FORM 10–Q

DCT Industrial Trust Inc. – DCT

Filed: May 09, 2007 (period: March 31, 2007)

Quarterly report which provides a continuing view of a company's financial position

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10–Q

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2007

OR

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to

Commission File Number 001–33201

DCT INDUSTRIAL TRUST INC.

(Exact name of registrant as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	**82–0538520** (I.R.S. Employer Identification No.)
518 Seventeenth Street, Suite 1700 **Denver, Colorado** (Address of principal executive offices)	**80202** (Zip Code)

(303) 597–2400
(Registrant's telephone number, including area code)

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

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

Large accelerated filer☐ Accelerated filer☐ Non–accelerated filer ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b–2 of the Exchange Act). Yes [ ] No [X]

As of April 30, 2007, 168,416,700 shares of common stock of DCT Industrial Trust Inc., par value $0.01 per share, were outstanding.

DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

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DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

Consolidated Balance Sheets
(in thousands, except share and per share information)

	March 31, 2007 (unaudited)	December 31, 2006
ASSETS		
Land	$ 505,275	$ 513,143
Buildings and improvements	2,083,206	2,120,821
Intangible lease assets	191,144	198,222
Construction in progress	33,222	32,702
Total Investment in Properties	2,812,847	2,864,888
Less accumulated depreciation and amortization	(227,355)	(199,574)
Net Investment in Properties	2,585,492	2,665,314
Investments in and advances to unconsolidated joint ventures	54,911	42,336
Net Investment in Real Estate	2,640,403	2,707,650
Cash and cash equivalents	96,718	23,310
Notes receivable	9,192	9,205
Deferred loan costs, net	5,839	6,175
Deferred loan costs – financing obligations, net	9,101	16,467
Straight–line rent and other receivables	20,785	17,137
Deferred acquisition costs and other assets, net	18,360	27,637
Assets held for sale	—	41,895
Total Assets	$2,800,398	$ 2,849,476
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	$ 20,180	$ 27,341
Distributions payable	31,946	30,777
Tenant prepaids and security deposits	14,072	12,329
Other liabilities	15,273	14,135
Intangible lease liability, net	15,913	17,595
Lines of credit	22,000	34,278
Senior unsecured notes	425,000	425,000
Mortgage notes	652,365	641,081
Financing obligations	95,682	191,787
Liabilities related to assets held for sale	—	276
Total Liabilities	1,292,431	1,394,599
Minority interests	291,426	225,920
Stockholders' equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized, none outstanding	—	—
Shares–in–trust, $0.01 par value, 100,000,000 shares authorized, none outstanding	—	—
Common stock, $0.01 par value, 350,000,000 shares authorized, 168,354,596 shares issued and outstanding as of March 31, 2007 and December 31, 2006	1,684	1,684
Additional paid–in capital	1,595,319	1,595,808
Distributions in excess of earnings	(369,172)	(357,076)
Accumulated other comprehensive loss	(11,290)	(11,459)
Total Stockholders' Equity	1,216,541	1,228,957
Total Liabilities and Stockholders' Equity	$2,800,398	$ 2,849,476

The accompanying notes are an integral part of these consolidated financial statements.

Source: DCT Industrial Trust, 10–Q, May 09, 2007

DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

Consolidated Statements of Operations
(unaudited, in thousands, except per share information)

	Three Months Ended March 31,	
	2007	2006
REVENUES:		
Rental revenues	$ 64,975	$ 44,824
Institutional capital management and other fees	746	52
Total Revenues	65,721	44,876
OPERATING EXPENSES:		
Rental expenses	7,859	4,114
Real estate taxes	8,520	6,139
Real estate related depreciation and amortization	28,768	23,239
General and administrative	4,056	679
Asset management fees, related party	—	3,518
Total Operating Expenses	49,203	37,689
Operating Income	16,518	7,187
OTHER INCOME AND EXPENSE:		
Equity in income (losses) of unconsolidated joint ventures, net	74	(53)
Gain on dispositions of real estate interests	7,885	3,988
Interest expense (including loan cost amortization of $0.4 million and $0.4 million, respectively)	(16,867)	(11,534)
Interest income and other	982	2,462
Income taxes	(471)	(51)
Income Before Minority Interests and Discontinued Operations	8,121	1,999
Minority interests	(1,082)	175
Income From Continuing Operations	7,039	2,174
Income (Loss) From Discontinued Operations	8,316	(219)
NET INCOME	$ 15,355	$ 1,955
INCOME PER COMMON SHARE – BASIC		
Income From Continuing Operations	$ 0.04	$ 0.01
Income (Loss) From Discontinued Operations	0.05	0.00
Net Income	$ 0.09	$ 0.01
INCOME PER COMMON SHARE – DILUTED:		
Income From Continuing Operations	$ 0.04	$ 0.01
Income (Loss) From Discontinued Operations	0.05	0.00
Net Income	$ 0.09	$ 0.01
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	168,355	145,402
Diluted	196,720	147,315

The accompanying notes are an integral part of these consolidated financial statements.

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DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

**Consolidated Statement of Stockholders' Equity
And Other Comprehensive Loss
For the Three Months Ended March 31, 2007
(unaudited, in thousands)**

	Common Stock		Additional Paid–in Capital	Distributions in Excess of Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2006	168,355	$ 1,684	$1,595,808	$ (357,076)	$ (11,459)	$ 1,228,957
Cumulative impact of change in accounting for uncertainty in income taxes (FIN 48 – see Note 1)	—	—	—	(500)	—	(500)
Comprehensive income:						
Net income	—	—	—	15,355	—	15,355
Net unrealized gain on cash flow hedging derivatives	—	—	—	—	17	17
Amortization of cash flow hedging derivatives	—	—	—	—	152	152
Comprehensive income						15,524
Offering costs related to issuance of common stock	—	—	(983)	—	—	(983)
Amortization of stock–based compensation	—	—	494	—	—	494
Distributions on common stock	—	—	—	(26,951)	—	(26,951)
Balance at March 31, 2007	168,355	$ 1,684	$1,595,319	$ (369,172)	$ (11,290)	$ 1,216,541

The accompanying notes are an integral part of these consolidated financial statements.

Source: DCT Industrial Trust, 10–Q, May 09, 2007

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DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(unaudited, in thousands)

	Three Months Ended March 31,	
	2007	**2006**
OPERATING ACTIVITIES:		
Net income	$ 15,355	$ 1,955
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interests	2,486	(190)
Gain on disposition of real estate interests	(13,735)	(3,988)
Gain on contributions of nondepreciable real estate and other land sales	(3,711)	—
Real estate related depreciation and amortization	28,783	24,492
Distributions of earnings from unconsolidated joint ventures	175	—
Equity in (income) losses of unconsolidated joint ventures, net, and other	(2,584)	(1,026)
Changes in operating assets and liabilities:		
Other assets	(1,453)	74
Accounts payable, accrued expenses and other liabilities	(825)	(1,286)
Net cash provided by operating activities	24,491	20,031
INVESTING ACTIVITIES:		
Real estate acquisitions	(41,045)	(96,314)
Capital expenditures	(7,966)	(32,245)
Decrease (increase) in deferred acquisition costs and deposits	13,171	(2,366)
Investments in unconsolidated joint ventures, net	(13,791)	(5,230)
Proceeds from dispositions of real estate investments	156,368	102,740
Increase in restricted cash	(3,488)	(343)
Originations of notes receivable	—	(650)
Proceeds from repayments of notes receivable	13	—
Master lease payments received	153	87
Net cash provided by (used in) investing activities	103,415	(34,321)
FINANCING ACTIVITIES:		
Net proceeds from (reduction of) lines of credit	(12,278)	2
Proceeds from unsecured notes	—	50,000
Principal payments on mortgage notes	(3,045)	(2,202)
Proceeds from financing obligations	—	50,046
Offering costs related to issuance of OP Units	(517)	—
Principal payments on financing obligations	(5,933)	(644)
Increase in deferred loan costs	(132)	(84)
Increase in deferred loan costs – financing obligation	—	(4,844)
Proceeds from sale of common stock	—	154,749
Offering costs for issuance of common stock	(1,920)	(14,685)
Redemption of common stock	—	(6,249)
Distributions to common stockholders	(27,021)	(8,575)
Distributions to minority interests	(3,755)	(593)
Contributions from minority interests	103	—
Net cash provided by (used in) financing activities	(54,498)	216,921
NET INCREASE IN CASH AND CASH EQUIVALENTS	73,408	202,631
CASH AND CASH EQUIVALENTS, beginning of period	23,310	94,918
CASH AND CASH EQUIVALENTS, end of period	$ 96,718	$297,549
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	$ 19,823	$ 11,869
Amount issued in common stock pursuant to the distribution reinvestment plan	$ —	$ 11,055
Debt assumed in connection with purchase of TIC Interests (see Note 5)	$ 14,886	$ —

The accompanying notes are an integral part of these consolidated financial statements.

DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(Unaudited)

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

DCT Industrial Trust Inc. is a leading real estate company specializing in the ownership, acquisition, development and management of bulk distribution and light industrial properties located in 24 of the highest volume distribution markets in the United States, and is currently expanding into Mexico. In addition, we manage, and own interests in, industrial properties through our institutional capital management program. We were formed as a Maryland corporation in April 2002 and have elected to be treated as a real estate investment trust ("REIT") for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2003. We are structured as an umbrella partnership REIT under which substantially all of our current and future business is, and will be, conducted through a majority owned and controlled subsidiary, DCT Industrial Operating Partnership LP (our "operating partnership"), a Delaware limited partnership, for which DCT Industrial Trust Inc. is the sole general partner. As used herein, "DCT Industrial Trust," "we," "our" and "us" refer to DCT Industrial Trust Inc. and its consolidated subsidiaries and partnerships except where the context otherwise requires.

As of March 31, 2007, we owned interests in, or managed, 405 industrial real estate buildings totaling 64.7 million square feet. Our portfolio of consolidated operating properties included 367 industrial real estate buildings, which consisted of 214 bulk distribution properties, 111 light industrial properties and 42 service center or flex properties totaling 53.2 million square feet. Our portfolio of 367 consolidated operating properties was 92.9% occupied as of March 31, 2007. As of March 31, 2007, we also consolidated three developments properties, six redevelopment properties and two properties held for contribution. In addition, as of March 31, 2007, we had ownership interests ranging from 10% to 20% in 16 unconsolidated properties in institutional joint ventures, or funds, totaling 5.7 million square feet, and investments in five unconsolidated development joint venture properties.

Summary of Significant Accounting Policies

Interim Financial Information

The accompanying unaudited consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP") and with the instructions to Form 10−Q and Article 10 of Regulation S−X for interim financial information. Accordingly, these statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments, consisting only of normal recurring items necessary for their fair presentation in conformity with GAAP. Interim results are not necessarily indicative of results for a full year. The information included in this Form 10−Q should be read in conjunction with our audited consolidated financial statements as of December 31, 2006 and related notes thereto as filed on Form 10−K on March 14, 2007.

Use of Estimates

The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain items in the consolidated statement of operations for three months ended March 31, 2006 have been reclassified to conform to 2007 classifications.

Source: DCT Industrial Trust, 10−Q, May 09, 2007

Investment in Real Estate, Valuation and Allocation of Real Estate Acquisitions

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

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

We have certain properties which we have acquired or removed from service with the intention to redevelop or reposition the building. Buildings under redevelopment require significant construction activities prior to being placed back into service. Additionally, we may acquire, develop, or redevelop certain properties with the intention to contribute the property to an institutional capital management joint venture, in which we may retain ownership in or manage the assets of the joint venture. We refer to these properties as held for contribution. Land undergoing activities necessary to prepare it for its intended use prior to significant construction activities is classified as pre−development.

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

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

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

Depreciation and Useful Lives of Real Estate Assets

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

Consolidation

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

Generally, we consolidate real estate partnerships and other entities that are not variable interest entities (as defined in FIN No. 46(R)) when we own, directly or indirectly, a majority voting interest in the entity. In June 2005, the FASB ratified Emerging Issues Task Force Issue ("EITF") 04−5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights* ("EITF 04−5"). EITF 04−5 provides an accounting model to be used by a general partner, or group of general partners, to determine whether the general partner(s) controls a limited partnership or similar entity in light of certain rights held by the limited partners and provides additional guidance on what constitutes substantive kick−out rights and substantive participating rights.

Revenue Recognition

We record rental revenues on a straight−line basis under which contractual rent increases are recognized evenly over the full lease term. Certain properties have leases that provide for tenant occupancy during periods where no rent is due or where minimum rent payments increase during the term of the lease. Accordingly, we record receivables from tenants that we expect to collect over the remaining lease term rather than currently, which are recorded as straight−line rents receivable. When we acquire a property, the terms of existing leases are considered to commence as of the acquisition date for the purposes of this calculation. For the three months ended March 31, 2007 and 2006, the total increase to rental revenues due to straight−line rent adjustments, including amounts reported from discontinued operations, was approximately $1.6 million and $2.3 million, respectively.

Tenant recovery income includes payments and amounts due from tenants for real estate taxes, insurance and other recoverable property operating expenses and is recognized as rental revenues in the same period the related expenses are incurred. Tenant recovery income recognized as rental revenues for the three months ended March 31, 2007 and 2006 was $12.8 million and $7.8 million, respectively.

In connection with property acquisitions, we may acquire leases with rental rates above or below the market rental rates. Such differences are recorded as an intangible asset or liability pursuant to SFAS 141, and amortized to rental revenues over the life of the related leases. For the three months ended March 31, 2007 and 2006 the total net decrease to rental revenues due to the amortization of above and below market rents, including amounts reported from discontinued operations, was approximately $0.5 million and $0.4 million, respectively.

