

DIVIDEND CAPITAL TRUST INC
Form POS AM
July 07, 2005

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As filed with the Securities and Exchange Commission on July 7, 2005

Registration No. 333-122260

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**POST-EFFECTIVE AMENDMENT NO. 1 TO
FORM S-3 ON FORM S-11
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933**

DIVIDEND CAPITAL TRUST INC.

(Exact name of Registrant as specified in its Charter)

Maryland	518 Seventeenth Street, Suite 1700 Denver, Colorado 80202 Telephone (303) 228-2200	82-0538520
(State or other jurisdiction of incorporation or organization)	(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)	(I.R.S. Employer Identification No.)
	Evan H. Zucker Chief Executive Officer 518 Seventeenth Street, Suite 1700 Denver, Colorado 80202 Telephone (303) 228-2200	
	(Name, address, including zip code, and telephone number, including area code, of agent for service)	

With copies to:

Robert E. King Jr., Esq.
Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019

David C. Roos, Esq.
Moye Giles LLP
1400 16th Street
Denver, Colorado 80202

**Approximate Date of Commencement of Proposed Sale to the Public:
As soon as practicable after the effective date of this Registration Statement.**

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of this prospectus is expected to be made pursuant to Rule 434, check the following box.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. No person may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated July 7, 2005

\$1,000,000,000

Common Stock

Dividend Capital Trust Inc. is organized as a real estate investment trust that owns, operates and develops real estate properties, consisting primarily of high-quality, generic distribution warehouses and light industrial properties that are net leased to creditworthy corporate customers. Dividend Capital Trust was formed as a Maryland corporation in April 2002. Dividend Capital Trust is organized and conducts its operations in a manner so as to qualify as a real estate investment trust (REIT) for federal income tax purposes.

We are offering up to \$1,000,000,000 in shares of our common stock. We are offering up to 72,770,273 shares to the public at \$10.50 per share and Dividend Capital Securities LLC, which is an affiliate of Dividend Capital Trust, is acting as an underwriter and dealer manager of this offering on a best efforts basis. We are also offering up to 23,650,339 shares to participants in our distribution reinvestment plan at \$9.975 per share. Subject to certain exceptions described in this prospectus, investors that want to participate in this offering must invest a minimum of \$2,000.

Dividend Capital Advisors LLC, our advisor, which is an affiliate of Dividend Capital Trust, is responsible for managing our day-to-day activities under the terms and conditions of an advisory agreement. Our advisor is beneficially owned and/or controlled by three of our directors. See the "Conflicts of Interest" section of this prospectus for a discussion of the relationship between Dividend Capital Trust, our advisor and other of our affiliates.

See "Risk Factors" beginning on page 22 for a discussion of certain factors that you should consider before you invest in our common stock. In particular, you should carefully consider the following risks:

We have a limited history of operations

There is no current public trading market for the common stock; if you choose to sell your shares, it will likely be at a price which is less than your purchase price

Reliance on our advisor to select properties and conduct our operations

Payment of substantial fees to our advisor and its affiliates

Borrowing which increases the risk of loss of our investments

Conflicts of interest between Dividend Capital Trust and certain affiliates which will be compensated for their services, including our advisor, Dividend Capital Property Management LLC, our property manager, and Dividend Capital Securities LLC, our dealer manager

Failure to qualify as a REIT could adversely affect the results of our operations and our ability to make distributions to our shareholders.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of these securities or determined if this prospectus is truthful or complete. In addition, the Attorney General of the State of New York has not passed on or endorsed the merits of this offering. Any representation to the contrary is a criminal offense. The use of forecasts in this offering is prohibited. Any representation to the contrary and any predictions, written or oral, as to the amount or certainty of any present or future cash benefits or tax consequences which may flow from your investment is not permitted.

	Price to Public	Selling Commissions	Proceeds to the Company(2)(3)
Primary Offering Per Share	\$10.50	\$0.63(1)	\$9.87
Total Maximum	\$764,087,870	\$45,845,272(1)	\$718,242,598
Distribution Reinvestment Plan Per Share	\$9.975	\$	\$9.975
Total Maximum	\$235,912,130	\$	\$235,912,130

- (1) We will pay a sales commission to our dealer manager of up to 6% of the gross offering proceeds which may be re-allowed to participating broker-dealers.
- (2) Proceeds with respect to our primary offering are calculated before deducting certain dealer manager fees and organizational and offering expenses payable by us. We will pay a dealer manager fee to our dealer manager of up to 2% of gross offering proceeds and we will reimburse our advisor for organizational and offering expenses in an amount up to 2% of gross offering proceeds. Such fees and expenses are estimated to be approximately \$30,563,514 assuming 72,770,273 shares are sold at a public offering price of \$10.50 per share. See the "Management Management Compensation" section of this prospectus. Proceeds with respect to our distribution reinvestment plan are calculated before deducting a one-time servicing fee payable by us equal to 1% of the undiscounted selling price of the shares. Based on a public offering price of \$10.50 per share, such fee is estimated to be \$2,483,286 assuming 23,650,339 shares are sold pursuant to our distribution reinvestment plan. We reserve the right to reallocate the shares we are offering between our primary offering and our distribution reinvestment plan. See the "Plan of Distribution" section of this prospectus for a complete description of the amount and terms of such fees and expense reimbursement.
- (3) The selling commissions and, in some cases, all or a portion of the dealer manager fee will not be charged with regard to shares sold to or for the account of certain categories of purchasers. The reduction in these fees will be accompanied by a corresponding reduction in the per share purchase price, but will not impact the net proceeds received by us. See the "Plan of Distribution" section of this prospectus.

DIVIDEND CAPITAL SECURITIES LLC

(Dividend Capital Securities LLC will be underwriting any offering on a best efforts basis)

The date of this prospectus is _____, 2005

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FORWARD-LOOKING STATEMENTS

We make statements in this prospectus that are considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are usually identified by the use of words such as "will," "anticipates," "believes," "estimates," "expects," "projects," "plans," "intends," "should" or similar expressions. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Reform Act of 1995 and are including this statement for purposes of complying with those safe harbor provisions. These forward-looking statements reflect our current views about our plans, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions and expectations as reflected in or suggested by those forward-looking statements are reasonable, we can give no assurance that the plans, intentions or expectations will be achieved. We have discussed in this prospectus some important risks, uncertainties and contingencies which could cause our actual results, performance or achievements to be materially different from the forward-looking statements we make in these documents.

We assume no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. In evaluating forward-looking statements, you should consider these risks and uncertainties, together with the other risks described from time to time in our reports and documents filed with the SEC, and you should not place undue reliance on those statements.

SUITABILITY STANDARDS

The shares we are offering are suitable only as a long-term investment for persons of adequate financial means. Initially, we do not expect to have a public market for the common stock, which means that it may be difficult for you to sell your shares. You should not buy these shares if you need to sell them immediately or will need to sell them quickly in the future.

Dividend Capital Advisors LLC (the "Advisor" or our advisor) and those selling shares on our behalf shall make every reasonable effort to determine that the purchase of common stock is a suitable and appropriate investment for each investor based on information obtained by those selling shares on our behalf concerning the investor's financial situation and investment objectives. In consideration of these factors, we have established suitability standards for initial shareholders and subsequent transferees. Those selling shares on our behalf will determine that each purchaser of common stock satisfy these standards. These suitability standards require that a purchaser of common stock have either:

A net worth of at least \$150,000; or

A gross annual income of at least \$45,000 and a net worth of at least \$45,000.

For purposes of determining suitability, net worth shall exclude the value of an investor's home, furnishings and automobiles.

The minimum purchase is \$2,000 except in certain states as described below. In order to satisfy the minimum purchase requirements for retirement plans, unless otherwise prohibited by state law, a husband and wife may jointly contribute funds from their separate IRAs, provided that each such contribution is made in increments of \$100. You should note that an investment in common stock of Dividend Capital Trust will not, in itself, create a retirement plan and that, in order to create a retirement plan, you must comply with all applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code").

The minimum purchase for Maine, Minnesota, New York and North Carolina residents is \$2,500, except for IRAs and other qualified retirement plans which must purchase a minimum of \$2,000.

Purchases of common stock pursuant to our distribution reinvestment plan may be in amounts less than set forth above.

Several states have established suitability standards different from those we have outlined. Shares will be sold only to investors in these states who meet the special suitability standards set forth below.

Arizona, California, Iowa, Kansas, Michigan, Missouri, North Carolina, Oregon and Tennessee Investors must have either (1) a net worth of at least \$225,000 or (2) gross annual income of \$60,000 and a net worth of at least \$60,000.

Maine Investors must have either (1) a net worth of at least \$200,000 or (2) gross annual income of \$50,000 and a net worth of at least \$50,000.

Kansas, Michigan, Ohio and Pennsylvania In addition to our suitability requirements, investors must have a net worth of at least ten times their investment in Dividend Capital Trust.

In the case of sales to fiduciary accounts, these suitability standards must be met by the fiduciary account, by the person who directly or indirectly supplied the funds for the purchase of the common stock or by the beneficiary of the account. These suitability standards are intended to help ensure that, given the long-term nature of an investment in our common stock, our investment objectives and the relative illiquidity of our common stock, shares of Dividend Capital Trust are an appropriate investment for each shareholder. Each participating broker-dealer must make every reasonable effort to determine that the purchase of shares is a suitable and appropriate investment for each shareholder based on information provided by the shareholder in the Subscription Agreement. Each participating broker-dealer is required to maintain for six years records of the information used to determine that an investment in the shares is suitable and appropriate for a shareholder.

PROSPECTUS SUMMARY

This prospectus summary summarizes information contained elsewhere in this prospectus. You should read the entire prospectus carefully, including the "Risk Factors" section.

Dividend Capital Trust Inc.

Dividend Capital Trust Inc. is organized as a real estate investment trust that owns, operates and develops real estate properties, consisting primarily of high-quality, generic distribution warehouses and light industrial properties that are net leased to creditworthy corporate customers. Dividend Capital Trust was formed as a Maryland corporation on April 12, 2002. We are structured as an umbrella partnership real estate investment trust ("UPREIT") under which substantially all of our current and future business is and will be conducted through our controlling interest in Dividend Capital Operating Partnership, LP (the "Partnership" or our operating partnership). Our office is located at 518 17th Street, Suite 1700, Denver, Colorado 80202 and our telephone number is (303) 228-2200.

The Advisor is responsible for managing our affairs on a day-to-day basis and for identifying and making investments on our behalf. Our board of directors, or our investment committee comprised of board members, must approve each property acquisition or development proposed by the Advisor, as well as certain other matters set forth in our articles of incorporation. We have seven members on our board of directors. Four of our directors are independent of the Advisor and have responsibility for reviewing the performance of the Advisor. Our directors are elected annually by the shareholders.

Recent Developments

Sale of Common Stock

Since February 10, 2003, the date of our initial issuance of common stock, through May 31, 2005 we have raised approximately \$913 million in aggregate gross offering proceeds from the sale of our common stock, including the sale of our common stock pursuant to our distribution reinvestment plan, of which approximately \$234 million has been raised subsequent to December 31, 2004.

Our Operating Partnership's Private Placement

Since November 26, 2003 through May 31, 2005, we have raised approximately \$59.7 million in gross proceeds from our operating partnership's private placement of tenancy-in-common interests in industrial properties, of which approximately \$27.1 million has been raised subsequent to December 31, 2004. Additionally, on April 8, 2005, our operating partnership issued approximately \$4.45 million of limited partnership units in our operating partnership in conjunction with the exercise of a purchase option for an industrial property in which our operating partnership had sold tenancy-in-common interests. The unamortized portion of up-front fees and expense reimbursements paid to affiliates in conjunction with the initial sale of tenancy-in-common interests in this property were recorded against shareholders' equity as a selling cost of the limited partnership units issued. Our operating partnership's private placement is discussed in greater detail in the "Investment Objectives and Criteria Our Operating Partnership's Private Placement" section of this prospectus.

Investment in Real Estate

Consistent with our investment strategy to invest in high-quality, generic distribution warehouses and light industrial properties, since March 31, 2005 through June 13, 2005, we have completed six property transactions with a total estimated investment of approximately \$180 million and representing 19 industrial properties. As of June 13, 2005, the total estimated investment in our properties was approximately \$1.0 billion comprised of 131 industrial buildings located in 19 of our 25 target markets.

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(See the "Recent Developments," "Investment Objectives and Criteria" and "Real Estate Investments" sections of this prospectus).

Significant Pending Transactions

In addition, on June 17, 2005, we entered into an agreement with Cabot Industrial Value Fund, Inc. ("Cabot"), an unrelated, privately held third party, to acquire by merger all of the outstanding shares of Cabot's common stock. Under the terms of the Agreement and Plan of Merger, dated as of June 17, 2005 (the "Agreement"), among us, DCT Acquisition Corporation, a newly formed subsidiary of our operating partnership ("Merger Sub"), Cabot and Cabot Industrial Fund Manager, LLC (the "Manager"), and subject to closing conditions, Merger Sub will be merged with and into Cabot and Cabot will become a subsidiary of our operating partnership.

Through our ownership of Cabot, we will have a majority interest in Cabot Industrial Value Fund, LP (the "Cabot Partnership"), a subsidiary of Cabot through which all its properties are owned and operated, and we will also be the sole general partner of the Cabot Partnership. The exact percentage interest in the Cabot Partnership that will be owned by Cabot upon closing will depend in part on the distributions to which the Manager will be entitled for serving as general partner of the Cabot Partnership prior to closing. In addition, we presently intend to make additional contributions to the Cabot Partnership to retire certain debts of the Cabot Partnership and such contributions would likely increase our overall interest in the Cabot Partnership. At this time, the initial ownership interest in the Cabot Partnership is not determinable, however we estimate, that upon the initial closing of this transaction, we will own, through our ownership of Cabot, in excess of 75% of the Cabot Partnership. The remaining interest in the Cabot Partnership will continue to be owned by the Manager and other limited partners. At closing, we will enter into an agreement whereby we will have the option to acquire the remaining interests in the Cabot Partnership. Through this agreement, the remaining limited partners, including the Manager, will have an initial option to put the remaining interest to us beginning April 1, 2006 and ending July 1, 2006 and we will have an initial option to call the remaining interest beginning April 1, 2007 and ending July 1, 2007. If either such initial option is exercised, the remaining interest would be acquired through the assumption of debt, applicable pro rations and cash. Subsequent to these initial options, the seller and we will continue to have put and call options and the price of such remaining interest would be based upon fair value. If we acquire the remaining interests in the Cabot Partnership through the initial options, the total consideration to acquire Cabot and all of the other interests in the Cabot Partnership is estimated to be approximately \$694 million, which would be adjusted for all pending acquisitions and dispositions of properties, outstanding debt balances, working capital, prorations and other matters. The Cabot Partnership's portfolio is comprised of 105 industrial buildings combined for 11.7 million square feet, which are located in 12 markets throughout the United States.

In connection with the signing of the Agreement, we made a \$7.5 million deposit. Upon completion of our due diligence on July 6, 2005, we were required to deposit an additional \$17.5 million, and our deposit became refundable only under limited circumstances. Pursuant to the Agreement, the earliest date that closing could occur, subject to satisfaction of all closing conditions, is July 21, 2005, but the closing may be delayed at our option up to 30 days by making an additional \$10 million deposit. We anticipate funding this transaction with net proceeds from our public offerings, the assumption of existing debt and proceeds from newly issued debt.

The closing of this acquisition is subject to a number of conditions, including approval by the shareholders of Cabot, lender consents and receipt of estoppels, and there can be no guarantee that the acquisition of Cabot will be consummated.

Our REIT Status

We operate in a manner to qualify as a real estate investment trust ("REIT") for federal income tax purposes commencing with our taxable year ending December 31, 2003. As a REIT, we generally will not be subject to federal income tax on income that we distribute to our shareholders. Under the Internal Revenue Code of 1986, as amended (the "Code"), REITs are subject to numerous organizational and operational requirements, including a requirement that they distribute at least 90% of their taxable income. If we fail to qualify for taxation as a REIT in any year, our income will be taxed at regular corporate rates, we will not be allowed a deduction for distributions to our shareholders in computing our taxable income and we may be precluded from qualifying for treatment as a REIT for the four-year period following the year of our failure to qualify. Even if we qualify as a REIT for federal income tax purposes, we may still be subject to state and local taxes on our income and property and to federal income and excise taxes on our undistributed income.

Summary Risk Factors

Following are the most significant risks relating to your investment:

We have a limited history of operations and a limited portfolio of properties which you are able to evaluate in making a decision to purchase our common stock.

There is no current public market for the common stock and we have no obligation or immediate plans to apply for quotation or listing in any public securities market. Although in the future we will consider opportunities to establish a public market for our common stock, there can be no assurance that a public market will ever exist. It will therefore be very difficult for you to sell your shares promptly or at all.

We must rely on the Advisor for the day-to-day management of our business and the identification of real estate properties which we may acquire.

The timing and availability of cash distributions to our shareholders is uncertain.

To ensure that we continue to qualify as a REIT, our articles of incorporation prohibit any person or entity from owning directly or indirectly more than 9.8% of the outstanding shares of any class or series of our stock. This may discourage or prevent a third party from acquiring Dividend Capital Trust on terms that might be favorable to our shareholders.

If for any reason we fail to qualify as a REIT for federal income tax purposes, we would be subject to tax on our income at corporate rates. That would reduce the amount of funds available for investment or distribution to our shareholders because of the additional tax liability for the years involved.

You will not have preemptive rights as a shareholder, so any common stock we issue in the future may dilute your interest in Dividend Capital Trust.

We will pay significant fees to the Advisor and its affiliates.

Real estate investments are subject to cyclical trends, which are beyond our control.

We may enter into certain transactions that could potentially impair our ability to dispose of or otherwise turn our investments into cash and could potentially subject us to additional liabilities.

Loans we have and will obtain are and may be secured by some of our properties, which will put those properties at risk of forfeiture if we are unable to repay those loans.

To the extent we invest in vacant land to be developed, such investment may create risks relating to the builder's ability to control construction costs, failure to perform or failure to build in conformity with plans, specifications and timetables.

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If we have not listed our common stock on a national securities exchange or an over-the-counter market, completed a sale or merger of Dividend Capital Trust in a transaction which provides our shareholders with a combination of cash and/or securities of a publicly traded company or sold substantially all of our properties for cash or other consideration by February 2013, our articles of incorporation require us to begin selling our properties and other assets and to distribute the net proceeds to our shareholders.

The Advisor will face various conflicts of interest resulting from its activities with affiliated entities.

Before you invest in Dividend Capital Trust, you should read the "Risk Factors" section of this prospectus.

Description of Properties

We invest in commercial real estate properties consisting primarily of high-quality, generic distribution warehouses and light industrial properties that are net leased to creditworthy corporate customers. These facilities will generally be located in the top 25 distribution and logistics markets in the United States. Such properties may include properties which are under development or construction, newly constructed or have been constructed and have operating histories. In addition, we may acquire properties with some level of vacancy at the time of closing. Please see the "Real Estate Investments" section of this prospectus for a more complete description of the properties we have acquired.

Estimated Use of Proceeds of Offering

Our management team intends to invest approximately 91.2% of the gross offering proceeds, assuming we sell 72,770,273 shares to the public and 23,650,339 shares pursuant to our distribution reinvestment plan, to acquire properties as described above. The remainder of the gross offering proceeds will be used to pay fees and expenses of this offering, which shall include sales commissions, dealer manager fees, distribution reinvestment plan servicing fees, the reimbursement of offering expenses and acquisition fees. In the aggregate, these fees total an amount of up to approximately 8.8% of gross offering proceeds, assuming we sell 72,770,273 shares to the public and 23,650,339 shares pursuant to our distribution reinvestment plan.

Investment Objectives

Our investment objectives are:

To pay consistent quarterly cash distributions to our shareholders and to increase the amount of such distributions over time;

To manage risk in order to preserve, protect and return our shareholders' capital contributions; and

To ultimately list our common stock on a national securities exchange or an over-the counter market or complete a sale or merger of Dividend Capital Trust in a transaction which provides our shareholders with securities of a publicly traded company or sell substantially all of our properties for cash or other consideration and to realize capital appreciation for our shareholders; if we do not complete such a transaction or obtain such listing of our common stock by February 2013, our articles of incorporation require us to begin selling our properties and other assets and distribute the net proceeds to our shareholders.

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We may only change these investment objectives upon a majority vote of our shareholders. See the "Investment Objectives and Criteria" section of this prospectus for a more complete description of our business and objectives.

