DCT Industrial Trust Inc.
Form S-11
October 19, 2006
Table of Contents

As filed with the Securities and Exchange Commission on October 18, 2006

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-11

FOR REGISTRATION UNDER

THE SECURITIES ACT OF 1933

OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

DCT INDUSTRIAL TRUST INC.

(Exact Name of Registrant as Specified in Its Governing Instruments)

518 Seventeenth Street, Suite 1700

Denver, Colorado 80202

Telephone (303) 597-2400

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Philip L. Hawkins

Chief Executive Officer

518 Seventeenth Street, Suite 1700

Denver, Colorado 80202

Telephone (303) 597-2400

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

With copies to:

Larry P. Medvinsky, Esq.

Robert E. King Jr., Esq.

Clifford Chance US LLP

31 West 52nd Street

New York, New York 10019

Gilbert G. Menna, Esq.

Ettore A. Santucci, Esq.

Goodwin Procter LLP

Exchange Place, 53 State Street

Boston, Massachusetts 02109

Approximate Date of Commencement of Proposed Sale to the Public:

As soon as practicable after the effective date of this Registration Statement.

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	**Proposed Maximum Aggregate Offering Price[(1)]**	**Amount of Registration Fee**
Common Stock, $0.01 par value per share	$175,000,000	$18,725

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

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

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated October 18, 2006

PROSPECTUS

Shares

Common Stock

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. In addition, we manage, and own interests in, industrial properties through our institutional capital management program.

We are offering shares of our common stock and expect the public offering price to be between $ and $ per share. We intend to apply to have our common stock listed on the New York Stock Exchange under the symbol . Between 2002 and 2006, we raised equity capital primarily through four consecutive continuous public offerings of our common stock for aggregate gross proceeds of approximately $1.6 billion, including shares issued pursuant to our distribution reinvestment plan. As of October 13, 2006, there were 151,960,873 shares of common stock issued and outstanding owned by approximately 36,000 stockholders. Currently, no public market exists for our shares and therefore this will be our first listed public offering.

We are a Maryland corporation and have elected to be treated as a real estate investment trust, or REIT, for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2003. Our charter contains a restriction on ownership of the common stock that prevents any person or entity from owning directly or indirectly more than 9.8% of the outstanding shares of any class or series of our stock, by number or value, whichever is more restrictive, subject to certain possible exceptions. These restrictions, as well as other share ownership and transfer restrictions contained in our charter, are designed to enable us to comply with share accumulation and other restrictions imposed on REITs by the Internal Revenue Code. For a more complete description of the common stock, including restrictions on the ownership of common stock, please see the Description of Capital Stock section of this prospectus.

Investing in our common stock involves risks. Before buying any shares, you should carefully consider the risk factors described in Risk Factors beginning on page 23.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

The underwriters may also purchase up to an additional shares of common stock from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus solely to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on or about , 2006.

Merrill Lynch & Co. **Wachovia Securities**

The date of this prospectus is , 2006

Table of Contents

[Inside Cover / Graphics/ Charts Text]

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

Table of Contents

You should rely on the information contained in this prospectus. Neither we nor the underwriters have authorized anyone to provide you with different information. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front cover of this prospectus.

We use market data and industry forecasts and projections throughout this prospectus. We have obtained substantially all of this information from CoStar Group, Inc., or CoStar, a nationally recognized real estate consulting firm, and Property and Portfolio Research, Inc., or PPR, a nationally recognized real estate consulting firm. In addition, we have obtained certain market and industry data from publicly available industry publications. These sources generally state that the information they provide has been obtained from sources believed to be reliable, but that the accuracy and completeness of the information are not guaranteed. The forecasts and projections are based on industry surveys and the preparers experience in the industry, and there is no assurance that any of the projected amounts will be achieved. We believe that the surveys and market research others have performed are reliable, but we have not independently verified this information.

