



News Release

FOR IMMEDIATE RELEASE

DUKE REALTY REPORTS FOURTH QUARTER AND FULL YEAR 2020 RESULTS

Development Pipeline in Excess of \$1 Billion and 67 Percent Pre-Leased

27.3 Percent Growth in Net Effective Rents on Quarterly Leasing Activity

Strong Rent Collections and Record Occupancy Level

2021 Guidance Issued

(INDIANAPOLIS, January 27, 2021) – Duke Realty Corporation (NYSE: DRE), the largest domestic-only logistics REIT, today reported results for the fourth quarter and full year 2020.

"We closed 2020 with excellent fourth quarter operating results, completing a year in which we experienced a global pandemic and a recession, yet we were still able to outperform our initial, pre-pandemic, 2020 guidance in all key operating and financial metrics," said Jim Connor, chairman and chief executive officer. "We had an excellent quarter from a leasing standpoint, with total leasing volume of 9.7 million square feet, which is our second highest quarter ever and finished 2020 with our total portfolio 96.0 percent leased, which is the highest level ever for our total portfolio.

We executed 3.8 million square feet of renewal leases and either renewed or immediately re-leased 85 percent of our fourth quarter lease expirations. Rental rate growth on second generation leases signed during the quarter was very strong, at 27.3 percent on a net effective basis and 12.9 percent on a cash basis. We anticipate strong rental rate growth in the markets in which we operate to continue.

Monthly rent collections have continued at the same strong pace that has been maintained throughout the COVID-19 pandemic. We collected 99.9 percent of fourth quarter rents and collected or executed deferral agreements for 99.9 percent of all 2020 rents. Additionally, we have collected all amounts due under rent deferral agreements through the end of 2020. We recorded a nominal amount of bad debt expense during the fourth quarter and \$5.7 million for the full year, which was well below our initial expectations at the outset of the COVID-19 pandemic."

"We concluded 2020 in a solid balance sheet position to finance our continued growth using a variety of capital sources," stated Mark Denien, executive vice president and chief financial officer. "Early this month we issued \$450 million of 1.75 percent unsecured notes that mature on February 1, 2031, which is our second green bond issuance. We utilized the proceeds of this issuance to repay the \$295 million in outstanding borrowings on our line of credit at December 31, 2020 as well as to fund eligible green projects and ongoing growth."

Quarterly Highlights

- A complete reconciliation, in dollars and per share amounts, of net income to funds from operations ("FFO"), as defined by NAREIT, as well as to Core FFO, is included in the financial tables included in this release.
- Net income was \$0.45 per diluted share for the fourth quarter of 2020, compared to \$0.23 per diluted share for the fourth quarter of 2019. Net income per diluted share for the quarter increased compared to the fourth quarter of 2019 due to higher gains on property sales. Net income for the full year 2020 was \$0.80 per diluted share compared to \$1.18 per diluted share for the full year 2019. Net income per diluted share for the full year 2020 decreased compared to 2019 as the result of higher gains on property sales during 2019 and higher losses on debt extinguishment recognized during 2020.
- FFO, as defined by NAREIT, was \$0.40 per diluted share for the fourth quarter of 2020, compared to \$0.34 per diluted share for the fourth quarter of 2019. FFO, as defined by NAREIT, was \$1.40 per diluted share for the full year 2020 compared to \$1.40 per diluted share for the full year 2019.
- Core FFO was \$0.41 per diluted share for the fourth quarter of 2020, compared to \$0.38 per diluted share for the fourth quarter of 2019. Core FFO was \$1.52 per diluted share for the full year 2020 compared to \$1.44 per diluted share for the full year 2019. The increased Core FFO per diluted share, for both the fourth quarter and full year 2020, was primarily driven by improved occupancy, rental rate growth and new developments being placed into service and leased up.
- Key indicators of the company's operating performance were as follows:
 - The company's stabilized in-service portfolio was 98.1 percent leased at December 31, 2020 compared to 97.5 percent leased at September 30, 2020 and 97.8 percent leased at December 31, 2019.

