

DCT Industrial Trust Inc.
Form 10-K/A
March 28, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K/A

(Amendment No. 1)

(Mark one)

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

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number 001-33201

DCT INDUSTRIAL TRUST INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation or organization)

82-0538520
(I.R.S. Employer Identification No.)

518 17th Street, Suite 1700
Denver, Colorado
(Address of principal executive offices)

80202
(Zip Code)

Registrant's Telephone Number, Including Area Code: **(303) 597-2400**

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: **none**

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act. Yes ☒ No ☐

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

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

As of June 30, 2007, the aggregate market value of the 168.1 million shares of voting and non-voting common stock held by non-affiliates of the registrant was \$1.8 billion based on the closing sale price of \$10.76 as reported on the New York Stock Exchange on June 29, 2007. (For this computation, the registrant has excluded the market value of all shares of Common Stock reported as beneficially owned by executive officers and directors of the registrant; such exclusion shall not be deemed to constitute an admission that any such person is an affiliate of the registrant.) As of February 15, 2008 there were 168,518,896 Common Stock outstanding.

Documents Incorporated by Reference

Portions of the registrant's definitive proxy statement to be issued in conjunction with the registrant's annual meeting of stockholders to be held May 20, 2008 are incorporated by reference into Part III of this Annual Report.

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DCT INDUSTRIAL TRUST INC.

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ANNUAL REPORT ON FORM 10-K

For the Fiscal Year Ended December 31, 2007

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EXPLANATORY NOTE	

This Amendment No. 1 (this "Amendment") to the Annual Report on Form 10-K of DCT Industrial Trust Inc. (the "Company") for the fiscal year ended December 31, 2007 is being filed for the purpose of providing separate audited financial statements of DCT/SPF Industrial Operating LLC and TRT-DCT Industrial JV I General Partnership in accordance with Rule 3-09 of Regulation S-X. These audited financial statements are included as Exhibits 99.1 and 99.2. The Company is also amending Note 4 to the Consolidated Financial Statements to reflect a conforming change. This Amendment does not update or modify in any way the results of operations, financial position, cash flows or other disclosures in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 (the "Original Form 10-K"), and does not reflect events occurring after the original filing date of the Original Form 10-K of February 29, 2008; provided that all references in the Original Form 10-K to this Annual Report on Form 10-K or similar language shall be deemed to refer to the Original Form 10-K, as amended by this Amendment.

This Amendment also includes a signature page, the certifications required by Rule 13a-14(a) and (b) under the Securities Exchange Act of 1934, consents of KPMG LLP and Ehrhardt Keefe Steiner & Hottman PC ("EKS&H") to the incorporation by reference of their reports contained in the Amendment into previous filings under this Securities Act of 1933, and the Exhibit Index, which has been amended and restated in its entirety to reflect the inclusion of the certifications, the financial statements of DCT/SPF Industrial Operating LLC and TRT-DCT Industrial JV I General Partnership and the consents of KPMG LLP and EKS&H.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

A. Financial Statements and Financial Statement Schedules.

1. Financial Statements.

The Consolidated Financial Statements listed in the accompanying Index to Financial Statements on Page 66 are filed as a part of this report.

2. Financial Statement Schedules.

The financial statement schedule required by this Item is filed with this report and is listed in the accompanying Index to Financial Statements on Page 66. All other financial statement schedules are not applicable.

B. Exhibits.

The Exhibits required by Item 601 of Regulation S-K are listed in the Index to Exhibits on page E-1 to E-4 of this report, which is incorporated herein by reference.

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SIGNATURES

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

DCT INDUSTRIAL TRUST INC.

By: /s/ PHILIP L. HAWKINS
Philip L. Hawkins,

Chief Executive Officer and Director

Date: March 28, 2008

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

DCT Industrial Trust Inc.:

We have audited the accompanying consolidated balance sheets of DCT Industrial Trust Inc. and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DCT Industrial Trust Inc. and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), DCT Industrial Trust Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 29, 2008, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Denver, Colorado

February 29, 2008

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

DCT Industrial Trust Inc.:

We have audited DCT Industrial Trust Inc.'s internal control over financial reporting as of December 31, 2007, based on, criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). DCT Industrial Trust Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, DCT Industrial Trust Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of DCT Industrial Trust Inc. as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2007, and our report dated February 29, 2008, expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Denver, Colorado

February 29, 2008

Table of Contents**DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES****Consolidated Balance Sheets**

(in thousands, except share and per share information)

	December 31,	
	2007	2006
ASSETS		
Land	\$ 519,584	\$ 513,143
Buildings and improvements	2,139,961	2,120,821
Intangible lease assets	188,079	198,222
Construction in progress	35,282	32,702
Total Investment in Properties	2,882,906	2,864,888
Less accumulated depreciation and amortization	(310,691)	(199,574)
Net Investment in Properties	2,572,215	2,665,314
Investments in and advances to unconsolidated joint ventures	102,750	42,336
Net Investment in Real Estate	2,674,965	2,707,650
Cash and cash equivalents	30,481	23,310
Notes receivable	27,398	9,205
Deferred loan costs, net	4,828	6,175
Deferred loan costs financing obligations, net	1,345	16,467
Straight-line rent and other receivables	26,879	17,137
Other assets, net	13,096	26,385
Assets held for sale		41,895
Total Assets	\$ 2,778,992	\$ 2,848,224
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 31,267	\$ 27,149
Distributions payable	32,994	30,777
Tenant prepaids and security deposits	13,896	12,329
Other liabilities	8,117	14,135
Intangible lease liability, net	9,022	17,595
Lines of credit	82,000	34,278
Senior unsecured notes	425,000	425,000
Mortgage notes	649,568	641,081
Financing obligations	14,674	191,787
Liabilities related to assets held for sale		276
Total Liabilities	1,266,538	1,394,407
Minority interests	349,782	225,790
Stockholders' equity:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized, none outstanding		
Shares-in-trust, \$0.01 par value, 100,000,000 shares authorized, none outstanding		
Common stock, \$0.01 par value, 350,000,000 shares authorized, 168,379,863 and 168,354,596 shares issued and outstanding as of December 31, 2007 and 2006, respectively	1,684	1,684
Additional paid-in capital	1,593,165	1,595,808
Distributions in excess of earnings	(426,210)	(358,006)

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Accumulated other comprehensive loss	(5,967)	(11,459)
Total Stockholders' Equity	1,162,672	1,228,027
Total Liabilities and Stockholders' Equity	\$ 2,778,992	\$ 2,848,224

The accompanying notes are an integral part of these Consolidated Financial Statements.

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Table of Contents**DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES****Consolidated Statements of Operations****For the Years Ended December 31, 2007, 2006 and 2005****(in thousands, except per share information)**

	2007	2006	2005
REVENUES:			
Rental revenues	\$ 257,352	\$ 217,881	\$ 117,220
Institutional capital management and other fees	2,871	1,256	
Total Revenues	260,223	219,137	117,220
OPERATING EXPENSES:			
Rental expenses	30,661	22,953	12,474
Real estate taxes	32,457	26,979	14,434
Real estate related depreciation and amortization	115,400	107,753	68,291
General and administrative	19,547	7,861	2,794
Asset management fees, related party		13,426	8,901
Total Operating Expenses	198,065	178,972	106,894
Operating Income	62,158	40,165	10,326
OTHER INCOME AND EXPENSE:			
Equity in income (losses) of unconsolidated joint ventures, net	433	(289)	
Loss on contract termination and related Internalization expenses		(173,248)	
Interest expense	(61,155)	(66,692)	(28,431)
Interest income and other	4,666	5,368	3,193
Income taxes	(1,511)	(1,392)	(210)
Income (Loss) Before Minority Interests	4,591	(196,088)	(15,122)
Minority interests	(584)	22,468	506
Income (Loss) From Continuing Operations	4,007	(173,620)	(14,616)
Income from discontinued operations	10,167	5,586	2,656
Income (Loss) Before Gain (Loss) On Dispositions of Real Estate Interests	14,174	(168,034)	(11,960)
Gain on dispositions of real estate interests, net of minority interest	25,938	9,061	
NET INCOME (LOSS)	\$ 40,112	\$ (158,973)	\$ (11,960)
INCOME (LOSS) PER COMMON SHARE BASIC:			
Income (Loss) From Continuing Operations	\$ 0.03	\$ (1.16)	\$ (0.15)
Income from discontinued operations	0.06	0.04	0.03
Gain on dispositions of real estate interests, net of minority interest	0.15	0.06	
Net Income (Loss)	\$ 0.24	\$ (1.06)	\$ (0.12)
INCOME (LOSS) PER COMMON SHARE DILUTED:			
Income (Loss) From Continuing Operations	\$ 0.03	\$ (1.16)	\$ (0.15)
Income from discontinued operations	0.06	0.04	0.03

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Gain on dispositions of real estate interests, net of minority interest	0.15	0.06	
Net Income (Loss)	\$ 0.24	\$ (1.06)	\$ (0.12)

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:

Basic	168,358	150,320	97,333
Diluted	200,823	150,320	97,333

The accompanying notes are an integral part of these Consolidated Financial Statements.

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Table of Contents**DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES****Consolidated Statements of Stockholders' Equity****And Comprehensive Income (Loss)****For the Years Ended December 31, 2007, 2006 and 2005****(in thousands)**

	Common Stock		Additional Paid-in Capital	Distributions in Excess of Earnings	Accumulated Other Comprehensive Loss	Total Stockholders Equity
	Shares	Amount				
Balance as of December 31, 2004	67,720	\$ 677	\$ 611,441	\$ (26,636)	\$ (4,268)	\$ 581,214
Comprehensive loss:						
Net loss				(11,960)		(11,960)
Net unrealized gain on cash flow hedging derivatives					965	965
Amortization of cash flow hedging derivatives					514	514
Comprehensive loss						(10,481)
Issuance of common stock, net of offering costs	66,457	665	632,954			633,619
Redemption of common stock	(970)	(10)	(9,268)			(9,278)
Amortization of stock-based compensation			29			29
Distributions on common stock				(62,292)		(62,292)
Balance as of December 31, 2005	133,207	1,332	1,235,156	(100,888)	(2,789)	1,132,811
Comprehensive loss:						
Net loss				(158,973)		(158,973)
Net unrealized loss on cash flow hedging derivatives					(9,302)	(9,302)
Amortization of cash flow hedging derivatives					632	632
Comprehensive loss						(167,643)
Issuance of common stock, net of offering costs	36,478	365	373,429			373,794
Redemption of common stock	(1,330)	(13)	(12,898)			(12,911)
Amortization of stock-based compensation			121			121
Distributions on common stock				(98,145)		(98,145)
Balance as of December 31, 2006	168,355	\$ 1,684	\$ 1,595,808	\$ (358,006)	\$ (11,459)	\$ 1,228,027
Cumulative impact of change in accounting for uncertainty in income taxes (FIN 48 see Note 2)				(500)		(500)
Comprehensive income:						
Net income				40,112		40,112
Net unrealized gain on cash flow hedging derivatives					4,558	4,558
Settled hedges					327	327
Amortization of cash flow hedging derivatives					607	607
Comprehensive income						45,604
Issuance of common stock, net of offering costs	25		(1,437)			(1,437)
Amortization of stock-based compensation			675			675
Premium related to redemptions of OP Units			(1,881)			(1,881)
Distributions on common stock				(107,816)		(107,816)
Balance as of December 31, 2007	168,380	\$ 1,684	\$ 1,593,165	\$ (426,210)	\$ (5,967)	\$ 1,162,672

The accompanying notes are an integral part of these Consolidated Financial Statements.

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Table of Contents**DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the Years Ended December 31, 2007, 2006, and 2005****(in thousands)**

	2007	2006	2005
OPERATING ACTIVITIES:			
Net income (loss)	\$ 40,112	\$ (158,973)	\$ (11,960)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Minority interests	7,216	(21,399)	(526)
Real estate related depreciation and amortization	115,465	111,792	71,023
Gain on dispositions of real estate interests	(27,738)	(10,352)	
Gain on dispositions of non-depreciated real estate	(15,135)	(4,244)	
(Gain) loss on hedging activities	(1,458)	11	(108)
Distributions of earnings from unconsolidated joint ventures	1,432	377	
Equity in income (losses) of unconsolidated joint ventures, net, and other	(6,880)	(1,300)	(1,897)
Loss on contract termination and related Internalization		173,248	
Changes in operating assets and liabilities:			
Other receivables and other assets	(1,111)	(2,229)	(5,624)
Accounts payable, accrued expenses and other liabilities	5,046	4,783	15,387
Net cash provided by operating activities	116,949	91,714	66,295
INVESTING ACTIVITIES:			
Real estate acquisitions	(222,811)	(1,058,880)	(661,098)
Capital expenditures and development activities	(56,634)	(87,425)	(89,224)
Decrease (increase) in deferred acquisition costs and deposits	11,776	(11,342)	2,552
Proceeds from dispositions of real estate investments	354,065	265,593	
Investments in unconsolidated joint ventures	(111,062)	(38,041)	
Purchase of minority interest in consolidated affiliate		(39,123)	
Distributions from investments in unconsolidated joint ventures	39,477		
Originations of notes receivable	(18,256)	(1,200)	(5,585)
Other investing activities	(225)	1,657	2,478
Net cash used in investing activities	(3,670)	(968,761)	(750,877)
FINANCING ACTIVITIES:			
Net proceeds from lines of credit	47,722	34,262	12
Proceeds from issuance of unsecured notes		425,000	
Proceeds from issuance of mortgage notes			60,926
Principal payments on mortgage notes	(13,331)	(17,673)	(2,852)
Proceeds from issuance of financing obligations		121,322	145,332
Principal payments on financing obligations	(6,005)	(12,349)	(5,287)
Increase in deferred loan costs	(141)	(1,490)	(3,893)
Increase in deferred loan costs financing obligations		(12,297)	(11,419)
Proceeds from sale of common stock		354,202	664,200
Offering costs for issuance of common stock and OP Units	(3,061)	(28,349)	(60,874)
Redemption of common stock		(16,802)	(5,387)
Redemption of OP Units	(6,190)		
Settlement of cash flow hedging derivative	1,544		(467)
Distributions to common stockholders	(107,540)	(39,101)	(23,849)
Distributions to minority interests	(19,431)	(2,728)	(462)
Contributions from minority interests	325	1,442	

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Net cash provided by (used in) financing activities	(106,108)	805,439	755,980
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,171	(71,608)	71,398
CASH AND CASH EQUIVALENTS, beginning of period	23,310	94,918	23,520
CASH AND CASH EQUIVALENTS, end of period	\$ 30,481	\$ 23,310	\$ 94,918

Supplemental Disclosures of Cash Flow Information

Cash paid for interest	\$ 68,832	\$ 65,189	\$ 22,751
Amount issued in common stock pursuant to the distribution reinvestment plan	\$	\$ 51,726	\$ 28,561
Issuance of OP Units related to Internalization (See Note 14)	\$	\$ 169,975	\$
Reduction of financing obligation and issuance of OP Units in connection with purchase of TIC Interests (see Note 8)	\$ 156,222	\$ 73,107	\$ 18,344
Assumption of debt in connection with purchase of TIC Interests (see Note 8)	\$ 14,886	\$	\$
Assumption of secured debt in connection with real estate acquired	\$ 15,172	\$ 18,112	\$ 434,073

The accompanying notes are an integral part of these Consolidated Financial Statements.

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DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1. Organization

DCT Industrial Trust Inc. is a leading industrial real estate company that owns, operates and develops high-quality bulk distribution and light industrial properties in high-volume distribution markets in the U.S. and Mexico. We were formed as a Maryland corporation in April 2002 and have elected to be treated as a real estate investment trust (REIT) for United States (U.S.) federal income tax purposes commencing with our taxable year ended December 31, 2003. We are structured as an umbrella partnership REIT under which substantially all of our current and future business is, and will be, conducted through a majority owned and controlled subsidiary, DCT Industrial Operating Partnership LP (our operating partnership), a Delaware limited partnership, for which DCT Industrial Trust Inc. is the sole general partner. As used herein, DCT Industrial Trust, DCT, the Company, we, our and us refer to DCT Industrial Trust Inc. and its consolidated subsidiaries and partnerships except where the context otherwise requires.

As of December 31, 2007, we owned interests in, or managed, 448 industrial real estate buildings comprised of approximately 74.4 million square feet. Our portfolio of consolidated operating properties included 382 industrial real estate buildings, which consisted of 222 bulk distribution properties, 118 light industrial properties and 42 service center properties comprised of approximately 53.6 million square feet. Our portfolio of 382 consolidated operating properties was 94.0% occupied as of December 31, 2007. As of December 31, 2007, we also consolidated ten development properties and five redevelopment properties. In addition, as of December 31, 2007, we had ownership interests ranging from 10% to 20% in 32 unconsolidated properties in institutional joint ventures, or funds, comprised of approximately 11.2 million square feet, and investments in two unconsolidated operating properties and ten unconsolidated development joint venture properties. We managed seven properties where we had no ownership interests.

Internalization and correction of an immaterial error in previously reported 2006 amounts

As of October 10, 2006, we became a self-administered and self-advised REIT. We refer to this transaction as the Internalization (see the additional description of the Internalization in Note 14). In our 2006 Consolidated Financial Statements, we incorrectly concluded the Internalization was within the scope of Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations* (SFAS No. 141) and Emerging Issues Task Force (EITF) Issue No. 04-1, *Accounting for Preexisting Relationships between Parties to a Business Combination* (EITF 04-1). We have reevaluated whether the acquisition of our Former Advisor constituted a business pursuant to EITF 98-3, *Determining Whether a Nonmonetary Transaction Involves Receipt of Productive Assets or of a Business* (EITF 98-3), and concluded that the acquired assets and activities were not a self-sustaining integrated set of activities and assets conducted and managed for the purpose of providing a return to investors. In accordance with EITF 98-3, we evaluated the acquired inputs, processes applied to those inputs, and the resulting outputs and concluded that the acquired assets and activities lack the ability to sustain an independent revenue stream and therefore did not constitute a business. As a result of our conclusion that the Former Advisor did not constitute a business pursuant to EITF 98-3, the transaction is not within the scope of SFAS No. 141 or EITF 04-1.

Therefore, we have corrected our Consolidated Financial Statements as of, and for the year ended December 31, 2006. As a result of the correction, our Loss on contract termination and related Internalization expenses increased by \$1.1 million, or approximately \$0.01 per share, for the year ended December 31, 2006, our Other assets, net decreased by \$1.3 million for the correction to goodwill, our Accounts payable and accrued expenses decreased by \$192,000 and our Minority interests decreased by \$130,000, as of December 31, 2006. The Company believes that the effect of this correction is not material, either quantitatively or qualitatively to our 2006 Consolidated Financial Statements. The difference between the consideration paid and the net assets acquired from the Former Advisor has been treated as a cost to terminate the Advisory Agreement.

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The following table presents the impact of the correction discussed above (in thousands):

	As Previously Reported	As Corrected
Other assets, net	\$ 27,637	\$ 26,385
Accounts payable and accrued expenses	\$ 27,341	\$ 27,149
Minority interests	\$ 225,920	\$ 225,790
Loss on contract termination and related Internalization expenses	\$ (172,188)	\$ (173,248)

Note 2. Summary of Significant Accounting Policies***Principles of Consolidation***

Our Consolidated Financial Statements include the accounts of our company and our consolidated subsidiaries and partnerships that we control either through ownership of a majority voting interest, as the primary beneficiary, or otherwise. All significant intercompany accounts and transactions have been eliminated in consolidation. Investments in entities in which we do not own a majority voting interest but over which we have the ability to exercise significant influence over operating and financial policies are presented under the equity method. Investments in entities in which we do not own a majority voting interest and over which we do not have the ability to exercise significant influence are carried at the lower of cost or fair value, as appropriate. Our judgments with respect to our level of influence or control of an entity and whether we are the primary beneficiary of a variable interest entity as defined by Financial Accounting Standards Board (FASB) Interpretation No. 46(R), *Consolidation of Variable Interest Entities* (FIN No. 46(R)), involve consideration of various factors including the form of our ownership interest, our representation on the entity's board of directors, the size of our investment (including loans) and our ability to participate in policy making decisions. Our ability to correctly assess our influence or control over an entity affects the presentation of these investments in our Consolidated Financial Statements and, consequently, our financial position and specific items in our results of operations that are used by our stockholders, lenders and others in their evaluation of us.

Generally, we consolidate real estate partnerships and other entities that are not variable interest entities (as defined in FIN No. 46(R)) when we own, directly or indirectly, a majority voting interest in the entity. EITF Issue No. 04-5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights* (EITF 04-5), provides an accounting model to be used by a general partner, or group of general partners, to determine whether the general partner(s) controls a limited partnership or similar entity in light of certain rights held by the limited partners and provides additional guidance on what constitutes substantive kick-out rights and substantive participating rights.

Reclassifications

Certain items in our Consolidated Financial Statements for 2006 and 2005 have been reclassified to conform to the 2007 presentation.

Use of Estimates

The preparation of our Consolidated Financial Statements in accordance with U.S generally accepted accounting principals (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of our Consolidated Financial Statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Table of Contents***Investment in Real Estate, Valuation and Allocation of Real Estate Acquisitions***

We capitalize direct costs associated with, and incremental to, the acquisition, development, redevelopment or improvement of real estate, including asset acquisition costs and leasing costs as well as direct internal costs, if appropriate. Costs associated with acquisition or development pursuits are capitalized as incurred and, if the pursuit is abandoned, these costs are expensed during the period in which the pursuit is abandoned. Such costs considered for capitalization include construction costs, interest, real estate taxes, insurance and other such costs if appropriate. Interest is capitalized on actual expenditures from the period when development or redevelopment commences until the asset is substantially complete based on our current, weighted-average borrowing rates. Costs incurred for maintaining and making repairs to our real estate, which do not extend the life of our assets, are expensed as incurred.

Upon acquisition, the total cost of a property is allocated to land, building, building and land improvements, tenant improvements and intangible lease assets and liabilities pursuant to SFAS No. 141. The fair value of identifiable tangible assets such as land, building, building and land improvements and tenant improvements is determined on an as-if-vacant basis. Management considers the replacement cost of such assets, appraisals, property condition reports, market data and other related information in determining the fair value of the tangible assets. Pursuant to SFAS No. 141, the difference between the fair value and the face value of debt assumed in connection with an acquisition is recorded as a premium or discount and amortized to Interest expense over the life of the debt assumed. The valuation of assumed liabilities is based on the current market rate for similar liabilities. The allocation of the total cost of a property to an intangible lease asset includes the value associated with customer relationships and in-place leases that may include leasing commissions, legal and other costs. In addition, the allocation of the total cost of a property requires allocating costs to an intangible asset or liability resulting from in-place leases being above or below the market rental rates on the date of the acquisition. Intangible lease assets or liabilities will be amortized over the life of the remaining in-place leases as an adjustment to Rental revenues.

We have certain properties which we have acquired or removed from service with the intention to redevelop the building. Buildings under redevelopment require significant construction activities prior to being placed back into service. Additionally, we may acquire, develop, or redevelop certain properties with the intention to contribute the property to an institutional capital management joint venture, in which we may retain ownership in or manage the assets of the joint venture. We refer to these properties as held for contribution. We generally do not depreciate properties classified as redevelopment or held for contribution through the date the properties are contributed. Land undergoing activities necessary to prepare it for its intended use prior to significant construction activities is classified as pre-development.