The term fully-diluted basis when used in reference to our shares of common stock means all outstanding shares of common stock at such time plus all outstanding shares of restricted stock, shares of common stock issuable upon the exercise of outstanding options or warrants and shares of common stock exchangeable, at our discretion, for units of limited partnership interest in our operating partnership, or OP units, on a one-for-one basis, which is not the same as the meaning of fully-diluted under generally accepted accounting principles, or GAAP. In addition, pro forma or on a pro forma basis means that the information presented gives effect to this offering, as well as the internalization transaction and certain property acquisitions (each as described herein under Selected Consolidated Financial and Pro Forma Data), in each case as if such transactions had occurred on January 1, 2005.

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. You may read and copy any document that we file at the public reference facilities of the SEC at 450 Fifth Street, N.W., Washington, D.C. 25049. Please call the SEC at (800) SEC-0330 for further information about the public reference facilities. These documents also may be accessed through the SEC s electronic data gathering, analysis and retrieval system, or EDGAR via electronic means, including the SEC s home page on the Internet (*www.sec.gov*).

Table of Contents

PROSPECTUS SUMMARY

You should read the following summary together with the more detailed information regarding our company, including under the caption Risk Factors, and our historical and pro forma consolidated financial statements and related notes appearing elsewhere in this prospectus for a more complete understanding of this offering before deciding to invest in our common stock. Except where the context suggests otherwise, the terms we, us, our and our company refer to DCT Industrial Trust Inc. (f/k/a Dividend Capital Trust Inc.) together with its subsidiaries, including DCT Industrial Operating Partnership LP (f/k/a Dividend Capital Operating Partnership LP), which we refer to as our operating partnership. Unless otherwise indicated, the information in this prospectus assumes and reflects: (i) the effectiveness of our third articles of amendment and restatement, or our charter, and our amended and restated bylaws, or our bylaws, upon the completion of this offering; (ii) the common stock to be sold in this offering is sold at $ per share, which is the mid-point of the range of prices indicated on the front cover of this prospectus; and (iii) no exercise by the underwriters, for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wachovia Capital Markets, LLC are acting as representatives, of their option to purchase up to an additional shares of our common stock solely to cover over-allotments, if any.

DCT Industrial Trust Inc.

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. 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. The properties we target for acquisition or development are generally characterized by convenient access to major transportation arteries, proximity to densely populated markets and quality design standards that allow for easy reconfiguration of space. In the future, we intend to continue to focus on properties that exhibit these characteristics, to expand our operations into other target markets in the United States and to add additional properties in our existing markets as well as acquire and develop properties in select international markets, including Mexico, where we believe we can achieve favorable returns and leverage our management expertise. We have elected to be treated as a real estate investment trust, or REIT, for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2003.

As of June 30, 2006, we owned interests in 385 industrial real estate buildings consisting of 230 bulk distribution properties, 113 light industrial properties and 42 service center or flex properties totaling 59.1 million rentable square feet. Our portfolio of consolidated operating properties consists of interests in 373 industrial properties totaling 54.5 million rentable square feet that were 92.1% occupied as of June 30, 2006. In addition, we have a 20% interest in six unconsolidated properties in an institutional capital management joint venture, three consolidated development properties and three development joint venture properties. We currently own approximately 127 acres of land as well as options to acquire approximately 46 acres of land that we believe can support, in the aggregate, approximately 2.0 million rentable square feet of new industrial development. Additionally, through our recently established SCLA joint venture described herein, we control up to 4,350 acres of land located in the Inland Empire submarket of the Southern California industrial real estate market through master development agreements with a term of up to 13 years. Phase one of the SCLA project involves 344 acres we plan to acquire in 2006 that we believe can accommodate up to 6.5 million rentable square feet of industrial development. We anticipate starting construction of between 1.5 million and 2.0 million rentable square feet within the next 12 to 18 months.

We have a stable, broadly diversified tenant base. As of June 30, 2006, we had approximately 775 tenants with no single tenant accounting for more than 1.9% of our annualized base rents. Our ten largest tenants occupy 15.3% of our leased portfolio, including our pro rata interest of our joint ventures. We intend to maintain a well-diversified mix of creditworthy tenants to limit our exposure to any single tenant or industry. We believe that our broad national presence in 24 of the top U.S. distribution and logistics markets is attractive to large users of distribution space and allows us to build strong relationships with our tenants. Furthermore, we are actively engaged in meeting our tenants expansion, consolidation and relocation requirements. In 2006, we have completed or begun development of over 1.2 million rentable square feet of expansions of bulk distribution facilities for certain of our tenants.