- The company's total in-service portfolio was 97.5 percent leased at December 31, 2020 compared to 97.1 percent leased at September 30, 2020 and 96.6 percent leased at December 31, 2019.
- The company's total portfolio, including properties under development, was 96.0 percent leased at December 31, 2020 compared to 95.6 percent leased at September 30, 2020 and 94.3 percent leased at December 31, 2019.
- Tenant retention was 79.9 percent and 69.5 percent, respectively, for the three and twelve month periods ended December 31, 2020 and 84.8 percent and 82.9 percent, respectively, after considering immediate backfills.
- Same-property net operating income growth was 3.3 percent and 5.0 percent, respectively, for the three and twelve month periods ended December 31, 2020 compared to the same periods in 2019. Same-property net operating income growth over the comparable periods in 2019 was primarily due to increased occupancy and rental rate growth.
- Total leasing activity was 9.7 million square feet for the quarter and 28.7 million square feet for the year.
- Overall cash and annualized net effective rent growth on new and renewal leases was 12.9 percent and 27.3 percent, respectively, for the quarter and 13.8 percent and 28.8 percent, respectively, for the year.
- The company collected 99.9 percent of fourth quarter rents and 99.6 percent of January 2021 rents thus far.
- Capital transactions included:
 - Eight new development projects with expected costs of \$420 million that were 69 percent pre-leased, resulting in \$796 million of development starts for the full year;
 - Property acquisitions totaling \$299 million for the quarter and \$411 million for the year;
 - Property dispositions totaling \$276 million for the quarter and \$322 million for the year;
 - Issuance of 1.7 million shares during the quarter, generating \$66 million of net proceeds, under the company's ATM program at an average price of \$39.57 per share.

Real Estate Investment Activity

"We had an excellent quarter of growth through acquisition and development, which included the acquisition of a high quality, 1.6 million square foot, three-building portfolio in Seattle immediately adjacent to one of our existing developments," said Mr. Connor. "We financed a portion of our acquisitions and developments during the fourth quarter through asset dispositions, highlighted by selling a one million square foot project leased to Amazon in Houston and two under-leased assets in Northeast Atlanta and the Western Lehigh Valley, which generated solid investment returns and where we have no remaining development land.

Our \$420 million of development starts during the quarter included three new speculative projects in Southern California. We finished the quarter with a 7.4 million square foot development pipeline totaling \$1.1 billion in expected costs, which was 67 percent leased. Our development starts for the year exceeded the mid-point of our original, pre-COVID-19, 2020 guidance.

Looking forward to 2021, we continue to be poised for significant growth when considering our highly pre-leased development pipeline, strong prospect list for new build-to-suit developments and the expected value creation from our land holdings, 78 percent of which is located in in-fill coastal markets."

Development

The fourth quarter included the following development activity:

Consolidated Properties

- The company started seven development projects, with expected costs of \$363 million, totaling 2.0 million square feet. These development starts included a 100 percent leased, 146,000 square foot project in Southern California; a 100 percent leased, 141,000 square foot project in Northern California; a 517,000 square foot 100 percent leased project in Columbus; a 432,000 square foot 100 percent leased project in Dallas and three speculative projects in Southern California totaling 795,000 square feet.
- Two projects, totaling 1.7 million square feet, were placed in service. Both projects were 100 percent leased and included a 921,000 square foot project in Northern New Jersey and a 806,000 square foot project in Houston.

Unconsolidated Joint Venture Properties

- A 100 percent leased, 517,000 square foot, project in Indianapolis was started by a 50 percent owned unconsolidated joint venture.
- A 358,000 square foot build-to-suit project in Columbus was placed in service by a 50 percent owned unconsolidated joint venture.

Acquisitions

Building acquisitions totaled \$299 million in the fourth quarter and included the following properties:

- A three-building, 69 percent leased, portfolio in Seattle totaling 1.6 million square feet; and
- Two projects in Southern California, totaling 297,000 square feet, which were both 100 percent leased.

