DCT Industrial Trust Inc.
Form 424B4
December 14, 2006
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Filed Pursuant to Rule 424(b)(4)
Registration No. 333-138094
and Registration No. 333-139290

PROSPECTUS

16,300,000 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 23 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 16,300,000 shares of our common stock. Our common stock has been approved for listing on the New York Stock Exchange, subject to official notice of issuance, under the symbol DCT. 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 November 27, 2006, there were 152,054,638 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 25.

	Per Share	Total
Public offering price	$12.25	$199,675,000
Underwriting discount	$.7963	$12,979,690
Proceeds, before expenses, to us	$11.4537	$186,695,310

The underwriters may also purchase up to an additional 2,445,000 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 overallotments.

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 December 15, 2006.

Merrill Lynch & Co.

Wachovia Securities

Banc of America Securities LLC

JPMorgan

Morgan Keegan & Company, Inc.

Wells Fargo Securities

The date of this prospectus is December 12, 2006

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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, phantom shares, shares of common stock issuable upon the exercise of outstanding options that have vested and shares of common stock exchangeable, at our discretion, for common units of limited partnership interest in our operating partnership, or OP units, on a one-for-one basis, including OP units issuable upon conversion of LTIP units in our operating partnership, 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 100 F Street, N.E., 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*).

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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; and (ii) 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 2,445,000 shares of our common stock solely to cover overallotments, 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 23 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 selected 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 September 30, 2006, we owned interests in 388 industrial real estate buildings consisting of 233 bulk distribution properties, 113 light industrial properties and 42 service center or flex properties totaling 60.4 million rentable square feet. Our portfolio of consolidated operating properties consists of interests in 374 industrial properties totaling 55.0 million rentable square feet that were 92.9% occupied as of September 30, 2006. In addition, as of September 30, 2006, we had majority interests in four consolidated development properties, a 20% interest in six unconsolidated properties in an institutional joint venture and investments in four development joint venture properties. As of November 27, 2006, we owned approximately 115 acres of land as well as options to acquire approximately 75 acres of land that we believe can support, in the aggregate, approximately 2.8 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.

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We have a stable, broadly diversified tenant base. As of September 30, 2006, we had approximately 769 tenants with no single tenant accounting for more than 2.2% of our annualized base rents. Our ten largest tenants occupy 16.0% 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 23 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. From January 1, 2006 through November 27, 2006, we had 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 flows;
- sell non-core assets that no longer fit our investment criteria; and
- expand our operations into selected 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 November 27, 2006, we employed 64 individuals. Upon completion of this offering, our officers and directors will beneficially own approximately 2.8% 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. As of November 27, 2006, approximately 87.4% of our portfolio based on rentable square footage was comprised of bulk distribution properties while approximately 10.2% of our portfolio was comprised of light industrial properties. The majority of our properties are

specifically designed for use by major 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 through November 27, 2006, we had 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 $22.4 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 59% of the acquisitions noted above we completed, based on total purchase price, were 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 1.8% 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 through November 27, 2006, approximately 58% of our acquisitions, based on total purchase price, had been purchases from sellers with whom we had 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

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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 September 30, 2006, our pro forma debt to total market capitalization ratio would have been 32.9%. On a pro forma basis, as of September 30, 2006, and giving effect to the use of proceeds as set forth under Use of Proceeds, we will have $190.6 million available under our $250.0 million senior unsecured revolving credit facility. As of November 27, 2006, 178 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 selected 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 Flows From Existing Properties. We intend to maximize the cash flows from our existing properties by increasing rents, increasing occupancy levels, managing operating expenses and expanding and improving our properties. As of September 30, 2006, our consolidated operating portfolio was 92.9% occupied leaving approximately 3.9 million square feet of rentable space available for lease-up. Additionally, we believe there is embedded rent growth potential in our properties. As of September 30, 2006, on a weighted-average portfolio basis, the in-place rents of our consolidated properties were $3.94 per rentable square foot, or approximately 3.0% below the weighted-average market rents for our properties on a rentable square foot basis. Further, based on expiring leases which were re-leased to new or existing tenants, our average rental rate growth per rentable square foot for the nine months ended September 30, 2006 was 5.7% and our weighted average retention during such period was 82.6%.

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. Consistent with this strategy, we recently entered into forward purchase commitments to acquire six industrial facilities in Monterrey, Mexico.

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 were 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 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 November 27, 2006, there are 152,054,638 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.

During the period that began January 1, 2006 and ended November 16, 2006, our operating partnership exercised purchase options pursuant to 11 individual master lease agreements to buy certain TIC Interests it had previously sold in 11 industrial properties located in Atlanta, Houston, Indianapolis, Louisville, Phoenix and Southern California. In connection with the exercise of these options, our operating partnership issued an aggregate of approximately 6.9 million OP units valued at approximately $73.1 million to acquire such TIC Interests.

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As of November 27, 2006, our operating partnership has options to purchase 209 TIC Interests in 23 properties. In early October 2006, our operating partnership provided notice of exercise of its purchase options to the holders of these TIC Interests. However, for the exercise to have been effective for each of these 23 properties, all of the TIC Interest holders in such property had to consent to amend the related master lease. The amendment fixed the number of OP units to be paid and accelerated 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 was within 60 days after the completion of this offering; or (2) a date selected by our operating partnership that was 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. Our operating partnership received unanimous consents to amend the master leases related to 14 of these 23 properties, which gives our operating partnership the right to purchase all remaining TIC Interests in these 14 properties for an aggregate of 6.8 million OP units valued at approximately $76.9 million during the accelerated closing period. Our operating partnership did not receive unanimous consents for the nine remaining properties, which would have given our operating partnership the right to purchase all remaining TIC Interests in these nine properties for an aggregate of 8.6 million OP units valued at approximately $96.5 million. Therefore, these nine properties will continue to be subject to our operating partnership s purchase options under the terms of the original master leases. The closing periods for the purchase options relating to these nine remaining properties begin on March 31, 2007 and end on February 29, 2008.

Excluding financing obligations related to our operating partnership s private placement, as of September 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 12.7 billion square feet of rentable building area as of September 30, 2006 according to CoStar. Of this total, approximately 11.2 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.

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Summary Risk Factors

You should carefully consider the matters discussed in the section Risk Factors beginning on page 25, 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 87.6% 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 revenues, 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 charter and bylaws do not limit the amount or percentage of indebtedness that we may incur, and 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.

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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 November 27, 2006, we had 152,054,638 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.

We may have difficulty funding our distributions with our available cash flows and our distributions to stockholders may change depending on a number of factors.

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.

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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 September 30, 2006 (dollar amounts 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	11.9%	92.6%	$ 20,768	10.3%	118	$ 3.42
Baltimore/ Washington D.C.	13	100.0%	1,585,087	2.9%	90.7%	8,730	4.3%	30	6.07
Central Pennsylvania	6	100.0%	1,402,580	2.5%	100.0%	5,602	2.8%	9	3.99
Charlotte	11	100.0%	1,477,548	2.7%	80.1%	3,935	2.0%	20	3.33
Chicago	14	100.0%	2,877,988	5.2%	94.6%	10,239	5.1%	20	3.76
Cincinnati	39	100.0%	4,982,215	9.1%	88.3%	15,737	7.8%	93	3.58
Columbus	15	100.0%	4,401,788	8.0%	94.8%	13,025	6.5%	30	3.12
Dallas(5)	54	100.0%	6,810,543	12.4%	90.7%	23,464	11.6%	144	3.80
Denver	1	100.0%	160,232	0.3%	100.0%	903	0.5%	7	5.64
Houston	34	100.0%	2,452,711	4.5%	88.6%	10,994	5.5%	85	5.06
Indianapolis	8	100.0%	3,326,864	6.0%	95.5%	9,355	4.6%	19	2.95
Louisville	2	100.0%	521,000	0.9%	100.0%	1,706	0.8%	3	3.27
Memphis	10	100.0%	4,333,018	7.9%	94.1%	12,350	6.1%	14	3.03
Miami	6	100.0%	727,461	1.3%	92.4%	5,155	2.6%	18	7.67
Minneapolis	6	100.0%	828,466	1.5%	100.0%	3,943	2.0%	13	4.76
Nashville	5	100.0%	2,712,373	4.9%	91.7%	7,680	3.8%	6	3.09
New Jersey	10	100.0%	1,189,553	2.2%	96.2%	6,328	3.1%	28	5.53
Northern California	29	100.0%	2,410,960	4.4%	96.2%	12,708	6.3%	59	5.48
Orlando	12	100.0%	1,226,231	2.2%	95.2%	5,056	2.5%	35	4.33
Phoenix	15	100.0%	1,734,052	3.2%	95.3%	7,343	3.6%	30	4.44
San Antonio	2	100.0%	172,050	0.3%	86.9%	585	0.3%	5	3.91
Seattle	8	100.0%	1,198,617	2.2%	96.5%	5,465	2.7%	15	4.73
Southern California	12	100.0%	1,391,534	2.5%	99.8%	7,462	3.7%	27	5.37
Subtotal/Weighted Average(6)	368	100.0%	54,473,142	99.0%	92.9%	$ 198,533	98.5%	828	$ 3.92
Discontinued Operations									
Boston	6	100.0%	567,441	1.0%	85.8%	3,054	1.5%	11	6.28
Total/Weighted Average Operating Properties	**374**	**100.0%**	**55,040,583**	**100.0%**	**92.9%**	**$ 201,587**	**100.0%**	**839**	**$ 3.94**
Consolidated Properties Under Development									
Atlanta	2	100.0%	688,067	65.4%	4.6%	$ 131	32.4%	1	$ 4.15
Chicago	2	97.6%	364,472	34.6%	17.1%	274	67.6%	1	4.40
Subtotal/Weighted Average	4	99.2%	1,052,539	100.0%	8.9%	$ 405	100.0%	2	$ 4.32
Total/Weighted Average Consolidated Properties	**378(7)**	**100.0%**	**56,093,122**	**N/A**	**91.3%**	**$ 201,992**	**N/A**	**841**	**$ 3.94**

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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	33.9%	0.0%				
Nashville	1	95.0%	570,000	34.8%	0.0%				
Southern California[8]	2	91.1%	514,463	31.3%	0.0%				
	4	94.2%	1,641,263	100.0%	0.0%				
Total/Weighted Average Unconsolidated Properties	**10**(7)	**48.5%**	**4,288,455**	**N/A**	**61.7%**	**$ 8,479**	**N/A**	**9**	**$ 3.20**

(1) Weighted average ownership is based on rentable square feet.
(2) Based on leases signed as of September 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 September 30, 2006, multiplied by 12.
(4) Calculated as Annualized Base Rent divided by rentable square feet under lease as of September 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, six properties have been sold to DCTRT during the fourth quarter of 2006. (See Significant Transactions Institutional Joint Ventures DCTRT Joint Ventures.)
(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 as of September 30, 2006:

	Number of Leases	Rentable Square Feet	Annualized Base Rent (000s)[3]
Fixed Price Purchase Options	6	2,516,034	$ 7,965
Fair Market Value Options	3	282,986	$ 1,323
Right of First Refusal Options	5	874,068	$ 2,661
Right of First Offer Options	4	873,904	$ 3,292

(8) Includes one vacant 55,000 rentable square foot building that, as of November 27, 2006, was not under development that was recently acquired in connection with the SCLA transaction.

Significant Transactions

Advisor Internalization

On October 10, 2006, pursuant to a contribution agreement, our operating partnership acquired our former affiliated external advisor, Dividend Capital Advisors LLC, or our former advisor, from Dividend Capital Advisors Group LLC, the parent company of our former advisor, or DCAG, for an aggregate of 15,111,111 OP units, which included the modification of a special series of units, or the special units, of limited partnership interest in our operating partnership held by DCAG into 7,111,111 OP units. We refer to this transaction as the

Internalization. In connection with the Internalization, our former advisor became a wholly-owned subsidiary of our operating partnership, and certain employees of, or consultants to, our former advisor or its affiliates became our employees. As a result of these transactions, we have become a self-administered and self-advised REIT.