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 flow;
- sell non-core assets that no longer fit our investment criteria; and
- expand our operations into select domestic and international markets, including Mexico.

Our executive management team possesses substantial expertise in all aspects of industrial real estate management, marketing, leasing, acquisition, development and finance. Tom Wattles, one of our company s co-founders and our Executive Chairman, has been actively involved in the real estate business since 1978. Phil Hawkins, our Chief Executive Officer, has extensive public REIT operating experience and 24 years of commercial real estate experience. Jim Cochran, our President and Chief Investment Officer, joined our company in 2004 and has been involved in the industrial real estate sector for over 20 years. Stuart Brown, our Chief Financial Officer, has 17 years of public company accounting and capital markets experience, including most recently three years of public REIT experience. As of October 13, 2006, we employed approximately 60 individuals. Upon completion of this offering, our officers and directors will beneficially own approximately % of our shares of common stock on a fully-diluted basis.

Our principal executive office is located at 518 Seventeenth Street, Suite 1700, Denver, Colorado 80202; our telephone number is (303) 597-2400. We also maintain regional offices in Dallas, Texas and Atlanta, Georgia. Our website address is *www.dctindustrial.com*. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus or any other report or document we file with or furnish to the SEC.

Our Competitive Strengths

We believe that we distinguish ourselves from other owners, operators, acquirers and developers of industrial properties through the following competitive strengths:

- **High-Quality Industrial Property Portfolio**. Our portfolio of industrial properties primarily consists of high-quality bulk distribution facilities specifically designed to meet the needs of our distribution tenants. Approximately 87.1% of our portfolio based on rentable square footage is comprised of bulk distribution properties while approximately 10.4% of our portfolio is comprised of light industrial properties. The majority of our properties are specifically designed for use by major

2

Table of Contents

distribution and third party logistics tenants and are readily divisible to meet re-tenanting opportunities. We believe that our concentration of high-quality bulk distribution properties provides us with a competitive advantage in attracting and retaining distribution users and tenants across the major and regional markets in which we operate.

Proven Acquisition Capabilities. Beginning with our first acquisition in June 2003, we have completed approximately $2.9 billion in industrial real estate acquisitions. Excluding our three major portfolio acquisitions that were each in excess of $200 million, our average acquisition transaction cost was approximately $22.7 million, which demonstrates our ability to access a steady pipeline of smaller acquisitions. Our acquisition capability is driven by our extensive network of industry relationships within the brokerage, development and investor community. Approximately 58% of the acquisitions we completed, based on total purchase price, have been sourced in off-market transactions where there has been no formal sales process.

Focused Development Strategy. Our extensive network of industry relationships has provided us with a consistent source of development opportunities. Most of our development projects have taken the form of partnerships or fee for service relationships with leading local, regional or national developers. In our development partnerships, we may control the tenant relationship or the land, and we typically provide the majority of the equity capital. These partnerships are structured to provide us with attractive returns while aligning our interests with those of our development partner. We believe these structures allow us to operate more efficiently and with greater flexibility than if we were to maintain an internal development infrastructure.

Experienced and Committed Management Team. Our executive management team, including our Executive Chairman, collectively has an average of over 17 years commercial real estate experience and an average of over ten years focused on the industrial real estate sector. Additionally, our executive management team has extensive public company operating experience with all of our senior executives having held senior positions at publicly-traded REITs for an average of over ten years. Upon completion of this offering, our executive management team is expected to collectively own an approximate % equity interest in our company on a fully-diluted basis, which aligns executive management s interests with those of our stockholders.