Building Dispositions

Building dispositions totaled \$276 million in the fourth quarter and included the following:

Consolidated Properties

- A one million square foot, 100 percent leased, project in Houston;
- Two 100 percent leased projects in Indianapolis, totaling 1.1 million square feet;
- An 832,000 square foot, 53 percent leased, project in Eastern Pennsylvania; and
- A 590,000 square foot speculatively developed project in Atlanta.

Distributions Declared

The company's board of directors declared a quarterly cash distribution on its common stock of \$0.255 per share, or \$1.02 per share on an annualized basis. The fourth quarter dividend will be payable on February 26, 2021 to shareholders of record on February 16, 2021.

2021 Earnings Guidance

A reconciliation of the company's guidance for diluted net income per common share to FFO, as defined by NAREIT, and to Core FFO is included in the financial tables to this release. The company issued guidance for net income of \$1.24 to \$1.58 per diluted share. The company issued guidance for FFO, as defined by NAREIT, of \$1.58 to \$1.68 per diluted share.

"We are introducing 2021 guidance for Core FFO of \$1.62 to \$1.68 per diluted share, with the midpoint of \$1.65 representing an 8.6 percent increase over 2020 results," said Mr. Connor. "Our guidance for growth in AFFO ("Adjusted Funds from Operations"), on a share adjusted basis, is between 5.8 percent and 10.1 percent.

Our 2021 guidance includes the impact of some tenants, concentrated in event planning and other industries that have been most acutely impacted by the COVID-19 pandemic, terminating in early 2021. Any impact from these tenants on straight line rental income has already been reserved in 2020, and we are in active discussions to backfill most of these spaces, but the termination of these tenants will have a slight near-term drag on occupancy. Our range of guidance for average percent leased of our stabilized portfolio,

including the impact of these tenants, is expected to decrease from current near-record levels to between 96.6 percent and 98.6 percent.

Our guidance for same-property NOI growth, on a cash basis, is between 3.6 percent and 4.4 percent. Same-property NOI for 2021 is largely driven by an expected continuation of rental rate growth, partially offset by a slight decrease in occupancy.

Our guidance for dispositions of properties is between \$500 million and \$700 million. Dispositions are expected to largely be assets identified to manage our concentration in individual tenants as well as some Midwestern assets.

Our guidance for 2021 development starts is between \$700 million and \$900 million with a continuing target to maintain the pipeline at a healthy level of preleasing. Our pipeline of build-to-suit prospects continues to remain robust and the \$800 million midpoint of our 2021 guidance is consistent with our actual development starts for 2020."

Ranges for the other key assumptions underlying this guidance are as follows:

- Acquisitions of properties in a range of \$200 million to \$400 million, concentrated on in-fill coastal markets
- General and administrative expenses ranging from \$55 million to \$59 million

More specific assumptions and components of the company's 2021 guidance will be available by 6 p.m. Eastern Time today through the Investor Relations section of the company's website.

FFO and AFFO Reporting Definitions

FFO: FFO is a non-GAAP performance measure computed in accordance with standards established by the National Association of Real Estate Investment Trusts ("NAREIT"). It is calculated as net income attributable to common shareholders computed in accordance with generally accepted accounting principles ("GAAP"), excluding depreciation and amortization related to real estate, gains and losses on sales of real estate assets (including real estate assets incidental to our business), gains and losses from change in control, impairment charges related to real estate assets (including real estate assets incidental to our business) and similar adjustments for unconsolidated joint ventures and partially owned consolidated entities, all net of related taxes. We believe FFO to be most directly comparable to net income attributable to common shareholders as defined by GAAP. FFO does not represent a measure of liquidity, nor is it indicative of funds available for our cash needs, including our ability to make cash distributions to shareholders.

Core FFO: Core FFO is computed as FFO adjusted for certain items that are generally non-cash in nature and that can create significant earnings volatility and do not directly relate to our core business operations. The adjustments include gains or losses on debt transactions, gains or losses from involuntary conversion from weather events or natural

disasters, promote income, severance and other charges related to major overhead restructuring activities and the expense impact of costs attributable to successful leasing activities. Although our calculation of Core FFO differs from NAREIT's definition of FFO and may not be comparable to that of other REITs and real estate companies, we believe it provides a meaningful supplemental measure of our operating performance.

