

DIVIDEND CAPITAL TRUST INC
Form DEFM14A
September 01, 2006
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

DIVIDEND CAPITAL TRUST INC.

(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

CALCULATION OF FILING FEE

Title of Each Class of Securities to Which Transaction Applies	Aggregate Number of Securities	Proposed Maximum Aggregate Value of Transaction(1)	Total Fee Paid(2)
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	to Which Transaction Applies		
Limited Partnership Units of Dividend Capital Operating Partnership LP	15,111,111 Limited Partnership Units	\$ 170,000,000	\$ 34,000

- (1) Estimated solely for the purpose of computing the amount of the filing fee pursuant to Rule 0-11(c)(1)(i) under the Securities Exchange Act of 1934, as amended.
- (2) Pursuant to Rules 14a-6(i)(1) and 0-11(a)(4) and (c)(1) under the Securities Exchange Act of 1934, as amended, a fee of \$34,000 has been paid herewith, which is equal to 1/50th of 1% of the value of the securities to be transferred to security holders in the transaction.

x Fee paid previously with preliminary materials:

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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DIVIDEND CAPITAL TRUST INC.

518 17th Street, Suite 1700

Denver, Colorado 80202

September 5, 2006

Dear Stockholder:

You are cordially invited to attend the 2006 Annual Meeting of Stockholders of Dividend Capital Trust Inc., a Maryland corporation, to be held on October 6, 2006, at 10:00 a.m., local time, at the Westin Tabor Center, 1672 Lawrence Street, Denver, Colorado 80202 (we refer to the meeting, including any adjournment or postponement, as the **Annual Meeting**). Enclosed with this letter are the notice setting forth the business to come before the Annual Meeting, the proxy statement and the proxy card. Our 2005 Annual Report was mailed to you on or about April 30, 2006.

At the Annual Meeting, in addition to considering and voting on routine business matters including the election of directors, you will be asked to consider and vote on several other matters that are important to the future of our company. Specifically, you will be asked to consider and vote upon proposals that, if adopted, will:

allow us to complete a conversion later this year from our current externally-advised structure to the kind of self-advised structure that is more typical of large, publicly-traded real estate investment trusts (**REITs**); and

position us to pursue a stock exchange listing of our shares of common stock, par value \$0.01 per share (our **common shares**), if and when market conditions make it desirable to do so and it is otherwise in our best interest.

These matters are detailed briefly below, and are explained in more detail in the enclosed materials. I urge you to read these materials carefully.

Since our inception, our day-to-day operations have been managed by our external advisor, Dividend Capital Advisors LLC (the **Advisor**), under the supervision of our Board of Directors (the **Board**) pursuant to the terms and conditions of an advisory agreement with the Advisor. Our Board has been evaluating whether we should convert from our current external advisory structure to a self-advised structure in order to obtain the financial and other benefits described below and in the enclosed proxy statement. After due deliberation and consideration of various factors and upon the recommendation of a special committee of our Board comprised of our independent directors, our Board determined that it would be fair and reasonable to us and advisable and in the best interests of our company and our stockholders to become self-advised to realize those benefits. We propose to accomplish this by acquiring the Advisor and thereby internalizing the operations of the Advisor (the **Internalization**).

Since our inception, our common shares have not been listed or traded on any securities exchange (**Listed**), such as the New York Stock Exchange, Inc. (**NYSE**) or The Nasdaq Stock Market, Inc., or in the over-the-counter market. In addition to considering the Internalization, our Board has also been considering whether we should list our common shares on a national securities exchange (a **Listing**) and has decided that a Listing is likely to be beneficial to us and our stockholders. Accordingly, our Board is recommending a series of additional corporate actions requiring your vote that will better position us to pursue a Listing, if market conditions make it desirable to do so and it is otherwise in our best interest to do so.

In our current externally-advised structure, we do not have any of our own employees. In exchange for the Advisor's services, we pay compensation to the Advisor that includes among other components a base advisory fee, capital raising fees and acquisition fees. In addition, Dividend Capital Advisors Group LLC, the parent

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company of the Advisor (the **Advisor's Parent**), holds a special series of units of limited partnership interest (the **Special Units**) in our operating partnership, Dividend Capital Operating Partnership LP (our **Operating Partnership**), that entitle it to certain special distribution rights in connection with, among other events, our liquidation or a termination of the advisory agreement with the Advisor.