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

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

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

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

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

- a transition services agreement with an affiliate of DCAG whereby we receive enumerated services, including IT services, human resources, payroll and accounts payable services, necessary to operate our business for a one-year period; and

- a strategic relationship with Dividend Capital Total Realty Trust Inc., or DCTRT, a Maryland corporation which qualifies as a REIT for U.S. federal income tax purposes and which is externally advised by an affiliate of DCAG, which established a series of joint ventures that, subject to certain exceptions and conditions, will be the exclusive vehicles used by DCTRT to invest in industrial real estate assets in our current major markets through the end of 2008.

Additionally, upon consummation of the Internalization, Phil Hawkins became our Chief Executive Officer and a director, Stuart Brown became our Chief Financial Officer and Jim Cochran became our President. Simultaneously, Evan Zucker resigned as our Chief Executive Officer, President, Secretary and director and James Mulvihill resigned as our Chief Financial Officer and Treasurer, but remains a director.

Certain of our directors and officers had material financial interests in the Internalization. (See Certain Relationships and Related Transactions.) To address these potential conflicts of interest, a special committee of our board of directors comprised of all of our independent directors was formed to review, consider and negotiate the terms and conditions of the Internalization and to make a recommendation to our entire board regarding the transaction. The special committee engaged and consulted with its own legal and financial advisors.

In connection with the Internalization, our stockholders approved an amendment and restatement of our charter that will become effective upon the closing of this offering. The purpose of this amendment is to conform our charter more closely with the charters of other companies that qualify as REITs for U.S. federal income tax purposes and whose securities are publicly traded and listed on the NYSE. In addition, we adopted, and our stockholders approved, our 2006 Long-Term Incentive Plan, or our long-term incentive plan, and our 2006 Incentive Compensation Plan, or our incentive compensation plan. These plans were established by our board of directors, which worked with its legal advisors and with employment compensation consultants to survey and study the market compensation ranges of our competitors, were approved by our stockholders 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.

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Significant Portfolio Acquisitions

Cal-TIA Acquisition

On June 9, 2006, we acquired a fee interest in a portfolio of 78 bulk distribution, light industrial and service center buildings comprising approximately 7.9 million rentable square feet located in eight markets (Atlanta, Baltimore, Charlotte, Cincinnati, Dallas, Miami, Northern California and Orlando), which we collectively refer to as Cal-TIA, and a land parcel comprising 9.2 acres located in the Orlando market, for a total cost of approximately $510.1 million (which includes an acquisition fee of $4.9 million that was paid to our former advisor). This portfolio was acquired from an unrelated third party. We funded this purchase using our existing cash balances, net proceeds from our prior continuous public offerings and our operating partnership s private placement and debt proceeds of approximately $387.0 million. These debt proceeds consisted of borrowings from our existing senior unsecured revolving credit facility in the amount of $112.0 million and the issuance of $275.0 million of unsecured debt.

The table below provides the number of buildings and rentable square feet by market with respect to the acquired portfolio of buildings as of June 9, 2006.

Market	Buildings	Rentable Square Feet
Atlanta	9	1,146,169
Baltimore	3	278,519
Charlotte	7	1,051,144
Cincinnati	18	796,413
Dallas	5	1,828,183
Miami	3	411,009
Northern California	23	1,499,524
Orlando	10	859,094
Total Portfolio	**78**	**7,870,055**

As of June 9, 2006, the acquired buildings were 92.2% occupied.

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Cabot Acquisition

On July 21, 2005, we completed a merger with Cabot Industrial Value Fund, Inc., or Cabot, an unrelated third party, whereby we acquired all of the outstanding shares of Cabot s common stock for approximately $312.6 million in cash and the assumption of debt and certain other net liabilities (which includes an acquisition fee of $5.6 million that was paid to our former advisor). Through our ownership of Cabot, we initially acquired an approximate 87.0% interest in Cabot Industrial Value Fund, LP which, as of December 31, 2005, owned a portfolio of 104 buildings located in 12 markets throughout the United States with a total historical cost of approximately $654.5 million and approximately $308.8 million of mortgage debt outstanding. The following table provides additional information about the portfolio as of December 31, 2005.

Market	Buildings	Rentable Square Feet
Atlanta	29	1,457,171
Baltimore	3	432,113
Boston	1	164,900
Charlotte	3	345,956
Chicago	6	1,073,830
Cincinnati	11	1,496,773
Columbus	3	1,213,486
Dallas	29	2,249,496
Miami	1	65,669
New Jersey	3	483,338
Seattle	8	1,198,617
Southern California	7	725,432
Total Portfolio	**104**	**10,906,781**

As of the date of acquisition, this portfolio was 82.0% occupied. On April 21, 2006, we purchased the remaining interests in the Cabot Industrial Value Fund, LP for approximately $40.4 million (which includes an acquisition fee of $0.9 million that was paid to our former advisor).

RN Portfolio Acquisition

On October 1, 2004, we acquired a fee interest in a portfolio of 53 buildings totaling approximately 4.9 million rentable square feet located in the following six markets: Atlanta, Boston, Dallas, Houston, Northern California and Phoenix. The total cost of this portfolio was approximately $238.9 million (which includes an acquisition fee of $2.3 million that was paid to our former advisor).

The following table provides additional information about the portfolio as of October 1, 2004:

Market	Buildings	Rentable Square Feet
Atlanta	10	1,272,471
Boston	5	405,741
Dallas	14	942,494
Houston	9	806,441
Northern California	3	133,871
Phoenix	12	1,329,735
Total Portfolio	**53**	**4,890,753**

As of October 1, 2004, this portfolio was 84.3% occupied.

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Institutional Joint Ventures

BBK Joint Venture

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

Pursuant to our joint venture agreement, we act as asset manager for Fund I and earn certain fees, including asset management fees related to the properties we manage. Such fees totaled approximately $137,000 and $316,000 for the three and nine months ended September 30, 2006, respectively. In addition to these fees, after we and BBK are repaid our respective capital contributions plus a preferred return, we have the right to receive a promoted interest in Fund I based on performance. Although Fund I s day-to-day business, affairs and assets are managed by us, all major decisions are determined by both us and BBK.

DCTRT Joint Ventures

We have entered into a strategic relationship with DCTRT whereby we have entered into one and anticipate entering into an additional 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 will 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. In addition, we have entered into non-competition agreements with Evan Zucker, our former Chief Executive Officer, President, Secretary and director, and James Mulvihill, our former Chief Financial Officer and Treasurer and a current director of our company, which generally restrict their ability to engage in various activities in North America in respect of industrial real estate for three years. The non-competition agreements contain certain exceptions, including a provision that Messrs. Zucker and Mulvihill can provide various services to DCTRT and other related entities if (and only for so long as) the DCTRT exclusivity provisions described above remain in effect.

We will act as the managing member of these joint ventures, subject to the approval of major decisions by DCTRT, and will earn an asset management fee of 45 basis points per annum on assets under management, an acquisition fee of 50 basis points of the joint venture s pro rata share of the purchase price (including any assumed debt, but excluding certain transaction costs) of assets it acquires and, under certain circumstances, a construction management fee and a disposition fee. Distributions of available cash will be paid (i) to us and DCTRT, pari passu, in accordance with our respective percentage interests, until DCTRT has received an 8.5% internal rate of return; (ii) after DCTRT has received an 8.5% internal rate of return, 80.0% to us and DCTRT, pari passu, in accordance with our respective percentage interests and 20.0% to us, until DCTRT has received a 13.0% internal rate of return; and (iii) after DCTRT has received a 13.0% internal rate of return, 70.0% to us and DCTRT, pari passu, in accordance with our respective percentage interests and 30.0% to us. Each joint venture will be funded as follows: (i) an equity contribution from DCTRT to the joint venture (which will be not less than approximately 90.0% of the joint venture s required equity capitalization); (ii) an equity contribution from us to the joint venture (which will be up to 10.0% 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%.

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On September 1, 2006, we entered into the first joint venture agreement with DCTRT, which we refer to as TRT/DCT Venture I, pursuant to which TRT/DCT Venture I will own up to $150.0 million of industrial properties. The portfolio will be comprised of:

(i) approximately $65.3 million in assets to be sold by us to DCTRT. We will manage these assets and receive an asset management fee of 45 basis points per annum and DCTRT will have the obligation, under certain circumstances and subject to our approval, to contribute such assets to TRT/DCT Venture I at a later date; and

(ii) an additional approximately $84.7 million in assets that will either be (a) contributed by us to TRT/DCT Venture I, (b) sold by us to DCTRT pursuant to the same terms described in (i) above, or (c) acquired by TRT/DCT Venture I through third-party purchases.

On October 16, and October 31, 2006, we sold collectively six industrial properties to DCTRT. As described above, we will manage these assets and earn an asset management fee and DCTRT will have the obligation, under certain circumstances and subject to our approval, to contribute such assets to TRT/DCT Venture I at a later date. The total purchase price of these six properties was approximately $65.3 million.

The following table provides certain additional information about the properties that have been sold:

Property	Market	Number of Leases	Rentable Square Feet	Occupancy Percentage(1)	Annualized Base Rent(2)
Park West L1(4)	Cincinnati	1	150,100	100.0%	$ 593,285
Park West Q(3)	Cincinnati	3	198,600	100.0%	755,190
Rickenbacker IV(3)	Columbus	3	330,179	100.0%	1,163,743
Eagle Creek East(3)	Minneapolis	2	107,451	100.0%	630,537
Eagle Creek West(4)	Minneapolis	2	132,068	100.0%	747,995
Minnesota Valley III(4)	Minneapolis	1	232,804	100.0%	821,798
Total Portfolio		**12**	**1,151,202**	**100.0%**	**$ 4,712,548**

(1) Based on leases signed as of September 30, 2006 and calculated as rentable square feet less available square feet divided by rentable square feet.
(2) Annualized Base Rent is calculated as monthly contractual base rent (cash basis) per the terms of the lease, as of September 30, 2006, multiplied by 12.
(3) Represents a property sold by us to DCTRT on October 16, 2006.
(4) Represents a property sold by us to DCTRT on October 31, 2006.

As managing member, 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 as described above in connection with all assets that are contributed or sold.

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SCLA Joint Venture

In July 2005, we entered into a joint venture agreement, which was amended and restated in October 2006, with Stirling Airports International, LLC, or 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 joint venture as the SCLA joint venture. While our exact 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 development project resulted from the closure of George Air Force Base in 1992 and is known as Southern California Logistics Airport, or SCLA. SCLA is controlled by two development authorities: the Southern California Logistics Airport Authority and the Southern California Logistics Rail Authority, which we refer to collectively as the Authorities. SCLA is part of the approximately 60,000 acre Victor Valley Economic Development Authority. Stirling 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.

The Southern California industrial real estate market is one of the largest and fastest growing industrial real estate markets in the United States and is supported by leading seaport and airport hubs, as well as extensive road and rail systems. Southern California is home to the Los Angeles/Long Beach container ports, the busiest seaport system in North America and the eighth busiest in the world as measured by annual volume. Industrial land prices in the Inland Empire currently range between $6 and $17 per square foot. The SCLA development project has logistical advantages for the movement of goods by air, truck and rail. SCLA is situated 47 miles north of the Ontario California International Airport in close proximity to Interstate 15, the main west-east artery for goods moving from the Ports of Los Angeles and Long Beach. The project also surrounds an existing logistics airport which can accommodate the largest commercial aircraft and is controlled by the Southern California Logistics Airport Authority. In addition to the two existing airport runways at the logistics airport, the main transcontinental lines for Burlington Northern Santa Fe and Union Pacific Railroads run parallel to I-15.