Conflicts of Interest

The Advisor will experience conflicts of interest in connection with the management of our business affairs, including but not limited to the following:

The managers of the Advisor will have to allocate their time between Dividend Capital Trust and other real estate projects and business activities in which they are involved;

The Advisor must determine whether any related entities should enter into joint ventures with Dividend Capital Trust for the acquisition and operation of specific properties. The terms of any joint ventures proposed by the Advisor may not be the result of arm's-length negotiations;

The Advisor will present to Dividend Capital Trust all investment opportunities which the Advisor determines are suitable for Dividend Capital Trust given our investment objectives and certain other considerations. Opportunities which the Advisor determines are not suitable for us may be pursued by affiliates of the Advisor. As a result, the Advisor may be subject to certain conflicts of interest in evaluating the suitability of investment opportunities and making recommendations to our board of directors;

The Advisor and its affiliates will receive distributions with respect to their limited partnership interests in the Partnership and fees in connection with transactions involving the purchase, management and sale of our properties regardless of the quality of the property acquired or the services provided to us; and

Dividend Capital Property Management LLC (the "Property Manager" or our property manager) may perform certain property management and leasing services with respect to the properties which we acquire and Dividend Capital Securities LLC (the "Dealer Manager" or our dealer manager) will serve as the dealer manager of any offering. The Property Manager is presently managed and directed by John Blumberg, James Mulvihill, Thomas Wattles and Evan Zucker, each of whom is a manager of the Advisor and each of whom, with the exception of Mr. Blumberg, is a director of Dividend Capital Trust. The Dealer Manager is beneficially owned by Mark Quam and Messrs. Blumberg, Florence, Mulvihill, Wattles and Zucker and/or their affiliates and is controlled by Mr. Florence, Mr. Quam, Phillip Perrone and Charles Murray. As a result, conflicts of interest may exist with respect to certain transactions between Dividend Capital Trust and the Property Manager and the Dealer Manager. See the "Management" and "Conflicts of Interest" sections of this prospectus for a more detailed discussion of these relationships and certain conflicts of interest.

The following chart shows the ownership structure of the various Dividend Capital entities that are affiliated with the Advisor. Dividend Capital Securities Group LLLP, Dividend Capital Management Group LLC, Dividend Capital Advisors Group LLC and Dividend Capital Exchange Facilitators LLC are presently each majority owned by one or more of the following: John Blumberg, Thomas Florence, James Mulvihill, Mark Quam, Thomas Wattles, Evan Zucker and/or their affiliates. Dividend Capital Advisors Group LLC has issued and may further issue, and Dividend Capital Management Group LLC has not issued as of the date of this prospectus but may in the future issue, equity interests or derivatives thereof to certain of their employees or other unaffiliated individuals, consultants or other parties. However, none of such transactions are expected to result in a change in control of these entities.

The Advisor initially invested \$200,000 in the Partnership in exchange for a regular limited partner interest. Dividend Capital Trust, which serves as the general partner of the Partnership, contributed \$2,000 in exchange for 200 general partnership units of the Partnership. Dividend Capital Advisors Group LLC, the parent of the Advisor, has invested \$1,000 in the Partnership and has been issued limited partnership units of the Partnership which constitute the Special Units (as defined below). Currently, except as described above, the Advisor, the Dealer Manager and the Property Manager do not have any ownership interests in Dividend Capital Trust or the Partnership.

In January 2005, in connection with our third public offering, members of our board of directors, managers of our advisor, our advisor's senior management team and/or each of their respective affiliates collectively purchased in excess of \$1.0 million of our common stock.

Prior Offering Summary

Certain managers of the Advisor, directly or indirectly through affiliated entities, have sponsored two public REITs, (i) American Real Estate Investment Corp. (known as Keystone Property Trust, NYSE:KTR) which raised approximately \$93,230,000 of equity capital (including \$10,750,000 in its initial public offering and \$82,480,000 in connection with the acquisition of real estate) from more than 130 investors and was acquired by ProLogis (NYSE:PLD) in August 2004, and (ii) Dividend Capital

Trust Inc., which as of March 31, 2005, had raised approximately \$820,000,000 from more than 20,900 investors. In addition, as of March 31, 2005, certain of these managers have sponsored 49 private real estate programs which had raised approximately \$510,000,000 of equity capital from over 600 investors. Collectively, as of March 31, 2005, the public and private programs sponsored by certain managers of the Advisor, as described above, purchased interests in 215 real estate projects having combined acquisition and development costs of approximately \$1.7 billion. In addition, the Chief Investment Officer of the Advisor, in his capacity as either or both Co-Chairman and Chief Investment Officer of ProLogis, participated in overseeing the growth in its asset base from its inception in 1992 to approximately \$2.5 billion in March 1997.

The Offering

We are offering up to \$1,000,000,000 in shares of our common stock. We are offering up to 72,770,273 shares to the public at \$10.50 per share, and we are also offering up to 23,650,339 shares pursuant to our distribution reinvestment plan through which participants will be able to acquire shares at a discounted price equal to 95% of the current offering price of our common stock, or \$9.975 per share. We reserve the right to reallocate the shares of common stock we are offering between our primary offering and our distribution reinvestment plan.

In addition, after the commencement of this offering, our board of directors may from time to time change the offering price of our common stock, and therefore the amount of shares being offered in this offering, through one or more supplements or amendments to this prospectus or post-effective amendments to the registration statement of which this prospectus is a part.

Terms of the Offering

This offering will continue until June 9, 2007 (two years after the SEC's effective date of this offering) or until all shares under this offering are sold, whichever is sooner. However, our board of directors may also terminate this offering at any time prior to such termination dates. The offering proceeds will be available for the acquisition of properties or the payment of fees and expenses as soon as we accept your Subscription Agreement. We generally intend to continue to admit shareholders to Dividend Capital Trust on a daily basis.

Compensation to the Advisor

The Advisor and its affiliates will receive compensation and fees for services relating to any offering and the investment and management of our assets. In addition, Dividend Capital Advisors Group LLC, the parent of the Advisor, has been issued partnership units in the Partnership constituting a separate series of limited partnership interests with special distribution rights (the "Special Units"). The most significant items of compensation and the terms of the Special Units are as follows:

Organizational and Offering Stage

Sales Commissions:	Up to 6.0% of gross offering proceeds (all or substantially all of which we expect will be re-allowed to participating broker-dealers).
Dealer Manager Fee:	Up to 2.0% of gross offering proceeds (up to 1% of which the Dealer Manager may re-allow to participating broker-dealers as a marketing expense reimbursement based on such factors as the volume of shares sold by such participating broker-dealers, marketing support and bona fide conference fees incurred).
Distribution Reinvestment Plan Servicing Fee:	Up to 1% of the undiscounted selling price of shares issued pursuant to our distribution reinvestment plan (all or substantially all of which we expect will be re-allowed to participating broker-dealers).
Organizational and Offering Expense Reimbursement:	Up to 2.0% of aggregate gross offering proceeds. Of the approximately \$15.3 million maximum organizational and offering expense reimbursement (assuming we sell 72,770,273 shares to the public), approximately \$12.7 million of the expenses are anticipated to be used for wholesaling activities and are therefore deemed to be additional underwriting compensation within the meaning established by the National Association of Securities Dealers. To the extent that the remaining approximately \$2.6 million of organizational and offering expenses are insufficient to cover our cost of administering this offering, such shortfall would serve to reduce the organizational and offering expenses available to provide underwriting compensation.

Acquisition and Development Stage

Acquisition and Advisory Fees:	Up to 1% of the aggregate purchase price of all properties we acquire.
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Operational Stage

Asset Management Fees:	Up to 0.75% annually of the cost of properties acquired (before non-cash reserves and depreciation).
Property Management Fees:	Up to the lesser of 3% of the gross revenues of our properties managed by the Property Manager or 0.6% of the net asset value of our properties managed by the Property Manager.
Initial Lease-Up Fee for Newly Constructed Property:	Competitive fee for geographic location of property based on a survey of brokers and agents.

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Real Estate Commissions: Up to the lesser of (1) 50% of the reasonable, customary and competitive commission paid for the sale of a comparable property or (2) 3% of the contract price of each property sold. Payment of any Real Estate Commissions is deferred until partners of the Partnership have received a return of capital plus a 7% cumulative non-compounded annual pre-tax return on their net capital contributions.

Special Units: In general, the holder of the Special Units will be entitled to receive 15% of specified distributions made after other partners of the Partnership have received, in the aggregate, cumulative distributions equal to their capital contributions plus a 7% cumulative non-compounded annual pre-tax return on their net contributions.

More specifically, while the Special Units are outstanding, and after other partners of the Partnership have received, in the aggregate, cumulative distributions from all sources equal to their net capital contributions plus a 7% cumulative non-compounded annual pre-tax return on their contributions, the holder will receive 15% of net sales proceeds received by the Partnership on dispositions of the Partnership's assets. Special Units will be redeemed upon the earlier of the listing of our common stock or a sale or merger that results in a termination or non-renewal of the Advisory Agreement for the amount that would have been distributed with respect to the Special Units in accordance with the preceding sentence if the Partnership sold all of its assets for their then fair market values, paid all of its liabilities and distributed any remaining amounts to partners in liquidation of the Partnership.

Except as described above, the Special Units shall not be entitled to receive any redemption or similar payment from Dividend Capital Trust or the Partnership.

There are many conditions to and restrictions on the amount of compensation the Advisor and its affiliates may receive. There are also some smaller items of expense reimbursements that the Advisor may receive. For a more detailed explanation of these fees and expenses payable to the Advisor and its affiliates, and for a more detailed discussion of the Special Units described above, please see the "Management Management Compensation" section of this prospectus.

Distribution Policy

Dividend Capital Trust operates in a manner to qualify as a real estate investment trust for federal income tax purposes commencing with our taxable year ending December 31, 2003. In order to qualify as a REIT, we are required to distribute 90% of our annual taxable income to our shareholders. We accrue and pay distributions on a quarterly basis and we will calculate our distributions based upon daily record and distribution declaration dates so investors will be entitled to earn distributions immediately upon purchasing common stock.

Liquidity Event

We presently intend to list our common stock on a national securities exchange or an over-the-counter market or complete a sale or merger of Dividend Capital Trust in a transaction which

provides our shareholders with securities of a publicly traded company. In the event we do not list our common stock, complete a sale or merger of Dividend Capital Trust in a transaction which provides our shareholders with a combination of cash and/or securities of a publicly-traded company or sell substantially all of our properties for cash or other consideration prior to February 2013, our articles of incorporation require us to begin selling our properties and other assets and to distribute the net proceeds to our shareholders.

Distribution Reinvestment Plan

You may participate in our distribution reinvestment plan pursuant to which you may have the cash distributions you receive reinvested in common stock of Dividend Capital Trust at a discount purchase price equal to the current or most recent offering price of our common stock less 5%. If you participate, you will be taxed on an amount equal to the fair market value, on the relevant distribution date, of the shares of our common stock purchased with reinvested distributions even though you will not receive the cash from those distributions. As a result, you may incur a tax liability without receiving cash to pay such liability. Our board of directors may terminate the distribution reinvestment plan in our discretion at any time upon 10 days notice to our shareholders. Following any termination of the distribution reinvestment plan, all subsequent distributions to shareholders would be made in cash. Any such termination may limit our ability to fund the share redemptions discussed below. (See "Description of Securities Distribution Reinvestment Plan").

Share Redemption Program

As long as our common stock is not listed on a national securities exchange or traded on an over-the-counter market, shareholders of Dividend Capital Trust who have held their shares for at least one year may be able to redeem all or any portion of their shares in accordance with the procedures outlined in the prospectus relating to the shares they purchased. At that time, we may, subject to the conditions and limitations described below, redeem the shares presented for redemption for cash to the extent that we have sufficient funds available to us to fund such redemption.

The amount received from the redemption of shares issued pursuant to this prospectus will be equal to a percentage of the price actually paid for the shares, which percentage is dependent upon the number of years the shares are held, as described in the following table:

Share Purchase Anniversary	Redemption Price as a Percentage of Purchase Price*
0-1	No Redemption Allowed
1	92.5%
2	95.0%
3	97.5%
4	100.0%

* Subject to change and in no event will the redemption price exceed the then current offering price of our common shares (excluding sales from our distribution reinvestment plan).

We currently expect that our distribution reinvestment plan will be the primary source of funds used to redeem common stock. Our board of directors reserves the right to use other sources of funds to redeem common stock, to reject any request for redemption of common stock for any reason or no reason or to amend or terminate the share redemption program at any time. You will have no right to request the redemption of your shares after the common stock is listed on a national securities exchange or an over-the-counter market. (See "Description of Securities Share Redemption Program").

Dividend Capital Operating Partnership

We intend to own all of our real estate properties through Dividend Capital Operating Partnership LP or its subsidiaries. We are the sole general partner of the Partnership. Along with the Advisor and the parent of the Advisor, we are currently the only limited partners of the Partnership. Our ownership of properties in the Partnership allows us to acquire real estate properties in exchange for limited partnership units in the Partnership. This structure will also allow sellers of properties to transfer their properties to the Partnership in exchange for limited partnership units of the Partnership and defer recognition of taxable gain that would have been recognized if the properties had instead been sold to us. The holders of limited partnership units in the Partnership may have their units redeemed under certain circumstances. (See "The Partnership Agreement").

ERISA Considerations

The section of this prospectus entitled "ERISA Considerations" describes the effect the purchase of common stock will have on individual retirement accounts (IRAs) and retirement plans subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA), and/or the Code. ERISA is a federal law that regulates the operation of certain tax-advantaged retirement plans. Any retirement plan trustee or individual considering purchasing common stock for a retirement plan or an IRA should read this section of the prospectus very carefully.

Description of Securities

General

Your investment will be recorded on our books only. We will not issue stock certificates. If you wish to transfer your shares, you will be required to send an executed transfer form to us. We will provide the required form to you upon request.

Shareholder Voting Rights and Limitations

We will hold annual meetings of our shareholders for the purpose of electing our directors and conducting other business matters that may be presented at such meetings. We may also call a special meeting of shareholders from time to time for the purpose of conducting certain matters. You are entitled to one vote for each share you own at any of these meetings.

Restriction on Share Ownership

Our articles of incorporation contain a restriction on ownership of the common stock that prevents any person or entity from owning directly or indirectly more than 9.8% of the outstanding shares of any class or series of our stock. (See "Description of Securities Restriction on Ownership of Common Stock"). These restrictions, as well as other share ownership and transfer restrictions contained in our articles of incorporation, are designed to enable us to comply with share accumulation and other restrictions imposed on REITs by the Code. For a more complete description of the common stock, including restrictions on the ownership of common stock, please see the "Description of Securities" section of this prospectus.

QUESTIONS AND ANSWERS ABOUT THIS OFFERING

Set forth below are some of the more frequently asked questions and answers relating to an offering of this type. Please see the "Prospectus Summary", the remainder of this prospectus for more detailed information about this offering.

Q: What is a real estate investment trust?

A: In general, a real estate investment trust, or REIT, is a company that:

Offers the benefit of a diversified real estate portfolio under professional management;

Pays distributions to its shareholders of at least 90% of its taxable income for each year;

Prevents the federal "double taxation" treatment of income that generally results from investments in a corporation because a REIT is not generally subject to federal corporate income taxes on its taxable income, provided certain income tax requirements are satisfied; and

Combines the capital of many investors to acquire or provide financing for real estate properties.

Q: What is Dividend Capital Trust Inc.?

A: Dividend Capital Trust was formed in April 2002 as a Maryland corporation to invest in commercial real estate properties consisting primarily of high-quality, generic distribution warehouses and light industrial properties that are net leased to creditworthy corporate customers. Our management team targets for acquisitions or development facilities generally located in what we believe are the top 25 distribution and logistics markets in the United States.

Q: Who will choose which real estate properties to invest in?

A: Dividend Capital Advisors LLC is our advisor and it makes recommendations on all property acquisitions, developments and joint ventures to our board of directors. Our board of directors may delegate to its investment committee, which is comprised of three directors, two of whom are independent directors, the ability to approve acquisitions or developments of up to \$25 million. Acquisitions or developments in excess of \$25 million must be approved by our full board of directors, including a majority of the independent directors.

Q: What is Dividend Capital Advisors?

A: The Advisor was formed as a Colorado limited liability company in April 2002 in order to provide management and advisory services to us. Certain managers of the Advisor, directly or indirectly through affiliated entities, have sponsored two public REITs, American Real Estate Investment Corp. (known as Keystone Property Trust, NYSE: KTR) which raised approximately \$93,230,000 of equity capital (including \$10,750,000 in its initial public offering and \$82,480,000 in connection with the acquisition of real estate) from more than 130 investors and was acquired by ProLogis in August 2004, and Dividend Capital Trust Inc., which as of March 31, 2005, has raised approximately \$820,000,000 from more than 20,900 investors. In addition, as of March 31, 2005, certain of these managers have sponsored 49 private real estate programs which had raised approximately \$510,000,000 of equity capital from over 600 investors. Collectively, as of March 31, 2005, the public and private programs sponsored by certain managers of the Advisor, as described above, purchased interests in 215 real estate projects having combined acquisition and development costs of approximately \$1.7 billion. In addition, the Chief Investment Officer of the Advisor, in his capacity as either or both Co-Chairman and Chief Investment Officer of ProLogis (NYSE: PLD), participated in overseeing the growth in its asset base from its inception in 1992 to approximately \$2.5 billion in March 1997.

Q:

What is the ownership structure of Dividend Capital Trust and its affiliates?

A:

The following chart shows the ownership structure of the various Dividend Capital entities that are affiliated with the Advisor. Dividend Capital Securities Group LLLP, Dividend Capital Management Group LLC and Dividend Capital Advisors Group LLC are presently each majority owned by one or more of the following: John Blumberg, Thomas Florence, James Mulvihill, Mark Quam, Thomas Wattles, Evan Zucker and/or their affiliates. Dividend Capital Advisors Group LLC has issued and may further issue, and Dividend Capital Management Group LLC has not issued as of the date of this prospectus but may in the future issue, equity interests or derivatives thereof to certain of their employees or other unaffiliated individuals, consultants or other parties. However, none of such transactions are expected to result in a change in control of these entities.

Q:

What are some of the risks and conflicts to investing in this offering?

A:

We have summarized certain risks in the "Risk Factors" section of this prospectus, which you should review carefully. We have also described certain conflicts in the "Conflicts of Interest" section of this prospectus. These risks and conflicts include, but are not limited to:

We have a limited operating history;

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There is no current public market for your shares and no such public market may ever develop; it may be difficult for you to sell your shares and should you choose to sell your shares it will likely be at a price which is less than your purchase price;

We rely on the Advisor and our board of directors for the selection of properties and the application of offering proceeds;

The timing and availability of cash distributions to our shareholders is uncertain;

We will be subject to the risks which are inherent in the ownership of real estate;

Failure to qualify as a REIT for federal income tax purposes could adversely affect our operations and our ability to make distributions to shareholders;

The Advisor will be subject to conflicts of interest in the allocation of both management time and real estate opportunities among Dividend Capital Trust and other entities affiliated with the Advisor; and

We will pay the Advisor and its affiliates significant fees. Certain fees, such as those relating to property acquisitions and asset management services, will be paid regardless of the quality of the properties acquired or the services provided.

Q:
What fees will Dividend Capital Trust incur?

- A:**
- We will incur various fees and expenses in our organization and offering stage, our acquisition and development stage and our operating stage. In most cases, these fees will be paid to the Advisor or its affiliates, including the Dealer Manager and our property manager. These fees, which are discussed in detail in the "Management Management Compensation" section of this prospectus, consist of:
- (i) Dealer manager fee payable to our dealer manager of up to 2% of gross offering proceeds;
 - (ii) Sales commissions payable to our dealer manager (all or substantially all of which we expect will be re-allowed to participating broker-dealers) of up to 6% of gross offering proceeds;
 - (iii) One-time servicing fee payable to our dealer manager (all or substantially all of which we expect will be re-allowed to participating broker-dealers) of up to 1% of the undiscounted selling price of the shares issued pursuant to our distribution reinvestment plan;
 - (iv) Reimbursement to the Advisor or its affiliates for organization and offering expenses of up to 2% of aggregate gross offering proceeds;
 - (v) Acquisition fees payable to the Advisor or its affiliates which may represent up to 1% of the aggregate purchase price of properties we acquire;
 - (vi) Asset management fee payable to the Advisor of up to 0.75% annually of the cost of properties acquired (before non-cash reserves and depreciation);
 - (vii) Property management and leasing fees payable to our property manager which may equal up to 3% of the gross revenues of each property per annum;

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- (viii) Initial lease-up fees for newly constructed properties;
- (ix) Real estate commissions payable to the Advisor or its affiliates on property sales of up to 50% of the brokerage commission paid, provided that 50% of such commission shall not exceed 3% of the contract price of the property sold; and
- (x) Distributions made to an affiliate of the Advisor with respect to the Special Units (as defined in the "Prospectus Summary" section of this prospectus). In general, the holder of the Special Units will be entitled to receive 15% of specified distributions after other

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partners have received, in the aggregate, cumulative distributions equal to their capital contributions plus a 7% cumulative non-compounded annual pre-tax return on their net contributions.