AFFO: AFFO is defined by the company as the Core FFO (as defined above), less recurring building improvements and total second generation capital expenditures (the leasing of vacant space that had previously been under lease by the company is referred to as second generation lease activity) related to leases commencing during the reporting period, and adjusted for certain non-cash items including straight line rental income and expense, non-cash components of interest expense including interest rate hedge amortization, stock compensation expense and after similar adjustments for unconsolidated partnerships and joint ventures.

Same-Property Performance

The company includes same-property net operating income growth as a property-level supplemental measure of performance. The company utilizes same-property net operating income growth as a supplemental measure to evaluate property-level performance, and jointly-controlled properties are included at the company's ownership percentage.

A reconciliation of income from continuing operations before income taxes to same-property net operating income is included in the financial tables to this release. A description of the properties that are excluded from the company's same-property net operating income measure is included on page 18 of its December 31, 2020 supplemental information.

About Duke Realty Corporation

Duke Realty Corporation owns and operates approximately 159 million rentable square feet of industrial assets in 20 major logistics markets. Duke Realty Corporation is publicly traded on the NYSE under the symbol DRE and is a member of the S&P 500 Index. More information about Duke Realty Corporation is available at www.dukerealty.com.

Fourth Quarter Earnings Call and Supplemental Information

Duke Realty Corporation is hosting a conference call tomorrow, January 28, 2021, at 3:00 p.m. ET to discuss its fourth quarter operating results. All investors and other interested parties are invited to listen to the call. Access is available through the Investor Relations section of the company's website.

A copy of the company's supplemental information will be available by 6:00 p.m. ET today through the Investor Relations section of the company's website.

Cautionary Notice Regarding Forward-Looking Statements

This news release may contain forward-looking statements within the meaning of the federal securities laws. All statements, other than statements of historical facts, including, among others, statements regarding the company's future financial position or results, future dividends, and future performance, are forward-looking statements. Those statements include statements regarding the intent, belief, or current expectations of the company, members of its management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as "may," "will," "seeks," "anticipates," "believes," "estimates," "expects," "plans," "intends," "should," or similar expressions although not all forward looking statements may contain such words. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that actual results may differ materially from those contemplated by such forward-looking statements. Many of these factors are beyond the company's abilities to control or predict. Such factors include, but are not limited to, (i) general adverse economic and local real estate conditions; (ii) the inability of major tenants to continue paying their rent obligations due to bankruptcy, insolvency or a general downturn in their business; (iii) financing risks, such as the inability to obtain equity, debt or other sources of financing or refinancing on favorable terms, if at all; (iv) the company's ability to raise capital by selling its assets; (v) changes in governmental laws and regulations; (vi) the level and volatility of interest rates and foreign currency exchange rates; (vii) valuation of joint venture investments; (viii) valuation of marketable securities and other investments; (ix) valuation of real estate; (x) increases in operating costs; (xi) changes in the dividend policy for the company's common stock; (xii) the reduction in the company's income in the event of multiple lease terminations by tenants; (xiii) impairment charges, (xiv) the effects of geopolitical instability and risks such as terrorist attacks and trade wars; (xv) the effects of natural disasters, including the current pandemic caused by COVID-19, as well as floods, droughts, wind, tornadoes and hurricanes; and (xvi) the effect of any damage to our reputation resulting from developments relating to any of items (i) – (xv). The company refers you to the section entitled "Risk Factors" contained in the company's Annual Report on Form 10-K for the year ended December 31, 2019 and the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020. Copies of each filing may be obtained from the company or the Securities and Exchange Commission.

The risks included here are not exhaustive and undue reliance should not be placed on any forward-looking statements, which are based on current expectations. All written and oral forward-looking statements attributable to the company, its management, or persons acting on their behalf are qualified in their entirety by these cautionary statements. Further, forward-looking statements speak only as of the date they are made, and the company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time unless otherwise required by law.