When we were organized in April 2002, our Board determined that the size and scope of our business operations were insufficient to support the overhead costs associated with a self-advised structure. Accordingly, we contracted with the Advisor to provide all personnel, accounting, administrative and other support services and resources necessary for our business operations. Since then, we have grown rapidly. We held over \$2.8 billion in assets at June 30, 2006. Based upon our current size and the scope of our operations, we believe that we comfortably exceed the critical mass required to support a self-advised structure. If we consummate the Internalization, we expect to hire various individuals associated with the Advisor or its affiliates who have been, and are expected to continue to be, instrumental in our growth and continued operations. We believe the Internalization will provide us with an experienced management team with industry expertise, management capabilities and a unique knowledge of our assets and business strategies.

As explained below, we believe that by completing the Internalization we will enhance the likelihood of a successful Listing; however, we expect that the Internalization will be beneficial to us even if we do not complete a Listing. We believe the Internalization that we are proposing will be accretive over time to our net income per share and our funds from operations (**FFO**) per share because the reduction in our operating costs that will result from eliminating the advisory and other fees we otherwise would continue to pay to the Advisor will more than offset the dilutive effect of the issuance of additional units of limited partnership interest in our Operating Partnership (**OP Units**) pursuant to the Internalization and the direct employee and related expenses we will incur. We also believe that the kinds of equity-based compensation arrangements we will enter into with the members of our senior management team effective upon the closing of the Internalization will better align their interests with those of our stockholders than the current arrangements (under which many of those managers have indirect interests in the equity or net cash flow of the Advisor).

Our Board's review of strategic alternatives included a deliberation of whether we should pursue a Listing because of the advantages a Listing could bring. Among other things, a Listing would create greater liquidity for our stockholders, who at present have only very limited opportunities to sell their common shares if and when they wish to do so. A Listing also could allow us greater access to capital to fund our future growth. Finally, our charter (the **Articles**) requires that, by February 2013, we either arrange for a Listing of our common shares on a national securities exchange or an over-the-counter market, or begin a liquidation of our assets in an orderly fashion. Completing a Listing well before 2013 could help eliminate uncertainty about whether we could be forced to liquidate at that time. After considering these factors, our Board has decided that we should pursue a Listing following the consummation of the Internalization, if and when market conditions make it desirable to do so and it is otherwise in our best interest to do so. However, there can be no assurance that we will in fact complete a Listing or that market conditions will permit us to do so. In addition, while we believe that the proposed Internalization should help facilitate a Listing, the Internalization we are proposing is not contingent upon completion of a Listing because we believe the Internalization will be beneficial to us whether or not we complete a Listing.

We believe any future Listing will be more likely to be successful if we are self-advised. Companies that qualify as REITs for U.S. federal income tax purposes and whose securities are publicly traded and listed on the NYSE (**Listed REITs**), including REITs like us that own industrial properties, are predominantly self-advised. As of the date of the enclosed proxy statement, 96 of the 100 largest Listed equity REITs by equity market capitalization were self-advised. We believe the prevalence of the self-advised model reflects investor preference and that, if our common shares were Listed, investors and market analysts could view us more favorably if we were self-advised. We also believe that in light of these investor preferences, being self-advised when we are Listed could positively impact our share price performance.

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The Internalization, which our Board is recommending for your approval, will be effectuated through the contribution by the Advisor's Parent of the entire outstanding membership interest, and all economic interests, in the Advisor. The Advisor's Parent will receive an aggregate of 15,111,111 OP Units (the **Internalization Consideration**) in the Internalization, which includes the modification of the Special Units held by the Advisor's Parent into OP Units. The Internalization will be effected pursuant to a contribution agreement dated as of July 21, 2006 by and among us, our Operating Partnership and the Advisor's Parent (the **Contribution Agreement**). In connection with the Internalization, we have entered into employment agreements (the **Employment Agreements**) with certain individuals associated with the Advisor or its affiliates pursuant to which those individuals will become our employees effective upon the closing of the Internalization.

All of our officers and some of our directors are employees of or consultants to the Advisor or its affiliates and some of our directors and officers indirectly hold membership interests in the Advisor's Parent that, in the aggregate, constitute more than a majority of the outstanding membership interests in the Advisor's Parent. These relationships result in those directors and officers having material financial interests in the Internalization. To address these potential conflicts of interest and to satisfy certain requirements contained in our Articles, our Board formed a special committee consisting of our four independent directors, who are not our officers and have no financial interest in the Advisor's Parent or the proposed Internalization that differs from those of our stockholders (the **Special Committee**). Our Board authorized the Special Committee to review, consider and negotiate the terms and conditions of the Internalization and to make a recommendation to our entire Board on whether to pursue the Internalization and, if so, on what terms and conditions. In evaluating the Internalization, the Special Committee engaged and consulted with its own legal and financial advisors and considered various factors which are more fully described in the accompanying proxy statement.