Q: **Will our advisor use any specific criteria when selecting a potential property acquisition?**

A: Yes. The Advisor will generally seek to invest in properties that satisfy four primary objectives: (1) providing consistent quarterly distributions to our shareholders with the potential to increase the amount of the distribution over time; (2) protecting our shareholders' capital contributions; (3) exhibiting potential to realize capital appreciation upon the ultimate sale of our properties or the occurrence of a liquidity event; and (4) having a high degree of liquidity, relative to other real estate assets, due to their attractiveness to the institutional market.

The Advisor's management team plans to accomplish these objectives by acquiring primarily high-quality, generic distribution warehouses and light industrial properties that are net leased to creditworthy corporate customers. These facilities will generally be located in the top 25 distribution and logistics markets in the United States. Such properties may include properties which are under development or construction, newly constructed or have been constructed and have operating histories. The Advisor's management team will on a limited basis also develop properties directly or in joint ventures with third party developers. In general, national, regional and local companies utilize the space in these building types to store and ship product to their customers. In some cases, the buildings can be used for light manufacturing or assembly. The Advisor intends to generally focus on properties that have been leased or pre-leased on a net basis to one or more creditworthy corporate customers, although some of the properties we purchase may have some vacancy to be filled after closing.

Q: **Why do you plan on focusing your investments on industrial properties?**

A: We believe that ownership of industrial properties may have certain potential advantages relative to ownership of other classes of real estate. We believe that industrial customers tend to be more stable than customers of residential or office properties, resulting in greater revenue stability. Because industrial properties are typically leased on a net basis, the owner has limited management responsibilities. We believe that the costs of capital improvements are also generally lower for industrial properties. We also believe that many industrial properties have a shorter development period than other real estate classes, allowing owners to respond more quickly to changes in demand.

Although our management team also believes that there may be certain advantages to investing in industrial properties, by focusing on industrial properties we will not have the advantage of a portfolio of properties that is diversified across different property types. As a result, we will be exposed to risks or trends that have a greater impact on the market for industrial properties. These risks or trends may include the movement of manufacturing facilities to foreign markets which have lower labor or production costs, transportation or distribution trends which may change user demand for distribution space on a national or regional basis, including our target markets and other economic trends or events which would cause industrial properties to under-perform other property types.

Q: **Why may you acquire certain properties in joint ventures?**

A: We may acquire some of our properties in joint ventures, some of which may be entered into with affiliates of the Advisor. Joint ventures may allow us to acquire an interest in a property without requiring that we fund the entire purchase price. In addition, certain properties may be available to us only through joint ventures. As a result, joint ventures may allow us to diversify our portfolio of properties in terms of geographic region, property type and industry group of our customers. We may also enter into joint ventures with developers to construct new properties or into ventures

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that include acquisition rights on current or future properties to be built or leased or both. Depending upon the circumstance, the joint ventures may have a debt and/or an equity component.

Q: What steps do you intend to take to make sure you purchase environmentally compliant property?

A: We intend to obtain a new Phase I environmental assessment of each property purchased which, in addition to our internal review, is also reviewed by our environmental legal counsel. In addition, we generally intend to obtain a representation from the seller that, to its knowledge, the property is not contaminated with hazardous materials. Although these steps may reduce certain environmental risks, Dividend Capital Trust may nevertheless be liable for the costs related to removal or redemption of hazardous materials found on any properties we acquire.

Q: What are the proposed terms of the leases you expect to enter into?

A: The Advisor's management team will seek primarily to enter into "net" leases, the majority of which we expect will have five to seven year original lease terms, and many of which will have renewal options for additional periods. "Net" means that the customer is responsible for repairs, maintenance, property taxes, utilities, insurance and other operating costs. We expect that the majority of our leases will provide that we, as landlord, have responsibility for certain capital repairs or replacement of specific structural components of a property such as the roof of the building, the truck court and parking areas, as well as the interior floor or slab of the building.

Q: How will Dividend Capital Trust own its real estate properties?

A: We expect to own all of our real estate properties through an operating partnership called Dividend Capital Operating Partnership LP or subsidiaries of our operating partnership. Our operating partnership has been organized to own and lease real properties on our behalf. Dividend Capital Trust is the sole general partner of our operating partnership and Dividend Capital Trust, the Advisor and Dividend Capital Advisors Group LLC, the parent of the Advisor, are currently the only limited partners of our operating partnership. Dividend Capital Trust has and will continue to contribute net offering proceeds to our operating partnership in return for limited partnership interests. Our operating partnership will use these proceeds to acquire real estate properties. In addition, fractional interests in certain of our properties are held in a taxable REIT subsidiary, and may continue to be held in one or more taxable REIT subsidiaries that are wholly owned by our operating partnership. We intend to utilize the taxable REIT subsidiary, or additional taxable REIT subsidiaries, in certain transactions to potentially facilitate the sale of interests in our limited partnership.

Q: What is an "UPREIT"?

A: UPREIT stands for "Umbrella Partnership Real Estate Investment Trust". An UPREIT is a REIT that holds all or substantially all of its properties through a partnership in which the REIT holds an interest. We use this structure because a sale of property directly to the REIT is generally a taxable transaction to the selling property owner. In an UPREIT structure, a seller of a property who desires to defer taxable gain on the sale of his property may transfer the property to the partnership in exchange for limited partnership units in the operating partnership and defer taxation of gain until the seller later sells the partnership units or redeems his partnership units normally on a one-for-one basis for REIT common stock. If the REIT common stock is publicly traded, the former property owner will achieve liquidity for his investment. Using an UPREIT structure gives us an advantage in acquiring desired properties from persons who may not otherwise sell their properties because of unfavorable tax results.

Q: If I buy common stock, will I receive distributions and how often?

A: We intend to pay distributions on a quarterly basis to our shareholders. The amount of each distribution is determined by the board of directors and typically depends on the amount of distributable funds, current and projected cash requirements, tax considerations and other factors. Certain portions of distributions paid to our shareholders have previously included amounts in excess of our earnings and profits. It is likely that certain portions of future distributions, if any, that may be paid to our shareholders will include amounts in excess of our earnings and profits. Any such amounts would likely be paid out of cash flow from operations and, if necessary, borrowed funds. In order to qualify as a REIT, we must make distributions of at least 90% of our taxable income for each year. Please see the question in this section entitled "Will the distributions I receive be taxable as ordinary income?"

Q: How do you calculate the payment of distributions to shareholders?

A: We will calculate our quarterly distribution using daily record and declaration dates so your distributions will begin to accrue immediately upon becoming a shareholder.

Q: May I reinvest the distributions I may receive in common stock of Dividend Capital Trust?

A: Yes. You may participate in our distribution reinvestment plan by checking the appropriate box on the Subscription Agreement (see "Appendix A" of this prospectus) or by filling out an enrollment form we will provide to you upon your request. The \$1,000,000,000 maximum gross offering proceeds of this offering include up to 23,650,339 shares of common stock which will be sold under the distribution reinvestment plan at a discounted price equal to the current offering price per share less a 5% discount on the applicable distribution date. (See "Description of Securities Distribution Reinvestment Plan").

Q: Will the distributions I receive be taxable as ordinary income?

A: Yes and No. Generally, distributions that you receive, including distributions that are reinvested pursuant to our distribution reinvestment plan, will be taxed as ordinary income at the recipient's individual tax rate to the extent they are from current or accumulated earnings and profits. Although recently enacted tax legislation generally reduces the maximum tax rate for distributions payable by corporations to individuals to 15% through 2008, distributions payable by REITs generally continue to be taxed at the normal ordinary income rates applicable to the individual recipient, rather than the 15% preferential rate. We expect that some portion of your distributions may not be subject to tax in the year received due to the fact that depreciation expenses reduce earnings and profits but do not reduce cash available for distribution. Amounts distributed to you in excess of our earnings and profits will reduce the tax basis of your investment and distributions in excess of tax basis will be taxable as an amount realized from a deemed sale of your shares of our common stock. This, in effect, would defer a portion of your taxes until your investment is sold or our assets are liquidated and the net proceeds are distributed to our shareholders, at which time you may be taxed at capital gains rates. However, because each shareholder's tax considerations are different, you are urged to consult with your tax advisor. You should also review the section of this prospectus entitled "Federal Income Tax Considerations."

Q: What will you do with the capital raised in this offering?

A: Our management team will use the net offering proceeds to invest in commercial real estate consisting primarily of high quality, generic distribution warehouses and light industrial properties that are net leased to creditworthy corporate customers. Our management team intends to invest approximately 91.2% of the gross offering proceeds, assuming we sell 72,770,273 shares to the public and 23,650,339 shares pursuant to our distribution reinvestment plan, to acquire such properties. The remainder of the gross offering proceeds will be used to pay fees and expenses of

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this offering, which shall include sales commissions, dealer manager fees, distribution reinvestment plan servicing fees, reimbursement of offering expenses and acquisition fees in an aggregate amount of up to approximately 8.8% of gross offering proceeds, assuming we sell 72,770,273 shares to the public and 23,650,339 shares pursuant to our distribution reinvestment plan.

Q:
How will the payment of fees and expenses affect my invested capital?

A:
The payment of fees and expenses will reduce the funds available for investment in real estate. The payment of fees and expenses will also reduce the book value of your shares. Until we invest the proceeds of any offering in real estate, we may invest in short-term, highly liquid investments including but not limited to government obligations, bank certificates of deposit, short-term debt obligations, interest bearing accounts and preferred securities of other REITs. These short-term investments may earn a lower return than we expect to earn on our real estate investments, and we cannot guarantee how long it will take to fully invest the proceeds in real estate.

Q:
What kind of offering is this?

A:
We are offering up to \$1,000,000,000 in shares of our common stock. We are offering up to 72,770,273 shares to the public at \$10.50 per share and the Dealer Manager will act as an underwriter and dealer manager of this offering on a best efforts basis. We are also offering up to 23,650,339 shares pursuant to our distribution reinvestment plan through which participants will be able to acquire shares at a discounted price equal to 95% of the current offering price of our common stock, or \$9.975 per share. We reserve the right to reallocate the shares of common stock we are offering between our primary offering and our distribution reinvestment plan.

Q:
How does a "best efforts" offering work?

A:
When common stock is offered to the public on a "best efforts" basis, the broker-dealers participating in the offering are only required to use their best efforts to sell the common stock. Broker-dealers do not have a firm commitment or obligation to purchase any common stock.

Q:
How long will this offering last?

A:
This offering will continue until June 9, 2007 (two years after the SEC's effective date of this offering or until we sell all shares under this offering, whichever is sooner). However, our board of directors may also terminate this offering at any time prior to such termination dates.

Q:
Who can buy our common stock?

A:
You can buy our common stock pursuant to this prospectus provided that you have either (1) a net worth of at least \$45,000 and an annual gross income of at least \$45,000, or (2) a net worth of at least \$150,000. For this purpose, net worth does not include your home, home furnishings and personal automobiles. These minimum levels may be higher in certain states, so you should carefully read the more detailed description in the "Suitability Standards" section of this prospectus.

Q:
May persons affiliated with Dividend Capital Trust purchase common stock in this offering?

A:
Yes. Our officers and directors and their immediate families, as well as officers and employees of the Advisor or other affiliated entities and their immediate families, may purchase common stock at a price of \$9.66 per share (based on an offering price of \$10.50 per share). The reduced offering price reflects the elimination of the sales commission and the dealer manager fee that would otherwise be paid on each share. Notwithstanding this reduced sale price, the net proceeds received by Dividend Capital Trust will be the same on all common stock sold in the offering.

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In January 2005, in connection with our third public offering, members of our board of directors, managers of our advisor, our advisor's senior management team and/or each of their respective affiliates collectively purchased in excess of \$1.0 million of our common stock.

Q:
Is there any minimum investment required?

A:
Yes. Generally, you must invest at least \$2,000. This minimum investment level may be higher in certain states, so you should carefully read the more detailed description of the minimum investment requirements appearing in the "Suitability Standards" section of this prospectus.

Q:
How do I subscribe for common stock?

A:
If you choose to purchase common stock in this offering, you will need to complete a Subscription Agreement in the form attached to this prospectus as Appendix A for a specific number of shares. You must pay for the common stock at the time you subscribe. Offering proceeds will be released to us on an ongoing basis at the time we accept each Subscription Agreement.

Q:
If I buy common stock in this offering, how may I later sell it?

A:
At the time you purchase common stock, it will not be listed for trading on any national securities exchange or over-the-counter market. Our management team presently believes it is unlikely that we would apply to have the common stock listed for trading in any public market or provide for any other type of liquidating event for at least the next two years or longer, and we may never list our common stock. However, we plan to consider opportunities to list our common stock for trading or provide for any other type of liquidating event based on a number of factors, such as the public market for REITs generally, the amount of capital we have been able to raise and the economic performance of the properties we have acquired.

As discussed in the following paragraph, the absence of a public market may continue for an extended period of time after the date of this prospectus. As a result, you may find it difficult to find a buyer for your shares and realize a return on your investment. Subject to certain resale restrictions, you may sell your shares to any buyer unless such sale would cause any person or entity to directly or indirectly own more than 9.8% of the outstanding shares of any class or series of our stock or would violate the other restrictions imposed by our articles of incorporation on ownership and transfers of our common stock. (See "Description of Securities Restriction on Ownership of Common Stock").

In addition, after you have held your shares for at least one year, you may be able to redeem all or a portion of your shares pursuant to our share redemption program as outlined in the prospectus (See "Description of Securities Share Redemption Program"). If we have not listed the common stock on a national securities exchange or an over-the-counter market, completed a sale or merger of Dividend Capital Trust in a transaction which provides our shareholders with a combination of cash and/or securities of a publicly traded company or sold substantially all of our properties for cash or other consideration by February 2013, our articles of incorporation require us to begin selling our properties and other assets and to distribute the net proceeds to our shareholders.

Q:
What is the experience of your officers and directors?

A:
The key members of our management team are James R. Mulvihill, Thomas G. Wattles and Evan H. Zucker, each of whom is a director of Dividend Capital Trust as well as a manager of the Advisor. From 1989 through March 31, 2005, Messrs. Mulvihill and Zucker have, along with other affiliates, overseen directly, or indirectly through affiliated entities, the acquisition, development, financing and sale of approximately 215 real estate projects with an aggregate value in excess of approximately \$1.7 billion. See the "Management Directors and Executive Officers" section of this prospectus for a more detailed description of the background and experience of each of our

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officers and directors. In addition, Mr. Wattles, in his capacity as either or both Co-Chairman and Chief Investment Officer of ProLogis, participated in overseeing the growth in its asset base from its inception in 1992 to approximately \$2.5 billion in 1997.

Q:
Will I be notified of how my investment is doing?

A:
Each year we will provide our shareholders with an annual report providing financial information about us. In addition, we will provide periodic updates on our performance in conjunction with our filings with the SEC including three quarterly filings and an annual filing. Additionally, we will provide periodic press releases describing significant developments, current period performance and current period earnings. We will provide these reports and press releases on our website at www.dividendcapital.com. (See "Where You Can Find Additional Information").

Q:
When will I get my detailed tax information?

A:
We intend to mail your Form 1099 tax information by January 31st of each year.

Q:
Who can help answer my questions?

A:
If you have more questions about the offering or if you would like additional copies of this prospectus, you should contact your registered representative or contact:

Charles Murray, President
Dividend Capital Securities LLC
518 17th Street, 12th Floor
Denver, Colorado 80202
Telephone: (303) 228-2200
Fax: (303) 228-2201

RISK FACTORS

Your purchase of common stock involves a number of risks. In addition to other risks discussed in this prospectus, you should specifically consider the following:

INVESTMENT RISKS

We have a limited operating history.

Dividend Capital Trust was formed as a Maryland corporation on April 12, 2002 in order to own, operate and develop industrial real estate properties. We have a limited history of operations and a limited portfolio of properties which you are able to evaluate in making a decision to purchase our common stock.

There is no current public trading market for your shares.

There is no current public market for the common stock and we have no obligation or immediate plans to apply for quotation or listing in any public securities market. Although in the future we will consider opportunities to establish a public market for our common stock, there can be no assurance that a public market will ever exist. It will therefore be very difficult for you to sell your shares promptly or at all. Even if you are able to sell your shares, the absence of a public market may cause the price received for any common stock sold to be less than the proportionate value of the real estate we own or less than the price you paid. Therefore, you should purchase the common stock only as a long-term investment. (See the "Description of Securities Share Redemption Program" section of this prospectus).

We currently do not have research analysts reviewing the performance of our company.

We do not have research analysts reviewing the performance of our company or our securities on an ongoing basis. Therefore, we do not have an independent review of our performance and value of our common stock relative to publicly traded companies.

We currently utilize the Advisor for selection of properties and we rely on our board of directors for ultimate approval of the investment of offering proceeds.

Our ability to pay distributions and achieve our other investment objectives is partially dependent upon the performance of the Advisor in the acquisition of real estate properties, the operation of such properties and the determination of any financing arrangements. Our board of directors, which must approve all property acquisitions, will have broad discretion to monitor the performance of the Advisor as well as to determine the manner in which the net offering proceeds are invested. Our board of directors may delegate to our investment committee, which is comprised of three directors, two of whom are independent directors, the authority to approve individual property acquisitions or developments of up to \$25 million. All acquisitions or developments in excess of \$25 million must be approved by our board of directors, including a majority of the independent directors. As a result, you must rely on the Advisor to identify properties and propose transactions and on the board of directors to oversee and approve such transactions. (See "Management").

Distributions payable by REITs do not qualify for the reduced tax rates that apply to other corporate distributions.

Tax legislation enacted in 2003 generally reduces the maximum tax rate for distributions payable by corporations to individuals to 15% through 2008. Distributions payable by REITs, however, generally continue to be taxed at the normal rate applicable to the individual recipient, rather than the 15% preferential rate. Although this legislation does not adversely affect the taxation of REITs or

distributions paid by REITs, the more favorable rates applicable to regular corporate distributions could cause investors who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay distributions, which could adversely affect the value of the stock of REITs, including our common stock. (See "Federal Income Tax Considerations Taxation of Taxable U.S. Shareholders Distributions Generally").

We depend on key personnel.

Our success depends to a significant degree upon the continued contributions of certain key personnel, including but not limited to James R. Mulvihill, Thomas G. Wattles, Evan H. Zucker, Thomas I. Florence, John A. Blumberg, James D. Cochran, Daryl H. Mechem and Matthew T. Murphy, each of whom would be difficult to replace. We do not have employment agreements with any of our key personnel, and we currently do not have key man life insurance on any person. If any of our key personnel were to cease employment with us, our operating results could suffer. We also believe that our future success depends, in large part, upon our ability to hire and retain highly skilled managerial, operational and marketing personnel. Competition for such personnel is intense, and we cannot assure you that we will be successful in attracting and retaining such skilled personnel. (See "Management").

The Advisor will face conflicts of interest relating to time management.

The Advisor is currently pursuing other business opportunities with third parties. Managers of the Advisor are currently engaged in other real estate activities, including acquisition and development of commercial and residential real estate in the United States and Mexico. We are not able to estimate the amount of time that the managers of the Advisor will devote to our business. As a result, the managers of the Advisor may have conflicts of interest in allocating their time between our business and these other activities. During times of intense activity in other programs and ventures, the time they devote to our business may decline and be less than we would require. We expect that as our real estate activities expand, the Advisor may attempt to hire additional employees who would devote substantially all of their time to the business of Dividend Capital Trust and its affiliates. However, there can be no assurance that the Advisor will devote adequate time to our business activities. (See "Conflicts of Interest").

The Advisor may face conflicts of interest relating to the purchase and leasing of properties.

We may buy properties at the same time as other entities that are affiliated with the Advisor are buying properties. There is a risk that the Advisor will choose a property that provides lower returns to us than a property purchased by another entity affiliated with the Advisor. We may acquire properties in geographic areas where other affiliates of the Advisor own properties. If one of the entities affiliated with the Advisor attracts a customer that we are competing for, we could suffer a loss of revenue due to delays in locating another suitable customer. (See "Conflicts of Interest Competition").

The Advisor will face conflicts of interest relating to joint ventures with affiliates.

We may enter into joint ventures with third parties, including entities that are affiliated with the Advisor, for the acquisition, development and improvement of properties. We may also purchase and develop properties directly or in joint ventures or partnerships, co-tenancies or other co-ownership arrangements with the sellers of the properties, affiliates of the sellers, developers or other persons. Such investments may involve risks not otherwise present with a direct investment in real estate, including, for example:

The possibility that our venture partner, co-tenant or partner in an investment might become bankrupt;

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That such venture partner, co-tenant or partner may at any time have economic or business interests or goals which are or which become inconsistent with our business interests or goals; or

That such venture partner, co-tenant or partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives.

Actions by such a venture partner or co-tenant might have the result of subjecting the property to liabilities in excess of those contemplated and may have the effect of reducing your returns.