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Duke Realty Corporation and Subsidiaries
Consolidated Statement of Operations

(Unaudited and in thousands, except per share amounts)

| | Three Months Ended | | Twelve Months Ended | |
|---|--------------------|------------|---------------------|------------|
| | December 31, | | December 31, | |
| | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | |
| Rental and related revenue | \$ 248,674 | \$ 217,387 | \$ 929,194 | \$ 855,833 |
| General contractor and service fee revenue | 17,616 | 13,088 | 64,004 | 117,926 |
| | 266,290 | 230,475 | 993,198 | 973,759 |
| Expenses: | | | | |
| Rental expenses | 20,008 | 18,161 | 76,639 | 75,584 |
| Real estate taxes | 38,778 | 32,964 | 149,295 | 129,520 |
| General contractor and other services expenses | 16,398 | 12,151 | 57,976 | 111,566 |
| Depreciation and amortization | 92,354 | 84,303 | 353,013 | 327,223 |
| | 167,538 | 147,579 | 636,923 | 643,893 |
| Other operating activities: | | | | |
| Equity in earnings of unconsolidated joint ventures | 2,986 | 18,812 | 11,944 | 31,406 |
| Gain on sale of properties | 107,795 | 30,578 | 127,700 | 234,653 |
| Gain on land sales | 1,907 | 876 | 10,458 | 7,445 |
| Other operating expenses | (3,779) | (803) | (8,209) | (5,318) |
| Impairment charges | — | — | (5,626) | — |
| Non-incremental costs related to successful leases | (1,675) | (5,676) | (12,292) | (12,402) |
| General and administrative expenses | (15,596) | (11,766) | (62,404) | (60,889) |
| | 91,638 | 32,021 | 61,571 | 194,895 |
| Operating income | 190,390 | 114,917 | 417,846 | 524,761 |
| Other income (expenses): | | | | |
| Interest and other income, net | 78 | 2,564 | 1,721 | 9,941 |
| Interest expense | (24,048) | (21,510) | (93,442) | (89,756) |
| Loss on debt extinguishment | (2) | (6,307) | (32,900) | (6,320) |
| Gain on involuntary conversion | — | — | 4,312 | 2,259 |
| Income from continuing operations, before income taxes | 166,418 | 89,664 | 297,537 | 440,885 |
| Income tax benefit (expense) | 3,946 | (2,221) | 5,112 | (8,686) |
| Income from continuing operations | 170,364 | 87,443 | 302,649 | 432,199 |
| Discontinued operations: | | | | |
| Gain on sale of properties | — | 79 | 111 | 445 |
| Income from discontinued operations | — | 79 | 111 | 445 |
| Net income | 170,364 | 87,522 | 302,760 | 432,644 |
| Net income attributable to noncontrolling interests | (1,548) | (720) | (2,845) | (3,672) |
| Net income attributable to common shareholders | \$ 168,816 | \$ 86,802 | \$ 299,915 | \$ 428,972 |
| Basic net income per common share: | | | | |
| Continuing operations attributable to common shareholders | \$ 0.45 | \$ 0.24 | \$ 0.81 | \$ 1.18 |
| Diluted net income per common share: | | | | |
| Continuing operations attributable to common shareholders | \$ 0.45 | \$ 0.23 | \$ 0.80 | \$ 1.18 |

Duke Realty Corporation and Subsidiaries
Consolidated Balance Sheets
(Unaudited and in thousands)