Strong Industry Relationships. We believe that our extensive network of industry relationships with the brokerage, development and investor communities will allow us to execute successfully our acquisition and development growth strategies and our institutional capital management strategy. These relationships augment our ability to source acquisitions in off-market transactions outside of competitive marketing processes, capitalize on development opportunities and capture repeat business and transaction activity. Beginning with our first acquisition in June 2003, approximately 57% of our acquisitions, based on total purchase price, have been purchases from sellers with whom we have had repeat business and transaction activities. Our strong relationship with the tenant and leasing brokerage communities aids in attracting and retaining tenants. Additionally, we believe that our relationship with Black Creek Capital, LLC, or Black Creek, a Denver based real estate investment firm and an affiliate of our former advisor, provides us with unique investment opportunities and will assist us in our international growth strategy, particularly our strategy to acquire and develop industrial real estate assets in Mexico. Our Executive Chairman, Tom Wattles, and one of our directors, James Mulvihill, are principals of Black Creek.

Access to Institutional Co-Investment Capital. Our senior management team has broad long-term relationships within the institutional investor community that provide access to capital for both traditional joint ventures and funds or other commingled investment vehicles. These institutions include domestic pension plans, insurance companies, private trusts and international investors. We believe these relationships allow us to identify pockets of institutional demand and appropriately

Table of Contents

match institutional capital with investment opportunities in our target markets to maximize returns for our stockholders.

Growth Oriented Capital Structure. Our capital structure provides us with significant financial capacity to fund future growth. As of June 30, 2006, our pro forma debt to total market capitalization ratio would have been %, assuming a price per share in this offering at the mid-point of the range set forth on the cover page of this prospectus. Upon consummation of this offering, and giving effect to the use of proceeds as set forth under Use of Proceeds, we will have $ million available under our $250.0 million senior unsecured revolving credit facility, assuming that this offering prices at the mid-point of the range of prices set forth on the cover page of this prospectus. As of the consummation of this offering, 181 of our properties with a gross book value of $1.3 billion will be unencumbered.

Business and Growth Strategies

Our primary business objectives are to maximize sustainable long-term growth in earnings and FFO and to maximize total return to our stockholders. The strategies we intend to execute to achieve these objectives include:

Capitalizing on Acquisition Opportunities. We intend to continue to expand our portfolio through the acquisition of high-quality industrial properties in our target markets, which include our existing markets as well as select new domestic and international markets, including Mexico. We will generally acquire high-quality bulk distribution and light industrial facilities and/or industrial assets located in irreplaceable locations where we believe there are significant growth and/or return opportunities. We intend to continue to focus on off-market acquisition opportunities through our extensive network of industry relationships in the brokerage, development and investor community and by utilizing our experience in identifying, evaluating and acquiring industrial properties in both single asset and portfolio transactions.

Continuing to Grow Our Development Pipeline. We intend to utilize our strong relationships with leading local, regional and national developers to continue to grow our development pipeline. We believe that development, redevelopment and expansion of well-located, high-quality industrial properties should continue to provide us with attractive risk-adjusted returns. Furthermore, we believe that our control of a substantial inventory of developable land and extensive relationships with industrial tenants will make us an attractive strategic partner for established national, regional and local developers in our markets.

Expanding Our Institutional Capital Management Platform. We believe that joint ventures, funds or other commingled investment vehicles with institutional partners will enable us to increase our overall return on invested capital, augment our acquisition activity and penetration of new markets and increase our access to capital for continued growth. We intend to continue to co-invest in properties with institutional investors through partnerships, limited liability companies or other joint venture structures. Typically we will own a 10% 30% interest in these joint ventures and seek to earn transaction-based fees and asset management fees as well as promoted interests or incentive distributions based on the performance of the joint venture.

Maximizing Cash Flow From Existing Properties. We intend to maximize the cash flow from our existing properties by increasing rents, increasing occupancy levels, managing operating expenses and expanding and improving our properties. As of June 30, 2006, our consolidated operating portfolio was 92.1% occupied leaving approximately 4.2 million square feet of rentable space available for lease-up. Additionally, we believe there is embedded rent growth potential in our properties. As of June 30, 2006, on a weighted-average portfolio basis, the in-place rents of our consolidated properties were $3.91 per rentable square foot, or approximately 3.0% below the weighted-average market rents for our properties on a rentable square foot basis. Further, our average cash rental rate growth per rentable square foot (based on expiring leases which were re-leased) for the six months ended June 30, 2006 was 2.9%.