Real estate, including land, building, building and land improvements, tenant improvements and leasing costs, and intangible lease assets and liabilities are stated at historical cost less accumulated depreciation and amortization. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the related assets or liabilities as follows:

Description	Standard Depreciable Life
Land	Not depreciated
Building	40 years
Building and land improvements	20 years
Tenant improvements	Lease term
Lease costs	Lease term
Intangible lease assets and liabilities	Average term of leases for property
Above/below market rent assets/liabilities	Lease term

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The table above reflects the standard depreciable lives typically used to compute depreciation and amortization. However, such depreciable lives may be different based on the estimated useful life of such assets or liabilities. The cost of assets sold or retired and the related accumulated depreciation and/or amortization is removed from the accounts and the resulting gain or loss, if necessary, is reflected in our Consolidated Statements of Operations during the period in which such sale or retirement occurs.

Depreciation and Useful Lives of Real Estate Assets

We estimate the depreciable portion of our real estate assets and their related useful lives in order to record depreciation expense. Our management's ability to accurately estimate the depreciable portions of our real estate assets and their useful lives is critical to the determination of the appropriate amount of depreciation expense recorded and the carrying values of the underlying assets. Any change to the estimated depreciable lives of these assets would have an impact on the depreciation expense we recognize. Depreciation is not recorded on buildings currently in pre-development, being developed or redeveloped until the building is substantially completed and placed into service, normally not later than one year from cessation of major construction activity.

During the year ended December 31, 2007, the estimated useful lives of certain buildings were reduced based on facts specific to each building. The reduction in the estimated useful lives resulted in increased depreciation expense and decreased Income (Loss) From Continuing Operations and Net Income (Loss) of approximately \$2.1 million, or \$0.01 per share, for the year ended December 31, 2007.

Impairment of Long-Lived Assets

Long-lived assets held and used are carried at cost and evaluated for impairment in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS No. 144). SFAS No. 144 provides that such an evaluation should be performed when events or changes in circumstances indicate such an evaluation is warranted. Examples include the point at which we deem the long-lived asset to be held for sale, downturns in the economy, etc. Impairment of long-lived assets is considered a critical accounting estimate because the evaluation of impairment and the determination of fair values involve a number of management assumptions relating to future economic events that could materially affect the determination of the ultimate value, and therefore, the carrying amounts of our real estate. Such assumptions include, but are not limited to, projecting vacancy rates, rental rates, property operating expenses, capital expenditures and debt financing rates, among other things. The capitalization rate is also a significant driving factor in determining the property valuation which requires management's judgment of factors such as market knowledge, historical experience, lease terms, tenant financial strength, economy, demographics, environment, property location, visibility, age, physical condition and investor return requirements, among other things. All of the aforementioned factors are taken as a whole by management in determining the valuation of investment property. The valuation is sensitive to the actual results of any of these uncertain factors, either individually or taken as a whole. Should the actual results differ from management's judgment, the valuation could be negatively affected and may result in a negative impact to our Consolidated Financial Statements.

Discontinued Operations

In accordance with SFAS No. 144, we classify certain properties and related assets and liabilities as held for sale when certain criteria are met (see Note 17 for additional information). At such time, the respective assets and liabilities are presented separately on our Consolidated Balance Sheets. Assets held for sale are reported at the lower of carrying value or estimated fair value less estimated costs to sell. The operating results of such properties are presented in Income from discontinued operations in current periods and all comparable periods presented. Depreciation is not recorded on properties held for sale; however, depreciation expense recorded prior to classification as held for sale is included in Income from discontinued operations. The net gain on sale and any impairment losses are presented in Income from discontinued operations when recognized.

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Equity Method Investments

We present investments in unconsolidated joint ventures under the equity method. The equity method is used when we have the ability to exercise significant influence over the operating and financial policies of a joint venture but do not control the joint venture. Under the equity method, these investments (including advances to joint ventures) are initially recorded in our Consolidated Balance Sheets at our cost and are subsequently adjusted to reflect our proportionate share of net earnings or losses of each of the joint ventures, distributions received, contributions made and certain other adjustments, as appropriate. Such investments are included in Investments in and advances to unconsolidated joint ventures in our Consolidated Balance Sheets. Distributions from these investments that are related to earnings from operations are included as operating activities and distributions that are related to capital transactions are included as investing activities in our Consolidated Statements of Cash Flows.

Investment properties that are contributed to unconsolidated joint ventures are not considered discontinued operations due to our continuing involvement through maintaining an ownership interest in these investment properties and continuing to act as manager of the assets. We recognize any gains from the contribution of investment properties into an unconsolidated joint venture in accordance with SFAS No. 66, *Accounting for Sales of Real Estate*, if the recognition criteria have been met. Such gains are recognized to the extent of the outside ownership interest in the joint venture in our Consolidated Statements of Operations under the heading of Gain on dispositions of real estate interests, net of minority interest. Any gain related to the remaining proceeds reduces our basis in the investment in the unconsolidated joint venture, and is recognized into earnings over the weighted average life of the related property's real estate assets. We recognize our proportionate share of the ongoing earnings or losses of each unconsolidated joint venture in Equity in income (losses) of unconsolidated joint ventures, net in our Consolidated Statements of Operations.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in financial institutions and other highly liquid short-term investments with original maturities of three months or less. We have not realized any losses in such cash investments or accounts and believe that we are not exposed to any significant credit risk.

Restricted Cash

Restricted cash includes cash held in escrow in connection with property acquisitions, utility deposits, real estate tax payments and issuance of mortgage debt, and is included in Other assets, net in our Consolidated Balance Sheets.

Notes Receivable

As of December 31, 2007 and 2006, we had approximately \$27.4 million and \$9.2 million in notes receivable outstanding. The interest rates on these notes range from approximately 6% to 10%, and the notes mature on dates ranging from January 2008 to July 2014. In June 2007, we issued a secured \$16.0 million, 6.0% interest note, maturing on July 1, 2014 to TRT-DCT Industrial Joint Venture I. Interest is due monthly on the unpaid balance. For the years ended December 31, 2007, 2006 and 2005, we recognized interest income from notes receivable of approximately \$1.4 million, \$0.9 million and \$0.8 million, respectively, which is recognized to the extent of outside ownership. All costs associated with executing these notes have been capitalized as deferred loan costs and are included in Deferred loan costs, net in our Consolidated Balance Sheets. Such costs are amortized as a reduction in interest income over the term of the applicable outstanding notes receivable.

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Deferred Loan Costs

Deferred loan costs include fees and costs incurred to obtain long-term financing. These fees and costs are being amortized over the terms of the related loans. Accumulated amortization of deferred loan costs was approximately \$6.2 million, \$5.2 million and \$2.9 million as of December 31, 2007, 2006 and 2005, respectively. Unamortized deferred loan costs are written off if debt is retired before the maturity date.

Prior to October 10, 2006, our operating partnership offered undivided tenancy-in-common interests in certain of our properties to accredited investors in a private placement. During the year ended December 31, 2006 and 2005, our partnership incurred upfront costs of approximately \$12.0 million and \$11.6 million, respectively, payable to our Former Advisor and other affiliates for affecting transactions pursuant to our partnership's private placement, which are accounted for as deferred loan costs. Such deferred loan costs are included in our Consolidated Balance Sheets and amortized to Interest expense over the life of the financing obligation (see Note 8 for additional information). As described in Note 8, if our partnership elects to exercise any purchase option and issue limited partnership units, the unamortized portion of up-front fees and expense reimbursements paid to affiliates will be recorded against minority interest as a selling cost of the limited partnership units. If our partnership does not elect to exercise any such purchase option, we will continue to account for these transactions as a financing obligation because we will continue to sub-lease 100% of the properties and will therefore not meet the definition of active use set forth in SFAS No. 98, *Accounting for Leases* (SFAS No. 98).

Debt

Debt consists of fixed and variable rate secured mortgage debt, senior unsecured notes, and a senior unsecured revolving credit facility. Pursuant to SFAS No. 141, our fixed rate secured mortgage debt assumed in connection with our acquisition activities includes a premium or discount for the difference between the fair value and face value of assumed notes at the date of acquisition, and is amortized to interest expense over the remaining life of the underlying notes. The aggregated premium balances, net of accumulated amortization, were approximately \$5.6 million and \$8.3 million as of December 31, 2007 and 2006, respectively.

Costs of Raising Capital

Costs incurred in connection with the issuance of equity securities are deducted from stockholders' equity.

Comprehensive Income (Loss)

We report comprehensive income (loss) in our Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss). Amounts reported in Accumulated Other Comprehensive Loss related to hedging transactions will be amortized to Interest expense over the life of our hedged debt issuances. Any ineffectiveness, as defined by SFAS No. 133 (defined below), related to our hedging transactions is reported in our Consolidated Statements of Operations. See Note 6 for additional information.

Derivative Instruments and Hedging Activities

SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS No. 133), as amended and interpreted, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. As required by SFAS No. 133, we record all derivatives in our Consolidated Balance Sheets at fair value. Accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the designation of the derivative. Derivatives used to hedge our exposure to changes in the fair value of an asset, liability, or firm commitments attributable to a particular risk are considered fair value hedges. Derivatives used to hedge our exposure to variability in expected future interest payments, or other types of forecasted transactions, are considered cash flow hedges.

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As of December 31, 2007, all of the hedges entered into by us had been designated as cash flow hedges. For derivatives designated as cash flow hedges, the changes in the fair value of the derivative that represents changes in expected future cash flows which are effectively hedged by the derivative are initially reported as other comprehensive income (loss) in our Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss) (i.e., not included in earnings) until the derivative is settled. Upon settlement, the effective portion of the hedge is recognized as other comprehensive income (loss) and amortized over the term of the designated cash flow or transaction the derivative was intended to hedge. The change in value of any derivative that is deemed to be ineffective is charged directly to earnings when the determination of ineffectiveness is made. We assess the effectiveness of each hedging relationship by comparing the changes in fair value or cash flows of the derivative hedging instrument with the changes in fair value or cash flows of the designated hedged item or transaction. We do not use derivatives for trading or speculative purposes.

Our objective in using derivatives is to add stability to future interest expense and to manage our exposure to interest rate volatility associated with our forecasted debt issuances and certain variable rate borrowings. To accomplish this objective, we primarily use treasury locks and forward-starting swaps as part of our cash flow hedging strategy. These derivatives are designed to mitigate the risk of future interest rate fluctuations by providing a future fixed interest rate for a limited, pre-determined period of time. During the years ended December 31, 2007, 2006 and 2005, such derivatives were used to hedge the variability in existing and future interest expense associated with existing variable rate borrowings and forecasted issuances of debt, which may include the issuances of new debt, as well as refinancings of existing debt upon maturity.

Foreign Operations

The U.S. dollar is the functional currency for our consolidated subsidiaries and unconsolidated investees operating in the United States and Mexico. Gains or losses are included in results of operations when transactions denominated in a currency other than the entity's functional currency are settled, and are based upon the exchange rate in effect when the transactions were initiated. Foreign currency gains and losses were not material to our results of operations for the year ended December 31, 2007, and we had no such gains or losses for the years ended December 31, 2006 or 2005.

Revenue Recognition

We record rental revenues on a straight-line basis under which contractual rent increases are recognized evenly over the full lease term. Certain properties have leases that provide for tenant occupancy during periods where no rent is due or where minimum rent payments increase during the term of the lease. Accordingly, we record receivables from tenants that we expect to collect over the remaining lease term rather than currently, which are recorded as straight-line rents receivable. When we acquire a property, the terms of existing leases are considered to commence as of the acquisition date for the purposes of this calculation. For the years ended December 31, 2007, 2006 and 2005, the total increase to Rental revenues due to straight-line rent adjustments, including amounts reported from discontinued operations, was approximately \$5.7 million, \$7.7 million and \$5.1 million, respectively.

Tenant recovery income includes payments and amounts due from tenants pursuant to their leases for real estate taxes, insurance and other recoverable property operating expenses and is recognized as Rental revenues during the same period the related expenses are incurred. Tenant recovery income recognized as Rental revenues for the years ended December 31, 2007, 2006 and 2005 was \$49.4 million, \$37.7 million and \$20.5 million, respectively.

In connection with property acquisitions, we may acquire leases with rental rates above or below the market rental rates. Such differences are recorded as an intangible asset or liability pursuant to SFAS No. 141, and amortized to Rental revenues over the life of the related leases. Additionally, the unamortized balances of SFAS No. 141 assets and liabilities associated with the early termination of leases are fully amortized to their respective revenue and expense line items in our Consolidated Statements of Operations over the shorter of the

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expected life of such assets and liabilities or the remaining lease term. For the year ended December 31, 2007, the total net increase to Rental revenues due to the amortization of above and below market rents, including amounts reported from discontinued operations and accelerated amortization due to early terminations, was approximately \$1.3 million, while the total net decrease to Rental revenues for the years ended December 31, 2006 and 2005 was approximately \$1.3 million and \$2.3 million, respectively.

Future minimum base rental payments due to us from our tenants under non-cancelable operating leases in effect as of December 31, 2007 were as follows (in thousands):

<u>Year Ended December 31,</u>	<u>Amount</u>
2008	\$ 189,002
2009	151,917
2010	114,848
2011	81,594
2012	59,750
Thereafter	89,047
Total	\$ 686,158

The schedule does not reflect future rental revenues from the potential renewal or replacement of existing and future leases and excludes property operating expense reimbursements. Additionally, leases where the tenant can terminate the lease with 30 days notice are not included.

Early lease termination fees are recorded in Rental revenues when such amounts are earned. During the years ended December 31, 2007, 2006 and 2005, revenues associated with early lease termination fees, including amounts reported from discontinued operations, were approximately \$0.2 million, \$1.7 million and \$3.8 million, respectively.

We earn revenues from asset management fees, acquisition fees and fees for other services pursuant to joint venture and other agreements. These may include acquisition fees based on the sale or contribution of assets and are included in our Consolidated Statements of Operations in Institutional capital management and other fees. We recognize revenues from asset management fees, acquisition fees and fees for other services when the related fees are earned and are realized or realizable.

Stock-Based Compensation

On October 10, 2006, we established the Long-Term Incentive Plan to grant restricted stock, stock options and other awards to our personnel. We account for this plan pursuant to SFAS No. 123, *Accounting for Stock-Based Compensation* (SFAS No. 123), and effective January 1, 2006, we adopted SFAS No. 123(R), *Share-Based Payment* (SFAS No. 123(R)), and its related interpretations (see Note 12 for additional information). Options granted under this plan are fair valued and amortized to compensation expense on a straight-line basis over the period during which the right to exercise such options fully vests. Such expense is included in General and Administrative expense in our Consolidated Statements of Operations. We previously granted equity awards under an employee stock option plan (the Employee Option Plan) and an independent director stock option plan (the Independent Director Option Plan). With the adoption of the Long-Term Incentive Plan we do not plan to make any further grants under the Employee Option Plan or the Independent Director Option Plan.

Income Taxes

We have elected to be taxed as a REIT, as defined under the Internal Revenue Code of 1986, as amended. As a REIT, we generally will not be subject to U.S. federal income taxes at the corporate level on our net income that is distributed to our stockholders if we distribute at least 90% of our REIT taxable income to our stockholders. If our taxable income exceeds our dividends in a tax year, REIT tax rules allow us to throw back dividends from the subsequent tax year in order to avoid current taxation on undistributed income. Throwing back of dividends

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can result in excise taxes. REITs are also subject to a number of other organizational and operational requirements. If we fail to qualify as a REIT in any taxable year, our taxable income will be subject to U.S. federal income tax at regular corporate rates (including any applicable alternative minimum tax). Even if we qualify as a REIT, we may be subject to certain state and local income taxes and to U.S. federal income tax. We also will be required to pay a 100% tax on non-arms length transactions between us and a taxable REIT subsidiary and on any net income from sales of property that was property held for sale to customers in the ordinary course.

Certain of our operations (property management, asset management, sales of certain assets, etc.) may be conducted through taxable REIT subsidiaries, which are subsidiaries of the operating partnership and each of which we refer to as a TRS. A TRS is a C-corporation that has not elected REIT status and as such is subject to U.S. federal corporate income tax. We use the TRS format to facilitate activities that are not generally considered to be qualifying REIT activities.

For our taxable REIT subsidiaries, deferred income taxes result from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for U.S. federal income tax purposes, and are measured using the enacted tax rates and laws that are expected to be in effect when the differences reverse. We reduce deferred tax assets by recording a valuation allowance when we determine based on available evidence that it is more likely than not that the assets will not be realized.

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* an interpretation of FASB Statement No. 109 (FIN 48). This interpretation clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification of interest and penalties, accounting in interim periods, disclosure and transition.

The Company was subject to the provisions of FIN 48 as of January 1, 2007, and has analyzed its various federal and state filing positions, including the assertion that the Company is not taxable. The Company believes that its income tax filing positions are well documented and supported. As a result of the implementation of FIN 48, the Company recognized a \$0.5 million liability for unrecognized tax benefits, which includes approximately \$41,000 for accrued interest and penalties, and was accounted for as an increase to the January 1, 2007 balance of

Distributions in excess of earnings in our Consolidated Balance Sheets. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

Balance at January 1, 2007	\$ 459
Additions based on tax positions related to the current year	
Additions for tax positions of prior years	
Reductions for tax positions of prior years	
Settlements	
Balance at December 31, 2007	\$ 459

The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits as income tax expense. For the year ended December 31, 2007, an additional \$28,000 was recognized as accrued interest expense related to the liability for unrecognized tax benefits. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued will be reduced and reflected as a reduction of the overall income tax expense. All years of the Company's operations remain open for examination.

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In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160 (SFAS No. 160), *Noncontrolling Interests in Consolidated Financial Statements - An Amendment of ARB No. 51*. SFAS No. 160 establishes new accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008, and early adoption is not permitted. We are currently evaluating the application of SFAS No. 160 and its effect on our Consolidated Financial Statements.

In December 2007, the FASB issued SFAS No. 141, *Business Combinations (revised 2007)* (SFAS No. 141(R)). SFAS No. 141(R) requires the acquiring entity in a business combination to record all assets acquired and liabilities assumed at their respective acquisition-date fair values, changes the recognition of assets acquired and liabilities assumed arising from contingencies, changes the recognition and measurement of contingent consideration, and requires the expensing of acquisition-related costs as incurred. SFAS No. 141(R) also requires additional disclosure of information surrounding a business combination, such that users of the entity's financial statements can fully understand the nature and financial impact of the business combination. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply the provisions of SFAS No. 141(R) prior to that date. We are currently evaluating the application of SFAS No. 141(R) and its effect on our Consolidated Financial Statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS No. 159) which expands the use of the fair value measurement to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. We are currently evaluating the application of SFAS No. 159 and its effect on our Consolidated Financial Statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS No. 157) which defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair-value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. As SFAS No. 157 does not require any new fair value measurements or remeasurements of previously computed fair values, we do not believe adoption of this statement will have a material effect on our Consolidated Financial Statements.

Note 3. Real Estate

Our consolidated real estate assets consist of operating properties, redevelopment properties, operating properties held for contribution, properties under development and properties in pre-development including land held for future development or other purposes. Our real estate assets, presented at historical cost, include the following as of December 31, 2007 and 2006 (in thousands):

	December 31,	
	2007	2006
Operating properties	\$ 2,623,927	\$ 2,754,076
Properties under redevelopment	37,086	21,518
Operating properties held for contribution	120,188	32,142
Properties under development	76,680	26,289
Properties in pre-development including land held	25,025	30,863
 Total Investment in Properties	 2,882,906	 2,864,888
Less accumulated depreciation and amortization	(310,691)	(199,574)
 Net Investment in Properties	 \$ 2,572,215	 \$ 2,665,314

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Acquisition Activity

During the year ended December 31, 2007, we acquired 27 operating properties located in the United States (11 markets) and Mexico (four markets), comprised of approximately 4.7 million square feet for a total cost of approximately \$221.0 million, which includes acquisition costs. These properties were acquired from unrelated third parties using existing cash balances and short-term borrowings.

During the year ended December 31, 2006, we acquired 133 operating properties located in 20 markets, comprised of approximately 19.3 million square feet for a total cost of approximately \$1.0 billion, which includes acquisition costs. These properties were acquired from unrelated third parties, using net proceeds from our public offerings, our operating partnership's private placement and debt issuances and existing cash balances. In addition, we acquired two shell-complete and fully leased development properties located in two markets, comprised of approximately 1.1 million square feet for a total cost of approximately \$49.7 million.

For all properties acquired and consolidated, the results of operations for such properties are included in our Consolidated Statements of Operations from the dates of acquisition.

Disposition Activity

During the year ended December 31, 2007, we disposed of a total of 19 operating properties comprised of approximately 5.9 million square feet in 12 markets, and one development property comprised of approximately 499,000 square feet. We sold five properties comprised of approximately 788,000 square feet to unrelated third parties for total gross proceeds of approximately \$76.1 million, which resulted in a gain of approximately \$12.1 million. The remaining 15 properties comprised of approximately 5.6 million square feet were contributed to institutional joint ventures in which we retain ownership interests for a total contribution value of approximately \$290.1 million (see discussion below).

During the year ended December 31, 2006, we disposed of a total of 21 operating properties comprised of approximately 5.0 million square feet in eleven markets. We sold 13 properties comprised of 1.8 million square feet to third parties for total gross proceeds of approximately \$117.9 million, which resulted in a gain of approximately \$6.6 million. The remaining eight properties comprised of approximately 3.2 million square feet were contributed to institutional funds in which we maintain ownership interests for a total contribution value of approximately \$147.7 million (see discussion below).

Contribution of Properties to Institutional Capital Management Joint Ventures

DCT/SPF Industrial Operating LLC

On August 30, 2007, we entered into a joint venture agreement with Industrial Acquisition LLC (JP Morgan), an entity advised by JPMorgan Asset Management, to form DCT/SPF Industrial Operating LLC (JP Morgan Venture). As of December 31, 2007, this joint venture owned approximately \$258.7 million of real estate assets. This joint venture is funded with an equity contribution from JP Morgan to the joint venture (approximately 80% of the joint venture's equity capitalization) and an equity contribution from us to the joint venture (approximately 20% of the joint venture's equity capitalization). Our actual ownership percentage may vary depending on amounts of capital contributed and the timing of contributions and distributions.

During the year ended December 31, 2007, we contributed six properties to the JP Morgan Venture comprised of approximately 2.8 million square feet with a combined gross contribution value of approximately \$138.7 million. The contribution of the six properties into JP Morgan Venture resulted in a total gain of approximately \$17.1 million, of which approximately \$13.6 million was recognized in our earnings during the year ended December 31, 2007. The remaining gain of approximately \$3.5 million reduces our basis in the investment and is recognized into earnings over the weighted average life of the related property's real estate assets.

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TRT-DCT Industrial Joint Venture I

On September 1, 2006, we entered into the first joint venture agreement with Dividend Capital Total Realty Trust Inc., DCTRT, TRT-DCT Industrial Joint Venture I, G.P., TRT-DCT Venture I, pursuant to which we anticipate TRT-DCT Venture I will own up to \$208.0 million of industrial properties. As of December 31, 2007, this joint venture owned approximately \$144.4 million in real estate assets. This joint venture is funded as follows: (i) an equity contribution from DCTRT to the joint venture (which we estimate to be not less than approximately 90% of the joint venture's required equity capitalization); (ii) an equity contribution from us to the joint venture (which we estimate to be approximately 10% of the joint venture's required equity capitalization); and (iii) secured debt financing to be obtained by the joint venture with a targeted loan-to-value of no less than 55.0% and no more than 75.0%. In June 2007, we issued a secured \$16.0 million, 6.0% interest note, maturing on July 1, 2014 to TRT-DCT Venture I. Our actual ownership percentage may vary depending on amounts of capital contributed and the timing of contributions and distributions.