Early lease termination fees are recorded in rental revenues when such amounts are earned and the unamortized balances of assets and liabilities associated with the early termination of leases are fully amortized to their respective revenue and expense line items on our consolidated statements of operations over the shorter of the expected life of such assets and liabilities or the remaining lease term. During the three months ended March 31, 2007, the early termination of leases, including amounts reported as discontinued operations, resulted in a decrease in revenues associated with SFAS 141 intangible assets and liabilities of $0.3 million and additional amortization expense of $0.1 million. During the three months ended March 31, 2006, the early termination of leases, including amounts reported as discontinued operations, resulted in a decrease in revenues associated with SFAS 141 intangible assets and liabilities of $0.1 million, recognition of early termination fee revenues of $0.1 million and no additional amortization expenses.

We earn revenues including asset management fees, acquisition fees and other fees pursuant to joint venture and other agreements. This may include acquisition fees based on the sale or contribution of assets and are included in the statements of operations in institutional capital management and other fees. We recognize revenues from asset management, acquisition fees and other services when the related fees are earned and are realized or realizable.

New Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159") which expands the use of the fair value measurement to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. We will adopt the provisions of SFAS 159 during the first quarter of 2008. We do not believe such adoption will have a material impact on our consolidated financial statements.

In December 2006, the FASB issued FASB Staff Position ("FSP") on EITF No. 00−19, *Accounting for Registration Payment Arrangements* ("FSP EITF 00−19−2"). FSP EITF 00−19−2 addresses an issuer's accounting for registration payment arrangements, specifying that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement, whether issued as a separate agreement or included as a provision of a financial instrument or other agreement, should be separately recognized and measured in accordance with FASB Statement No. 5, *Accounting for Contingencies*. This FSP further clarifies that a financial instrument subject to a registration payment arrangement should be accounted for in accordance with other applicable generally accepted accounting principles without regard to the contingent obligation to transfer consideration pursuant to the registration payment arrangement. This FSP is effective for new and modified registration payment arrangements. Registration payment arrangements that were entered into before the FSP was issued would become subject to its guidance for fiscal years beginning after December 15, 2006 by recognizing a cumulative−effect adjustment in retained earnings as of the year of adoption. We adopted FSP EITF 00−19−2 in the first quarter of 2007 and the adoption did not have a material impact on our consolidated financial statements.

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

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

Source: DCT Industrial Trust, 10−Q, May 09, 2007

The Company is subject to the provisions of FIN 48 as of January 1, 2007, and has analyzed its various federal and state filing positions, including the assertion that the Company is not taxable. The Company believes that its income tax filing positions are well documented and supported. As a result of the implementation of FIN 48 the Company recognized a $0.5 million liability for unrecognized tax benefits, which includes approximately $41,000 for accrued interest and penalties and was accounted for as an increase to the January 1, 2007 balance of distributions in excess of earnings. The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits as income tax expense. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued will be reduced and reflected as a reduction of the overall income tax expense. All years of the Company's operations remain open for examination.

Note 2 – Real Estate

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

	March 31, 2007	December 31, 2006
Operating properties	$2,677,063	$ 2,754,076
Properties under redevelopment	42,772	21,518
Properties held for contribution	32,144	32,142
Properties under development	29,664	26,289
Properties in pre–development	10,649	7,669
Land held for development	20,555	23,194
Total Investment in Properties	**2,812,847**	**2,864,888**
Less accumulated depreciation and amortization	(227,355)	(199,574)
Net Investment in Properties	**$2,585,492**	**$ 2,665,314**

Acquisition Activity

During the three months ended March 31, 2007, we acquired five operating properties located in three markets, aggregating approximately 1.0 million square feet for a total cost of approximately $39.9 million, which includes acquisition costs. These properties were acquired from unrelated third parties using existing cash balances. For all properties acquired and consolidated, the results of operations for such properties are included in our consolidated statements of operations from the dates of acquisition.

Disposition Activity

During the three months ended March 31, 2007, we disposed of nine operating properties comprising approximately 2.2 million square feet located in eight markets. We sold three properties comprising 266,000 square feet to unrelated third parties for total gross proceeds of approximately $54.4 million, which resulted in a gain of approximately $9.6 million. The remaining six properties comprising approximately 1.9 million square feet were contributed to institutional joint ventures in which we maintain ownership interests for a total contribution value of approximately $104.9 million (see discussion below).

Contributions of Properties to Institutional Capital Management Funds

TRT–DCT Industrial Joint Venture I

On September 1, 2006, we entered into the first joint venture agreement with Dividend Capital Total Realty Trust Inc., "DCTRT", TRT–DCT Industrial Joint Venture I, G.P., "TRT–DCT Venture I," pursuant to which we anticipate TRT–DCT Venture I will own up to $208.0 million of industrial properties. This joint venture is funded as follows: (i) an equity contribution from DCTRT to the joint venture (which will generally be not less than approximately 80.0% of the joint venture's required equity capitalization); (ii) an equity contribution from us to the joint venture (which will be up to approximately 20.0% of the joint venture's required equity capitalization); and (iii) secured debt financing to be obtained by the joint venture with a targeted loan–to–value of no less than 55.0% and no more than 75.0%. Our actual ownership percentage may vary depending on amounts of capital contributed and the timing of contributions and distributions.

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

During the three months ended March 31, 2007, we contributed three properties to TRT−DCT Venture I totaling approximately 818,000 rentable square feet with a combined gross contribution value of approximately $53.0 million. The contribution of the three properties into TRT−DCT Venture I resulted in a total gain of approximately $4.3 million, of which approximately $3.9 million was recognized in our earnings during the three months ended March 31, 2007. The remaining gain of approximately $0.4 million has been deferred and is being amortized to earnings over the weighted average life of the buildings.

TRT−DCT Industrial Joint Venture II

On March 27, 2007, we entered into the second joint venture agreement with DCTRT, TRT−DCT Industrial Joint Venture II, G.P., "TRT−DCT Venture II," pursuant to which we anticipate TRT−DCT Venture II will own up to $175.0 million of industrial properties. The TRT−DCT Venture II is structured and funded in a manner similar to TRT−DCT Venture I.

During the three months ended March 31, 2007, we contributed three properties to TRT−DCT Venture II totaling approximately 1.1 million rentable square feet with a combined gross contribution value of approximately $51.9 million. The contribution of the three properties into TRT−DCT Venture II resulted in a total gain of approximately $4.4 million, of which approximately $4.0 million was recognized in our earnings during the three months ended March 31, 2007. The remaining gain of approximately $0.4 million has been deferred and is being amortized to earnings over the weighted average life of the buildings.

Discontinued Operations

As of March 31, 2007, there were no potential sales of our properties to a third party that were considered probable and, as such, no properties were classified as held for sale in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long−Lived Assets* ("SFAS 144"). However, three properties sold during the three months ended March 31, 2007 to third parties were classified as discontinued operations. See Note 11 for additional information.

Intangible Assets

Aggregate net amortization of intangible assets recognized pursuant to SFAS 141 in connection with property acquisitions (excluding assets and liabilities related to above and below market rents) was approximately $8.0 million and $6.9 million for the three months ended March 31, 2007 and 2006, respectively. Our intangible assets and liabilities included the following as of March 31, 2007 and December 31, 2006 (in thousands):

	March 31, 2007			December 31, 2006		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Intangible lease assets	$169,616	$ (64,522)	$105,094	$175,211	$ (56,997)	$118,214
Above market rent	26,763	(12,295)	14,468	28,093	(10,996)	17,097
Below market rent	(23,708)	7,795	(15,913)	(24,197)	6,602	(17,595)

The following table describes the estimated net amortization of such intangible assets and liabilities for the next five years. In addition, the table describes the net increase (decrease) to rental revenues due to the amortization of above and below market rents for the next 5 years (in thousands):

For the years ended December 31,	Estimated Net Amortization of Intangible Lease Assets	Estimated Net Increase (Decrease) to Rental Revenues Related to Amortization of Above and Below Market Rents
Remainder of 2007	$ 22,369	$ (43)
2008	25,411	252
2009	17,152	86
2010	10,681	(205)
2011	6,870	304
Total	$ 82,483	$ 394

Note 3 – Investments in and Advances to Unconsolidated Joint Ventures

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

Unconsolidated Joint Ventures	DCT Ownership Percentage as of March 31, 2007	Number of Buildings	Net Equity Investment March 31, 2007	Net Equity Investment December 31, 2006
			(in thousands)	
Institutional Funds:				
DCT Fund I LLC	20%	6	$ 3,249	$ 3,426
TRT–DCT Venture I	10%	7	11,072	5,704
TRT–DCT Venture II	10%	3	4,722	—
Developments:				
SouthCreek IV Distribution Facility	97%	1	6,512	6,280
Panattoni Investments	0.5%	3	251	251
Sycamore Canyon	90%	1	4,214	4,109
Stirling Capital Investments (SCLA) [1]	50%	2	21,521	19,246
Logistics Way	95%	1	3,370	3,320
Total		24	$54,911	$ 42,336

(1) Although we contributed 100% of the initial equity capital required by the venture, our partners retain certain participation rights in the partnership's available cash flows.

Note 4 – Hedging Activities

During June 2006, we entered into an eight−month, LIBOR−based, forward−starting swap to mitigate the effect on cash outflows attributable to changes in LIBOR related to the $275.0 million variable rate, unsecured notes issued in June 2006. This swap expired in February 2007. Concurrent with the $275.0 million note issuance, we also entered into a forward−starting swap to hedge our exposure to variability in the cash outflows of a future fixed rate debt issuance due to fluctuations in the USD−LIBOR swap rate. Both of these forward−starting interest rate swaps have been designated as cash flow hedges.

Net unrealized gains of approximately $17,000 were recorded during the three months ended March 31, 2007, and gains of approximately $1.5 million were recorded during the three months ended March 31, 2006, to stockholders' equity and other comprehensive loss as a result of the change in fair value of the outstanding hedges. Gains and losses resulting from hedging ineffectiveness are recorded as increases and decreases, respectively, to interest expense in our accompanying consolidated statements of operations.

As of March 31, 2007 and December 31, 2006, the accumulated other comprehensive loss balance pertaining to the hedges were losses of approximately $11.3 million and $11.5 million, respectively. Amounts reported in accumulated other comprehensive loss related to derivatives will be amortized to interest expense as interest payments are made on our current fixed−rate debt and anticipated debt issuances. During the next 12 months, we estimate that approximately $1.6 million will be amortized from other comprehensive loss to interest expense resulting in an increase in our interest expense.

Note 5 – Our Operating Partnership's Private Placement

Prior to October 10, 2006, our operating partnership offered undivided tenancy−in−common interests ("TIC Interests") in certain of our properties to accredited investors in a private placement exempt from registration under the Securities Act of 1933, as amended, and, as of March 31, 2007, the historical cost of those properties included in our operating partnership's private placement was $111.3 million. These TIC Interests may have served as replacement properties for investors seeking to complete like−kind exchange transactions under Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code").

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

During the three months ended March 31, 2006 we raised approximately $50.0 million from the sale of TIC Interests in our properties. The amount of gross proceeds associated with the sales of TIC Interests are recorded in financing obligations in the accompanying consolidated balance sheets pursuant to SFAS No. 98 *Accounting for Leases* ("SFAS No. 98"). We have leased back the portion of the building sold to the unrelated third−party investors and, in accordance with SFAS No. 98, a portion of the rental payments made to such investors under the lease agreements are recognized as interest expense for the three months ended March 31, 2007 and 2006, using the interest method

During the three months ended March 31, 2007 and 2006, we incurred approximately $2.1 million and $2.8 million, respectively, of rental payments under various lease agreements with certain of the third−party investors. A portion of such amounts was accounted for as a reduction of the outstanding principal balance of the financing obligations and a portion was accounted for as interest expense in the accompanying consolidated financial statements. Included in interest expense was approximately $1.9 million and $2.2 million for the three months ended March 31, 2007 and 2006, respectively, of interest expense related to the financing obligation. The various lease agreements in place as of March 31, 2007 contain expiration dates ranging from March 2021 to August 2021.

Prior to October 10, 2006, our operating partnership paid certain up−front fees and reimbursed certain related expenses to Dividend Capital Advisors LLC (our "Former Advisor"), Dividend Capital Securities LLC (our "Former Dealer Manager") and Dividend Capital Exchange Facilitators LLC (our "Former Facilitator"), an affiliate of our Former Advisor, for raising capital through our operating partnership's private placement. Our Former Advisor was obligated to pay all of the offering and marketing related costs associated with the private placement. However, our operating partnership was obligated to pay our Former Advisor a non−accountable expense allowance, which

equaled 2% of the gross equity proceeds raised through the private placement. In addition, our operating partnership was obligated to pay our Former Dealer Manager a dealer manager fee of up to 1.5% of gross equity proceeds raised and a commission of up to 5% of the gross equity proceeds raised through the private placement. Our Former Dealer Manager has re−allowed such commissions and a portion of such dealer manager fee to participating broker dealers. Our operating partnership was also obligated to pay a transaction facilitation fee to our Former Facilitator of up to 1.5% of the gross equity proceeds raised through the private placement. We terminated these arrangements with our Former Dealer Manager and our Former Facilitator on October 10, 2006, in connection with the consummation of the Internalization.