Recycling Capital Efficiently. We intend to selectively sell non-core assets in order to maximize total return to our stockholders by redeploying asset sales proceeds into new acquisition and development opportunities. We believe industrial real estate assets are in strong demand from institutional investors and we will seek to selectively identify asset sale opportunities in order to achieve our total return objectives.

Pursuing International Growth Opportunities. We intend to seek international growth opportunities through the acquisition and development of industrial properties in selected new international markets, including Mexico. This strategy will focus on addressing the needs of both international and local corporations as they seek to expand and reconfigure their industrial distribution facilities. We believe that there are significant growth opportunities in Mexico, where members of our senior management and directors have significant experience in the acquisition and development of commercial properties.

Background

We were founded in 2002 by Black Creek as an externally-advised REIT to focus on the acquisition, development and operation of bulk distribution and light industrial properties located in major distribution and logistics markets in the United States. Our day-to-day business and operations continued to be managed by Dividend Capital Advisors LLC, our former advisor and an affiliate of Black Creek, under the supervision of our board of directors until October 10, 2006, when we completed the internalization transaction with our former advisor described herein, which we refer to as the Internalization. We are now a fully-integrated, self-administered and self-advised REIT.

Between 2002 and 2006 we raised equity capital to finance our real estate investment activities primarily through four consecutive continuous public offerings of our common stock for aggregate gross proceeds of approximately $1.6 billion, including shares issued pursuant to our distribution reinvestment plan. Accordingly, we have been filing periodic reports with, and have been subject to the rules and regulations of, the SEC since July 2002. Upon consummation of this offering, our common stock will become listed on the New York Stock Exchange, or NYSE. As of October 13, 2006, there are 151,960,873 shares of our common stock issued and outstanding owned by approximately 36,000 stockholders.

In addition, since 2003 we have raised an aggregate of approximately $299.3 million through our operating partnership s private placement of undivided tenancy-in-common interests, or TIC Interests, in our properties. These TIC Interests 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, or the Code, and were 100% leased by our operating partnership pursuant to master leases. The leases contained purchase options whereby our operating partnership had the right, but not the obligation, to acquire the TIC Interests from the investors at a later point in time in exchange for OP units. On October 10, 2006, we discontinued our operating partnership s private placement, although we may decide to recommence it in the future.

During the period that began January 1, 2006 and ended October 6, 2006, our operating partnership exercised purchase options pursuant to eight individual master lease agreements to buy certain TIC Interests it had previously sold in eight industrial properties located in Atlanta, Indianapolis, Louisville, Phoenix and Southern California. In connection with the exercise of these options, our operating partnership issued an aggregate of approximately 5.6 million OP units valued at approximately $58.7 million to acquire such TIC Interests.

Table of Contents

As of the date of this prospectus, our operating partnership has options to purchase 232 TIC Interests in 26 properties. With regard to three of these properties, our operating partnership will exercise its purchase options and close on the purchases in October and November 2006 and issue an aggregate of 1.3 million OP units valued at approximately $14.4 million. With regard to the remaining 23 properties, our operating partnership provided notice of exercise of its purchase options to the holders of the TIC Interests in early October. However, for the exercise to be effective for each of these 23 properties, all of the TIC Interest holders in such property must consent to amend the related master lease. The amendment would fix the number of OP units to be paid and accelerate the date of closing of the purchase of the TIC Interests in each property to the earlier of: (1) a date selected by our operating partnership that is within 60 days after the completion of this offering; or (2) a date selected by our operating partnership that is within the stipulated closing period in the original master lease. The fixed purchase price for the TIC Interests was determined based on the value of the underlying real estate asset and the price per OP unit paid in the Internalization. If all leases relating to these 23 properties are so amended, our operating partnership will have the right to purchase all remaining TIC Interests for an aggregate of 15.4 million OP units valued at $173.4 million during the accelerated closing period. However, there can be no assurance that we will obtain the necessary consents of the TIC Interest holders. If unanimous consent for the amendment is not obtained on any property, that property will continue to be subject to our operating partnership s purchase option under the terms of the original master lease. If there are no amendments, the closing periods for our operating partnership s purchase options begin on January 1, 2007 and end on February 29, 2008.