The SCLA joint venture contemplates acquiring tracts of land over time as opportunities arise for development or for resale of parcels to end users for whom the joint venture may participate in build-to-suit projects. As the exclusive master developer of the industrial portion of SCLA for up to 13 years, the joint venture has the right to develop bulk distribution and light industrial properties in what we believe to be the industrial market that has experienced the highest average annual net absorption in the United States for the last five years. The SCLA joint venture anticipates executing a disposition development agreement to acquire 344 acres at SCLA before the end of 2006 as part of the phase one development plan. We believe that this first phase can accommodate up to 6.5 million rentable square feet of industrial development. Subject to the receipt of required building permits, we currently anticipate starting construction of between 1.5 million and 2.0 million rentable square feet of space within the next 12 to 18 months. The Authorities have committed an initial $18 million in funding of the infrastructure improvements and have indicated that, subject to availability of tax increment financing, they intend to fund remaining infrastructure improvements needed for the joint venture s phase one development plan. We cannot predict at this time when or to what extent the joint venture will purchase additional land beyond phase one that it has the right to develop under the master agreements. If the SCLA joint venture developed all of the 4,350 acres, we believe the project could ultimately accommodate up to 60.0 million rentable square feet of industrial space, though there can be no guarantee that we can achieve such development within the 13 year term.

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Forward Purchase Commitments in Mexico

In November 2006, we entered into six separate forward purchase commitments with Nexxus Desarrollos Industriales, or Nexxus, to acquire six newly constructed buildings totaling 858,739 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 closing under the purchase obligation depends on leasing at each building prior to building completion. 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 buildings is expected to commence prior to year-end 2006. Closing on the individual buildings is expected to occur between July 2007 and March 2008.

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Our Corporate Structure

We were organized in April 2002 as a Maryland corporation and have continually qualified as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2003. We are self- administered and self-advised. We own our properties through our operating partnership and its subsidiaries. We are the sole general partner of our operating partnership and owned approximately 97% of the outstanding equity interests of our operating partnership as of September 30, 2006.

We and our wholly-owned subsidiary DCT Industrial TRS Inc., or DCT TRS, have jointly elected to treat DCT TRS as a taxable REIT subsidiary, or TRS. DCT TRS undertakes certain activities that we (and our pass-through subsidiaries) might otherwise be precluded from undertaking under the REIT qualification rules of the Code. As a TRS, DCT TRS is generally subject to corporate income tax on its earnings, which has the effect of reducing the cash flows available to make distributions to our stockholders.

The following chart reflects an overview of our corporate organization following completion of this offering, assuming no exercise of the overallotment of option:

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(1) Includes 90.2% representing shares of our common stock outstanding prior to this offering and held by unaffiliated stockholders.
(2) Subsidiary that acts as payroll master and has other overhead functions.
(3) Includes 5.5% representing the total OP units owned by DCAG less the OP units indirectly beneficially owned by certain of our officers and directors through their membership interests in and/or rights to receive a portion of the net cash flows of DCAG.
(4) Represents OP units indirectly beneficially owned by certain of our officers and directors through their membership interests in and/or rights to receive a portion of the net cash flows of DCAG.
(5) REIT subsidiary.
(6) TRS.

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Our REIT Status

We elected to be taxed as a REIT under Sections 856 through 860 of the Code commencing with our taxable year ended December 31, 2003. As a REIT, we generally will not be subject to U.S. federal income tax on income that we distribute to our stockholders. Under the Code, REITs are subject to numerous organizational and operational requirements, including a requirement that they annually distribute at least 90% of their taxable income. If we fail to qualify for taxation as a REIT in any year, our income will be taxed at regular corporate rates, we will not be allowed a deduction for distributions to our stockholders in computing our taxable income and we may be precluded from qualifying for treatment as a REIT for the four-year period following the year of our failure to qualify. Even if we qualify as a REIT for U.S. federal income tax purposes, we may still be subject to state and local taxes on our income and property and to U.S. federal income and excise taxes on our undistributed income.

Restrictions on Transfer

We and our executive officers and directors have agreed, with exceptions, not to sell or transfer any common stock for 180 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated. Specifically, we and these other individuals have agreed, with exceptions, not to directly or indirectly offer, pledge, sell or contract to sell any common stock, sell any option or contract to purchase any common stock, purchase any option or contract to sell any common stock, grant any option, right or warrant for the sale of any common stock, lend or otherwise dispose of or transfer any common stock, request or demand that we file a registration statement related to the common stock, or enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

Restrictions on Share Ownership

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 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.

Distribution Policy

U.S. federal income tax law requires that a REIT distribute annually at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gain.

In order to maintain our REIT qualification and to generally not be subject to U.S. federal income and excise tax, we intend to make regular quarterly distributions of all or substantially all of our net taxable income to holders of our common stock. Any future distributions we make will be at the discretion of our board of directors and will depend upon, among other things, our actual results of operations. These results and our ability to pay distributions will be affected by various factors, including the income from our portfolio, our operating expenses and any other expenditures.

We cannot assure you that we will have sufficient cash available for future quarterly distributions. See Risk Factors Risks Related to Our Business and Operations We may have difficulty funding our distributions with our available cash flows.

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To the extent that our cash available for distribution is less than 90% of our REIT taxable income, we may consider various funding sources to cover any such shortfall, including borrowing under our credit facility, selling certain of our assets or using a portion of the net proceeds we receive in this offering or future offerings. Our distribution policy enables us to review the alternative funding sources available to us from time to time.

Conflicts of Interest

Following the completion of the Internalization, there are conflicts of interest with respect to certain of our officers and directors, on the one hand, and us and our stockholders, on the other. Tom Wattles, Jim Cochran, Daryl Mechem, Michael Ruen and Matt Murphy hold membership interests in and/or are entitled to receive a portion of the net cash flows of DCAG. DCAG, or an affiliate thereof, is a party to the contribution agreement with us, as well as the pledge and security agreement, the registration rights agreement, the license agreement and the transition services agreement. In addition, we recently entered into employment agreements with each of our executive officers and a non-competition agreement with James Mulvihill, one of our directors. We may not seek to enforce these agreements as vigorously as we otherwise might because of our desire to maintain our relationships with such officers and directors.

Tom Wattles, our Executive Chairman, owns a portion of the parent company of DCTRT s external advisor and has similar ownership of, and serves as a manager for, other affiliates of DCAG. He will devote a majority of his time to us but will not work full time for us. (See Risk Factors Risks Related to Conflicts of Interest.)

We have invested, and may in the future invest, in joint ventures or other programs sponsored by affiliates of Messrs. Wattles and Mulvihill, including those pursuant to our joint ventures with DCTRT, or conduct other business activities with these affiliates. Messrs. Wattles and Mulvihill will each abstain from voting as directors on any transactions we enter into with these affiliates. In addition, we may compete with our affiliates for investments.

We have adopted policies that are designed to eliminate or minimize certain potential conflicts of interest by requiring the consent of a majority of our independent directors with respect to actions in connection with the foregoing agreements or circumstances.

Senior Unsecured Revolving Credit Facility

We have a $250.0 million senior unsecured revolving credit facility with a syndicated group of banks led by J.P. Morgan Securities Inc. The facility matures in December 2008 and has provisions to increase its total capacity to $400.0 million. At our election, the facility bears interest either at LIBOR plus between 0.875% and 1.375%, depending upon our consolidated leverage, or at prime and is subject to an annual 0.25% facility fee. The facility contains various covenants, including financial covenants with respect to consolidated leverage, net worth, unencumbered assets, interest and fixed charge coverage and secured debt to total asset value. As of September 30, 2006, we were in compliance with all of these covenants. As of September 30, 2006, there was $165.0 million outstanding on this facility and on a pro forma basis there will be $59.4 million outstanding.

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The Offering

Common stock offered by us	16,300,000 shares(1)
Common stock to be outstanding after this offering	168,354,638 shares(2)
Common stock and OP units to be outstanding after this offering	192,084,112 shares/units(2) (3)
Use of proceeds	We intend to use all $184.2 million of the net proceeds of this offering to repay outstanding indebtedness under our senior unsecured revolving credit facility.
Proposed New York Stock Exchange symbol	DCT

(1) Excludes up to 2,445,000 shares of our common stock that may be issued by us upon exercise of the underwriters overallotment option.

(2) Includes 152,054,638 shares of our common stock outstanding as of November 27, 2006.

Excludes the following:

- up to 2,445,000 shares of our common stock that may be issued by us upon exercise of the underwriters overallotment option;
- 421,000 shares of our common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of $11.19 per share;
- 2,199,855 shares of our common stock issuable upon the exercise of 2,199,855 outstanding warrants at an exercise price of $12.00 per share;
- 21,778 shares of our common stock issuable upon the settlement of outstanding phantom shares;
- 23,729,474 shares of common stock issuable, in our sole discretion, upon the exchange of 23,729,474 outstanding OP units on a one-for-one basis; and
- 501,906 shares of common stock issuable, in our sole discretion, upon the exchange of 501,906 OP units issuable upon conversion of outstanding LTIP units; and
- 7,476,316 shares of our common stock reserved for future issuance under our long-term incentive plan.

(3) Includes 23,729,474 shares of common stock issuable, in our sole discretion, upon the exchange of 23,729,474 outstanding OP units as of November 27, 2006 on a one-for-one basis, including the 15,111,111 OP units issued upon completion of the Internalization. Excludes 501,906 OP units issuable upon conversion of outstanding LTIP units. For additional information regarding LTIP units, see Management 2006 Long-Term Incentive Plan 2006 Partnership Unit-Based Incentive Compensation Program.

In addition, as discussed in more detail in Background above, we solicited the consent of the holders of certain outstanding TIC Interests in 23 of our properties that were issued in connection with our operating partnership s private placement to amend the leases relating to their interests. These leases provide our operating partnership with purchase options respecting these TIC Interests, and the lease amendments fixed the number of OP units to be paid and accelerated the date of closing of the purchase of the TIC Interests to the earlier of: (1) a date selected by our operating partnership that was within 60 days after the completion of this offering, or (2) a date selected by our operating partnership that was within the stipulated closing period in the original lease. We received unanimous consents to amend the leases related to 14 of the 23 properties for which we solicited consents, which gives our operating partnership the right to purchase the related TIC Interests for an aggregate of 6,834,390 OP units valued at approximately $76.9 million during the accelerated closing period. We did not receive unanimous consents for the nine remaining properties, which would have given us the right to purchase all remaining TIC Interests in these nine properties for an aggregate of 8,576,482 OP units valued at approximately $96.5 million.

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Summary Selected Consolidated Financial and Pro Forma Data

The following table sets forth selected summary financial data relating to our historical results of operations for the years ended December 31, 2005, 2004 and 2003, as well as for the nine months ended September 30, 2006 and 2005, and selected summary pro forma financial data relating to our results of operations for the year ended December 31, 2005 and the nine months ended September 30, 2006. The table also sets forth selected summary financial data relating to the historical balance sheets as of December 31, 2005, 2004 and 2003 and as of September 30, 2006 and 2005, and selected summary pro forma financial data relating to the balance sheet as of September 30, 2006.

The summary historical consolidated financial information for the periods ended December 31, 2005, 2004 and 2003 and as of December 31, 2005, 2004 and 2003 presented below have been derived from our historical consolidated financial statements which were audited by KPMG LLP, an independent registered public accounting firm. The summary historical consolidated financial information for the nine-month periods ended, and as of, September 30, 2006 and 2005 have been derived from our unaudited condensed consolidated financial statements. Certain amounts presented for the fiscal years ended December 31, 2004 and 2003 and for the nine-month period ended September 30, 2005 have been reclassified to conform to the presentation for the year ended December 31, 2005 and the nine-month period ended September 30, 2006.