During the three months ended March 31, 2006 our operating partnership incurred up−front costs of approximately $4.8 million payable to our Former Advisor and other affiliates for effecting these transactions which are accounted for as deferred loan costs. Such deferred loan costs are included in other assets in the accompanying consolidated balance sheets and amortized to interest expense over the life of the financing obligation. If our operating partnership elects to exercise any purchase option as described above and issue OP Units, the unamortized portion of up−front fees and expense reimbursements paid to affiliates will be recorded against minority interests as a selling cost of the OP Units. If our operating partnership does not elect to exercise any such purchase option, we will not meet the standards set forth in SFAS No. 98 in order to recognize the sale of such TIC Interests.

During the three months ended March 31, 2007, our operating partnership exercised purchase options to buy certain TIC Interests it had previously sold in 14 industrial properties located in Tennessee and Texas. In connection with the exercise of these options, our operating partnership issued an aggregate of approximately 6.8 million OP Units valued at approximately $76.9 million to acquire such TIC Interests. Related to the purchase of one of these buildings, we assumed a portion of a secured note totaling $14.9 million with an interest rate of 5.0% that was previously reflected in financing obligations.

During the three months ended March 31, 2006, our operating partnership exercised purchase options to buy certain TIC Interests it had previously sold in a property located in Plainfield, Indiana. In connection with the exercise of these options, our operating partnership issued an aggregate of approximately 1.3 million OP Units valued at approximately $13.8 million to acquire such TIC Interests.

Source: DCT Industrial Trust, 10−Q, May 09, 2007

Note 6 – Minority Interests

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

	March 31, 2007	December 31, 2006
OP Units:		
Net investment	$ 319,007	$ 251,094
Distributions	(10,657)	(5,661)
Share of cumulative net loss	(18,634)	(21,227)
Sub–total	289,716	224,206
Cabot limited partnership interests:		
Net investment	40,314	40,314
Distributions	(1,317)	(1,455)
Share of cumulative net loss	(766)	(766)
Limited partnership interests acquired	(38,231)	(38,093)
Sub–total	—	—
Cabot non–voting common stock:		
Net investment	63	63
Distributions	(4)	(4)
Share of cumulative net loss	(1)	(2)
Sub–total	58	57
Joint venture partner interest:		
Net investment	1,761	1,658
Distributions	(1)	(1)
Share of cumulative net loss	(108)	—
Sub–total	1,652	1,657
Total	$ 291,426	$ 225,920

OP Units

At March 31, 2007 and December 31, 2006, we owned approximately 85% and 88%, respectively, of the outstanding equity interests of our operating partnership and the remaining equity interest in our operating partnership was owned by third–party investors and Dividend Capital Advisors Group LLC, our Former Advisor's parent. Subject to certain agreements, OP Units are redeemable at the option of the unitholder after a fixed period. We have the option of redeeming the OP Units with cash or with shares of our common stock on a one–for–one basis, subject to adjustment. As of March 31, 2007 and December 31, 2006, we had issued approximately 15.4 million and 8.6 million OP Units, respectively, to unrelated third–party investors in connection with our operating partnership's private placement (see Note 5 for additional information).

Note 7 – Stockholders' Equity

Common Stock

In December 2006, we completed a listing on the New York Stock Exchange and prior to then, since December 2002, we conducted four prior consecutive public offerings of our common stock on a continuous basis and raised approximately $1.6 billion of net proceeds. On January 23, 2006, we closed the primary offering component of our fourth continuous public offering, but we continued to offer shares pursuant to our former distribution reinvestment plan through our 2006 third quarter distribution. Our former distribution reinvestment plan was terminated on December 23, 2006. During the three months ended March 31, 2007, there were no shares of common stock issued and, for the three months ended March 31, 2006, we raised approximately $146.1 million of net proceeds from the sale of our common stock.

As of March 31, 2007, approximately 168.4 million shares of common stock were issued and outstanding. The net proceeds from the sale of these securities were transferred to our operating partnership for a number of OP Units equal to the shares of common stock sold in our public offerings. Our operating partnership has used these proceeds to fund the acquisition and development of our properties.

Note 8 – Related Party Transactions

Our Former Advisor

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

The responsibilities of our Former Advisor included the selection of our investment properties, the negotiations for these investments and the asset management and leasing of these properties. Pursuant to the advisory agreement, we paid certain acquisition and asset management fees to our Former Advisor. The amount of such acquisition fees was equal to 1% of the aggregate purchase price of all properties we acquired in excess of $170.0 million. During the three months ended March 31, 2006 our Former Advisor earned approximately $1.2 million for acquisition fees which were accounted for as part of the historical cost of the acquired properties. Additionally, we paid our Former Advisor an asset management fee equal to 0.75% per annum of the total undepreciated cost of the properties we owned in excess of $170.0 million. During the three months ended March 31, 2006 we incurred asset management fees of $3.5 million.

Pursuant to the advisory agreement, our Former Advisor was obligated to advance all of our 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 in our prior continuous public offerings of common stock. Such offering costs included, but were not limited to, actual legal, accounting, printing and other expenses attributable to preparing the SEC registration statements, qualification of the shares for sale in the states and filing fees incurred by our Former 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.

During the three months ended March 31, 2006, our Former Advisor incurred approximately $893,000 of offering costs and, during the same period, we reimbursed our Former Advisor approximately $1.3 million for such costs, which included unreimbursed costs from prior periods. These costs were considered a cost of raising capital and as such, were included as a reduction of additional paid−in capital on the accompanying consolidated balance sheets when such reimbursement obligations were incurred. We closed the primary offering component of our fourth continuous public offering on January 23, 2006, and as of December 31, 2006, we had reimbursed our Former Advisor for all of the then existing unreimbursed offering costs.

Our Former Advisor was obligated to pay all of the offering and marketing related costs associated with our operating partnership's private placement. However, our operating partnership was obligated to pay our Former Advisor a non−accountable expense allowance which equaled 2% of the gross equity proceeds raised through our operating partnership's private placement. During the three months ended March 31, 2006 our operating partnership incurred approximately $1.0 million payable to our Former Advisor for such expense allowance.

In accordance with the advisory agreement we were obligated, subject to certain limitations, to reimburse our Former Advisor for certain other expenses incurred on our behalf for providing services contemplated in the advisory agreement, provided that our Former Advisor did not receive a specific fee for the activities which generated the expenses to be reimbursed. For the three months ended March 31, 2006 we reimbursed approximately $161,000 for such costs.

As of December 31, 2006, we owed our Former Advisor $213,000 for various fees and reimbursements as described above, which is included in accounts payable and accrued expenses on the accompanying consolidated balance sheet. All liabilities with our Former Advisor were settled as of March 31, 2007.

Our Former Dealer Manager

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

We previously entered into a dealer manager agreement with our Former Dealer Manager pursuant to which we paid a dealer manager fee of up to 2.0% of gross offering proceeds raised pursuant to our prior continuous public offerings of common stock to our Former Dealer Manager as compensation for managing such offerings. Our Former Dealer Manager had discretionary authority to re−allow a portion of such fees to broker−dealers who participated in an offering. We also paid up to a 6% sales commission of gross offering proceeds raised pursuant to our prior continuous public offerings of common stock. For the three months ended March 31, 2006 we incurred $10.9 million payable to our Former Dealer Manager for dealer manager fees and sales commissions. As of December 31, 2006, all sales commissions had been re−allowed to participating broker−dealers. Such amounts are considered a cost of raising capital and as such were included as a reduction of additional paid−in capital on the accompanying consolidated balance sheets. We terminated this dealer manager agreement on October 10, 2006, in connection with the consummation of the Internalization.

We also previously entered into a dealer manager agreement with our Former Dealer Manager pursuant to which we paid a dealer manager fee of up to 1.5% of the gross equity proceeds raised through our operating partnership's private placement. We also have paid our Former Dealer Manager a sales commission of up to 5.0% of the gross equity proceeds raised through our operating partnership's private placement. For the three months ended March 31, 2006 we incurred up−front fees of approximately $3.1 million payable to our Former Dealer Manager for dealer manager fees and sales commissions. As of December 31, 2006, substantially all of the sales commissions were re−allowed to participating broker−dealers who are responsible for affecting sales. Such amounts are included in deferred loan costs on the accompanying consolidated balance sheets. We terminated this dealer manager agreement on October 10, 2006 in connection with the consummation of the Internalization.

As of December 31, 2006, we owed our Former Dealer Manager $159,000 for various fees, which is included in accounts payable and accrued expenses on the accompanying consolidated balance sheet. All liabilities with our Former Dealer Manager were settled as of March 31, 2007.

Our Former Facilitator

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

We previously entered into an agreement with our Former Facilitator whereby we paid a transaction facilitation fee associated with our operating partnership's private placement. We paid our Former Facilitator up to 1.5% of the gross equity proceeds raised through our operating partnership's private placement for transaction facilitation. For the three months ended March 31, 2006 we incurred approximately $727,000 payable to our Former Facilitator for such fees. In accordance with SFAS No. 98, these fees, as well as the other fees associated with our operating partnership's private placement, were recorded as deferred loan costs and amortized over the life of the financing obligation (see Note 5 for additional information).

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Note 9 – Earnings per Share

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

	Three Months Ended March 31,	
	2007	**2006**
Numerator		
Income From Continuing Operations	$ 7,039	$ 2,174
Minority interests' share of net income related to potentially dilutive shares	1,180	26
Numerator for diluted earnings per share – adjusted income from continuing operations	$ 8,219	$ 2,200
Income (Loss) From Discontinued Operations	$ 8,316	$ (219)
Minority interests' share of net income related to potentially dilutive shares	1,413	—
Numerator for diluted earnings per share – adjusted income from discontinued operations	$ 9,729	$ (219)
Adjusted net income available to common stockholders	$ 17,948	$ 1,981
Denominator		
Weighted average common shares outstanding – basic	168,355	145,402
Potentially dilutive common shares	28,365	1,913
Weighted average common shares outstanding – diluted	196,720	147,315
Net Income per Common Share – Basic		
Income From Continuing Operations	$ 0.04	$ 0.01
Income (Loss) From Discontinued Operations	0.05	0.00
Net Income	$ 0.09	$ 0.01
Net Income per Common Share – Diluted		
Income From Continuing Operations	$ 0.04	$ 0.01
Income (Loss) From Discontinued Operations	0.05	0.00
Net Income	$ 0.09	$ 0.01

Potentially Dilutive Shares

We have excluded from diluted earnings per share the weighted average common share equivalents related to approximately 0.9 million stock options for the three months ended March 31, 2007, because their effect would be anti–dilutive. No anti–dilutive common share equivalents were excluded from the diluted earnings per share for the three months ended March 31, 2006. For purposes of calculating diluted earnings per share in accordance with SFAS No. 128, *Earnings per Share*, we treat the dilutive impact of the unvested portion of restricted shares as common stock equivalents.

Note 10 – Segment Information

We consider each operating property to be an individual operating segment that has similar economic characteristics with all our other operating properties, which excludes the results from discontinued operations. Our operating segments are aggregated into reportable segments based upon the property type. Prior to the quarter ended September 30, 2006, our management evaluated rental revenues and property net operating income aggregated by geographic location, or market, to analyze performance. During the quarter ended September 30, 2006, our management concluded that rental revenues and property net operating income aggregated by property type was a more appropriate way to analyze performance. Certain reclassifications have been made to conform to the current presentation. The following table sets forth the rental revenues and property net operating income of our property type segments in continuing operations for the three months ended March 31, 2007 and 2006 (in thousands).

	Three Months Ended March 31,			
	Rental Revenues		Property NOI[(1)]	
	2007	2006	2007	2006
Bulk industrial	$51,820	$36,630	$39,265	$28,674
Light industrial and other	13,155	8,194	9,331	5,897
Total	$64,975	$44,824	$48,596	$34,571

(1) Net operating income (“NOI”) is defined as rental revenues, including reimbursements, less rental expenses and real estate taxes, which excludes depreciation, amortization, general and administrative expense and interest expense.

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

The following table is a reconciliation of our NOI to our reported net income from continuing operations for the three months ended March 31, 2007 and 2006 (in thousands).

	Three Months Ended March 31,	
	2007	2006
Property NOI	$ 48,596	$ 34,571
Institutional capital management and other fees	746	52
Real estate related depreciation and amortization	(28,768)	(23,239)
General and administrative	(4,056)	(679)
Asset management fees, related party	—	(3,518)
Equity in income (losses) of unconsolidated joint ventures, net	74	(53)
Gain on dispositions of real estate interests	7,885	3,988
Interest expense	(16,867)	(11,534)
Interest income and other	982	2,462
Income taxes	(471)	(51)
Minority interests	(1,082)	175
Income From Continuing Operations	$ 7,039	$ 2,174

Source: DCT Industrial Trust, 10−Q, May 09, 2007

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

	March 31, 2007	December 31, 2006
Property type segments:		
Bulk distribution	$2,082,100	$ 2,160,856
Light industrial and other	521,487	528,167
Total segment net assets	2,603,587	2,689,023
Assets held for sale	—	41,895
Non–segment assets:		
Land held for development	31,204	23,194
Non–segment cash and cash equivalents	77,178	3,302
Other non–segment assets [(1)]	88,429	92,062
Total assets	$2,800,398	$ 2,849,476

(1) Other non–segment assets primarily consists of corporate assets including investments in unconsolidated joint ventures, notes receivable, certain loan costs, including loan costs associated with our financing obligations, and deferred acquisition costs.