| | December 31, 2020 | December 31, 2019 |
|--|----------------------|----------------------|
| ASSETS | | |
| Real estate investments: | | |
| Real estate assets | \$ 8,745,155 | \$ 7,993,377 |
| Construction in progress | 695,219 | 550,926 |
| Investments in and advances to unconsolidated joint ventures | 131,898 | 133,074 |
| Undeveloped land | 291,614 | 254,537 |
| | 9,863,886 | 8,931,914 |
| Accumulated depreciation | (1,659,308) | (1,480,461) |
| Net real estate investments | 8,204,578 | 7,451,453 |
| Real estate investments and other assets held-for-sale | 67,946 | 18,463 |
| Cash and cash equivalents | 6,309 | 110,891 |
| Accounts receivable | 15,204 | 20,349 |
| Straight-line rent receivable | 153,943 | 129,344 |
| Receivables on construction contracts, including retentions | 30,583 | 25,607 |
| Deferred leasing and other costs, net | 329,765 | 320,444 |
| Restricted cash held in escrow for like-kind exchange | 47,682 | 1,673 |
| Notes receivable from property sales | — | 110,000 |
| Other escrow deposits and other assets | 255,384 | 232,338 |
| | \$ 9,111,394 | \$ 8,420,562 |
| LIABILITIES AND EQUITY | | |
| Indebtedness: | | |
| Secured debt, net of deferred financing costs | \$ 64,074 | \$ 34,023 |
| Unsecured debt, net of deferred financing costs | 3,025,977 | 2,880,742 |
| Unsecured line of credit | 295,000 | — |
| | 3,385,051 | 2,914,765 |
| Liabilities related to real estate investments held-for-sale | 7,740 | 887 |
| Construction payables and amounts due subcontractors, including retentions | 62,332 | 68,840 |
| Accrued real estate taxes | 76,501 | 69,042 |
| Accrued interest | 18,363 | 14,181 |
| Other liabilities | 269,806 | 223,680 |
| Tenant security deposits and prepaid rents | 57,153 | 48,907 |
| Total liabilities | 3,876,946 | 3,340,302 |
| Shareholders' equity: | | |
| Common shares | 3,733 | 3,680 |
| Additional paid-in capital | 5,723,326 | 5,525,463 |
| Accumulated other comprehensive loss | (31,568) | (35,036) |
| Distributions in excess of net income | (532,519) | (475,992) |
| Total shareholders' equity | 5,162,972 | 5,018,115 |
| Noncontrolling interests | 71,476 | 62,145 |
| Total equity | 5,234,448 | 5,080,260 |
| | \$ 9,111,394 | \$ 8,420,562 |

Duke Realty Corporation and Subsidiaries
Summary of EPS, FFO and AFFO
Three Months Ended December 31,
(Unaudited and in thousands, except per share amounts)