As co-general partner, we make the initial determination as to whether an asset will be acquired by TRT-DCT Venture I, and this determination is then subject to DCTRT's review and approval. With respect to our own assets, if the proposed asset has been owned by us for four months or less and no significant leasing, development or repositioning of the asset has occurred, the purchase price for the asset is equal to our total gross cost basis and, if the proposed asset has been owned by us for more than four months or significant leasing, development or repositioning of the asset has occurred, the purchase price for the asset is equal to the asset's fair market value as determined by an unaffiliated appraiser plus incremental third-party costs including legal, due diligence and debt financing expenses. However, we have no obligation to sell an asset if the appraised value is less than our cost basis. Assets that are acquired from third parties are valued at the acquisition's total gross cost, which includes the purchase price, due diligence costs and closing costs. We will receive an acquisition fee of 50 basis points in connection with all assets that are contributed by us or acquired by TRT-DCT Venture I from third parties.

During the year ended December 31, 2007, we contributed four properties to TRT-DCT Venture I comprised of approximately 1.4 million square feet with a combined gross contribution value of approximately \$84.2 million. The contribution of the four properties into TRT-DCT Venture I during 2007 resulted in a gain of approximately \$12.1 million, of which approximately \$10.9 million was recognized in our earnings during the year ended December 31, 2007. The remaining gain of approximately \$1.2 million reduces our basis in the investment and is recognized into earnings over the weighted average life of the related property's real estate assets.

During the year ended December 31, 2006, we contributed two properties to TRT-DCT Venture I comprised of approximately 576,000 square feet with a combined gross contribution value of approximately \$24.9 million. The contribution of the two properties into TRT-DCT Venture I during 2006 resulted in a gain of approximately \$0.3 million that was recognized in our earnings during the year ended December 31, 2006.

TRT-DCT Industrial Joint Venture II

On March 27, 2007, we formed our second joint venture agreement with DCTRT, TRT-DCT Industrial Joint Venture II, G.P., (TRT-DCT Venture II). As of December 31, 2007, this joint venture owned approximately \$67.8 million of real estate assets. TRT-DCT Venture II is structured and funded in a manner similar to TRT-DCT Venture I.

During the year ended December 31, 2007, we contributed five properties to TRT-DCT Venture II comprised of approximately 1.4 million square feet with a combined gross contribution value of approximately \$67.2 million. The contribution of the five properties into TRT-DCT Venture II resulted in a total gain of approximately \$6.7 million, of which approximately \$6.0 million was recognized in our earnings during the year ended December 31, 2007. The remaining gain of approximately \$0.7 million reduces our basis in the investment and is recognized into earnings over the weighted average life of the related property's real estate assets.

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DCT Fund I

On February 21, 2006, we entered into a joint venture with affiliates of Boubyan Bank of Kuwait (*BBK*), an unrelated third party, to create an institutional fund, DCT Fund I LLC (*Fund I*), that owns and operates industrial properties located in the United States. We contributed six industrial properties to Fund I, totaling approximately 2.6 million square feet after completion of a 330,000 square foot expansion project. The contribution value of the six buildings upon completion of the expansion was approximately \$122.8 million. Contemporaneously with our contribution, Fund I issued \$84.4 million of secured non-recourse debt to a third party and BBK contributed \$19.7 million of equity to Fund I. Upon receipt of these proceeds, Fund I made a special distribution to us of approximately \$102.7 million. The expansion was completed during June 2006, and, contemporaneously with the completion of the expansion, Fund I issued \$11.1 million of additional secured non-recourse debt to a third party and BBK contributed \$2.6 million of equity to Fund I. Upon receipt of these proceeds, Fund I made a special distribution to us of approximately \$13.7 million. With the completion of these transactions, our ownership of Fund I is 20% and BBK's ownership of Fund I is 80%.

The contribution of the six properties into Fund I (exclusive of the expansion project) resulted in a total gain of approximately \$4.2 million of which approximately \$3.4 million was recognized in our earnings in during the year ended December 31, 2006. The completion of the expansion in June 2006 resulted in an additional gain of approximately \$5.2 million of which approximately \$4.2 million was recognized in earnings during 2006. In total, the transaction resulted in an aggregate gain of approximately \$7.6 million for the year ended December 31, 2006. The remaining gain of approximately \$1.8 million reduces our basis in the investment and is recognized into earnings over the weighted average life of the related property's real estate assets.

Pursuant to our joint venture agreement, we act as asset manager for Fund I and earn certain fees, including asset management fees, related to the properties we manage. In addition to these fees, after we and BBK are repaid our respective capital contributions plus a preferred return, we have the right to receive a promoted interest in Fund I based on performance. Although Fund I's day-to-day business affairs are managed by us, both us and BBK have substantive participating rights and participate in all major decisions.

Discontinued Operations

As of December 31, 2007, there were no potential sales of our properties to a third party that were considered probable and, as such, no properties were classified as held for sale in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (*SFAS 144*). However, five properties sold during the year ended December 31, 2007 and seven properties sold during the year ended December 31, 2006 to third parties were classified as discontinued operations. See Note 17 for additional information.

Development Projects Consolidated

SouthCreek IV Distribution Facility

On May 19, 2005, we entered into a joint venture agreement with SV Atlanta SouthCreek IV, L.P. (*SouthCreek*), an unrelated third-party developer, to acquire 37 acres of land and to develop a 556,800 square foot distribution facility located in Atlanta, Georgia. Pursuant to the joint venture agreement, SouthCreek and we provided approximately 3% and 97%, respectively, of the required equity capital to fund the development project. Both parties received a preferred return on their respective capital contributions. As of December 31, 2006, our investment in this joint venture was included in Investments in and advances to unconsolidated joint ventures in our Consolidated Balance Sheets.

During 2007, we acquired the remaining interest in SouthCreek for approximately \$9.3 million in cash and consolidated the shell-complete building.

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Union Center

On November 9, 2007, we acquired approximately 52 acres of vacant land in Cincinnati, Ohio for approximately \$3.9 million. Construction commenced immediately on two bulk distribution buildings comprised of 840,000 square feet that are expected to be shell-complete in late 2008.

Dulles Summit

On August 4, 2006, we entered into a joint venture agreement with SIP 8, L.P. ("SIP"), an unrelated third-party developer, to acquire approximately 50 acres of land, including 33 developable acres and 17 acres of un-developable wetlands in Dulles, Virginia ("Dulles Summit"). The joint venture will develop a total of six light industrial facilities in two phases aggregating approximately 456,000 square feet, with each phase consisting of three buildings. Pursuant to the joint venture agreement, SIP and DCT will provide approximately 5% and 95%, respectively, of the required equity capital to fund the development project and, as of December 31, 2007, SIP and DCT had contributed equity capital of approximately \$0.7 million and \$13.7 million, respectively. Also pursuant to the joint venture agreement, we have the ability to control, and therefore consolidate, the joint venture. Both parties will receive a preferred return on their respective capital contributions. We have the right to purchase SIP's interest in the venture at fair market value on a building by building basis, and SIP has the right to put their interest in the venture to us at fair market value on a phase by phase basis, upon stabilization. Construction of the first phase began August 2007 and is estimated to be shell-complete in mid-year 2008 for a total estimated cost of approximately \$25.2 million including land costs. This joint venture is consolidated and included in our Consolidated Financial Statements.

Development Projects Unconsolidated

SCLA

During 2006, we entered into a joint venture agreement with Stirling Airports International, LLC, or Stirling, an unrelated third party, to be the master developer of up to 4,350 acres in Victorville, California, part of the Inland Empire submarket in Southern California. The development project is located at the former George Air Force Base which closed in 1992 and is now known as Southern California Logistics Airport, or SCLA. We refer to this joint venture as the SCLA joint venture. Stirling entered into two master development agreements which gave it certain rights to be the exclusive developer of the SCLA development project for the next 12 years (including extensions) and assigned these rights to the SCLA joint venture upon the closing of the venture. While our exact share of the equity interests in the SCLA joint venture will depend on the amount of capital we contribute and the timing of contributions and distributions, the SCLA joint venture contemplates an equal sharing between us and Stirling of residual profits and cash flows after all priority distributions.

During the year ended December 31, 2007, the SCLA joint venture began construction on four buildings comprised of approximately 926,000 square feet, of which one 408,000 square foot building pre-leased to Newell Rubbermaid was completed during the third quarter of 2007.

Logistics Way

On September 12, 2006, we entered into a joint venture agreement with Logistics Way Investors Joint Venture ("LWI"), an unrelated third-party developer, to acquire approximately 36 acres of land and to develop a 570,000 square foot distribution facility in the city of Nashville, Tennessee ("Logistics Way"). Pursuant to the joint venture agreement, LWI and we will provide approximately 5% and 95%, respectively, of the required equity capital to fund the development project. Both parties will receive a preferred return on their respective capital contributions. We have the right to purchase LWI's interest in the venture at fair market value any time after the later to occur of (i) stabilization of the project, and (ii) the date 12 months after completion of the project. LWI has the right to put their interest to us 18 months after shell completion at fair market value. The building was shell-complete in May 2007. Our investment in this joint venture is included in Investments in and advances to unconsolidated joint ventures in our Consolidated Balance Sheets.

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Sycamore Canyon

On April 20, 2006, we entered into a joint venture agreement with SycCanyonS JP/PI, LLC (SCS), an unrelated third-party developer, to acquire approximately 35 acres of land and to develop two distribution buildings comprising approximately 900,000 square feet in the City of Riverside, California (Sycamore Canyon). Pursuant to the joint venture agreement, SCS and DCT will provide approximately 10% and 90%, respectively, of the required equity capital, which is currently estimated to be approximately \$4.0 million to fund the development project. Both parties will receive a preferred return on their respective capital contributions. We have the right to purchase SCS 's interest in the venture at fair market value any time after the later to occur of (i) stabilization of the project, and (ii) the date 48 months after completion of the project. SCS has the right to put their interest to us 12 months after shell completion at fair market value. The first building was completed in July 2007. Our investment in this joint venture is included in Investments in and advances to unconsolidated joint ventures in our Consolidated Balance Sheets.

IDI/DCT, LLC

On November 20, 2007, we entered into a joint venture agreement with Industrial Developments International, Inc. (IDI), an unrelated third-party developer, to acquire approximately 113 acres of land to develop four distribution buildings comprising approximately 1.9 million square feet in Savannah, Georgia, Nashville, Tennessee, Chicago, Illinois, and Stockton, California. Pursuant to the joint venture agreement, IDI and DCT will each provide 50% of the required land acquisition and building development equity, which is currently estimated to be approximately \$10.9 million. Both parties will receive a preferred return on their respective capital contributions. DCT has the right of first offer to buy the project beginning 12 months after the commencement of construction. The buildings are expected to be shell-completed during 2008 for a total estimated cost of approximately \$87.9 million. Our investment in this joint venture is included in Investments in and advances to unconsolidated joint ventures in our Consolidated Balance Sheets.

Whitestown

On December 11, 2007, we entered into a joint venture agreement with Whitestown PDC Development, LLC (PDC), an unrelated third-party developer, to acquire approximately 28.4 acres of land to develop a distribution building comprising approximately 546,000 million square feet in Whitestown, Indiana. Pursuant to the joint venture agreement, PDC and DCT will provide 10% and 90%, respectively, of the required land acquisition and building development equity, which is currently estimated to be approximately \$2.9 million. Both parties will receive a preferred return on their respective capital contributions. Either PDC or DCT can exercise a put/call option at fair market value once the project is stabilized. The building is expected to be shell-complete during 2008 for a total estimated cost of approximately \$18.9 million. Our investment in this joint venture is included in Investments in and advances to unconsolidated joint ventures in our Consolidated Balance Sheets.

Table of Contents**Intangible Assets**

Aggregate net amortization for intangible assets recognized pursuant to SFAS No. 141 in connection with property acquisitions (excluding assets and liabilities related to above and below market rents; see Note 2 for additional information) was approximately \$29.8 million, \$31.5 million and \$21.3 million for the years ended December 31, 2007, 2006 and 2005, respectively. The following table describes the estimated net amortization of such intangible assets and liabilities for the next five years. In addition, the table describes the net decrease to rental revenues due to the amortization of above and below market rents for the next 5 years (in thousands):

For the 12 Months Ended December 31,	Estimated Net Amortization of Lease Intangible Assets	Estimated Net Decrease to Rental Revenues Related to Above and Below Market Rents
2008	\$ 23,864	\$ (658)
2009	15,876	(949)
2010	9,792	(1,142)
2011	6,470	(560)
2012	4,240	(303)
Total	\$ 60,242	\$ (3,612)

Note 4. Investments in and Advances to Unconsolidated Joint Ventures

We enter into joint ventures primarily for purposes of developing industrial real estate and to establish funds or other commingled investment vehicles with institutional partners. The following describes our unconsolidated joint ventures as of December 31, 2007 and 2006:

Unconsolidated Joint Ventures	DCT Ownership Percentage As of December 31, 2007	Number of Buildings	December 31, 2007	December 31, 2006
Institutional Funds:				
(in thousands)				
DCT Fund I LLC	20%	6	\$ 2,580	\$ 3,426
TRT-DCT Venture I	10%	8	2,496	5,704
TRT-DCT Venture II	12.5%	5	1,750	
DCT/SPF Industrial Operating LLC	20%	13	46,924	
Developments:				
SouthCreek IV				
Distribution Facility ⁽¹⁾	100%			6,280
Panattoni Investments	0.5%	3	251	251
Whitestown	90%		935	
IDI	50%	4	9,165	
Sycamore Canyon	90%	2	5,282	4,109
Stirling Capital				
Investments (SCLA) ⁽²⁾	50%	5	29,827	19,246
Logistics Way	95%	1	3,540	3,320
Total		47	\$ 102,750	\$ 42,336

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- (1) During the year ended December 31, 2007, we acquired the remaining interest in the SouthCreek IV Distribution Facility development joint venture, and consolidated one building comprised of approximately 557,000 square feet.
- (2) Although we contributed 100% of the initial cash equity capital required by the venture, our partners retain certain participation rights in the venture's available cash flows.

At December 31, 2007, the Company's investments in DCT/SPF Industrial Operating LLC and TRT-DCT Venture I were considered significant subsidiaries pursuant to Accounting Principles Board Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock*. During the year ended December 31, 2007, we recognized a combined gain of approximately \$24.5 million related to the contribution of assets to the joint ventures. Condensed combined financial information of DCT/SPF Industrial Operating LLC and TRT-DCT Venture I is as follows (in thousands):

	December 31, 2007		For the Year Ended December 31, 2007
Balance sheet:		Statement of operations:	
Total investment in properties	\$ 403,082	Revenues:	
Accumulated depreciation	(7,435)	Rental revenues	\$ 15,500
Net investment in properties	395,647	Other income	38
Cash and cash equivalents	1,987	Total revenues	15,538
Other assets	2,263	Expenses:	
Total assets	\$ 399,897	Real estate taxes	(1,998)
		Rental expenses	(1,087)
Secured debt	\$ 101,042	Depreciation and amortization	(7,150)
Other liabilities	9,279	General and administrative	(308)
Total liabilities	110,321	Total expenses	(10,543)
Partners' capital	289,576	Interest expense	(3,758)
Total liabilities and partners' capital	\$ 399,897	Net income	\$ 1,237

Note 5. Outstanding Indebtedness

As of December 31, 2007, our outstanding indebtedness consisted of secured mortgage debt, unsecured notes and an unsecured revolving credit facility (line of credit) and totaled approximately \$1.2 billion, excluding \$86.5 million representing our proportionate share of debt associated with unconsolidated joint ventures. As of December 31, 2006, our outstanding indebtedness consisted of secured mortgage debt, unsecured notes and secured and unsecured revolving credit facilities and totaled approximately \$1.1 billion, excluding \$48.9 million representing our proportionate share of debt associated with unconsolidated joint ventures. As of December 31, 2007, the historical cost of all our consolidated properties was approximately \$2.9 billion and the historical cost of all properties securing our fixed rate mortgage debt was approximately \$1.3 billion. As of December 31, 2006, the total historical cost of all our consolidated properties, including properties held for sale, was approximately \$2.9 billion and the historical cost of all properties securing our fixed rate mortgage debt and senior secured credit facility was approximately \$1.3 billion and \$44.9 million, respectively. Our debt has various covenants and we were in compliance with all of these covenants as of December 31, 2007 and 2006.

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Our outstanding indebtedness is summarized in the table below (dollars in thousands):

	Stated Interest Rate	Maturity Date	Outstanding Balance as of December 31,	
			2007	2006
<i>Senior Unsecured Notes:</i>				
2 year, variable rate ⁽¹⁾⁽⁵⁾	5.97%	June 2008	\$ 275,000	\$ 275,000
5 year, fixed rate ⁽¹⁾	5.53%	April 2011	50,000	50,000
8 year, fixed rate ⁽¹⁾	5.68%	January 2014	50,000	50,000
10 year, fixed rate ⁽¹⁾	5.77%	April 2016	50,000	50,000
<i>Mortgage Notes:</i>				
Variable:				
Cabot	6.45%	October 2011	25,237	25,237
Fixed:				
7 year, fixed rate	5.00%	March 2011	37,979	38,679
10 year, fixed rate ⁽¹⁾	5.31%	January 2015	52,865	53,910
5 year, fixed rate ⁽¹⁾	4.40%	January 2010	54,492	55,716
8 year, fixed rate	4.97%	October 2013	18,555	3,926
Park West G	7.08%	July 2008	15,681	16,214
Mid South Logistics Center	6.40%	November 2012	12,388	12,543
Sky Harbor Transit Center	6.22%	September 2012		3,675
Shelby 4	7.40%	December 2017	1,267	1,349
Shelby 5	5.69%	December 2013	7,459	7,763
Shelby 19	6.72%	November 2022	11,567	12,005
Miami Commerce Center	6.91%	October 2018	5,555	5,889
Shelby 18	8.50%	October 2008	7,865	7,973
1615 Diplomat Drive.	7.25%	July 2008	2,345	2,423
Memphis Striplex	6.79%	July 2011	4,543	4,619
Binney & Smith Distribution Center	6.97%	June 2013	10,161	10,795
Roosevelt Distribution Center.	7.11%	December 2011	2,261	2,348
111 Lake Drive.	5.79%	April 2013	5,316	5,389
2401 Midpoint Drive.	5.25%	January 2016		5,743
Park West	7.21%	July 2008	10,926	11,156
Baltimore-Washington	6.25%	September 2012	26,366	26,769
Blackhawk	4.89%	February 2008	19,996	19,997
Greens Crossing	6.44%	October 2012	6,933	7,058
Willowbrook	6.84%	September 2012	8,102	8,212
Cabot	5.06%	January 2011	56,668	57,494
Cabot	4.72%	April 2011	48,980	50,150
Cabot	5.16%	July 2012	62,740	62,740
Cabot	4.91%	April 2012	51,764	51,764
Cabot	4.79%	October 2011	50,549	50,549
Rockaway	7.22%	March 2008	6,094	6,289
452 Business Center	7.48%	August 2011	4,273	4,448
Mohawk	5.75%	August 2025	8,703	
Louisville Logistics Center	6.04%	January 2013	6,308	
Weighted Avg./Totals ⁽²⁾	5.61%	N/A	1,068,938	1,057,822
Premiums, Net of Amortization ⁽³⁾	N/A	N/A	5,630	8,259
Total Senior Unsecured Notes and Mortgage Notes	N/A	N/A	1,074,568	1,066,081
Secured and Unsecured Credit Facilities:	N/A	N/A		
Senior Unsecured Revolving Credit Facility ⁽⁴⁾	5.68%	December 2010	82,000	34,272
Senior Secured Revolving Credit Facility ⁽⁴⁾				6
Outstanding Balance on Credit Facilities	5.68%	N/A	82,000	34,278
Total Carrying Value of Debt	N/A	N/A	\$ 1,156,568	\$ 1,100,359
Fixed Rate Debt ⁽⁵⁾	5.45%	N/A	\$ 768,701	\$ 757,585

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Premiums, Net of Amortization	N/A	N/A	5,630	8,259
Variable Rate Debt	5.94%	N/A	382,237	334,515
Total Carrying Value of Debt	N/A	N/A	\$ 1,156,568	\$ 1,100,359

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- (1) We assigned certain derivative instruments to these notes and pursuant to SFAS No. 133 (see Note 2), the fair value of these derivative instruments will be amortized to interest expense over the life of the assigned notes.
- (2) Weighted-average interest rates are based upon outstanding balances as of December 31, 2007.
- (3) Certain mortgages were assumed in conjunction with the acquisition of properties and, pursuant to SFAS No. 141 (see Note 2), the difference between the fair value and the face value of these notes at the date of acquisition is reflected as a premium or discount which will be amortized to interest expense over the remaining life of the underlying note.
- (4) Our senior unsecured revolving credit facility bears interest at LIBOR (5.68% as of December 31, 2007) plus between 0.55% and 1.1% or at our election prime. Interest on our senior secured revolving credit facility, which matured in June 2007, was 8.250% as of December 31, 2006.
- (5) During June 2006, we issued \$275.0 million of variable rate, senior unsecured notes. In conjunction with this transaction, we entered into a LIBOR-based swap which fixed the interest rate associated with these notes until February 2007, which effectively reduced our total variable rate debt outstanding from \$334.5 million to \$59.5 million as of December 31, 2006. Additionally in June 2006, we entered into an eight-month, LIBOR-based, forward-starting swap to mitigate our risk of future interest rate fluctuations after February 2007.

Debt Issuances

In June 2006, we issued, on a private basis, \$275.0 million of senior unsecured notes requiring monthly interest-only payments at a variable interest rate of LIBOR plus 0.73% which mature in June 2008. In conjunction with this transaction, we entered into a \$275.0 million swap to mitigate the effect of potential changes in LIBOR. See Note 6 for additional information regarding our hedging transactions. In April 2006, we issued, on a private basis, \$50.0 million of senior unsecured notes with a fixed interest rate of 5.53% which mature in April 2011, and \$50.0 million of senior unsecured notes with a fixed interest rate of 5.77% which mature in April 2016. The notes require quarterly interest-only payments until maturity at which time a lump sum payment is due. In January 2006, we issued, on a private basis, \$50.0 million of senior unsecured notes requiring quarterly interest-only payments at a fixed interest rate of 5.68% which mature in January 2014. The proceeds from these note issuances were primarily used to fund acquisitions of properties.

Debt Assumptions

During the year ended December 31, 2007, we assumed secured, non-recourse notes with an outstanding balance of approximately \$15.2 million in connection with two property acquisitions. These assumed notes bear interest at fixed rates ranging from 5.75% to 6.04% and require monthly payments of principal and interest. The maturity dates of the assumed notes range from January 2013 to August 2025. Pursuant to the application of SFAS No. 141, the difference between the fair value and face value of these assumed notes at the date of acquisition resulted in a discount of approximately \$418,000, which is amortized to interest expense over the remaining life of the underlying notes. Additionally, during the year ended December 31, 2007, we contributed a property with an outstanding note balance of approximately \$5.6 million, which was assumed by the joint venture.