In anticipation of the Internalization, we are proposing to amend and restate our Articles to reflect that we will be self-advised effective on the closing of the Internalization and to change the name of our company to DCT Industrial Trust Inc. To facilitate a possible future Listing, we are proposing a second set of amendments to our Articles that would become effective only upon consummation of a Listing, to conform more closely with the charters of other Listed REITs. In connection with these amendments to our Articles, we also will amend our bylaws (the **Bylaws**) in order to make conforming changes, but the changes to the Bylaws will not require action by our stockholders.

Our Board has authorized, and is recommending that you approve, the adoption of a 2006 Long-Term Incentive Plan and a 2006 Incentive Compensation Plan. These plans were established by the Board, which worked with its legal advisors and with employment compensation consultants to survey and study the market compensation ranges of our competitors, and are designed to help us to attract, retain and motivate highly qualified individuals and more directly align the interests of our management with those of our stockholders. The Employment Agreements, which will generally become effective as of the closing of the Internalization, are with the persons who will constitute our senior management following the Internalization. These agreements provide, among other things, for long-term incentive compensation awards and target bonuses that will be paid pursuant to the plans we are proposing for adoption. If the 2006 Long-Term Incentive Plan is not approved by our stockholders, pursuant to the terms of the Employment Agreements, the members of our senior management will be entitled to terminate their respective agreements for good reason. Further, if the 2006 Long-Term Incentive Plan is not approved by our stockholders, it could materially adversely affect our ability to retain senior management and attract qualified replacements and other personnel.

At this year's Annual Meeting, you are being asked to consider and vote on the following seven proposals:

A proposal to elect seven nominees to our Board to hold office until the 2007 Annual Meeting of Stockholders or until their respective successors are duly elected and qualified, which requires the affirmative vote of holders of a majority of our common shares present in person or by proxy and entitled to vote at a meeting where a quorum is present (we refer to this proposal in the accompanying proxy statement as the **Director Proposal**).

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A proposal to ratify our selection of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2006, which requires the affirmative vote of a majority of the votes cast at a meeting where a quorum is present (we refer to this proposal in the accompanying proxy statement as the **Accountant Proposal**).

A proposal to approve the Internalization, which, pursuant to the Contribution Agreement, requires the affirmative vote of the holders of at least a majority of our common shares represented in person or by proxy that are entitled to be and actually are voted at a meeting where a quorum is present (excluding for this purpose common shares beneficially owned by any of the Advisor, the Advisor's Parent or their affiliates) (we refer to this proposal in the accompanying proxy statement as the **Internalization Proposal**).

Some of our directors collectively have beneficial ownership and control with their respective spouses of an aggregate of a 58.9% membership interest in the Advisor's Parent and are collectively entitled to receive 32.644% of the net cash flow of the Advisor's Parent (**Cash Flow Interests**), and the Internalization will result in such persons collectively receiving indirect beneficial ownership with their respective spouses of approximately 4.9 million OP Units. As required by our Articles, the common shares owned by our directors and officers and their respective affiliates are not entitled to be voted on the Internalization Proposal. **Even if approved by our stockholders, the Internalization Proposal will not be implemented unless certain other closing conditions to the Internalization, as set forth in the Contribution Agreement, are satisfied. Any or all of the closing conditions to our performance obligations under the Contribution Agreement may be waived by us in our sole discretion.**

A proposal to approve an amendment and restatement of our Articles, which will become effective upon consummation of the Internalization and requires the affirmative vote of the holders of at least a majority of our outstanding common shares, to modify certain provisions to reflect that we have become self-advised and to change the name of our company to DCT Industrial Trust Inc. (we refer to this proposal in the accompanying proxy statement as the **Pre-Listing Charter Amendment Proposal**). **Even if approved by our stockholders, this proposal will not be implemented unless the Internalization occurs. If this proposal is approved and the Internalization occurs, this proposal will be implemented regardless of whether the Post-Listing Charter Amendment Proposal described below is approved.**

A proposal to approve a further amendment and restatement of our Articles, which will become effective upon a Listing and requires the affirmative vote of the holders of at least a majority of our outstanding common shares, to modify certain provisions to conform more closely to the articles of incorporation of Listed REITs (we refer to this proposal in the accompanying proxy statement as the **Post-Listing Charter Amendment Proposal**). **Even if approved by our stockholders, this proposal will not be implemented unless a Listing occurs and the Pre-Listing Charter Amendment Proposal is approved.**