The summary unaudited pro forma financial information as of September 30, 2006 and for the nine months then ended has been prepared to reflect adjustments to the historical financial statements to illustrate the estimated effect of the following transactions as if they had occurred on January 1, 2005:

- our acquisition, including one pending acquisition that was deemed to be probable, from January 1, 2006 through November 27, 2006 of 134 properties located in 18 markets for a total cost of approximately $1.1 billion. These properties were acquired using net proceeds from our prior continuous public offerings, our operating partnership s private placement and debt issuances and existing cash balances;

- the acquisition on October 10, 2006 by our operating partnership of our former advisor from DCAG for an aggregate of 15,111,111 OP units, which included the modification of the special units held by DCAG into 7,111,111 OP units;

- this offering of 16,300,000 shares of our common stock; and

- the application of the net proceeds from this offering to repay $184.2 million of outstanding indebtedness under our senior unsecured revolving credit facility.

The summary unaudited pro forma financial information as of December 31, 2005 and for the year then ended has been prepared to illustrate the estimated effect of the following transactions as if they had occurred on January 1, 2005:

- the transactions described above; and

- our acquisition in 2005 of 158 properties located in 18 markets for a total cost of approximately $1.2 billion. These properties were acquired using net proceeds from our prior continuous public offerings, our operating partnership s private placement and debt issuances and existing cash balances.

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Since the information presented below is only a summary and does not provide all of the information contained in our historical consolidated financial statements and pro forma condensed consolidated financial statements, including the related notes, you should read it in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements and pro forma condensed consolidated financial statements, including the related notes, included elsewhere in this prospectus. The amounts in the table are in thousands except for per-share information.

	For the Nine Months Ended September 30,			For the Year Ended December 31,			
	Pro Forma	Historical		Pro Forma	Historical		
	2006	2006	2005	2005	2005	2004	2003
Operating Data:							
Rental revenues	$ 187,810	$ 158,080	$ 81,340	$ 250,464	$ 123,228	$ 34,112	$ 2,645
Institutional capital management and other fees	398	398					
Total revenues	188,208	158,478	81,340	250,464	123,228	34,112	2,645
Rental expenses and real estate taxes	44,449	36,592	17,881	60,469	27,558	7,043	367
Real estate depreciation and amortization expense	89,954	81,196	47,430	120,269	70,280	18,919	1,195
General and administrative expenses	13,937	3,939	2,294	15,315	3,004	2,372	412
Asset management fees, related party		12,907	5,640		8,901	1,525	
Total expenses	148,340	134,634	73,245	196,053	109,743	29,859	1,974
Equity in losses of unconsolidated joint ventures, net	(254)	(254)					
Gain from disposition of real estate interests	7,550	7,550					
Interest expense	(56,028)	(46,687)	(18,253)	(67,961)	(28,474)	(5,978)	(385)
Interest and other income	5,745	5,004	2,216	3,291	3,193	1,408	61
Income (loss) before minority interests and discontinued operations	(3,119)	(10,543)	(7,942)	(10,259)	(11,796)	(317)	347
Minority interests	394	562	256	979	452		
Income (loss) from continuing operations	(2,725)	(9,981)	(7,686)	(9,280)	(11,344)	(317)	347
Income (loss) from discontinued operations	125	125	(345)	(616)	(616)	62	
Net income (loss)	$ (2,600)	$ (9,856)	$ (8,031)	$ (9,896)	$ (11,960)	$ (255)	$ 347
Common Share Distributions:							
Common share cash distributions declared		$ 71,207	$ 42,672		$ 62,292	$ 24,263	$ 2,452
Common share cash distributions declared per share		$ 0.480	$ 0.480		$ 0.640	$ 0.640	$ 0.625
Per Share Data:							
Basic earnings (loss) per common share	$ (0.02)	$ (0.07)	$ (0.09)	$ (0.06)	$ (0.12)	$ (0.01)	$ 0.09
Diluted earnings (loss) per common share	$ (0.02)	$ (0.07)	$ (0.09)	$ (0.06)	$ (0.12)	$ (0.01)	$ 0.09
Other Data:							
FFO attributable to common shares, basic[1]	$ 77,179	$ 67,195	$ 39,897	$ 101,302	$ 58,307	$ 19,008	$ 1,535
FFO attributable to common shares, diluted[1]	$ 85,605	$ 68,579	$ 40,019	$ 110,732	$ 58,569	$ 19,018	$ 1,542
Basic FFO per common share[1]	$ 0.46	$ 0.45	$ 0.45	$ 0.60	$ 0.60	$ 0.50	$ 0.38
Diluted FFO per common share[1]	$ 0.46	$ 0.45	$ 0.45	$ 0.60	$ 0.60	$ 0.50	$ 0.38
Weighted average common shares outstanding:							
Basic	168,261	148,731	89,147	168,261	97,333	37,908	3,987
Diluted	168,261	148,731	89,147	168,261	97,774	37,928	4,007
Net cash provided by operating activities		$ 75,857	$ 48,978		$ 66,295	$ 21,452	$ 1,700
Net cash used in investing activities		(924,535)	(547,536)		(750,877)	(560,036)	(149,948)
Net cash provided by financing activities		773,267	514,633		755,980	558,027	152,314

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	As of September 30,			As of December 31,		
	Pro Forma	Historical		Historical		
	2006	2006	2005	2005	2004	2003
Balance Sheet Data:						
Net investment in real estate	$ 2,782,929	$ 2,688,520	$ 1,721,823	$ 1,904,411	$ 732,202	$ 150,633
Total assets	2,899,233	2,819,654	1,806,282	2,057,695	784,808	156,608
Lines of credit	59,356	165,012	16	16	4	1,000
Unsecured notes	425,000	425,000				
Mortgage notes	638,148	638,148	636,875	642,242	142,755	40,500
Total liabilities	1,467,404	1,568,690	816,712	869,307	203,593	49,782
Total stockholders equity (deficit)	1,234,236	1,204,517	945,690	1,132,811	581,214	106,824
Minority interests	197,593	46,447	43,880	55,577	1	1
Number of common shares outstanding	166,857	150,557	111,569	133,207	67,720	12,470

(1) We believe that FFO, as defined by the National Association of Real Estate Investment Trusts, or NAREIT, is a meaningful supplemental measure of our operating performance because historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time, as reflected through depreciation and amortization expenses. However, since real estate values have historically risen or fallen with market and other conditions, many industry investors and analysts have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient. Thus, NAREIT created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation and amortization, among other items, from net income, as defined by GAAP. We believe that the use of FFO, combined with the required GAAP presentations, has been beneficial in improving the understanding of operating results of REITs among the investing public and making comparisons of operating results among such companies more meaningful. We consider FFO to be a useful measure for reviewing our comparative operating and financial performance because, by excluding gains or losses related to sales of previously depreciated operating real estate assets and real estate depreciation and amortization, FFO can help the investing public compare the operating performance of a company s real estate between periods or as compared to other companies. However, you should note that FFO excludes depreciation and amortization and 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 (loss) for the periods indicated below on a historical and pro forma basis (unaudited, amounts in thousands):

	For the Nine Months Ended September 30,			For the Year Ended December 31,			
	Pro Forma	Historical		Pro Forma	Historical		
	2006	2006	2005	2005	2005	2004	2003
Reconciliation of net income (loss) to FFO:							
Net income (loss) attributable to common shares	$ (2,600)	$ (9,856)	$ (8,031)	$ (9,896)	$ (11,960)	$ (255)	$ 347
Adjustments:							
Real estate related depreciation and amortization	91,522	82,764	48,796	121,635	72,206	19,273	1,195
Equity in losses of unconsolidated joint ventures	254	254					
Equity in FFO of unconsolidated joint ventures	324	324					
Minority interests in losses	(419)	(587)	(284)	(1,007)	(526)		
FFO attributable to minority interests	(8,426)	(2,228)	(584)	(9,430)	(1,413)	(10)	(7)
Gain recognized on disposition of real estate interests	(3,476)	(3,476)					
FFO attributable to common shares, basic	77,179	67,195	39,897	101,302	58,307	19,008	1,535
FFO attributable to dilutive securities	8,426	1,384	122	9,430	262	10	7
FFO attributable to common shares, diluted	$ 85,605	$ 68,579	$ 40,019	$ 110,732	$ 58,569	$ 19,018	$ 1,542

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RISK FACTORS

Investment in our common stock involves risks. You should carefully consider the following risk factors in addition to other information contained in this prospectus before purchasing the common stock we are offering. The occurrence of any of the following risks might cause you to lose all or part of your investment. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled Forward-Looking Statements.

RISKS RELATED TO OUR BUSINESS AND OPERATIONS

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

Our investments in real estate assets are primarily concentrated in the industrial real estate sector. This concentration may expose us to the risk of economic downturns in this sector to a greater extent than if our business activities included a more significant portion of other sectors of the real estate industry.

Our growth will partially depend upon future acquisitions of properties, and we may be unable to consummate acquisitions on advantageous terms or acquisitions may not perform as we expect.

We acquire and intend to continue to acquire primarily high-quality generic bulk distribution warehouses and light industrial properties. The acquisition of properties entails various risks, including the risks that our investments may not perform as we expect, that we may be unable to quickly and efficiently integrate our new acquisitions into our existing operations and that our cost estimates for bringing an acquired property up to market standards may prove inaccurate. Further, we face significant competition for attractive investment opportunities from other well-capitalized real estate investors, including both publicly-traded REITs and private institutional investment funds, and these competitors may have greater financial resources than us and a greater ability to borrow funds to acquire properties. This competition increases as investments in real estate become increasingly attractive relative to other forms of investment. As a result of competition, we may be unable to acquire additional properties as we desire or the purchase price may be significantly elevated. In addition, we expect to finance future acquisitions through a combination of borrowings under our senior unsecured credit facility, proceeds from equity or debt offerings by us or our operating partnership or its subsidiaries and proceeds from property contributions and divestitures which may not be available and which could adversely affect our cash flows. Any of the above risks could adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the market price of, our common stock.

We may be unable to source off-market deal flow in the future.

A key component of our growth strategy is to continue to acquire additional industrial real estate assets. To date, more than half of our acquisitions were acquired before they were widely marketed by real estate brokers, or off-market. Properties that are acquired off-market are typically more attractive to us as a purchaser because of the absence of a formal sales process, which could lead to higher prices. If we cannot obtain off-market deal flow in the future, our ability to locate and acquire additional properties at attractive prices could be adversely affected.

Our real estate development strategies may not be successful.

We have completed the construction and/or expansion of 3,987,854 rentable square feet of distribution facilities since 2005 and we intend to continue to pursue development and renovation activities as opportunities arise. As of November 27, 2006, 2,129,866 rentable square feet that had been completed were in the lease-up phase and we were developing an additional 1,204,801 rentable square feet of distribution space in three buildings in three separate markets. As of November 27, 2006, we had entered into joint ventures to develop, or

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had identified for self-development, an additional 15 warehouse/distribution buildings on land we already had owned or controlled, and we had rights under master development agreements to acquire approximately 4,350 acres of land for future development activities primarily in Southern California. Such development activities generally require various government and other approvals, and we may not receive such approvals. We will be subject to risks associated with our development and renovation activities that could adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the market price of, our common stock, including, but not limited to:

- the risk that development projects in which we have invested may be abandoned and the related investment will be impaired;
- the risk that we may not be able to obtain, or may experience delays in obtaining, all necessary zoning, land-use, building, occupancy and other governmental permits and authorizations;
- the risk that we may not be able to obtain additional land on which to develop, especially in the most desirable industrial markets such as the Inland Empire submarket of the Southern California industrial real estate market, Chicago and Northern New Jersey;
- the risk that we may not be able to obtain financing for development projects on favorable terms;
- the risk that construction costs of a project may exceed the original estimates or that construction may not be concluded on schedule, making the project less profitable than originally estimated or not profitable at all (including the possibility of contract default, the effects of local weather conditions, the possibility of local or national strikes and the possibility of shortages in materials, building supplies or energy and fuel for equipment);
- the risk that, upon completion of construction, we may not be able to obtain, or obtain on advantageous terms, permanent financing for activities that we have financed through construction loans; and
- the risk that occupancy levels and the rents that can be charged for a completed project will not be met, making the project unprofitable.