Note 11 – Discontinued Operations

In accordance with SFAS No. 144, we report results of operations from real estate assets that meet the definition of a component of an entity and have been sold, or meet the criteria to be classified as held for sale, as discontinued operations. During the three months ended March 31, 2007, we sold three properties in our light industrial segment comprising 266,000 square feet to third parties for a net gain of $9.6 million. For the three months ended March 31, 2007 and 2006, discontinued operations includes the results of operations of these three properties. No properties were sold to unrelated third parties during the three months ended March 31, 2006. We included all results of these discontinued operations in a separate component of income on the consolidated statements of operations under the heading Income (Loss) From Discontinued Operations. This treatment resulted in certain reclassifications of 2007 and 2006 financial statement amounts. As of March 31, 2007, we had no properties classified as held for sale.

The following is a summary of the components of income (loss) from discontinued operations for the three months ended March 31, 2007 and 2006 (in thousands):

	Three Months Ended March 31,	
	2007	2006
Rental revenues	$ 255	$ 1,856
Rental expenses and real estate taxes	(68)	(690)
Real estate related depreciation and amortization	(15)	(1,253)
Operating income (loss)	172	(87)
Interest expense	(13)	(147)
Income (loss) before minority interest and gain on dispositions of real estate	159	(234)
Gain on dispositions of real estate interests	9,561	—
Minority interests	(1,404)	15
Income (Loss) From Discontinued Operations	$ 8,316	$ (219)

Source: DCT Industrial Trust, 10–Q, May 09, 2007

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward−Looking Information

We make statements in this report that are considered "forward−looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are usually identified by the use of words such as "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "seeks," "should," "will," and variations of such words 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 Litigation 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, intentions, expectations, 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, expectations, strategies and prospects as reflected in or suggested by those forward−looking statements are reasonable, we can give no assurance that the plans, intentions, expectations or strategies will be attained or achieved. Furthermore, actual results may differ materially from those described in the forward−looking statements and will be affected by a variety of risks and factors that are beyond our control including, without limitation:

- the competitive environment in which we operate;
- real estate risks, including fluctuations in real estate values and the general economic climate in local markets and competition for tenants in such markets;
- decreased rental rates or increasing vacancy rates;
- defaults on or non−renewal of leases by tenants;
- acquisition and development risks, including failure of such acquisitions and development projects to perform in accordance with projections;
- the timing of acquisitions and dispositions;
- natural disasters such as hurricanes and earthquakes;
- national, international, regional and local economic conditions;
- the general level of interest rates;
- energy costs;
- the terms of governmental regulations that affect us and interpretations of those regulations, including changes in real estate and zoning laws and increases in real property tax rates;
- financing risks, including the risk that our cash flows from operations may be insufficient to meet required payments of principal, and interest and other commitments;
- lack of or insufficient amounts of insurance;
- litigation, including costs associated with prosecuting or defending claims and any adverse outcomes;
- the consequences of future terrorist attacks;
- possible environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by us; and
- other risks and uncertainties detailed in Item 1.A of our 2006 Annual Report on Form 10−K.

In addition, our current and continuing qualification as a real estate investment trust, or REIT, involves the application of highly technical and complex provisions of the Internal Revenue Code of 1986, or the Code, and depends on our ability to meet the various requirements imposed by the Code through actual operating results, distribution levels and diversity of stock ownership. We assume no obligation to update publicly any forward−looking statements, whether as a result of new information, future events or otherwise. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements included elsewhere in this report.

Unless the context otherwise requires, the terms "we," "us," and "our" refer to DCT Industrial Trust Inc. and DCT Industrial Operating Partnership LP, or our operating partnership, and their consolidated subsidiaries.

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Overview

We are a leading real estate company specializing in the ownership, acquisition, development and management of bulk distribution and light industrial properties located in 24 of the highest volume distribution markets in the United States, and are currently expanding into Mexico. In addition, we manage, and own interests in, industrial properties through our institutional capital management program. Our properties primarily consist of high−quality, generic bulk distribution warehouses and light industrial properties leased to corporate tenants. We own our properties through our operating partnership and its subsidiaries. We are the sole general partner of our operating partnership and owned approximately 85% of the outstanding equity interests of our operating partnership as of March 31, 2007. We acquired our first property in June of 2003 and have built a portfolio of 367 consolidated operating properties through March 31, 2007.

Our primary business objectives are to maximize sustainable long−term growth in earnings and Funds From Operations, or FFO, and to maximize total return to our stockholders. In our pursuit of these objectives, we will:

- acquire high−quality industrial properties;
- pursue development opportunities, including through joint ventures;
- expand our institutional capital management business;
- actively manage our existing portfolio to maximize operating cash flows;
- sell non−core assets that no longer fit our investment criteria; and
- expand our operations into selected domestic and international markets, including Mexico.

In order to achieve these objectives, we have raised capital through common stock issuances, our operating partnership's private placement (as more fully described below) and issued and assumed debt. Prior to October 10, 2006, our day−to−day operations were managed by Dividend Capital Advisors LLC, or our Former Advisor, under the supervision of our board of directors pursuant to the terms and conditions of an advisory agreement with our Former Advisor. On October 10, 2006, our operating partnership acquired our Former Advisor in the transaction we refer to as the Internalization. As a result of the Internalization, our Former Advisor is now our wholly−owned subsidiary and we no longer bear the cost of the advisory fees and other amounts payable under the advisory agreement resulting in our being a self−administered and self−advised REIT.

Outlook

The primary source of our operating revenues and earnings is rents received from tenants under leases at our properties including reimbursements from tenants for certain operating costs. We seek earnings growth primarily through increasing rents and operating income at existing properties, acquiring and developing additional high−quality properties in major distribution markets, increasing fee revenues from our institutional capital management business, generating profits from our development activities and repositioning our portfolio including disposing of certain non−core assets and contributing assets to our joint ventures, funds or other commingled investment vehicles with institutional partners.

We believe that our near−term operating income in our existing properties will increase through rental rate growth on leases that are expiring, as well as an increase in our occupancy rates. We expect strong growth in operating earnings from development and acquisitions in our target markets and selected new markets. We also believe our focus on our target distribution markets from which companies distribute nationally, regionally and/or locally mitigates the risk of any individual tenant reconfiguring distribution networks and changing the balance of supply and demand in a market. Finally, developing and maintaining excellent relationships with third−party logistics companies facilitates our ability to lease them space in our portfolio.

While we no longer bear the external costs of the various fees and expenses previously paid to our Former Advisor as a result of becoming self−advised, our expenses include the compensation and benefits of our officers and the other employees and consultants, as well as other general expenses, previously paid by our Former Advisor or its affiliates.

The principal risks to our business plan include:

- our ability to acquire properties that meet our quantitative and qualitative criteria and whether we can successfully integrate such acquisitions;
- our ability to attract institutional partners in our institutional capital management business on terms that we find acceptable;
- our ability to locate development opportunities and to successfully develop such properties on time and within budget and then to successfully lease such properties;
- our ability to sell or contribute assets at prices we find acceptable which generates funding for our business plan;
- our ability to retain and attract talented management; and
- our ability to lease space to customers at rates which provide acceptable returns.

We believe our investment focus on the largest and most active distribution markets in the United States and Mexico and our monitoring of market and submarket demand and supply imbalances helps mitigate these risks.

We also expect the following key trends to affect our industry positively:

- the continued restructuring of corporate supply chains which may impact local demand for distribution space as companies relocate their operations consistent with their particular requirements or needs;
- the growth or continuing importance of industrial markets located near seaports, airports and major intermodal facilities; and
- continuing advancements in technology and information systems which enhance companies' abilities to control their investment in inventories.

These key trends may gradually change the characteristics of the facilities needed by our tenants. However, we believe the buildings in our portfolio are designed to be flexible and can accommodate gradual changes that may occur.

For the financing of our capital needs, we are not aware of any material trends or uncertainties, favorable or unfavorable, other than national economic conditions affecting real estate generally, that we anticipate will have a material impact on either capital resources or the revenues or income to be derived from the operation of real estate properties. Our financing needs will depend largely on our ability to acquire properties as the majority of our cash generated from operations will be used for payment of distributions and to finance other activities. We expect the funding of additional cash needs to come from existing cash balances, new borrowings and proceeds from the sale or contribution of assets.

Significant Transactions During 2007

The following discussion describes certain significant transactions that occurred during the three months ended March 31, 2007.

Acquisition Activity

During the three months ended March 31, 2007, we acquired five operating properties located in three markets, aggregating approximately 1.0 million square feet for a total cost of approximately $39.9 million, which includes acquisition fees. These properties were acquired from unrelated third parties using existing cash balances. For all properties acquired and consolidated, the results of operations for such properties are included in our consolidated statements of operations from the dates of acquisition.

Disposition Activity

During the three months ended March 31, 2007, we disposed of nine operating properties comprising approximately 2.2 million square feet located in eight markets. We sold three properties comprising 266,000 square feet to unrelated third parties for total gross proceeds of approximately $54.4 million. The remaining six properties comprising approximately 1.9 million square feet were contributed to institutional joint ventures in which we maintain ownership interests for a total contribution value of approximately $104.9 million (see discussion below).

Contributions of Properties to Institutional Capital Management Funds

TRT−DCT Industrial Joint Venture I

During the three months ended March 31, 2007, we contributed three properties to TRT−DCT Venture I totaling approximately 818,000 square feet with a combined gross contribution value of approximately $53.0 million.

TRT−DCT Industrial Joint Venture II

During the three months ended March 31, 2007, we contributed three properties to TRT−DCT Venture II totaling approximately 1.1 million square feet with a combined gross contribution value of approximately $51.9 million.

Capital Deployment Activities

During the three months ended March 31, 2007, we began construction on the first of six buildings totaling approximately 859,000 square feet that are located in four submarkets in the metropolitan area of Monterrey, Nuevo Leon, Mexico.

Also during the quarter, our joint venture with Stirling Capital Investments, or Stirling, an unrelated third party, began construction on four bulk industrial buildings. We entered into this joint venture agreement with Stirling, to be the master developer of up to 4,350 acres in Victorville, California, part of the Inland Empire submarket of the Southern California industrial real estate market. We refer to this development project as SCLA and this joint venture as the SCLA joint venture. While our exact equity interest in the joint venture will depend on the amount of capital we contribute and the timing of contributions and distributions, the SCLA joint venture contemplates an equal sharing between us and Stirling of residual profits after all priority distributions. The SCLA joint venture entered into two master development agreements to be the exclusive developer of SCLA for the next 13 years (including extensions) and assigned to the SCLA joint venture its rights related to the 4,350 acres designated primarily for industrial development.

Critical Accounting Policies

General

Our discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with United States generally accepted accounting principles, or GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and contingencies as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. We evaluate our assumptions and estimates on an on−going basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The following discussion pertains to accounting policies management believes are most “critical” to the portrayal of our financial condition and results of operations that require management’s most difficult, subjective or complex judgments.

Revenue Recognition

We record rental revenues on a straight−line basis under which contractual rent increases are recognized evenly over the full lease term. Certain properties have leases that provide for tenant occupancy during periods where no rent is due or where minimum rent payments increase during the term of the lease. Accordingly, we record receivables from tenants that we expect to collect over the remaining lease term rather than currently, which are recorded as straight−line rents receivable. When we acquire a property, the terms of existing leases are considered to commence as of the acquisition date for the purposes of this calculation. For the three months ended March 31, 2007 and 2006, the total increase to rental revenues due to straight−line rent adjustments, including amounts reported from discontinued operations, was approximately $1.6 million and $2.3 million, respectively.

Tenant recovery income includes payments and amounts due from tenants for real estate taxes, insurance and other recoverable property operating expenses and is recognized as rental revenues in the same period the related expenses are incurred. Tenant recovery income recognized as rental revenues for the three months ended March 31, 2007 and 2006 was $12.8 million and $7.8 million, respectively.

In connection with property acquisitions, we may acquire leases with rental rates above or below the market rental rates. Such differences are recorded as an intangible asset or liability pursuant to Statement of Financial Accounting Standards, or SFAS, No. 141, *Business Combinations*, or SFAS 141, and amortized to rental revenues over the life of the related leases. For the three months ended March 31, 2007 and 2006 the total net decrease to rental revenues due to the amortization of above and below market rents, including amounts reported from discontinued operations, was approximately $0.5 million and $0.4 million, respectively.

Early lease termination fees are recorded in rental revenues when such amounts are earned and the unamortized balances of assets and liabilities associated with the early termination of leases are fully amortized to their respective revenue and expense line items on our consolidated statements of operations over the shorter of the expected life of such assets and liabilities or the remaining lease term. During the three months ended March 31, 2007, the early termination of leases, including amounts reported as discontinued operations, resulted in a decrease in revenues associated with SFAS 141 intangible assets and liabilities of $0.3 million and additional amortization expense of $0.1 million. During the three months ended March 31, 2006, the early termination of leases, including amounts reported as discontinued operations, resulted in a decrease in revenues associated with SFAS 141 intangible assets and liabilities of $0.1 million, recognition of early termination fee revenues of $0.1 million and no additional amortization expenses.

We earn revenues including asset management fees, acquisition fees and other fees pursuant to joint venture and other agreements. These revenues may include acquisition fees based on the sale or contribution of assets and are included in the statements of operations in institutional capital management and other fees. We recognize revenues from asset management, acquisition fees and other services when the related fees are earned and are realized or realizable.

Investment in Real Estate, Valuation and Allocation of Real Estate Acquisitions

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

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

We have certain properties which we have acquired or removed from service with the intention to redevelop or reposition the building. Buildings under redevelopment require significant construction activities prior to being placed back into service. Additionally, we may acquire, develop, or redevelop certain properties with the intention

to contribute the property to an institutional capital management joint venture, in which we may retain ownership in or manage the assets of the joint venture. We refer to these properties as held for contribution. Land undergoing activities necessary to prepare it for its intended use prior to significant construction activities is classified as pre−development.