During the year ended December 31, 2006, we assumed secured, non-recourse notes with an outstanding balance of approximately \$18.1 million in connection with four property acquisitions. These assumed notes bear interest at fixed and variable rates ranging from 5.25% to 7.48% and require monthly payments of either interest, or principal and interest. The maturity dates of the assumed notes range from August 2011 to January 2016. Pursuant to the application of SFAS No. 141, the difference between the fair value and face value of these assumed notes at the date of acquisition resulted in a premium of approximately \$455,000, which is amortized to interest expense over the remaining life of the underlying notes.

For the years ended December 31, 2007 and 2006, the amortization of all premiums resulted in a reduction of interest expense of approximately \$2.2 million and \$2.1 million, respectively.

Table of Contents***Lines of Credit***

In December 2006, we amended our senior unsecured revolving credit facility with a syndicated group of banks, increasing the total capacity from \$250.0 million to \$300.0 million and extending the maturity date from December 2008 to December 2010. The facility has provisions to increase its total capacity to \$500.0 million. At our election, the facility bears interest either at LIBOR plus between 0.55% and 1.1%, depending upon our consolidated leverage, or at prime and is subject to an annual facility fee. The facility contains various covenants, including financial covenants with respect to consolidated leverage, tangible net worth, fixed charge coverage, unsecured indebtedness, and secured indebtedness. As of December 31, 2007 and 2006, we were in compliance with all of these covenants. As of December 31, 2007 and 2006, \$82.0 million and \$34.3 million, respectively, was outstanding under this facility.

Concurrent with the amendment to our senior unsecured credit facility we amended our senior secured revolving credit facility pursuant to which a separate syndicated group of banks had agreed to advance funds to our operating partnership and third-party investors in our operating partnership's private placement using TIC Interests in our buildings as collateral. Pursuant to the amendment, the total commitment decreased from \$40.0 million to \$5.4 million and the maturity date was restated from December 2008 to June 2007. The facility contained various covenants, including financial covenants with respect to consolidated leverage, tangible net worth, fixed charge coverage, unsecured indebtedness and secured indebtedness. As of December 31, 2006 we were in compliance with all of these covenants. As the senior secured revolving credit facility expired during June 2007, we had no outstanding balance as of December 31, 2007. As of December 31, 2006 approximately \$5.4 million of loans had been advanced to such third parties and we had an outstanding balance of \$6,000.

Capitalized interest

During the years ended December 31, 2007, 2006 and 2005, we incurred interest expense of approximately \$61.2 million, \$66.7 million and \$28.4 million, respectively. Included in these amounts were \$4.3 million, \$11.0 million and \$4.0 million for the years ended December 31, 2007, 2006 and 2005, respectively, of interest expense related to the financing obligation (see Note 8 for additional information). We capitalized approximately \$7.0 million, \$2.0 million and \$0.7 million of interest in 2007, 2006 and 2005 associated with certain development activities.

Loan cost amortization

Our interest expense for the years ended December 31, 2007, 2006 and 2005 includes \$1.8 million, \$1.8 million and \$2.0 million for the amortization of loan costs, respectively. Additionally, interest expense for the years ended December 31, 2007, 2006, and 2005 included \$0.5 million, \$1.2 million and \$0.5 million, respectively, for the amortization of loan costs related to the financing obligation.

Debt Maturities

The following table sets forth the scheduled maturities of our debt, excluding unamortized premiums, as of December 31, 2007 (amounts in thousands).

Year	Senior Unsecured Notes	Mortgage Notes	Unsecured Credit Facility	Total
2008	\$ 275,000 ⁽¹⁾	\$ 70,403	\$	\$ 345,403
2009		7,923		7,923
2010		58,512	82,000	140,512
2011	50,000	233,028		283,028
2012		169,850		169,850
Thereafter	100,000	104,222		204,222
Total	\$ 425,000	\$ 643,938	\$ 82,000	\$ 1,150,938

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- ⁽¹⁾ During June 2006, we issued \$275.0 million of variable rate, senior unsecured notes. In conjunction with this transaction, we entered into a LIBOR-based swap which fixed the interest rate associated with these notes until February 2007. Additionally, in June 2006, we entered into an eight-month, LIBOR-based, forward-starting swap to mitigate our risk of future interest rate fluctuations after February 2007.

Note 6. Financial Instruments and Hedging Activities***Fair Value of Financial Instruments***

As of December 31, 2007 and 2006, the fair values of cash and cash equivalents, restricted cash held in escrow, accounts receivable and accounts payable approximated their carrying values because of the short-term nature of these instruments. The estimated fair values of other financial instruments subject to fair value disclosures were determined based on available market information and valuation methodologies believed to be appropriate for these purposes. Considerable judgment and a high degree of subjectivity are involved in developing these estimates and, therefore, these estimates are not necessarily indicative of the actual amounts that we could realize upon disposition. The following table summarizes these financial instruments (in thousands):

	Balances as of December 31, 2007		Balances as of December 31, 2006	
	Carrying Amounts	Estimated Fair Value	Carrying Amounts	Estimated Fair Value
Notes receivable	\$ 16,042	\$ 16,161	\$ 9,205	\$ 9,205
Borrowings:				
Senior, secured revolving credit facility	\$	\$	\$ 6	\$ 6
Senior, unsecured revolving credit				
facility	\$ 82,000	\$ 82,000	\$ 34,272	\$ 34,272
Fixed rate debt	\$ 768,701	\$ 774,104	\$ 757,585	\$ 752,816
Variable rate debt	\$ 300,237	\$ 300,237	\$ 300,237	\$ 300,237
Interest rate contracts:				
Forward-starting swaps	\$ (4,428)	\$ (4,428)	\$ (9,313)	\$ (9,313)

Hedging Activities

During June 2006, we entered into an eight-month, LIBOR-based, forward-starting swap to mitigate the effect on cash outflows attributable to changes in LIBOR related to \$275.0 million variable rate, unsecured notes maturing in June 2008 issued in June 2006. This swap expired in February 2007. Concurrent with the \$275.0 million note issuance, we also entered into a forward-starting swap to hedge our exposure to variability in the cash outflows of a future fixed rate debt issuance due to fluctuations in the USD-LIBOR swap rate. On June 13, 2007, this swap was settled. In total, we received net cash proceeds of approximately \$1.5 million related to this instrument. Both of these forward-starting interest rate swaps were designated as cash flow hedges.

Net unrealized gains of approximately \$4.6 million were recorded during the year ended December 31, 2007 and net unrealized losses of approximately \$9.3 million were recorded during the year ended December 31, 2006, to Accumulated other comprehensive loss as a result of the change in fair value of outstanding hedges. Upon settlement of the swap on June 13, 2007 (discussed above), we recorded a realized gain of approximately \$1.8 million, offset by approximately \$0.3 million related to the ineffectiveness due to the change in estimated timing of the anticipated debt issuance of the \$275.0 million forward-starting swap. Gains and losses resulting from hedging ineffectiveness and hedge settlements are recorded as increases and decreases, respectively, to Interest income and other in our Consolidated Statements of Operations.

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As of December 31, 2007 and 2006, the Accumulated other comprehensive loss balance pertaining to the hedges were losses of approximately \$6.0 million and \$11.5 million, respectively. Amounts reported in Accumulated other comprehensive loss related to derivatives will be amortized to Interest expense as interest payments are made on our current fixed-rate debt and anticipated debt issuances. During the next 12 months, we estimate that approximately \$0.8 million will be amortized from Accumulated other comprehensive loss to Interest expense resulting in an increase in such expense.

Note 7. Commitments and Contingencies

Legal Matters

We are a party to various legal actions and administrative proceedings arising in the ordinary course of business, some of which may be covered by liability insurance, and none of which we expect to have a material adverse effect on our consolidated financial condition or results of operations.

Forward Purchase Commitments

Nexxus

In November 2006, we entered into six separate forward purchase commitments with Nexxus Desarrollos Industriales (Nexxus) to acquire six newly constructed buildings totaling approximately 859,000 square feet. The six buildings will be located on separate development sites in four submarkets in the metropolitan area of Monterrey, Nuevo Leon, Mexico. The forward purchase commitments obligate us to acquire each of the facilities from Nexxus upon completion, subject to a variety of conditions related to, among other things, the buildings complying with approved drawings and specifications. Timing on closing under the purchase obligations depends on leasing at each building prior to building completion. During 2007, we sold our interests in one of the six buildings and purchased one of the remaining five buildings. Our aggregate purchase price for the remaining four facilities is no less than \$25.6 million and increases as buildings are leased prior to closing. As of December 31, 2007, two of these buildings were shell-complete, however still subject to a variety of closing conditions, and two were under construction. Contemporaneously with the execution of the forward purchase commitments, we provided Nexxus with six separate letters of credit aggregating \$33.8 million to secure our future performance under the forward purchase commitments, all subject to a variety of construction and site related conditions. During 2007 we began an expansion of the building acquired and have provided Nexxus with an additional letter of credit for \$3.8 million related to the expansion. Subsequent to December 31, 2007, two of the outstanding letters of credit, related to the building sold and the building acquired, were settled. Closing on the remaining individual buildings is expected to occur in 2008.

Deltapoint

In March 2005, a wholly-owned subsidiary of our operating partnership entered into a joint venture agreement with Deltapoint Park Associates, LLC, an unrelated third-party developer, to acquire 47 acres of land and to develop an 885,000 square foot distribution facility located in Memphis, Tennessee. Deltapoint Park Partners LLC (Deltapoint), a Delaware limited liability company, was created for the purpose of conducting business on behalf of the joint venture. Pursuant to Deltapoint s operating agreement, we were obligated to make the majority of the initial capital contributions and we received a preferred return on such capital contributions. Subsequent to the closing of a construction loan in May 2005, Deltapoint repaid us our initial capital contributions plus our preferred return, and we ceased to be a member of Deltapoint. Contemporaneously with the closing of the construction loan, our operating partnership entered into a forward purchase commitment agreement whereby we were obligated to acquire the distribution facility from Deltapoint. During the year ended December 31, 2007, we acquired the distribution facility for approximately \$25.9 million. Construction of the facility was completed early in 2006 and the facility is currently in the leasing phase.

Table of Contents**Operating Leases**

We are obligated under non-cancelable office space and equipment operating leases. Approximate minimum annual rentals under operating leases are as follows: (amounts are in thousands):

Year Ended December 31:	Operating Leases	Ground Leases
2008	\$ 454	\$ 174
2009	419	196
2010	345	212
2011	278	212
2012	141	212
Thereafter		6,002
Total	\$ 1,637	\$ 7,008

Substantially all of the office space and equipment subject to the operating leases described above are for the use at our corporate and regional offices. Rent expense recognized was approximately \$0.5 million for the year ended December 31, 2007 and \$0.1 million for the period from October 10, 2006 to December 31, 2006. For the period prior to October 10, 2006, and the year ended December 31, 2005, our Former Advisor was obligated under all operating leases. We also have payments due related to various lease agreements related to our partnership's private placements. See Note 8 for additional information.

Note 8. Our Partnership's Private Placement

Prior to October 10, 2006, our operating partnership offered undivided tenancy-in-common interests (TIC Interests) in certain of our properties to accredited investors in a private placement exempt from registration under the Securities Act of 1933, as amended, and, as of December 31, 2007, the historical cost of those properties included in our operating partnership's private placement was \$26.2 million. These TIC Interests may have served as replacement properties for investors seeking to complete like-kind exchange transactions under Section 1031 of the Internal Revenue Code of 1986, as amended (the Code).

The TIC Interests are 100% leased by our operating partnership pursuant to master leases and such leases contain purchase options whereby our operating partnership has the right, but not the obligation, to acquire the TIC Interests from the investors at a point in time in exchange for units of limited partnership interest in our operating partnership (OP Units) under Section 721 of the Code. In October 2006, we discontinued our operating partnership's private placement of TIC Interests.

During the years ended December 31, 2006 and 2005 we raised approximately \$121.3 million and \$145.3 million, respectively, from the sale of TIC Interests in our properties. The amount of gross proceeds associated with the sales of TIC Interests are recorded in Financing obligations in our Consolidated Balance Sheets pursuant to SFAS No. 98 *Accounting for Leases* (SFAS No. 98). We have leased back the portion of the building sold to the unrelated third-party investors and, in accordance with SFAS No. 98, a portion of the rental payments made to such investors under the lease agreements are recognized as Interest expense using the interest method.

During the years ended December 31, 2007, 2006 and 2005, we incurred approximately \$4.9 million, \$13.3 million and \$3.9 million, respectively, of rental payments under various lease agreements with certain of the third-party investors. A portion of such amounts was accounted for as a reduction of the outstanding principal balance of the financing obligations and a portion was accounted for as Interest expense in our Consolidated Statements of Operations. Included in Interest expense was approximately \$4.3 million, \$11.0 million and \$4.0 million for the years ended December 31, 2007, 2006 and 2005, respectively, of interest expense related to the financing obligation. The remaining lease agreement in place as of December 31, 2007 expires in August 2021.

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The following table sets forth the five year, future minimum rental payments due to third parties under the remaining lease agreement (amounts are in thousands):

Year Ended December 31:	Amount
2008	\$ 1,468
2009	1,468
2010	1,556
2011	1,641
2012	1,641
Thereafter	14,209
Total	\$ 21,983

Prior to October 10, 2006, our operating partnership paid certain up-front fees and reimbursed certain related expenses to Dividend Capital Advisors LLC (our Former Advisor), Dividend Capital Securities LLC (our Former Dealer Manager) and Dividend Capital Exchange Facilitators LLC (our Former Facilitator), an affiliate of our Former Advisor, for raising capital through our operating partnership's private placement. Our Former Advisor was obligated to pay all of the offering and marketing related costs associated with the private placement. However, our operating partnership was obligated to pay our Former Advisor a non-accountable expense allowance, which equaled 2% of the gross equity proceeds raised through the private placement. In addition, our operating partnership was obligated to pay our Former Dealer Manager a dealer manager fee of up to 1.5% of gross equity proceeds raised and a commission of up to 5% of the gross equity proceeds raised through the private placement. Our Former Dealer Manager has re-allowed such commissions and a portion of such dealer manager fee to participating broker dealers. Our operating partnership was also obligated to pay a transaction facilitation fee to our Former Facilitator of up to 1.5% of the gross equity proceeds raised through the private placement. We terminated these arrangements with our Former Dealer Manager and our Former Facilitator on October 10, 2006, in connection with the consummation of the acquisition of our Former Advisor (the Internalization).

During the years ended December 31, 2006 and 2005, our operating partnership incurred up-front costs of approximately \$12.0 million and \$11.6 million, respectively, payable to our Former Advisor and other affiliates for effecting these transactions which are accounted for as deferred loan costs. Such deferred loan costs are included in Deferred loan costs financing obligation, net in our Consolidated Balance Sheets and amortized to Interest expense over the life of the financing obligation. If our operating partnership elects to exercise any purchase option as described above and issue OP Units, the unamortized portion of up-front fees and expense reimbursements paid to affiliates will be recorded against minority interests as a selling cost of the OP Units. If our operating partnership does not elect to exercise any such purchase option, we will not meet the standards set forth in SFAS No. 98 in order to recognize the sale of such TIC Interests.

During the year ended December 31, 2007, our operating partnership exercised purchase options to acquire certain TIC Interests it had previously sold in 22 industrial properties located in Tennessee, Indiana and Texas. In connection with the exercise of these options, our operating partnership issued an aggregate of approximately 14.6 million OP Units valued at approximately \$158.6 million to acquire such TIC Interests. Related to the purchase of one of these buildings, we assumed \$14.9 million of a secured note with an interest rate of 5.0% that was previously reflected in Financing obligations.

During the year ended December 31, 2006, our operating partnership exercised purchase options to buy certain TIC Interests it had previously sold in 11 industrial properties located in Arizona, Georgia, Indiana, Kentucky, Southern California and Texas. In connection with the exercise of these options, our operating partnership issued an aggregate of approximately 6.9 million OP Units valued at approximately \$73.1 million to acquire such TIC Interests.

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During the year ended December 31, 2005, our operating partnership exercised purchase options to buy certain TIC Interests it had previously sold in two properties located in Tennessee and one property located in Georgia. In connection with the exercise of these options, our operating partnership issued an aggregate of approximately 1.7 million OP Units valued at approximately \$18.3 million to acquire such TIC Interests.

Note 9. Minority Interests

Minority interests consisted of the following as of December 31, 2007 and 2006 (in thousands):

	December 31, 2007	December 31, 2006
OP Units:		
Net investment	\$ 389,174	\$ 251,094
Distributions	(27,286)	(5,661)
Share of cumulative net loss	(13,882)	(21,357)
Sub-total	348,006	224,076
Cabot non-voting common stock:		
Net investment	63	63
Distributions	(8)	(4)
Share of cumulative net loss	(2)	(2)
Sub-total	53	57
Joint venture partner interest:		
Net investment	1,983	1,658
Distributions	(1)	(1)
Share of cumulative net loss	(259)	
Sub-total	1,723	1,657
Total	\$ 349,782	\$ 225,790

	For the Years Ended December 31,		
	2007	2006	2005
Minority interests share of operations:			
Minority interests share of Income (Loss) From Continuing Operations	\$ (584)	\$ 22,468	\$ 506
Minority interests share of (income) loss from discontinued operations	(1,822)	(721)	20
Minority interests share of gain on dispositions of real estate interests	(4,810)	(348)	
Total minority interests share of operations	\$ (7,216)	\$ 21,399	\$ 526

Special Units

During 2002, our operating partnership issued 10,000 Special Units to Dividend Capital Advisors Group LLC (DCAG) for consideration of \$1,000. The holder of the Special Units did not participate in the profits and losses of our operating partnership. Amounts distributable to the holder of the Special Units depended on operations and the amount of net sales proceeds received from property dispositions or upon other events. In general, after holders of regular OP Units in aggregate received cumulative distributions equal to their capital contributions plus a 7% cumulative non-compounded annual pre-tax return on their net contributions, the holder of the Special Units and the holders of regular OP Units received 15% and 85%, respectively, of the net sales

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proceeds received by our operating partnership upon the disposition of our operating partnership's assets. On October 10, 2006, in connection with the Internalization, the 10,000 Special Units were modified into 7,111,111 regular OP Units, which were included in the aggregate consideration of 15,111,111 OP Units related to the Internalization (see Note 14 for additional information).

OP Units

As of December 31, 2007 and 2006, we owned approximately 82% and 88%, respectively, of the outstanding equity interests of our operating partnership and the remaining equity interest in our operating partnership, other than the Special Units, was owned by third-party investors and our Former Advisor. Subject to certain agreements, OP Units are redeemable at the option of the unitholder after a fixed period. We have the option of redeeming the OP Units with cash or with shares of our common stock on a one-for-one basis, subject to adjustment. At inception (April 12, 2002), our operating partnership issued 20,000 OP Units to our Former Advisor for gross proceeds of \$200,000, which were acquired in connection with the Internalization. In addition, as of December 31, 2007 and 2006, we had issued approximately 22.6 million and 8.6 million OP Units, respectively, to unrelated third-party investors in connection with our operating partnership's private placement (see Note 8 for additional information). On October 10, 2006, in connection with the Internalization, our operating partnership acquired our Former Advisor from DCAG for an aggregate of 15,111,111 OP Units (see Note 14 for additional information).

As of December 31, 2007, there were 37.7 million OP Units outstanding with a redemption value of approximately \$351.3 million based on the closing price of our common stock on December 31, 2007. As of December 31, 2006, there were 23.7 million OP Units outstanding with a redemption value of approximately \$280.0 million based on the closing price of our common stock on December 31, 2006. As of December 31, 2007, 8.1 million OP Units were redeemable.

Cabot Non-Voting Common Stock

In August 2005, our Former Advisor and its affiliates acquired 126 shares of Cabot's non-voting common stock for a purchase price of \$500 each or \$63,000 in the aggregate. Our Former Advisor purchased these shares on behalf of its employees and other affiliates and the proceeds from the sale of these non-voting common shares were used to invest in the Cabot Partnership. Collectively, as of December 31, 2007 and 2006, these non-voting shares of common stock represent less than a 0.1% ownership of Cabot at each date, and the holders of these shares will participate in the distributions of Cabot, which are based on the performance of the Cabot portfolio of properties, in proportion to their respective ownership percentages.

Note 10. Stockholders' Equity

Common Stock

In December 2006, we completed a listing on the NYSE issuing 16.3 million shares for net proceeds of approximately \$185.3 million, before expenses of \$3.7 million. Additionally during 2006, we raised approximately \$137.3 million of net proceeds from the sale of our common stock in connection with our fourth continuous public offering, which we closed on January 23, 2006. Additionally we sold 88,889 shares in October 2006. The net proceeds from the sale of these securities were transferred to our operating partnership for a number of OP Units equal to the shares of common stock sold in our prior continuous public offerings. Although we closed the primary offering component of our fourth continuous public offering, we continued to offer shares through our distribution reinvestment plan through our 2006 third quarter distribution, which resulted in the issuance of 5.2 million shares or \$51.7 million of dividends reinvested during the year ended December 31, 2006. Our former distribution reinvestment plan was terminated on December 23, 2006. As of December 31, 2007, 2006 and 2005, we had 168,379,863, 168,354,596, and 133,206,784 shares of common stock outstanding, respectively.

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Dividend Reinvestment and Stock Purchase Plan

In April 2007, we began offering shares of our common stock through our new Dividend Reinvestment and Stock Purchase Plan (the *Plan*). The Plan permits stockholders to acquire additional shares with quarterly dividends and to make additional cash investments to buy shares directly. Shares of common stock may be purchased in the open market, through privately negotiated transactions, or directly from us as newly issued shares of common stock. All shares issued under the Plan were acquired in the open market.

Prior Continuous Public Offerings

On April 15, 2002, we filed an S-11 registration statement with the Securities and Exchange Commission covering our first public offering of our common stock. The registration statement was declared effective by the SEC on July 17, 2002 and we received approval of our offering in all 50 states in December 2002. The common stock was being offered at a price of \$10 per share on a 200,000 share minimum, 25,000,000 share maximum, best-efforts basis. The registration statement also covered up to 4,000,000 shares available pursuant to our distribution reinvestment plan and up to 1,000,000 shares issuable upon the exercise of warrants issued to the Dealer Manager for a price of \$.001 per share for every 25 shares sold. Until we received subscriptions covering at least 200,000 shares from at least 100 non-affiliated investors, offering proceeds were required to be held in escrow. The escrow conditions were satisfied on February 10, 2003, at which time 226,567 shares of common stock were issued to investors. In April of 2004, we completed our first public offering and sold approximately 25.5 million shares of our common stock for gross proceeds of approximately \$254.4 million.

Our second offering began immediately following the completion of our initial offering. The second registration statement was filed on February 27, 2004, and was declared effective by the SEC on April 16, 2004. The registration statement registered common stock at a price of \$10 per share for a maximum of 30,000,000 shares. The registration statement also covered up to 10,000,000 shares available pursuant to our distribution reinvestment plan as well as up to 1,200,000 shares issuable upon the exercise of warrants sold to the Dealer Manager for a price of \$.001 per share for every 25 shares sold. In October of 2004, we completed our second public offering and sold approximately 30.4 million shares of our common stock for gross proceeds of approximately \$302.8 million.

Our third offering began immediately following the completion of our second public offering. The third registration statement was filed on June 28, 2004, and was declared effective by the SEC on October 18, 2004. The third registration statement registered common stock at a price of \$10.50 per share for a maximum of 40,000,000 shares. The registration statement also covered up to 13,000,000 shares available pursuant to our distribution reinvestment plan. In June of 2005, we concluded our third public offering and sold approximately 40.7 million shares of our common stock for gross proceeds of approximately \$424.7 million.

