per share or per Common Unit data):

	Quarter Ended			
2015	December 31	September 30	June 30	March 31
Rental and related revenue	$198,516	$200,938	$201,996	$214,615
General contractor and service fee revenue	$23,047	$33,599	$23,901	$52,820
General Partner				
Net income attributable to common shareholders	$24,252	$76,434	$449,380	$65,244
Basic income per common share	$0.07	$0.22	$1.30	$0.19
Diluted income per common share	$0.07	$0.22	$1.30	$0.19
Weighted average common shares	345,267	345,256	345,098	344,597
Weighted average common shares and potential dilutive securities	349,532	352,150	349,161	348,653
Partnership				
Net income attributable to common unitholders	$24,444	$77,185	$454,142	$65,943
Basic income per Common Unit	$0.07	$0.22	$1.30	$0.19
Diluted income per Common Unit	$0.07	$0.22	$1.30	$0.19
Weighted average Common Units	348,769	348,760	348,728	348,292
Weighted average Common Units and potential dilutive securities	349,532	352,150	349,161	348,653

2014	December 31	September 30	June 30	March 31

Rental and related revenue	$206,859	$202,067	$204,780	$208,645
General contractor and service fee revenue	$39,429	$59,739	$69,512	$55,820
General Partner				
Net income (loss) attributable to common shareholders	$(3,011)	$61,533	$127,688	$18,683
Basic income (loss) per common share	$(0.01)	$0.18	$0.38	$0.06
Diluted income (loss) per common share	$(0.01)	$0.18	$0.38	$0.06
Weighted average common shares	342,853	341,165	331,753	327,106
Weighted average common shares and potential dilutive securities	342,853	345,826	336,414	331,716
Partnership				
Net income (loss) attributable to common unitholders	$(3,122)	$62,328	$129,381	$18,933
Basic income (loss) per Common Unit	$(0.01)	$0.18	$0.38	$0.06
Diluted income (loss) per Common Unit	$(0.01)	$0.18	$0.38	$0.06
Weighted average Common Units	346,934	345,545	336,139	331,493
Weighted average Common Units and potential dilutive securities	346,934	345,826	336,414	331,716

DUKE REALTY CORPORATION AND DUKE REALTY LIMITED PARTNERSHIP
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(16) Subsequent Events

Declaration of Dividends/Distributions

The General Partner's board of directors declared the following distributions at its regularly scheduled board meeting held on January 27, 2016:

Class of stock/units	Quarterly Amount per Share or Unit	Record Date	Payment Date
Common	$0.18	February 16, 2016	February 29, 2016

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Duke Realty Corporation and Duke Realty Limited Partnership
Real Estate and Accumulated Depreciation — Schedule III
December 31, 2015
(in thousands)

Name	Building Type	Encumbrances	Initial Cost Land	Initial Cost Buildings	Cost Capitalized Subsequent to Development or Acquisition	Gross Book Value 12/31/15 Land/Land Imp	Gross Book Value 12/31/15 Bldgs/TI	Total (1)	Accum. Depr. (2)	Year Constructed/Renovated	Year Acquired
Anaheim, California											
Kraemer Building 1	Industrial	—	6,648	7,008	86	6,648	7,094	13,742	803	1999	2013
Atlanta, Georgia											
Airport Distribution Ctr III	Industrial	—	4,064	11,990	113	4,064	12,103	16,167	1,175	2002	2014
Aurora, Illinois											
880 North Enterprise Street	Industrial	3,309	964	4,712	968	963	5,681	6,644	2,282	2000	2000
Genera Corporation	Industrial	2,992	1,957	3,538	26	1,957	3,564	5,521	1,752	2004	2004
Butterfield 2805	Industrial	13,655	9,185	10,795	6,121	9,272	16,829	26,101	5,963	2008	2008
940 N. Enterprise	Industrial	—	2,674	6,955	1,179	2,674	8,134	10,808	1,150	1998	2012
Austell, Georgia											
Hartman Business Center V	Industrial	—	2,640	21,471	—	2,640	21,471	24,111	3,259	2008	2012
Baltimore, Maryland											
5901 Holabird Ave.	Industrial	—	3,345	3,957	3,476	3,345	7,433	10,778	3,928	2008	2008
5003 Holabird Ave.	Industrial	—	6,488	9,162	1,961	6,488	11,123	17,611	4,262	2008	2008
2010 Broening Hwy.	Industrial	—	37,557	38,061	—	37,557	38,061	75,618	4,134	2014	2014
5501 Holabird Ave.	Industrial	—	13,724	10,526	—	13,724	10,526	24,250	1,319	2014	2014
Baytown, Texas											

Cedar Crossing	Industrial	—	9,323	5,934	—	9,323	5,934	15,257	3,291	2005	2007
Bolingbrook, Illinois											
Dawes Transportation	Industrial	—	3,050	4,164	142	3,050	4,306	7,356	2,436	2005	2005
515 Crossroads Parkway	Industrial	2,761	917	4,128	731	917	4,859	5,776	1,735	1999	2002
Crossroads 1	Industrial	3,583	1,418	5,743	682	1,418	6,425	7,843	1,582	1998	2010
Crossroads 3	Industrial	2,652	1,330	4,389	310	1,330	4,699	6,029	1,006	2000	2010
370 Crossroads Parkway	Industrial	—	2,409	5,319	786	2,409	6,105	8,514	1,700	1989	2011
605 Crossroads Parkway	Industrial	—	3,656	7,832	257	3,656	8,089	11,745	1,491	1998	2011
335 Crossroads Parkway	Industrial	—	2,574	8,384	437	2,574	8,821	11,395	1,173	1997	2012
Boynton Beach, Florida											
Gateway Center 1	Industrial	—	4,271	5,809	1,439	4,271	7,248	11,519	1,558	2002	2010
Gateway Center 2	Industrial	—	2,006	4,698	134	2,006	4,832	6,838	973	2002	2010
Gateway Center 3	Industrial	—	2,381	3,245	80	2,381	3,325	5,706	723	2002	2010
Gateway Center 4	Industrial	—	1,800	2,668	117	1,800	2,785	4,585	616	2000	2010
Gateway Center 5	Industrial	—	1,238	2,022	1,031	1,238	3,053	4,291	912	2000	2010
Gateway Center 6	Industrial	—	1,238	1,935	695	1,238	2,630	3,868	762	2000	2010
Gateway Center 7	Industrial	—	1,800	2,719	41	1,800	2,760	4,560	589	2000	2010
Gateway Center 8	Industrial	—	4,781	10,343	1,730	4,781	12,073	16,854	2,367	2004	2010

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Duke Realty Corporation and Duke Realty Limited Partnership
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December 31, 2015
(in thousands)

Name	Building Type	Encumbrances	Initial Cost Land	Initial Cost Buildings	Cost Capitalized Subsequent to Development or Acquisition	Gross Book Value 12/31/15 Land/Land Imp	Gross Book Value 12/31/15 Bldgs/TI	Total (1)	Accum. Depr. (2)	Year Constructed/Renovated	Year Acquired
Braselton, Georgia											
Braselton II	Industrial	—	1,365	7,728	5,359	1,884	12,568	14,452	4,008	2001	2001
625 Braselton Pkwy	Industrial	19,605	9,855	21,103	5,827	11,062	25,723	36,785	10,145	2006	2005
1350 Braselton Parkway	Industrial	—	8,227	8,874	5,323	8,227	14,197	22,424	6,615	2008	2008
Brentwood, Tennessee											
Brentwood South Bus Ctr I	Industrial	—	1,065	4,800	1,778	1,065	6,578	7,643	2,737	1987	1999
Brentwood South Bus Ctr II	Industrial	—	1,065	2,306	1,822	1,065	4,128	5,193	1,746	1987	1999
Brentwood South Bus Ctr III	Industrial	—	848	3,345	1,427	848	4,772	5,620	1,874	1989	1999
Bridgeton, Missouri											
DukePort I	Industrial	—	2,124	5,374	474	2,124	5,848	7,972	1,548	1996	2010
DukePort II	Industrial	—	1,470	2,880	94	1,470	2,974	4,444	889	1997	2010
DukePort V	Industrial	—	600	2,898	299	600	3,197	3,797	677	1998	2010
DukePort VI	Industrial	—	1,664	6,104	182	1,664	6,286	7,950	1,732	1999	2010
DukePort VII	Industrial	—	834	3,865	135	834	4,000	4,834	802	1999	2010
DukePort IX	Industrial	—	2,475	5,597	1,755	2,475	7,352	9,827	1,596	2001	2010
Brooklyn Park, Minnesota											
7300 Northland Drive	Industrial	—	700	5,332	390	703	5,719	6,422	2,454	1999	1998