Moreover, substantial renovation and development activities, regardless of their ultimate success, typically require a significant amount of management s time and attention, diverting their attention from our other operations.

Our institutional capital management strategy of contributing properties to joint ventures we manage may not allow us to expand our business and operations as quickly or as profitably as we desire.

In February 2006, we contributed six industrial properties to our first joint venture with an institutional partner, and we intend to continue to contribute properties to these kinds of joint ventures as opportunities arise. In particular, we recently entered into a strategic relationship with DCTRT which provides for the creation of a series of industrial property joint ventures into which we will contribute to such joint ventures, or sell to DCTRT, certain of our properties. (See Certain Relationships and Related Transactions New Agreements with Affiliates of DCAG.) We are obligated to provide certain minimum amounts of investment opportunities to these joint ventures from our assets or, in certain cases, assets sold on the open market, and we may be unable to identify assets that are acceptable to DCTRT or that will be contributed to the ventures on terms that are advantageous to us.

In general, our ability to contribute properties on advantageous terms will be dependent upon competition from other managers of similar joint ventures, current capital market conditions, including the yield expectations for industrial properties, and other factors beyond our control. Our ability to develop and timely lease properties will impact our ability to contribute these properties. Continued access to private and public debt and equity capital by these joint ventures is necessary in order for us to pursue our strategy of contributing properties to the joint ventures. Should we not have sufficient properties available that meet the investment

criteria of current or future joint ventures, or should the joint ventures have limited or no access to capital on favorable terms, then these contributions could be delayed resulting in adverse effects on our liquidity and on our ability to meet projected earnings levels in a particular reporting period. Failure to meet our projected earnings levels in a particular reporting period could have an adverse effect on our results of operations, distributable cash flows and on the value of our common stock. Further, our inability to redeploy the proceeds from our divestitures in accordance with our investment strategy could have an adverse effect on our results of operations, distributable cash flows, our ability to meet our debt obligations in a timely manner and the value of our common stock in subsequent periods.

We depend on key personnel.

Our success depends to a significant degree upon the continued contributions of certain key personnel including, but not limited to, Tom Wattles, Phil Hawkins, Jim Cochran, Stuart Brown, Daryl Mechem, Matt Murphy and Michael Ruen, each of whom would be difficult to replace. While we have entered into employment contracts with Messrs. Wattles, Hawkins, Cochran, Brown, Mechem, Murphy and Ruen, they may nevertheless cease to provide services to us at any time. If any of our key personnel were to cease employment with us, our operating results could suffer. Our ability to retain our management group or to attract suitable replacements should any members of the management group leave is dependent on the competitive nature of the employment market. The loss of services from key members of the management group or a limitation in their availability could adversely impact our financial condition and cash flows. Further, such a loss could be negatively perceived in the capital markets. We have not obtained and do not expect to obtain key man life insurance on any of our key personnel.

We also believe that, as we expand, our future success depends, in large part, upon our ability to hire and retain highly skilled managerial, investment, financing, operational and marketing personnel. Competition for such personnel is intense, and we cannot assure you that we will be successful in attracting and retaining such skilled personnel.

Our operating results and financial condition could be adversely affected if we do not continue to have access to capital on favorable terms.

As a REIT, we must meet certain annual distribution requirements. Consequently, we are largely dependent on external capital to fund our development and acquisition activities. Further, in order to maintain our REIT status and avoid the payment of income and excise taxes, we may need to borrow funds on a short-term basis to meet the REIT distribution requirements even if the then-prevailing market conditions are not favorable for these borrowings. These short-term borrowing needs could result from differences in timing between the actual receipt of cash and inclusion of income for U.S. federal income tax purposes or the effect of non-deductible capital expenditures, the creation of reserves or required debt or amortization payments. We have been accessing public equity capital through our prior continuous public offerings, the proceeds of which we have used to acquire and develop properties. Our ability to access capital in this manner, or at all, is dependent upon a number of factors, including general market conditions and competition from other real estate companies. To the extent that capital is not available to acquire or develop properties, profits may not be realized or their realization may be delayed, which could result in an earnings stream that is less predictable than some of our competitors and result in us not meeting our projected earnings and distributable cash flow levels in a particular reporting period. Failure to meet our projected earnings and distributable cash flow levels in a particular reporting period could have an adverse effect on our financial condition and on the market price of our common stock.

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

As of September 30, 2006, we owned approximately 2.1 million rentable square feet of our properties through several joint ventures, limited liability companies or partnerships with third parties. Our organizational documents do not limit the amount of available funds that we may invest in partnerships, limited liability companies or joint ventures, and we intend to continue to develop and acquire properties through joint ventures, limited liability companies and partnerships with other persons or entities when warranted by the circumstances. Such partners may share certain approval rights over major decisions. Such investments may involve risks not otherwise present with other methods of investment in real estate, including, but not limited to:

- that our co-member, co-venturer or partner in an investment might become bankrupt, which would mean that we and any other remaining general partners, members or co-venturers would generally remain liable for the partnership s, limited liability company s or joint venture s liabilities;

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

- that such co-member, co-venturer or partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives, including our current policy with respect to maintaining our qualification as a REIT;

- that, if our partners fail to fund their share of any required capital contributions, we may be required to contribute such capital;

- that joint venture, limited liability company and partnership agreements often restrict the transfer of a co-venturer s, member s or partner s interest or may otherwise restrict our ability to sell the interest when we desire or on advantageous terms;

- that our relationships with our partners, co-members or co-venturers are contractual in nature and may be terminated or dissolved under the terms of the agreements and, in such event, we may not continue to own or operate the interests or assets underlying such relationship or may need to purchase such interests or assets at an above-market price to continue ownership;

- that disputes between us and our partners, co-members or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business and result in subjecting the properties owned by the applicable partnership, limited liability company or joint venture to additional risk; and

- that we may in certain circumstances be liable for the actions of our partners, co-members or co-venturers.

We generally seek to maintain sufficient control of our partnerships, limited liability companies and joint ventures to permit us to achieve our business objectives; however, we may not be able to do so, and the occurrence of one or more of the events described above could adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the market price of, our common stock.

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

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

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

We intend to expand our operations into selected international markets in the future, including Mexico. Any such investment could be affected by factors peculiar to the laws and business practices of the jurisdictions in which the properties are located. These laws may expose us to risks that are different from and in addition to those commonly found in the United States. Foreign investments could be subject to the following risks:

- changing governmental rules and policies, including changes in land use and zoning laws;
- enactment of laws relating to the foreign ownership of real property or mortgages and laws restricting the ability of foreign persons or companies to remove profits earned from activities within the country to the person s or company s country of origin;
- variations in currency exchange rates;
- adverse market conditions caused by terrorism, civil unrest and changes in national or local governmental or economic conditions;
- the willingness of domestic or foreign lenders to make mortgage loans in certain countries and changes in the availability, cost and terms of mortgage funds resulting from varying national economic policies;
- the imposition of unique tax structures and changes in real estate and other tax rates and other operating expenses in particular countries;
- general political and economic instability;
- our limited experience and expertise in foreign countries relative to our experience and expertise in the United States; and
- more stringent environmental laws or changes in such laws, or environmental consequences of less stringent environmental management practices in foreign countries relative to the United States.

Our net income per share and FFO per share in the near term may decrease as a result of the Internalization.

Our net income and FFO 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. 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 will include the compensation and benefits of our officers and the other employees and consultants previously paid by our former advisor or its affiliates. Further, our net income per share and FFO per share may decrease by a material amount in the near term due to the additional expenses recognized. In addition, upon consummation of the Internalization we issued 15,111,111 OP units, representing approximately 7.9% of our outstanding common stock, assuming all outstanding OP units were exchanged for shares of common stock on a one-for-one basis after completion of this offering, and we have issued and expect to continue to issue long-term incentive stock awards under the terms of our employment agreements with our executive officers which will have a dilutive effect on our current stockholders. If the Internalization had not been consummated, the amount of the fees payable to our former advisor would have depended on a number of factors, including the amount of additional equity, if any, that we were able to raise, our acquisition activity, disposition activity and total real estate under management. Therefore, the exact amount of future fees that we would have paid to our former advisor cannot reasonably be estimated. If the expenses we assume as a result of the Internalization are higher than we anticipate, our net income per share and FFO per share may be lower as a result of the Internalization than it otherwise would have been, potentially causing our net income per share and FFO per share to decrease.

We may be exposed to risks to which we have not historically been exposed.

The Internalization will expose us to risks to which we have not historically been exposed. Excluding the effect of the eliminated asset management fees, our direct overhead, on a consolidated basis, will increase as a result of becoming self-advised. If we fail to raise and/or invest additional capital, or if the performance of our properties declines, we may not be able to cover this new overhead. Prior to the Internalization, the responsibility for such overhead was borne by our former advisor.

Prior to the Internalization, we did not directly employ any employees. As a result of the Internalization, we now directly employ 64 persons who were associated with our former advisor or its affiliates. As their employer, we will be subject to those potential liabilities that are commonly faced by employers, such as workers disability and compensation claims, potential labor disputes and other employee-related liabilities and grievances, and we will bear the costs of the establishment and maintenance of such plans.

The availability and timing of cash distributions is uncertain.

We expect to continue to pay quarterly distributions to our stockholders. However, we bear all expenses incurred by our operations, and our funds generated by operations, after deducting these expenses, may not be sufficient to cover desired levels of distributions to our stockholders. In addition, our board of directors, in its discretion, may retain any portion of such cash for working capital. We cannot assure you that sufficient funds will be available to pay distributions to you.

We may have difficulty funding our distributions with our available cash flows.

As a growing company, to date we have funded our quarterly distributions to investors with available cash flows and, to a lesser extent, with borrowings under our senior credit facility and other borrowings. Our corporate strategy is to fund the payment of quarterly distributions to our stockholders entirely from available cash flows. However, we may continue to fund our quarterly distributions to investors from a combination of available cash flows and financing proceeds. In the event we are unable to consistently fund future quarterly distributions to investors entirely from available cash flows, net of recurring capital expenditures, the value of your shares may be negatively impacted.

We have owned our properties for a limited time.

As of September 30, 2006, we owned or controlled 374 operating properties in our consolidated portfolio comprising 55.0 million rentable square feet, and, from October 1, 2006 through November 27, 2006, we had acquired two properties comprising approximately 688,000 rentable square feet and entered into contracts to acquire an additional 18 properties comprising approximately 2.0 million rentable square feet. All the properties have been under our management for less than four years, and we have owned 129 of the properties for less than one year. The properties may have characteristics or deficiencies unknown to us that could affect their valuation or revenue potential. We cannot assure you that the operating performance of the properties will not decline under our management.

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

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

- poor economic times may result in tenant defaults under our leases and reduced demand for industrial space;

- overbuilding may increase vacancies; and

- maintaining occupancy levels may require increased concessions, tenant improvement expenditures or reduced rental rates.

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

Events or occurrences that affect areas in which our properties are geographically concentrated may impact financial results.

In addition to general, regional, national and international economic conditions, our operating performance is impacted by the economic conditions of the specific markets in which we have concentrations of properties. We have significant holdings in the following markets of our consolidated portfolio: Atlanta, Cincinnati, Columbus, Dallas and Memphis. Our operating performance could be adversely affected if conditions become less favorable in any of the markets in which we have a concentration of properties.

Our business could be adversely impacted if we have deficiencies in our disclosure controls and procedures or internal control over financial reporting.