Our fourth offering began immediately following our third public offering. The fourth registration statement was filed on January 24, 2005 and was declared effective by the SEC on June 9, 2005. The registration statement covers a maximum of \$1,000,000,000 in shares of our common stock to be sold, including proceeds from our distribution reinvestment plan. The registration statement offers up to 72,770,273 shares at a price of \$10.50 per share and up to 23,650,339 shares to participants in our distribution reinvestment plan. As of December 31, 2005, we had sold approximately 37.8 million shares for gross proceeds of approximately \$393.0 million in connection with our fourth public offering. At the end of business on Monday, January 23, 2006, we closed the primary offering component of our fourth offering.

The holders of shares of our common stock are entitled to one vote per share on all matters voted on by stockholders, including election of our directors. Our articles of incorporation do not provide for cumulative voting in the election of our directors. Therefore, the holders of the majority of the outstanding shares of common stock can elect the entire board of directors. Subject to any preferential rights of any outstanding series of our preferred stock and to the distribution of specified amounts upon liquidation with respect to shares-in-trust, the holders of our common stock are entitled to such distributions as may be declared from time to time by our board.

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of directors out of legally available funds and, upon liquidation, are entitled to receive all assets available for distribution to stockholders. All shares issued in our public offerings are fully paid and non-assessable shares of common stock. Holders of our common stock will not have preemptive rights.

Preferred Shares

Our board of directors, through the articles of incorporation, has the authority to authorize the issuance of 50,000,000 preferred shares of any class or series. The rights and terms of such preferred shares will be determined by our board of directors. However, the voting rights of preferred stockholders shall never exceed the voting rights of common stockholders. As of December 31, 2007 and 2006, we had no outstanding shares of preferred stock.

Shares-in-Trust

Our board of directors, through the articles of incorporation, has the authority to authorize the issuance of shares-in-trust which are shares that are automatically exchanged for common or preferred shares as a result of an event that would cause an investor to own, beneficially or constructively, a number of shares in excess of certain limitations. As of December 31, 2007 and 2006, we had no outstanding shares-in-trust.

Distributions

Prior to the fourth quarter of 2006, distributions were calculated based upon daily record and distribution declaration dates and therefore investors were eligible to earn distributions immediately upon purchasing shares of our common stock or upon purchasing limited partnership units of our partnership. Beginning in the fourth quarter of 2006, such distributions were calculated based upon the total number of shares of our common stock or limited partnership units of our operating partnership outstanding on the distribution record date as declared by our board of directors. We accrue and pay distributions on a quarterly basis. The following table sets forth the distributions that have been paid and/or declared to date by our board of directors.

Amount Declared During Quarter Ended in 2007:	Per Share	Date Paid
December 31,	\$ 0.1600	January 17, 2008
September 30,	\$ 0.1600	October 19, 2007
June 30,	\$ 0.1600	July 20, 2007
March 31,	\$ 0.1600	April, 19, 2007
Total 2007	\$ 0.6400	

Amount Declared During Quarter Ended in 2006:	Per Share ⁽¹⁾	Date Paid
December 31,	\$ 0.1600	January 8, 2007
September 30,	\$ 0.1613	October 2, 2006
June 30,	\$ 0.1596	July 17, 2006
March 31,	\$ 0.1578	April 17, 2006
Total 2006	\$ 0.6387	

Amount Declared During Quarter Ended in 2005:	Per Share ⁽¹⁾	Date Paid
December 31,	\$ 0.1613	January 17, 2006
September 30,	\$ 0.1613	October 17, 2005
June 30,	\$ 0.1596	July 15, 2005
March 31,	\$ 0.1578	April 15, 2005
Total 2005	\$ 0.6400	

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- ⁽¹⁾ Assumes with respect to all distributions paid through October 2, 2006 that the share/unit was owned for the entire quarter.

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Our distributions to stockholders are characterized for federal income tax purposes as ordinary income or a non-taxable return of capital. Distributions that exceed our current and accumulated earnings and profits (calculated for tax purposes) constitute a return of capital for tax purposes rather than a dividend and reduce the stockholders' basis in the common shares. To the extent that a distribution exceeds both current and accumulated earnings and profits and the stockholders' basis in the common shares, it will generally be treated as a gain from the sale or exchange of that shareholder's common shares. We notify stockholders of the taxability of distributions paid during the preceding year on an annual basis. The following summarizes the taxability of distributions on common shares for the years ended December 31, 2007, 2006 and 2005:

	2007		2006		2005	
	Per Share Amount	Percentage	Per Share Amount	Percentage	Per Share Amount	Percentage
Ordinary Income	\$ 0.326	50.95%	\$ 0.226	35.35%	\$ 0.408	63.80%
15% Capital Gains	0.032	4.99%	0.002	0.38%	0.0	0.0%
25% Capital Gains	0.007	1.12%	0.002	0.34%	0.0	0.0%
Return of Capital	0.275	42.94%	0.409	63.93%	0.232	36.20%
Total	\$ 0.640	100.00%	\$ 0.639	100.00%	\$ 0.640	100.00%

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We determine basic earnings per common share by dividing net income attributable to common stockholders by the weighted average number of shares of common stock and common stock equivalents outstanding during the period. We determine diluted earnings per common share by taking into account the effects of potentially issuable common stock, but only if the issuance of stock would be dilutive, including the presumed exchange of OP Units for shares of common stock. The following table sets forth the computation of our basic and diluted earnings per common share (in thousands except per share information):

	For the Years Ended December 31,		
	2007	2006	2005
Numerator			
Income (Loss) From Continuing Operations	\$ 4,007	\$ (173,620)	\$ (14,616)
Minority interests' share of net income related to potentially dilutive shares	725		
Numerator for diluted earnings per share - adjusted income (loss) from continuing operations	\$ 4,732	\$ (173,620)	\$ (14,616)
Income from discontinued operations	\$ 10,167	\$ 5,586	\$ 2,656
Minority interest's share of net income related to potentially dilutive shares	1,894		
Numerator for diluted earnings per share - adjusted income from discontinued operations	\$ 12,061	\$ 5,586	\$ 2,656
Gain on dispositions of real estate interests, net of minority interest	\$ 25,938	\$ 9,061	\$
Minority interest's share of net income related to potentially dilutive shares	4,856		
Numerator for diluted earnings per share - adjusted gain from dispositions of real estate interests	\$ 30,794	\$ 9,061	\$
Adjusted net income (loss) attributable to common stockholders	\$ 47,587	\$ (158,973)	\$ (11,960)
Denominator			
Weighted average common shares outstanding - basic	168,358	150,320	97,333
Potentially dilutive common shares	32,465		
Weighted average common shares outstanding - diluted	200,823	150,320	97,333
Income (Loss) per Common Share - Basic			
Income (Loss) From Continuing Operations	\$ 0.03	\$ (1.16)	\$ (0.15)
Income from discontinued operations	0.06	0.04	0.03
Gain on dispositions of real estate interests, net of minority interest	0.15	0.06	
Net Income (Loss)	\$ 0.24	\$ (1.06)	\$ (0.12)
Income (Loss) per Common Share - Diluted			
Income (Loss) From Continuing Operations	\$ 0.03	\$ (1.16)	\$ (0.15)
Income from discontinued operations	0.06	0.04	0.03
Gain on dispositions of real estate interests, net of minority interest	0.15	0.06	
Net Income (Loss)	\$ 0.24	\$ (1.06)	\$ (0.12)

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Potentially Dilutive Shares

We have excluded from diluted earnings per share the weighted average common share equivalents related to approximately 5,000 stock options for the year ended December 31, 2007, because their effect would be anti-dilutive. No anti-dilutive common share equivalents were excluded from the diluted earnings per share for the years ended December 31, 2006 and 2005. For purposes of calculating diluted earnings per share in accordance with SFAS No. 128, *Earnings per Share*, we treat the dilutive impact of the unvested portion of restricted shares as common stock equivalents.

Note 12. Equity Based Compensation and Warrant Purchase Agreements

In connection with the Internalization, on October 10, 2006, we adopted, and our stockholders approved, our Long-Term Incentive Plan. We use our Long-Term Incentive Plan to grant restricted stock, stock options and other equity awards to our eligible employees in the future.

Long Term Incentive Plan

In connection with the Internalization, on October 6, 2006, we adopted, and our stockholders approved, the Long-Term Incentive Plan which we use to grant phantom shares, restricted stock, stock options and other awards to key personnel. Subject to adjustment upon certain corporate transactions or events, the total number of shares of our common stock subject to such awards may not exceed 8,000,000 shares and in no event may any optionee receive options for more than 2,000,000 shares on an annual basis.

Phantom Shares

On October 10, 2006, we made a grant of phantom shares having a fair value of approximately \$35,000 to each non-employee director. On May 3, 2007, we made an additional grant of phantom shares having a fair value of \$35,000 to the same individuals. The shares granted on October 10, 2006 became fully vested on October 10, 2007 and as a result we issued to each non-employee director 3,111 shares of our common stock. The phantom shares granted on May 3, 2007 vest 100% upon the first anniversary from the grant date at which time each non-employee director may receive 3,148 shares of our common stock. As of December 31, 2007, we had 22,036 phantom shares outstanding of which none were vested. Phantom shares are recorded at their fair value on the date of grant and are amortized on a straight-line basis over the period during which the grant of such shares fully vest. For the year ended December 31, 2007, we incurred approximately \$347,000 of such expense which is included in General and administrative in our Consolidated Statements of Operations. As of December 31, 2007, approximately \$92,000 of such expense remained unrecognized which reflects the unamortized portion of the value of such shares issued pursuant to the Long-Term Incentive Plan. We expect to recognize such expense over a remaining period of 4.5 months. As of December 31, 2007, no such shares had been forfeited.

Restricted Stock

For the year ended December 31, 2007, we granted a total of 75,006 shares of restricted stock having a fair value of approximately \$855,000, or a weighted average fair value of \$11.39 per share. The shares of restricted stock vest over a period of four to five years depending on the grant. On October 10, 2007, 3,490 shares granted to one of our executives became fully vested and as a result we issued to our executive 3,490 shares of our common stock. As of December 31, 2007, we had 69,771 shares of restricted stock outstanding of which none were vested. Restricted stock is recorded at fair value on the date of grant and is amortized on a straight-line basis over the period during which the grant of such stock fully vests. For the year ended December 31, 2007, we incurred approximately \$118,000 of such expense which is included in General and administrative in our Consolidated Statements of Operations. As of December 31, 2007, approximately \$533,000 of such expense remained unrecognized which reflects the unamortized portion of the value of such shares issued pursuant to the Long-Term Incentive Plan. We expect to recognize such expense over a weighted average remaining period of 3.9

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years. As of December 31, 2007, 1,745 shares of restricted stock had been forfeited, and no restricted stock shares were granted prior to 2007.

LTIP Units

Pursuant to our Long-Term Incentive Plan, we may grant newly established limited partnership interests in our operating partnership called LTIP units. LTIP units, which we grant either as free-standing awards or together with other awards under our long-term incentive plan, are valued by reference to the value of our common stock, and are subject to such conditions and restrictions as our compensation committee may determine, including continued employment or service, computation of financial metrics and/or achievement of pre-established performance goals and objectives.

Effective October 25, 2006, we made a grant of 450,795 and 51,111 newly established limited partnership interests in our operating partnership (LTIP units) to Philip Hawkins and Stuart Brown, respectively, as contemplated by their employment agreements. The total fair value of these LTIP units on the date of grant was \$5.4 million as determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using a volatility factor of 17.5% and a risk-free interest rate of 4.75%. The LTIP units granted to Mr. Hawkins vest over five years beginning on August 1, 2006 (25% on August 1, 2009, 25% on August 1, 2010 and 50% on August 1, 2011). The LTIP units granted to Mr. Brown vest over five years beginning on October 10, 2006 (25% on October 10, 2009, 25% on October 10, 2010, and 50% on October 10, 2011). Effective February 13, 2007, we granted 160,558 LTIP units in total to Mr. Hawkins and other senior executives. The total fair value of these LTIP units on the date of grant was \$1.7 million. The LTIP units granted on February 13, 2007 vest 20% annually over five years beginning on October 10, 2007. As of December 31, 2007, we had 662,464 LTIP units outstanding of which 32,109 were vested. Such units are recorded at their fair value on the date of grant and are amortized on a straight-line basis over the period during which the grant of such shares fully vests. We incurred approximately \$1.1 million and \$0.2 million of such expense for the years ended December 31, 2007 and 2006, respectively, which is included in General and administrative in our Consolidated Statements of Operations. As of December 31, 2007, approximately \$4.2 million of such expense remained unrecognized which reflects the unamortized portion of the value of such units issued pursuant to the Long-Term Incentive Plan. We expect to recognize such expense over a remaining weighted average period of 3.7 years. As of December 31, 2007, no such units had been forfeited.

Stock Options

Pursuant to our Long-Term Incentive Plan, we granted 574,079 options during the year ended December 31, 2007. The term of such options is 10 years from the date of grant unless forfeited earlier and the period during which the right to exercise such options fully vests ranges from four to five years from the date of grant. As of December 31, 2007, there were 569,716 options outstanding with a weighted average exercise price of \$11.44. As of December 31, 2007, approximately 89,000 options were vested. As of December 31, 2007, no such options had been exercised and 4,363 had been forfeited. There were no stock options granted under our Long-Term Incentive Plan prior to 2007.

During the year ended December 31, 2007, options issued under the Long-Term Incentive Plan were valued using the Black-Scholes option pricing model. The table below sets forth the assumptions used in valuing such options.

Expected term of options	6-7 years
Expected volatility range used	19.21%-21.51%
Expected volatility weighted average	19.43%
Expected dividend yield range used	5.31%-6.52%
Expected dividend yield weighted average	5.59%
Risk-free interest rate	3.40%-5.14%

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2006 Outperformance Program

On December 13, 2006, we adopted an outperformance program providing for certain grants to be made under (and subject to) our long-term incentive plan, under which LTIP units (as described above) are earned by selected senior executives if certain pre-established performance targets related to our compound annual stockholder return are met. Pursuant to the outperformance program, participating executives can share in a performance pool if our total stockholder return for the three year performance period, beginning December 13, 2006, exceeds the greater of an absolute compound annual total stockholder return of 10% or 110% of the compound annual return of the MSCI US REIT Index. The size of the pool for the initial program is presently 10% of the outperformance amount in excess of the performance hurdle, subject to a maximum amount of \$40 million. Each executive's award under the program is designated as a specified percentage of the aggregate performance pool and such awards are made in the form of LTIP units. These LTIP units are not entitled to distributions until and unless the performance pool is established. Distributions on LTIP units are generally equal to the dividends paid on our shares of common stock on a per unit basis. The program provides that if the performance pool is established, each participating executive is entitled to the distributions that would have been paid had the number of his or her earned LTIP units been issued at the beginning of the performance period. Thereafter, distributions will be paid currently and are vested on all earned LTIP units that are a part of the performance pool, whether vested or unvested. Although the amount of earned awards under the program (i.e. the number of LTIP units earned) will generally be determined when the performance pool is established at the end of the three-year performance period, only half will be fully vested at that time; the other half will vest ratably over the two-year period following the three-year performance period. As to the outperformance program, we expect that the performance pool will be allocated in part as follows: Tom Wattles (16%); Philip Hawkins (16%); Jim Cochran (16%); Stuart Brown (10%); and Daryl Mechem (8%). We expect the remaining balance of the performance pool to be allocated among other program participants, along with an unallocated reserve which may be allocated to newly hired or promoted executives. Any unallocated reserve remaining at the end of the performance period will be reallocated among program participants at the time on a pro-rata basis. In the event of a change in control (as determined for purposes of the outperformance program and our long-term incentive plan) during the performance period, the performance period will be shortened to end on a date immediately prior to such event and the performance hurdles will be adjusted on a pro-rata basis, with participating executives earning awards based on performance relative to the hurdle through the date of the change in control and all earned awards being fully vested upon the change in control. If employment of a participating executive is terminated before the end of the performance period as a result of death or disability, or is terminated without cause, in each case as determined under the outperformance program and our long-term incentive plan, the executive will earn awards based on performance relative to the hurdle through the date of termination. In the event of a change in control or termination as a result of death or disability or without cause after the performance period has ended, all unvested awards issued under the program will become fully vested.

Such units were recorded at their fair value of \$2.9 million on the date of grant as determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using a volatility factor of 16.31% and a risk-free interest rate of 4.62%, and are amortized on a straight-line basis over the period during which the grant of such units fully vest. We incurred approximately \$594,000 expense for the year ended December 31, 2007, which is included in General and administrative in our Consolidated Statements of Operations. As of December 31, 2007, approximately \$2.3 million of such expense remained unrecognized which reflects the unamortized portion of the value of such units issued pursuant to the Long-Term Incentive Plan. We expect to recognize such expense over a remaining weighted average period of four years. As of December 31, 2007, no such units had been forfeited.

Employee Option Plan

Prior to October 6, 2006, we issued stock options under the Employee Option Plan, which was designed to enable us, our Former Advisor and its affiliates to obtain or retain the services of employees (not to include our directors) of our Former Advisor and its affiliates considered essential to our long-term success and the success of our Former Advisor and its affiliates by offering such employees an opportunity to participate in our growth

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through ownership of our shares. The Employee Option Plan was administered by our compensation committee, which was authorized to grant non-qualified stock options (the Employee Options) to certain employees of our Former Advisor and its affiliates. The compensation committee set the exercise price for the Employee Options in its discretion, which could not be less than the greater of (1) \$11.00 per share or (2) the fair market value of the shares on the date the Employee Option was granted. A total of 750,000 shares were authorized and reserved for issuance under the Employee Option Plan. The compensation committee set the term of Employee Options in its discretion, which could not exceed the later of five years from the date of grant or five years from the date of a listing of our common stock. Our compensation committee set the period during which the right to exercise an Employee Option fully vests at three years from the date of grant. Since the adoption of the Long-Term Incentive Plan on October 6, 2006, no further grants were made pursuant to the Employee Option Plan. However, during the year ended December 31, 2006, we granted 251,000 pursuant to this plan. No options were granted during the year ended December 31, 2005. As of December 31, 2007 and 2006, there were 293,500 and 341,000 options outstanding under the Employee Option Plan, respectively, with a weighted average exercise price of \$11.00. As of December 31, 2007, 2006 and 2005, approximately 147,833, 66,667 and 33,333 options were vested, respectively. As of December 31, 2007, no such options had been exercised and 65,000 options had been forfeited.

During the year ended December 31, 2006, options issued under the Employee Option Plan were valued using the Black-Scholes option pricing model. There were no employee options granted during the year ended December 31, 2005. The table below sets forth the assumptions used in valuing options granted during 2006.

Expected term of options	6 years
Expected volatility	19.19%
Expected dividend yield	6.10%
Risk-free interest rate	4.01%

Independent Director Option Plan

Prior to October 6, 2006, we granted stock options under the Independent Director Option Plan, which we used in an effort to attract and retain qualified independent directors. We granted non-qualified stock options to purchase 10,000 shares to each independent director pursuant to the Independent Director Option Plan effective upon the later of (1) the sale of 200,000 shares in our first continuous public offering, and (2) the independent director becoming a member of our board of directors. These options vest 20% upon grant date and 20% each year for the following four years and have an exercise price of \$12.00 per share. In addition, we issued options to purchase 5,000 shares to each independent director then in office on the date of each annual stockholder's meeting and these options vest 100% upon the second anniversary from the grant date and have an exercise price equal to the greater of (1) \$12.00 per share or (2) the fair market value of the shares on the date they are granted. Options granted under the Independent Director Option Plan shall lapse on the first to occur of (1) the tenth anniversary of the date we grant them, (2) the removal the independent director for cause, or (3) three months following the date the independent director ceases to be a director for any reason, other than death or disability. Since the adoption of the Long-Term Incentive Plan, no further grants were made pursuant to the Independent Director Option Plan.

As of December 31, 2007, and 2006 we had 80,000 options outstanding, respectively, with a weighted average exercise price of \$12.00. As of December 31, 2007, 2006, 2005, approximately 50,000, 32,000 and 20,000 were vested, respectively. As of December 31, 2007, no such options had been exercised and 40,000 options had been forfeited.

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During the years ended December 31, 2006 and 2005, options issued under the Independent Director Option Plan were valued using the Black-Scholes option pricing model. The table below sets forth the assumptions used in valuing such options granted during 2006 and 2005.

Expected term of options	6-10 years
Expected volatility range used	19.17%-20.01%
Expected volatility weighted average	19.55%
Expected dividend yield	6.10%
Risk-free interest rate	4.01%-4.70%

Stock Options Summary Table

Stock options granted under the Long-Term Incentive Plan, the Employee Option Plan and the Independent Director Option Plan are amortized on a straight-line basis over the period during which the right to exercise such options fully vests. For the years ended December 31, 2007, 2006 and 2005 we incurred approximately \$211,000, \$70,000 and \$29,000, respectively, of such expense which is included in General and administrative in our Consolidated Statements of Operations. As of December 31, 2007, approximately \$531,000 of such expense remained unrecognized which reflects the unamortized portion of the value of such options issued pursuant to the aforementioned plans. We expect to recognize such expense over a remaining weighted average period of 3.3 years.

The following table describes the total option grants, exercises, expirations and forfeitures that occurred during the years ended December 31, 2007, 2006, 2005, as well as the total options outstanding as of December 31, 2007, 2006, 2005 and 2004, and the total options exercisable as of December 31, 2007.

	Independent Director Option Plan	Employee Option Plan	Long- Term Incentive Plan	Weighted Average Option Price Per Share	Weighted Average Remaining Contractual Life (Years)	Weighted Average Fair Value of Options Granted During the Year
Issued and Outstanding as of December 31, 2004	60,000	107,500		\$ 11.36		
Grants	30,000			12.00		\$ 0.77
Forfeitures	(20,000)			12.00		
Issued and Outstanding as of December 31, 2005	70,000	107,500		11.39		
Grants	30,000	251,000		11.11		\$ 0.71
Forfeitures	(20,000)	(17,500)		11.53		
Issued and Outstanding as of December 31, 2006	80,000	341,000		11.19		
Grants			574,079	11.44		\$ 1.41
Forfeitures		(47,500)	(4,363)	11.04		
Issued and Outstanding as of December 31, 2007	80,000	293,500	569,716	11.35	8.49	
Exercisable as of						
December 31, 2007	50,000	147,833	89,003	11.32	7.78	

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Warrant Purchase Agreements

Pursuant to our first and second continuous public offerings, our Former Dealer Manager earned one soliciting dealer warrant for every 25 shares of common stock sold (see Note 10 for additional information). These warrants, as well as the shares issuable upon their exercise, were registered in connection with our first and second continuous public offerings. In September 2005, our board of directors approved and we issued approximately 2.2 million soliciting dealer warrants to our Former Dealer Manager representing all of the warrants our Former Dealer Manager earned in connection with both of the aforementioned offerings. We valued these warrants using the Black-Scholes option-pricing model, and based on our historical volatility, these warrants had a nominal value. Our Former Dealer Manager may retain or re-allow these warrants to broker-dealers that participated in the offering unless such issuance of soliciting dealer warrants is prohibited by either federal or state securities laws. As of December 31, 2007 and 2006, 541,607 of these warrants had been re-allowed to participating broker-dealers. As of December 31, 2005, 139,341 of these warrants had been re-allowed to participating broker-dealers. The holder of a soliciting dealer warrant is entitled to purchase one share of common stock from us at a price of \$12.00 per share beginning on the first anniversary of the effective date of the offering in which such warrants were issued and ending five years after the effective date of such offering. Approximately 1.0 million of the outstanding soliciting dealer warrants expired in July 2007 and the remaining 1.2 million soliciting dealer warrants will expire in April 2009. Subject to certain exceptions, a soliciting dealer warrant may not be transferred, assigned, pledged or hypothecated for a period of one year following the effective date of the relevant public offering. Exercise of the soliciting dealer warrants is governed by the terms and conditions detailed in the warrant purchase agreement.