Crosstown North Bus. Ctr. 1	Industrial	3,221	835	4,558	1,241	1,121	5,513	6,634	2,358	1998	1999
Crosstown North Bus. Ctr. 4	Industrial	4,908	2,079	5,685	1,776	2,233	7,307	9,540	3,148	1999	1999
Crosstown North Bus. Ctr. 5	Industrial	2,839	1,079	3,885	782	1,166	4,580	5,746	1,796	2000	2000
Crosstown North Bus. Ctr. 10	Industrial	3,656	2,757	3,018	1,471	2,723	4,523	7,246	2,217	2005	2005
Crosstown North Bus. Ctr. 12	Industrial	6,952	4,564	7,759	1,153	4,564	8,912	13,476	3,527	2005	2005
Burleson, Texas											
Baylor Emergency @ Burleson	Medical Office	—	3,425	9,902	480	3,425	10,382	13,807	906	2014	2014
Burr Ridge, Illinois											
Burr Ridge Medical Center	Medical Office	—	5,392	31,506	2,074	5,392	33,580	38,972	5,138	2010	2012
Carmel, Indiana											
Hamilton Crossing I	Office	—	833	1,645	3,370	845	5,003	5,848	2,678	2000	1993
Hamilton Crossing II	Office	—	313	163	1,716	313	1,879	2,192	964	1997	1997
Hamilton Crossing III	Office	—	890	5,814	5,127	890	10,941	11,831	3,737	2000	2000
Hamilton Crossing IV	Office	—	515	4,323	780	515	5,103	5,618	2,179	1999	1999
Hamilton Crossing VI	Office	—	1,044	12,596	1,363	1,068	13,935	15,003	5,856	2004	2004
St. Vincent Women's Carmel MOB	Medical Office	—	20	17,569	—	20	17,569	17,589	749	2015	2015
Carol Stream, Illinois											
Carol Stream IV	Industrial	7,969	3,204	11,824	1,427	3,204	13,251	16,455	4,465	2004	2003

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Duke Realty Corporation and Duke Realty Limited Partnership
Real Estate and Accumulated Depreciation — Schedule III
December 31, 2015
(in thousands)

			Initial Cost		Cost Capitalized Subsequent to Development or Acquisition	Gross Book Value 12/31/15					
Name	Building Type	Encumbrances	Land	Buildings		Land/Land Imp	Bldgs/TI	Total (1)	Accum. Depr. (2)	Year Constructed/Renovated	Year Acquired
Carol Stream I	Industrial	—	1,095	3,200	168	1,095	3,368	4,463	718	1998	2010
Carol Stream III	Industrial	—	1,556	6,300	469	1,569	6,756	8,325	1,451	2002	2010
250 Kehoe Blvd, Carol Stream	Industrial	—	1,715	7,560	249	1,715	7,809	9,524	1,231	2008	2011
720 Center Avenue	Industrial	—	4,031	20,735	1,024	4,756	21,034	25,790	5,073	1999	2011
Cedar Park, Texas											
Cedar Park MOB I	Medical Office	—	576	15,666	990	576	16,656	17,232	4,158	2007	2011
Cedartown, Georgia											
Harbin Clinic Cedartown MOB	Medical Office	—	755	3,121	—	755	3,121	3,876	507	2007	2012
Celebration, Florida											
Celebration Medical Plaza	Medical Office	11,767	558	17,335	636	558	17,971	18,529	3,713	2006	2012
Charlotte, North Carolina											
Morehead Medical Plaza	Medical Office	—	191	39,047	188	191	39,235	39,426	8,512	2006	2010
Chino, California											
Chino I	Industrial	—	14,046	8,236	2,230	14,046	10,466	24,512	2,086	2013	2013

Cincinnati, Ohio											
311 Elm	Office	—	339	4,936	1,513	—	6,788	6,788	5,558	1986	1993
8230 Kenwood Commons	Office	2,040	638	3,668	1,412	638	5,080	5,718	3,924	1986	1993
8280 Kenwood Commons	Office	1,060	638	2,130	907	638	3,037	3,675	2,025	1986	1993
Kenwood Medical Office Bldg.	Medical Office	—	—	7,566	100	—	7,666	7,666	3,377	1999	1999
World Park Building 17	Industrial	—	1,133	5,550	262	1,133	5,812	6,945	1,132	1994	2010
World Park Building 18	Industrial	—	1,268	5,200	103	1,268	5,303	6,571	1,154	1997	2010
World Park Building 28	Industrial	—	870	5,251	638	870	5,889	6,759	1,151	1998	2010
World Park Building 29	Industrial	—	1,605	10,220	185	1,605	10,405	12,010	2,068	1998	2010
World Park Building 30	Industrial	—	2,492	11,964	4,558	2,492	16,522	19,014	2,892	1999	2010
World Park Building 31	Industrial	—	533	2,531	354	533	2,885	3,418	657	1998	2010
Western Ridge	Medical Office	—	1,894	8,028	811	1,915	8,818	10,733	2,188	2010	2010
Western Ridge MOB II	Medical Office	—	1,020	3,544	59	1,020	3,603	4,623	775	2011	2011
Good Samaritan Clifton	Medical Office	—	50	8,438	105	50	8,543	8,593	1,288	1992	2012
TriHealth Cardiology Anderson	Medical Office	—	1,095	3,852	538	1,095	4,390	5,485	521	2013	2013
West Chester Medical Off. Bldg	Medical Office	—	1,818	9,544	192	1,818	9,736	11,554	603	2014	2014
College Station, Texas											
College Station Medical Center	Medical Office	—	5,551	33,770	2,003	5,551	35,773	41,324	4,930	2013	2013
Colleyville, Texas											

Baylor Emergency @ Colleyville	Medical Office	—	2,853	6,404	23	2,853	6,427	9,280	519	2014		2014

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Coppell, Texas											
Freeport X	Industrial	15,140	8,198	16,878	3,283	8,198	20,161	28,359	13,100	2004	2004
Point West VI	Industrial	15,941	10,181	14,519	7,176	10,190	21,686	31,876	7,909	2008	2008
Point West VII	Industrial	13,880	6,785	13,663	6,659	7,201	19,906	27,107	9,235	2008	2008
Samsung Pkg Lot-PWT7	Grounds	—	306	—	(189)	117	—	117	—	n/a	2009
Point West VIII	Industrial	—	3,267	8,695	—	3,267	8,695	11,962	480	2015	2015
Corona, California											
1283 Sherborn Street	Industrial	—	8,677	16,778	40	8,677	16,818	25,495	4,064	2005	2011
Cranbury, New Jersey											
311 Half Acre Road	Industrial	—	6,600	14,636	—	6,600	14,636	21,236	1,725	2004	2013
315 Half Acre Road	Industrial	—	14,100	30,084	—	14,100	30,084	44,184	3,500	2004	2013
Dallas, Texas											
Baylor Administration Building	Medical Office	—	50	14,435	100	150	14,435	14,585	3,379	2009	2009
Davenport, Florida											
Park 27 Distribution Center I	Industrial	—	2,449	5,224	236	2,504	5,405	7,909	2,912	2003	2003
Park 27 Distribution Center II	Industrial	—	4,374	6,041	5,143	4,502	11,056	15,558	4,192	2007	2007
Davie, Florida											
Westport Business Park 1	Industrial	—	1,200	1,317	88	1,200	1,405	2,605	431	1991	2011
Westport Business Park 2	Industrial	—	1,088	798	245	1,088	1,043	2,131	313	1991	2011
	Industrial	—	2,363	6,333	882	2,363	7,215	9,578	1,596	1991	2011

Westport Business Park 3											
Deer Park, Texas											
801 Seaco Court	Industrial	—	2,331	5,158	5	2,331	5,163	7,494	1,114	2006	2012
Duluth, Georgia											
2775 Premiere Parkway	Industrial	6,654	560	4,413	641	560	5,054	5,614	2,059	1997	1999
3079 Premiere Parkway	Industrial	9,492	776	4,589	2,575	776	7,164	7,940	2,956	1998	1999
2855 Premiere Parkway	Industrial	6,047	765	3,042	1,106	765	4,148	4,913	1,791	1999	1999
6655 Sugarloaf	Industrial	13,241	1,651	6,930	1,087	1,659	8,009	9,668	3,080	1998	2001
6650 Sugarloaf Parkway	Office	—	1,573	3,843	843	1,573	4,686	6,259	1,008	2004	2011
2450 Meadowbrook Parkway	Industrial	—	383	1,579	645	383	2,224	2,607	573	1989	2010
2625 Pinemeadow Court	Industrial	—	861	3,266	222	861	3,488	4,349	816	1994	2010
2660 Pinemeadow Court	Industrial	—	540	2,281	305	540	2,586	3,126	699	1996	2010
2450 Satellite Boulevard	Industrial	—	556	2,456	183	556	2,639	3,195	918	1994	2010
DuPont, WA											
Amazon DuPont	Industrial	—	34,634	39,342	(1,167)	34,515	38,294	72,809	5,000	2013	2013

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Durham, North Carolina											
1805 T.W. Alexander Drive	Industrial	—	4,110	10,497	241	4,110	10,738	14,848	1,805	2000	2011
1757 T.W. Alexander Drive	Industrial	8,383	2,998	9,095	—	2,998	9,095	12,093	1,679	2007	2011
Eagan, Minnesota											
Apollo Industrial Ctr I	Industrial	3,250	866	3,601	1,913	895	5,485	6,380	2,606	1997	1997
Apollo Industrial Ctr II	Industrial	1,641	474	2,282	514	474	2,796	3,270	1,119	2000	2000
Apollo Industrial Ctr III	Industrial	3,820	1,432	5,997	33	1,432	6,030	7,462	2,383	2000	2000
Silver Bell Commons	Industrial	—	1,807	4,666	2,338	1,740	7,071	8,811	3,072	1999	1999
Trapp Road Commerce Center I	Industrial	2,174	671	3,633	516	691	4,129	4,820	1,899	1996	1998
Trapp Road Commerce Center II	Industrial	3,685	1,250	5,711	1,433	1,250	7,144	8,394	3,159	1998	1998
Earth City, Missouri											
Corporate Trail Distribution	Industrial	—	2,850	6,151	2,239	2,875	8,365	11,240	4,308	2006	2006
East Point, Georgia											
	Industrial	5,871	561	2,174	2,069	633	4,171	4,804	1,715	1988	2001