Under certain joint venture arrangements, neither venture partner may have the power to control the venture, and an impasse could be reached, which might have a negative influence on the joint venture and decrease potential returns to you. In the event that a venture partner has a right of first refusal to buy out the other partner, it may be unable to finance such buy-out at that time. It may also be difficult for us to sell our interest in any such joint venture or partnership or as a co-tenant in property. In addition, to the extent that our venture partner or co-tenant is an affiliate of the Advisor, certain conflicts of interest will exist. (See "Conflicts of Interest Joint Ventures with Affiliates of the Advisor").

The Dealer Manager was recently formed and has not participated in similar offerings.

The Dealer Manager was formed in December 2001 and it has not participated in any securities offering other than our prior public offerings. The Dealer Manager has entered into agreements with broker-dealers pursuant to which those firms will sell our common stock in this offering. Should the Dealer Manager be unable to maintain agreements with a significant group of broker-dealers, then we may be unable to sell a significant number of shares. If we do not sell a significant number of shares then we will likely acquire a limited number of properties and will not achieve significant diversification of our property holdings. Because the Dealer Manager has limited experience in prior offerings, it may be difficult to evaluate its ability to manage this offering.

A limit on the number of shares a person may own may discourage a takeover or business combination.

Our articles of incorporation restrict direct or indirect ownership by one person or entity to no more than 9.8% of the outstanding shares of any class or series of our stock. This restriction may discourage a change of control of Dividend Capital Trust and may deter individuals or entities from making tender offers for common stock on terms that might be financially attractive to shareholders or which may cause a change in our management. This ownership restriction may also prohibit business combinations that would have otherwise been approved by our board of directors and shareholders. (See "Description of Securities Restriction on Ownership of Common Stock").

You are limited in your ability to sell your shares pursuant to our share redemption program.

Our share redemption program may provide you with a limited opportunity to redeem your shares after you have held them for a period of one year. However, our board of directors reserves the right to suspend or terminate the share redemption program at any time. In addition, our share redemption program contains certain restrictions and limitations. Common stock may be redeemed quarterly on a pro rata basis. Subject to funds being available, the number of shares redeemed during any calendar year will be limited to the lesser of (1) three percent (3%) of the weighted average number of shares outstanding during the prior calendar year, and (2) the number of shares we can redeem with the proceeds we receive from the sale of common stock under our distribution reinvestment plan. Therefore, in making a decision to purchase our common stock, you should not assume that you will be able to sell any of your shares back to us pursuant to our share redemption program. (See "Description of Securities Share Redemption Program").

We did not establish the offering price of our common stock based on an appraised value of our properties.

We have not obtained an appraisal of our properties in connection with this offering. Our board of directors determined the selling price of the common stock; however, such price may bear no relationship to property appraisals or to any established criteria for valuing our issued or outstanding common stock. Our board of directors determined the price of our shares pursuant to this offering considering a number of factors including, but not limited to: our historic, current and anticipated dividend yields; yields provided by similar and other real estate investments; our current and anticipated operating results; the quality, size, diversity and location of properties in our portfolio; the quality and diversity of our tenant base; our existing and anticipated debt structure; and our progress in executing our investment and operating strategy.

If we have not listed our stock for public trading or created an alternative liquidity event for our shareholders by February 2013, then we will take steps to liquidate our assets.

If we have not listed our common stock on a national securities exchange or an over-the-counter market, completed a sale or merger of Dividend Capital Trust in a transaction which provides our shareholders with a combination of cash and/or securities of a publicly traded company or sold substantially all of our properties for cash or other consideration by February 2013, our articles of incorporation require us to begin selling our properties and other assets and to distribute the net proceeds to our shareholders. Various economic and political conditions existing at the time we liquidate our assets may adversely affect our ability to sell assets at favorable prices. As a result, there can be no assurance that we would be able to sell our assets at prices which are consistent with our estimate of the fair market value of our properties or that would provide our stockholders with any particular return. (See "Questions and Answers About this Offering If I buy common stock in this offering, how may I later sell it?").

Your interest in Dividend Capital Trust may be diluted if we issue additional common stock.

Our shareholders do not have preemptive rights to any common stock issued by Dividend Capital Trust in the future. Therefore, in the event that we (1) sell common stock in the future, including those issued pursuant to the distribution reinvestment plan, (2) sell securities that are convertible into common stock, (3) issue common stock in a private offering to institutional investors, (4) issue shares of common stock upon the exercise of the options granted to our independent directors or employees of the Advisor and our property manager or warrants issued or that may be issued to our dealer manager or to participating broker-dealers, or (5) issue common stock to sellers of properties acquired by us in connection with an exchange of limited partnership interests in our operating partnership or one of its subsidiaries, existing shareholders and investors purchasing shares in this offering will experience dilution of their percentage ownership in Dividend Capital Trust. Depending on the terms of such transactions, most notably the offer price per share, which may be less than the price paid per share in this offering, and the value of our properties, existing shareholders might also experience a dilution in the book value per share of their investment in Dividend Capital Trust. (See "Description of Securities").

Payment of fees to the Advisor and its affiliates will reduce cash available for investment and distribution.

The Advisor and its affiliates will perform services for us in connection with the offer and sale of the common stock, the selection and acquisition of our properties, and the management and leasing of our properties. They will be paid substantial fees for these services, which will reduce the amount of cash available for investment in properties and distribution to shareholders. We estimate that approximately 8.8% of gross offering proceeds, assuming we sell 72,770,273 shares to the public and 23,650,339 shares pursuant to our distribution reinvestment plan, will be paid to the Advisor, its

affiliates and third parties for up-front fees and expenses associated with the offer and sale of our common stock. (See "Management Management Compensation").

The availability and timing of cash distributions is uncertain.

We expect to pay quarterly distributions to our shareholders. However, we bear all expenses incurred by our operations, which are deducted from cash funds generated by operations prior to computing the amount of cash distributions to be distributed to our shareholders. In addition, our board of directors, in its discretion, may retain any portion of such funds for working capital. We cannot assure you that sufficient cash will be available to pay distributions to you.

We are uncertain of our sources for funding our future capital needs.

Substantially all of the gross offering proceeds will be used for investment in properties and for payment of various fees and expenses. (See the "Estimated Use of Proceeds" section of this prospectus). In addition, we do not anticipate that we will maintain any permanent working capital reserves. Accordingly, in the event that we develop a need for additional capital in the future for the improvement of our properties or for any other reason, we cannot assure you that such funding will be available to us.

If we are unable to find suitable investments, we may not be able to achieve our investment objectives or pay distributions.

Our ability to achieve our investment objectives, including the payment of distributions, depends upon the performance of the Advisor in the acquisition of our investments and the determination of any financing arrangements and upon the performance of our operating professionals and to maintain our customer base, maintain strong occupancies and negotiate favorable leasing arrangements. Except for the investments described in our previous filings, you will have no opportunity to evaluate the terms of transactions or other economic or financial data concerning our investments. You must rely entirely on the management abilities of the Advisor, the property managers the Advisor selects and the oversight by our board of directors. We cannot be sure that the Advisor will be successful in obtaining suitable investments on financially attractive terms or that, if the Advisor makes investments on our behalf, our objectives will be achieved. The more capital we raise in this offering or any future offerings, the greater will be our challenge to invest all of the net offering proceeds on attractive terms. Therefore, the large size of this offering increases the risk that we may pay too much for real estate acquisitions. If we, through the Advisor, are unable to find suitable investments promptly, we will hold the proceeds from any offering in an interest-bearing account or invest the proceeds in short-term, investment-grade investments (which are not likely to earn as high a return as we expect to earn on our real estate investments) and may, ultimately, liquidate. In such an event, our ability to pay distributions to our shareholders would be adversely affected. (See "Investment Objectives and Criteria Acquisition and Investment Policies").

We may have difficulty funding our distributions with funds provided by our operations.

As a growing company, to date we have funded our quarterly distributions to investors with funds from operations and, to a lesser extent, with borrowings under our bank credit facility. Our long-term corporate strategy is to fund the payment of quarterly distributions to our shareholders entirely from funds from our operations. However, if we are unsuccessful in deploying the offering proceeds we raise on an effective and efficient basis, we may continue to fund our quarterly distributions to investors from a combination of funds from operations and financing proceeds. In the event we are unable to consistently fund future quarterly distributions to investors entirely from our funds from operations, the value of your shares upon the possible listing of our stock, the sale of our assets or any other liquidity event may be negatively impacted.

Our articles of incorporation permit our board of directors to issue stock with terms that may subordinate the rights of our common stockholders or discourage a third party from acquiring us in a manner that could result in a premium price to our shareholders.

Our board of directors may classify or reclassify any unissued common stock or preferred stock and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to cash distributions and other distributions, qualifications and terms or conditions of redemption of any such stock. Thus, our board of directors could authorize the issuance of preferred stock with terms and conditions that could have priority as to distributions and amounts payable upon liquidation over the rights of the holders of our common stock. Such preferred stock could also have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might otherwise provide a premium price to holders of our common stock. (See "Description of Securities Preferred Stock").

Our management has broad control over our operations and you will have limited control over changes in our policies and operations.

Our board of directors determines our major policies, including our policies regarding financing, growth, debt capitalization, REIT qualification, distributions, acquisitions of properties and acquisitions of businesses (including the business of our advisor or property manager). Our board of directors may amend or revise these and other policies without a vote of the shareholders. Under the Maryland General Corporation Law and our articles of incorporation, our shareholders have a right to vote only on limited matters. Our board's broad discretion in setting policies and our shareholders' inability to exert control over those policies increases the uncertainty and risks you face as a shareholder. (See "Management General").

Adverse economic and geopolitical conditions could negatively affect our returns and profitability.

Among others, the following market and economic challenges may adversely affect our operating results:

poor economic times may result in customer defaults under our leases;

job transfers, layoffs and overbuilding may increase vacancies;

maintaining occupancy levels may require increased concessions or reduced rental rates; and

increased insurance premiums may reduce funds available for distribution or, to the extent we can pass such increases through to customers, may lead to customer defaults. Increased insurance premiums also may make it difficult to increase rents to customers on turnover, which may adversely affect our ability to increase our returns.

Our operations could be negatively affected to the extent that an economic downturn is prolonged or becomes more severe.

Actions of our joint venture partners could negatively impact our performance.

We are likely to enter into additional joint ventures with third parties to acquire, develop or improve properties. We may also purchase and develop properties directly or in joint ventures or through partnerships, co-tenancies or other co-ownership arrangements. Such investments may involve risks not otherwise present with other methods of investment in real estate, including, but not limited to:

the possibility that our co-venturer, co-tenant or partner in an investment might become bankrupt;

that such co-venturer, co-tenant or partner may at any time have economic or business interests or goals which are or which become inconsistent with our business interests or goals; or

that such co-venturer, co-tenant or partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives.

Any of the above might subject a property to liabilities in excess of those contemplated and thus reduce your returns. (See "Investment Objectives and Criteria Joint Venture Investments").

Increases in interest rates could increase the amount of our debt payments and adversely affect our ability to make distributions to our shareholders.

We have incurred indebtedness and expect that we will incur additional indebtedness in the future. Interest we pay reduces our cash available for distributions. Additionally, since we have incurred variable rate debt, increases in interest rates raise our interest costs, which reduces our cash flows and our ability to make distributions to you. In addition, if we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments in properties at times which may not permit realization of the maximum return on such investments. (See "Investment Objectives and Criteria Borrowing Policies and Related Indebtedness").

Our hedging strategies may not be successful in mitigating our risks associated with interest rates.

We use various derivative financial instruments to provide a level of protection against interest rate risks, but no hedging strategy can protect us completely. We cannot assure you that our use of derivatives will offset the risks related to changes in interest rates. In addition, the nature and timing of hedging transactions may influence the effectiveness of our hedging strategies. Poorly designed strategies or improperly executed transactions could actually increase our risk and losses. In addition, hedging strategies involve transaction and other costs. We cannot assure you that our hedging strategy and the derivatives that we use will adequately offset the risk of interest rate volatility or that our hedging transactions will not result in losses.

Your return on investment may be reduced if we are required to register as an investment company under the Investment Company Act.

We are not registered as an investment company under the Investment Company Act of 1940. If we were obligated to register as an investment company, we would have to comply with a variety of substantive requirements under the Investment Company Act. These requirements include:

limitations on capital structure;

restrictions on specified investments;

prohibitions on transactions with affiliates; and

compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly change our operations.

In order to maintain our exemption from regulation under the Investment Company Act of 1940, we must engage primarily in the business of buying real estate, and these investments must be made within a year after the offering ends. If we are unable to invest a significant portion of the proceeds of the offering in properties within one year of the termination of the offering such that more than 40% of our assets consist of "investment securities," as defined under the Investment Company Act of 1940, we may avoid being required to register as an investment company by temporarily investing any unused proceeds in government securities with low returns. This would reduce the cash available for distribution to shareholders and possibly lower your returns.

To maintain compliance with the Investment Company Act exemption, we may be unable to sell assets we would otherwise want to sell and may need to sell assets we would otherwise wish to retain. In addition, we may have to acquire additional income or loss generating assets that we might not otherwise have acquired or may have to forgo opportunities to acquire interests in companies that we would otherwise want to acquire and would be important to our strategy.

If we were required to register as an investment company but failed to do so, we would be prohibited from engaging in our business, and criminal and civil actions could be brought against us. In addition, our contracts would be unenforceable unless a court were to require enforcement, and a court could appoint a receiver to take control of us and liquidate our business.

Our derivative financial instruments used to hedge against interest rate fluctuations could reduce the overall returns on your investment.

We have and may continue to use derivative financial instruments to hedge exposures to changes in interest rates on loans secured by our properties. These instruments involve risk, such as the risk that counterparties may fail to perform under the terms of the derivative contract or that such arrangements may not be effective in reducing our exposure to interest rate changes. In addition, the possible use of such instruments may reduce the overall return on our investments. These instruments may also generate income that may not be treated as qualifying REIT income for purposes of the 75% or 95% REIT income test.

The Advisor may have conflicting fiduciary obligations if we acquire properties with its affiliates.

The Advisor may cause us to acquire an interest in a property through a joint venture with its affiliates. In these circumstances, the Advisor will have a fiduciary duty to both us and its affiliates participating in the joint venture. The resolution of this conflict of interest may cause the Advisor to sacrifice our best interest in favor of the seller of the property and therefore, we may enter into a transaction that is not in our best interest. The resolution of this conflict of interest may negatively impact our financial performance. (See "Conflicts of Interest").

The fees we pay in connection with this offering were not determined on an arm's-length basis and therefore may not be on the same terms we could achieve from a third-party.

The compensation paid to the Advisor, Dealer Manager and other affiliates for services they provide us was not determined on an arm's-length basis. All agreements, contracts or arrangements with our affiliates were not negotiated at arm's length. Such agreements include, but are not limited to, the Advisory Agreement, the Dealer Manager Agreement and the Property Management and Leasing Agreement. These agreements may contain terms that are not in our best interest and may not otherwise be applicable if we entered into arm's-length agreements. See "Conflicts of Interest" for a discussion of various conflicts of interest. (See "Management Management Compensation").

We cannot predict the amounts of compensation to be paid to the Advisor and our other affiliates.

Because the fees that we will pay to the Advisor and our other affiliates are based in part on the level of our business activity, it is not possible to predict the amounts of compensation that we will be required to pay these entities. In addition, because key employees of our affiliates are given broad discretion to determine when to consummate a transaction, we rely on these key persons to dictate the level of our business activity. Furthermore, the fees paid to our affiliates will reduce funds available for distribution, and therefore we cannot predict precisely how such fees will impact our distributions. (See "Management Management Compensation").

Our dealer manager, which is affiliated with us, has not made an independent review of us or the prospectus.

The Dealer Manager is one of our affiliates and will not make an independent review of us or this offering. Accordingly, you do not have the benefit of an independent review of the terms of this offering. Further, the due diligence investigation of us by the Dealer Manager cannot be considered to be an independent review and, therefore, may not be as meaningful as a review conducted by an unaffiliated broker-dealer or investment banker. In addition, a substantial portion of the proceeds of any offering will be paid to the Dealer Manager for managing the offering, including selling commissions, a dealer manager fee and marketing expense reimbursements.

If we invest in a limited partnership as a general partner we could be responsible for all liabilities of such partnership.

In some joint ventures or other investments we may make, if the entity in which we invest is a limited partnership, we may acquire all or a portion of our interest in such partnership as a general partner. As a general partner, we could be liable for all the liabilities of such partnership. Additionally, we may also be required to take our interests in other investments as a non-managing general partner as in the case of our initial investment. Consequently, we would be potentially liable for all such liabilities without having the same rights of management or control over the operation of the partnership as the managing general partner or partners may have. Therefore, we may be held responsible for all of the liabilities of an entity in which we do not have full management rights or control, and our liability may far exceed the amount or value of investment we initially made or then had in the partnership.

If we do not have sufficient capital resources from equity and debt financings for acquisitions of new properties or other assets because of our inability to retain earnings, our growth may be limited.

In order to maintain our qualification as a REIT, we are required to distribute to our shareholders at least 90% of our taxable income. This requirement limits our ability to retain income or cash flow from operations to finance the acquisition of new properties. We will explore acquisition opportunities from time to time with the intention of expanding our operations and increasing our profitability. We anticipate that we will use debt and equity financing for such acquisitions because of our inability to retain significant earnings. Consequently, if we cannot obtain debt or equity financing on acceptable terms, our ability to acquire new properties and expand our operations will be adversely affected.

Your investment may be subject to additional risks if we make international investments.

We may purchase properties located in Mexico and Canada. Any such investment could be affected by factors peculiar to the laws and business practices of the jurisdictions in which the properties are located. These laws may expose us to risks that are different from and in addition to those commonly found in the United States. Foreign investments could be subject to the following risks:

changing governmental rules and policies, including changes in land use and zoning laws;

enactment of laws relating to the foreign ownership of real property or mortgages and laws restricting the ability of foreign persons or companies to remove profits earned from activities within the country to the person's or company's country of origin;

variations in currency exchange rates;

adverse market conditions caused by terrorism, civil unrest and changes in national or local governmental or economic conditions;

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the willingness of domestic or foreign lenders to make mortgage loans in certain countries and changes in the availability, cost and terms of mortgage funds resulting from varying national economic policies;

the imposition of unique tax structures and changes in real estate and other tax rates and other operating expenses in particular countries;

general political and economic instability;

our limited experience and expertise in foreign countries relative to our experience and expertise in the United States; and

more stringent environmental laws or changes in such laws.

Our UPREIT structure may result in potential conflicts of interest.

Persons holding units in our operating partnership have the right to vote on certain amendments to the Limited Partnership Agreement, as well as on certain other matters. Persons holding such voting rights may exercise them in a manner that conflicts with the interests of our shareholders. As general partner of the operating partnership, we will be obligated to act in a manner that is in the best interest of all partners of the operating partnership. Circumstances may arise in the future when the interest of limited partners in the operating partnership may conflict with the interests of our shareholders. For example, the timing and terms of dispositions of properties held by the operating partnership may result in tax consequences to certain limited partners and not to our shareholders. (See "The Partnership Agreement").

REAL ESTATE RISKS

General Real Estate Risks

We will be subject to risks generally incident to the ownership of real estate, including:

Changes in general or local economic conditions;

Changes in supply of or demand for similar or competing properties in an area;

Bankruptcies, financial difficulties or lease defaults by our customers;

Changes in interest rates and availability of permanent mortgage funds that may render the sale of a property difficult or unattractive or otherwise reduce the returns to shareholders;

Changes in operating expenses;

Changes in governmental rules, regulations and fiscal policies, including changes in tax, real estate, environmental and zoning laws;

Changes in the cost or availability of insurance, including coverage for mold or asbestos;

Periods of high interest rates and tight money supply;

Customer turnover; and

General overbuilding or excess supply in the market area.

For these and other reasons, we cannot assure you that we will be profitable or that we will realize growth in the value of our real estate properties. (See "Investment Objectives and Criteria Acquisition and Investment Policies").

Competition for investments may increase costs and reduce returns.

We will compete for real property investments with pension funds and their advisors, bank and insurance company investment accounts, other real estate investment trusts, real estate limited partnerships, individuals and other entities engaged in real estate investment activities. Many other competitors have greater financial resources than us and a greater ability to borrow funds to acquire properties. Competition for investments may reduce the number of suitable investment opportunities available to us and may have the effect of increasing acquisition costs reducing the rents we can charge and, as a result, reducing your returns. We believe the current market for acquisitions to be extremely competitive.

A property that incurs a vacancy could be difficult to sell or re-lease.