Note 13. Related Party Transactions

Transition services agreement with DCAG

In connection with the Internalization, we entered into a transition services agreement with DCAG where by we received enumerated services, including IT services, human resources, payroll and accounts payable services, necessary to operate our business for a one-year period for a monthly fee of approximately \$72,000. Upon the expiration of the one-year period, the agreement was renewed.

Our Former Advisor

Through October 9, 2006, our day-to-day activities were managed by our Former Advisor, under the supervision of our board of directors pursuant to the terms and conditions of an advisory agreement. On October 10, 2006, our operating partnership acquired our Former Advisor in the transaction we refer to as the Internalization. As a result of the Internalization, on October 10, 2006, our Former Advisor became our wholly-owned subsidiary and we no longer incur the cost of the advisory fees and other amounts payable under the advisory agreement.

During the years ended December 31, 2006 and 2005, our Former Advisor earned approximately \$10.7 million and \$11.1 million, respectively, for acquisition fees which were accounted for as part of the historical cost of the acquired properties. During the years ended December 31, 2006 and 2005, we incurred asset management fees of \$13.4 million and \$8.9 million, respectively.

During the years ended December 31, 2006 and 2005, our Former Advisor incurred approximately \$1.6 million and \$8.6 million, respectively, of offering costs and, during the same period, we reimbursed our Former Advisor approximately \$2.1 million and \$13.3 million, respectively, for such costs. These costs were considered a cost of raising capital and as such, were included as a reduction of Additional paid-in capital in our Consolidated Balance Sheets when such reimbursement obligations were incurred.

Our operating partnership was obligated to pay our Former Advisor a non-accountable expense allowance which equaled 2% of the gross equity proceeds raised through our operating partnership's private placement. During the years ended December 31, 2006 and 2005, our operating partnership incurred approximately \$2.4 million and \$2.3 million, respectively, payable to our Former Advisor for such expense allowance.

In accordance with the advisory agreement we were obligated, subject to certain limitations, to reimburse our Former Advisor for certain other expenses incurred on our behalf for providing services contemplated in the

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advisory agreement, provided that our Former Advisor did not receive a specific fee for the activities which generated the expenses to be reimbursed. For the years ended December 31, 2006 and 2005, we reimbursed approximately \$818,000 and \$511,000, respectively, for such costs.

Our Former Dealer Manager

Our prior continuous public offerings of shares of common stock and our operating partnership's private placement were managed by our Former Dealer Manager pursuant to the terms of certain dealer manager agreements. We terminated these dealer manager agreements on October 10, 2006 in connection with the consummation of the Internalization. Our Former Dealer Manager is owned by Dividend Capital Securities Group LLLP, in which Tom Wattles and James Mulvihill and their affiliates indirectly own limited partnership interests.

For the years ended December 31, 2006 and 2005, we incurred approximately \$11.3 million and \$49.9 million, respectively, payable to our Former Dealer Manager for dealer manager fees and sales commissions. As of December 31, 2006, all sales commissions had been re-allowed to participating broker-dealers. Such amounts are considered a cost of raising capital and as such were included as a reduction of Additional paid-in capital in our Consolidated Balance Sheets. We terminated this dealer manager agreement on October 10, 2006, in connection with the consummation of the Internalization.

Pursuant to our first and second continuous public offerings, our Former Dealer Manager earned one soliciting dealer warrant for every 25 shares sold. The holder of a soliciting dealer warrant has the right to purchase one share of common stock for \$12.00. In September 2005, our board of directors approved and we issued approximately 2.2 million soliciting dealer warrants to our Former Dealer Manager representing all of the warrants our Former Dealer Manager earned in connection with our first and second continuous public offerings. We valued these warrants using the Black-Scholes option-pricing model, and based on our historical volatility, these warrants had a nominal value. No warrants were offered in our third or fourth continuous public offerings. During the years ended December 31, 2006 and 2005, our Former Dealer Manager did not earn any soliciting dealer warrants as all shares sold during these periods were in connection with our third and fourth continuous public offerings.

For the years ended December 31, 2006 and 2005, we incurred up-front fees of approximately \$7.8 million and \$7.6 million, respectively, payable to our Former Dealer Manager for dealer manager fees and sales commissions. As of December 31, 2006, substantially all of the sales commissions were re-allowed to participating broker-dealers who are responsible for affecting sales. Such amounts are included in Deferred loan costs financing obligation, net in our Consolidated Balance Sheets. We terminated this dealer manager agreement on October 10, 2006 in connection with the consummation of the Internalization.

Our Former Facilitator

Our Former Facilitator has been responsible for the facilitation of transactions associated with our operating partnership's private placement. We terminated our arrangements with our Former Facilitator, including the agreement described below, on October 10, 2006 in connection with the consummation of the Internalization. Our Former Facilitator was considered a related party as it is indirectly majority owned and/or controlled by Tom Wattles and James Mulvihill and their affiliates.

We previously entered into an agreement with our Former Facilitator whereby we paid a transaction facilitation fee associated with our operating partnership's private placement. We paid our Former Facilitator up to 1.5% of the gross equity proceeds raised through our operating partnership's private placement for transaction facilitation. For the years ended December 31, 2006 and 2005, we incurred approximately \$1.8 million and \$1.8 million, respectively, payable to our Former Facilitator for such fees. In accordance with SFAS No. 98, these fees, as well as the other fees associated with our operating partnership's private placement, were recorded as Deferred loan costs financing obligation, net and amortized over the life of the financing obligation (see Note 8 for additional information).

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Internalization

On July 21, 2006, we entered a contribution agreement with our operating partnership and DCAG to acquire our Former Advisor for an aggregate of 15,111,111 OP Units. The Internalization was consummated on October 10, 2006 (see Note 14 for additional information).

Some of our directors and officers had material financial interests in the Internalization. In particular, prior to the consummation of the Internalization, Tom Wattles, Evan Zucker, James Mulvihill, Jim Cochran, Daryl Mechem, Matt Murphy and Michael Ruen were also employees of, or consultants to, our Former Advisor or its affiliates. Moreover, Mr. Wattles has indirect beneficial ownership and control with his spouse of a 12.825% membership interest in DCAG and is entitled to receive 8.084% of the net cash flows of DCAG, which we refer to as a cash flow interest; Mr. Zucker has indirect beneficial ownership and control with his spouse of a 23.014% membership interest in DCAG and a 12.280% cash flow interest; and Mr. Mulvihill has indirect beneficial ownership and control with his spouse of a 23.014% membership interest in DCAG and a 12.280% cash flow interest. Furthermore, Messrs. Cochran, Mechem, Murphy and Ruen, pursuant to certain contractual arrangements, have an aggregate 9.987% cash flow interest in DCAG.

In addition, in connection with the Internalization, we entered into employment agreements with Tom Wattles, Jim Cochran, Daryl Mechem, Matt Murphy and Michael Ruen on July 21, 2006, an employment agreement with Philip Hawkins on August 14, 2006 and an employment agreement with Stuart Brown on September 18, 2006. The employment agreements provide for these individuals to serve as our executive officers and became effective on October 10, 2006. Furthermore, we entered into certain additional agreements on October 10, 2006 with affiliates of DCAG (see Note 14 for additional information).

Note 14. Internalization

Internalization of our Former Advisor

On July 21, 2006, we entered into a contribution agreement (the Contribution Agreement) between our operating partnership and DCAG. On October 10, 2006, pursuant to the Contribution Agreement, our operating partnership acquired our Former Advisor from DCAG for an aggregate of 15,111,111 OP Units, which included the modification of the Special Units (see additional information in Note 9) held by DCAG into 7,111,111 OP Units. In connection with the Internalization, our Former Advisor became a wholly-owned subsidiary of our operating partnership, and certain employees of, or consultants to, our Former Advisor or its affiliates became our employees. As a result of these transactions, we have become a self-administered and self-advised REIT.

Change in Accounting for Internalization

In our 2006 Consolidated Financial Statements, we incorrectly concluded the Internalization was within the scope of SFAS No. 141 and EITF 04-1. We have reevaluated whether the acquisition of our Former Advisor constituted a business pursuant to EITF 98-3, and concluded that the acquired assets and activities were not a self-sustaining integrated set of activities and assets conducted and managed for the purpose of providing a return to investors. In accordance with EITF 98-3, we evaluated the acquired inputs, processes applied to those inputs, and the resulting outputs and concluded that the acquired assets and activities lack the ability to sustain an independent revenue stream and therefore did not constitute a business. As a result of our conclusion that the Former Advisor did not constitute a business pursuant to EITF 98-3, the transaction is not within the scope of SFAS No. 141 or EITF 04-1.

Therefore, we have corrected our Consolidated Financial Statements as of, and for the year ended December 31, 2006. As a result of the correction, our Loss on contract termination and related Internalization expenses increased by \$1.1 million, or approximately \$0.01 per share, for the year ended December 31, 2006, our Other assets, net decreased by \$1.3 million for the correction to goodwill, our Accounts payable and accrued expenses decreased by \$192,000 and our Minority interests decreased by \$130,000, as of December 31, 2006. The Company believes that the effect of this correction is not material, either quantitatively or qualitatively to the

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2006 Consolidated Financial Statements. The difference between the consideration paid and the net assets acquired from the Former Advisor has been treated as a cost to terminate the Advisory Agreement.

The following summarizes the allocation of the consideration paid for our Former Advisor (in thousands):

Total tangible assets	\$ 170
Total intangible assets	1,205
Loss on contract termination and related Internalization expenses	173,248
Total Consideration Allocated	\$ 174,623

The following summarizes the allocation of the consideration paid for our Former Advisor (in thousands):

Value of OP Units issued ⁽¹⁾	\$ 169,975
Additional acquisition costs incurred	4,648
Total Consideration	\$ 174,623

⁽¹⁾ 15,111,111 OP Units valued at approximately \$11.25 per unit.

We also entered into several related agreements in connection with the Internalization including:

a pledge and security agreement whereby DCAG pledged the OP Units received as consideration in the Internalization and certain other assets for certain periods to secure its indemnification obligations to us under the Contribution Agreement;

a registration rights agreement whereby we granted registration rights to DCAG and its permitted transferees in respect of any shares of our common stock issued in exchange for the OP Units issued in the Internalization;

a non-competition agreement with each of Evan Zucker, our former Chief Executive Officer, President, Secretary and a former director, and James Mulvihill, our former Chief Financial Officer and Treasurer and a current director;

a license agreement with an affiliate of DCAG granting us the right to continue to use the Dividend Capital name without payment of any fees for one year;

a transition services agreement with DCAG whereby for a monthly fee of approximately \$72,000, we receive enumerated services, including IT services, human resources, payroll and accounts payable services, necessary to operate our business for a one-year period; and

a joint venture agreement with DCTRT, a Maryland corporation which intends to qualify as a REIT for U.S. federal income tax purposes and which is externally advised by an affiliate of DCAG, and a wholly-owned subsidiary of DCTRT, which established a

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series of joint ventures that, subject to certain exceptions and conditions, will be the exclusive vehicles used by DCTRT and such subsidiary to invest in industrial real estate assets in our current major markets through the end of 2008.

Moreover, we terminated the dealer manager agreements with our Former Dealer Manager relating to our prior continuous public offerings of common stock and our operating partnership's private placement and the agreement with our Former Facilitator relating to our operating partnership's private placement.

Additionally, upon consummation of the Internalization, Philip Hawkins became our Chief Executive Officer and a director, Stuart Brown became our Chief Financial Officer and Jim Cochran became our President. Simultaneously, Evan Zucker resigned as our Chief Executive Officer, President, Secretary and director and James Mulvihill resigned as our Chief Financial Officer and Treasurer, but remains a director. Certain of our directors and officers had material financial interests in the Internalization. To address these

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potential conflicts of interest, a special committee of our board of directors comprised of all of our independent directors was formed to review, consider and negotiate the terms and conditions of the Internalization and to make a recommendation to our entire board regarding the transaction. The special committee engaged and consulted with its own legal and financial advisors.

Note 15. Income Taxes

We operate and expect to continue to operate in a manner to meet all the requirements to qualify for REIT status. We have made our REIT election under Internal Revenue Code Section 856 for the taxable year ended December 31, 2003 and all subsequent years. In order for a former C corporation to elect to be a REIT, it must distribute 100% of its C corporation earnings and profits and agree to be subject to federal tax at the corporate level to the extent of any subsequently recognized built-in gains within a ten year period. We did not have any built-in gains at the time of our conversion to REIT status. As a REIT, we generally will not be subject to federal income taxation at the corporate level to the extent we distribute 100% of our REIT taxable income annually, as defined in the Internal Revenue Code, to our stockholders and satisfy other requirements. To continue to qualify as a REIT for federal tax purposes, we must distribute at least 90% of our REIT taxable income annually. No material provisions have been made for federal income taxes in our Consolidated Financial Statements.

In 2007, we entered into four markets in Mexico. Foreign income taxes are accrued for foreign countries in which DCT operates in accordance with the applicable treaties, laws and regulations. We paid no foreign income taxes for the year ended December 31, 2007.

Note 16. Segment Information

We consider each operating property to be an individual operating segment that has similar economic characteristics to all our other operating properties, which excludes the results from discontinued operations and includes results from properties held for contribution. Our management considers rental revenues and property net operating income aggregated by property type to be the appropriate way to analyze performance. Certain reclassifications have been made to prior year results to conform to the current presentation, primarily related to discontinued operations (see Note 17 for additional information).

The following table sets forth the rental revenues and property net operating income of our property type segments in continuing operations for the years ended December 31, 2007, 2006 and 2005 (in thousands):

	Rental Revenues			Property NOI ⁽¹⁾		
	2007	2006	2005	2007	2006	2005
Bulk distribution	\$ 201,643	\$ 176,801	\$ 94,901	\$ 155,428	\$ 138,677	\$ 74,444
Light industrial and other	55,709	41,080	22,319	38,806	29,272	15,868
Total	\$ 257,352	\$ 217,881	\$ 117,220	\$ 194,234	\$ 167,949	\$ 90,312

⁽¹⁾ Property net operating income (NOI) is defined as rental revenues, including reimbursements, less rental expenses and real estate taxes, which excludes depreciation, amortization, general and administrative expense and interest expense. We consider property NOI to be an appropriate supplemental performance measure because property NOI reflects the operating performance of our properties and excludes certain items that are not considered to be controllable in connection with the management of the property such as depreciation, interest expense, interest income and general and administrative expenses. However, property NOI should not be viewed as an alternative measure of our financial performance since it excludes expenses which could materially impact our results of operations. Further, our property NOI may not be comparable to that of other real estate companies, as they may use different methodologies for calculating property NOI. Therefore, we believe net income, as defined by GAAP, to be the most appropriate measure to evaluate our overall financial performance.

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The following table is a reconciliation of our property NOI to our reported net income from continuing operations for the years ended December 31, 2007, 2006 and 2005 (in thousands):

	2007	2006	2005
Property NOI	\$ 194,234	\$ 167,949	\$ 90,312
Institutional capital management and other fees	2,871	1,256	
Real estate related depreciation and amortization	(115,400)	(107,753)	(68,291)
General and administrative expense	(19,547)	(7,861)	(2,794)
Asset management fees, related party		(13,426)	(8,901)
Equity in losses of unconsolidated joint ventures, net	433	(289)	
Loss on contract termination and other Internalization expenses		(173,248)	
Interest expense	(61,155)	(66,692)	(28,431)
Interest income and other	4,666	5,368	3,193
Income taxes	(1,511)	(1,392)	(210)
Minority interests	(584)	22,468	506
Income (Loss) from Continuing Operations	\$ 4,007	\$ (173,620)	\$ (14,616)

The following table reflects our total assets, net of accumulated depreciation and amortization, by property type segment (in thousands):

	December 31, 2007	December 31, 2006
Property type segments:		
Bulk distribution	\$ 1,917,863	\$ 2,126,898
Light industrial and other	553,072	528,167
Total segment net assets	2,470,935	2,655,065
Development and redevelopment assets	138,112	47,922
Assets held for sale		41,895
Non-segment assets:		
Properties in pre-development including land held	25,025	30,863
Non-segment cash and cash equivalents	3,316	3,361
Other non-segment assets ⁽¹⁾	141,604	69,118
Total Assets	\$ 2,778,992	\$ 2,848,224

⁽¹⁾ Other non-segment assets primarily consists of corporate assets including investments in unconsolidated joint ventures, notes receivable, certain loan costs, including loan costs associated with our financing obligations, and deferred acquisition costs. Included in rental revenues and segment net assets for the year ended December 31, 2007 was approximately \$0.5 million and \$32.0 million, respectively, attributable to operations in Mexico which commenced during 2007.

Note 17. Discontinued Operations and Assets Held for Sale

In accordance with SFAS No. 144, we report results of operations from real estate assets that meet the definition of a component of an entity and have been sold, or meet the criteria to be classified as held for sale, as discontinued operations. During the year ended December 31, 2007, we sold one development property in our bulk distribution segment comprised of approximately 499,000 square feet, and four operating properties in our light industrial and other segment (two of which were classified as held for sale as of December 31, 2006) comprised of approximately 289,000 square feet to third parties for a net gain of \$12.1 million. During the year

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ended December 31, 2006, we sold seven properties with an aggregate of 658,797 square feet to third parties for a net gain of \$5.2 million. For the years ended December 31, 2007, 2006, and 2005, discontinued operations includes the results of operations of these properties prior to the date of sale. No properties were sold to unrelated third parties during the year ended December 31, 2005. We included all results of these discontinued operations in a separate component of income on our Consolidated Statements of Operations under the heading Income from discontinued operations. This treatment resulted in certain reclassifications of 2007, 2006 and 2005 financial statement amounts. As of December 31, 2007, we had no properties classified as held for sale.

The following is a summary of the components of income from discontinued operations for the years ended December 31, 2007, 2006 and 2005 (in thousands):

	2007	2006	2005
Rental revenues	\$ 255	\$ 7,979	\$ 8,693
Rental expenses and real estate taxes	(252)	(2,245)	(1,861)
Real estate related depreciation and amortization	(65)	(4,039)	(3,915)
Operating income (loss)	(62)	1,695	2,917
Interest expense, net	(54)	(575)	(281)
Income taxes	(20)		
Income (loss) before minority interest and gain on dispositions of real estate	(136)	1,120	2,636
Gain on dispositions of real estate interests, net	12,125	5,187	
Minority interests	(1,822)	(721)	20
Income from discontinued operations	\$ 10,167	\$ 5,586	\$ 2,656

As of December 31, 2007 and 2006, the assets related to the properties held for sale and related liabilities were as follows (in thousands):

	December 31, 2007	December 31, 2006
Net investment in properties held for sale	\$	\$ 40,785
Other assets held for sale		1,110
Total assets held for sale	\$	\$ 41,895
Mortgage notes related to assets held for sale	\$	\$
Other liabilities related to assets held for sale		276
Liabilities related to assets held for sale	\$	\$ 276

Table of Contents**Note 18. Quarterly Results (Unaudited)**

The following table presents selected unaudited quarterly financial data for each quarter during the year ended December 31, 2007 (amounts in thousands except per share information):

	For the Quarter Ended				For the Year Ended
	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007	December 31, 2007
Total revenues	\$ 65,721	\$ 63,580	\$ 64,044	\$ 66,878	\$ 260,223
Total operating expenses	\$ 49,176	\$ 49,756	\$ 50,221	\$ 48,912	\$ 198,065
Operating income	\$ 16,545	\$ 13,824	\$ 13,823	\$ 17,966	\$ 62,158
Income (loss) from continuing operations	\$ 321	\$ 237	\$ (207)	\$ 3,656	\$ 4,007
Income (loss) from discontinued operations	\$ 8,285	\$ (137)	\$ (253)	\$ 2,272	\$ 10,167
Gain (loss) on dispositions of real estate interests, net of minority interest	\$ 6,749	\$ 7,737	\$ 11,709	\$ (257)	\$ 25,938
Net income	\$ 15,355	\$ 7,837	\$ 11,249	\$ 5,671	\$ 40,112
Income (loss) per common share, basic and diluted					
Income (loss) from continuing operations	\$ 0.00	\$ 0.00	\$ (0.00)	\$ 0.02	\$ 0.03
Income (loss) from discontinued operations	0.05	(0.00)	(0.00)	0.01	0.06
Gain (loss) on dispositions of real estate interests, net of minority interest	0.04	0.05	0.07	(0.00)	0.15
Net income	\$ 0.09	\$ 0.05	\$ 0.07	\$ 0.03	\$ 0.24
Basic common shares outstanding	168,355	168,355	168,355	168,366	168,358
Diluted common shares outstanding	196,720	198,703	201,956	205,846	200,823

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The following table presents selected unaudited quarterly financial data for each quarter during the year ended December 31, 2006 (amounts in thousands except per share information):

	For the Quarter Ended				For the Year Ended
	March 31, 2006	June 30, 2006	September 30, 2006	December 31, 2006	December 31, 2006
Total revenues	\$ 44,876	\$ 49,419	\$ 61,128	\$ 63,714	\$ 219,137
Total operating expenses	\$ 37,668	\$ 42,803	\$ 50,868	\$ 47,633	\$ 178,972
Operating income	\$ 7,208	\$ 6,616	\$ 10,260	\$ 16,081	\$ 40,165
Loss from continuing operations	\$ (1,734)	\$ (6,044)	\$ (9,903)	\$ (155,939)	\$ (173,620)
Income (loss) from discontinued operations	\$ (247)	\$ 435	\$ 207	\$ 5,191	\$ 5,586
Gain (loss) on dispositions of real estate interests, net of minority interest	\$ 3,936	\$ 3,963	\$ (469)	\$ 1,631	\$ 9,061
Net income (loss)	\$ 1,955	\$ (1,646)	\$ (10,165)	\$ (149,117)	\$ (158,973)
Income (loss) per common share, basic and diluted					
Loss from continuing operations	\$ (0.01)	\$ (0.04)	\$ (0.07)	\$ (1.00)	\$ (1.16)
Income (loss) from discontinued operations	(0.00)	0.00	0.00	0.03	0.04
Gain (loss) on dispositions of real estate interests, net of minority interest	0.02	0.03	(0.00)	0.01	0.06
Net income (loss)	\$ 0.01	\$ (0.01)	\$ (0.07)	\$ (0.96)	\$ (1.06)
Basic common shares outstanding	145,402	150,053	150,725	155,037	150,320
Diluted common shares outstanding	147,315	150,053	150,725	155,037	150,320

Note 19. Subsequent Event**Purchase of TIC Interests**

In January 2008, our operating partnership purchased all remaining TIC Interests in the one remaining property for an aggregate of 1.6 million OP Units valued at approximately \$14.8 million.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

DCT Industrial Trust Inc.:

Under date of February 29, 2008, we reported on the consolidated balance sheets of DCT Industrial Trust Inc. and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2007. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related financial statement schedule, Schedule III Real Estate and Accumulated Depreciation (Schedule III). Schedule III is the responsibility of the Company's management. Our responsibility is to express an opinion on Schedule III based on our audits. In our opinion, Schedule III Real Estate and Accumulated Depreciation, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