A proposal to approve and adopt our 2006 Long-Term Incentive Plan, which requires the affirmative vote of a majority of the votes cast at a meeting where a quorum is present and at which the total votes cast on this matter represent over 50% of the shares entitled to vote (we refer to this proposal in the accompanying proxy statement as the **Long-Term Incentive Plan Proposal**). **If approved, this proposal will be implemented regardless of whether the other proposals being considered at the Annual Meeting are approved by our stockholders.**

A proposal to approve and adopt our 2006 Incentive Compensation Plan, which requires the affirmative vote of a majority of the votes cast at a meeting where a quorum is present (we refer to this proposal in the accompanying proxy statement as the **Incentive Compensation Plan Proposal**). **If approved, this proposal will be implemented regardless of whether the other proposals being considered at the Annual Meeting are approved by our stockholders.**

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In addition to these seven proposals, at the Annual Meeting you may be asked to consider any other matters that properly may be presented at the Annual Meeting or any adjournment or postponement of the Annual Meeting, including proposals to adjourn the Annual Meeting with respect to proposals for which insufficient votes to approve were cast, and, with respect to such proposals, to permit further solicitation of additional proxies by our Board.

The accompanying proxy statement contains a more complete description of the Internalization Proposal and each of the other proposals that you are being asked to approve. It also explains the material financial interests of our officers and some of our directors in the Internalization. We urge you to carefully review the accompanying proxy statement and its appendices.

Our Board unanimously recommends that you vote **FOR** each of the proposals to be considered and voted on at the Annual Meeting (Messrs. Thomas Wattles, Evan Zucker and James Mulvihill, who have material financial interests in the Internalization, have abstained from joining in our Board's recommendation with respect to the Internalization Proposal).

Your vote is very important. Regardless of the number of common shares that you own, it is very important that your common shares be represented at our Annual Meeting. This year, you may authorize your proxy over the Internet, as well as by telephone or by mailing a proxy card. Authorizing your proxy over the Internet, by telephone, or in writing will ensure your representation at the Annual Meeting if you choose not to attend in person. Please complete the proxy card and return it in the accompanying postage-paid envelope or grant your proxy by telephone or over the Internet, even if you plan to attend the Annual Meeting. If you attend the Annual Meeting in person, you may, if you wish, revoke your proxy and vote in person.

Sincerely,

Evan H. Zucker
Chief Executive Officer and Secretary

Questions and requests for assistance in voting your common shares may be directed to Georgeson Shareholder Communications, which is assisting us with the solicitation of proxies, toll-free at 1-866-295-3663.

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DIVIDEND CAPITAL TRUST INC.

518 17th Street, Suite 1700

Denver, Colorado 80202

Notice of Annual Meeting of Stockholders and Proxy Statement

Annual Meeting to be Held on October 6, 2006

To Our Stockholders:

Notice is hereby given that the 2006 Annual Meeting of Stockholders of Dividend Capital Trust Inc., a Maryland corporation, will be held at 10:00 a.m., local time, on October 6, 2006, at the Westin Tabor Center, 1672 Lawrence Street, Denver, Colorado 80202 (we refer to the meeting, including and any adjournment or postponement, as the **Annual Meeting**) for the following purposes:

1. To elect seven nominees to our board of directors (the **Board**) to hold office until the 2007 Annual Meeting of Stockholders or until their respective successors are duly elected and qualified. This proposal (we refer to this proposal in the accompanying proxy statement as the **Director Proposal**) requires the affirmative vote of holders of a majority of the shares of common stock, par value \$0.01 per share (our **common shares**), present in person or by proxy and entitled to vote at a meeting where a quorum is present.
2. To consider and vote upon a proposal to ratify our selection of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2006. This proposal (we refer to this proposal in the accompanying proxy statement as the **Accountant Proposal**) requires the affirmative vote of a majority of the votes cast at a meeting where a quorum is present.
3. To consider and vote upon a proposal to approve the acquisition by Dividend Capital Operating Partnership LP (our **Operating Partnership**) of Dividend Capital Advisors LLC, our external advisor that manages our day-to-day activities under the supervision of our Board (the **Advisor**). Pursuant to the Contribution Agreement, dated as of July 21, 2006 (the **Contribution Agreement**), by and among us, our Operating Partnership and Dividend Capital Advisors Group LLC, the parent company of the Advisor (the **Advisor's Parent**), this proposal (we refer to this proposal in the accompanying proxy statement as the **Internalization Proposal**) requires the affirmative vote of the holders of at least a majority of our common shares represented in person or by proxy that are entitled to be and actually are voted at a meeting where a quorum is present (excluding for this purpose common shares beneficially owned by any of the Advisor, the Advisor's Parent or their affiliates). As required by our charter (the **Articles**), the common shares owned by our directors and officers and their respective affiliates are not entitled to be voted on the Internalization Proposal. Pursuant to the Contribution Agreement, the parties propose to accomplish this internalization (the **Internalization**) through the contribution by the Advisor's Parent of the entire outstanding membership interest, and all economic interests, in the Advisor in exchange for aggregate consideration of 15,111,111 units of limited partnership interest (**OP Units**) in our Operating Partnership (the **Internalization Consideration**), which includes the modification of a special series of units of limited partnership interest (the **Special Units**) in our Operating Partnership held by Advisor's Parent into OP Units. **Even if the Internalization Proposal is approved by our stockholders, the Internalization will not be completed unless certain conditions, as set forth in the Contribution Agreement, are satisfied or waived. Any or all of the closing conditions to our performance obligations under the Contribution Agreement may be waived by us in our sole discretion.**
4. To consider and vote upon a proposal to approve an amendment and restatement of our Articles in connection with the proposed Internalization. This proposal (we refer to this proposal in the accompanying proxy statement as the **Pre-Listing Charter Amendment Proposal**) requires the affirmative vote of the holders of at least a majority of our outstanding common shares. The principal purposes of the amendment contemplated by this proposal are to reflect that, following completion of the Internalization, we no longer will be externally advised and to change the name of our company to DCT Industrial Trust Inc. **Even if the Pre-Listing Charter Amendment Proposal is approved by our stockholders, the amendment will not take effect unless the Internalization occurs. Further, if this proposal is approved and the Internalization occurs, this proposal may be implemented regardless of whether the Post-Listing Charter Amendment Proposal described below is approved.**

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5. To consider and vote upon a proposal to approve a further amendment and restatement of our Articles, which will become effective upon a future listing or quotation (a **Listing**) of our existing outstanding common shares on a national securities exchange, including the New York Stock Exchange, Inc. (the **NYSE**) or The Nasdaq Stock Market, Inc., or an over-the-counter market. This proposal (we refer to this proposal in the accompanying proxy statement as the **Post-Listing Charter Amendment Proposal**) requires the affirmative vote of the holders of at least a majority of our outstanding common shares. The principal purpose of the amendment contemplated by this proposal is to conform the provisions of our Articles more closely to the charters of other real estate investment trusts whose securities are publicly traded and listed on the NYSE. **Even if the Post-Listing Charter Amendment Proposal is approved by our stockholders, the amendment will not take effect unless a Listing occurs and the Pre-Listing Charter Amendment Proposal is approved.**

6. To consider and vote upon a proposal to approve and adopt our 2006 Long-Term Incentive Plan. This proposal (we refer to this proposal in the accompanying proxy statement as the **Long-Term Incentive Plan Proposal**) requires the affirmative vote of a majority of the votes cast at a meeting where a quorum is present and at which the total votes cast on this matter represent over 50% of the shares entitled to vote. **If approved, the Long-Term Incentive Plan Proposal will be implemented regardless of whether the other proposals being considered at the Annual Meeting are approved by our stockholders.**

7. To consider and vote upon a proposal to approve and adopt our 2006 Incentive Compensation Plan. This proposal (we refer to this proposal in the accompanying proxy statement as the **Incentive Compensation Plan Proposal**) requires the affirmative vote of a majority of the votes cast at a meeting where a quorum is present. **If approved, the Incentive Compensation Plan Proposal will be implemented regardless of whether the other proposals being considered at the Annual Meeting are approved by our stockholders.**

8. To consider and act on any other matters that may properly be presented at the Annual Meeting or any adjournment or postponement of the Annual Meeting, including proposals to adjourn the Annual Meeting with respect to proposals for which insufficient votes to approve were cast and, with respect to such proposals, to permit further solicitation of proxies by our Board.

Our Board unanimously recommends that you vote **FOR** each of the proposals to be considered and voted on at the Annual Meeting (Messrs. Thomas Wattles, Evan Zucker and James Mulvihill, who have material financial interests in the Internalization, have abstained from joining in our Board's recommendation with respect to the Internalization Proposal).