| | 2020 | | | 2019 | | |
|--|-------------------|----------------|----------------|-------------------|----------------|----------------|
| | Amount | Wtd. | Per | Amount | Wtd. | Per |
| | | Shares | Share | | Shares | Share |
| Net income attributable to common shareholders | \$ 168,816 | | | \$ 86,802 | | |
| Less dividends on participating securities | (382) | | | (360) | | |
| Net income per common share-basic | 168,434 | 372,087 | \$ 0.45 | 86,442 | 367,603 | \$ 0.24 |
| Add back: | | | | | | |
| Noncontrolling interest in earnings of unitholders | 1,499 | 3,327 | | 707 | 3,122 | |
| Other potentially dilutive securities | 382 | 2,723 | | 213 | 1,739 | |
| Net income attributable to common shareholders-diluted | \$ 170,315 | 378,137 | \$ 0.45 | \$ 87,362 | 372,464 | \$ 0.23 |
| Reconciliation to FFO | | | | | | |
| Net income attributable to common shareholders | \$ 168,816 | 372,087 | | \$ 86,802 | 367,603 | |
| Adjustments: | | | | | | |
| Depreciation and amortization | 92,354 | | | 84,303 | | |
| Depreciation, amortization and other - unconsolidated joint ventures | 2,506 | | | 2,455 | | |
| Gains on sales of properties | (107,795) | | | (30,657) | | |
| Gains on land sales | (1,907) | | | (876) | | |
| Income tax (benefit) expense not allocable to FFO | (3,946) | | | 2,221 | | |
| Gains on sales of real estate assets - unconsolidated joint ventures | (35) | | | (16,380) | | |
| Noncontrolling interest share of adjustments | 166 | | | (346) | | |
| NAREIT FFO attributable to common shareholders - basic | 150,159 | 372,087 | \$ 0.40 | 127,522 | 367,603 | \$ 0.35 |
| Noncontrolling interest in income of unitholders | 1,499 | 3,327 | | 707 | 3,122 | |
| Noncontrolling interest share of adjustments | (166) | | | 346 | | |
| Other potentially dilutive securities | | 2,723 | | | 2,342 | |
| NAREIT FFO attributable to common shareholders - diluted | \$ 151,492 | 378,137 | \$ 0.40 | \$ 128,575 | 373,067 | \$ 0.34 |
| Loss on debt extinguishment | 2 | | | 6,307 | | |
| Non-incremental costs related to successful leases | 1,675 | | | 5,676 | | |
| Overhead restructuring charges | 2,461 | | | — | | |
| Core FFO attributable to common shareholders - diluted | \$ 155,630 | 378,137 | \$ 0.41 | \$ 140,558 | 373,067 | \$ 0.38 |
| AFFO | | | | | | |
| Core FFO - diluted | \$ 155,630 | 378,137 | \$ 0.41 | \$ 140,558 | 373,067 | \$ 0.38 |
| Adjustments: | | | | | | |
| Straight-line rental income and expense | (10,168) | | | (4,658) | | |
| Amortization of above/below market rents and concessions | (3,159) | | | (3,020) | | |
| Stock based compensation expense | 2,714 | | | 2,543 | | |
| Noncash interest expense | 2,342 | | | 1,327 | | |
| Second generation concessions | (349) | | | (665) | | |
| Second generation tenant improvements | (8,115) | | | (6,877) | | |
| Second generation leasing costs | (14,891) | | | (7,980) | | |
| Building improvements | (2,620) | | | (5,938) | | |
| AFFO - diluted | \$ 121,384 | 378,137 | | \$ 115,290 | 373,067 | |

Duke Realty Corporation and Subsidiaries
Summary of EPS, FFO and AFFO
Twelve Months Ended December 31,
(Unaudited and in thousands, except per share amounts)

| | 2020 | | | 2019 | | |
|--|-------------------|----------------|----------------|-------------------|----------------|----------------|
| | Amount | Wtd. | Per | Amount | Wtd. | Per |
| | | Avg. | Share | | Avg. | Share |
| Net income attributable to common shareholders | \$ 299,915 | | | \$ 428,972 | | |
| Less dividends on participating securities | (1,447) | | | (1,487) | | |
| Net income per common share-basic | 298,468 | 370,057 | \$ 0.81 | 427,485 | 362,234 | \$ 1.18 |
| Add back: | | | | | | |
| Noncontrolling interest in earnings of unitholders | 2,663 | 3,303 | | 3,678 | 3,118 | |
| Other potentially dilutive securities | — | 796 | | 1,487 | 1,987 | |
| Net income attributable to common shareholders-diluted | \$ 301,131 | 374,156 | \$ 0.80 | 432,650 | 367,339 | \$ 1.18 |
| Reconciliation to FFO | | | | | | |
| Net income attributable to common shareholders | \$ 299,915 | 370,057 | | \$ 428,972 | 362,234 | |
| Adjustments: | | | | | | |
| Depreciation and amortization | 353,013 | | | 327,223 | | |
| Depreciation, amortization and other - unconsolidated joint ventures | 9,265 | | | 10,083 | | |
| Gains on sales of properties | (127,811) | | | (235,098) | | |
| Gains on land sales | (10,458) | | | (7,445) | | |
| Income tax (benefit) expense not allocable to FFO | (5,112) | | | 8,686 | | |
| Impairment Charges | 5,626 | | | — | | |
| Gains on sales of real estate assets - unconsolidated joint ventures | (822) | | | (21,239) | | |
| Noncontrolling interest share of adjustments | (1,979) | | | (702) | | |
| NAREIT FFO attributable to common shareholders - basic | 521,637 | 370,057 | \$ 1.41 | 510,480 | 362,234 | \$ 1.41 |
| Noncontrolling interest in income of unitholders | 2,663 | 3,303 | | 3,678 | 3,118 | |
| Noncontrolling interest share of adjustments | 1,979 | | | 702 | | |
| Other potentially dilutive securities | | 2,236 | | | 1,987 | |
| NAREIT FFO attributable to common shareholders - diluted | \$ 526,279 | 375,596 | \$ 1.40 | \$ 514,860 | 367,339 | \$ 1.40 |
| Gain on involuntary conversion - including share of unconsolidated joint venture | (4,312) | | | (3,559) | | |
| Loss on debt extinguishment | 32,900 | | | 6,320 | | |
| Non-incremental costs related to successful leases | 12,292 | | | 12,402 | | |
| Overhead restructuring charges | 4,524 | | | — | | |
| Core FFO attributable to common shareholders - diluted | \$ 571,683 | 375,596 | \$ 1.52 | \$ 530,023 | 367,339 | \$ 1.44 |
| AFFO | | | | | | |
| Core FFO - diluted | \$ 571,683 | 375,596 | \$ 1.52 | \$ 530,023 | 367,339 | \$ 1.44 |
| Adjustments: | | | | | | |
| Straight-line rental income and expense | (26,102) | | | (20,724) | | |
| Amortization of above/below market rents and concessions | (9,093) | | | (7,566) | | |
| Stock based compensation expense | 23,049 | | | 19,801 | | |
| Noncash interest expense | 9,238 | | | 5,904 | | |
| Second generation concessions | (743) | | | (999) | | |
| Second generation tenant improvements | (18,188) | | | (15,183) | | |
| Second generation leasing costs | (29,017) | | | (22,178) | | |
| Building improvements | (3,926) | | | (12,685) | | |
| AFFO - diluted | \$ 516,901 | 375,596 | | \$ 476,393 | 367,339 | |