Camp Creek Bldg 1400											
Camp Creek Bldg 1800	Industrial	4,418	462	2,176	1,043	515	3,166	3,681	1,323	1989	2001
Camp Creek Bldg 2000	Industrial	5,014	395	2,188	1,233	504	3,312	3,816	1,551	1989	2001
Camp Creek Bldg 2400	Industrial	4,536	296	1,224	1,961	369	3,112	3,481	1,142	1988	2001
Camp Creek Bldg 2600	Industrial	4,122	364	1,943	1,635	432	3,510	3,942	2,664	1990	2001
3201 Centre Parkway	Industrial	22,807	4,406	9,498	5,211	6,820	12,295	19,115	6,937	2004	2004
Camp Creek Building 1200	Industrial	—	1,334	608	1,252	1,400	1,794	3,194	1,099	2005	2005
3900 North Commerce	Industrial	6,245	1,059	2,966	2,340	1,210	5,155	6,365	1,526	2005	2005
3909 North Commerce	Industrial	—	5,687	10,175	26,358	15,102	27,118	42,220	14,339	2014	2006
4200 North Commerce Drive	Industrial	14,127	2,065	7,076	3,625	2,416	10,350	12,766	3,278	2006	2006
Camp Creek Building 1000	Industrial	—	1,537	1,538	1,305	1,606	2,774	4,380	2,030	2006	2006
3000 Centre Parkway	Industrial	—	1,163	1,072	1,248	1,252	2,231	3,483	1,064	2007	2007
1500 Centre Parkway	Office	—	1,683	3,099	3,422	1,814	6,390	8,204	1,958	2008	2008
1100 Centre Parkway	Industrial	—	1,309	4,881	530	1,382	5,338	6,720	1,709	2008	2008
4800 N. Commerce Dr. (Site Q)	Industrial	—	2,476	4,650	2,070	2,724	6,472	9,196	2,670	2008	2008
4100 North Commerce Drive	Industrial	—	3,130	9,115	527	3,312	9,460	12,772	1,282	2013	2013
FedEx BTS	Industrial	—	1,878	3,842	93	1,878	3,935	5,813	407	2014	2014
Edwardsville, Illinois											
Lakeview Commerce Building I	Industrial	—	4,561	18,604	31	4,561	18,635	23,196	2,787	2006	2013
Elk Grove Village, Illinois											
1717 Busse Road, Elk Grove IL	Industrial	12,434	3,602	19,016	—	3,602	19,016	22,618	3,197	2004	2011

Yusen BTS	Industrial	—	8,152	9,948	253	8,157	10,196	18,353	1,634	2013	2013

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Ellenwood, Georgia											
Anvil Block Road BTS	Industrial	—	4,664	9,265	21	4,664	9,286	13,950	727	2014	2014
Fairfax, Virginia											
Fair Oaks MOB	Medical Office	—	808	28,570	315	808	28,885	29,693	5,442	2009	2012
Fairfield, Ohio											
Union Centre Industrial Park 2	Industrial	—	5,635	8,709	2,278	5,635	10,987	16,622	4,788	2008	2008
Fishers, Indiana											
Exit 5 Building 1	Industrial	—	822	2,561	791	581	3,593	4,174	1,332	1999	1999
Exit 5 Building 2	Industrial	—	749	2,506	1,190	555	3,890	4,445	1,492	2000	2000
St. Vincent Fishers Hosp MOB	Medical Office	—	—	22,956	5,515	4,235	24,236	28,471	12,039	2008	2008
Flower Mound, Texas											
Lakeside Ranch Bldg 20	Industrial	—	9,861	20,994	350	9,861	21,344	31,205	6,189	2007	2011
Fort Worth, Texas											
Riverpark Bldg 700	Industrial	—	3,975	10,766	239	3,975	11,005	14,980	3,053	2007	2011

Franklin, Tennessee											
Aspen Grove Business Ctr I	Industrial	—	936	3,551	3,850	936	7,401	8,337	3,141	1996	1999
Aspen Grove Business Ctr II	Industrial	—	1,151	5,933	1,443	1,151	7,376	8,527	2,878	1996	1999
Aspen Grove Business Ctr III	Industrial	—	970	5,090	806	970	5,896	6,866	2,563	1998	1999
Aspen Grove Business Center IV	Industrial	—	492	2,215	597	492	2,812	3,304	997	2002	2002
Aspen Grove Business Ctr V	Industrial	—	943	5,004	2,699	943	7,703	8,646	3,819	1996	1999
Brentwood South Bus Ctr IV	Industrial	—	569	1,689	1,432	569	3,121	3,690	1,485	1990	1999
Brentwood South Bus Ctr V	Industrial	—	445	1,751	372	445	2,123	2,568	893	1990	1999
Brentwood South Bus Ctr VI	Industrial	1,019	489	1,007	1,065	489	2,072	2,561	818	1990	1999
Franklin Park, Illinois											
O'Hare Distribution Ctr	Industrial	—	3,900	2,702	1,558	3,900	4,260	8,160	1,217	2007	2007
Frisco, Texas											
Duke Bridges VII	Medical Office	—	3,842	28,926	51	3,842	28,977	32,819	2,563	2014	2014
Garden City, Georgia											
Aviation Court Land	Grounds	—	1,509	—	—	1,509	—	1,509	189	n/a	2006
Garner, North Carolina											
600 Greenfield North	Industrial	—	597	2,456	525	598	2,980	3,578	436	2006	2011

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700 Greenfield North	Industrial	—	468	2,664	180	469	2,843	3,312	801	2007	2011
800 Greenfield North	Industrial	—	438	5,772	154	440	5,924	6,364	878	2004	2011
900 Greenfield North	Industrial	—	422	6,249	829	425	7,075	7,500	1,040	2007	2011
N. Greenfield Pkwy Ground DCLP	Grounds	—	214	222	—	214	222	436	20	n/a	2015
Geneva, Illinois											
1800 Averill Road	Industrial	—	3,189	11,582	7,631	4,778	17,624	22,402	2,420	2013	2011
Germantown, Tennessee											
Centerre Baptist Rehab Hosp.	Medical Office	—	1,032	16,045	199	1,256	16,020	17,276	1,051	2014	2014
Goodyear, Arizona											
Goodyear One	Industrial	—	5,142	3,971	2,061	5,142	6,032	11,174	2,891	2008	2008
Gouldsboro, Pennsylvania											
400 First Avenue	Industrial	—	9,500	51,645	208	9,500	51,853	61,353	4,952	2007	2013
Grand Prairie, Texas											
Grand Lakes I	Industrial	—	8,106	10,627	2,785	8,040	13,478	21,518	6,827	2006	2006

Grand Lakes II	Industrial	—	11,853	12,941	11,191	11,853	24,132	35,985	9,015	2008	2008
Pioneer 161 Building	Industrial	—	7,381	17,628	13	7,381	17,641	25,022	5,012	2008	2011
Grove City, Ohio											
SouthPointe Building A	Industrial	—	844	5,171	490	844	5,661	6,505	1,092	1995	2010
SouthPointe Building B	Industrial	—	790	4,880	60	790	4,940	5,730	982	1996	2010
SouthPointe Building C	Industrial	—	754	6,418	83	754	6,501	7,255	1,349	1996	2010
Groveport, Ohio											
6600 Port Road	Industrial	—	2,725	20,792	2,864	3,213	23,168	26,381	10,489	1998	1997
Groveport Commerce Center #437	Industrial	5,275	1,049	6,578	2,779	1,049	9,357	10,406	4,034	1999	1999
Groveport Commerce Center #168	Industrial	2,237	510	2,496	1,679	510	4,175	4,685	1,597	2000	2000
Groveport Commerce Center #345	Industrial	4,246	435	5,549	2,134	435	7,683	8,118	2,713	2000	2000
Groveport Commerce Center #667	Industrial	8,096	4,420	10,954	992	4,420	11,946	16,366	5,696	2005	2005
Rickenbacker 936	Industrial	—	5,680	23,872	5	5,680	23,877	29,557	4,038	2008	2010
Hamilton, Ohio											
Bethesda Specialty Hospital	Medical Office	—	1,499	4,990	4,329	1,499	9,319	10,818	1,229	2000	2012
Bethesda Imaging/ER	Medical Office	—	751	3,325	3,925	1,239	6,762	8,001	1,018	2013	2012
Bethesda Sleep Center	Medical Office	—	501	2,220	24	501	2,244	2,745	377	2008	2012
Bethesda Condo 1	Medical Office	—	—	664	1,102	—	1,766	1,766	157	2004	2012

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Bethesda Condo 2	Medical Office	—	—	3,440	1,214	—	4,654	4,654	754	2008	2012
3090 McBride Road	Medical Office	—	375	1,098	53	375	1,151	1,526	184	2008	2012
Hazelwood, Missouri											
Lindbergh Distribution Center	Industrial	—	8,200	9,366	3,597	8,491	12,672	21,163	4,415	2007	2007
Hebron, Kentucky											
Southpark Building 4	Industrial	—	779	2,859	4,757	779	7,616	8,395	2,254	1994	1994
CR Services	Industrial	—	1,085	3,853	1,758	1,085	5,611	6,696	2,930	1994	1994
Hebron Building 1	Industrial	—	8,855	10,961	392	8,855	11,353	20,208	6,104	2006	2006
Hebron Building 2	Industrial	—	6,790	6,946	3,852	6,813	10,775	17,588	4,349	2007	2007
Skyport Building 1	Industrial	—	1,057	5,876	—	1,057	5,876	6,933	1,172	1997	2010
Skyport Building 2	Industrial	—	1,400	8,956	279	1,400	9,235	10,635	1,881	1998	2010
Skyport Building 3	Industrial	—	2,016	8,512	261	2,016	8,773	10,789	1,859	2000	2010
Skyport Building 5	Industrial	—	2,878	7,408	838	2,878	8,246	11,124	3,337	2006	2010
Southpark Building 1	Industrial	—	553	1,627	325	553	1,952	2,505	486	1990	2010
Southpark Building 3	Industrial	—	755	3,982	67	755	4,049	4,804	980	1991	2010
Holly Springs, North Carolina											
REX Holly Springs MOB	Medical Office	—	11	7,724	648	11	8,372	8,383	1,345	2011	2011