A property may incur a vacancy either by the continued default of a customer under its lease or the expiration of one of our leases. In addition, certain of the properties we acquire may have some level of vacancy at the time of closing. Certain of our properties may be specifically suited to the particular needs of a customer. We may have difficulty obtaining a new customer for any vacant space we have in our properties. If the vacancy continues for a long period of time, we may suffer reduced revenues resulting in less cash available to be distributed to shareholders. In addition, the resale value of a property could be diminished because the market value of a particular property will depend principally upon the value of the leases of such property. (See "Investment Objectives and Criteria Acquisition and Investment Policies").

We are dependent on customers for our revenue.

Certain of our properties are occupied by a single customer. As a result, the success of those properties will depend on the financial stability of a single customer. Lease payment defaults by customers could cause us to reduce the amount of distributions to shareholders. A default by a customer on its lease payments could force us to find an alternative source of revenue to pay any mortgage loan on the property. In the event of a customer default, we may experience delays in enforcing our rights as landlord and may incur substantial costs, including litigation and related expenses, in protecting our investment and re-leasing our property. If a lease is terminated, we may be unable to lease the property for the rent previously received or sell the property without incurring a loss. (See "Investment Objectives and Criteria Terms of Leases and Customer Creditworthiness").

We may not have funding for future tenant improvements.

When a customer at one of our properties does not renew its lease or otherwise vacates its space in one of our buildings, it is likely that, in order to attract one or more new customers, we will be required to expend funds to construct new tenant improvements in the vacated space. Substantially all of our net offering proceeds will be invested in real estate properties and therefore, while we intend to manage our cash position or financing availability to pay for any improvements required for re-leasing, we cannot assure you that we will have adequate sources of funding available to us for such purposes in the future.

Uninsured losses relating to real property may adversely affect your returns.

The Advisor will attempt to ensure that all of our properties are adequately insured to cover casualty losses. However, changes in the cost or availability of insurance could expose us to uninsured casualty losses. In the event that any of our properties incurs a casualty loss that is not fully covered by insurance, the value of our assets will be reduced by any such uninsured loss. In addition, we may have no source of funding to repair or reconstruct the damaged property, and we cannot assure you that any

such sources of funding will be available to us for such purposes in the future. (See "Real Estate Investments Insurance Coverage on Properties").

Development and construction of properties may result in delays and increased costs and risks.

We may invest some of the net offering proceeds available for investment in the acquisition of raw land upon which we will develop and construct improvements at a fixed contract price. In any such projects we will be subject to risks relating to the builder's ability to control construction costs or to build in conformity with plans, specifications and timetables. The builder's failure to perform may result in legal action by us to rescind the purchase or construction contract or to enforce the builder's obligations. Performance may also be affected or delayed by conditions beyond the builder's control. Delays in completion of construction could also give customers the right to terminate preconstruction leases for space at a newly developed project. We may incur additional risks when we make periodic progress payments or other advances to such builders prior to completion of construction. Each of these factors could result in increased costs of a project or loss of our investment. In addition, we will be subject to normal lease-up risks relating to newly constructed projects if they are not fully leased prior to the commencement of construction. Furthermore, the price we agree to for the land will be based on projections of rental income and expenses and estimates of construction costs as well as the fair market value of the property upon completion of construction. If our projections are inaccurate, we may pay too much for the land and fail to achieve our forecast of returns due to the factors discussed above. (See "Investment Objectives and Criteria Development and Construction of Properties").

Delays in acquisitions of properties may have adverse effects on your investment.

Delays we encounter in the selection, acquisition and development of properties could adversely affect your returns. Where properties are acquired prior to the start of construction, it will typically take 8 to 18 months to complete construction and lease available space. Therefore, you could suffer delays in the payment of cash distributions attributable to those particular properties. Our articles of incorporation limits the amount we can invest in unimproved land to 10% of our total assets.

Uncertain market conditions and the broad discretion of the Advisor relating to the future disposition of properties could adversely affect the return on your investment.

We expect to hold the various real properties in which we invest until such time as the Advisor decides that a sale or other disposition is appropriate given our investment objectives. The Advisor, subject to approval of the board, may exercise its discretion as to whether and when to sell a property, and we will have no obligation to sell properties at any particular time, except in the event of a liquidation of our properties in accordance with our articles of incorporation if we do not list our common stock, complete a sale or merger of Dividend Capital Trust in a transaction which provides our shareholders with a combination of cash and/or securities of a publicly traded company or sell substantially all of our properties for cash or other consideration by February 2013. We cannot predict the various market conditions affecting real estate investments which will exist at any particular time in the future. Due to the uncertainty of market conditions which may affect the future disposition of our properties, we cannot assure you that we will be able to sell our properties at a profit in the future. Accordingly, the extent to which you will receive cash distributions and realize potential appreciation on our real estate investments will be dependent upon fluctuating market conditions. (See "Management The Advisor").

Discovery of previously undetected environmentally hazardous conditions may adversely affect our operating results.

Under various federal, state and local environmental laws, a current or previous owner or operator of real property may be liable for the cost of removing or remediating hazardous or toxic substances on

such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated. A property owner who violates environmental laws may be subject to sanctions which may be enforced by governmental agencies or, in certain circumstances, by private parties. In connection with the acquisition and ownership of our properties, we may be exposed to such costs. The cost of defending against environmental claims, of compliance with environmental regulatory requirements or of remediating any contaminated property could materially adversely affect our business, assets or results of operations and, consequently, amounts available for distribution to our shareholders.

If we fail to make our debt payments, we could lose our investment in a property.

Loans obtained to fund property acquisitions will generally be secured by first mortgages on such properties. If we are unable to make our debt service payments as required, a lender could foreclose on the property or properties securing its debt. This could cause us to lose part or all of our investment which in turn could cause the value of the common stock and the distributions payable to shareholders to be reduced. Certain of our existing and future indebtedness is and may be cross-collateralized and, consequently, a default on this indebtedness could cause us to lose part or all of our investment in multiple properties. (See "Investment Objectives and Criteria Borrowing Policies and Related Indebtedness").

Lenders may require us to enter into restrictive covenants relating to our operations.

In connection with obtaining certain financing, a lender may impose certain restrictions on us which affect our ability to incur additional debt and our ability to make distributions to our shareholders. Loan documents we enter into may contain negative covenants which limit our ability to further mortgage the property, replace the Advisor or impose other limitations. (See "Investment Objectives and Criteria Borrowing Policies and Related Indebtedness").

If we enter into financing arrangements involving balloon payment obligations, it may adversely affect our ability to make distributions.

Some of our financing arrangements require us to make a lump-sum or "balloon" payment at maturity. Our ability to make a balloon payment at maturity is uncertain and may depend upon our ability to obtain additional financing or our ability to sell the property. At the time the balloon payment is due, we may or may not be able to refinance the existing financing on terms as favorable as the original loan or sell the property at a price sufficient to make the balloon payment. The effect of a refinancing or sale could affect the rate of return to shareholders and the projected time of disposition of our assets. In addition, payments of principal and interest made to service our debts may leave us with insufficient cash to pay the distributions that we are required to pay to maintain our qualification as a REIT. (See "Investment Objectives and Criteria Borrowing Policies and Related Indebtedness").

Costs of complying with governmental laws and regulations may adversely affect our income and the cash available for any distributions.

All real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to environmental protection and human health and safety. Some of these laws and regulations may impose joint and several liability on customers, owners or operators for the costs to investigate or remediate contaminated properties, regardless of fault or whether the acts causing the contamination were legal. In addition, the presence of hazardous substances, or the failure to properly remediate these substances, may adversely affect our ability to sell, rent or pledge such property as collateral for future borrowings.

Some of these laws and regulations have been amended so as to require compliance with new or more stringent standards as of future dates. Compliance with new or more stringent laws or regulations or stricter interpretation of existing laws may require us to incur material expenditures. Future laws, ordinances or regulations may impose material environmental liability. Additionally, our customers' operations, the existing condition of land when we buy it, operations in the vicinity of our properties, such as the presence of underground storage tanks, or activities of unrelated third parties may affect our properties. In addition, there are various local, state and federal fire, health, life-safety and similar regulations with which we may be required to comply, and which may subject us to liability in the form of fines or damages for noncompliance. Any material expenditures, fines, or damages we must pay will reduce our ability to make distributions and may reduce the value of your investment.

If we sell properties and provide financing to purchasers, defaults by the purchasers would adversely affect our cash flows.

If we decide to sell any of our properties, we presently intend to use our best efforts to sell them for cash. However, in some instances we may sell our properties by providing financing to purchasers. If we provide financing to purchasers, we will bear the risk that the purchaser may default, which could negatively impact our cash distributions to shareholders and result in litigation and related expenses. Even in the absence of a purchaser default, the distribution of the proceeds of sales to our shareholders, or their reinvestment in other assets, will be delayed until the promissory notes or other property we may accept upon a sale are actually paid, sold, refinanced or otherwise disposed of.

High mortgage rates may make it difficult for us to finance or refinance properties, which could reduce the number of properties we can acquire and the amount of cash distributions we can make.

If mortgage debt is unavailable at reasonable rates, we may not be able to finance the purchase of properties. If we place mortgage debt on properties, we run the risk of being unable to refinance such debt when the loans come due, or of being unable to refinance such debt on favorable terms. If interest rates are higher when we refinance such debt, our income could be reduced. We may be unable to refinance such debt at appropriate times, which may require us to sell properties on terms that are not advantageous to us, or could result in the foreclosure of such properties. If any of these events occur, our cash flow would be reduced. This, in turn, would reduce cash available for distribution to you and may hinder our ability to raise more capital by issuing more stock or by borrowing more money.

We may be unable to sell a property if or when we decide to do so.

The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control. We cannot predict whether we will be able to sell any property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We cannot predict the length of time needed to find a willing purchaser and to close the sale of a property.

We may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure you that we will have funds available to correct such defects or to make such improvements.

In acquiring a property, we may agree to restrictions that prohibit the sale of that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These provisions would restrict our ability to sell a property.

If a sale and leaseback transaction is recharacterized, our financial condition could be adversely affected.

We may enter into sale and leaseback transactions, where we would purchase a property and then lease the same property back to the person from whom we purchased it. In the event of the bankruptcy of a customer, a transaction structured as a sale and leaseback may be recharacterized as either a financing or a joint venture, either of which outcomes could adversely affect our business.

If the sale and leaseback was recharacterized as a financing, we might not be considered the owner of the property, and as a result would have the status of a creditor in relation to the customer. In that event, we would no longer have the right to sell or encumber our ownership interest in the property. Instead, we would have a claim against the customer for the amounts owed under the lease, with the claim arguably secured by the property. The customer/debtor might have the ability to propose a plan restructuring the term, interest rate and amortization schedule of its outstanding balance. If confirmed by the bankruptcy court, we could be bound by the new terms, and prevented from foreclosing our lien on the property. These outcomes could adversely affect our cash flow and the amount available for distributions to you.

If the sale and leaseback were recharacterized as a joint venture, we and our customer could be treated as co-venturers with regard to the property. As a result, we could be held liable, under some circumstances, for debts incurred by the customer relating to the property. The imposition of liability on us could adversely affect our cash flow and the amount available for distributions to our stockholders. (See "Federal Income Tax Considerations Sale-Leaseback Transactions").

If our customers are highly leveraged, they may have a higher possibility of filing for bankruptcy or insolvency.

Of our customers that experience downturns in their operating results due to adverse changes to their business or economic conditions, those that are highly leveraged may have a higher possibility of filing for bankruptcy or insolvency. In bankruptcy or insolvency, a customer may have the option of vacating a property instead of paying rent. Until such a property is released from bankruptcy, our revenues would be reduced and could cause us to reduce distributions to shareholders. We may have highly leveraged customers in the future. (See "Investment Objectives and Criteria Terms of Leases and Customer Creditworthiness").

We may acquire properties with "lock-out" provisions which may affect our ability to dispose of the properties.

We may acquire properties through contracts that could restrict our ability to dispose of the property for a period of time. These "lock-out" provisions could affect our ability to turn our investments into cash and could affect cash available for distributions to you. Lock-out provisions could also impair our ability to take actions during the lock-out period that would otherwise be in the best interest of our shareholders and, therefore, may have an adverse impact on the value of our shares, relative to the value that would result if the lock-out provisions did not exist.

We have and may in the future acquire interests in corporations, partnerships and limited liability companies that could subject us to additional liabilities and additional risk.

We have acquired and may continue to acquire interests in corporations, partnerships and limited liability companies that may result in liabilities that we may or may not have been made aware of before the consummation of the acquisition. Such liabilities may include, among other things, tax liabilities, pending or threatening litigation and other risks that may be inherent in the entity being acquired.

RISKS ASSOCIATED WITH OUR OPERATING PARTNERSHIP'S PRIVATE PLACEMENT

Our operating partnership's private placement subjects us to liabilities.

Our operating partnership is currently offering undivided tenancy-in-common interests in industrial properties to accredited investors in a private placement exempt from registration under the Securities Act. We anticipate that these tenancy-in-common interests may serve as replacement properties for investors seeking to complete like-kind exchange transactions under Section 1031 of the Internal Revenue Code. Additionally, the tenancy-in-common interests sold to investors will be 100% leased by our operating partnership, and such leases will contain purchase options whereby our operating partnership will have the right to acquire the tenancy-in-common interests from the investors at a later point in time in exchange for limited partnership units in our operating partnership under Section 721 of the Internal Revenue Code. Investors who acquire tenancy-in-common interests pursuant to our operating partnership's private placement may do so seeking certain tax benefits that depend on the interpretation of, and compliance with, extremely technical tax laws and regulations. As the general partner of our operating partnership, we may be subject to liability, from litigation or otherwise, as a result of these transactions, including in the event an investor fails to qualify for any desired tax benefits.

We have and may continue to acquire co-ownership interests in real property that are subject to certain co-ownership agreements which may affect our ability to operate or dispose of the property or our co-ownership interest.

We have and may continue to acquire co-ownership interests, especially in connection with our operating partnership's private placement, such as tenancy-in-common interests in industrial properties, that are subject to certain co-ownership agreements. The co-ownership agreements may limit our ability to encumber, lease, or dispose of our co-ownership interest. Such agreements could affect our ability to turn our investments into cash and could affect cash available for distributions to you. The co-ownership agreements could also impair our ability to take actions that would otherwise be in the best interest of our shareholders and, therefore, may have an adverse impact on the value of our shares, relative to the value that would result if the co-ownership agreements did not exist.

Our operating partnership's private placement is discussed in greater detail in the "Investment Objectives and Criteria Our Operating Partnership's Private Placement" section of this prospectus.

FEDERAL INCOME TAX RISKS

Failure to qualify as a REIT could adversely affect our operations and our ability to make distributions.

We operate in a manner so as to qualify as a REIT for federal income tax purposes commencing with our taxable year ending December 31, 2003. Although we do not intend to request a ruling from the Internal Revenue Service as to our REIT status, we will receive the opinion of our special tax counsel, Skadden, Arps, Slate, Meagher & Flom LLP, with respect to our qualification as a REIT. This opinion will be issued in connection with this offering. Investors should be aware, however, that opinions of counsel are not binding on the Internal Revenue Service or on any court. The opinion of Skadden, Arps, Slate, Meagher & Flom LLP represents only the view of our counsel based on our counsel's review and analysis of existing law and on certain representations as to factual matters and covenants made by us, including representations relating to the values of our assets and the sources of our income. Skadden, Arps, Slate, Meagher & Flom LLP has no obligation to advise us or the holders of our common stock of any subsequent change in the matters stated, represented or assumed in its opinion or of any subsequent change in applicable law. Furthermore, both the validity of the opinion of Skadden, Arps, Slate, Meagher & Flom LLP and our qualification as a REIT will depend on our satisfaction of numerous requirements (some on an annual and quarterly basis) established under highly technical and complex provisions of the Code for which there are only limited judicial or administrative interpretations, and involves the determination of various factual matters and

circumstances not entirely within our control. The fact that we hold substantially all of our assets through our operating partnership and its subsidiaries further complicates the application of the REIT requirements for us. No assurance can be given that we will qualify as a REIT for any particular year. See "Federal Income Tax Considerations General REIT Qualification" and "Federal Income Tax Considerations Requirements for Qualification as a REIT."

If we fail to qualify as a REIT in any taxable year for which a REIT election has been made, we would not be allowed a deduction for distributions paid to our shareholders in computing our taxable income and would be subject to federal income tax (including any applicable alternative minimum tax) on our taxable income at corporate rates. Moreover, unless entitled to relief under certain statutory provisions, we would also be disqualified from treatment as a REIT for the four taxable years following the year during which qualification is lost. This treatment would reduce our net earnings available for investment or distribution to our shareholders because of the additional tax liability to us for the years involved. As a result of the additional tax liability, we might need to borrow funds or liquidate certain investments on terms that may be disadvantageous to us in order to pay the applicable tax, and we would not be compelled to make distributions under the Code.

To qualify as a REIT, we must meet annual distribution requirements.

To obtain the favorable tax treatment accorded to REITs, among other requirements, we normally will be required each year to distribute to our shareholders at least 90% of our REIT taxable income, determined without regard to the deduction for distributions paid and by excluding net capital gains. We will be subject to federal income tax on our undistributed taxable income and net capital gain. In addition, if we fail to distribute during each calendar year at least the sum of (a) 85% of our ordinary income for such year, (b) 95% of our capital gain net income for such year, and (c) any undistributed taxable income from prior periods, we would be subject to a 4% excise tax on the excess of the required distribution over the sum of (i) the amounts actually distributed by us, plus (ii) retained amounts on which we pay income tax at the corporate level. These requirements could cause us to distribute amounts that otherwise would be spent on acquisitions or development of properties and it is possible that we might be required to borrow funds or sell assets to fund these distributions. Although we intend to make distributions sufficient to meet the annual distribution requirements and to avoid corporate income taxation on the earnings that we distribute, it is possible that we might not always be able to do so.

Legislative or regulatory action could adversely affect our shareholders.

In recent years, numerous legislative, judicial and administrative changes have been made to the federal income tax laws applicable to investments in REITs and similar entities. Additional changes to tax laws are likely to continue to occur in the future, and we cannot assure you that any such changes will not adversely affect the taxation of a shareholder. Any such changes could have an adverse effect on an investment in our common stock. You are urged to consult with your tax advisor with respect to the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in common stock.

Recharacterization of transactions under our operating partnership's private placement may result in a 100% tax on income from prohibited transactions, which would diminish our cash distributions to our shareholders.

The Internal Revenue Service could recharacterize transactions under our operating partnership's private placement such that our operating partnership is treated as the bona fide owner, for tax purposes, of properties acquired and resold by the entity established to facilitate the transaction. Such recharacterization could result in the income realized on these transactions by our operating partnership being treated as gain on the sale of property that is held as inventory or otherwise held primarily for the sale to customers in the ordinary course of business. In such event, such gain would

constitute income from a prohibited transaction and would be subject to a 100% tax. If this occurs, our ability to pay cash distributions to our shareholders will be adversely affected.

You may have current tax liability on distributions you elect to reinvest in our common stock.

If you participate in our distribution reinvestment plan, you will be deemed to have received, and for income tax purposes will be taxed on, the amount reinvested in common stock to the extent the amount reinvested was not a tax-free return of capital. As a result, you may have to use funds from other sources to pay your tax liability on the value of the common stock received.

In certain circumstances, we may be subject to federal and state income taxes as a REIT, which would reduce our cash available for distribution to you.

Even if we qualify and maintain our status as a REIT, we may be subject to federal income taxes or state taxes. For example, net income from a "prohibited transaction" will be subject to a 100% tax. In addition, we may not be able to make sufficient distributions to avoid excise taxes. We may also decide to retain certain gains from the sale or other disposition of our property and pay income tax directly on such gains. In that event, our stockholders would be required to include such gains in income and would receive a corresponding credit for their share of taxes paid by us. We may also be subject to state and local taxes on our income or property, either directly or at the level of our operating partnership or at the level of the other companies through which we indirectly own our assets. In addition, any net taxable income earned directly by the taxable REIT subsidiary we utilize to hold fractional interests in certain of our properties will be subject to federal and state corporate income tax. Any federal or state taxes we pay will reduce our cash available for distribution to you.

The opinion of Skadden, Arps, Slate, Meagher & Flom LLP regarding our status as a REIT does not guarantee our ability to remain a REIT.

Our special tax counsel, Skadden, Arps, Slate, Meagher & Flom LLP, will render its opinion upon commencement of this offering that, commencing with our taxable year ending December 31, 2003, we were organized in conformity with the requirements for qualification as a REIT and our actual and proposed method of operation has enabled and will enable us to meet the requirements for qualification and taxation as a REIT. This opinion is based upon our representations as to the manner in which we will be owned, invest in assets, and operate, among other things. The validity of the opinion of Skadden, Arps, Slate, Meagher & Flom LLP and our qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis, the results of which will not be monitored by Skadden, Arps, Slate, Meagher & Flom LLP. Accordingly, no assurances can be given that we will satisfy the REIT requirements in any one taxable year. Also, the opinion of Skadden, Arps, Slate, Meagher & Flom LLP represents counsel's legal judgment based on the law in effect as of the date of the commencement of this offering, is not binding on the Internal Revenue Service, and could be subject to modification or withdrawal based on future legislative, judicial or administrative changes to the federal income tax laws, any of which could be applied retroactively.