Duke Realty Corporation and Subsidiaries
Reconciliation of Same Property Net Operating Income Growth
(Unaudited and in thousands)

| | Three Months Ended | |
|---|---------------------------|--------------------------|
| | December 31, 2020 | December 31, 2019 |
| Income from continuing operations before income taxes | \$ 166,418 | \$ 89,664 |
| Share of same property NOI from unconsolidated joint ventures | 4,868 | 4,661 |
| Income and expense items not allocated to segments | 24,133 | 77,337 |
| Earnings from service operations | (1,218) | (937) |
| Properties not included and other adjustments | (41,709) | (23,111) |
| Same property NOI - Cash Basis | <u>\$ 152,492</u> | <u>\$ 147,614</u> |
| Percent Change | 3.3 % | |

| | Twelve Months Ended | |
|---|----------------------------|--------------------------|
| | December 31, 2020 | December 31, 2019 |
| Income from continuing operations before income taxes | \$ 297,537 | \$ 440,885 |
| Share of same property NOI from unconsolidated joint ventures | 19,107 | 18,214 |
| Income and expense items not allocated to segments | 410,541 | 215,218 |
| Earnings from service operations | (6,028) | (6,360) |
| Properties not included and other adjustments | (115,162) | (90,941) |
| Same property NOI - Cash Basis | <u>\$ 605,995</u> | <u>\$ 577,016</u> |
| Percent Change | 5.0 % | |

Duke Realty Corporation and Subsidiaries
Reconciliation of 2021 FFO Per Diluted Share Guidance
(Unaudited)

| | Pessimistic | Optimistic |
|---|--------------------|-------------------|
| Net income attributable to common shareholders - diluted | \$ 1.24 | \$ 1.58 |
| Depreciation | 1.04 | 1.00 |
| Gains on land and property sales, net of impairment charges | (0.70) | (0.88) |
| Share of joint venture adjustments | — | (0.02) |
| NAREIT FFO attributable to common shareholders - diluted | <u>\$ 1.58</u> | <u>\$ 1.68</u> |
| Non-incremental costs related to successful leases | 0.04 | 0.02 |
| Other reconciling items | — | (0.02) |
| Core FFO attributable to common shareholders - diluted | <u>\$ 1.62</u> | <u>\$ 1.68</u> |