These items of business are described for you in detail in the accompanying proxy statement. We encourage you to read the proxy statement, and the documents attached as appendices hereto, carefully and in their entirety. Only holders of record of our common shares at the close of business on September 1, 2006 will be entitled to receive notice of, and to vote at, the Annual Meeting or at any adjournment or postponement thereof.

You are cordially invited to attend the Annual Meeting in person. All stockholders, whether or not they plan to attend the Annual Meeting, are requested to complete, date and sign the enclosed proxy card and return it promptly in the envelope provided. You also may authorize your proxy by telephone or via the Internet by following the instructions on the proxy card. **It is important that your shares be voted.** By returning your proxy promptly, you can help us avoid additional expenses by helping to ensure that a quorum is met so the Annual Meeting can be held. If you decide to attend the Annual Meeting, you may revoke your proxy and vote your common shares in person.

By Order of the Board of Directors,

Evan H. Zucker

Chief Executive Officer and Secretary

September 5, 2006

Denver, Colorado

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DIVIDEND CAPITAL TRUST INC.

518 17th Street, Suite 1700

Denver, Colorado 80202

PROXY STATEMENT

General Information

This proxy statement is furnished by the board of directors (the **Board**) of Dividend Capital Trust Inc., a Maryland corporation, in connection with the solicitation by our Board of proxies to be voted at the 2006 Annual Meeting of Stockholders to be held at 10:00 a.m., local time, on October 6, 2006, at the Westin Tabor Center, 1672 Lawrence Street, Denver, Colorado 80202, and at any adjournment or postponement thereof (such meeting, and any adjournment or postponement thereof, the **Annual Meeting**), for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement. Only holders of record of our shares of common stock, par value \$0.01 per share (our **common shares**), at the close of business on September 1, 2006 (the **Record Date**) will be entitled to receive notice of, and to vote at, the Annual Meeting. This proxy statement and the proxy card are first being mailed on or about September 5, 2006, to stockholders of record as of the Record Date. Our 2005 Annual Report was previously mailed to you on or about April 30, 2006.

As of the Record Date, 150,969,462 of our common shares were outstanding and entitled to vote. Each common share entitles the holder thereof to one vote on each of the matters to be voted upon at the Annual Meeting. Pursuant to our charter (the **Articles**), our directors and officers and their respective affiliates will be prohibited from voting on the Internalization Proposal (as defined below).

Proxy and Voting Procedures

Any proxy, if received in time, properly signed and not revoked, will be voted at the Annual Meeting in accordance with the directions of the stockholder granting the proxy. If no directions are specified, the proxy will be voted **FOR**:

- 1) a proposal to elect the seven nominees named below to our Board, to hold office until the 2007 Annual Meeting of Stockholders or until their respective successors are duly elected and qualified (the **Director Proposal**);
- 2) a proposal to ratify our selection of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2006 (the **Accountant Proposal**);
- 3) a proposal to approve the acquisition (the **Internalization**) of Dividend Capital Advisors LLC, our external advisor that manages our day-to-day activities under the supervision of our Board (the **Advisor**), by Dividend Capital Operating Partnership LP (our **Operating Partnership**), through the contribution by Dividend Capital Advisors Group LLC, the parent company of the Advisor (the **Advisor's Parent**), of the entire outstanding membership interest, and all economic interests, in the Advisor to our Operating Partnership, in exchange for aggregate consideration of 15,111,111 units of limited partnership interest (**OP Units**) in our Operating Partnership, which includes the modification of a special series of units of limited partnership interest (the **Special Units**) in our Operating Partnership held by the Advisor's Parent into OP Units, pursuant to a Contribution Agreement, dated as of July 21, 2006 (the **Contribution Agreement**), by and among us, our Operating Partnership and the Advisor's Parent (the **Internalization Proposal**). **Even if approved by our stockholders, the Internalization Proposal will not be implemented unless certain other closing conditions to the Internalization, as set forth in the Contribution Agreement, are satisfied. Any or all of the closing conditions to our performance obligations under the Contribution Agreement may be waived by us in our sole discretion;**