The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. While management will continue to review the effectiveness of our disclosure controls and procedures and internal control over financial reporting, there can be no guarantee that our internal control over financial reporting will be effective in accomplishing all control objectives all of the time. Deficiencies, including any material weakness, in our internal control over financial reporting which may occur in the future could result in misstatements of our results of operations, restatements of our financial statements, a decline in our stock price, or otherwise materially adversely affect our business, reputation, results of operations, financial condition or liquidity.

RISKS RELATED TO CONFLICTS OF INTEREST

We may compete with our affiliates for properties.

Although we became self-advised in connection with the Internalization, we are still subject to certain conflicts of interest. Certain of our affiliates could seek to acquire properties that could satisfy our acquisition criteria. While certain of our current and former affiliates have agreed not to engage in activities within North America relating to the ownership, acquisition, development or management of industrial properties until October 10, 2009, such agreements are subject to certain exceptions. As such, we may encounter situations where we would be bidding against an affiliate or teaming with an affiliate for a joint bid. (See Certain Relationships and Related Transactions Non-Competition Agreements.)

Our Executive Chairman will have competing demands on his time and attention.

Tom Wattles, our Executive Chairman, owns a portion of the parent company of DCTRT s external advisor and has similar ownership of, and serves as a manager for, other affiliates of DCAG. He will devote a majority of his time to us but will not work full time for us.

We may invest in, or coinvest with, our affiliates.

We may invest in, or coinvest with, joint ventures or other programs sponsored by affiliates of two of our directors, Tom Wattles and James Mulvihill, including those pursuant to our joint ventures with DCTRT. (See Certain Relationships and Related Transactions New Agreements with Affiliates of DCAG.) Our independent directors must approve any such transaction and Messrs. Wattles and Mulvihill will each abstain from voting as directors on any transactions we enter into with their affiliates. Management s recommendation to our independent directors may be affected by its relationship with one or more of the co-venturers and may be more beneficial to the other programs than to us. In addition, we may not seek to enforce the agreements relating to such transactions as vigorously as we otherwise might because of our desire to maintain our relationships with these directors.

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Our UPREIT structure may result in potential conflicts of interest.

Upon the consummation of this offering, we will own 87.6% of the OP units in our operating partnership, DCAG will own 7.9% of the OP units (and certain of our officers and directors, through their membership interests in and/or rights to receive a portion of the net cash flows, or cash flow interests, of DCAG, will indirectly beneficially own 2.4% of the OP units) and certain unaffiliated limited partners will own the remaining 4.5% of the OP units. Persons holding OP units in our operating partnership have the right to vote on certain amendments to the limited partnership agreement of our operating partnership, as well as on certain other matters. Persons holding such voting rights may exercise them in a manner that conflicts with the interests of our stockholders. Furthermore, circumstances may arise in the future when the interest of limited partners in our operating partnership may conflict with the interests of our stockholders. For example, the timing and terms of dispositions of properties held by our operating partnership may result in tax consequences to certain limited partners and not to our stockholders. (See Policies With Respect to Certain Activities Interested Director and Officer Transactions.)

GENERAL REAL ESTATE RISKS

Our performance and value are subject to general economic conditions and risks associated with our real estate assets.

The investment returns available from equity investments in real estate depend on the amount of income earned and capital appreciation generated by the properties, as well as the expenses incurred in connection with the properties. If our properties do not generate income sufficient to meet operating expenses, including debt service and capital expenditures, then our ability to pay distributions to our stockholders could be adversely affected. In addition, there are significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) that generally do not decline when circumstances reduce the income from the property. Income from and the value of our properties may be adversely affected by:

- changes in general or local economic climate;
- the attractiveness of our properties to potential tenants;
- changes in supply of or demand for similar or competing properties in an area;
- bankruptcies, financial difficulties or lease defaults by our tenants;
- changes in interest rates and availability of permanent mortgage funds that may render the sale of a property difficult or unattractive or otherwise reduce returns to stockholders;
- changes in operating costs and expenses and our ability to control rents;
- changes in or increased costs of compliance with governmental rules, regulations and fiscal policies, including changes in tax, real estate, environmental and zoning laws, and our potential liability thereunder;
- our ability to provide adequate maintenance and insurance;
- changes in the cost or availability of insurance, including coverage for mold or asbestos;

unanticipated changes in costs associated with known adverse environmental conditions or retained liabilities for such conditions;

periods of high interest rates and tight money supply;

tenant turnover;

general overbuilding or excess supply in the market area; and

disruptions in the global supply chain caused by political, regulatory or other factors including terrorism.

In addition, periods of economic slowdown or recession, rising interest rates or declining demand for real estate, or public perception that any of these events may occur, would result in a general decrease in rents or an increased occurrence of defaults under existing leases, which would adversely affect our financial condition and results of operations. Future terrorist attacks may result in declining economic activity, which could reduce the demand for, and the value of, our properties. To the extent that future attacks impact our tenants, their businesses similarly could be adversely affected, including their ability to continue to honor their existing leases.

For these and other reasons, we cannot assure you that we will be profitable or that we will realize growth in the value of our real estate properties.

Actions by our competitors may decrease or prevent increases in the occupancy and rental rates of our properties.

We compete with other developers, owners and operators of real estate, some of which own properties similar to ours in the same markets and submarkets in which our properties are located. If our competitors offer space at rental rates below current market rates or below the rental rates we currently charge our tenants, we may lose potential tenants, and we may be pressured to reduce our rental rates below those we currently charge in order to retain tenants when our tenants leases expire. As a result, our financial condition, cash flows, cash available for distribution, trading price of our common stock and ability to satisfy our debt service obligations could be materially adversely affected.

We are dependent on tenants for our revenues.

Our operating results and distributable cash flows would be adversely affected if a significant number of our tenants were unable to meet their lease obligations. In addition, certain of our properties are occupied by a single tenant. As a result, the success of those properties will depend on the financial stability of a single tenant. Lease payment defaults by tenants could cause us to reduce the amount of distributions to stockholders. A default by a tenant on its lease payments could force us to find an alternative source of revenues to pay any mortgage loan on the property. In the event of a tenant default, we may experience delays in enforcing our rights as landlord and may incur substantial costs, including litigation and related expenses, in protecting our investment and re-leasing our property. If a lease is terminated, we may be unable to lease the property for the rent previously received or sell the property without incurring a loss. (See Our Business and Properties Tenant Diversification.)

Our ability to renew leases or re-lease space on favorable terms as leases expire significantly affects our business.

Our results of operations, distributable cash flows and the value of our common stock would be adversely affected if we are unable to lease, on economically favorable terms, a significant amount of space in our operating properties. As of September 30, 2006, we had approximately 2.1 million rentable square feet of space (out of a total of 53.8 million occupied rentable square feet) with leases that expire in 2006 in our consolidated properties. The number of vacant or partially vacant industrial properties in a market or submarket could adversely affect both our ability to re-lease the space and the rental rates that can be obtained.

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

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

We may not have funding for future tenant improvements.

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

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

Of our tenants that experience downturns in their operating results due to adverse changes to their business or economic conditions, those that are highly leveraged may have a higher possibility of filing for bankruptcy or insolvency. In bankruptcy or insolvency, a tenant may have the option of vacating a property instead of paying rent. Until such a property is released from bankruptcy, our revenues would be reduced and could cause us to reduce distributions to stockholders. We may have highly leveraged tenants in the future. (See Our Business and Properties Tenant Diversification.)

The fact that real estate investments are not as liquid as other types of assets may reduce economic returns to investors.

Real estate investments are not as liquid as other types of investments, and this lack of liquidity may limit our ability to react promptly to changes in economic or other conditions. In addition, significant expenditures associated with real estate investments, such as mortgage payments, real estate taxes and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the investments. In addition, we intend to comply with the safe harbor rules relating to the number of properties that can be disposed of in a year, the tax bases and the costs of improvements made to these properties, and meet other tests which enable a REIT to avoid punitive taxation on the sale of assets. Thus, our ability at any time to sell assets or contribute assets to property funds or other entities in which we have an ownership interest may be restricted. This lack of liquidity may limit our ability to vary our portfolio promptly in response to changes in economic or other conditions and, as a result, could adversely affect our financial condition, results of operations, cash flows and our ability to pay distributions on, and the market price of, our common stock.

Delays in acquisition and development of properties may have adverse effects on your investment.

Delays we encounter in the selection, acquisition and development of properties could adversely affect your returns. Where properties are acquired prior to the start of construction, it will typically take 12 to 18 months to complete construction and lease available space. Therefore, you could suffer delays in the payment of cash distributions attributable to those particular properties.

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

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

Acquired properties may be located in new markets where we may face risks associated with investing in an unfamiliar market.

We have acquired, and may continue to acquire, properties in markets that are new to us. When we acquire properties located in these markets, we may face risks associated with a lack of market knowledge or understanding of the local economy, forging new business relationships in the area and unfamiliarity with local government and permitting procedures. We work to mitigate such risks through extensive diligence and research and associations with experienced partners; however, there can be no guarantee that all such risks will be eliminated.

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

We attempt to ensure that all of our properties are adequately insured to cover casualty losses. However, there are certain losses, including losses from floods, earthquakes, acts of war, acts of terrorism or riots, that are not generally insured against or that are not generally fully insured against because it is not deemed economically feasible or prudent to do so. In addition, changes in the cost or availability of insurance could expose us to uninsured casualty losses. In the event that any of our properties incurs a casualty loss that is not fully covered by insurance, the value of our assets will be reduced by the amount of any such uninsured loss, and we could experience a significant loss of capital invested and potential revenues in these properties and could potentially remain obligated under any recourse debt associated with the property. Moreover, as the general partner of our operating partnership, we generally will be liable for all of our operating partnership s unsatisfied recourse obligations, including any obligations incurred by our operating partnership as the general partner of joint ventures. Any such losses could adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the market price of, our common stock. In addition, we may have no source of funding to repair or reconstruct the damaged property, and we cannot assure you that any such sources of funding will be available to us for such purposes in the future. (See Our Business and Properties Insurance.)

A number of our properties are located in areas that are known to be subject to earthquake activity. Properties located in active seismic areas include properties in Northern California, Southern California, Memphis and Seattle. Our largest concentration of such properties is in California where, as of September 30, 2006, we had 41 buildings, aggregating approximately 3.8 million rentable square feet and representing approximately 6.9% of our consolidated operating properties based on aggregate rentable square footage and 10.0% based on annualized base rent. We also have a large concentration of properties in Memphis where, as of September 30, 2006, we had ten buildings, with approximately 4.3 million rentable square feet and representing approximately 7.9% of our operating properties based on aggregate rentable square footage and 6.1% based on annualized base rent. We carry replacement-cost earthquake insurance on all of our properties located in areas historically subject to seismic activity, subject to coverage limitations and deductibles that we believe are commercially reasonable. We evaluate our earthquake insurance coverage annually in light of current industry practice through an analysis prepared by outside consultants.

A number of our properties are located in Miami and Orlando, which are areas that are known to be subject to hurricane and/or flood risk. We carry replacement-cost hurricane and flood hazard insurance on all of our properties located in areas historically subject to such activity, subject to coverage limitations and deductibles that we believe are commercially reasonable. We evaluate our insurance coverage annually in light of current industry practice through an analysis prepared by outside consultants.

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Contingent or unknown liabilities could adversely affect our financial condition.

We have acquired, and may in the future acquire, properties, or may have previously owned properties, subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities. As a result, if a liability were asserted against us based upon ownership of any of these entities or properties, then we might have to pay substantial sums to settle it, which could adversely affect our cash flows. Unknown liabilities with respect to entities or properties acquired might include:

- liabilities for clean-up or remediation of adverse environmental conditions;
- accrued but unpaid liabilities incurred in the ordinary course of business;
- tax liabilities; and
- claims for indemnification by the general partners, officers and directors and others indemnified by the former owners of the properties.