Hopkins, Minnesota											
Cornerstone Business Center	Industrial	739	1,469	7,892	1,743	1,454	9,650	11,104	4,194	1996	1997
Houston, Texas											
Point North One	Industrial	—	3,125	2,178	2,494	3,125	4,672	7,797	1,869	2008	2008
Point North Two	Industrial	—	4,210	5,651	4,321	4,581	9,601	14,182	2,042	2013	2013
Point North Four	Industrial	—	3,957	15,093	—	3,957	15,093	19,050	815	2014	2014
Sam Houston Crossing Two	Office	—	2,088	17,392	1,675	2,088	19,067	21,155	3,064	2013	2013
Westland I	Industrial	—	4,183	4,837	3,317	4,233	8,104	12,337	4,122	2008	2008
Westland II	Industrial	—	3,439	8,890	501	3,246	9,584	12,830	2,544	2011	2011
Gateway Northwest One	Industrial	—	7,204	8,028	4,088	7,204	12,116	19,320	613	2014	2014
Gateway Northwest Two	Industrial	—	2,981	3,122	1,359	2,981	4,481	7,462	239	2014	2014
22008 N Berwick Dr	Industrial	—	2,981	5,049	—	2,981	5,049	8,030	92	2002	2015
Humble, Texas											
Point North Five	Industrial	—	5,333	6,946	—	5,333	6,946	12,279	—	2015	2015
Huntley, Illinois											
Huntley Dist. Ctr. (Weber)	Industrial	—	7,539	34,141	—	7,539	34,141	41,680	759	2015	2015

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Hutchins, Texas											
Duke Intermodal I	Industrial	9,011	5,290	9,242	2,645	5,290	11,887	17,177	4,991	2006	2006
Indianapolis, Indiana											
St. Vincent Max Simon MOB	Medical Office	—	3,209	11,575	449	3,209	12,024	15,233	3,622	2007	2011
Centerre/Community Rehab Hosp	Medical Office	—	1,150	16,709	172	1,150	16,881	18,031	2,258	2013	2013
Park 100 Building 96	Industrial	6,968	1,171	12,641	144	1,424	12,532	13,956	6,524	1997	1995
Park 100 Building 98	Industrial	—	273	4,659	4,403	273	9,062	9,335	4,474	1995	1994
Park 100 Building 100	Industrial	—	103	1,557	905	103	2,462	2,565	1,294	1995	1995
Park 100 Building 124	Office	—	227	2,126	799	227	2,925	3,152	1,193	1992	2002
Park 100 Building 127	Industrial	—	96	1,280	690	96	1,970	2,066	1,014	1995	1995
Park 100 Building 141	Industrial	1,960	1,120	2,516	327	1,120	2,843	3,963	1,349	2005	2005
Hewlett-Packard Land Lease	Grounds	—	252	—	—	252	—	252	90	n/a	2003
Park 100 Bldg 121 Land Lease	Grounds	—	5	—	—	5	—	5	2	n/a	2003
Hewlett Packard Land Lse-62	Grounds	—	45	—	—	45	—	45	16	n/a	2003
West 79th St. Parking Lot LL	Grounds	—	350	—	699	1,049	—	1,049	522	n/a	2006
One Parkwood Crossing	Office	—	1,018	8,208	2,759	1,018	10,967	11,985	5,411	1989	1995
Three Parkwood Crossing	Office	—	1,377	6,013	2,372	1,316	8,446	9,762	4,047	1997	1997
Four Parkwood Crossing	Office	—	1,383	9,446	2,747	1,431	12,145	13,576	5,276	1998	1998
Five Parkwood Crossing	Office	—	1,485	10,142	3,190	1,485	13,332	14,817	5,331	1999	1999
Six Parkwood Crossing	Office	—	1,895	12,221	2,252	1,895	14,473	16,368	5,653	2000	2000
Seven Parkwood Crossing	Office	—	1,877	4,065	1,498	1,877	5,563	7,440	1,300	2000	2011

Eight Parkwood Crossing	Office	—	6,435	12,693	2,395	6,435	15,088	21,523	6,699	2003	2003
Nine Parkwood Crossing	Office	—	6,046	12,737	3,325	6,047	16,061	22,108	6,333	2005	2005
One West	Office	13,671	5,361	16,164	5,140	5,361	21,304	26,665	6,372	2007	2007
PWW Granite City Lease	Grounds	—	1,846	856	143	1,989	856	2,845	686	2008	2009
One West Parking Garage	Grounds	—	—	1,616	—	—	1,616	1,616	178	2007	2011
Woodland I	Office	—	290	2,990	2,090	290	5,080	5,370	2,269	1998	1998
Woodland II	Office	—	271	2,662	2,076	271	4,738	5,009	2,026	1999	1999
Woodland III	Office	—	1,227	3,232	1,276	1,433	4,302	5,735	1,578	2000	2000
Woodland V	Office	—	768	9,954	94	768	10,048	10,816	4,827	2003	2003
Woodland VI	Office	—	2,145	10,129	4,318	2,145	14,447	16,592	5,826	2008	2008
Woodland VII	Office	—	1,622	7,950	—	1,622	7,950	9,572	171	2015	2015
North Airport Park Bldg 2	Industrial	—	1,800	4,826	303	1,800	5,129	6,929	1,296	1997	2010
Park 100 Building 48	Industrial	—	690	1,713	602	690	2,315	3,005	526	1984	2010
Park 100 Building 58	Industrial	—	642	2,201	146	642	2,347	2,989	621	1984	2010
Park 100 Building 62	Industrial	—	616	395	380	616	775	1,391	208	1986	2010

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Park 100 Building 83	Industrial	—	427	1,372	165	427	1,537	1,964	438	1989	2010
Park 100 Building 84	Industrial	—	427	1,894	229	427	2,123	2,550	514	1989	2010
Park 100 Building 87	Industrial	—	1,136	6,570	1,805	1,136	8,375	9,511	1,944	1989	2010
Park 100 Building 97	Industrial	—	1,070	4,903	196	1,070	5,099	6,169	1,022	1994	2010
Park 100 Building 128	Industrial	7,600	1,152	13,688	507	1,152	14,195	15,347	2,775	1996	2010
Park 100 Building 129	Industrial	5,439	1,280	8,942	2,079	1,280	11,021	12,301	2,125	2000	2010
Park 100 Building 131	Industrial	6,314	1,680	10,834	483	1,680	11,317	12,997	2,180	1997	2010
Jourdanton, Texas											
Jourdanton MOB	Medical Office	—	583	10,152	—	583	10,152	10,735	736	2013	2014
Katy, Texas											
Methodist St Catherine Plaza 1	Medical Office	—	47	8,320	277	47	8,597	8,644	1,231	2001	2011
Methodist St Catherine Plaza 2	Medical Office	—	122	11,995	316	122	12,311	12,433	2,318	2004	2011
Methodist St Catherine Plaza 3	Medical Office	—	131	9,949	143	131	10,092	10,223	2,714	2006	2011
Keller, Texas											
Baylor Emergency @ Keller	Medical Office	—	2,365	10,028	219	2,365	10,247	12,612	1,163	2013	2013
Kissimmee, Florida											
Kissimmee Medical Plaza	Medical Office	—	763	18,221	265	763	18,486	19,249	2,876	2009	2012

Kutztown, Pennsylvania											
West Hills Building Center A	Industrial	—	15,340	47,981	46	15,340	48,027	63,367	3,632	2014	2014
West Hills Building Center B	Industrial	—	5,218	13,029	—	5,218	13,029	18,247	395	2015	2015
Kyle, Texas											
Seton Hays MOB I	Medical Office	—	165	11,730	4,535	165	16,265	16,430	3,383	2009	2009
La Miranda, California											
Trojan Way	Industrial	—	23,503	33,342	125	23,503	33,467	56,970	5,606	2002	2012
LaPorte, Texas											
Bayport Container Lot	Grounds	—	3,334	—	1,041	4,375	—	4,375	—	n/a	2010
Las Cruces, New Mexico											
Mountain View Medical Plaza	Medical Office	—	430	18,892	771	430	19,663	20,093	2,318	2003	2012
Lawrenceville, Georgia											
Weyerhaeuser BTS	Industrial	8,896	3,974	2,935	56	3,982	2,983	6,965	2,656	2004	2004
Lebanon, Indiana											
Lebanon Building 4	Industrial	10,733	305	8,664	221	177	9,013	9,190	3,925	2000	1997