If our operating partnership was classified as a "publicly traded partnership" under the Code, our status as a REIT and our ability to pay distributions to our shareholders could be adversely affected.

Our operating partnership is organized as a partnership for federal income tax purposes. Even though our operating partnership will not elect to be treated as an association taxable as a corporation, it may be taxed as a corporation if it is deemed to be a "publicly traded partnership." A publicly traded partnership is a partnership whose interests are traded on an established securities market or are considered readily tradable on a secondary market or the substantial equivalent thereof. We believe and currently intend to take the position that our operating partnership should not be classified as a publicly traded partnership because interests in our operating partnership are not traded on an

established securities market, and our operating partnership should satisfy certain safe harbors which prevent a partnership's interests from being treated as readily tradable on an established securities market or substantial equivalent thereof. No assurance can be given, however, that the Internal Revenue Service would not assert that our operating partnership constitutes a publicly traded partnership, or that facts and circumstances will not develop which could result in our operating partnership being treated as a publicly traded partnership. If the Internal Revenue Service were to assert successfully that our operating partnership is a publicly traded partnership, and substantially all of our operating partnership's gross income did not consist of the specified types of passive income, our operating partnership would be treated as an association taxable as a corporation and would be subject to corporate tax at the entity level. In such event, the character of our assets and items of gross income would change and would result in a termination of our status as a REIT. In addition, the imposition of a corporate tax on our operating partnership would reduce the amount of cash available for distribution to you. See "Federal Income Tax Considerations Federal Income Tax Aspects of Our Partnership."

Foreign investors may be subject to FIRPTA tax on sale of common shares if we are unable to qualify as a "domestically controlled" REIT.

A foreign person disposing of a U.S. real property interest, including shares of a U.S. corporation whose assets consist principally of U.S. real property interests, is generally subject to a tax, known as FIRPTA tax, on the gain recognized on the disposition. Such FIRPTA tax does not apply, however, to the disposition of stock in a REIT if the REIT is a "domestically controlled REIT." A domestically controlled REIT is a REIT in which, at all times during a specified testing period, less than 50% in value of its shares is held directly or indirectly by non-U.S. holders. We cannot assure you that we will qualify as a domestically controlled REIT. If we were to fail to so qualify, gain realized by a foreign investor on a sale of our common stock would be subject to FIRPTA tax unless our common stock was traded on an established securities market and the foreign investor did not at any time during a specified testing period directly or indirectly own more than 5% of the value of our outstanding common stock. See "Federal Income Tax Considerations Special Tax Considerations for Non-U.S. Shareholders Non-Dividend Distributions."

RETIREMENT PLAN RISKS

There are special considerations that apply to pension or profit sharing trusts or IRAs investing in common stock.

If you are investing the assets of an IRA, pension, profit sharing, 401(k), Keogh or other qualified retirement plan, you should satisfy yourself that:

You have analyzed to your satisfaction the question of whether your investment will not produce "unrelated business taxable income" for the plan or IRA;

Your investment is consistent with your fiduciary obligations under ERISA and the Code;

Your investment is made in accordance with the documents and instruments governing your plan or IRA, including your plan's investment policy;

Your investment satisfies the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA;

Your investment will not impair the liquidity of the plan or IRA;

Your investment will not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code; and

You will be able to value the assets of the plan annually in accordance with ERISA requirements.

For a more complete discussion of the foregoing issues and other risks associated with an investment in our common stock by retirement plans, please see the "ERISA Considerations" section of this prospectus.

ESTIMATED USE OF PROCEEDS

The following table sets forth our best estimates of how we intend to use the gross proceeds from our offering assuming (i) 72,770,273 shares sold to the public and no shares sold pursuant to our Distribution Reinvestment Plan ("DRIP"), (ii) 72,770,273 shares sold to the public and 11,825,169 shares sold pursuant to our DRIP and (iii) 72,770,273 shares sold to the public and 23,650,339 shares sold pursuant to our DRIP. As of March 31, 2005, we had sold approximately 81.3 million shares in our public offerings, which included approximately 1.5 million shares issued pursuant to our distribution reinvestment plan. The number of distribution reinvestment plan shares sold in the future will depend on the level of continued shareholder participation in the distribution reinvestment plan and the length of time covered by this offering.

	72,770,273 Shares Sold		84,595,442 Shares Sold (Including 11,825,169 Pursuant to DRIP)		96,420,612 Shares Sold (Including 23,650,339 Pursuant to DRIP)	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Gross Proceeds	\$ 764,087,870	100.0%	\$ 882,043,935	100.0%	\$ 1,000,000,000	100.0%
Less Public Offering Expenses:						
Sales Commissions(1)	45,845,272	6.0%	45,845,272	5.2%	45,845,272	4.6%
Dealer Manager Fee(1)	15,281,757	2.0%	15,281,757	1.7%	15,281,757	1.5%
DRIP Servicing Fee(2)			1,241,643	0.1%	2,483,286	0.3%
Organization and Offering Expenses(3)	15,281,757	2.0%	15,281,757	1.7%	15,281,757	1.5%
Amount Available for Investment(4)	\$ 687,679,084	90.0%	\$ 804,393,506	91.2%	\$ 921,107,928	92.1%
Acquisition and Development:						
Acquisition and Advisory Fees(5)	6,876,791	0.9%	8,043,935	0.9%	9,211,079	0.9%
Initial Working Capital Reserve(6)						
Amount Invested in Properties(4)(7)	\$ 680,802,293	89.1%	\$ 796,349,571	90.3%	\$ 911,896,849	91.2%

(1)

The 72,770,273 shares sold includes selling commissions equal to 6.0% of gross offering proceeds for which commissions may be reduced under certain circumstances and a dealer manager fee equal to 2.0% of gross offering proceeds, both of which are payable to the Dealer Manager, an affiliate of the Advisor. The Dealer Manager, in its sole discretion, may re-allow selling commissions to other broker-dealers participating in this offering attributable to the shares sold by them and may re-allow out of its dealer manager fee up to 1.0% of aggregate gross offering proceeds for reimbursement of marketing expenses. Reimbursement will be contingent upon the receipt of an invoice or a similar such statement from participating broker-dealers that demonstrate the actual expenses incurred by such broker-dealers. The maximum amount of reimbursements will be based on such factors as the number of shares sold by participating broker-dealers, the assistance of such participating broker-dealers in marketing the offering and bona fide expenses incurred. The amount of selling commissions may also be reduced under certain circumstances for volume or other discounts. See the "Plan of Distribution" section of this prospectus for a description of such provisions. The maximum compensation payable to NASD members participating in this offering will not exceed 10% of gross offering proceeds plus a maximum of 0.5% for reimbursement of bona fide due diligence expenses.

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- (2) The Dealer Manager will receive a one-time servicing fee of up to 1.0% of the undiscounted selling price of the shares issued pursuant to our distribution reinvestment plan. The Dealer Manager may re-allow all or a portion of this service fee to participating broker-dealers. Neither the sales commission, dealer manager fee nor the reimbursement of organization and offering expenses will be paid on shares issued pursuant to our DRIP.
- (3) Organizational and offering expenses consist of reimbursement of, among other things, the cumulative cost of actual legal, accounting, printing and other accountable offering expenses, including amounts to reimburse the Advisor for marketing, salaries and direct expenses of its employees, employees of its affiliates and others while engaged in registering and marketing the shares, which shall include development of marketing materials and marketing presentations, planning and participating in due diligence and marketing meetings and coordinating generally the marketing process for all of Dividend Capital Trust's public common stock offerings. Of the approximately \$15.3 million maximum organizational and offering expense reimbursement, approximately \$12.7 million of the expenses (or 1.7% of gross offering proceeds assuming we issue no shares pursuant to our Distribution Reinvestment Plan) are anticipated to be used for wholesaling activities and are therefore deemed to be additional underwriting compensation pursuant to NASD Rule 2710. To the extent that the remaining approximately \$2.6 million of organizational and offering expenses are insufficient to cover our cost of administering this offering, such shortfall would serve to reduce the organizational and offering expenses available to provide underwriting compensation. Dividend Capital Trust will be responsible for the payment of all cumulative organizational and offering expenses not to exceed 2.0% of aggregate gross offering proceeds. The Advisor will be obligated to fund all organizational and offering expenses in excess of these limitations. As of March 31, 2005, the Advisor had funded approximately \$21.5 million of offering related costs since inception of Dividend Capital Trust and we had reimbursed the Advisor approximately \$17.0 million for these costs.
- (4) Until substantially all of the net offering proceeds are invested in connection with the acquisition and development of properties, substantially all of the net offering proceeds and any working capital reserves of Dividend Capital Trust may be invested in short-term, highly-liquid investments including but not limited to government obligations, bank certificates of deposit, short-term debt obligations, interest-bearing accounts and preferred securities of other REITs. The number of properties we are able to acquire or develop will depend on several factors, including the amount of capital raised in this offering, the extent to which we incur debt or issue limited partnership interests in our operating partnership in order to acquire or develop properties and the purchase price of the properties we acquire or develop. We are not able to estimate the number of properties we may acquire or develop assuming the sale of any particular number of shares. However, in general we expect that the concentration risk of our portfolio of properties will be inversely related to the number of shares sold in this offering.
- (5) Acquisition and advisory fees are defined generally as fees and commissions paid by any party to any person in connection with the purchase, development or construction of properties. We will pay the Advisor acquisition and advisory fees up to a maximum amount of 1.0% of the aggregate purchase price of properties we acquire. The amount in this table is calculated assuming zero leverage. If we utilize debt to acquire our properties this amount would be greater as the acquisition and advisory fee is based upon the purchase price of our properties and not the equity used to purchase such properties.
- (6) Because most of the leases for the properties acquired and to be acquired by us provide, and will likely provide, for customer reimbursement of operating expenses, we do not anticipate that a permanent reserve for maintenance and repairs of real estate properties will be established. However, to the extent that we have insufficient funds for such purposes, we may apply an amount of up to 1.0% of gross offering proceeds for maintenance and repairs of properties. We also may,

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but are not required to, establish reserves from gross offering proceeds, out of cash flow generated by operating properties or out of net sale proceeds in non-liquidating sale transactions.

(7)

Includes amounts anticipated to be invested in properties, including other third-party acquisition expenses which are included in the total acquisition costs of the properties acquired. For properties that are not acquired these costs are expensed. Third-party acquisition expenses may include legal, accounting, consulting, appraisals, engineering, due diligence, title insurance, closing costs and other expenses related to potential acquisitions regardless of whether the property is actually acquired. Acquisition expenses as a percentage of a property's contract price vary. However, in no event will total acquisition fees and acquisition expenses on a property exceed 6% of the contract price of the property. Furthermore, in no event will the total of all acquisition fees and acquisition expenses paid by the us, including acquisition expenses on properties which are not acquired, exceed 6% of the aggregate contract price of all properties acquired by us.

RECENT DEVELOPMENTS

Sale of Common Stock

Since February 10, 2003, the date of our initial issuance of common stock, through May 31, 2005 we have raised approximately \$913 million in aggregate gross offering proceeds from the sale of our common stock, including the sale of our common stock pursuant to our distribution reinvestment plan, of which approximately \$234 million has been raised subsequent to December 31, 2004. These proceeds, net of commissions, fees and reimbursements, together with debt proceeds were used primarily to fund the acquisition of 131 industrial buildings.

Our Operating Partnership's Private Placement

Since November 26, 2003 through May 31, 2005, we have raised approximately \$59.7 million in gross proceeds from our operating partnership's private placement of tenancy-in-common interests in industrial properties, of which approximately \$27.1 million has been raised subsequent to December 31, 2004. Additionally, on April 8, 2005, our operating partnership issued approximately \$4.45 million of limited partnership units in our operating partnership in conjunction with the exercise of a purchase option for an industrial property in which our operating partnership had sold tenancy-in-common interests. The unamortized portion of up-front fees and expense reimbursements paid to affiliates in conjunction with the initial sale of tenancy-in-common interests in this property were recorded against shareholders' equity as a selling cost of the limited partnership units issued. Our operating partnership's private placement is discussed in greater detail in the "Investment Objectives and Criteria Our Operating Partnership's Private Placement" section of this prospectus.

Investment in Real Estate

Consistent with our investment strategy to invest in high-quality, generic distribution warehouses and light industrial properties, since March 31, 2005 through June 13, 2005, we have completed six property transactions with a total estimated investment of approximately \$180 million and representing 19 industrial buildings.

Eastpark I, Eastpark II and Shelby 18 Distribution Facilities Memphis, TN

On April 6, 2005, and May 13, 2005, we acquired three distribution facilities totaling 1,626,262 square feet that are located in Memphis, Tennessee. The total estimated cost of these facilities is approximately \$57.5 million (including an acquisition fee of \$565,500 paid to the Advisor), which was paid from net proceeds from our public offering and the assumption of debt.

Miami Service Center Miami, FL

On April 7, 2005, we acquired a service center comprising 49,384 square feet that is located in Miami, Florida. The total estimated cost of this facility is approximately \$5.0 million (including an acquisition fee of \$48,000 paid to the Advisor), which was paid from net proceeds from our public offering.

Delta Portfolio Baltimore, MD

On April 12, 2005, we acquired seven distribution facilities totaling 874,455 square feet that is located in Baltimore, Maryland. The total estimated cost of these facilities is approximately \$43.2 million (including an acquisition fee of \$425,000 paid to the Advisor), which was paid from net proceeds from our public offering and the assumption of debt.

Miami Commerce Center Miami, FL

On April 13, 2005, we acquired a distribution facility comprising 201,399 square feet that is located in Miami, Florida. The total estimated cost of this facility is approximately \$12.8 million (including an acquisition fee of \$125,000 paid to the Advisor), which was paid from net proceeds from our public offering and the assumption of debt.

Bunzl Distribution Center Dallas, TX

On May 26, 2005, we acquired a distribution facility comprising 121,080 square feet that is located in Dallas, Texas. The total cost of this facility is approximately \$3.6 million (including an acquisition fee of \$33,500 paid to the Advisor), which was paid from net proceeds from our offering and the assumption of debt.

Blackhawk Portfolio Chicago, IL and Memphis, TN

On June 13, 2005, we acquired six distribution facilities totaling 1,378,660 square feet, including five facilities comprising 1,078,660 square feet that are located in Chicago, Illinois, and one facility comprising 300,000 square feet that is located in Memphis, Tennessee. The total estimated cost of these facilities is approximately \$58.8 million (including an acquisition fee of \$575,380 paid to the Advisor), which was paid from net proceeds from our offering and the assumption of debt.

As of June 13, 2005, our portfolio consisted of 131 industrial buildings located in 19 of our 25 target markets. The combined investment in these properties totals approximately \$1.0 billion (including acquisition fees paid to our advisor).

Significant Pending Transactions

In addition, on June 17, 2005, we entered into an agreement with Cabot Industrial Value Fund, Inc. ("Cabot"), an unrelated, privately held third party, to acquire by merger all of the outstanding shares of Cabot's common stock. Under the terms of the Agreement and Plan of Merger, dated as of June 17, 2005 (the "Agreement"), among us, DCT Acquisition Corporation, a newly formed subsidiary of our operating partnership ("Merger Sub"), Cabot and Cabot Industrial Fund Manager, LLC (the "Manager"), and subject to closing conditions, Merger Sub will be merged with and into Cabot and Cabot will become a subsidiary of our operating partnership.

Through our ownership of Cabot, we will have a majority interest in Cabot Industrial Value Fund, LP (the "Cabot Partnership"), a subsidiary of Cabot through which all its properties are owned and operated, and we will also be the sole general partner of the Cabot Partnership. The exact percentage interest in the Cabot Partnership that will be owned by Cabot upon closing will depend in part on the distributions to which the Manager will be entitled for serving as general partner of the Cabot Partnership prior to closing. In addition, we presently intend to make additional contributions to the Cabot Partnership to retire certain debts of the Cabot Partnership and such contributions would likely increase our overall interest in the Cabot Partnership. At this time, the initial ownership interest in the Cabot Partnership is not determinable, however we estimate, that upon the initial closing of this transaction, we will own, through our ownership of Cabot, in excess of 75% of the Cabot Partnership. The remaining interest in the Cabot Partnership will continue to be owned by the Manager and other limited partners. At closing, we will enter into an agreement whereby we will have the option to acquire the remaining interests in the Cabot Partnership. Through this agreement, the remaining limited partners, including the Manager, will have an initial option to put the remaining interest to us beginning April 1, 2006 and ending July 1, 2006 and we will have an initial option to call the remaining interest beginning April 1, 2007 and ending July 1, 2007. If either such initial option is exercised, the remaining interest would be acquired through the assumption of debt, applicable pro rations and cash. Subsequent to these initial options, the seller and we will continue to have put and call options and the

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price of such remaining interest would be based upon fair value. If we acquire the remaining interests in the Cabot Partnership through the initial options, the total consideration to acquire Cabot and all of the other interests in the Cabot Partnership is estimated to be approximately \$694 million, which would be adjusted for all pending acquisitions and dispositions of properties, outstanding debt balances, working capital, proration and other matters.

The Cabot Partnership portfolio is comprised of 105 industrial buildings combined for 11.7 million square feet, which are located in 12 markets throughout the United States. The following table provides additional information about the portfolio as of June 30, 2005:

Market	Number of Buildings	Gross Leasable Area	Occupancy
Atlanta	29	1,457,151	83.7%
Baltimore	3	432,113	100.0%
Boston	1	147,400	94.1%
Charlotte	3	345,956	100.0%
Chicago	6	1,073,830	99.4%
Cincinnati	11	1,496,529	67.7%
Columbus	3	1,213,486	85.2%
Dallas	29	2,249,498	95.0%
Los Angeles	7	724,935	75.8%
Miami	1	65,669	100.0%
New Jersey	4	1,275,933	50.9%
Seattle	8	1,199,617	100.0%
Totals	105	11,682,117	84.3%

The following table combines our existing portfolio with the Cabot Partnership portfolio as of June 30, 2005:

Market	Number of Buildings	Gross Leasable Area	Occupancy (2)
Atlanta	47	5,404,082	85.4%
Baltimore	10	1,306,568	97.8%
Boston	6	553,141	80.4%
Charlotte	3	345,956	100.0%
Chicago	13	2,814,275	93.0%
Cincinnati	18	3,293,898	84.0%
Columbus	3	1,213,486	85.2%
Dallas	48	4,701,266	92.7%
Denver	1	160,232	100.0%
Harrisburg/ Lehigh Valley	1	100,000	100.0%
Houston	21	1,622,270	89.2%
Indianapolis	1	442,127	68.3%
Los Angeles	11	1,169,001	85.0%
Louisville	2	521,000	100.0%
Memphis	11	5,042,518	94.9%
Miami	3	316,452	95.7%
Nashville	3	1,699,530	100.0%
New Jersey	4	1,275,933	50.9%
Orlando	2	367,137	100.0%
Phoenix	13	1,474,963	94.7%
San Antonio	2	172,050	100.0%
San Francisco	5	474,636	100.0%
Seattle	8	1,199,617	100.0%
Total	236	35,670,138	89.8%

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Market	Number of Buildings	Gross Leasable Area	Occupancy (2)
<hr/>	<hr/>	<hr/>	<hr/>

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The following table sets forth a schedule of expiring leases of the Cabot Partnership portfolio by annualized rental revenue as of March 31, 2005:

Year	Annual Future Minimum Rents of Expiring Leases(1)	Percent of Portfolio
2005	\$ 39,517,122	21.2%
2006	33,982,340	18.2%
2007	30,163,375	16.2%
2008	24,243,487	13.0%
2009	18,678,642	10.0%
Thereafter	40,181,536	21.5%
Total	\$ 186,766,502	100.0%

(1) These amounts represent the current minimum rental amounts excluding reimbursements for certain operating expenses. The amount of revenue reporting for purposes of complying with GAAP may be different due to certain non-cash GAAP adjustments.

The Cabot properties are 100% owned by the Cabot Partnership. As of December 31, 2004, no single tenant occupied 10% or more of the rentable square footage of the portfolio. These properties will be subject to competition from similar properties within their market areas and their economic performance could be affected by changes in local economic conditions. In the event that the acquisition is completed, our management believes that the properties will be adequately covered by insurance.

In connection with the signing of the Agreement, we made a \$7.5 million deposit. Upon completion of our due diligence on July 6, 2005, we were required to deposit an additional \$17.5 million, and our deposit became refundable only under limited circumstances. Pursuant to the Agreement, the earliest date that closing could occur, subject to satisfaction of all closing conditions, is July 21, 2005, but the closing may be delayed at our option up to 30 days by making an additional \$10 million deposit. We anticipate funding this transaction with net proceeds from our public offerings, the assumption of existing debt and proceeds from newly issued debt. In the event that the acquisition is completed, we anticipate that the portfolio will be subject to debt and as of December 31, 2004 such debt had an aggregate principal amount of approximately \$248.5 million with interest rates ranging from 4.72% to 5.06% and maturity dates ranging from January 2011 to April 2012.