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- 4) the approval of an amendment and restatement of our Articles, which will become effective upon consummation of the Internalization, to modify certain provisions to reflect that we have become self-advised and to change the name of our company to DCT Industrial Trust Inc. (the **Pre-Listing Charter Amendment Proposal**). **Even if approved by our stockholders, this proposal will not be implemented unless the Internalization occurs. Further, if this proposal is approved and the Internalization occurs, this proposal may be implemented regardless of whether the Post-Listing Charter Amendment Proposal described below is approved;**
- 5) the approval of a further amendment and restatement of our Articles, which will become effective upon the future listing or quotation (the **Listing**) of our existing outstanding common shares on a national securities exchange, including the New York Stock Exchange, Inc. (the **NYSE**) or The Nasdaq Stock Market, Inc. (the **NASDAQ**), or an over-the-counter market, to modify certain provisions to conform more closely to the charters of other real estate investment trusts (**REITs**) whose securities are publicly traded and listed on the NYSE (**Listed REITs**) (the **Post-Listing Charter Amendment Proposal**). **Even if approved by our stockholders, this proposal will not be implemented unless a Listing occurs and the Pre-Listing Charter Amendment Proposal is approved;**
- 6) the approval and adoption of our 2006 Long-Term Incentive Plan (the **Long-Term Incentive Plan Proposal**). **If approved, this proposal will be implemented regardless of whether the other proposals being considered at the Annual Meeting are approved by our stockholders;** and
- 7) the approval and adoption of our 2006 Incentive Compensation Plan (the **Incentive Compensation Plan Proposal**). **If approved, this proposal will be implemented regardless of whether the other proposals being considered at the Annual Meeting are approved by our stockholders.**

Unless otherwise specified, a proxy also will confer authority on the persons named therein to vote in their discretion on any other matters that properly may be presented at the Annual Meeting, including proposals to adjourn the Annual Meeting in respect of proposals for which insufficient votes to approve were cast in order to permit solicitation of additional proxies by our Board in respect of those proposals.

Our Board unanimously recommends that you vote **FOR** each of the proposals to be considered and voted on at the Annual Meeting (Messrs. Thomas Wattles, Evan Zucker and James Mulvihill, who have material financial interests in the Internalization, have abstained from joining in our Board's recommendation with respect to the Internalization Proposal).

No Appraisal Rights

Neither the Internalization Proposal nor, if the Pre-Listing Charter Amendment Proposal is approved, the Post-Listing Charter Amendment Proposal, will entitle stockholders to appraisal rights under Maryland law or our Articles. We believe that the Pre-Listing Charter Amendment Proposal will not entitle you to appraisal rights under Maryland law or our Articles because the changes to our Articles resulting from that amendment will not substantially adversely affect the contract rights of our common shares under our Articles. The question of the existence of appraisal rights in connection with the Pre-Listing Charter Amendment Proposal is not entirely free from doubt and, accordingly, if you wish to make your own determination as to whether you have appraisal rights with respect to that proposal, you should consider engaging counsel to advise you on the applicable Maryland law. If you believe that you have appraisal rights in respect of the Pre-Listing Charter Amendment Proposal and you wish to attempt to exercise those rights, if they are available, you must comply with the requirements imposed under Maryland law as described below, including any applicable deadlines within which you must exercise any such rights (if they exist). We are not under any obligation to, and will not, notify you of any such deadlines. We expect we will challenge any stockholder who purports to exercise appraisal rights, including, if necessary, through litigation. **For a discussion regarding your appraisal rights, see Proposal IV The Pre-Listing Charter Amendment Proposal No Appraisal Rights. See also Appendix E attached hereto, which sets forth the relevant statutory provisions.**

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Proxies

You can revoke any proxy you previously have given at any time before votes at the Annual Meeting are tabulated (1) by delivering a written statement to Evan H. Zucker, our secretary (the **Secretary**), expressly stating that the proxy is revoked, (2) by completing and properly executing a new proxy card that is dated later than the date of your prior proxy card and delivering it to our Secretary at or before the Annual Meeting, or (3) by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not, in and of itself, constitute revocation of a proxy.

A proxy card is enclosed for your use. The proxy card contains instructions for responding either by telephone, by Internet or by mail. Votes cast in person or by proxy at the Annual Meeting will be tabulated and a determination will be made as to whether or not a quorum is present by the inspectors of election appointed for the Annual Meeting. The presence, in person or by proxy, of stockholders entitled to cast at least 50% of the votes entitled to be cast by all stockholders as of September 1, 2006 will constitute a quorum for the transaction of business at the Annual Meeting.

We will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence or absence of a quorum. With respect to the Director Proposal, the Pre-Listing Charter Amendment Proposal and the Post-Listing Charter Amendment Proposal, abstentions will have the effect of a vote cast **against** the proposal. With respect to the Long-Term Incentive Plan Proposal, abstentions will have **no effect**, so long as the total votes cast represents over 50% of the shares entitled to vote. If the total votes cast on the Long-Term Incentive Plan Proposal represent less than 50% of the shares entitled to vote, abstentions will have the effect of a vote **against** the Long-Term Incentive Plan Proposal. With respect to the Internalization Proposal, the Accountant Proposal and the Incentive Compensation Plan Proposal, abstentions will have **no effect**.