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Lebanon Building 9	Industrial	10,346	554	6,528	1,067	340	7,809	8,149	3,167	1999	1999
Lebanon Building 12	Industrial	22,391	5,163	11,249	782	5,163	12,031	17,194	6,672	2003	2003
Lebanon Building 13	Industrial	8,095	561	5,156	436	1,901	4,252	6,153	2,420	2003	2003
Lebanon Building 14	Industrial	19,503	2,813	11,137	1,948	2,813	13,085	15,898	5,072	2005	2005
Lebanon Building 1(Amer Air)	Industrial	—	312	3,786	37	312	3,823	4,135	962	1996	2010
Lebanon Building 2	Industrial	—	948	19,037	7,733	1,268	26,450	27,718	4,204	2014	2010
Lebanon Building 6	Industrial	10,615	699	8,250	30	699	8,280	8,979	2,090	1998	2010
Lebanon, Tennessee											
Pk 840 Logistics Cnt. Bldg 653	Industrial	—	6,776	8,469	5,889	6,776	14,358	21,134	5,884	2006	2006
Park 840 East Log. Ctr Bld 300	Industrial	—	7,731	14,881	784	7,852	15,544	23,396	2,842	2013	2013
Linden, New Jersey											
801 West Linden Ave.	Industrial	—	22,134	23,645	3,152	22,134	26,797	48,931	1,254	2014	2014
301 Pleasant Street	Industrial	—	6,933	8,575	—	6,933	8,575	15,508	267	2015	2015
Lockbourne, Ohio											
Creekside XXII	Industrial	—	2,868	17,032	289	2,868	17,321	20,189	3,506	2008	2012
Creekside XIV	Industrial	—	1,947	11,600	188	1,947	11,788	13,735	1,740	2005	2012

Logan Township, New Jersey 1130 Commerce Boulevard	Industrial	—	3,770	19,239	708	3,770	19,947	23,717	1,848	2002	2013
Long Beach, California 3700 Cover Street	Industrial	—	7,280	6,954	—	7,280	6,954	14,234	970	2012	2013
Longview, Texas Longview MOB	Medical Office	14,407	403	26,792	1,007	403	27,799	28,202	5,385	2003	2012
Lynwood, California Century Distribution Center	Industrial	—	16,847	17,881	41	16,847	17,922	34,769	3,491	2007	2011
Mansfield, Texas Baylor Emergency @ Mansfield	Medical Office	—	3,238	9,546	13	3,238	9,559	12,797	772	2014	2014
Manteca, California 600 Spreckels Ave	Industrial	—	4,851	19,703	67	4,851	19,770	24,621	2,925	1999	2012
Marble Falls, Texas Marble Falls Medical Center	Medical Office	—	1,519	18,836	744	1,519	19,580	21,099	2,607	2013	2013
Maryland Heights, Missouri 14000 Riverport Drive	Industrial	—	1,197	8,231	585	942	9,071	10,013	3,945	1992	1997

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Name	Building Type	Encumbrances	Land	Buildings		Land/Land Imp	Bldgs/TI	Total (1)	Accum. Depr. (2)	Year Constructed/Renovated	Year Acquired
Riverport 3	Industrial	—	1,269	1,755	2,502	1,269	4,257	5,526	2,100	2001	2001
Riverport 4	Industrial	—	1,864	3,230	1,916	1,864	5,146	7,010	2,267	2007	2007
McDonough, Georgia											
120 Declaration Drive	Industrial	—	615	8,268	1,258	615	9,526	10,141	3,868	1997	1999
250 Declaration Drive	Industrial	19,867	2,273	11,408	3,097	2,312	14,466	16,778	5,370	2001	2001
McKinney, Texas											
Baylor McKinney MOB I	Medical Office	—	313	18,762	6,493	313	25,255	25,568	4,725	2012	2012
Mechanicsburg, Pennsylvania											
500 Independence Avenue	Industrial	—	4,494	15,711	61	4,494	15,772	20,266	1,639	2008	2013
Melrose Park, Illinois											
Melrose Business Center	Industrial	—	5,907	17,578	29	5,907	17,607	23,514	3,583	2000	2010
Mequon, Wisconsin											
Seton Professional Building	Medical Office	—	560	13,281	600	560	13,881	14,441	2,493	1994	2012
Miami, Florida											
9601 NW 112 Ave - Dade Paper	Industrial	—	11,626	14,651	—	11,626	14,651	26,277	1,492	2003	2013

Milwaukee, Wisconsin											
Water Tower Medical Commons	Medical Office	—	1,024	43,728	92	1,024	43,820	44,844	6,360	2007	2012
Minooka, Illinois											
801 Midpoint Rd	Industrial	—	6,282	33,196	386	6,282	33,582	39,864	3,154	2008	2013
Modesto, California											
1000 Oates Court	Industrial	—	10,115	18,397	—	10,115	18,397	28,512	3,560	2002	2012
Morgans Point, Texas											
Barbours Cut I	Industrial	—	1,482	8,209	—	1,482	8,209	9,691	2,021	2004	2010
Barbours Cut II	Industrial	—	1,447	8,471	—	1,447	8,471	9,918	2,086	2005	2010
Morrisville, North Carolina											
2600 Perimeter Park Dr	Industrial	—	975	4,470	1,853	991	6,307	7,298	2,570	1997	1999
3000 Perimeter Park Dr (Met 1)	Industrial	—	482	2,140	1,413	491	3,544	4,035	1,491	1989	1999
2900 Perimeter Park Dr (Met 2)	Industrial	—	235	1,437	1,413	241	2,844	3,085	1,202	1990	1999
2800 Perimeter Park Dr (Met 3)	Industrial	—	777	4,227	1,289	791	5,502	6,293	2,250	1992	1999
2700 Perimeter Park	Industrial	—	662	1,107	1,919	662	3,026	3,688	1,102	2001	2001
Perimeter Four	Office	—	5,135	20,539	—	5,135	20,539	25,674	246	2015	2015
100 Innovation	Industrial	—	633	3,455	1,032	633	4,487	5,120	1,802	1994	1999

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101 Innovation	Industrial	—	615	3,958	237	615	4,195	4,810	1,722	1997	1999
200 Innovation	Industrial	—	357	3,900	458	357	4,358	4,715	1,802	1999	1999
501 Innovation	Industrial	—	640	5,477	346	640	5,823	6,463	2,324	1999	1999
1000 Innovation	Industrial	—	514	2,906	231	514	3,137	3,651	1,141	1996	2002
1200 Innovation	Industrial	—	740	4,387	361	740	4,748	5,488	1,732	1996	2002
400 Innovation	Industrial	—	908	1,078	387	908	1,465	2,373	869	2004	2004
Murfreesboro, Tennessee											
Middle Tenn Med Ctr - MOB	Medical Office	—	—	20,564	5,345	7	25,902	25,909	8,325	2008	2008
Murphy, Texas											
Baylor Emergency @ Murphy	Medical Office	—	2,218	10,045	796	2,215	10,844	13,059	1,094	2014	2014
Naperville, Illinois											
1835 Jefferson	Industrial	—	3,180	7,921	5	3,184	7,922	11,106	3,148	2005	2003
175 Ambassador Drive	Industrial	—	4,778	11,252	11	4,778	11,263	16,041	3,193	2006	2010
1860 W. Jefferson	Industrial	—	7,016	35,581	65	7,016	35,646	42,662	6,354	2000	2012
Nashville, Tennessee											
Airpark East-800 Commerce Dr.	Industrial	2,447	1,564	2,341	1,579	1,564	3,920	5,484	1,207	2002	2002
Nashville Business Center I	Industrial	—	936	5,695	1,552	936	7,247	8,183	3,249	1997	1999
Nashville Business Center II	Industrial	—	5,659	8,804	1,333	5,659	10,137	15,796	4,668	2005	2005

Four-Forty Business Center I	Industrial	—	938	6,369	401	938	6,770	7,708	2,687	1997	1999
Four-Forty Business Center III	Industrial	—	1,812	6,838	1,640	1,812	8,478	10,290	3,516	1998	1999
Four-Forty Business Center IV	Industrial	—	1,522	5,069	1,234	1,522	6,303	7,825	2,536	1997	1999
Four-Forty Business Center V	Industrial	—	471	2,182	1,718	471	3,900	4,371	1,358	1999	1999
Four-Forty Business Center II	Industrial	1,889	1,108	4,829	9	1,108	4,838	5,946	901	1996	2010
New Century, Kansas											
New Century Building One	Industrial	—	1,710	17,922	(2,309)	1,710	15,613	17,323	2,022	2007	2013
North Bergen, New Jersey											
Palisades Ambulatory Care Ctr	Medical Office	—	53	15,650	—	53	15,650	15,703	537	2015	2015
Northlake, Illinois											
Northlake I	Industrial	8,120	5,721	9,056	882	5,721	9,938	15,659	3,254	2002	2002
Northlake III-Grnd Whse	Industrial	7,298	5,382	5,708	3,568	5,382	9,276	14,658	3,132	2006	2006
200 Champion Way	Industrial	—	3,554	12,262	22	3,554	12,284	15,838	2,235	1997	2011
Orlando, Florida											
Southcenter I-Brede/Allied BTS	Industrial	—	3,094	3,337	131	3,094	3,468	6,562	1,792	2003	2003