The closing of this acquisition is subject to a number of conditions, including approval by the shareholders of Cabot, lender consents and receipt of estoppels, and there can be no guarantee that the acquisition of Cabot will be consummated.

SUMMARY FINANCIAL DATA

The following table sets forth selected financial data relating to our historical financial condition and results of operations for the three months ended March 31, 2005 and 2004 and for the periods ended December 31, 2004, 2003 and 2002. The table also sets forth selected financial data relating to the balance sheets as of March 31, 2005 and 2004 and December 31, 2004, 2003 and 2002. Since this information is only a summary, you should refer to the "Financial Statements" and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections for additional information.

	For the Three Months Ended March 31,		For the Year Ended December 31,		
	2005	2004	2004	2003	2002(1)
Operating Data:					
Rental revenue	\$ 15,932,724	\$ 2,981,658	\$ 28,625,448	\$ 2,289,074	\$
Other real estate income	3,669,321	600,253	6,052,863	356,019	
Total revenue	20,212,435	3,595,235	35,553,182	2,706,457	155
Operating expenses and real estate taxes	4,818,784	797,850	7,204,725	366,650	
Depreciation and amortization	12,350,161	1,646,277	19,273,357	1,195,330	
Interest expense	3,717,621	650,588	5,977,888	385,424	
General and administrative	727,875	328,074	2,371,591	411,948	212,867
Asset management fees, related party	1,179,473		1,525,194		
Net income (loss)	\$ (2,581,479)	\$ 172,446	\$ (255,012)	\$ 347,105	\$ (12,712)
Per Share Data:					
Basic earning (loss) per common share	\$ (0.03)	\$ 0.01	\$ (0.01)	\$ 0.09	\$ (63.56)
Diluted earnings (loss) per common share	\$ (0.03)	\$ 0.01	\$ (0.01)	\$ 0.09	\$ (63.56)
Common share distributions declared	\$ 11,743,700	\$ 9,737,171	\$ 24,263,891	\$ 2,451,367	\$
Weighted average common shares outstanding:					
Basic	74,420,520	16,579,579	37,907,838	3,987,429	200
Diluted	74,400,520	16,599,579	37,927,838	4,007,429	200
	As of March 31,		As of December 31,		
	2005	2004	2004	2003	2002
Balance Sheet Data:					
Gross investment in real estate	\$ 855,269,990	\$ 182,015,783	\$ 754,063,569	\$ 151,846,113	\$
Total assets	\$ 1,002,934,882	\$ 253,092,725	\$ 784,808,270	\$ 156,607,536	\$ 751,678
Total liabilities	\$ 305,299,949	\$ 54,271,190	\$ 203,593,467	\$ 49,782,191	\$ 761,390
Total shareholders' equity	\$ 697,633,933	\$ 198,820,535	\$ 581,213,803	\$ 106,824,345	\$ (10,712)
Number of common shares outstanding	81,319,720	22,799,467	67,719,883	12,470,400	200

(1) Covers the period from inception (April 12, 2002) to December 31, 2002.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS**

Overview

Dividend Capital Trust was formed as a Maryland corporation in April 2002 in order to invest in commercial real estate properties consisting primarily of high-quality, generic distribution warehouses and light industrial properties net leased to creditworthy corporate customers. In order to provide capital for these investments, we are selling our common stock through public offerings. We intend to continue raising significant amounts of capital through this offering and potential follow-on offerings, through our operating partnership's private placement more fully described below and through the issuance of debt.

Our primary focus is to build a diversified portfolio of properties in terms of geography and the industry group of our customers that will satisfy our corporate objectives of maximizing cash available for distributions to investors, preserving our capital, and realizing growth in the value of our portfolio over time.

The following discussion includes a quarter to quarter comparison of the three months ended March 31, 2005 with the three months ended March 31, 2004 and a year to year comparison of the years ended December 31, 2004 and 2003 and the period from inception (April 12, 2002) through December 31, 2002. The year to year comparison primarily compares the years ended 2004 and 2003 as the period from inception through December 31, 2002 had very limited activity. In 2002, the year of our inception, we began the process of marketing the sale of our common stock under our first public offering. However, as described in more detail below, we did not sell any shares of our common stock until February 10, 2003. Furthermore, we acquired our first property in June of 2003 and therefore there were no rental activities during 2002. For the period ended December 31, 2002, we were considered a "development stage enterprise" and had only recognized a limited amount of general and administrative expenses.

Liquidity and Capital Resources

Overview

We are not aware of any material trends or uncertainties, favorable or unfavorable, other than national economic conditions affecting real estate generally, which we anticipate may have a material impact on either capital resources or the revenues or income to be derived from the operation of real estate properties. We believe that capital will continue to flow into the real estate industry and industrial real estate in particular, which will continue to foster a competitive environment for the assets we are seeking to acquire. Consequently, we, through the activities of our advisor, have assembled, as of May 31, 2005, a team of 30 professionals with over 250 years of aggregate experience who are dedicated to the acquisition and operation of properties that meet our investment criteria. The ability of our advisor to find and acquire these properties at a pace that is consistent with the capital that is raised through our public offerings, our operating partnership's private placement and other financing activities will directly impact our financial performance and the metrics that management uses to evaluate our performance, including funds from operations available to pay dividends.

Management expects that our principal sources of working capital and funding for acquisitions and potential capital requirements for expansion and renovation of properties will include:

Proceeds from this or future public offerings of common stock;

Proceeds from our operating partnership's private placement;

Borrowings under our secured credit facility;

Other forms of secured or unsecured financing;

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Capital from co-investment partners; and

Cash flow from operations.

Over the short term, we believe that our sources of capital, specifically our cash flow from operations, borrowings under our credit facility, proceeds from other debt financings and our ability to raise capital through public offerings and our operating partnership's private placement are adequate and will continue to be adequate to meet our liquidity requirements and capital commitments. These liquidity requirements and capital commitments include the payment of distributions, capital expenditures at our properties, forward purchase commitments (as more fully described below) and, as of June 30, 2005, the acquisition of 119 buildings which were then under contract (including the proposed acquisition of Cabot described in the "Recent Developments" section of the prospectus). These buildings total 13.0 million square feet and have an aggregate purchase price of approximately \$766 million. We anticipate that the acquisitions that have not yet closed will close over the next several months. However, the contracts related to such acquisitions are subject to a number of contingencies and there are no assurances that these acquisitions will transpire.

Over the longer term, we anticipate we will continue to utilize the same sources of capital we rely on to meet our short term liquidity requirements as well as additional secured and unsecured financings and capital from co-investment partners. We expect these resources will be adequate to fund our operating activities and distributions, which we presently anticipate will grow over time, and will be sufficient to fund our ongoing acquisition activities as well as providing capital for investment in future development and other joint ventures along with additional potential forward purchase commitments.

During the three months ended March 31, 2005 and 2004, cash generated from financing activities was approximately \$190.0 million and \$91.5 million, respectively. This increase was generally comprised of an increase in gross proceeds generated by our public offerings and our operating partnership's private placement of approximately \$53.5 million compared to the same period in 2004. Additionally, cash provided by operating activities increased to approximately \$10.8 million for the three months ended March 31, 2005 from approximately \$3.1 million for the same period ended March 31, 2004 due to the additional properties owned during the 2005 period. These sources of capital were primarily utilized to fund approximately \$76.5 million and \$29.7 million of cash invested in real estate during the three months ended March 31, 2005 and 2004, respectively.

During the years ended December 31, 2004 and 2003, cash generated from financing activities was approximately \$558.0 million and \$152.3 million, respectively. This increase was generally comprised of an increase in net proceeds generated by our public offerings and our operating partnership's private placement of approximately \$405.6 million. Additionally, cash provided by operating activities increased from approximately \$1.7 million for the twelve months ended December 31, 2003 to approximately \$21.5 million for the same period ended December 31, 2004. These sources of capital were primarily utilized to fund approximately \$548.5 million and \$149.6 million of cash invested in real estate in 2004 and 2003, respectively.

Our management anticipates that over time, cash provided by operating activities, debt proceeds and cash from co-investment partners will become a larger portion of our capital resources.

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 on July 17, 2002 and we received approval of our offering in all 50 states in December 2002. The common stock was 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 24,998,691 shares of our common stock for gross proceeds of approximately \$249.2 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 on April 16, 2004. The registration statement offered 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 29,997,723 shares of our common stock for gross proceeds of approximately \$299.0 million.

Our third offering began immediately following the completion of the second offering. The third registration statement was filed on June 28, 2004, and was declared effective on October 18, 2004. The registration statement offered common stock at a price of \$10.50 per share for a maximum of 40,000,000 shares. The third registration statement also covered up to 13,000,000 shares available pursuant to our distribution reinvestment plan. As of March 31, 2005, we had sold 25,190,548 shares pursuant to our third public offering for total gross proceeds of approximately \$264.1 million.

As of March 31, 2005, 81,319,720 common shares were issued and outstanding including shares sold pursuant to our distribution reinvestment plan and net of shares redeemed pursuant to our share redemption program. The net proceeds from the sale of these securities were transferred to our operating partnership on a one-for-one basis for limited partnership units. Upon commencement, we intend to continue to sell shares in this offering and potential follow-on offerings, providing capital primarily for acquisitions and development joint ventures. We will continue to obtain debt financing and may cause our operating partnership to issue limited partnership interests to help fund property acquisitions.

Pursuant to the Advisory Agreement, our advisor is obligated to advance all of our organization and offering costs, subject to its right to be reimbursed for such costs by us in an amount up to 2% of the aggregate gross offering proceeds raised. Such organization and offering costs include but are not limited to actual legal, accounting, printing and other expenses attributable to preparing the Securities and Exchange Commission registration statements, qualification of the shares for sale in the states and filing fees incurred by our advisor, as well as reimbursements for marketing, salaries and direct expenses of its employees while engaged in registering and marketing the shares, other than selling commissions and the dealer manager fee (see below).

During the three months ended March 31, 2005 and 2004, our advisor incurred approximately \$2.1 and \$1.9 million of organization and offering costs, respectively. During the three months ended March 31, 2005 and 2004, we reimbursed our advisor approximately \$2.8 and \$1.9 million, respectively. As of March 31, 2005, the net un-reimbursed amount of organization and offering costs incurred by our advisor, since inception (April 12, 2002), was approximately \$4.2 million.

During the twelve months ended December 31, 2004 and 2003, and for the period from inception (April 12, 2002) through December 31, 2002, our advisor incurred approximately \$8.3, \$7.7, and \$3.4 million of organization and offering costs, respectively. During the twelve months ended December 31, 2004 and 2003, we reimbursed our advisor approximately \$10.9 and \$3.3 million, respectively. There were no reimbursements made during the period from inception (April 12, 2002) through December 31, 2002. As of December 31, 2004, the net un-reimbursed amount of organization and offering costs incurred by our advisor, since inception (April 12, 2002), was approximately \$5.2 million.

If we are not successful in raising additional amounts of equity proceeds, no additional amounts will be payable by us to our advisor for reimbursement of organization and offering costs.

Pursuant to the Dealer Manager Agreement, we are obligated to pay the Dealer Manager a dealer manager fee and commissions up to 2.0% and 6.0%, respectively, of gross proceeds raised from our public offerings of common stock.

As of March 31, 2005, all sales commissions had been re-allowed to participating broker-dealers. For the three months ended March 31, 2005 and 2004, we incurred approximately \$10.8 million and \$8.0 million, respectively, payable to the Dealer Manager for dealer manager fees and sales commissions.

During the twelve months ended December 31, 2004 and 2003, we incurred amounts payable to the Dealer Manager of approximately \$42.5 million and \$11.2 million, respectively, of which \$31.0 and \$8.2 million, respectively had been re-allowed to broker-dealers participating in our public offerings. No payments were made to the Dealer Manager during 2002 as no shares were sold during this period.

Our Operating Partnership's Private Placement

Our operating partnership is currently offering undivided tenancy-in-common interests in industrial properties to accredited investors in a private placement exempt from registration under the Securities Act. We anticipate that these tenancy-in-common interests may serve as replacement properties for investors seeking to complete like-kind exchange transactions under Section 1031 of the Internal Revenue Code. Additionally, the tenancy-in-common interests sold to investors will be 100% leased by our operating partnership, and such leases will contain purchase options whereby our operating partnership will have the right to acquire the tenancy-in-common interests from the investors at a later point in time in exchange for limited partnership units, or DCX Units, in our operating partnership under Section 721 of the Internal Revenue Code.

Our operating partnership will pay certain up-front fees and reimburse certain related expenses to the Advisor, the Dealer Manager and Dividend Capital Exchange Facilitators LLC (the "Facilitator" or our facilitator) for raising capital through the private placement. The Advisor is obligated to pay all of the offering and marketing related costs associated with the private placement. However, our operating partnership is obligated to pay the Advisor a non-accountable fee for such costs which equals 2% of the gross equity proceeds raised through this private placement. In addition, our operating partnership is obligated to pay the Dealer Manager a dealer manager fee of up to 1.5% of gross equity proceeds raised and a commission of up to 5% of gross equity proceeds raised through this private placement. The Dealer Manager may re-allow such commissions to the effecting broker dealers. Our operating partnership is also obligated to pay a transaction facilitation fee to the Facilitator, an affiliate of the Advisor, of up to 1.5% of gross equity proceeds raised.

During the three months ended March 31, 2005 and 2004, we raised approximately \$18.0 and \$1.9 million, respectively, from the sale of undivided tenancy-in-common interests in our properties, which is included in financing obligations in the accompanying condensed consolidated balance sheets (unaudited) pursuant to SFAS No. 98 "Accounting for Leases" ("SFAS No. 98").

During the twelve months ended December 31, 2004, and 2003, we raised \$29.9 million and \$2.7 million from the sale of undivided tenancy-in-common interests in our properties, which is similarly included in financing obligations in the accompanying consolidated balance sheets pursuant to SFAS No. 98.

In accordance with SFAS No. 98, a portion of the rental payments made by our operating partnership to owners of tenancy-in-common interests will be recognized by our operating partnership as interest expense using the interest method.

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During the twelve months ended December 31, 2004, and 2003, we incurred approximately \$750,000 and \$15,000 of rental expense under various lease agreements with these third party investors. A portion of such amounts were accounted for as a reduction of the principal outstanding balance of the financing obligations and a portion was accounted for as an increase to interest expense. The various lease agreements in place as of December 31, 2004, contain expiration dates ranging from November 2013, to July, 2019. The following table sets forth the five year, future minimum rental payments due to third parties under the various lease agreements:

The Year Ended December 31,	Future Minimum Rental Payments
2005	\$ 2,243,724
2006	3,518,026
2007	3,493,168
2008	3,363,775
2009	3,232,299
Thereafter	9,795,806
Total	\$ 25,646,798

During the three months ended March 31, 2005 and 2004, our operating partnership incurred upfront costs of approximately \$1.6 million and \$190,000, respectively, payable to our advisor and other affiliates for affecting these transactions which are recorded as deferred loan costs. During the twelve months ended December 31, 2004 and 2003, our operating partnership incurred upfront costs of approximately \$2.6 and \$0.2 million payable to our advisor and other affiliates for affecting these transactions. If our operating partnership elects to exercise any purchase option as described above and issue limited partnership units, the unamortized portion of the up-front fees and expense reimbursements paid to affiliates with respect to such transactions will be recorded against shareholders' equity as a selling cost of the limited partnership units. If our operating partnership does not elect to exercise any such purchase option, the remaining unamortized portion of the up-front fees and expense reimbursements paid to affiliates with respect to such transactions will be considered in the calculation of a gain or loss on the sale of real estate.

Financing

In January 2005, we entered into \$57.0 million of secured, non-recourse debt with a stated fixed interest rate of 4.40% which matures in 2010. The underlying notes require monthly payments of interest only until January 1, 2006 at which time monthly payments of principal and interest will be required. During the three months ended March 31, 2005, we assumed three secured, non-recourse notes, totaling \$22.5 million, excluding premiums, in conjunction with the acquisition of Shelby 4, Shelby 5 and Shelby 19. These assumed notes bear fixed interest rates ranging from 5.69% to 7.40% and require monthly payments of principal and interest. The maturity dates of such assumed notes range from December 2013 to November 2022. Pursuant to SFAS No. 141 (see "Critical Accounting Policies" below), the difference between the fair value and face value of these assumed notes at the date of acquisition resulted in a premium of approximately \$1.5 million, which will be amortized to interest expense over the remaining life of the underlying notes.

In December 2004, we issued \$55.0 million of secured, non-recourse debt. The debt has a stated fixed interest rate of 5.31% and matures in 2015. The underlying notes require monthly payments of interest only for one year and monthly payments of principal and interest thereafter. In December 2003, we issued \$40.5 million of secured, non-recourse debt with a fixed interest rate of 5.00%, maturing in September 2011 and requiring monthly payments of principal and interest. During 2004, in conjunction with the acquisitions of Parkwest A, B and G, Mid-South Logistics Center V and Sky Harbor Transit Center, we assumed five secured, non-recourse notes totaling \$45.6 million with stated interest rates ranging from 6.22% to 7.21%. All of these notes bear interest at a fixed rate and

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require monthly payments of principal and interest. They have maturity dates ranging from 2007 to 2012. Pursuant to SFAS No. 141, the difference between the fair value and face value of these notes at the date of acquisition resulted in a premium of approximately \$2.9 million, which will be amortized to interest expense over the remaining life of the underlying notes.

In October 2003, we entered into a \$50.0 million secured revolving credit facility with JP Morgan Securities (formerly BankOne). In February 2004, the credit facility was amended and restated into a syndicated credit facility maturing in February 2007 and expanded commitments were received in July 2004 to reach its current capacity of \$225.0 million. The credit facility currently bears interest at either LIBOR plus 1.125% to 1.500%, depending upon the level of our leverage, or, at our election, the prime rate and is subject to an annual 0.250% facility fee. This credit facility contains various covenants including financial covenants regarding net worth, interest and fixed charge coverage and consolidated leverage.

As of March 31, 2005, the gross book value of all of our properties was approximately \$855.3 million and the gross book value of all properties securing our fixed rate mortgage debt and secured credit facility was approximately \$353.4 million and \$282.4 million, respectively. As of December 31, 2004, the gross book value of all of our properties was approximately \$754.1 million and the gross book value of all properties securing our fixed rate mortgage debt and secured credit facility was approximately \$310.6 million and \$237.7 million, respectively. Our debt has various covenants and we believe we were in compliance with all of these covenants at March 31, 2005 and at December 31, 2004.

As of March 31, 2005 and December 31, 2004, our debt consisted of the following:

	Stated Interest Rate	Effective Interest Rate(4)	Maturity Date	Outstanding Balance as of	
				March 31, 2005	December 31, 2004
Secured Mortgage Debt:					
ING Investment Management(2)	4.40%	5.42%	January 2010	\$ 57,000,000	\$
ING Investment Management(2)	5.31%	5.34%	January 2015	55,000,000	55,000,000
New York Life	5.00%	5.00%	March 2011	39,748,376	39,953,415
Assumed Secured Mortgage Debt:					
Principal(1)	7.08%	4.81%	July 2008	17,061,397	17,174,107
State Farm(1)	6.72%	5.62%	November 2022	12,702,660	
Prudential(1)	6.40%	6.09%	November 2012	12,700,000	12,700,000
Principal(1)	7.21%	4.81%	July 2008	11,521,586	11,570,162
Prudential(1)	5.69%	5.22%	December 2013	8,254,722	
Principal(1)	6.22%	4.18%	September 2012	3,819,410	3,838,755
Legacy(1)	7.40%	5.21%	December 2017	1,480,037	
Weighted Avg./Totals(3)	5.44%	5.26%		\$ 219,288,188	\$ 140,236,439
Premiums, Net of Amortization(1)				3,833,990	2,518,329
Carrying Value of Debt				\$ 223,122,178	\$ 142,754,768
Senior Secured Revolving Credit Facility:					
JP Morgan	5.75%	5.75%	February 2007	\$ 8,000	\$ 4,000

(1)

These mortgages were assumed in conjunction with the acquisition of properties and, pursuant to SFAS No. 141, 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.

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- (2) We attributed certain treasury lock hedging transactions to these notes. Pursuant to SFAS No. 133 (see "Critical Accounting Policies" below), the fair value of these hedging instruments will be amortized to interest expense over the life of these notes.
- (3) Weighted-average interest rates are based upon outstanding balances as of March 31, 2005.
- (4) Reflects the impact to interest rates of U.S. generally accepted accounting principles, or GAAP, adjustments for purchase price allocation and hedging transactions. These rates do not reflect the impact of other interest expense items such as fees and the amortization of loan costs.