Denver, Colorado

February 29, 2008

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Table of Contents**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION****December 31, 2007**

Property	Number of Buildings	Initial Cost to Company					Costs	Gross Amount Carried at 12/31/2007					Acquisition Date	Year Built
		Building		Capitalized		Building & Total Costs	Building		Accumulated					
		Encumbrances (6)	Land Improvements (7)	Subsequent to Acquisition (8)	Land Improvements (4)(5)(7)		Depreciation (4)(7)							
Newpoint I	1	\$	\$ 2,143	\$ 12,908	\$ 15,051	\$ (13)(2)	\$ 2,088	\$ 12,950	\$ 15,038	\$ (2,576)	03/31/04	1997		
Southcreek	3	8,789	5,338	31,640	36,978	189	5,338	31,829	37,167	(5,660)	06/08/04/09/21/04	1999/2004		
Eagles Landing	1	20,178	2,595	13,475	16,070	180	2,595	13,655	16,250	(2,945)	06/08/04	2003		
Buford Industrial	1		1,475	7,021	8,496	218	1,475	7,239	8,714	(1,404)	10/01/04	1997		
Breckinridge Industrial	2		1,950	10,159	12,109	575	1,903	10,781	12,684	(3,344)	10/01/04	2000		
Westgate Industrial	1		2,140	4,801	6,941	492	2,140	5,293	7,433	(1,586)	10/01/04	1988		
Westpark Industrial	2		2,176	6,719	8,895	412	2,176	7,131	9,307	(1,020)	10/01/04	1981		
Cobb Industrial	2		1,120	5,249	6,369	259	1,120	5,508	6,628	(1,370)	10/01/04	1996		
Cabot Parkway Industrial	1		1,102	6,617	7,719	65	1,103	6,681	7,784	(1,786)	10/01/04	2000		
Atlanta NE Portolio	2		2,817	14,892	17,709	107	2,817	14,999	17,816	(3,682)	11/05/04	1978/1987		
Lotus Cars USA	1		1,029	2,103	3,132		1,029	2,103	3,132	(451)	12/03/04	2003		
Fulton Industrial Boulevard	3	7,450	1,850	13,480	15,330	618	1,850	14,098	15,948	(1,930)	07/21/05	1973/1996		
Penney Road	1	2,017	401	4,145	4,546	125	401	4,270	4,671	(414)	07/21/05	2001		
Southfield Parkway	1	2,560	523	3,808	4,331	77	523	3,885	4,408	(493)	07/21/05	1994		
Livingston Court	2	4,240	919	6,878	7,797	81	919	6,959	7,878	(1,172)	07/21/05	1985		
Peterson Place	4	3,387	596	6,900	7,496	336	596	7,236	7,832	(967)	07/21/05	1984		
Oakbrook Parkway	5	9,607	1,823	17,185	19,008	1,252	1,823	18,437	20,260	(2,204)	07/21/05	1982		
Regency Parkway	7	9,339	1,521	16,084	17,605	958	1,521	17,042	18,563	(2,184)	07/21/05	1984/1989		
Jimmy Carter Boulevard	2	3,151	488	5,159	5,647	514	488	5,673	6,161	(811)	07/21/05	1984		
McGinnis Ferry Road	1	4,165	700	6,855	7,555	84	693	6,946	7,639	(929)	07/21/05	1993		
South Royal Atlanta Drive	1	992	174	1,896	2,070	25	174	1,921	2,095	(245)	07/21/05	1986		
Evergreen Boulevard	2		3,123	14,265	17,388	31	3,123	14,296	17,419	(1,187)	06/09/06	1999		
Northmont Parkway ⁽⁸⁾	4		3,528	20,622	24,150	838	3,528	21,460	24,988	(1,449)	06/09/06	1998/2000		
Summit Ridge Parkway	3		3,735	15,112	18,847	213	3,735	15,325	19,060	(1,163)	06/09/06	1996/1997		
Buford Development	1		1,370	7,151	8,521	55	1,370	7,206	8,576	(133)	03/31/06	2006		
TOTAL ATLANTA MARKET	54	75,875	44,636	255,124	299,760	7,691	44,528	262,923	307,451	(41,105)				
Delta Portfolio	7	26,366	8,762	36,806	45,568	2,915	8,699	39,784	48,483	(6,421)	04/12/05	1986/1993		
Charwood Road	1	5,296	1,960	10,261	12,221	236	1,960	10,497	12,457	(1,171)	07/21/05	1986		
Greenwood Place	2	5,260	2,565	12,919	15,484	600	2,566	13,518	16,084	(1,215)	07/21/05/06/09/06	1978/1984		

Table of Contents**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)****December 31, 2007**

Property	Initial Cost to Company					Costs		Gross Amount Carried at 12/31/2007					Acquisition Date
	Number of Buildings	Encumbrances ⁽⁶⁾	Building & Improvements ⁽¹⁾		Total Costs	Capitalized	Building & Improvements ⁽¹⁾		Total Costs ⁽³⁾⁽⁵⁾⁽⁷⁾	Accumulated			
			Land			Subsequent to Acquisition	Land			Depreciation ⁽⁴⁾⁽⁷⁾			
High Road	1		1,879	6,650	8,529	518	1,879	7,168	9,047	(506)	06/09/06		
High Place	1		1,654	6,202	7,856	366	1,654	6,568	8,222	(460)	06/09/06		
	12	36,922	16,820	72,838	89,658	4,635	16,758	77,535	94,293	(9,773)			
& Smith	1	10,161	5,183	20,100	25,283	(134) ⁽²⁾	5,183	19,966	25,149	(2,591)	07/20/05		
Street	3		4,853	10,334	15,187	386	4,853	10,720	15,573	(1,256)	10/26/05 19		
Office	1		3,133	17,542	20,675	(17) ⁽²⁾	3,133	17,525	20,658	(851)	12/26/06		
Drive ⁽⁸⁾	3		4,107	9,288	13,395	135	4,107	9,423	13,530	(448)	02/09/07 19		
	8	10,161	17,276	57,264	74,540	370	17,276	57,634	74,910	(5,146)			
Boulevard	1	3,023	1,360	4,840	6,200	45	1,360	4,885	6,245	(501)	07/21/05		
er Drive	1	1,760	507	4,549	5,056	227	507	4,776	5,283	(524)	07/21/05		
Ford Road	1	2,840	1,603	5,277	6,880	48	1,603	5,325	6,928	(690)	07/21/05		
Distribution	1		622	3,655	4,277	(32) ⁽²⁾	622	3,623	4,245	(476)	11/02/05		
Road	1		611	4,026	4,637	129	611	4,155	4,766	(299)	06/09/06		
Drive	1		319	1,475	1,794	217	319	1,692	2,011	(111)	06/09/06		
ark Drive	3		1,010	6,757	7,767	61	1,010	6,818	7,828	(550)	06/09/06 19		
	9	7,623	6,032	30,579	36,611	695	6,032	31,274	37,306	(3,151)			
Lake ⁽⁸⁾	1		2,561	8,809	11,370		2,561	8,809	11,370	(1,507)	10/29/03		
Distribution	1	10,898	3,191	18,505	21,696	12	3,191	18,517	21,708	(4,121)	01/05/05		
awk Portfolio	5	19,996	6,671	40,877	47,548	854	6,667	41,735	48,402	(5,875)	06/13/05 19		
oyen	1	5,230	1,790	10,929	12,719	83	1,790	11,012	12,802	(1,721)	07/21/05		
ac Road	1	3,920	1,647	5,849	7,496	63	1,647	5,912	7,559	(1,023)	07/21/05		
Wolf Road	1	9,084	4,836	18,794	23,630	521	4,836	19,315	24,151	(2,724)	07/21/05		
e Avenue ⁽⁸⁾	1	4,870	1,442	7,985	9,427	1,308	1,412	9,323	10,735	(1,271)	07/21/05		
23rd Place	1	2,847	644	5,935	6,579	113	644	6,048	6,692	(715)	07/21/05		
venue	1		1,620	1,988	3,608	147	1,620	2,135	3,755	(177)	03/17/06		
l Court	1		5,036	8,578	13,614		5,036	8,578	13,614	(322)	05/01/07		
	14	56,845	29,438	128,249	157,687	3,101	29,404	131,384	160,788	(19,456)			
est	6	41,451	10,441	63,682	74,123	370	10,319	64,174	74,493	(14,244)	12/15/03/ 06/08/04 19		
est Business	1		299	4,486	4,785	398	299	4,884	5,183	(2,665)	05/03/04		
affington	2	4,059	1,618	8,500	10,118	3,148	1,618	11,648	13,266	(848)	07/21/05		

Table of Contents**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)****December 31, 2007**

Property Description	Initial Cost to Company					Costs		Gross Amount Carried at 12/31/2007					Year Began
	Number of Buildings	Encumbrances ⁽⁶⁾	Building & Improvements ⁽¹⁾		Total Costs	Capitalized Subsequent to Acquisition	Accumulated			Acquisition Date			
			Land				Land	Building & Improvements ⁽¹⁾	Total Costs ⁽³⁾⁽⁵⁾⁽⁷⁾		Depreciation ⁽⁴⁾⁽⁷⁾		
Edward	3	7,350	2,096	11,788	13,884	1,144	2,096	12,932	15,028	(1,623)	07/21/05	1984	
ola Pike	1	2,653	625	4,642	5,267	175	625	4,817	5,442	(642)	07/21/05	1984	
trial Road	2	2,740	629	3,344	3,973	769	629	4,113	4,742	(474)	07/21/05	1984	
ick Drive	1	2,857	579	4,670	5,249	232	579	4,902	5,481	(583)	07/21/05	1984	
Place	1	3,540	1,131	5,516	6,647	1,360	1,131	6,876	8,007	(602)	07/21/05	1984	
bution													
e	1	3,200	688	6,838	7,526	421	688	7,259	7,947	(734)	07/21/05	1984	
Road	1		377	4,925	5,302	8	377	4,933	5,310	(527)	06/09/06	1984	
r Line													
	1		70	261	331	(1) ⁽²⁾	70	260	330	(23)	06/09/06	1984	
ation													
	8		1,221	5,688	6,909	116	1,221	5,804	7,025	(545)	06/09/06	1984	
ke Drive	7		1,417	9,524	10,941	273	1,417	9,797	11,214	(859)	06/09/06	1984	
AL CINNATI													
MARKET	35	67,850	21,191	133,864	155,055	8,413	21,069	142,399	163,468	(24,369)			
modity													
Edward	2	20,849	3,891	36,799	40,690	1,283	3,891	38,082	41,973	(4,714)	07/21/05	2000	
trial Drive	1	4,350	683	7,136	7,819	38	683	7,174	7,857	(987)	07/21/05	1984	
Trace	1		288	3,091	3,379	(25) ⁽²⁾	288	3,066	3,354	(307)	03/14/06	1984	
enbacker	2		3,532	34,172	37,704	(22) ⁽²⁾	3,532	34,150	37,682	(2,556)	04/13/06	1998	
side	4		5,210	52,437	57,647	622	5,210	53,059	58,269	(4,053)	05/19/06	1999	
Park	3		1,628	13,504	15,132	56	1,628	13,560	15,188	(1,281)	05/19/06	1990	
awk	1	8,703	1,839	12,391	14,230		1,839	12,391	14,230		08/08/07	2000	
AL UMBUS													
MARKET	14	33,902	17,071	159,530	176,601	1,952	17,071	161,482	178,553	(13,898)			
H	1	6,444	981	10,392	11,373	(30) ⁽²⁾	981	10,362	11,343	(2,747)	12/15/03	1984	
cle ⁽⁸⁾	2	16,690	1,588	27,853	29,441	423	1,588	28,276	29,864	(5,871)	12/15/03	2000	
et													
trial	5		1,481	15,507	16,988	601	1,481	16,108	17,589	(3,401)	10/01/04	1981	
n													
trial	2		878	5,957	6,835	780	878	6,737	7,615	(2,237)	10/01/04	1973	
meter													
trial	2		261	2,901	3,162	47	261	2,948	3,209	(765)	10/01/04	1984	
ue R													
trial I	1		189	2,231	2,420	187	189	2,418	2,607	(570)	10/01/04	1984	
ue R													
trial II	1		271	1,139	1,410	462	271	1,601	1,872	(431)	10/01/04	1984	
Fork													
r													
trial	3		503	5,977	6,480	300	503	6,277	6,780	(1,553)	10/01/04	1984	
ers													
bution													
r	1		1,380	14,504	15,884	18	1,380	14,522	15,902	(3,297)	12/03/04	2000	
mat Drive	1	2,345	532	3,136	3,668	2,213	532	5,349	5,881	(625)	05/26/05	1984	
28th													
c	1	3,254		6,145	6,145	20		6,165	6,165	(1,072)	07/21/05	2000	

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S												
evard	5	27,393	2,428	50,618	53,046	1,015	2,428	51,633	54,061	(7,234)	07/21/05	1984
Lane	1	1,918		3,200	3,200	20		3,220	3,220	(636)	07/21/05	19

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Table of Contents**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)****December 31, 2007**

	Number of Buildings	Encumbrances ⁽⁶⁾	Initial Cost to Company			Costs Subsequent to Acquisition	Gross Amount Carried at 12/31/2007			Accumulated Depreciation ⁽⁴⁾⁽⁷⁾	Acquisition Date	Year Built
			Land	Building & Improvements ⁽¹⁾	Total Costs		Land	Building & Improvements ⁽¹⁾	Total Costs ⁽³⁾⁽⁵⁾⁽⁷⁾			
erty												
Stemmons												
ay ⁽⁸⁾	1	2,376	585	2,576	3,161	194	585	2,770	3,355	(431)	07/21/05	19
Story Drive	1	2,700	777	4,646	5,423	163	777	4,809	5,586	(653)	07/21/05	19
ian Drive	1	2,535	410	4,135	4,545	852	410	4,987	5,397	(666)	07/21/05	19
ay Drive	1	1,472	463	2,152	2,615	367	463	2,519	2,982	(345)	07/21/05	19
ood Parkway	3	8,875	2,271	15,351	17,622	742	2,271	16,093	18,364	(2,254)	07/21/05	1984
Street	1	460	83	899	982	5	83	904	987	(144)	07/21/05	19
en Drive	1	1,138	207	2,258	2,465	10	207	2,268	2,475	(321)	07/21/05	19
Great												
west Parkway	1	1,994	1,134	2,253	3,387	79	1,134	2,332	3,466	(487)	07/21/05	19
Chapel Road	1	514	110	732	842	23	110	755	865	(154)	07/21/05	19
line Road	6	4,766	1,167	7,811	8,978	668	1,167	8,479	9,646	(1,231)	07/21/05	19
lake Road	2	2,720	534	4,457	4,991	370	534	4,827	5,361	(828)	07/21/05	19
Drive ⁽⁸⁾	1	1,760	420	2,332	2,752	26	420	2,358	2,778	(359)	07/21/05	19
pion Drive	1	1,660	672	2,598	3,270	385	672	2,983	3,655	(433)	07/21/05	19
Gateway												
	1		1,669	11,622	13,291	1	1,669	11,623	13,292	(1,160)	01/13/06	20
orate Drive ⁽⁸⁾	2		4,199	30,374	34,573	1,026	4,199	31,400	35,599	(2,920)	06/09/06	1996
AL DALLAS												
KET	50	91,014	25,193	243,756	268,949	10,967	25,193	254,723	279,916	(42,825)		
ark 70	1	5,152	1,383	7,566	8,949	819	1,383	8,385	9,768	(2,464)	09/30/04	19
AL DENVER												
KET	1	5,152	1,383	7,566	8,949	819	1,383	8,385	9,768	(2,464)		
Guadalajara												
outh Periferico	1		2,246	3,172	5,418		2,246	3,172	5,418		09/28/07	20
Guadalajara												
outh Periferico	1		1,111	1,983	3,094		1,111	1,983	3,094		10/18/07	19
Guadalajara												
outh Periferico	1		1,326	3,210	4,536		1,326	3,210	4,536		10/18/07	20
AL												
DALAJARA												
KET	3	4,683		8,365	13,048		4,683	8,365	13,048			
by Northwest	1		1,033	7,564	8,597	283	1,033	7,847	8,880	(1,843)	10/30/03	19
esen Business.												
	7		1,007	23,370	24,377	782	1,007	24,152	25,159	(6,385)	06/03/04	2001
ay 8 Business	7		1,679	25,565	27,244	423	1,679	25,988	27,667	(6,275)	06/03/04/ 07/01/05	2001
orate Industrial	2		613	3,989	4,602	166	613	4,155	4,768	(949)	10/01/04	19
Industrial	1		568	6,331	6,899	522	568	6,853	7,421	(2,544)	10/01/04	19
Rivers												
trial	2		272	3,123	3,395	202	272	3,325	3,597	(1,138)	10/01/04	19
ood												
trial	1		180	1,634	1,814	42	180	1,676	1,856	(443)	10/01/04	19
ark Industrial	1		154	1,404	1,558	59	154	1,463	1,617	(384)	10/01/04	19

Table of Contents**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)****December 31, 2007**

Property	Initial Cost to Company					Costs		Gross Amount Carried at 12/31/2007					Year Began
	Number of Buildings	Encumbrances ⁽⁶⁾	Land	Building & Improvements ⁽¹⁾	Total Costs	Capitalized		Land	Building & Improvements ⁽¹⁾	Total Costs ⁽³⁾⁽⁵⁾⁽⁷⁾	Accumulated Depreciation ⁽⁴⁾⁽⁷⁾	Acquisition Date	
						Subsequent to Acquisition							
Industrial	1		742	4,644	5,386	92		742	4,736	5,478	(1,462)	10/01/04	1999
Industrial	1		1,200	7,998	9,198	316		1,200	8,314	9,514	(1,530)	10/01/04	1999
Crossing	3	6,933	1,225	10,202	11,427	430		1,225	10,632	11,857	(1,407)	07/01/05	1999
Brook	4	8,102	1,274	12,842	14,116	779		1,274	13,621	14,895	(1,411)	07/01/05	1999
Way at Central	2		1,079	9,929	11,008	375		1,079	10,304	11,383	(1,178)	09/20/05	2000
Lakes Center	1		707	5,205	5,912	138		707	5,343	6,050	(397)	03/27/06	1999
Men North	4		3,345	11,030	14,375	(256) ⁽²⁾		3,345	10,774	14,119		06/08/07	2000
West Place	1		1,821	11,406	13,227			1,821	11,406	13,227		06/14/07	1999
Warehouse Drive	1		1,296	6,782	8,078			1,296	6,782	8,078		12/03/07	2000
LAKESIDE TOWN													
MARKET	40	15,035	18,195	153,018	171,213	4,353		18,195	157,371	175,566	(27,346)		
Field	2		3,095	31,369	34,464	(346) ⁽²⁾		3,095	31,023	34,118	(3,483)	12/22/03	1999
Man	1		2,200	11,239	13,439	276		2,200	11,515	13,715	(1,395)	12/15/05	1999
ing	1		3,817	24,777	28,594	53		3,817	24,830	28,647	(2,524)	12/16/05	2000
ool Airwest	3		2,292	11,949	14,241	127		2,292	12,076	14,368	(1,368)	02/27/06	1999
n Road	1		1,106	7,268	8,374			1,106	7,268	8,374	(75)	10/10/07	1999
LAKESIDE NAPOLIS													
MARKET	8		12,510	86,602	99,112	110		12,510	86,712	99,222	(8,845)		
nt Drive	1		1,235	11,690	12,925	(13) ⁽²⁾		1,235	11,677	12,912		07/03/07	2000
LAKESIDE AS CITY													
MARKET	1		1,235	11,690	12,925	(13)		1,235	11,677	12,912			
Pointe III	1	5,334	1,020	7,240	8,260	(2) ⁽²⁾		1,020	7,238	8,258	(1,437)	09/28/04	2000
ort	1		1,279	8,812	10,091	601		1,279	9,413	10,692	(2,644)	05/03/04	1999
rt	1		2,523	18,693	21,216			2,523	18,693	21,216	(870)	03/14/07	1999
ille	1	6,308	2,177	11,932	14,109			2,177	11,932	14,109		10/12/07	2000
cs Center	1												
LAKESIDE SVILLE													
MARKET	4	11,642	6,999	46,677	53,676	599		6,999	47,276	54,275	(4,951)		
saw	2		1,141	13,837	14,978	(363) ⁽²⁾		1,141	13,474	14,615	(3,156)	07/22/03	2000
oni	7	46,712	18,088	114,739	132,827	1,271		18,088	116,010	134,098	(17,311)	02/05/05	1999
ais Portfolio												05/13/05	
ais	1	4,543	1,525	10,444	11,969	(84) ⁽²⁾		1,525	10,360	11,885	(1,381)	06/13/05	2000
lex	1												
LAKESIDE PHIS													
MARKET	10	51,255	20,754	139,020	159,774	824		20,754	139,844	160,598	(21,848)		

Table of Contents**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)****December 31, 2007**

	Number of Buildings	Encumbrances ⁽⁶⁾	Initial Cost to Company			Costs Subsequent to Acquisition	Gross Amount Carried at 12/31/2007			Accumulated Depreciation ⁽⁴⁾⁽⁷⁾	Acquisition Date
			Land	Building & Improvements ⁽¹⁾	Total Costs		Land	Building & Improvements ⁽¹⁾	Total Costs ⁽³⁾⁽⁵⁾⁽⁷⁾		
Service Center Commerce	1		1,110	3,811	4,921	224	1,110	4,035	5,145	(1,033)	04/07/05
	1	5,555	3,050	10,769	13,819	(53) ⁽²⁾	3,050	10,716	13,766	(1,629)	04/13/05
st 12 Terrace	1	2,475	1,169	6,088	7,257	36	1,169	6,124	7,293	(1,130)	07/21/05
st 70th	2		10,025	16,936	26,961	3,295	10,025	20,231	30,256	(1,528)	06/09/06
ndrews	1		6,552	6,101	12,653	28	6,552	6,129	12,681	(572)	06/09/06
MIAMI	6	8,030	21,906	43,705	65,611	3,530	21,906	47,235	69,141	(5,892)	
ta Valley	3		3,764	22,039	25,803	56	3,764	22,095	25,859	(1,852)	04/13/06
APOLIS	3		3,764	22,039	25,803	56	3,764	22,095	25,859	(1,852)	
onterrey 1 - pe ⁽⁸⁾	1		1,404	3,620	5,024		1,404	3,620	5,024		11/16/07
ERREY	1		1,404	3,620	5,024		1,404	3,620	5,024		
one/Firestone	1	14,627	2,545	21,939	24,484	5,425	2,545	27,364	29,909	(4,096)	06/09/03
th Logistics	1	12,388	1,772	18,288	20,060	65	1,772	18,353	20,125	(3,417)	06/29/04
	1	10,650	1,445	13,352	14,797	172	1,445	13,524	14,969	(3,060)	03/19/04
e ion Center	1		2,940	12,188	15,128	(35) ⁽²⁾	2,940	12,153	15,093	(1,289)	12/28/05
ILLE	4	37,665	8,702	65,767	74,469	5,627	8,702	71,394	80,096	(11,862)	
ck Avenue	1	9,931	3,665	16,380	20,045	1,533	3,665	17,913	21,578	(2,219)	07/21/05
Drive	1	2,714	1,366	4,841	6,207	262	1,366	5,103	6,469	(584)	07/21/05
n Building	1		4,940	8,026	12,966	(6) ⁽²⁾	4,940	8,020	12,960	(828)	12/28/05
ay	3	6,094	5,881	12,521	18,402	785	5,881	13,306	19,187	(1,551)	12/29/05
ive	1	5,316	1,699	6,898	8,597	288	1,699	7,186	8,885	(510)	05/25/06
usiness Center	2	4,273	2,298	7,311	9,609	(119) ⁽²⁾	2,298	7,192	9,490	(718)	06/06/06
NEW	9	28,328	19,849	55,977	75,826	2,743	19,849	58,720	78,569	(6,410)	
od Industrial	1		1,892	4,662	6,554	815	1,892	5,477	7,369	(2,101)	10/01/04
ck Industrial	2		1,943	4,746	6,689	585	1,943	5,331	7,274	(1,624)	10/01/04
Distribution	2	11,304	6,875	15,254	22,129	100	6,875	15,354	22,229	(3,007)	11/03/04
ia Logistics	1		5,672	20,499	26,171	63	5,672	20,562	26,234	(1,907)	04/21/06