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Parksouth Distribution Ctr. B	Industrial	—	565	4,360	604	570	4,959	5,529	2,026	1996	1999
Parksouth Distribution Ctr. A	Industrial	—	493	4,331	848	498	5,174	5,672	2,207	1997	1999
Parksouth Distribution Ctr. D	Industrial	—	593	4,056	996	597	5,048	5,645	2,301	1998	1999
Parksouth Distribution Ctr. E	Industrial	—	649	4,260	1,190	653	5,446	6,099	2,201	1997	1999
Parksouth Distribution Ctr. F	Industrial	—	1,030	4,511	1,607	1,035	6,113	7,148	2,605	1999	1999
Parksouth Distribution Ctr. H	Industrial	—	725	2,875	1,445	730	4,315	5,045	1,640	2000	2000
Parksouth Distribution Ctr. C	Industrial	—	598	1,710	1,695	674	3,329	4,003	1,420	2003	2001
Parksouth-Benjamin Moore BTS	Industrial	—	708	2,067	83	1,129	1,729	2,858	989	2003	2003
Crossroads VII	Industrial	—	2,803	2,850	4,065	2,803	6,915	9,718	2,243	2006	2006
Crossroads VIII	Industrial	—	2,701	4,424	1,914	2,701	6,338	9,039	2,374	2007	2007
E Orlando Med Surgery Plaza	Medical Office	—	683	14,011	205	683	14,216	14,899	2,385	2009	2012
Otsego, Minnesota											
Gateway North 1	Industrial	—	2,243	3,959	1,253	2,287	5,168	7,455	2,185	2007	2007
Gateway North 3	Industrial	—	1,543	6,620	—	1,543	6,620	8,163	178	2015	2015
Gateway North 5	Industrial	—	3,667	16,249	—	3,667	16,249	19,916	602	2015	2015
Gateway North 6	Industrial	—	3,266	11,653	98	3,304	11,713	15,017	627	2014	2014
Pasadena, Texas											
Interport Bldg I	Industrial	—	5,715	32,523	96	5,715	32,619	38,334	3,881	2007	2013
Pembroke Pines, Florida											
Pembroke Pointe A	Office	—	6,643	13,016	—	6,643	13,016	19,659	—	2015	2015
Perris, California											
Duke Perris Logistics Ctr II	Industrial	—	16,210	27,759	—	16,210	27,759	43,969	378	2015	2015
Phoenix, Arizona											
Estrella Buckeye	Industrial	—	1,796	5,374	523	1,796	5,897	7,693	1,867	1996	2010

Riverside Business Center	Industrial	—	5,349	12,293	1,451	5,349	13,744	19,093	4,486	2007	2011
2021 S 51st Ave Terminal	Industrial	—	6,554	1,140	58	6,554	1,198	7,752	575	1983	2014
Plainfield, Illinois											
Edward Plainfield MOB I	Medical Office	—	—	8,688	1,675	—	10,363	10,363	4,504	2006	2007
Plainfield, Indiana											
Plainfield Building 1	Industrial	20,667	1,104	10,970	7,823	1,097	18,800	19,897	6,492	2000	2000
Plainfield Building 2	Industrial	12,717	1,094	7,675	1,837	1,094	9,512	10,606	3,848	2000	2000

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Plainfield Building 3	Industrial	15,931	2,016	8,806	2,637	2,016	11,443	13,459	3,633	2002	2002
Plainfield Building 5	Industrial	11,786	2,726	5,992	1,105	2,726	7,097	9,823	3,307	2004	2004
Plainfield Building 8	Industrial	20,852	4,527	11,008	1,123	4,527	12,131	16,658	4,504	2006	2006
AllPoints Midwest Bldg. 4	Industrial	—	4,111	9,943	—	4,111	9,943	14,054	2,047	2012	2013
Plano, Texas											
Baylor Plano MOB	Medical Office	—	16	28,010	8,907	49	36,884	36,933	6,966	2009	2009
Pompano Beach, Florida											
Atlantic Business Center 1	Industrial	—	3,165	8,949	1,738	3,165	10,687	13,852	2,039	2000	2010
Atlantic Business Center 2	Industrial	—	2,663	8,598	1,107	2,663	9,705	12,368	1,989	2001	2010
Atlantic Business Center 3	Industrial	—	2,764	8,323	178	2,764	8,501	11,265	1,671	2001	2010
Atlantic Business Center 4A	Industrial	—	1,804	6,156	47	1,804	6,203	8,007	1,338	2002	2010
Atlantic Business Center 4B	Industrial	—	1,834	5,348	38	1,834	5,386	7,220	1,030	2002	2010
Atlantic Business Center 5A	Industrial	—	1,980	5,933	1,219	1,980	7,152	9,132	1,362	2002	2010
Atlantic Business Center 5B	Industrial	—	1,995	6,257	530	1,995	6,787	8,782	1,315	2004	2010
Atlantic Business	Industrial	—	1,999	6,086	834	1,999	6,920	8,919	1,253	2004	2010

Center 6A											
Atlantic Business Center 6B	Industrial	—	1,988	6,155	43	1,988	6,198	8,186	1,173	2002	2010
Atlantic Business Center 7A	Industrial	—	2,194	4,200	122	2,194	4,322	6,516	905	2005	2010
Atlantic Business Center 7B	Industrial	—	2,066	6,915	50	2,066	6,965	9,031	1,468	2004	2010
Atlantic Business Center 8	Industrial	—	1,616	3,648	117	1,616	3,765	5,381	741	2005	2010
Copans Business Park 3	Industrial	—	1,710	3,718	238	1,710	3,956	5,666	799	1989	2010
Copans Business Park 4	Industrial	—	1,781	3,324	135	1,781	3,459	5,240	733	1989	2010
Park Central Business Park 2	Industrial	—	634	502	68	634	570	1,204	143	1982	2010
Park Central Business Park 3	Industrial	—	638	1,007	196	638	1,203	1,841	225	1982	2010
Park Central Business Park 4	Industrial	—	938	1,076	472	938	1,548	2,486	369	1985	2010
Park Central Business Park 5	Industrial	—	1,125	1,420	743	1,125	2,163	3,288	508	1986	2010
Park Central Business Park 6	Industrial	—	1,088	982	474	1,088	1,456	2,544	384	1986	2010
Park Central Business Park 7	Industrial	—	979	950	57	979	1,007	1,986	438	1986	2010
Park Central Business Park 10	Industrial	—	1,688	2,020	51	1,688	2,071	3,759	489	1999	2010
Park Central Business Park 11	Industrial	—	3,098	3,454	1,111	3,098	4,565	7,663	1,322	1995	2010
Pompano Commerce Ctr I	Industrial	—	3,250	5,229	755	3,250	5,984	9,234	2,087	2010	2010
Pompano Commerce Ctr II	Industrial	—	2,905	4,670	—	2,905	4,670	7,575	52	2015	2015
Pompano Commerce	Industrial	—	3,250	5,704	—	3,250	5,704	8,954	2,039	2010	2010

Ctr III												
Pompano Commerce Ctr IV	Industrial	—	2,897	3,939	—	2,897	3,939	6,836	35	2015		2015

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Sample 95 Business Park 1	Industrial	—	3,300	6,380	137	3,300	6,517	9,817	1,304	1999	2010
Sample 95 Business Park 2	Industrial	10,520	2,963	6,367	108	2,963	6,475	9,438	1,369	1999	2011
Sample 95 Business Park 3	Industrial	7,665	3,713	4,298	339	3,713	4,637	8,350	980	1999	2011
Sample 95 Business Park 4	Industrial	—	1,688	5,146	615	1,688	5,761	7,449	1,101	1999	2010
Copans Business Park 1	Industrial	—	1,856	3,162	576	1,856	3,738	5,594	804	1989	2011
Copans Business Park 2	Industrial	—	1,988	3,528	234	1,988	3,762	5,750	807	1989	2011
Park Central Business Park 8-9	Industrial	—	4,136	6,592	629	4,136	7,221	11,357	1,582	1998	2011
Park Central Business Park 12	Industrial	8,889	2,696	6,170	757	2,696	6,927	9,623	1,365	1998	2011
Park Central Business Park 14	Industrial	—	1,635	2,902	375	1,635	3,277	4,912	673	1996	2011
Park Central Business Park 15	Industrial	—	1,500	2,150	833	1,500	2,983	4,483	589	1998	2011
Park Central Business Park 33	Industrial	—	2,438	3,100	1,689	2,438	4,789	7,227	854	1997	2011
Atlantic Business	Grounds	—	771	—	—	771	—	771	21	n/a	2010

Ctr. 10-KFC											
Port Wentworth, Georgia											
318 Grange Road	Industrial	447	957	4,152	75	880	4,304	5,184	1,174	2001	2006
246 Grange Road	Industrial	4,259	1,191	8,294	(14)	1,124	8,347	9,471	2,768	2006	2006
100 Logistics Way	Industrial	7,755	2,306	12,075	1,900	2,336	13,945	16,281	3,593	2006	2006
500 Expansion Blvd	Industrial	3,394	649	6,282	216	649	6,498	7,147	1,629	2006	2008
400 Expansion Blvd	Industrial	7,951	1,636	13,414	453	1,636	13,867	15,503	2,659	2007	2008
605 Expansion Blvd	Industrial	4,685	1,615	6,893	26	1,615	6,919	8,534	1,396	2007	2008
405 Expansion Blvd	Industrial	1,916	535	3,194	2	535	3,196	3,731	564	2008	2009
600 Expansion Blvd	Industrial	5,486	1,248	9,392	33	1,248	9,425	10,673	1,646	2008	2009
602 Expansion Blvd	Industrial	—	1,840	10,981	42	1,859	11,004	12,863	1,829	2009	2009
Raleigh, North Carolina											
WakeMed Brier Creek Healthplex	Medical Office	—	10	6,653	401	10	7,054	7,064	968	2011	2011
WakeMed Raleigh Medical Park	Medical Office	—	15	12,078	6,314	15	18,392	18,407	2,864	2012	2012
Walnut Creek Business Park I	Industrial	—	419	1,729	662	442	2,368	2,810	906	2001	2001
Walnut Creek Business Park II	Industrial	—	456	2,233	467	487	2,669	3,156	1,037	2001	2001
	Industrial	—	679	2,839	1,372	719	4,171	4,890	1,437	2001	2001