Environmentally hazardous conditions may adversely affect our operating results.

Under various federal, state and local environmental laws, a current or previous owner or operator of real property may be liable for the cost of removing or remediating hazardous or toxic substances on such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Even if more than one person may have been responsible for the contamination, each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages based on personal injury, natural resources or property damage or other costs, including investigation and clean-up costs, resulting from the environmental contamination. The presence of hazardous or toxic substances on one of our properties, or the failure to properly remediate a contaminated property, could give rise to a lien in favor of the government for costs it may incur to address the contamination, or otherwise adversely affect our ability to sell or lease the property or borrow using the property as collateral. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated. A property owner who violates environmental laws may be subject to sanctions which may be enforced by governmental agencies or, in certain circumstances, private parties. In connection with the acquisition and ownership of our properties, we may be exposed to such costs. The cost of defending against environmental claims, of compliance with environmental regulatory requirements or of remediating any contaminated property could materially adversely affect our business, assets or results of operations and, consequently, amounts available for distribution to our stockholders.

Environmental laws in the U.S. also require that owners or operators of buildings containing asbestos properly manage and maintain the asbestos, adequately inform or train those who may come into contact with asbestos and undertake special precautions, including removal or other abatement, in the event that asbestos is disturbed during building renovation or demolition. These laws may impose fines and penalties on building owners or operators who fail to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos. Some of our properties may contain asbestos-containing building materials.

We invest in properties historically used for industrial, manufacturing and commercial purposes. Some of these properties contain, or may have contained, underground storage tanks for the storage of petroleum products and other hazardous or toxic substances. All of these operations create a potential for the release of petroleum products or other hazardous or toxic substances. Some of our properties are adjacent to or near other properties that have contained or currently contain underground storage tanks used to store petroleum products or other hazardous or toxic substances. In addition, certain of our properties are on or are adjacent to or near other properties upon which others, including former owners or tenants of our properties, have engaged, or may in the future engage, in activities that may release petroleum products or other hazardous or toxic substances.

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We maintain a portfolio environmental insurance policy that provides coverage for potential environmental liabilities, subject to the policy s coverage conditions and limitations, for most of our properties. From time to time, we may acquire properties, or interests in properties, with known adverse environmental conditions where we believe that the environmental liabilities associated with these conditions are quantifiable and that the acquisition will yield a superior risk-adjusted return. In such an instance, we underwrite the costs of environmental investigation, clean-up and monitoring into the cost. Further, in connection with property dispositions, we may agree to remain responsible for, and to bear the cost of, remediating or monitoring certain environmental conditions on the properties.

All of our properties were subject to a Phase I or similar environmental assessment by independent environmental consultants at the time of acquisition. In addition, each of the properties that are currently under contract but have not yet been acquired by us has been subject to, or will be subject to, a Phase I or similar environmental assessment. Phase I assessments are intended to discover and evaluate information regarding the environmental condition of the surveyed property and surrounding properties. Phase I assessments generally include an historical review, a public records review, an investigation of the surveyed site and surrounding properties, and preparation and issuance of a written report, but do not include soil sampling or subsurface investigations and typically do not include an asbestos survey. While some of these assessments have led to further investigation and sampling, none of our environmental assessments of our properties has revealed an environmental liability that we believe would have a material adverse effect on our business, financial condition or results of operations taken as a whole. However, we cannot give any assurance that such conditions do not exist or may not arise in the future. In addition, no such assessments have been updated for purposes of this offering, and, as of November 27, 2006, approximately 25.0% of our properties had environmental assessments which were more than two years old. Material environmental conditions, liabilities or compliance concerns may arise after the environmental assessment has been completed. Moreover, there can be no assurance that (i) future laws, ordinances or regulations will not impose any material environmental liability or (ii) the current environmental condition of our properties will not be affected by tenants, by the condition of land or operations in the vicinity of our properties (such as releases from underground storage tanks), or by third parties unrelated to us.

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

All real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to environmental protection and human health and safety. Tenants ability to operate and to generate income to pay their lease obligations may be affected by permitting and compliance obligations arising under such laws and regulations. Some of these laws and regulations may impose joint and several liability on tenants, owners or operators for the costs to investigate or remediate contaminated properties, regardless of fault or whether the acts causing the contamination were legal. Leasing properties to tenants that engage in industrial, manufacturing, and commercial activities will cause us to be subject to the risk of liabilities under environmental laws and regulations. In addition, the presence of hazardous or toxic substances, or the failure to properly remediate these substances, may adversely affect our ability to sell, rent or pledge such property as collateral for future borrowings.

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

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In addition, changes in these laws and governmental regulations, or their interpretation by agencies or the courts, could occur.

Compliance or failure to comply with the Americans with Disabilities Act and other similar regulations could result in substantial costs.

Under the Americans with Disabilities Act, places of public accommodation must meet certain federal requirements related to access and use by disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants. If we are required to make unanticipated expenditures to comply with the Americans with Disabilities Act, including removing access barriers, then our cash flows and the amounts available for distributions to our stockholders may be adversely affected. While we believe that our properties are currently in material compliance with these regulatory requirements, the requirements may change or new requirements may be imposed that could require significant unanticipated expenditures by us that will affect our cash flows and results of operations.

We own several of our properties subject to ground leases that expose us to the loss of such properties upon breach or termination of the ground leases and may limit our ability to sell these properties.

We own several of our properties through leasehold interests in the land underlying the buildings and we may acquire additional buildings in the future that are subject to similar ground leases. As lessee under a ground lease, we are exposed to the possibility of losing the property upon termination, or an earlier breach by us, of the ground lease, which may have a material adverse effect on our business, financial condition and results of operations, our ability to make distributions to our stockholders and the trading price of our common stock.

Our ground leases contain certain provisions that may limit our ability to sell certain of our properties. In order to assign or transfer our rights and obligations under certain of our ground leases, we generally must obtain the consent of the landlord which, in turn, could adversely impact the price realized from any such sale.

We may be unable to sell a property if or when we decide to do so, including as a result of uncertain market conditions, which could adversely affect the return on your investment.

We expect to hold the various real properties in which we invest until such time as we decide that a sale or other disposition is appropriate given our investment objectives. Our ability to dispose of properties on advantageous terms depends on factors beyond our control, including competition from other sellers and the availability of attractive financing for potential buyers of our properties. We cannot predict the various market conditions affecting real estate investments which will exist at any particular time in the future. Due to the uncertainty of market conditions which may affect the future disposition of our properties, we cannot assure you that we will be able to sell our properties at a profit in the future. Accordingly, the extent to which you will receive cash distributions and realize potential appreciation on our real estate investments will be dependent upon fluctuating market conditions.

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

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

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

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

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

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

RISKS RELATED TO OUR DEBT FINANCINGS

Our operating results and financial condition could be adversely affected if we are unable to make required payments on our debt.

Our charter and bylaws do not limit the amount or percentage of indebtedness that we may incur, and we are subject to risks normally associated with debt financing, including the risk that our cash flows will be insufficient to meet required payments of principal and interest. There can be no assurance that we will be able to refinance any maturing indebtedness, that such refinancing would be on terms as favorable as the terms of the maturing indebtedness or that we will be able to otherwise obtain funds by selling assets or raising equity to make required payments on maturing indebtedness.

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

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

As of September 30, 2006, we had total outstanding debt of approximately $1.2 billion, and we expect that we will incur additional indebtedness in the future. Interest we pay reduces our cash available for distributions. Certain of our debt issuances bear interest at variable rates and, as of September 30, 2006, we had approximately $465.2 million of variable rate debt outstanding. We have entered into an eight-month LIBOR-based, forward-starting swap to mitigate the risk of increasing interest rates for $275.0 million of our variable rate debt. Since we have incurred and may continue to incur variable rate debt, increases in interest rates raise our interest costs, which reduces our cash flows and our ability to make distributions to you. If we are unable to refinance our indebtedness at maturity or meet our payment obligations, the amount of our distributable cash flows and our financial condition would be adversely affected, and we may lose the property securing such indebtedness. In addition, if we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments in properties at times which may not permit realization of the maximum return on such investments.

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Covenants in our credit agreements could limit our flexibility and adversely affect our financial condition.

The terms of our senior credit facilities and other indebtedness require us to comply with a number of customary financial and other covenants, such as covenants with respect to consolidated leverage, net worth and unencumbered assets. These covenants may limit our flexibility in our operations, and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness even if we have satisfied our payment obligations. As of September 30, 2006, we had certain non-recourse, secured loans which are cross-collateralized by multiple properties. If we default on any of these loans we may then be required to repay such indebtedness, together with applicable prepayment charges, to avoid foreclosure on all cross-collateralized properties within the applicable pool. In addition, our senior credit facilities contain certain cross-default provisions which are triggered in the event that our other material indebtedness is in default. These cross-default provisions may require us to repay or restructure the senior credit facilities in addition to any mortgage or other debt that is in default. If our properties were foreclosed upon, or if we are unable to refinance our indebtedness at maturity or meet our payment obligations, the amount of our distributable cash flows and our financial condition would be adversely affected.

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

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

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

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

Our hedging strategies may not be successful in mitigating our risks associated with interest rates and could reduce the overall returns on your investment.

We use various derivative financial instruments to provide a level of protection against interest rate risks, but no hedging strategy can protect us completely. These instruments involve risks, such as the risk that the counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes and that a court could rule that such agreements are not legally enforceable. These instruments may also generate income that may not be treated as qualifying REIT income for purposes of the 75% or 95% REIT income tests. In addition, the nature and timing of hedging transactions may influence the effectiveness of our hedging strategies. Poorly designed strategies or improperly executed transactions could actually increase our risk and losses. Moreover, hedging strategies involve transaction and other costs. We cannot assure you that our hedging strategy and the derivatives that we use will adequately offset the risk of interest rate volatility or that our hedging transactions will not result in losses that may reduce the overall return on your investment.

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RISKS RELATED TO OUR CORPORATE STRUCTURE

Our charter and Maryland law contain provisions that may delay, defer or prevent a change of control transaction.

Our charter contains a 9.8% ownership limit.

Our charter, subject to certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT and to limit any person to actual or constructive ownership of no more than 9.8% by value or number of shares, whichever is more restrictive, of any class or series of our outstanding shares of our capital stock. Our board of directors, in its sole discretion, may exempt, subject to the satisfaction of certain conditions, any person from the ownership limit. However, our board of directors may not grant an exemption from the ownership limit to any person whose ownership, direct or indirect, in excess of 9.8% by value or number of shares of any class or series of our outstanding shares of our capital stock could jeopardize our status as a REIT. These restrictions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT. The ownership limit may delay or impede a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

We could authorize and issue stock without stockholder approval.

Our board of directors could, without stockholder approval, issue authorized but unissued shares of our common stock or preferred stock and amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. In addition, our board of directors could, without stockholder approval, classify or reclassify any unissued shares of our common stock or preferred stock and set the preferences, rights and other terms of such classified or reclassified shares. Our board of directors could establish a series of stock that could, depending on the terms of such series, delay, defer or prevent a transaction or change of control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

Majority stockholder vote may discourage changes of control.

If declared advisable by our board of directors, our stockholders may take some actions, including approving amendments to our charter, by a vote of a majority or, in certain circumstances, two thirds of the shares outstanding and entitled to vote. If approved by the holders of the appropriate number of shares, all actions taken would be binding on all of our stockholders. Some of these provisions may discourage or make it more difficult for another party to acquire control of us or to effect a change in our operations.

Provisions of Maryland law may limit the ability of a third party to acquire control of our company.