Excluding financing obligations related to our operating partnership s private placement, as of June 30, 2006, we had total outstanding debt of approximately $1.2 billion consisting primarily of unsecured debt and secured, fixed-rate, non-recourse mortgage notes.

Industrial Market Overview

The industrial real estate market in the United States consists of approximately 12.6 billion square feet of rentable building area as of June 30, 2006 according to CoStar. Of this total, approximately 11.1 billion square feet is warehouse space, which consists of bulk distribution and light industrial properties, and approximately 1.5 billion is flex space. Warehouse properties, which represent the substantial majority of our assets, are characterized by their generic design and are generally leased to regional or national distribution tenants or tenants engaged in light manufacturing activities and are rented on a triple-net-lease basis. In contrast, flex space typically has been designed or configured to a specialized use such as research and development, with comparatively higher re-tenanting costs as compared to warehouse properties due to higher office finish.

We believe that the industrial real estate industry exhibits a number of positive characteristics, including:

- Short development lead times;
- Low vacancy volatility;
- Modest re-tenanting costs;
- Comparatively modest maintenance costs; and
- Triple-net leases.

Table of Contents

Summary Risk Factors

You should carefully consider the matters discussed in the section Risk Factors beginning on page 24, including the following, before you invest in our stock:

- Our investments in real estate assets are primarily concentrated in the industrial real estate sector, and our business would be adversely affected by an economic downturn in that sector.

- Our growth will partially depend upon our ability to successfully acquire and develop future properties, and we may be unable to enter into and consummate acquisitions or development projects on advantageous terms or acquisitions or development projects may not perform as we expect.

- We depend on key personnel, including Tom Wattles, Phil Hawkins, Jim Cochran, Stuart Brown, Daryl Mechem, Matt Murphy and Michael Ruen, and the loss of services from key members of the management group or a limitation in their availability could adversely affect us.

- Our acquisition and development activities, as well as our institutional capital management business, are largely dependent on external capital, and our operating results and financial condition could be adversely affected if we do not continue to have access to capital on favorable terms.

- We intend to continue to acquire and develop certain properties through joint ventures with third parties, and our joint venture partners could default on their obligations, cause us to be liable for their actions under certain circumstances or take other actions contrary to our business and economic interests and goals or that could otherwise negatively impact our performance.

- Your investment in us may be subject to additional risks if we make international investments as a result of factors peculiar to the laws and business practices of the jurisdictions in which the properties are located.

- Our net income per share and FFO per share in the near term may decrease as a result of the Internalization in connection with the one-time, non-recurring non-cash charge to earnings we will incur for the portion of the Internalization consideration that is allocated as the cost for terminating our advisory agreement with our former advisor.

- We are structured as an umbrella partnership REIT, or UPREIT, which means that we own our properties through our operating partnership and its subsidiaries. Our UPREIT structure may result in potential conflicts of interest. Upon the consummation of this offering, we will own % of the OP units in our operating partnership, and circumstances may arise in the future when the interests of the other limited partners in our operating partnership may conflict with the interests of our stockholders.

- We are dependent on tenants for our revenue, and defaults by our tenants, as a result of bankruptcy, insolvency or otherwise, could cause us to reduce the amount of distributions to stockholders. In addition, our ability to renew leases or re-lease space on favorable terms as leases expire significantly affects our business. Furthermore, a property that incurs a vacancy could be difficult to sell or re-lease.

Uninsured losses, including losses from floods, earthquakes, acts of war, acts of terrorism or riots, relating to real property may adversely affect your returns. Similarly, contingent or unknown liabilities with respect to our properties, including environmentally hazardous conditions, could adversely affect our financial condition.

Our operating results and financial condition could be adversely affected if we are unable to make required principal and interest payments on our outstanding indebtedness, comply with the other covenants contained in our indebtedness or refinance our indebtedness at maturity on favorable terms.