Table of Contents**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)****December 31, 2007**

Property	Initial Cost to Company					Costs		Gross Amount Carried at 12/31/2007					Year Began
	Number of Buildings	Encumbrances ⁽⁶⁾	Building & Improvements ⁽¹⁾		Total Costs	Capitalized		Accumulated			Acquisition Date		
			Land			Subsequent to Acquisition	Land	Building & Improvements ⁽¹⁾	Total Costs ⁽³⁾⁽⁵⁾⁽⁷⁾	Depreciation ⁽⁴⁾⁽⁷⁾			
City Street	3		12,584	24,582	37,166	166	12,584	24,748	37,332	(2,163)	06/09/06	1960	
... Lane ⁽⁸⁾	3		2,880	8,328	11,208	12	2,880	8,340	11,220	(609)	06/09/06	1960	
... lia Road	3		2,215	8,461	10,676	25	2,215	8,486	10,701	(563)	06/09/06	1960	
... Vasco	1		2,572	14,809	17,381	258	2,572	15,067	17,639	(1,078)	06/09/06	1960	
... oughlin	1		3,424	5,507	8,931	12	3,424	5,519	8,943	(516)	06/09/06	1960	
... Lane	5		10,977	17,216	28,193	(157) ⁽²⁾	10,977	17,059	28,036	(1,554)	06/09/06	1960	
... y Drive	5		12,338	15,253	27,591	422	12,338	15,675	28,013	(1,186)	06/09/06	1960	
... ountry	1		1,557	1,503	3,060	12	1,557	1,515	3,072	(162)	06/09/06	1960	
... ss Lane	1		2,211	2,196	4,407	412	2,211	2,608	4,819	(196)	06/09/06	1960	
... ourt	1		5,316	15,499	20,815	5	5,316	15,504	20,820	(818)	12/28/06	2007	
AL													
THERN													
FORNIA													
... KET	30	11,304	72,456	158,515	230,971	2,730	72,456	161,245	233,701	(17,484)			
... ss Park	2	10,222	2,627	13,055	15,682	428	2,627	13,483	16,110	(2,498)	10/22/04	2007	
... andstreet	3		2,251	11,979	14,230	23	2,251	12,002	14,253	(882)	06/09/06	1997	
... y Creek	6		6,982	22,646	29,628	228	6,982	22,874	29,856	(1,495)	06/09/06	1993	
... ican Way	1		3,603	8,667	12,270		3,603	8,667	12,270	(122)	08/16/07	1997	
AL													
ANDO													
... KET	12	10,222	15,463	56,347	71,810	679	15,463	57,026	72,489	(4,997)			
... Industrial	2	5,562	4,566	15,899	20,465	2,954	4,566	18,853	23,419	(3,725)	10/01/04	1995	
... Industrial	2	4,640	2,876	14,120	16,996	1,000	2,829	15,167	17,996	(3,182)	10/01/04	1987	
... Industrial	1		1,235	4,902	6,137	441	1,235	5,343	6,578	(1,675)	10/01/04	1997	
... Southern	1		555	3,376	3,931	19	555	3,395	3,950	(758)	10/01/04	1997	
... Geneva	3		413	2,667	3,080	231	413	2,898	3,311	(489)	10/01/04	1997	
... 24th	2		870	4,575	5,445	461	870	5,036	5,906	(752)	10/01/04	1979	
... arbor	1		2,534	7,597	10,131	299	2,534	7,896	10,430	(2,124)	11/24/04	2007	
... it Center	1		1,690	5,643	7,333	(26) ⁽²⁾	1,690	5,617	7,307	(602)	12/05/05	1997	
... Logistics	1												
... r	1	2,261	1,154	6,441	7,595	(26) ⁽²⁾	1,154	6,415	7,569	(591)	05/19/06	1997	
... velt													
... istribution													
... r	1												
AL													
ENIX													
... KET	14	12,463	15,893	65,220	81,113	5,353	15,846	70,620	86,466	(13,898)			
...	1		1,893	11,584	13,477		1,893	11,584	13,477	(71)	10/22/07	1997	

mark
ing II

AL SALT E CITY KET	1	1,893	11,584	13,477	1,893	11,584	13,477	(71)
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Table of Contents**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)****December 31, 2007**

Property	Initial Cost to Company										Costs		Gross Amount Carried at 12/31/2007	
	Number of Buildings	Encumbrances (1)	Building & Improvements		Capitalized Subsequent to Acquisition		Building & Improvements (1)		Total Costs (3)(5)(7)	Accumulated Depreciation (4)(7)	Acquisition Date	Year Built		
			Land	Improvements	Land	Improvements	Land	Improvements						
Rittiman Business Park	15		6,737	40,935	47,672	2,159	6,737	43,094	49,831	(3,838)	06/03/04/12/07/06	1976/2000		
TOTAL SAN ANTONIO MARKET														
	15		6,737	40,935	47,672	2,159	6,737	43,094	49,831	(3,838)				
DCT San Luis Potosi 1 Logistik Industrial	1		565	2,638	3,203		565	2,638	3,203		08/15/07	2006		
TOTAL SAN LUIS POTOSI MARKET														
	1		565	2,638	3,203		565	2,638	3,203					
Industry Drive North	2	9,730	5,753	16,039	21,792	302	5,753	16,341	22,094	(1,939)	07/21/05	1996		
South 228th Street (8)	2	11,051	4,739	17,797	22,536	121	4,739	17,918	22,657	(1,939)	07/21/05	1996/1997		
64th Avenue South	1	6,383	3,345	9,335	12,680	43	3,345	9,378	12,723	(1,258)	07/21/05	1996		
South 192nd Street	1	2,288	1,286	3,433	4,719	280	1,286	3,713	4,999	(476)	07/21/05	1986		
South 212th Street	1		3,095	10,253	13,348	106	3,095	10,359	13,454	(1,299)	08/01/05	1996		
Southwest 27th Street	1	7,570	4,583	8,353	12,936	27	4,583	8,380	12,963	(1,266)	07/21/05	1995		
TOTAL SEATTLE MARKET														
	8	37,022	22,801	65,210	88,011	879	22,801	66,089	88,890	(8,177)				
Foothill Business Center	3		13,315	9,112	22,427	1,263	13,315	10,375	23,690	(2,965)	12/09/04	2000		
Rancho Technology Park	1		2,790	7,048	9,838	546	2,790	7,594	10,384	(2,043)	10/16/03	2002		
East Slauson Avenue	3	12,010	5,499	14,775	20,274	1,055	5,499	15,830	21,329	(1,676)	07/21/05	1962/1976		
Airport Circle	1	5,490	3,098	8,368	11,466	73	3,098	8,441	11,539	(596)	07/21/05	1992		
Cota Street	1	4,453	2,802	7,624	10,426	777	2,802	8,401	11,203	(970)	07/21/05	1987		
Twin Oaks Valley Road	2	3,998	1,815	7,855	9,670	111	1,815	7,966	9,781	(834)	07/21/05	1978/1988		
Meyer Canyon	1		5,314	9,929	15,243	1,403	5,314	11,332	16,646		06/30/06	2001		
TOTAL SOUTHERN CALIFORNIA MARKET														
	12	25,951	34,633	64,711	99,344	5,228	34,633	69,939	104,572	(9,084)				
DCT Tijuana (8)	3		2,746	7,977	10,723		2,746	7,977	10,723		12/06/07	1989/1992		
TOTAL TIJUANA	3		2,746	7,977	10,723		2,746	7,977	10,723					

MARKET

GRAND TOTAL	382	\$ 634,261	\$ 472,228	\$ 2,198,387	\$ 2,670,615	\$ 73,500	\$ 471,855	\$ 2,272,260	\$ 2,744,115	\$ (308,742)
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Table of Contents**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)****December 31, 2007**

- (1) Included in Building & Improvements are intangible lease assets.
- (2) Generally these reductions in basis include one or more of the following: i) payments received under master lease agreements and pursuant to GAAP, rental and expense recovery payments under master lease agreements are reflected as a reduction of the basis of the underlying property rather than revenues; ii) writeoffs of fixed asset balances due to early lease terminations by contracted customers; and iii) other miscellaneous basis adjustments.
- (3) Reconciliation of total cost to consolidated balance sheet caption as of December 31, 2007:

Total per Schedule III ⁽⁶⁾	\$ 2,744,115
Properties under redevelopment	37,086
Properties under development	76,680
Properties in pre-development including land held	25,025
Total investment in properties	\$ 2,882,906

- (4) Reconciliation of accumulated depreciation to consolidated balance sheet caption as of December 31, 2007:

Total per Schedule III ⁽⁶⁾	\$ 308,742
Properties under redevelopment	1,949
Properties under development	
Properties in pre-development including land held	
Total investment in properties	\$ 310,691

- (5) As of December 31, 2007, the aggregate cost for federal income tax purposes of investments in real estate was approximately \$2.4 billion.
- (6) Reconciliation of total debt to consolidated balance sheet caption as of December 31, 2007:

Total per Schedule III	\$ 634,261
Properties under redevelopment	9,677
Premiums, net of amortization	5,630
Total mortgage notes	\$ 649,568

Table of Contents**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)****December 31, 2007**

(7) A summary of activity for real estate and accumulated depreciation for the year ended December 31, 2007 is as follows:

Investments in properties:	
Balance at beginning of year	\$ 2,864,888
Acquisition of properties	242,605
Improvements, including development properties	56,634
Divestiture of properties	(282,417)
Other	1,196
Balance at end of year	\$ 2,882,906
Accumulated depreciation:	
Balance at beginning of year	\$ 199,574
Depreciation and amortization expense, including discontinued operations	120,467
Divestiture of properties	(9,489)
Other	139
Balance at end of year	\$ 310,691

(8) Occasionally our leases contain certain provisions giving the tenant rights to purchase the property, which can take the form of a fixed price purchase option, a fair market value option, a right of first refusal option or a right of first offer option. These buildings, or a building included in the business park are subject to such an agreement.

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EXHIBIT INDEX

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated June 17, 2005, among Dividend Capital Trust Inc., DCT Acquisition Corporation, Cabot Industrial Value Fund Inc. and Cabot Industrial Value Fund Manager, LLC (incorporated by reference to Exhibit 2.1 to Form 10-Q filed on August 15, 2005)
2.2	Put/Call Agreement, dated July 21, 2005, among Cabot Industrial Fund Manager, LLC, the limited partners named therein and Dividend Capital Trust Inc. (incorporated by reference to Exhibit 2.2 to Form 10-Q filed on August 15, 2005)
2.3	Contribution Agreement by and among Dividend Capital Trust Inc., Dividend Capital Operating Partnership LP and Dividend Capital Advisors Group LLC, dated as of July 21, 2006 (incorporated by reference to Exhibit 2.1 to Form 8-K filed on July 27, 2006)
3.1	DCT Industrial Trust Inc. Third Articles of Amendment and Restatement (incorporated by reference to Exhibit 3.1 to Form 8-K filed on December 19, 2006)
3.2	DCT Industrial Trust Inc. Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to Form 8-K filed on December 19, 2006)
10.1	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to Form 10-Q filed on May 9, 2008)
10.2	Amended and Restated Limited Partnership Agreement of DCT Industrial Operating Partnership LP, dated October 10, 2006 (incorporated by reference to Exhibit 10.5 to Form 8-K filed on October 13, 2006)
10.3	Third Amendment to the Amended and Restated Limited Partnership Agreement of DCT Industrial Operating Partnership LP, dated May 3, 2007 (incorporated by reference to Exhibit 99.2 to Form S-3ASR Registration Statement, Commission File No. 333-145253)
10.4	DCT Industrial Trust Inc. Amended and Restated 2006 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to Form 10-Q filed on August 14, 2007)
10.5	DCT Industrial Trust Inc. 2006 Incentive Compensation Plan (incorporated by reference to Exhibit 10.2 to Form 8-K filed on October 13, 2006)
10.6	Form of Restricted Stock Award Agreement pursuant to DCT Industrial Trust Inc. 2006 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.10 to Form 8-K filed on October 13, 2006)
10.7	Form of Phantom Share Award Agreement pursuant to DCT Industrial Trust Inc. 2006 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.11 to Form 8-K filed on October 13, 2006)
10.8	Form of LTIP Unit Award Agreement pursuant to DCT Industrial Trust Inc. 2006 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.9 to Form 8-K filed on October 13, 2006)
10.8.1	Form of Option Award Agreement pursuant to DCT Industrial Trust Inc. 2006 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.7.1 to Amendment No. 1 to Form S-11 Registration Statement, Commission File No. 333-138094)
10.9	Real Estate Contract, dated December 23, 2004, among Panattoni Development Company, LLC, the other Sellers listed therein and Dividend Capital Operating Partnership LP. (incorporated by reference to Exhibit 10.12 to Form 10-K filed on March 16, 2005)
10.10	First Amendment to Real Estate Contract, dated January 7, 2005, among Panattoni Development Company, LLC, the other Sellers listed therein and Dividend Capital Operating Partnership LP. (incorporated by reference to Exhibit 10.13 to Form 10-K filed on March 16, 2005)

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Exhibit Number	Description
10.11	Second Amendment to Real Estate Contract, dated January 21, 2005, among Panattoni Development Company, LLC, the other Sellers listed therein and Dividend Capital Operating Partnership LP. (incorporated by reference to Exhibit 10.14 to Form 10-K filed on March 16, 2005)
10.12	Third Amendment to Real Estate Contract, dated February 15, 2005, among Panattoni Development Company, LLC, the other Sellers listed therein and Dividend Capital Operating Partnership LP. (incorporated by reference to Exhibit 10.15 to Form 10-K filed on March 16, 2005)
10.13	Fourth Amendment to Real Estate Contract, dated February 22, 2005, among Panattoni Development Company, LLC, the other Sellers listed therein and Dividend Capital Operating Partnership LP. (incorporated by reference to Exhibit 10.16 to Form 10-K filed on March 16, 2005)
10.14	Fifth Amendment to Real Estate Contract, dated February 25, 2005, among Panattoni Development Company, LLC, the other Sellers listed therein and Dividend Capital Operating Partnership LP. (incorporated by reference to Exhibit 10.17 to Form 10-K filed on March 16, 2005)
10.15	Sixth Amendment to Real Estate Contract, dated March 2, 2005, among Panattoni Development Company, LLC, the other Sellers listed therein and Dividend Capital Operating Partnership LP. (incorporated by reference to Exhibit 10.18 to Form 10-K filed on March 16, 2005)
10.16	Seventh Amendment to Real Estate Contract, dated March 4, 2005, among Panattoni Development Company, LLC, the other Sellers listed therein and Dividend Capital Operating Partnership LP. (incorporated by reference to Exhibit 10.19 to Form 10-K filed on March 16, 2005)
10.17	Credit Agreement dated as of December 9, 2005 among Dividend Capital Operating Partnership LP, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.21 to Post-Effective Amendment No. 3 to Form S-3 on Form S-11, Commission File No. 333-122260)
10.18	Agreement of Purchase and Sale dated as of May 10, 2006 among Cabot Industrial Venture A, LLC, Cabot Industrial Venture B, LLC, CW Industrial Venture A, LLC, Cabot Industrial Venture A Texas, LP, Cabot Industrial Venture B Texas, LP and Dividend Capital Operating Partnership LP (incorporated by reference to Exhibit 10.20 to Post-Effective Amendment No. 3 to Form S-3 on Form S-11, Commission File No. 333-122260)
10.19	Note Purchase Agreement dated as of June 9, 2006 among Dividend Capital Trust Inc., Dividend Capital Operating Partnership LP and the purchasers party thereto (incorporated by reference to Exhibit 10.22 to Post-Effective Amendment No. 3 to Form S-3 on Form S-11, Commission File No. 333-122260)
10.20	Non-Competition and Non-Solicitation Agreement, dated as of October 10, 2006, between DCT Industrial Trust Inc. and Evan H. Zucker (incorporated by reference to Exhibit 10.19 to Form S-11 Registration Statement, Commission File No. 333-138094)
10.21	Non-Competition and Non-Solicitation Agreement, dated as of October 10, 2006, between DCT Industrial Trust Inc. and James R. Mulvihill (incorporated by reference to Exhibit 10.20 to Form S-11 Registration Statement, Commission File No. 333-138094)
10.22	Pledge and Security Agreement, dated as of October 10, 2006, between Dividend Capital Advisors Group LLC and DCT Industrial Trust Inc. (incorporated by reference to Exhibit 10.21 to Form S-11 Registration Statement, Commission File No. 333-138094)
10.23	Registration Rights Agreement, dated as of October 10, 2006, between DCT Industrial Trust Inc. and Dividend Capital Advisors Group LLC (incorporated by reference to Exhibit 10.22 to Form S-11 Registration Statement, Commission File No. 333-138094)

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Exhibit Number	Description
10.24	Employment Agreement, dated as of July 21, 2006, between Dividend Capital Trust Inc. and Thomas G. Wattles (incorporated by reference to Exhibit 10.6.5 to Post-Effective Amendment No. 5 to Form S-11, Commission File No. 333-122260)
10.25	Employment Agreement, dated as of July 21, 2006, between Dividend Capital Trust Inc. and James D. Cochran (incorporated by reference to Exhibit 10.6.6 to Post-Effective Amendment No. 5 to Form S-11, Commission File No. 333-122260)
10.26	Employment Agreement, dated as of July 21, 2006, between Dividend Capital Trust Inc. and Daryl H. Mechem (incorporated by reference to Exhibit 10.6.7 to Post-Effective Amendment No. 5 to Form S-11, Commission File No. 333-122260)
10.27	Employment Agreement, dated as of July 21, 2006, between Dividend Capital Trust Inc. and Matthew T. Murphy (incorporated by reference to Exhibit 10.6.8 to Post-Effective Amendment No. 5 to Form S-11, Commission File No. 333-122260)
10.28	Employment Agreement, dated as of July 21, 2006, between Dividend Capital Trust Inc. and Michael J. Ruen (incorporated by reference to Exhibit 10.6.9 to Post-Effective Amendment No. 5 to Form S-11, Commission File No. 333-122260)
10.29	Employment Agreement, dated as of August 14, 2006, between Dividend Capital Trust Inc. and Philip L. Hawkins (incorporated by reference to Exhibit 10.6.10 to Post-Effective Amendment No. 5 to Form S-11, Commission File No. 333-122260)
10.30	Employment Agreement, dated as of September 18, 2006, between Dividend Capital Trust Inc. and Stuart B. Brown (incorporated by reference to Exhibit 10.6.11 to Post-Effective Amendment No. 5 to Form S-11, Commission File No. 333-122260)
*10.31	First Amendment to Employment Agreement, dated as of December 18, 2007, between DCT Industrial Trust Inc. (f/k/a Dividend Capital Trust Inc.) and Thomas G. Wattles
*10.32	First Amendment to Employment Agreement, dated as of December 18, 2007, between DCT Industrial Trust Inc. (f/k/a Dividend Capital Trust Inc.) and James D. Cochran
*10.33	First Amendment to Employment Agreement, dated as of December 18, 2007, between DCT Industrial Trust Inc. (f/k/a Dividend Capital Trust Inc.) and Daryl H. Mechem
*10.34	First Amendment to Employment Agreement, dated as of December 18, 2007, between DCT Industrial Trust Inc. (f/k/a Dividend Capital Trust Inc.) and Matthew T. Murphy
*10.35	First Amendment to Employment Agreement, dated as of December 18, 2007, between DCT Industrial Trust Inc. (f/k/a Dividend Capital Trust Inc.) and Michael J. Ruen
*10.36	First Amendment to Employment Agreement, dated as of December 18, 2007, between DCT Industrial Trust Inc. (f/k/a Dividend Capital Trust Inc.) and Philip L. Hawkins
*10.37	First Amendment to Employment Agreement, dated as of December 18, 2007, between DCT Industrial Trust Inc. (f/k/a Dividend Capital Trust Inc.) and Stuart B. Brown
10.38	Termination Agreement, dated as of October 10, 2006, between DCT Industrial Trust Inc. (f/k/a Dividend Capital Trust Inc.) and Dividend Capital Securities LLC, relating to the termination of the Dealer Manager Agreement between DCT Industrial Trust Inc. (f/k/a Dividend Capital Trust Inc.) and Dividend Capital Securities LLC (incorporated by reference to Exhibit 10.6 to Form 8-K filed on October 13, 2006)
10.39	Termination Agreement, dated as of October 10, 2006, between DCT Industrial Operating Partnership LP (f/k/a Dividend Capital Operating Partnership LP) and Dividend Capital Securities LLC, relating to the termination of the Dealer Manager Agreement between DCT Industrial Operating Partnership LP (f/k/a Dividend Capital Operating Partnership LP) and Dividend Capital Securities LLC (incorporated by reference to Exhibit 10.7 to Form 8-K filed on October 13, 2006)

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Exhibit Number	Description
10.40	Termination Agreement, dated as of October 10, 2006, between DCT Industrial Operating Partnership LP (f/k/a Dividend Capital Operating Partnership LP) and Dividend Capital Exchange Facilitators LLC, relating to the termination of the Intellectual Property Licensing Agreement between DCT Industrial Operating Partnership LP (f/k/a Dividend Capital Operating Partnership LP) and Dividend Capital Exchange Facilitators LLC (incorporated by reference to Exhibit 10.8 to Form 8-K filed on October 13, 2006)
10.41	Purchase Agreement, dated December 12, 2006, by and among DCT Industrial Trust Inc., DCT Industrial Operating Partnership LP, and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wachovia Capital Markets, LLC, on behalf of themselves and the other several underwriters named in Schedule A thereto (incorporated by reference to Exhibit 10.8 to Form 8-K filed on December 18, 2006)
10.42	DCT Industrial Trust Inc. 2006 Outperformance Program (incorporated by reference to Exhibit 10.8 to Form 8-K filed on December 19, 2006)
*21.1	List of Subsidiaries
+23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm, dated March 28, 2008
+23.2	Consent of Ehrhardt Keefe Steiner & Hottman PC, Independent Registered Public Accounting Firm, dated March 28, 2008
+31.1	Rule 13a-14(a) Certification of Principal Executive Officer
+31.2	Rule 13a-14(a) Certification of Principal Financial Officer
+32.1	Section 1350 Certification of Principal Executive Officer
+32.2	Section 1350 Certification of Principal Financial Officer
+99.1	Consolidated Financial Statements of DCT/SPF Industrial Operating LLC
+99.2	Consolidated Financial Statements of TRT-DCT Industrial JV I General Partnership

+ Filed herewith.

* Previously filed.