Walnut Creek Business Park III											
Walnut Creek Business Park IV	Industrial	—	2,038	1,460	1,452	2,083	2,867	4,950	1,816	2004	2004
Walnut Creek Business Park V	Industrial	—	1,718	2,976	642	1,718	3,618	5,336	1,484	2008	2008
Redlands, California											
Redlands Commerce Center	Industrial	—	20,031	18,893	1,267	20,031	20,160	40,191	2,698	2001	2013

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Duke Realty Corporation and Duke Realty Limited Partnership
Real Estate and Accumulated Depreciation Schedule III
December 31, 2015
(in thousands)

			Initial Cost		Cost Capitalized Subsequent to Development or Acquisition	Gross Book Value 12/31/15					
Name	Building Type	Encumbrances	Land	Buildings		Land/Land Imp	Bldgs/TI	Total (1)	Accum. Depr. (2)	Year Constructed/Renovated	Year Acquired
Rockwall, Texas											
Baylor Emergency @ Rockwall	Medical Office	—	2,974	10,075	386	2,974	10,461	13,435	1,027	2014	2014
Rome, Georgia											
Harbin Cancer Center	Medical Office	—	718	14,032	44	718	14,076	14,794	2,295	2010	2012
Harbin Clinic Heart Center	Medical Office	—	2,556	10,363	—	2,556	10,363	12,919	1,212	1994	2012
Harbin Clinic 1825 MarthaBerry	Medical Office	—	—	28,714	(68)	—	28,646	28,646	3,047	1960	2012
Harbin Clinic Rome Dialysis	Medical Office	—	190	765	—	190	765	955	132	2005	2012
Harbin Specialty Center	Medical Office	—	2,203	14,764	—	2,203	14,764	16,967	2,179	2007	2012
Romeoville, Illinois											
Park 55 Bldg. 1	Industrial	8,237	6,433	7,705	1,877	6,433	9,582	16,015	4,351	2005	2005
Crossroads 2	Industrial	6,675	2,938	9,785	427	2,938	10,212	13,150	2,482	1999	2010
Crossroads 5	Industrial	6,885	5,296	6,199	255	5,296	6,454	11,750	3,616	2009	2010
1341-1343 Enterprise Drive	Industrial	—	3,776	12,660	—	3,776	12,660	16,436	325	2015	2015
Roseville, Minnesota											
I-35 Business Center 1	Industrial	—	1,655	5,961	1,019	1,655	6,980	8,635	1,269	1998	2011
I-35 Business Center 2	Industrial	—	1,373	4,135	31	1,373	4,166	5,539	761	2000	2011

Roswell, Georgia											
North Fulton Medical Plaza	Medical Office	—	291	10,908	777	291	11,685	11,976	1,958	2012	2012
Sandy Springs, Georgia											
Center Pointe I & II	Medical Office	—	13,552	14,977	25,658	13,562	40,625	54,187	15,603	2010	2007
Savannah, Georgia											
198 Gulfstream	Industrial	5,322	549	3,805	174	549	3,979	4,528	1,137	1997	2006
194 Gulfstream	Industrial	—	412	2,514	20	412	2,534	2,946	676	1998	2006
190 Gulfstream	Industrial	—	689	4,391	209	689	4,600	5,289	1,301	1999	2006
250 Grange Road	Industrial	1,196	928	8,648	(22)	892	8,662	9,554	2,807	2002	2006
248 Grange Road	Industrial	506	664	3,496	(43)	613	3,504	4,117	1,128	2002	2006
163 Portside Court	Industrial	18,681	8,433	7,766	44	8,433	7,810	16,243	4,081	2004	2006
151 Portside Court	Industrial	1,114	966	7,140	650	966	7,790	8,756	1,951	2003	2006
175 Portside Court	Industrial	9,364	4,300	13,896	1,281	4,855	14,622	19,477	4,011	2005	2006
150 Portside Court	Industrial	—	3,071	22,480	1,374	3,071	23,854	26,925	8,076	2001	2006

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(in thousands)

			Initial Cost		Cost Capitalized Subsequent to Development or Acquisition	Gross Book Value 12/31/15					
Name	Building Type	Encumbrances	Land	Buildings		Land/Land Imp	Bldgs/TI	Total (1)	Accum. Depr. (2)	Year Constructed/Renovated	Year Acquired
235 Jimmy Deloach Parkway	Industrial	—	1,074	7,691	1,101	1,074	8,792	9,866	2,121	2001	2006
239 Jimmy Deloach Parkway	Industrial	—	1,074	6,493	525	1,074	7,018	8,092	1,774	2001	2006
246 Jimmy Deloach Parkway	Industrial	2,588	992	4,892	141	992	5,033	6,025	1,338	2006	2006
200 Logistics Way	Industrial	5,191	878	10,021	121	883	10,137	11,020	2,679	2006	2008
2509 Dean Forest Rd - Westport	Industrial	8,399	2,392	7,572	2,225	2,960	9,229	12,189	1,980	2008	2011
276 Jimmy Deloach Land	Grounds	—	2,267	—	276	2,520	23	2,543	454	n/a	2006
Sea Brook, Texas											
Bayport Logistics Center	Industrial	—	2,629	13,284	—	2,629	13,284	15,913	3,376	2009	2010
Bayport Logistics Center II	Industrial	—	5,116	7,663	—	5,116	7,663	12,779	352	2015	2015
Sebring, Florida											
Sebring Medical Complex	Medical Office	—	393	6,870	49	393	6,919	7,312	1,062	2008	2012
Shakopee, Minnesota											
MN Valley West	Industrial	—	1,496	6,112	41	1,496	6,153	7,649	1,045	2000	2011
Sharonville, Ohio											
Mosteller Distribution	Industrial	—	828	2,926	1,763	408	5,109	5,517	2,225	1997	1997

Ctr. II											
Snellville, Georgia											
New Hampton Place	Medical Office	—	27	6,076	1,660	27	7,736	7,763	1,655	2011	2011
Springfield, Missouri											
Centerre/Mercy Rehab Hospital	Medical Office	—	2,729	18,319	—	2,729	18,319	21,048	1,817	2014	2014
Stafford, Texas											
Stafford Distribution Center	Industrial	—	3,502	3,670	3,326	3,502	6,996	10,498	2,882	2008	2008
Sterling, Virginia											
22800 Davis Drive	Office	—	2,550	11,250	(4,504)	4,557	4,739	9,296	2,917	1989	2006
22714 Glenn Drive	Industrial	—	3,973	3,537	1,098	3,973	4,635	8,608	1,726	2007	2007
TransDulles Centre Building 16	Industrial	—	5,912	3,965	—	5,912	3,965	9,877	—	2015	2015
Summerville, Georgia											
Harbin Clinic Summerville Dial	Medical Office	—	195	1,182	—	195	1,182	1,377	327	2007	2012
Sumner, Washington											
Sumner Transit	Industrial	—	16,032	5,935	353	16,032	6,288	22,320	3,641	2005	2007

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(in thousands)

Name	Building Type	Encumbrances	Initial Cost Land	Initial Cost Buildings	Cost Capitalized Subsequent to Development or Acquisition	Gross Book Value 12/31/15 Land/Land Imp	Gross Book Value 12/31/15 Bldgs/TI	Total (1)	Accum. Depr. (2)	Year Constructed/Renovated	Year Acquired
Sunrise, Florida											
VA Outpatient	Medical Office	—	5,132	20,887	837	5,132	21,724	26,856	3,306	2008	2012
Suwanee, Georgia											
90 Horizon Drive	Industrial	—	180	1,274	107	180	1,381	1,561	339	2001	2010
225 Horizon Drive	Industrial	—	457	2,060	187	457	2,247	2,704	458	1990	2010
250 Horizon Drive	Industrial	—	1,625	6,441	1,043	1,625	7,484	9,109	1,660	1997	2010
70 Crestridge Drive	Industrial	—	956	3,512	246	956	3,758	4,714	833	1998	2010
2780 Horizon Ridge	Industrial	—	1,143	5,724	217	1,143	5,941	7,084	1,232	1997	2010
25 Crestridge Drive	Industrial	—	723	2,551	1,303	723	3,854	4,577	809	1999	2010
Genera Corp. BTS	Industrial	—	1,505	4,958	—	1,505	4,958	6,463	1,310	2006	2010
1000 Northbrook Parkway	Industrial	—	756	3,865	569	756	4,434	5,190	1,143	1986	2010
Tampa, Florida											
Fairfield Distribution Ctr I	Industrial	1,669	483	2,536	316	487	2,848	3,335	1,195	1998	1999
Fairfield Distribution Ctr II	Industrial	2,975	530	4,786	316	534	5,098	5,632	2,114	1998	1999
Fairfield Distribution Ctr III	Industrial	1,607	334	2,709	175	338	2,880	3,218	1,189	1999	1999
Fairfield Distribution Ctr IV	Industrial	1,688	600	1,323	1,468	604	2,787	3,391	1,103	1999	1999