Table of Contents

Our charter and Maryland law contain provisions that may delay, defer or prevent a change of control transaction that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

We may change our investment and financing strategies and enter into new lines of business without stockholder consent, which may result in our making investments and engaging in business activities that are different from, and possibly riskier than, the investments and businesses described in this prospectus.

As of October 13, 2006, we had approximately 152.0 million shares of common stock issued and outstanding, all of which are freely tradable and substantially all of which are not subject to any volume limitations on trading under the federal securities laws, and neither we nor any third party have any control over the timing or volume of the potential sale of these shares. Prior to this offering, the shares were not listed on any national exchange, and the ability of stockholders to liquidate their investments was limited. Subsequent to the completion of this offering and our listing on the NYSE, a large volume of sales of these shares, or the perception that such sales could occur, could decrease the prevailing market prices of our common stock and could impair our ability to raise additional capital through the sale of equity securities in the future.

Our distributions to stockholders may change depending on a number of factors, including cash available for distribution, our results of operations, our financial condition, the distribution requirements for REITs under the Code, and our operating expenses.

Our qualification as a REIT will depend on our satisfaction of numerous requirements established under highly technical and complex provisions of the Code and our failure to so qualify could adversely affect our operations and our ability to make distributions.

Table of Contents

Our Properties

The following tables present an overview of our existing portfolio of industrial properties sorted by our target markets based on information as of June 30, 2006 (dollar amounts are in thousands).

Consolidated Properties

Markets	Number of Buildings	Percent Owned[1]	Rentable Square Feet	Percentage of Total Rentable Square Feet	Occupancy Percentage[2]	Annualized Base Rent[3]	Percentage of Total Annualized Base Rent[3]	Number of Leases	Annualized Base Rent per Square Foot[4]
Target Markets									
Atlanta	56	100.0%	6,550,271	12.1%	88.9%	$ 21,224	10.8%	116	$ 3.65
Baltimore/ Washington D.C.	13	100.0%	1,585,087	2.9%	90.7%	8,887	4.5%	31	6.18
Central Pennsylvania	5	100.0%	899,157	1.6%	100.0%	3,457	1.8%	8	3.84
Charlotte	11	100.0%	1,477,548	2.7%	79.1%	3,919	2.0%	19	3.35
Chicago	14	100.0%	2,877,988	5.3%	94.8%	10,251	5.2%	22	3.76
Cincinnati	39	100.0%	4,982,215	9.1%	86.5%	15,504	7.9%	91	3.60
Columbus	15	100.0%	4,401,797	8.1%	92.7%	12,649	6.4%	29	3.10
Dallas[5]	54	100.0%	6,810,543	12.5%	90.3%	23,169	11.8%	143	3.74
Denver	1	100.0%	160,232	0.3%	77.0%	619	0.3%	5	5.01
Houston	34	100.0%	2,452,711	4.5%	93.0%	11,467	5.8%	89	5.06
Indianapolis	8	100.0%	3,326,864	6.1%	95.5%	9,138	4.6%	18	2.88
Louisville	2	100.0%	521,000	1.0%	100.0%	1,696	0.9%	3	3.25
Memphis	10	100.0%	4,333,018	7.9%	93.8%	12,336	6.3%	15	3.04
Miami	6	100.0%	727,461	1.3%	92.7%	5,142	2.6%	20	7.56
Minneapolis	6	100.0%	828,466	1.5%	100.0%	3,897	2.0%	12	4.70
Nashville	5	100.0%	2,712,373	5.0%	91.7%	7,674	3.9%	6	3.09
New Jersey	10	100.0%	1,189,553	2.2%	96.2%	6,226	3.2%	29	5.44
Northern California	29	100.0%	2,410,960	4.4%	97.4%	12,089	6.1%	62	5.15
Orlando	12	100.0%	1,226,231	2.3%	93.4%	5,000	2.5%	35	4.28
Phoenix	15	100.0%	1,733,078	3.2%	96.5%	7,616	3.9%	34	4.41
San Antonio	2	100.0%	172,050	0.3%	67.6%	456	0.2%	4	3.92
Seattle	8	100.0%	1,198,617	2.2%	96.5%	5,423	2.8%	15	4.69
Southern California	12	100.0%	1,391,534	2.6%	99.6%	5,935	3.0%	26	4.28
Subtotal/Weighted Average Target Markets[6]	367	100.0%	53,968,754	99.0%	92.1%	193,774	98.5%	832	3.89
Non-Target Market									
Boston	6	100.0%	567,441	1.0%	89.1%	3,196	1.5%	12	6.32
Total/Weighted Average Operating Properties	**373**	**100.0%**	**54,536,195**	**100.0%**	**92.1%**	**$ 196,970**	**100.0%**	**844**	**$ 3.91**
Consolidated Properties Under Development									
Atlanta	2	100.0%	688,067	78.4%	4.6%	$		1	$
Chicago	1	95.1%	189,134	21.6%	32.9%	274	100.0%	1	4.40
Subtotal/Weighted Average Properties Under Development	3	98.9%	877,201	100.0%	10.7%	274	100.0%	2	2.92
Total/Weighted Average Consolidated	**376[7]**	**100.0%**	**55,413,396**	**N/A**	**90.8%**	**$ 197,244**	**N/A**	**846**	**$ 3.91**