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

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

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

Depreciation and Useful Lives of Real Estate Assets

We estimate the depreciable portion of our real estate assets and their related useful lives in order to record depreciation expense. Our management's ability to accurately estimate the depreciable portions of our real estate assets and their useful lives is critical to the determination of the appropriate amount of depreciation expense recorded and the carrying values of the underlying assets. Any change to the estimated depreciable lives of these assets would have an impact on the depreciation expense we recognize. Depreciation is not recorded on buildings currently in pre−development, being developed or redeveloped until the building is substantially completed and placed into service, not later than one year from cessation of major construction activity. If the useful life estimate was reduced by one year for all buildings and building and land improvements in continuing operations, depreciation expense would have increased $1.5 million.

Impairment of Long−Lived Assets

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

Source: DCT Industrial Trust, 10−Q, May 09, 2007

Principles of Consolidation

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

Generally, we consolidate real estate partnerships and other entities that are not variable interest entities (as defined in FIN No. 46(R)) when we own, directly or indirectly, a majority voting interest in the entity. In June 2005, the FASB ratified Emerging Issues Task Force, or EITF, Issue No. 04−5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights*, or EITF 04−5. EITF 04−5 provides an accounting model to be used by a general partner, or group of general partners, to determine whether the general partner(s) controls a limited partnership or similar entity in light of certain rights held by the limited partners and provides additional guidance on what constitutes substantive kick−out rights and substantive participating rights.

New Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, or SFAS 159, which expands the use of the fair value measurement to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. We will adopt the provisions of SFAS No. 159 during the first quarter of 2008. We do not believe such adoption will have a material impact on our consolidated financial statements.

In December 2006, the FASB issued FASB Staff Position on EITF No. 00−19, *Accounting for Registration Payment Arrangements*, or FSP EITF 00−19−2. This FASB Staff Position, or FSP, addresses an issuer's accounting for registration payment arrangements, specifying that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement, whether issued as a separate agreement or included as a provision of a financial instrument or other agreement, should be separately recognized and measured in accordance with FASB Statement No. 5, *Accounting for Contingencies*. This FSP further clarifies that a financial instrument subject to a registration payment arrangement should be accounted for in accordance with other applicable generally accepted accounting principles without regard to the contingent obligation to transfer consideration pursuant to the registration payment arrangement. This FSP is effective for new and modified registration payment arrangements. Registration payment arrangements that were entered into before the FSP was issued would become subject to its guidance for fiscal years beginning after December 15, 2006 by recognizing a cumulative−effect adjustment in retained earnings as of the year of adoption. We adopted the FSP in the first quarter of 2007 and the adoption did not have a material impact on our consolidated financial statements.

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

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

The Company is subject to the provisions of FIN 48 as of January 1, 2007, and has analyzed its various federal and state filing positions, including the assertion that the Company is not taxable. The Company believes that its income tax filing positions are well documented and supported. As a result of the implementation of FIN 48 the Company recognized a $0.5 million liability for unrecognized tax benefits, which includes approximately $41,000 for accrued interest and penalties and was accounted for as an increase to the January 1, 2007 balance of distributions in excess of earnings. The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits as income tax expense. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued will be reduced and reflected as a reduction of the overall income tax expense. All years of the Company's operations remain open for examination.

Results of Operations

Summary of the three months ended March 31, 2007 compared to the three months ended March 31, 2006

As of March 31, 2007, we consolidated 367 operating properties, six redevelopment properties, three development properties and two operating properties held for contribution located in 24 markets throughout the United States. As of March 31, 2006, we consolidated 269 operating properties located in 23 markets, 10 of which are excluded from continuing operations as they were sold as of March 31, 2007. Subsequent to March 31, 2006, we acquired 129 properties and contributed or sold 24 of our properties that were included in the results of operation for the three months ended March 31, 2006. Additionally, one development property was completed and became an operating property subsequent to March 31, 2006. The net effect of such activities is the addition of 110 operating properties, or 14.2 million square feet, to our continuing operating portfolio, including held for contribution properties, since March 31, 2006. As a result of these additional 110 operating properties, the revenues and expenses from our continuing operations for the three months ended March 31, 2007 reflect a significant increase compared to the revenues and expenses from our operations for the three months ended March 31, 2006. The following table illustrates the changes in our portfolio as of, and for the periods ended, March 31, 2007 compared to March 31, 2006, respectively (dollar amounts in thousands).

	As of, and for the Periods Ended, March 31,			
	2007		2006	
Properties in continuing operations[1]:	**Bulk Distribution**	**Light Industrial and Other**	**Bulk Distribution**	**Light Industrial and Other**
Number of buildings	216	153	163	96
Square feet (in thousands)	46,577	7,370	34,965	4,806
Occupancy at end of period	93.7%	89.0%	93.6%	85.7%
Rental revenues	$ 51,820	$ 13,155	$ 36,630	$ 8,194
Net operating income[2]	$ 39,265	$ 9,331	$ 28,674	$ 5,897
Segment net assets	$2,082,100	$ 521,487	$1,510,896	$ 327,324

(1) Includes two operating properties held for contribution as of March 31, 2007, which are included in continuing operations as they do not meet the criteria to be classified as held for sale, in accordance with SFAS No. 144.

(2) Net operating income ("NOI") is defined as rental revenues, including reimbursements, less rental expenses and real estate taxes, which excludes depreciation, amortization, general and administrative expenses and interest expense.

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

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

	Three Months Ended March 31,	
	2007	2006
Property NOI	$ 48,596	$ 34,571
Institutional capital management and other fees	746	52
Real estate related depreciation and amortization	(28,768)	(23,239)
General and administrative	(4,056)	(679)
Asset management fees, related party	—	(3,518)
Equity in income (losses) of unconsolidated joint ventures, net	74	(53)
Gain on dispositions of real estate interests	7,885	3,988
Interest expense	(16,867)	(11,534)
Interest income and other	982	2,462
Income taxes	(471)	(51)
Minority interests	(1,082)	175
Income from Continuing Operations	$ 7,039	$ 2,174

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

	As of	
	March 31, 2007	December 31, 2006
Property type segments:		
Bulk distribution	$2,082,100	$ 2,160,856
Light industrial and other	521,487	528,167
Total segment net assets	2,603,587	2,689,023
Assets held for sale	—	41,895
Non−segment assets:		
Land held for development	31,204	23,194
Non−segment cash and cash equivalents	77,178	3,302
Other non−segment assets [1]	88,429	92,062
Total assets	$2,800,398	$ 2,849,476

(1) Other non−segment assets primarily consists of corporate assets including investments in unconsolidated joint ventures, notes receivable, certain loan costs, including loan costs associated with our financing obligations, and deferred acquisition costs.

Source: DCT Industrial Trust, 10−Q, May 09, 2007

Comparison of the three months ended March 31, 2007 compared to the three months ended March 31, 2006

The following table illustrates the changes in rental revenues, rental expenses and real estate taxes, property net operating income, other income and other expenses for the three months ended March 31, 2007 compared to the three months ended March 31, 2006. Our same store portfolio includes all operating properties that we owned for the entirety of both the current and prior year reporting periods for which the operations had been stabilized. The same store portfolio for the three months ended March 31, 2007 included 248 buildings totaling 37.1 million rentable square feet. A discussion of these changes follows the table (in thousands).

	Three Months Ended March 31,		
	2007	2006	$ Change
Rental Revenues			
Same store	$ 42,091	$ 41,859	$ 232
2006/2007 acquisitions and dispositions	21,852	2,965	18,887
Development	216	—	216
Held for contribution	816	—	816
Total rental revenues	64,975	44,824	20,151
Rental Expenses and Real Estate Taxes			
Same store	10,262	9,732	530
2006/2007 acquisitions and dispositions	5,862	520	5,342
Development	104	1	103
Held for contribution	151	—	151
Total rental expenses and real estate taxes	16,379	10,253	6,126
Property Net Operating Income[(1)]			
Same store	31,829	32,127	(298)
2006/2007 acquisitions and dispositions	15,990	2,445	13,545
Development	112	(1)	113
Held for contribution	665	—	665
Total property net operating income	48,596	34,571	14,025
Other Income			
Institutional capital management and other fees	746	52	694
Gain on disposition of real estate assets	4,174	3,988	186
Gain on nondepreciable real estate	3,711	—	3,711
Equity in earnings (losses) of unconsolidated joint ventures, net	74	(53)	127
Interest income and other	982	2,462	(1,480)
Total other income	9,687	6,449	3,238
Other Expenses			
Real estate related depreciation and amortization	28,768	23,239	5,529
General and administrative	4,056	679	3,377
Asset management fees, related party	—	3,518	(3,518)
Income taxes	471	51	420
Interest expense	16,867	11,534	5,333
Total other expenses	50,162	39,021	11,141
Minority interests	(1,082)	175	(1,257)
Income (loss) from discontinued operations	8,316	(219)	8,535
Net income	$ 15,355	$ 1,955	$ 13,400

(1) For a discussion as to why we view net operating income to be an appropriate supplemental performance measure, and a reconciliation of our net operating income for the three months ended March 31, 2007 and 2006 to our reported net income from continuing operations for the three months ended March 31, 2007 and 2006, see page 28 above.

Rental Revenues

Rental revenues increased by approximately $20.2 million, or 45%, for the three months ended March 31, 2007 compared to the same period in 2006, primarily as a result of the rental revenues generated from an increase of 110 properties in continuing operations with an aggregate 14.2 million square feet acquired since March 31, 2006. Same store rental revenues increased by approximately $0.2 million for the three months ended March 31, 2007 compared to the same period in 2006 primarily due to increased rent per square foot offset by slightly lower occupancy.

Rental Expenses and Real Estate Taxes

Rental expenses and real estate taxes increased by approximately $6.1 million, or 60%, for the three months ended March 31, 2007 compared to the same period in 2006, primarily as a result of the acquisitions, increased maintenance costs due to winter weather and higher asset management fees. Same store rental expenses and real estate taxes increased by approximately $0.5 million for the three months ended March 31, 2007 as compared to the same period in 2006, primarily related to winter maintenance costs.

Other Income

Other income increased by approximately $3.2 million for the three months ended March 31, 2007 as compared to the same period in 2006, primarily as a result of approximately $3.9 million more gain related to contributions of real estate interests to joint ventures, offset by a decrease in interest income of $1.5 million due to lower average cash balances.

Other Expenses

Real estate related depreciation and amortization increased by approximately $5.5 million for the three months ended March 31, 2007 as compared to the same period in 2006, primarily due to the increase in our operating properties due to acquisitions. The increase in general and administrative expenses of $3.4 million and the decrease in asset management fees of $3.5 million are primarily attributable to the internalization of our management in October 2006. The increase in interest expense of approximately $5.3 million is primarily attributable to higher average outstanding debt balances during the three months ended March 31, 2007 compared to the same period in 2006.

Liquidity and Capital Resources

Overview

We currently expect that our principal sources of working capital and funding for acquisitions and potential capital requirements for expansions and renovation of properties, developments, distributions to investors and debt service will include:

- Cash flows from operations;
- Proceeds from capital recycling, including asset contributions and dispositions;
- Borrowings under our senior unsecured credit facility;
- Other forms of secured or unsecured financings;
- Current cash balances; and
- Capital from our institutional capital management business.

We believe that our sources of capital are adequate and will continue to be adequate to meet our short−term liquidity requirements and capital commitments. These liquidity requirements and capital commitments include operating activities, debt service obligations, regular quarterly equityholder distributions, capital expenditures at our properties, forward purchase commitments (as more fully described below), and future acquisitions.

We expect to utilize the same sources of capital we rely on to meet our short−term liquidity requirements to meet our long−term liquidity requirements. We expect these resources will be adequate to fund our operating activities, debt service obligations and equityholder distributions and will be sufficient to fund our ongoing acquisition and development activities as well as to provide capital for investment in future development and other joint ventures along with additional potential forward purchase commitments. In addition, we may engage in future offerings of common stock or other securities.

Cash Flows

During the three months ended March 31, 2007 and 2006, our cash provided by operating activities increased $4.5 million, primarily related to increased operating income from our consolidated operating properties offset by increased interest expense related to higher outstanding indebtedness during the quarter ended March 31, 2007. During the three months ended March 31, 2007 our cash provided by investing activities was approximately $103.4 million and during the three months ended March 31, 2006, our cash used by investing activities was approximately $34.3 million. During the three months ended March 31, 2007, we completed the sale or contribution of nine properties compared to six properties during the three months ended March 31, 2006, which resulted in an increase of approximately $53.6 million in proceeds from dispositions of real estate investments. Additionally, we acquired $55.3 million less in real estate during the three months ended March 31, 2007 than during the same period in 2006. Finally, our capital expenditures were $24.3 million less during the three months ended March 31, 2007 compared to the same period in 2006 due to fewer construction projects completed during the three months ended March 31, 2007 and the completion of several large projects started in late 2005 during the three months ended 2006. During the three months ended March 31, 2007, our cash used by financing activities was approximately $54.5 million and during the three months ended March 31, 2006, our cash provided by financing activities was approximately $216.9 million. During the three months ended March 31, 2007, we received no proceeds for the sale of our common stock or debt issuances, however during the same period in 2006, we received $154.7 million and $50.0 million, respectively, in such proceeds. Additionally, our cash distributions to our equityholders increased by $21.6 million related to the increase in common stock and OP Units outstanding as of March 31, 2007.

