

Duke Realty Corporation

Recently Announced Agreement To Sell \$1.1 Billion Suburban Office Portfolio

January 28, 2015



RELIABLE. ANSWERS.



Forward-Looking Statement

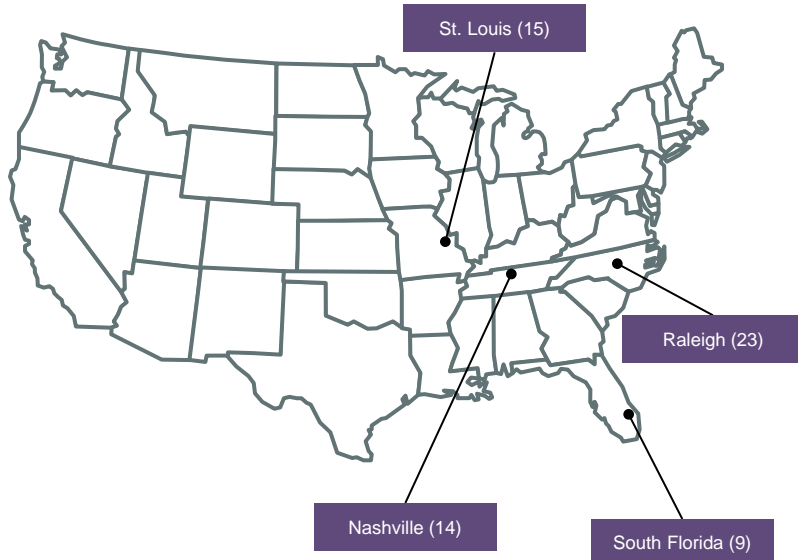
This slide presentation contains statements that constitute “forward-looking statements” within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934 as amended by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among others, our statements regarding (1) strategic initiatives with respect to our assets, operations and capital and (2) the assumptions underlying our expectations. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. A number of important factors could cause actual results to differ materially from those contemplated by forward-looking statements in this slide presentation. Many of these factors are beyond our ability to control or predict. Factors that could cause actual results to differ materially from those contemplated in this slide presentation include the factors set forth in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. We believe these forward-looking statements are reasonable, however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. We do not assume any obligation to update any forward-looking statements as a result of new information or future developments or otherwise.

Transaction Description

- \$1.12 Billion Sales Price (\$1.1 Billion for buildings at \$160 per square foot and \$17 million for land)
- All wholly owned suburban office assets in Nashville, Raleigh, South Florida and St. Louis totaling 6.9 million square feet
 - 61 in-service properties
 - 1 property currently under construction in Raleigh which will close upon completion in late 2015
 - 57 acres of undeveloped land in Raleigh and South Florida
- Closing expected on or about April 1, 2015 (except for the one property under construction, which is expected to close in the fourth quarter of 2015)
- \$200 million of seller financing provided
 - Interest rate of Libor + 1.5%
 - December 31, 2016 maturity date; pre-payable beginning January 1, 2016
 - Collateralized by a portion of the properties
- Necessity of a 2015 special dividend will depend on the level, mix and timing of other dispositions during the year

Suburban Office Portfolio Sale

Geographic Footprint (1)



Representative Asset Snapshots



520 Maryville
St. Louis, Missouri



3300 Pointe 70
St. Louis, Missouri



Riverport Tower
St. Louis, Missouri



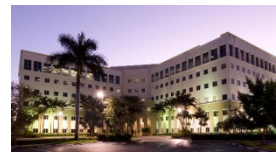
100 Regency Forest
Raleigh, North Carolina



Perimeter III
Raleigh, North Carolina



5151 McCrimmon
Raleigh, North Carolina



Sawgrass Pointe I
South Florida



Creekside Crossing IV
Nashville, Tennessee



Aspen Grove Bus. Ctr. I
Nashville, Tennessee

- ▶ **61 In-Service Assets totaling 6.7 million sf**
- ▶ **91.6% leased**
- ▶ **1 Under Construction Asset totaling 192,000 sf**
- ▶ **57 acres of undeveloped land**

(1) Building count in parenthesis.

Suburban Office Portfolio Sale Analysis

Total Square Feet	6.9 million
# of Properties	62
Average Building Size	110,000
Average Tenant Size	17,000
Average Age - Years	15
Average Lease Term - Years	4.4
Lease-up Occupancy at 12/31/14	91.6%
Fourth quarter 2014 annualized NOI	\$ 77.4 million
Full year 2014 NOI	\$ 71.8 million
Full year 2014 Capex	\$ 15 million
Sales price allocable to in-service properties (1)	\$ 1.07 billion
Price per square foot	\$ 160

(1) Remainder of the total \$1.12 billion sales price is allocable to the one property currently under construction and the 57 acres of undeveloped land

Suburban Office Portfolio Sale – Anticipated Use of Proceeds

Transaction generates \$1.12 billion of capital to redeploy:

Seller financing provided ⁽¹⁾	\$ 200 Million
Pay off line of credit ⁽²⁾	\$100 to \$ 130 Million
Debt repayments ⁽³⁾	<u>\$ 500 to \$ 700 Million</u>
	\$ 800 Million to \$1.03 Billion
Excess cash for future investments	<u>\$ 320 to \$ 90 Million</u>
Total Proceeds	<u>\$1.12 Billion</u>

(1) Interest rate of Libor + 1.5%

(2) Interest rate of LOC is Libor + 1.05%

(3) Expect to launch tender offer for outstanding unsecured debt and possible early repayments of secured debt. Total includes estimated prepayment penalties. Average interest rate of debt considered for early repayment approximates 5.5% to 6.5%

Suburban Office Portfolio Sale – Effect on Earnings

- 2015 expected earnings effect of portfolio sale is incorporated into guidance issued by the company as follows:
 - 2015 Core FFO per share: \$1.12 to \$1.20 (compared to \$1.18 in 2014)
 - 2015 AFFO per share: \$0.96 to \$1.04 (compared to \$0.96 in 2014)
- Dilutive effect on 2015 estimated to be \$0.07 to \$0.09 on Core FFO per share and \$0.01 to \$0.03 on AFFO per share

Summary

- Consistent with our long term asset strategy of decreasing our investment in suburban office assets – office NOI reduced from 22% to 12% of total NOI
- Capture arbitrage between public and private valuations
- Redeploy proceeds into deleveraging and bulk industrial and medical office development in accordance with long-term strategy
- Substantial improvement in leverage metrics expected by year end 2015:
 - Debt to gross assets in low 40% range
 - Fixed charge coverage near 3.0x
 - Debt to EBITDA 6.5x or lower
- Provides a clean exit of four office markets with no legacy assets to manage
- Maintain current quarterly dividend level