Properties

Table of Contents

Unconsolidated Properties

Markets	Number of Buildings	Percent Owned(1)	Rentable Square Feet	Percentage of Total Rentable Square Feet	Occupancy Percentage(2)	Annualized Base Rent(3)	Percentage of Total Annualized Base Rent(3)	Number of Leases	Annualized Base Rent per Square Foot(4)
Fund Properties									
Atlanta	1	20.0%	577,500	21.8%	100.0%	$ 1,460	17.2%	2	$ 2.53
Central Pennsylvania	1	20.0%	100,000	3.8%	100.0%	403	4.8%	1	4.03
Chicago	1	20.0%	303,192	11.5%	100.0%	1,491	17.6%	2	4.92
Dallas	1	20.0%	540,000	20.4%	100.0%	1,638	19.3%	1	3.03
Memphis	1	20.0%	1,039,000	39.2%	100.0%	2,857	33.7%	2	2.75
New Jersey	1	20.0%	87,500	3.3%	100.0%	630	7.4%	1	7.20
	6	20.0%	2,647,192	100.0%	100.0%	8,479	100.0%	9	3.20
Unconsolidated Properties Under Development									
Atlanta	1	97.1%	556,800	52.0%	0.0%				
Southern California(8)	2	91.1%	514,463	48.0%	0.0%				
	3	94.2%	1,071,263	100.0%	0.0%				
Total/Weighted Average Unconsolidated Properties	**9**(7)	**41.4%**	**3,718,455**	**N/A**	**71.2%**	**$ 8,479**	**N/A**	**9**	**$ 3.20**

(1) Weighted average ownership is based on rentable square feet.
(2) Based on leases signed as of June 30, 2006 and calculated as rentable square feet less available square feet divided by rentable square feet.
(3) Annualized Base Rent is calculated as monthly contractual base rent (cash basis) per the terms of the lease, as of June 30, 2006, multiplied by 12.
(4) Calculated as Annualized Base Rent divided by rentable square feet under lease as of June 30, 2006.
(5) Three of our buildings in this market totaling approximately 743,000 rentable square feet are under ground leases.
(6) As described in more detail below, seven properties will be either contributed by us to our DCTRT joint venture or sold to an affiliate of DCTRT in the beginning of the fourth quarter of 2006. (See Significant Transactions Institutional Capital Management Joint Ventures DCTRT Joint Venture.)
(7) Occasionally our leases contain provisions giving the tenant rights to purchase the property, which can take the form of a fixed price purchase option, a fair market value option, a right of first refusal option or a right of first offer option. The following chart summarizes such rights:

	Number of Leases	Rentable Square Feet	Annualized Base Rent (000s)
Fixed Price Purchase Options	6	2,516,034	$ 7,648
Fair Market Value Options	3	282,986	$ 1,323
Right of First Refusal Options	5&		