During the three months ended March 31, 2007 we paid distributions of $30.8 million, which was funded with existing cash balances. During the three months ended March 31, 2006, payment of distributions of approximately $19.8 million were satisfied through the issuance of $11.0 million in common stock pursuant to our previous distribution reinvestment plan and $8.8 million of existing cash balances.

Our Operating Partnership's Private Placement

Prior to October 10, 2006, our operating partnership offered undivided tenancy−in−common interests, or TIC Interests, in our properties to accredited investors in a private placement exempt from registration under the Securities Act. These TIC Interests may have served as replacement properties for investors seeking to complete like−kind exchange transactions under Section 1031 of the Code. Additionally, the TIC Interests sold to accredited investors are 100% leased by our operating partnership pursuant to master leases, and such leases contain purchase options whereby our operating partnership has the right, but not the obligation, to acquire the TIC Interests from the investors at a later point in time in exchange for units in our operating partnership, or OP Units, under Section 721 of the Code.

The sales of the TIC Interests were included in financing obligations in our accompanying consolidated balance sheets pursuant to SFAS No. 98, *Accounting for Leases*, or SFAS No. 98. We have leased the TIC Interests sold to unrelated third parties, and in accordance with SFAS No. 98, a portion of the rental payments made to third parties under the lease agreements are recognized as a reduction to the related financing obligation and a portion is recognized as interest expense using the interest method.

During the three months ended March 31, 2007 and 2006, we incurred approximately $2.1 million and $2.8 million, respectively, of rental payments under various lease agreements with certain of the third−party investors. A portion of such amounts was accounted for as a reduction of the outstanding principal balance of the financing obligations and a portion was accounted for as interest expense in the accompanying consolidated financial statements. Included in interest expense was approximately $1.9 million and $2.2 million for the three months ended March 31, 2007 and 2006, respectively, of interest expense related to the financing obligation. The various lease agreements in place as of March 31, 2007 contain expiration dates ranging from March 2021 to August 2021.

The following table sets forth the five−year, future minimum rental payments due to third parties under the various lease agreements (in thousands):

Year Ending December 31,	Future Minimum Rental Payments
Remainder of 2007	$ 5,329
2008	7,458
2009	7,458
2010	7,545
2011	7,630
Thereafter	71,195
Total	$ 106,615

During the three months ended March 31, 2007, our operating partnership exercised purchase options to buy certain TIC Interests it had previously sold in 14 industrial properties located in Tennessee and Texas. In connection with the exercise of these options, our operating partnership issued an aggregate of approximately 6.8 million OP Units valued at approximately $76.9 million to acquire such TIC Interests. Related to the purchase of one of these buildings, we assumed a portion of a secured note totaling $14.9 million with an interest rate of 5.0% that was previously reflected in financing obligations. In connection with unexpired call options, we anticipate issuing between eight and nine million OP Units, depending on our average price of our common stock.

Institutional Capital Management

TRT–DCT Industrial Joint Venture I and II

We have entered into a strategic relationship with Dividend Capital Total Realty Trust, or DCTRT whereby we have entered into two joint ventures with DCTRT and/or its affiliates to serve as the exclusive vehicles through which DCTRT will acquire industrial real estate assets in certain major markets in which we currently operate until the end of 2008. The exclusivity provisions remain in effect so long as we introduce a certain minimum amount of potential acquisition opportunities within a specified time frame for each joint venture.

Debt Service Requirements

As of March 31, 2007, we had total outstanding debt, excluding premiums and financing obligations related to our operating partnership's private placement, of approximately $1.1 billion consisting primarily of unsecured notes and secured, fixed–rate, non–recourse mortgage notes. All of these notes require monthly or quarterly payments of interest and many require, or will ultimately require, monthly or quarterly repayments of principal. Currently, cash flows from our operations are sufficient to satisfy these monthly and quarterly debt service requirements and we anticipate that cash flows from operations will continue to be sufficient to satisfy our regular monthly and quarterly debt service. During the three months ended March 31, 2007 and 2006, our debt service, including principal and interest, totaled $19.5 million and $12.8 million, respectively.

Forward Purchase Commitments

Nexxus

In November 2006, we entered into six separate forward purchase commitments with Nexxus Desarrollos Industriales, or Nexxus, an unrelated third party, to acquire six newly constructed buildings totaling approximately 859,000 rentable square feet. The six buildings will be located on separate development sites in four submarkets in the metropolitan area of Monterrey, Nuevo Leon, Mexico. The forward purchase commitments obligate us to acquire each of the six facilities from Nexxus upon completion, subject to a variety of conditions related to, among other things, the buildings complying with approved drawings and specifications. Timing on the closings under the purchase obligations depends on leasing at each building. Our aggregate purchase price for the six facilities is no less than $33.8 million and increases as buildings are leased prior to closing. Contemporaneously with the execution of the forward purchase commitments, we provided Nexxus with six separate letters of credit aggregating $33.8 million to secure our future performance under the forward purchase commitments, all subject to a variety of construction and site–related conditions. Construction of the first building commenced in the first quarter of 2007. Closing on the individual buildings is expected to occur in 2007 and 2008.

Deltapoint

In March 2005, a wholly−owned subsidiary of our operating partnership entered into a joint venture agreement with Deltapoint Park Associates, LLC, an unrelated third−party developer, to acquire 47 acres of land and to develop an 885,000 square foot distribution facility located in Memphis, Tennessee. Deltapoint Park Partners LLC, or Deltapoint, a Delaware limited liability company, was created for the purpose of conducting business on behalf of the joint venture. Pursuant to Deltapoint's operating agreement, we were obligated to make the majority of the initial capital contributions and we received a preferred return on such capital contributions. Subsequent to the closing of a construction loan in May 2005, Deltapoint repaid us our initial capital contributions plus our preferred return, and we ceased to be a member of Deltapoint. Contemporaneously with the closing of the construction loan, our operating partnership entered into a forward purchase commitment agreement whereby we are obligated to acquire the distribution facility from Deltapoint upon the earlier to occur of (i) stabilization of the project, and (ii) May 2007, at a purchase price, mostly dependent upon leasing, based on the originally budgeted development costs of approximately $26.0 million. Our future performance under the forward purchase commitment is secured by a letter of credit in the amount of $5.3 million. Construction of the facility was completed early in 2006 and the facility is currently in the leasing phase, which is expected to be completed during the second quarter of 2007.

Distributions

The payment of distributions is determined by our board of directors and may be adjusted at its discretion at any time. In December 2006, our board of directors set the 2007 distribution level at an annualized $0.64 per share or OP unit. The distribution was set by our board of directors at a level it believed to be appropriate and sustainable based upon the evaluation of existing assets within our portfolio, anticipated acquisitions and dispositons, projected levels of additional capital to be raised, debt to be incurred in the future and our anticipated results of operations.

For the three months ended March 31, 2007 and 2006, our board of directors declared distributions to stockholders totaling approximately $31.9 million and $23.2 million, respectively, including distributions to OP unitholders. During the three months ended March 31, 2007, we paid distributions of $30.8 million on January 8, 2007, for distributions declared in the fourth quarter of 2006, funded with existing cash balances.

Outstanding Indebtedness

Our outstanding indebtedness consists of secured mortgage debt, unsecured notes and an unsecured revolving credit facility. As of March 31, 2007, outstanding indebtedness, excluding $53.8 million representing our proportionate share of debt associated with unconsolidated joint ventures, totaled approximately $1.1 billion. As of December 31, 2006, outstanding indebtedness also totaled approximately $1.1 billion. As of March 31, 2007, the historical cost of all our consolidated properties, including properties held for sale, was approximately $2.8 billion and the historical cost of all properties securing our fixed rate mortgage debt was approximately $1.3 billion. As of December 31, 2006, the total historical cost of our properties was approximately $2.9 billion and the total historical cost of properties securing our fixed rate mortgage debt was approximately $1.3 billion. Our debt has various covenants and we were in compliance with all of these covenants as of March 31, 2007 and December 31, 2006.

Line of Credit

In December 2006, we amended our senior unsecured revolving credit facility with a syndicated group of banks, increasing the total capacity from $250.0 million to $300.0 million and extending the maturity date from December 2008 to December 2010. The facility has provisions to increase its total capacity to $500.0 million. At our election, the facility bears interest either at LIBOR plus between 0.55% and 1.1%, depending upon our consolidated leverage, or at prime and is subject to an annual facility fee. The facility contains various covenants, including financial covenants with respect to consolidated leverage, tangible net worth, fixed charge coverage, unsecured indebtedness, fixed charge coverage and secured indebtedness. As of March 31, 2007 and December 31, 2006, we were in compliance with all of these covenants. As of March 31, 2007 and December 31, 2006, $22.0 million and $34.3 million, respectively, was outstanding under this facility.

Debt Issuances

There were no new debt issuances during the three months ended March 31, 2007. In January 2006, we issued, on a private basis, $50.0 million of senior unsecured notes requiring quarterly interest−only payments at a fixed interest rate of 5.68% which mature in January 2014. The proceeds from these note issuances were used primarily to fund acquisitions of properties.

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

Year Ended December 31,	Senior Unsecured Notes	Mortgage Notes	Line of Credit	Total
Remainder of 2007	$ —	$ 5,973	$ —	$ 5,973
2008	275,000	70,116	—	345,116
2009	—	7,641	—	7,641
2010	—	58,081	22,000	80,081
2011	50,000	233,528	—	283,528
2012	—	172,547	—	172,547
Thereafter	100,000	96,777	—	196,777
Total	$ 425,000	$ 644,663	$ 22,000	$1,091,663

Financing Strategy

We do not have a formal policy limiting the amount of debt we incur, although we currently intend to operate so that our indebtedness will not exceed 60% of our total market capitalization at the time of incurrence. Our total market capitalization is defined as the sum of the market value of our outstanding shares of common stock (which may decrease, thereby increasing our debt to total capitalization ratio), including shares of restricted stock that we will issue to certain of our officers under our long−term incentive plan, plus the aggregate value of OP Units not owned by us, plus the book value of our total consolidated indebtedness and our pro rata share of debt related to unconsolidated joint ventures. Since this ratio is based, in part, upon market values of equity, it will fluctuate with changes in the price of our shares of common stock; however, we believe that this ratio provides an appropriate indication of leverage for a company whose assets are primarily real estate. As of March 31, 2007, our debt to total market capitalization ratio was 32.9%. Our charter and our bylaws do not limit the amount or percentage of indebtedness that we may incur. We are, however, subject to certain leverage limitations pursuant to the restrictive covenants of our outstanding indebtedness. For example, under our senior unsecured revolving credit facility, we have agreed that we will not permit our total indebtedness to be more than 60% of our total asset value and our total secured indebtedness to be more than 40% of our total asset value. Our board of directors may from time to time modify our debt policy in light of then−current economic conditions, relative costs of debt and equity capital, market values of our properties, general conditions in the market for debt and equity securities, fluctuations in the market price of our common stock, growth and acquisition opportunities and other factors.

Off−Balance Sheet Arrangements

As of March 31, 2007 and December 31, 2006, 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. In addition to operating leases, we have $39.1 million of outstanding letters of credit and we own interests in unconsolidated joint ventures. Based on the provisions of the relevant joint venture agreements, we are not deemed to have control of these joint ventures sufficient to require or permit consolidation for accounting purposes (for additional information, see Note 1 to our consolidated financial statements). There are no lines of credit, side agreements, or any other derivative financial instruments related to or between our unconsolidated joint ventures and us, and we believe we have no material exposure to financial guarantees. Accordingly, our maximum risk of loss related to these unconsolidated joint ventures is generally limited to the carrying amounts of our investments in the unconsolidated joint ventures, which were $54.9 million and $42.3 million as of March 31, 2007 and December 31, 2006, respectively. We have, however, made certain non−recourse guarantees (referred to as standard non−recourse carve outs) with respect to certain debt issuances by these joint ventures, which, under certain limited circumstances, may become full−recourse guarantees.

Source: DCT Industrial Trust, 10−Q, May 09, 2007

Funds From Operations

We believe that net income, as defined by GAAP, is the most appropriate earnings measure. However, we consider FFO as defined by the National Association of Real Estate Investment Trusts, or NAREIT, to be a useful supplemental measure of our operating performance. NAREIT developed FFO as a relative measure of performance of an equity REIT in order to recognize that the value of income–producing real estate historically has not depreciated on the basis determined under GAAP. FFO is generally defined as net income, calculated in accordance with GAAP, plus real estate–related depreciation and amortization, less gain (or loss) from dispositions of real estate held for investment purposes and adjustments to derive our pro rata share of FFO of consolidated and unconsolidated joint ventures. Readers should note that FFO captures neither the changes in the value of our properties that result from use or market conditions, nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our results from operations. Other REITs may not calculate FFO in accordance with the NAREIT definition and, accordingly, our FFO may not be comparable to such other REITs' FFO. Accordingly, FFO should be considered only as a supplement to net income as a measure of our performance.