Forward Capital Commitment Agreement

In October 2004, we entered into a forward capital commitment with Wachovia Bank National Association ("Wachovia") in connection with our commitment to acquire two buildings located in Atlanta, Georgia, comprising 677,667 square feet from an unrelated third party developer. We have entered into this binding agreement with Wachovia, the construction lender, to purchase the two buildings at a price of up to \$29.0 million. Our obligation to acquire the buildings from the developer upon completion can be satisfied under a variety of scenarios, mostly dependent upon leasing, with a minimum purchase price equal to actual development costs. In order to provide security to Wachovia under this capital commitment, we were required to place \$4.9 million in escrow in lieu of a letter of credit. We anticipate funding this commitment with proceeds from our public offerings and debt.

Distributions

The payment of distributions is determined by our Board of Directors and may be adjusted at its discretion at any time. In December 2004 and 2003, our Board of Directors set the 2005 and 2004 distribution level at an annualized \$0.64 per share. The distribution was set by our Board of Directors at a level we believe to be appropriate and sustainable based upon the evaluation of existing assets within our portfolio, anticipated acquisitions and projected levels of additional capital to be raised, debt to be incurred in the future and the anticipated results of operations. During the three months ended March 31, 2005, our board of directors declared distributions totaling approximately \$11.7 million. No distributions were declared during the three months ended March 31, 2003. For the years ended December 31, 2004 and 2003, our board of directors declared distributions totaling approximately \$24.3 million and \$2.5 million, respectively. To fund total distributions, we utilized both funds from our operations and debt proceeds.

The short term dilution of operating results brought upon by the pace of raising capital meeting or exceeding the pace at which we have deployed such capital during the initial stages of our existence was anticipated and is a byproduct of our continued effort to build a high-quality portfolio. It is our objective to add accretive leverage to the balance sheet and to conservatively fund our distributions from funds from operations over time.

Distribution Reinvestment Plan

Pursuant to our distribution reinvestment plan, \$6.3 million and \$1.4 million of the distributions declared during the three months ended March 31, 2005 and 2004, respectively, was satisfied through the issuance of our common shares. For the same period in 2005 and 2004, 631,077 and 148,799 shares, respectively were issued pursuant to our distribution reinvestment plan at a 5.0% discount from our then current public offering share price. For the years ended December 31, 2004 and 2003, \$12.9 million and \$1.3 million of the distributions declared were satisfied through the issuance of our common shares. For the distributions declared for the years ended December 31, 2004 and 2003, approximately 1.3 million and 132,000 shares, respectively were issued pursuant to our distribution reinvestment plan at a 5.0% discount from our then current public offering share price.

Contractual Obligations

The following table reflects our contractual obligations as December 31, 2004, specifically our obligations under long-term debt agreements and operating lease agreements and our purchase obligations:

Contractual Obligations	Payments due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Long-term debt	\$ 193,762,600	\$ 9,361,181	\$ 21,012,764	\$ 43,417,170	\$ 119,971,485
Operating leases(1)	25,646,798	2,243,724	7,011,194	6,596,074	9,795,806
Purchase obligation(2)	29,000,000		29,000,000		
Total	\$ 248,409,398	\$ 11,604,905	\$ 57,023,958	\$ 50,013,244	\$ 129,767,291

(1) We entered into five operating leases, all of which were in connection with our operating partnership's private placement.

(2) We entered into a forward commitment agreement to acquire two properties upon their completion by a third party developer as more fully described above.

Off-Balance Sheet Arrangements

As of March 31, 2005 and March 31, 2004, respectively, and as of December 31, 2004, 2003 and 2002, respectively, we had no material off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Results of Operations***Summary of the three months ended March 31, 2005, compared to the three months ended March 31, 2004***

As of March 31, 2005, we owned 112 properties located in 17 markets across the United States, 97 of which were acquired after March 31, 2004. As a result of the acquisition of 97 properties subsequent to March 31, 2004, the revenues and expenses from our operations for the three months ended March 31, 2005 reflect a significant increase compared to the revenues and expenses from our

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operations for the three months ended March 31, 2004. The following table describes our portfolio as of March 31, 2005 and 2004, respectively:

As of March 31,

Market	2005				2004			
	Number of Buildings	Gross Book Value	Gross Leasable Area	Occupancy(1)	Number of Buildings	Gross Book Value	Gross Leasable Area	Occupancy(1)
Atlanta	18	\$ 147,536,587	3,946,931	88.0%	1	\$ 15,051,295	414,160	100.0%
Boston	5	26,897,276	405,741	78.2%				
Chicago	2	33,096,000	661,785	100.0%	1	11,369,570	222,122	100.0%
Cincinnati	7	78,930,383	1,797,369	97.6%	3	26,241,585	470,957	100.0%
Dallas	18	93,181,861	2,330,906	90.6%	3	40,711,130	982,776	86.8%
Denver	1	8,999,806	160,232	100.0%				
Houston	21	83,807,929	1,622,270	88.2%	1	8,596,927	189,467	100.0%
Indianapolis	1	15,186,262	442,127	100.0%	1	15,559,470	442,127	68.3%
Los Angeles	4	32,743,856	444,066	100.0%	1	10,317,311	201,493	100.0%
Louisville	2	18,350,820	521,000	100.0%				
Memphis	7	114,199,030	3,115,756	99.3%	2	14,888,160	392,006	94.2%
Nashville	3	59,340,369	1,699,530	100.0%	2	39,280,336	1,179,530	100.0%
Orlando	2	15,779,127	367,137	100.0%				
Philadelphia	1	5,163,291	100,000	100.0%				
Phoenix	13	78,945,463	1,474,963	87.5%				
San Antonio	2	7,724,491	172,050	100.0%				
San Francisco	5	35,387,439	474,636	100.0%				
Total	112	\$ 855,269,990	19,736,499	93.8%	15	\$ 182,015,784	4,494,638	93.5%

(1)

The total vacant square footage as of March 31, 2005 and 2004 was 1,223,144 and 292,862, respectively. Of the vacant space as of March 31, 2005 and 2004, we had 651,759 and 292,862 square feet, respectively, under master lease agreements with various sellers whereby the sellers are obligated to pay monthly rent until the earlier of the expiration of the master lease agreement or commencement of rent from a new customer. The total percentage of square feet leased, including space covered by master leases was 97.1% and 100.0% as of March 31, 2005 and 2004, respectively. For financial reporting purposes under GAAP, rental and expense recovery payments under master lease agreements are reflected as a reduction of the basis of the underlying property rather than rental revenues.

Description of the three months ended March 31, 2005, compared to the three months ended March 31, 2004

Although we recognized a net loss for the three months ended March 31, 2005 compared to net income for the three months ended March 31, 2004, our cash provided by operating activities increased from approximately \$3.1 million for the three months ended March 31, 2004 to approximately \$10.8 million for the three months ended March 31, 2005. This increase is primarily a result of the acquisitions noted above. The fact that we recognized a net loss despite an increase in operating activities as described above is primarily a result of depreciation. Depreciation as a percent of revenues for the three months ended March 31, 2005 and 2004 was 61.1% and 45.8%, respectively. This difference was primarily a result of proportionately more value being attributed to tenant improvements and intangible assets, pursuant to the SFAS No. 141, associated with in-place leases. The acquisitions made subsequent to March 31, 2004 have proportionately higher tenant improvements associated with smaller demised spaces and thus higher rental rates causing in-place leases to have a greater value. This in turn resulted in proportionately greater depreciation and amortization expense recognized for the first quarter of the 2005 as the remaining life of such assets is significantly shorter than other long-lived assets such as building and building improvements (see "Note 1 Organization and Summary of Significant Accounting Policies" to the condensed consolidated financial statements (unaudited)).

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The following table illustrates the relative allocation of the costs of our properties as of March 31, 2005 and 2004.

	As of March 31,			
	2005		2004	
	Balance	% of Total	Balance	% of Total
Land	134,763,015	15.9%	20,968,862	11.6%
Land Improvements	63,617,720	7.5%	10,933,561	6.1%
Building	508,141,044	60.0%	124,131,386	68.7%
Lease Related Assets(1)	140,735,535	16.6%	24,521,838	13.6%
Total	847,257,314	100.0%	180,555,647	100.0%

(1) Lease related assets are comprised of tenant improvements, tenant leasing costs, intangible assets, above market rents and below market rents.

The components of the increase in operating activities are reflected in the changes in rental revenues, interest and other income, property operating expenses and other expenses as more fully described below.

Rental Revenues and Other Real Estate Income	Three Months Ended March 31,		
	2005	2004	\$ Change
Base rental revenue:			
Same store	\$ 3,021,924	\$ 2,820,028	\$ 201,896
2005 acquisitions	970,687		970,687
2004 acquisitions	11,582,649	57,644	11,525,005
Other real estate income	3,669,321	600,253	3,069,068
Straight-line rents	800,501	117,994	682,507
Above and below market rents, net	(443,037)	(14,008)	(429,029)
Total	\$ 19,602,045	\$ 3,581,911	16,020,134

Rental revenues and other real estate income were higher in the three months ended March 31, 2005 than in the three months ended March 31, 2004, primarily due to the operations of 97 properties acquired subsequent to March 31, 2004. As of March 31, 2005 and 2004, we owned 112 and 15 properties, respectively. The increase in straight-line rents over the same periods is mainly attributable to the revenue generated by newly acquired leases resulting from the 97 aforementioned property acquisitions. The decrease in above and below market rents is due to the majority of the properties acquired subsequent to March 31, 2004 having leases with rental rates proportionately higher than market rental rates measured at the time of acquisition.

Interest and Other Income	Three Months Ended March 31,		
	2005	2004	\$ Change
Interest and other income	\$ 610,390	\$ 13,324	\$ 597,066

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Interest and other income consist primarily of interest income on cash balances and notes receivable. The increase in interest income is due to higher cash balances held in interest bearing bank accounts during the three months ended March 31, 2005, as compared to the three months ended March 31, 2004. In addition, we had \$8.2 million in notes receivable outstanding as of March 31, 2005, \$7.5 million of which was issued subsequent to March 31, 2004, to a third-party national real estate

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developer. Collectively, these notes earned interest income of approximately \$133,000 for the three months ended March 31, 2005, as compared to \$2,000 for the three months ended March 31, 2004.

Property Operating Expenses	Three Months Ended March 31,		
	2005	2004	\$ Change
Properties:			
Same store	\$ 823,088	\$ 796,900	\$ 26,188
2005 acquisitions	71,268		71,268
2004 acquisitions	3,924,428	950	3,923,478
Total	\$ 4,818,784	\$ 797,850	\$ 4,020,934

Property operating expenses were higher in the three months ended March 31, 2005 than in the three months ended March 31, 2004, primarily due to the operations of 97 properties acquired subsequent to March 31, 2004. As of March 31, 2005 and 2004, we owned 112 and 15 properties, respectively.

Other Expenses	Three Months Ended March 31,		
	2005	2004	\$ Change
Depreciation and amortization	\$ 12,350,161	\$ 1,646,277	\$ 10,703,884
Interest	3,717,621	650,588	3,067,033
General and administrative	727,875	328,074	399,801
Asset management fees, related party	1,179,473		1,179,473
Total	\$ 17,975,130	\$ 2,624,939	\$ 15,350,191

The increase in interest expense is attributable to higher mortgage note balances and higher financing obligation balances that were outstanding during the three months ended March 31, 2005 compared to the three months ended March 31, 2004. Depreciation and amortization expense was higher during the three months ended March 31, 2005, than in the three months ended March 31, 2004, primarily due to the acquisition of 97 additional properties with a gross book value of \$674.7 million. General and administrative expenses were higher during the three months ended March 31, 2005 than in the three months ended March 31, 2004 as a result of increased compliance costs associated with the Sarbanes-Oxley Act of 2002 and an increase in general business activities. The increase in asset management fees payable to our advisor (see "Note 8 Related Party Transactions" to the condensed consolidated financial statements (unaudited)) was attributable to the aforementioned acquisition of additional properties.

Summary of the year ended December 31, 2004, compared to the year ended December 31, 2003

In June 2003, we acquired our first property and through December 31, 2004, we had acquired an additional 105 properties that were funded from net proceeds from our public offerings, our operating partnership's private placement and debt proceeds. As a result of these acquisitions, and because during the twelve months ended December 31, 2003, we had limited operations, the revenues and expenses from our operations for the twelve months ended December 31, 2004 reflected a significant increase compared to the revenues and expenses from our operations for the twelve months ended December 31, 2003.

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The following table summarizes our acquisition activity for the years ended December 31, 2004 and 2003, respectively.

Transaction	Date	Number of Markets	Number of Buildings	Gross Leasable Area	Approximate Total Acquisition Cost(1)	Occupancy at Acquisition(2)	Occupancy at 12/31/04(2)
2004 Acquisitions:							
Eastgate	3/19	1	1	423,500	\$ 14,796,664	100.0%	100.0%
Newpoint I	3/31	1	1	414,160	15,051,295	100.0%	100.0%
MassPrim	5/03	2	2	426,500	14,875,607	89.7%	89.7%
Bondesen, Beltway, Rittiman Business Parks							
	6/03	2	13	798,412	50,817,159	84.4%	99.1%
Eagles Landing & SouthCreek I, II & III(3)							
	6/08 / 9/21	1	4	1,761,874	53,048,730	73.0%	73.0%
AREP							
	6/08 / 6/29	2	4	1,719,912	67,941,804	95.8%	100.0%
Memphis Trade Center	6/22	1	1	709,000	24,859,076	100.0%	100.0%
Trade Pointe III	9/28	1	1	221,000	8,259,775	100.0%	100.0%
Interpark 70	9/30	1	1	160,232	8,949,122	82.8%	82.8%
RN Portfolio	10/01	6	53	4,890,753	238,897,395	84.3%	85.1%
Cypress Park East	10/22	1	2	367,137	15,681,760	100.0%	100.0%
Bayside Distribution	11/03	1	2	340,765	22,128,638	100.0%	100.0%
Norcross Facilities	11/05	1	2	458,426	17,708,926	100.0%	100.0%
Sky Harbor Transit Center	11/24	1	1	145,228	10,131,396	100.0%	100.0%
C&L Facilities	12/03	2	2	445,636	19,016,457	100.0%	100.0%
Foothill Business Center	12/9	1	3	242,573	22,426,545	100.0%	100.0%
Total 2004 Acquisitions		8	93	13,525,108	\$ 604,590,349	88.8%	90.5%
2003 Acquisitions:							
Bridgestone/Firestone	6/9	1	1	756,030	\$ 24,483,672	100.0%	100.0%
Chickasaw	7/22	1	2	392,006	14,977,799	94.2%	94.2%
Rancho	10/16	1	1	201,493	9,838,394	50.1%	100.0%
Mallard Lake	10/29	1	1	222,122	11,369,570	100.0%	100.0%
West by Northwest	10/30	1	1	189,467	8,596,927	100.0%	100.0%
Park West	12/15	1	3	470,957	26,241,585	100.0%	100.0%
Pinnacle	12/15	1	2	730,000	29,441,260	89.0%	89.0%
DFW	12/15	1	1	252,776	11,372,841	80.2%	80.2%
Plainfield I	12/22	1	1	442,127	15,663,010	68.3%	100.0%
Total 2003 Acquisitions		8	13	3,656,978	\$ 151,985,058	89.2%	95.8%
Total Acquisition Activity		16	106	17,182,086	\$ 756,575,407	88.9%	91.6%

(1) Includes purchase price, closing costs and acquisition fees paid to our advisor.

(2) Excludes space leased under master leases with various sellers whereby the sellers are obligated to pay monthly rent until the earlier of the expiration of the master lease agreement or commencement of rent from a new customer. Master lease payments totaled \$2,680,872 and \$138,943 in 2004 and 2003, respectively. Under GAAP, rental payments under master lease agreement are reflected as a reduction of the basis of the underlying property rather than revenues.

(3)

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Includes three distribution facilities (SouthCreek I and II and Eagles Landing) comprising 1,257,874 square feet, acquired on June 8, 2004, and one distribution facility (SouthCreek III) comprising 504,000 square feet, acquired on September 21, 2004. Upon expiration of their lease on August 1, 2004, a customer occupying 400,704 square feet relocated from SouthCreek I to SouthCreek III. Since the date of acquisition, all unoccupied space has been and will continue to be under a master lease agreement whereby the seller is obligated to pay monthly rent until the earlier of July 31, 2005, or the commencement of rent from a new customer.

Description of the year ended December 31, 2004 compared to the year ended December 31, 2003

Although we recognized a net loss in 2004 compared to net income in 2003, our cash provided by operating activities increased from approximately \$1.7 million for the twelve months ended December 31, 2003 to approximately \$21.5 million for the same period ended December 31, 2004. This increase is primarily a product of the acquisitions noted above. We recognized a net loss of \$255,012 for the year ended December 31, 2004, and we recognized net income of \$347,105 for the year ended

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December 31, 2003. The fact that we recognized a net loss despite the increase in operating activities as noted above is primarily a result of changes in depreciation. Depreciation in 2004 and 2003 as a percentage of revenues was 53.4% and 44.2%, respectively. This difference was primarily a result of the allocation, pursuant to SFAS No. 141, of the total costs of the 2004 acquisitions resulting in proportionately more value being attributed to tangible and intangible assets associated with in-place leases. This in turn resulted in proportionately greater depreciation and amortization expense recognized in 2004 as the remaining life of such assets is significantly shorter than other long-lived assets such as building and building improvements. The following table illustrates the relative allocation of the cost of our 2004 and 2003 property acquisitions to the various tangible and intangible assets and liabilities as of December 31, 2004.

As of December 31, 2004

	2004 Acquisitions		2003 Acquisitions		Total	
	Balance	% of Total	Balance	% of Total	Balance	% of Total
Land	102,674,285	17.2%	17,380,389	11.6%	120,054,674	16.0%
Land improvements	46,068,215	7.7%	7,105,857	4.8%	53,174,072	7.1%
Building	347,084,236	58.0%	105,119,212	70.5%	452,203,448	60.5%
Lease related assets(1)	102,959,730	17.1%	19,591,236	13.1%	122,550,966	16.4%
Total	598,786,467	100.0%	149,196,694	100.0%	747,983,160	100.0%

(1)

Lease related assets is comprised of tenant improvements, tenant leasing costs, intangible assets, above market rents and below market rents, each of which is presented in "Note 3 Real Estate" to the consolidated financial statements.

The components of the increase in operating activities are reflected in the changes in rental revenues and other real estate income, interest income and other income, property operating expenses and other expenses as more fully described below.

Rental Revenues and Other Real Estate Income	2004	2003	\$ Change
Properties:			
2004 acquisitions	\$ 19,207,389	\$	\$ 19,207,389
2003 acquisitions	14,176,482	2,554,422	11,622,060
Straight-line rents	2,134,194	85,420	2,048,774
Above and below market rents	(839,754)	5,251	(845,005)
Total	\$ 34,678,311	\$ 2,645,093	\$ 32,033,218

Rental revenues and other real estate income for the 2003 acquired properties were higher in 2004 than in 2003 as property revenues associated with properties acquired during 2003 do not reflect an entire period of operations as compared to 2004 wherein these properties were operating for a full twelve months. The increase in straight-line rents over the same periods is attributable to the revenue generated by newly acquired leases resulting from 2003 and 2004 property acquisitions. The decrease in above and below market rents is primarily due to certain leases acquired in 2004 generally having rental rates above market rental rates and that difference being amortized against rental revenues in accordance with SFAS No. 141.

Interest Income and Other Income	2004	2003	\$ Change
Interest and other income	\$ 874,871	\$ 61,364	\$ 813,507
Gain on hedging activities	544,561		544,561

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Interest Income and Other Income	2004	2003	\$ Change
Total	\$ 1,419,432	\$ 61,364	\$ 1,358,068

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Interest income consists primarily of interest income on cash balances and notes receivable with the increase in interest income due to higher cash balances held in interest bearing bank accounts during 2004 as compared to 2003. In addition, as a part of a development joint venture, we issued approximately \$4.2 million in notes receivable to a third-party national real estate developer during 2004 (See "Note 8 Notes Receivable" to the consolidated financial statements). These notes earned interest income of approximately \$267,498 during 2004.

The gain on hedging activity was a result of a hedging transaction that settled on September 30, 2004, which resulted in a gain of \$544,561 that was included in other income as a result of ineffectiveness. The ineffectiveness resulted because the fair values of the hedges increased between the date we locked the interest rate of our anticipated debt issuance and the settlement, or valuation, date of the hedges.

Operating Expenses	2004	2003	\$ Change
Properties:			
2004 acquisitions	\$ 4,157,260	\$	\$ 4,157,260
2003 acquisitions	3,047,465	366,650	2,680,815
Total	\$ 7,204,725	\$ 366,650	\$ 6,838,075