Fairfield Distribution Ctr V	Industrial	1,738	488	2,580	263	488	2,843	3,331	1,177	2000	2000
Fairfield Distribution Ctr VI	Industrial	2,678	555	3,514	955	555	4,469	5,024	1,665	2001	2001
Fairfield Distribution Ctr VII	Industrial	1,749	394	1,790	1,333	394	3,123	3,517	1,007	2001	2001
Fairfield Distrib. Ctr. VIII	Industrial	2,007	1,082	2,044	848	1,082	2,892	3,974	1,426	2004	2004
Eagle Creek Business Ctr. I	Industrial	—	3,705	2,355	1,557	3,705	3,912	7,617	2,309	2006	2006
Eagle Creek Business Ctr. II	Industrial	—	2,354	1,669	977	2,354	2,646	5,000	1,496	2007	2007
Eagle Creek Business Ctr. III	Industrial	—	2,332	2,237	1,745	2,332	3,982	6,314	2,165	2007	2007
VA Primary Care Annex at Tampa	Medical Office	—	7,456	25,437	22	7,456	25,459	32,915	1,747	2014	2014
Temple, Texas											
Bone & Joint Institute	Medical Office	—	1,534	17,382	1,522	1,613	18,825	20,438	2,232	2013	2013
Tracy, California											
1400 Pescadero Ave	Industrial	—	9,633	39,644	—	9,633	39,644	49,277	4,557	2008	2013
Visalia, California											
2500 North Plaza Dr	Industrial	—	2,746	22,503	—	2,746	22,503	25,249	2,495	2001	2013
Waco, Texas											
Hillcrest MOB 1	Medical Office	—	812	25,050	1,779	812	26,829	27,641	5,260	2009	2012
Hillcrest MOB 2	Medical Office	—	502	12,243	571	502	12,814	13,316	2,210	2009	2012
Hillcrest Cancer Center @ Waco	Medical Office	—	1,844	11,006	505	1,926	11,429	13,355	1,510	2013	2013

Duke Realty Corporation and Duke Realty Limited Partnership
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December 31, 2015
(in thousands)

			Initial Cost		Cost Capitalized Subsequent to Development or Acquisition	Gross Book Value 12/31/15					
Name	Building Type	Encumbrances	Land	Buildings		Land/Land Imp	Bldgs/TI	Total (1)	Accum. Depr. (2)	Year Constructed/Renovated	Year Acquired
West Chester, Ohio											
World Park at Union Centre 10	Industrial	—	2,150	827	7,811	2,151	8,637	10,788	3,096	2006	2006
World Park at Union Centre 11	Industrial	—	2,592	6,065	189	2,592	6,254	8,846	3,307	2004	2004
World Park at Union Centre 2	Industrial	—	287	2,315	205	287	2,520	2,807	540	1999	2010
World Park at Union Centre 3	Industrial	—	1,125	6,042	248	1,125	6,290	7,415	1,272	1998	2010
World Park at Union Centre 5	Industrial	—	482	2,472	15	482	2,487	2,969	587	1999	2010
World Park at Union Centre 6	Industrial	—	1,219	6,415	214	1,219	6,629	7,848	1,454	1999	2010
World Park at Union Centre 7	Industrial	—	1,918	5,230	299	1,918	5,529	7,447	1,767	2005	2010
World Park at Union Centre 8	Industrial	—	1,160	5,985	1,165	1,160	7,150	8,310	1,250	1999	2010
World Park at Union Centre 9	Industrial	—	1,189	5,914	393	1,189	6,307	7,496	1,347	2001	2010
Wesley Chapel, Florida											
Wesley Chapel Wellness MOB	Medical Office	—	—	15,699	1,318	—	17,017	17,017	3,066	2012	2013

West Jefferson, Ohio											
Restoration Hardware BTS	Industrial	—	6,454	24,812	16,107	10,017	37,356	47,373	10,380	2008	2008
15 Commerce Pkwy (Mars, Inc.)	Industrial	—	10,439	27,143	63	10,439	27,206	37,645	7,453	2011	2011
10 Enterprise Pkwy (Ace)	Industrial	—	2,300	18,093	1	2,300	18,094	20,394	1,137	2014	2014
115 Enterprise Pkwy (Bon-Ton)	Industrial	—	2,547	23,469	—	2,547	23,469	26,016	992	2015	2015
West Palm Beach, Florida											
Park of Commerce 1	Industrial	—	1,635	1,927	200	1,635	2,127	3,762	570	2010	2010
Park of Commerce 3	Industrial	—	2,160	4,340	588	2,320	4,768	7,088	1,307	2010	2010
Airport Center 1	Industrial	—	2,437	5,948	273	2,437	6,221	8,658	1,227	2002	2010
Airport Center 2	Industrial	—	1,706	4,495	238	1,706	4,733	6,439	936	2002	2010
Airport Center 3	Industrial	—	1,500	4,750	340	1,500	5,090	6,590	1,261	2002	2010
Park of Commerce #4	Grounds	5,717	5,934	—	—	5,934	—	5,934	24	n/a	2011
Park of Commerce #5	Grounds	6,017	6,308	—	—	6,308	—	6,308	24	n/a	2011
Westminster, Colorado											
Emerus SCL Health Westminster	Medical Office	—	2,849	15,477	—	2,849	15,477	18,326	143	2015	2015
Whitestown, Indiana											
AllPoints Anson Building 14	Industrial	—	2,127	8,155	886	2,127	9,041	11,168	2,256	2007	2011
Woodstock, Georgia											

NSH Cherokee Towne Lake MOB	Medical Office	—	21	16,026	3,464	21	19,490	19,511	1,823	2013	2013
Zionsville, Indiana											
Marketplace at Anson	Industrial	—	2,147	2,407	2,533	2,147	4,940	7,087	1,934	2007	2007

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Duke Realty Corporation and Duke Realty Limited Partnership
Real Estate and Accumulated Depreciation
December 31, 2015
(in thousands)

Schedule III

Name	Building Type	Encumbrances	Initial Cost: Land	Initial Cost: Buildings	Cost Capitalized Subsequent to Development or Acquisition	Gross Book Value 12/31/15: Land/Land Imp	Gross Book Value 12/31/15: Bldgs/TI	Gross Book Value 12/31/15: Total (1)	Accum. Depr. (2)	Year Constructed
Accum. Depr. on Improvements of Undeveloped Land		—	—	—	—	—	—	—	27,689	
Eliminations		—	—	—	(2,707)	(15)	(2,692)	(2,707)	(3,435)	
Properties held-for-sale						(9,797)	(39,480)	(49,277)	(7,183)	
		739,996	1,366,687	4,218,604	596,586	1,391,763	4,740,837	6,132,600	1,192,425	

(1) The tax basis (in thousands) of our real estate assets at December 31, 2015 was approximately $6,492,821 (unaudited) for federal income tax purposes.

(2) Depreciation of real estate is computed using the straight-line method over 40 years for buildings and 15 years for land improvements for properties that we develop, 30 years for buildings and 10 years for land improvements for properties that we acquire, and shorter periods based on lease terms (generally 3 to 10 years) for tenant improvements.

	Real Estate Assets			Accumulated Depreciation		
	2015	2014	2013	2015	2014	2013
Balance at beginning of year	$7,305,848	$7,031,660	$6,708,250	$1,505,677	$1,382,757	$1,296,685
Acquisitions	28,025	117,981	474,213			
Construction costs and tenant improvements	421,404	592,651	498,097			
Depreciation expense				253,683	290,279	288,583
Consolidation of previously unconsolidated properties	—	—	14,081			
Cost of real estate sold or contributed	(1,468,635)	(350,698)	(591,966)	(458,393)	(97,032)	(131,496)
Impairment Allowance	(3,406)	(15,406)	—			
Write-off of fully depreciated assets	(101,359)	(70,340)	(71,015)	(101,359)	(70,327)	(71,015)
Balance at end of year including held-for-sale	$6,181,877	$7,305,848	$7,031,660	$1,199,608	$1,505,677	$1,382,757
Properties held-for-sale	(49,277)	(906,591)	(61,927)	(7,183)	(270,340)	(14,351)
Balance at end of year excluding held-for-sale	$6,132,600	$6,399,257	$6,969,733	$1,192,425	$1,235,337	$1,368,406

See Accompanying Notes to Independent Auditors' Report

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DUKE REALTY CORPORATION

/s/ James B. Connor
James B. Connor
President, Chief Executive Officer and Director
(Principal Executive Officer)

/s/ Mark A. Denien
Mark A. Denien
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

DUKE REALTY LIMITED PARTNERSHIP
By: DUKE REALTY CORPORATION, its general partner

/s/ James B. Connor
James B. Connor

President, Chief Executive Officer and Director of the General Partner
(Principal Executive Officer)

/s/ Mark A. Denien
Mark A. Denien
Executive Vice President and Chief Financial Officer of the General Partner
(Principal Financial and Accounting Officer)

Date: February 19, 2016

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Date	Title
/s/ James B. Connor James B. Connor	2/19/2016	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Mark A. Denien Mark A. Denien	2/19/2016	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ Thomas J. Baltimore, Jr.* Thomas J. Baltimore, Jr.	2/19/2016	Director
/s/ William Cavanaugh III* William Cavanaugh III	2/19/2016	Director
/s/ Alan H. Cohen* Alan H. Cohen	2/19/2016	Director
/s/ Ngaire E. Cuneo* Ngaire E. Cuneo	2/19/2016	Director
/s/ Charles R. Eitel* Charles R. Eitel	2/19/2016	Director
/s/ Martin C. Jischke* Martin C. Jischke	2/19/2016	Director
/s/ Dennis D. Oklak* Dennis D. Oklak	2/19/2016	Director
/s/ Melanie R. Sabelhaus* Melanie R. Sabelhaus	2/19/2016	Director
/s/ Peter M. Scott III* Peter M. Scott III	2/19/2016	Director
/s/ Jack R. Shaw* Jack R. Shaw	2/19/2016	Director

/s/ Michael E. Szymanczyk* Michael E. Szymanczyk	2/19/2016	Director
/s/ Lynn C. Thurber* Lynn C. Thurber	2/19/2016	Director
/s/ Robert J. Woodward, Jr.* Robert J. Woodward, Jr.	2/19/2016	Director

* By James B. Connor, Attorney-in-Fact /s/ James B. Connor

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