The following table presents the calculation of our FFO reconciled from net income for the periods indicated below on a historical basis (unaudited, amounts in thousands):

	Three Months Ended March 31,	
	2007	2006
Net income attributable to common shares	$ 15,355	$ 1,955
Adjustments:		
Real estate related depreciation and amortization	28,783	24,492
Equity in (income) losses of unconsolidated joint ventures	(74)	53
Equity in FFO of unconsolidated joint ventures	396	57
Gain on disposition of real estate interests	(7,885)	(3,988)
Gain on disposition of real estate interests related to discontinued operations	(9,561)	—
Gain on dispositions of nondepreciable real estate	3,711	—
Minority interest in the operating partnership's share of the above adjustments	(2,205)	(1,147)
Funds from operations attributable to common shares	28,520	21,422
FFO attributable to dilutive OP Units	4,797	282
Funds from operations attributable to common shares – diluted	$ 33,317	$ 21,704
Basic FFO per common share	$ 0.17	$ 0.15
Diluted FFO per common share	$ 0.17	$ 0.15
Weighted average common shares outstanding:		
Basic	168,355	145,402
Dilutive OP Units	28,365	1,913
Diluted	196,720	147,315

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss from adverse changes in market prices such as rental rates and interest rates. Our future earnings and cash flows are dependent upon prevailing market rates. Accordingly, we manage our market risk by matching projected cash inflows from operating, investing and financing activities with projected cash outflows for debt service, acquisitions, capital expenditures, distributions to stockholders and OP unit holders, and other cash requirements. The majority of our outstanding debt has fixed interest rates, which minimizes the risk of fluctuating interest rates.

Our exposure to market risk includes interest rate fluctuations in connection with our credit facility and other variable rate borrowings and forecasted fixed rate debt issuances, including refinancing of existing fixed rate debt. Interest rate risk may result from many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond our control. To manage interest rate risk for forecasted issuances of fixed rate debt, we primarily use treasury locks and forward−starting swaps as part of our cash flow hedging strategy. These derivatives are designed to mitigate the risk of future interest rate fluctuations by providing a future fixed interest rate for a limited, pre−determined period of time. During the three months ended March 31, 2007 and 2006, such derivatives were used to hedge the variable cash flows associated with forecasted issuances of debt, which are expected to occur during the period from 2007 through 2012, and certain variable rate borrowings. We do not use derivatives for trading or speculative purposes and only enter into contracts with major financial institutions based on their credit rating and other factors.

As of March 31, 2007, derivatives with a negative fair value of $9.7 million were included in other liabilities and derivatives with a positive fair value of $0.5 million were included in other assets. During the three months ended March 31, 2007 and 2006, no gain or loss was recorded as a result of ineffectiveness due to the change in estimated timing of the anticipated debt issuances. The liabilities associated with these derivatives would increase approximately $14.7 million if the market interest rate of the referenced swap index were to decrease 10% (or 0.52%) based upon the prevailing market rate as of March 31, 2007.

Similarly, our variable rate debt is subject to risk based upon prevailing market interest rates. As of March 31, 2007, we had approximately $322.2 million of variable rate debt outstanding. During June 2006, we entered into an eight−month LIBOR−based, forward−starting swap to mitigate the risk of increasing interest rates associated with $275.0 million of our variable rate debt through February 2007. If the prevailing market interest rates relevant to our remaining variable rate debt were to increase 10%, our interest expense for the three months ended March 31, 2007 and 2006 would have increased by approximately $402,000 and $0, respectively.

As of March 31, 2007, the estimated fair value of our debt was approximately $1.1 billion based on our estimate of the then−current market interest rates.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined under Rule 13a−15(e) under the Exchange Act, as of March 31, 2007, the end of the period covered by this annual report. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that our disclosure controls and procedures will detect or uncover every situation involving the failure of persons within DCT Industrial Trust Inc. or its affiliates to disclose material information otherwise required to be set forth in our periodic reports. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2007 in providing reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange commissions rules and forms.

Source: DCT Industrial Trust, 10−Q, May 09, 2007

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Changes in Internal Control over Financial Reporting

None.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors set forth in Item 1A. to Part I of our Form 10–K filed on March 14, 2007.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

Source: DCT Industrial Trust, 10–Q, May 09, 2007

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ITEM 6. EXHIBITS

a. Exhibits

+10.1	Form of Indemnification Agreement entered into by executive officers and directors
+31.1	Rule 13a−14(a) Certification of Principal Executive Officer
+31.2	Rule 13a−14(a) Certification of Principal Financial Officer
+32.1	Section 1350 Certification of Principal Executive Officer
+32.2	Section 1350 Certification of Principal Financial Officer

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\+ Filed herewith.

Source: DCT Industrial Trust, 10−Q, May 09, 2007

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DCT INDUSTRIAL TRUST INC.

Date: May 9, 2007	/s/ Philip L. Hawkins **Philip L. Hawkins** **Chief Executive Officer**
Date: May 9, 2007	/s/ Stuart B. Brown **Stuart B. Brown** **Chief Financial Officer**

Source: DCT Industrial Trust, 10−Q, May 09, 2007

EXHIBIT INDEX

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+32.1	Section 1350 Certification of Principal Executive Officer
+32.2	Section 1350 Certification of Principal Financial Officer

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\+ Filed herewith.

Source: DCT Industrial Trust, 10−Q, May 09, 2007

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The following directors and executive officers are parties to an Indemnification Agreement in the form of Exhibit 10.1, which Indemnification Agreements differ with respect to the terms indicated:

Name	Commencement Date
Thomas G. Wattles	March 15, 2007
Philip L. Hawkins	March 15, 2007
Phillip R. Altinger	March 27, 2007
Thomas F. August	March 15, 2007
John S. Gates, Jr.	March 15, 2007
Tripp H. Hardin	March 15, 2007
James R. Mulvihill	March 15, 2007
John C. O'Keeffe	March 14, 2007
Bruce L. Warwick	March 15, 2007
James D. Cochran	March 15, 2007
Stuart B. Brown	March 15, 2007
Daryl H. Mechem	March 15, 2007
Matthew T. Murphy	March 15, 2007
Michael J. Ruen	March 15, 2007
Stephen K. Schutte	March 15, 2007

Source: DCT Industrial Trust, 10−Q, May 09, 2007

FORM OF INDEMNIFICATION AGREEMENT

This INDEMNIFICATION AGREEMENT (this “Agreement”) is made and entered into as of this day of October, 2006, by and between DCT Industrial Trust Inc., a Maryland corporation (the “Company”), and (“Indemnitee”).

WHEREAS, Indemnitee is [[*delete the following for non−directors*:] [a member of the Company’s Board of Directors (the “Board of Directors”),] [[*delete the following for non−employee directors and officers who are not directors*:] [and is also]] [[*delete the following for non−employee directors*:] [a member of the Company’s management and an officer of the Company]], and is entitled to indemnification in such [[*for non−employee directors*:] [capacity]] [[*for directors who are also employees, and officers*:] [capacities]] and may be reimbursed for certain expenses pursuant to (and subject to the limitations provided in) the Company’s charter (the “Charter”), its bylaws (the “Bylaws”) and applicable law;

WHEREAS, Indemnitee wishes to (i) be assured to the greatest extent reasonably practicable that Indemnitee is protected against the risks of claims and litigation which may result from Indemnitee’s acts or omissions made on behalf of the Company or its affiliates, and (ii) clarify the procedures and presumptions which will apply if Indemnitee seeks such protection;

WHEREAS, the Board of Directors [[*delete the following for directors*:] of the Company (the “Board of Directors”)] has determined that it is appropriate and in the best interests of the Company and the Company’s stockholders that the Company should act to assure Indemnitee that there will be increased certainty of such protection and that such assurance should be provided prior to any actions taken or omissions made by Indemnitee on behalf of the Company or its affiliates; and

WHEREAS, Indemnitee is willing to continue to serve the Company on the condition that Indemnitee be so indemnified;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

SECTION 1. Indemnification — General. The Company shall indemnify and advance Expenses (as hereinafter defined) to Indemnitee as provided in this Agreement and to the fullest extent permitted by applicable law and the Company’s Charter and Bylaws in effect on the date hereof or to such extent as applicable law and the Charter and Bylaws thereafter from time to time may permit; *provided*, *however*, that no change in Maryland law or the Charter or Bylaws shall have the effect of reducing the benefits available to Indemnitee hereunder based on Maryland law and the Charter and Bylaws as in effect on the date hereof. The rights of Indemnitee provided in this Section 1 shall include, without limitation, the rights set forth in the other sections of this Agreement, including any additional indemnification permitted by Section 2–418(g) of the Maryland General Corporation Law. This Agreement shall be effective with respect to any Proceeding (as hereinafter defined) including, without limitation, any Proceeding which relates to acts or omissions occurring or allegedly occurring at any time prior to the date of this Agreement. The rights of Indemnitee provided under the preceding sentences of this Section 1 shall include, but shall not be limited to, the rights set forth in the other Sections of this Agreement.

SECTION 2. Rights to Indemnification. Except as otherwise provided by Section 14, Indemnitee shall be entitled to the rights of indemnification provided in this Section 2 if, by reason of Indemnitee’s Corporate Status (as hereinafter defined), Indemnitee is, or is threatened to be made, a party to any threatened, pending or completed Proceeding. Pursuant to this Section 2, Indemnitee shall be indemnified against Expenses (as hereinafter defined), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding or any other issue or matter therein by reason of his Corporate Status, unless it is established by a preponderance of the evidence, as reflected in a final determination of a court of competent jurisdiction that is not subject to further appeal, that (i) the act or omission of Indemnitee was material to the matter(s) giving rise to the Proceeding and (A) was committed in bad faith or (B) was the result of active and deliberate dishonesty; (ii) Indemnitee actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal Proceeding, Indemnitee had reasonable cause to believe that the act or omission was unlawful (clauses (i), (ii) and (iii) are hereinafter collectively referred to as “Bad Conduct”). Notwithstanding the foregoing, if the Proceeding was one by or in the right of the Company, no indemnification shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company if applicable law prohibits such indemnification; *provided, however, that*, if applicable law so permits, indemnification shall nevertheless be made by the Company in such event if and only to the extent that the court in which such Proceeding shall have been brought or is pending, shall so determine.

SECTION 3. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a party to and is successful, on the merits or otherwise, in defense of any Proceeding, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in the defense of such Proceeding but is successful on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter, allocated on a reasonable and proportionate basis. For purposes of this Section 3, and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

SECTION 4. Indemnification of Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness in any Proceeding, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee on Indemnitee's or the Company's behalf in connection therewith.

SECTION 5. Advancement of Expenses. The Company shall advance all Expenses reasonably incurred by or on behalf of Indemnitee in connection with any threatened, pending or completed Proceeding to which Indemnitee is, or is threatened to be made a party, by reason of Indemnitee's Corporate Status, from time to time and as incurred, within 30 days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by (i) a written affirmation by Indemnitee of Indemnitee's good−faith belief that he has not engaged in Bad Conduct in connection with the matter(s) giving rise to, and is entitled to indemnification in connection with, such Proceeding, pursuant to and in accordance with the terms of this Agreement, and (ii) an undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined, as reflected in a final determination of a court of competent jurisdiction that is not subject to further appeal, that Indemnitee has engaged in Bad Conduct in connection with the matter(s) giving rise to such Proceeding and is therefore not entitled to be indemnified against such Expenses. To the extent that Expenses advanced to Indemnitee do not relate to a specific claim, issue or matter in the Proceeding, such Expenses shall be allocated on a reasonable and proportionate basis. The undertaking required by this Section 5 shall be an unlimited general obligation by or on behalf of Indemnitee and shall be accepted without reference to Indemnitee's financial ability to repay such advanced Expenses and without any requirement to post security therefor.

Source: DCT Industrial Trust, 10−Q, May 09, 2007

SECTION 6. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors of the Company in writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a), a determination, if required by applicable law, with respect to Indemnitee’s entitlement thereto shall be made in the specific case: (i) if a Change in Control (as hereinafter defined) shall have occurred, by Independent Counsel (as hereinafter defined) (unless Indemnitee shall request that such determination be made by the Board of Directors, in which case such determination shall be made by the person or persons provided for in clause (ii)(A), or in the manner provided for in clause (ii)(B), of this Section 6(b)) in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of all Disinterested Directors (as hereinafter defined), even though less than a quorum of the Board of Directors, or (B) if there are no Disinterested Directors, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee; and if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made in full within ten days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee’s entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including reasonable attorneys’ fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination or otherwise in connection with Indemnitee’s request for indemnification shall be borne by the Company (irrespective of the determination as to Indemnitee’s entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(c) In the event the determination of entitlement to indemnification is to be made by the Independent Counsel pursuant to Section 6(b) hereof, the Independent Counsel shall be determined as provided in this Section 6(c). The Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board of Directors, in which event the Board of Directors shall so select), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, within seven days after such written notice of selection shall have been given, may deliver to the other a written objection to such selection. If such objection to Independent Counsel selected by Indemnitee is made by the Company (or if such objection to Independent Counsel selected by the Board of Directors at the request of Indemnitee is made by Indemnitee), Indemnitee may select, and give the Company written notice of selection of, another Independent Counsel, in which event the Company may, within seven days after such written notice of selection shall have been given, deliver to Indemnitee a written objection to such selection. Any objection hereunder to Independent Counsel may be asserted only on the grounds that the Independent Counsel so selected does not meet the requirements of “Independent Counsel” as defined in Section 17 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. If any such written objections are made under this Section 6(c), the Independent Counsel so selected may not serve as Independent Counsel unless and until a court has determined that such objection is without merit. If, within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 6(a) hereof, in a case in which Independent Counsel is required to act pursuant to Section 6(b), no Independent Counsel shall have been

selected and not objected to, Indemnitee may petition any court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the selection of Independent Counsel and/or for the appointment of Independent Counsel under Section 6(b) hereof. The Company shall pay all fees and expenses (including reasonable attorneys' fees and disbursements) incurred by Indemnitee and incident to the procedures of this Section 6(c), regardless of the manner in which such Independent Counsel was selected or appointed. Upon the due commencement of any judicial proceeding pursuant to Section 8(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

SECTION 7. Presumption and Effect of Proceedings.