If a broker returns an executed proxy card, but marks the card to reflect a withholding of voting authority on matters as to which the broker is not permitted to vote (a **broker non-vote**), the holder of the common shares covered by the proxy card will be treated as present for quorum purposes. The effect of broker non-votes on voting will be as follows: (1) with respect to the Director Proposal, the Internalization Proposal, the Accountant Proposal and the Incentive Compensation Plan Proposal, broker non-votes will have **no effect**; (2) with respect to the Pre-Listing Charter Amendment Proposal and the Post-Listing Charter Amendment Proposal, broker non-votes will have the effect of a vote cast **against** the proposal; (3) with respect to the Long-Term Incentive Plan Proposal, broker non-votes will have **no effect**, so long as the total votes cast represent over 50% of the shares entitled to vote at the Annual Meeting, but if the total votes cast represent less than 50% of the shares entitled to vote at the Annual Meeting, then broker non-votes will have the effect of a vote **against** the Long-Term Incentive Plan Proposal. If a broker returns a properly executed proxy card, but as to any matter does not provide voting instructions or an intent to abstain, the shares represented by that proxy card will be considered present for quorum purposes and those shares will be voted on the matter in the proxy holder's discretion.

Our Annual Meeting may be adjourned with respect to proposals for which insufficient votes to approve were cast. With respect to proposals for which an insufficient number of votes to approve are received, our Board may continue to solicit proxies. For those proposals for which sufficient votes to approve have been received, we may take such action contained therein.

Solicitation Expenses

Solicitation of proxies will be primarily by mail. However, certain of our directors or officers and certain officers, managers or members of Dividend Capital Securities LLC, the broker-dealer affiliate of the Advisor, and other affiliates of us or the Advisor, also may solicit proxies by telephone, Internet or in person. We will pay all of the expenses incurred in connection with the solicitation of proxies, including preparing, assembling, printing and mailing of the materials used in the solicitation of proxies. We may make arrangements with brokerage houses and other custodians, nominees and fiduciaries to forward soliciting materials, at our expense, to the beneficial owners of common shares held of record by such persons.

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In addition, we have engaged Georgeson Shareholder Communications, a professional proxy solicitation firm, to aid in the solicitation of proxies at a fee estimated to be approximately \$150,000. We have agreed to indemnify such proxy solicitation firm against certain liabilities that it may incur arising out of the services it provides in connection with the Annual Meeting.

Where to Obtain More Information

The mailing address of our principal executive offices is 518 17th Street, Suite 1700, Denver, Colorado 80202. A notice of revocation of a proxy should be sent to the attention of our Secretary at this address.

We make available free of charge on or through our Internet web site (*www.DividendCapitalTrust.com*) our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the **Exchange Act**), as soon as reasonably practicable after we electronically file such materials with, or furnish them to, the Securities and Exchange Commission (**SEC**).

We will furnish, without charge, a copy of our Annual Report on Form 10-K, as amended on Form 10-K/A, for the fiscal year ended December 31, 2005, as filed with the SEC, without the accompanying Exhibits, to any of our stockholders upon written request sent to our Secretary, at the address of our principal executive offices set forth above. Each such request must set forth a good-faith representation that, as of the Record Date, the person making the request was a beneficial owner of our common shares.

Annual Report

Copies of our 2005 Annual Report to Stockholders for the year ended December 31, 2005 previously were mailed to our stockholders. Additional copies are available to any stockholder upon request.

Important Note

No person is authorized to make any representation with respect to the matters described in this proxy statement other than those contained herein and, if given or made, such representation must not be relied upon as having been authorized by us, the Advisor or any other person or entity. This proxy statement provides you with detailed information about the proposals to be considered and voted upon at the Annual Meeting. The information in this proxy statement is current as of the date of this proxy statement. Stockholders are urged to carefully review this proxy statement, including the accompanying appendices, which discuss each of the proposals to be considered and voted upon at the Annual Meeting in more detail.

We encourage you to carefully review the section of this proxy statement captioned **Risk Factors** beginning on page 23, which describes certain factors which should be considered in evaluating the Internalization Proposal and certain of the other proposals to be voted on at the Annual Meeting.

The date of this proxy statement is September 5, 2006.

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