(a) In making any determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall in each case presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 6(a) of this Agreement, and the Company shall in each case have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption.

(b) If the determination of whether Indemnitee is entitled to indemnification is to be made (i) by the Board of Directors in the manner provided by Section 6(b) and no determination shall have been made within 45 days after receipt by the Company of the request therefor, or (ii) by Independent Counsel pursuant to Section 6(b) and no determination shall have been made by Independent Counsel within 45 days after the appointment of Independent Counsel pursuant to Section 6(c), then in either such case, if Indemnitee shall have complied with Indemnitee's obligations under Section 6(b), the requisite determination of entitlement to indemnification shall be deemed to have been made in favor of Indemnitee and Indemnitee shall be entitled to such indemnification.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by conviction, or upon a plea of *nolo contendere* or its equivalent, or an entry of probation prior to judgment, shall not create a presumption that Indemnitee engaged in Bad Conduct in connection with the matter(s) giving rise to such Proceeding.

SECTION 8. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 6 that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5, (iii) the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6(b) and such determination shall not have been made and delivered in a written opinion within the time period specified in Section 8(b), (iv) payment of indemnification is not made pursuant to Section 4 within ten days after receipt by the Company of a written request therefor, together with a statement reasonably evidencing the Expenses incurred by Indemnitee, (v) payment of indemnification is not made within ten days after a determination of entitlement thereto has been made pursuant to Section 6 or deemed to have been made pursuant to Section 7, or (vi) the Board of Directors unreasonably delays or withholds approval of a proposed settlement pursuant to Section 2, Indemnitee shall be entitled to an adjudication in any court of competent jurisdiction of Indemnitee's entitlement to such indemnification or advancement of Expenses or as to the reasonableness of the Board of Directors' failure to approve the proposed settlement. Indemnitee shall commence any such proceeding seeking an adjudication within 180 days following the date on which Indemnitee first has the right to commence such proceedings pursuant to this Section 8(a). The Company shall not oppose Indemnitee's right to seek any adjudication.

Source: DCT Industrial Trust, 10−Q, May 09, 2007

(b) In the event that a determination shall have been made pursuant to Section 6 that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 8 shall be conducted in all respects as a *de novo* trial on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding commenced pursuant to this Section 8, the presumption shall be that Indemnitee is entitled to indemnification and the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advancement of Expenses, or to approval of a proposed settlement, as the case may be.

(c) If a determination shall have been made or deemed to have been made pursuant to Section 6 or 7 that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 8, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 8 that the procedures and presumptions of this Agreement are not valid, binding or enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement.

(e) In the event Indemnitee, pursuant to this Section 8, seeks a judicial adjudication to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all expenses of the types described in the definition of Expenses in Section 17 of this Agreement actually and reasonably incurred by Indemnitee in such judicial adjudication, but only if Indemnitee prevails therein. If it shall be determined in said judicial adjudication that Indemnitee is entitled to receive part but not all of the indemnification or advancement of expenses sought, such expenses incurred by Indemnitee in connection with such judicial adjudication shall be appropriately prorated.

SECTION 9. Defense of the Underlying Proceeding.

(a) Indemnitee shall notify the Company reasonably promptly upon being served with or receiving any summons, citation, subpoena, complaint, indictment, information, notice, request or other document relating to any Proceeding which may result in the right to indemnification or the advance of Expenses hereunder; *provided*, *however*, that the failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to indemnification or the advance of Expenses under this Agreement unless the Company's ability to defend in such Proceeding or to obtain proceeds under any insurance policy is materially and adversely prejudiced thereby, and then only to the extent the Company is thereby actually so prejudiced.

(b) If Indemnitee is not an officer of the Company, Indemnitee, together with the other directors who are not officers of the Company (the "Outside Directors"), shall be entitled to employ, and be reimbursed for the fees and disbursements of, counsel separate from that chosen by indemnitees who are officers of the Company. The principal counsel for Outside Directors ("Principal Counsel") shall be determined by majority vote of the Outside Directors, and the principal counsel for the indemnitees who are not Outside Directors ("Separate Counsel") shall be determined by majority vote of such indemnitees. The obligation of the Company to reimburse Indemnitee for the fees and disbursements of counsel hereunder shall not extend to the fees and disbursements of any counsel employed by Indemnitee other than Principal Counsel or Separate Counsel, as the case may be, provided that (i) Indemnitee shall have the right to employ Indemnitee's counsel in any such Proceeding at Indemnitee's expense and (ii) if (A) the employment of counsel by Indemnitee has been previously authorized by the Company, (B)

Source: DCT Industrial Trust, 10−Q, May 09, 2007

Indemnitee shall have reasonably concluded with the advice of counsel that there is a substantial possibility that Principal Counsel or Separate Counsel, as the case may be, will have a conflict of interest in representing Indemnitee, or (C) the Company shall not continue to retain Principal Counsel or Separate Counsel, as the case may be, to defend such Proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Company.

(c) If the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice, subject to the prior approval of the Company, which shall not be unreasonably withheld, at the expense of the Company (subject to Section 10(d)), to represent Indemnitee in connection with any such matter.

SECTION 10. Non−Exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights, by indemnification or otherwise, to which Indemnitee may at any time be entitled under applicable law, the Charter, the Bylaws, any agreement, a vote of the stockholders, a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or any provision hereof shall be effective as to Indemnitee with respect to any act or omission by Indemnitee prior to such amendment, alteration or repeal.

(b) For so long as Indemnitee serves as a director and for a period thereafter so long as such director remains subject to liability under applicable statutes of limitations, the Company will cause to be maintained in full force and effect insurance coverage for the benefit of the Company's directors (including Indemnitee) in reasonable amounts substantially equivalent to the insurance coverage maintained by similarly situated companies with established and reputable insurers. To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employees, agent or fiduciary under such policy or policies. Without in any way limiting any other obligation under this Agreement, the Company shall indemnify Indemnitee for any payment by Indemnitee arising out of the amount of any deductible or retention and the amount of any excess of the aggregate of all judgments, penalties, fines, settlements and Expenses actually and reasonably incurred by Indemnitee in connection with a Proceeding over the coverage of any insurance referred to in the previous sentence.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

SECTION 11. Contribution. If the indemnification provided for in this Agreement for any reason is held by a court of competent jurisdiction to be unavailable to Indemnitee in respect of any Expenses, judgments, penalties, fines or amounts paid in settlement referred to herein, then the Company,

in lieu of indemnifying Indemnitee thereunder, shall contribute to the amount paid or payable by Indemnitee as a result of such Expenses, judgments, penalties, fines or amounts paid in settlement (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and Indemnitee, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and Indemnitee in connection with the action or inaction which resulted in such Expenses, judgments, penalties, fines or amounts paid in settlement, as well as any other relevant equitable considerations. In connection with the registration of the Company's securities, the relative benefits received by the Company and Indemnitee shall be deemed to be in the same respective proportions that the net proceeds from the offering (before deducting expenses) received by the Company and Indemnitee, in each case as set forth in the table on the cover page of the applicable prospectus, bear to the aggregate public offering price of the securities so offered. The relative fault of the Company and Indemnitee shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or Indemnitee and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and Indemnitee agree that it would not be just and equitable if contribution pursuant to this Section 11 were determined by pro rata or per capita allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. In connection with any registration of the Company's securities, in no event and notwithstanding the other provisions of this Section 11 shall Indemnitee be required to contribute any amount hereunder in excess of the lesser of (i) that proportion of the total of such Expenses, judgments, penalties, fines or amounts paid in settlement indemnified against equal to the proportion of the total securities sold under such registration statement that is being sold by Indemnitee or (ii) the proceeds received by Indemnitee from its sale of securities under such registration statement. No person found guilty of fraudulent misrepresentation (within the meaning of Section 10(f) of the Securities Act of 1933, as amended) shall be entitled to contribution from any person who was not found guilty of such fraudulent misrepresentation.

SECTION 12. Successors and Assigns.

(a) This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee's heirs, executors and administrators.

(b) The indemnification and advance of Expenses provided by, or granted pursuant to, this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, trustee, officer, employee or agent of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the written request of the Company, and shall inure to the benefit of Indemnitee and his spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(c) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Source: DCT Industrial Trust, 10−Q, May 09, 2007

SECTION 13. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

SECTION 14. Exception to Right of Indemnification or Advancement of Expenses. Except as otherwise expressly provided in this Agreement, Indemnitee shall not be entitled to indemnification or advancement of Expenses under this Agreement with respect to any Proceeding, or any claim therein, brought or made by Indemnitee against the Company or any of its directors.

SECTION 15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought need be produced to evidence the existence of this Agreement.

SECTION 16. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

SECTION 17. Definitions. For the purposes of this Agreement:

(a) “Change in Control” means (i) any sale, merger, consolidation or other form of business combination involving the Company if, following consummation thereof, the holders of the Company’s stock immediately prior to such consummation hold in the aggregate less than 50% of the combined voting power of the acquiring or surviving entity; (ii) any sale of a substantial portion of the assets of the Company or its subsidiaries; (iii) any other transaction that results in the effective sale or other disposition of the principal business and operations of the Company by its current owners; or (iv) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (including for this purpose any new director whose election or nomination for election by the Company’s stockholders was approved by a vote of at least two−thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute a majority of the Board of Directors.

(b) “Corporate Status” describes the status of a person who is or at any time whether or not prior to the date of this Agreement was a director, officer, employee or agent of the Company, including such person’s status as a member of any committee of the Company’s Board of Directors.

(c) “Disinterested Director” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(d) “Expenses” shall include all reasonable out−of−pocket attorneys’ fees, retainers, court costs, transcript costs, fees of expert witnesses, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness in a Proceeding.

Source: DCT Industrial Trust, 10−Q, May 09, 2007

(e) “Independent Counsel” means a law firm that is experienced in matters of corporation law as applicable to Maryland and neither presently, nor in the past five years has been retained to represent: (i) the Company, any subsidiary of the Company, any member of the Board of Directors or Indemnitee in any matter material to any such party, or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(f) “Proceeding” includes any action, suit, arbitration, alternate dispute−resolution mechanism, investigation, administrative hearing or any other proceeding (whether civil, criminal, administrative or investigative), but does not include a proceeding initiated by Indemnitee pursuant to Section 8 of this Agreement.

SECTION 18. Agreement; Modification and Waiver. This Agreement supersedes in its entirety any existing or prior agreement between the Company and Indemnitee pertaining to the subject matter of indemnification and insurance therefor. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

SECTION 19. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder.

SECTION 20. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) when delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (ii) if mailed by certified or registered mail with postage prepaid, on the fifth business day after the date on which it is mailed or (iii) when received in the form of facsimile:

(a) If to Indemnitee, to the address set forth under the signature of Indemnitee below.

(b) If to the Company, to: DCT Industrial Trust Inc.

518 17th Street

Suite 1700

Denver, Colorado 80202

Fax Number: (303) 228−2201

Attention: Secretary

or to such other address as may have been furnished by a party to the other.

SECTION 21. Governing Law. The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland without application of the conflict of laws principles thereof.

SECTION 22. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate.

Source: DCT Industrial Trust, 10−Q, May 09, 2007

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first above written.

COMPANY:

DCT INDUSTRIAL TRUST INC.

By: ______________________________
Name:
Title:

INDEMNITEE:

____
Name:
Address:

Tel:

Source: DCT Industrial Trust, 10−Q, May 09, 2007

Exhibit 31.1

Certification Pursuant to Rule 13a–14(a)

Under the Securities Exchange Act of 1934, As Amended

I, Philip L. Hawkins, certify that:

1. I have reviewed this quarterly report on Form 10–Q of DCT Industrial Trust Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 9, 2007

By: /s/ Philip L. Hawkins
Philip L. Hawkins
Chief Executive Officer

Certification Pursuant to Rule 13a−14(a)

Under the Securities Exchange Act of 1934, As Amended

I, Stuart B. Brown, certify that:

1. I have reviewed this quarterly report on Form 10−Q of DCT Industrial Trust Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 9, 2007

By: /s/ Stuart B. Brown
Stuart B. Brown
Chief Financial Officer

Certification Pursuant to 18 U.S.C. Section 1350

(As Adopted Pursuant to Section 906 of the Sarbanes−Oxley Act of 2002)

Pursuant to section 906 of the Sarbanes−Oxley Act of 2002, the undersigned officer of DCT Industrial Trust Inc., a Maryland corporation (the "Company"), does hereby certify with respect to the Quarterly Report of the Company on Form 10−Q for the period ended March 31, 2007, as filed with the Securities and Exchange Commission (the "Report") that, to his knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2007

/s/ Philip L. Hawkins

Philip L Hawkins
Chief Executive Officer

Certification Pursuant to 18 U.S.C. Section 1350

(As Adopted Pursuant to Section 906 of the Sarbanes−Oxley

Act of 2002)

Pursuant to section 906 of the Sarbanes−Oxley Act of 2002, the undersigned officer of DCT Industrial Trust Inc., a Maryland corporation (the "Company"), does hereby certify with respect to the Quarterly Report of the Company on Form 10−Q for the period ended March 31, 2007, as filed with the Securities and Exchange Commission (the "Report") that, to his knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2007

/s/ Stuart B. Brown

Stuart B. Brown
Chief Financial Officer

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