Certain provisions of Maryland law may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under certain circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then prevailing market price of such shares, including:

- business combination provisions that, subject to limitations, prohibit certain business combinations between us and an interested stockholder (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof) for five years after the most recent date on which the stockholder becomes an interested stockholder and thereafter would require the recommendation of our board of directors and impose special appraisal rights and special stockholder voting requirements on these combinations; and control share provisions that provide that control shares of our company (defined as shares which, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a control share acquisition (defined as the direct or indirect acquisition of ownership or control of control shares) have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

We have opted out of these provisions of Maryland law with respect to any person, provided, in the case of business combinations, that the business combination is first approved by our board of directors. However, our board of directors may opt in to the business combination provisions and the control share provisions of Maryland law in the future.

Additionally, Title 8, Subtitle 3 of the Maryland General Corporation Law, or MGCL, permits our board of directors, without stockholder approval and regardless of what is currently provided in our charter or our bylaws, to implement takeover defenses, some of which (for example, a classified board) we do not currently have. These provisions may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring or preventing a change in control of our company under circumstances that otherwise could provide the holders of our common stock with the opportunity to realize a premium over the then-current market price.

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

Our board of directors can take many actions without stockholder approval.

Our board of directors has overall authority to oversee our operations and determine our major corporate policies. This authority includes significant flexibility. For example, our board of directors can do the following:

- within the limits provided in our charter, prevent the ownership, transfer and/or accumulation of shares in order to protect our status as a REIT or for any other reason deemed to be in the best interests of us and our stockholders;
- issue additional shares without obtaining stockholder approval, which could dilute the ownership of our then-current stockholders;
- amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series, without obtaining stockholder approval;
- classify or reclassify any unissued shares of our common stock or preferred stock and set the preferences, rights and other terms of such classified or reclassified shares, without obtaining stockholder approval;
- employ and compensate affiliates;
- direct our resources toward investments that do not ultimately appreciate over time;
- change creditworthiness standards with respect to third-party tenants; and
- determine that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

Any of these actions could increase our operating expenses, impact our ability to make distributions or reduce the value of our assets without giving you, as a stockholder, the right to vote.

We may change our investment and financing strategies and enter into new lines of business without stockholder consent, which may result in riskier investments than our current investments.

We may change our investment and financing strategies and enter into new lines of business at any time without the consent of our stockholders, which could 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. A change in our investment strategy or our entry into new lines of business may increase our exposure to interest rate and other risks of real estate market fluctuations.

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Our rights and the rights of our stockholders to take action against our directors and officers are limited.

Maryland law provides that a director or officer has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, our charter eliminates our directors and officers liability to us and our stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty established by a final judgment and which is material to the cause of action. Our bylaws require us to indemnify our directors and officers to the maximum extent permitted by Maryland law for liability actually incurred in connection with any proceeding to which they may be made, or threatened to be made, a party, except to the extent that the act or omission of the director or officer was material to the matter giving rise to the proceeding and was either committed in bad faith or was the result of active and deliberate dishonesty, the director or officer actually received an improper personal benefit in money, property or services, or, in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist under common law. In addition, we may be obligated to fund the defense costs incurred by our directors and officers.

RISKS RELATED TO THIS OFFERING

The existence of a large number of outstanding shares and stockholders prior to our completion of this offering and our listing on the NYSE could negatively affect our stock price.

As of November 27, 2006, we had approximately 152,054,638 million shares of common stock issued and outstanding. All of these shares are freely tradable, although our affiliates are subject to certain volume limitations on trading under the federal securities laws. Neither we nor any third party have any control over the timing or volume of these sales. 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 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. Even if a substantial number of sales are not effected, the mere perception of the possibility of these sales could depress the market price of our common stock and have a negative effect on our ability to raise capital in the future. In addition, anticipated downward pressure on our common stock price due to actual or anticipated sales of common stock from this market overhang could cause some institutions or individuals to engage in short sales of our common stock, which may itself cause the price of our stock to decline.

There is currently no public market for our common stock, and a market for our common stock may never develop, which could result in purchasers in this offering being unable to monetize their investment.

Prior to this offering, there has been no public market for our common stock. The public offering price for our common stock has been determined by negotiations between the underwriters and us. We cannot assure you that the public offering price will correspond to the price at which our common stock will trade in the public market subsequent to this offering or that the price of our common stock available in the public market will reflect our actual financial performance.

Our common stock has been approved for listing on the NYSE under the symbol DCT, subject to official notice of issuance. Listing on the NYSE would not ensure that an actual market will develop for our common stock. Accordingly, no assurance can be given as to:

- the likelihood that an active market for the stock will develop;

- the liquidity of any such market;

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- the ability of our stockholders to sell their common stock; or
- the price that our stockholders may obtain for their common stock.

Even if an active trading market develops, the market price of our common stock may be highly volatile and could be subject to wide fluctuations after this offering. Some of the factors that could negatively affect our stock price include:

- actual or anticipated variations in our quarterly operating results;
- changes in our earnings estimates or publication of research reports about us or the real estate industry;
- increases in market interest rates, which may lead purchasers of our stock to demand a higher yield;
- changes in market valuations of similar companies;
- adverse market reaction to any increased indebtedness we incur in the future;
- additions or departures of key personnel;
- actions by institutional stockholders;
- speculation in the press or investment community; and
- general market and economic conditions.

Our use of all the net proceeds from this offering to repay existing indebtedness will reduce the cash proceeds from this offering available to us.

We intend to use all the net proceeds from this offering to repay approximately $184.2 million of indebtedness owed under our senior unsecured revolving credit facility. (See Use of Proceeds.) Because we will use all the proceeds of this offering to repay existing debt, less of the cash proceeds from this offering will be available to us. In addition, we do not anticipate that we will maintain any permanent working capital reserves. As a result, we will need to seek additional debt or equity financing to fund future growth. If financing is not available on acceptable terms, we may be unable to expand our business and operations as anticipated. If we are unable to expand, our business, financial condition and results of operations, and the price of our common stock, could be adversely affected.

Our distributions to stockholders may change.

On April 17, 2006, we paid a quarterly distribution of $0.1578 per share of common stock for the quarter ending March 31, 2006, on July 17, 2006, we paid a quarterly distribution of $0.1596 per share of common stock for the quarter ending June 30, 2006 and, on October 2, 2006, we paid a quarterly distribution of $0.1613 per share of common stock for the quarter ending September 30, 2006. These quarterly distributions are equivalent to $0.640 per share of common stock on an annualized basis. In addition, on October 6, 2006, our board of directors authorized, and we declared, a distribution of $0.16 per share to stockholders of record as of the close of business on December 20, 2006 payable on January 8, 2007. Distributions will be authorized and determined by our board of directors in its sole discretion from time to time and will depend upon a number of factors, including:

cash available for distribution;

our results of operations;

our financial condition, especially in relation to our anticipated future capital needs of our properties;

the distribution requirements for REITs under the Code;

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- our operating expenses; and
- other factors our board of directors deems relevant.

Consequently, we may not continue our current level of distributions to stockholders, and our distribution levels may fluctuate.

Future offerings of debt securities, which would be senior to our common stock upon liquidation, or equity securities, which would dilute our existing stockholders and may be senior to our common stock for the purposes of distributions, may adversely affect the market price of our common stock.

In the future, we may attempt to increase our capital resources by making additional offerings of debt or equity securities, including commercial paper, medium-term notes, senior or subordinated notes and classes of preferred or common stock. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will receive a distribution of our available assets prior to the holders of our common stock. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market price of our common stock or both. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future offerings reducing the market price of our common stock and diluting their proportionate ownership.

Future sales of our common stock by DCAG or its members or other holders of cash flow interests may adversely affect the fair market value of our common stock.

In the Internalization, the entire outstanding membership interest, and all economic interests, in our former advisor were contributed by DCAG to our operating partnership in exchange for aggregate consideration of 15,111,111 OP units, which included the modification of the special units held by DCAG into 7,111,111 OP units. The 15,111,111 OP units represent approximately 7.9% of our outstanding common stock, assuming all outstanding OP units are exchanged for shares of common stock on a one-for-one basis, after completion of this offering. As a result of the Internalization, certain of our directors and officers received, through their membership interests and/or cash flow interests in DCAG, approximately 5.1 million of these OP units.

In addition, we have entered into a registration rights agreement with DCAG in respect of any shares of common stock acquired or otherwise owned by or issuable to DCAG or its permitted transferees upon exchange of the OP units issued in the Internalization. In addition, DCAG has agreed not to, without our prior written consent, offer, sell, contract to sell, pledge or otherwise transfer or dispose of any of the OP units issued in connection with the Internalization or securities convertible or exchangeable or exercisable for any such OP units or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the OP units issued in connection with the Internalization through January 10, 2008.

Sales of a substantial number of shares of our common stock by DCAG or its members or other holders of cash flow interests, or the perception that these sales could occur, could adversely affect prevailing prices for shares of our common stock. These sales might make it more difficult for us to sell equity securities in the future at a time and price we deem appropriate.

FEDERAL INCOME TAX RISKS

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

We operate in a manner so as to qualify as a REIT for U.S. federal income tax purposes. Although we do not intend to request a ruling from the Internal Revenue Service, or the IRS, as to our REIT status, we have

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received the opinion of our special tax counsel, Skadden, Arps, Slate, Meagher & Flom LLP, with respect to our qualification as a REIT. This opinion was issued in connection with this offering. Investors should be aware, however, that opinions of counsel are not binding on the IRS or on any court. The opinion of Skadden, Arps, Slate, Meagher & Flom LLP represents only the view of our counsel based on our counsel s review and analysis of existing law and on certain representations as to factual matters and covenants made by us, including representations relating to the values of our assets and the sources of our income. Skadden, Arps, Slate, Meagher & Flom LLP has no obligation to advise us or the holders of our common stock of any subsequent change in the matters stated, represented or assumed in its opinion or of any subsequent change in applicable law. Furthermore, both the validity of the opinion of Skadden, Arps, Slate, Meagher & Flom LLP and our qualification as a REIT will depend on our satisfaction of numerous requirements (some on an annual and quarterly basis) established under highly technical and complex provisions of the Code for which there are only limited judicial or administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within our control. The fact that we hold substantially all of our assets through our operating partnership and its subsidiaries further complicates the application of the REIT requirements for us. No assurance can be given that we will qualify as a REIT for any particular year. (See Federal Income Tax Considerations General REIT Qualification and Requirements for Qualification as a REIT.)

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

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

To obtain the favorable tax treatment accorded to REITs, among other requirements, we normally will be required each year to distribute to our stockholders at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and by excluding net capital gains. We will be subject to federal income tax on our undistributed taxable income and net capital gain. In addition, if we fail to distribute during each calendar year at least the sum of (a) 85% of our ordinary income for such year, (b) 95% of our capital gain net income for such year, and (c) any undistributed taxable income from prior periods, we will be subject to a 4% excise tax on the excess of the required distribution over the sum of (i) the amounts actually distributed by us, plus (ii) retained amounts on which we pay income tax at the corporate level. We intend to make distributions to our stockholders to comply with the requirements of the Code for REITs and to minimize or eliminate our corporate income tax obligation. However, differences between the recognition of taxable income and the actual receipt of cash could require us to sell assets or borrow funds on a short-term or long-term basis to meet the distribution requirements of the Code. Certain types of assets generate substantial mismatches between taxable income and available cash. Such assets include rental real estate that has been financed through financing structures which require some or all of available cash flows to be used to service borrowings. As a result, the requirement to distribute a substantial portion of our taxable income could cause us to: (1) sell assets in adverse market conditions, (2) borrow on unfavorable terms or (3) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt, in order to comply with REIT requirements. Further, amounts distributed will not be available to fund our operations.

Legislative or regulatory action could adversely affect our stockholders.

In recent years, numerous legislative, judicial and administrative changes have been made to the federal income tax laws applicable to investments in REITs and similar entities. Additional changes to tax laws are likely

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to continue to occur in the future, and we cannot assure you that any such changes will not adversely affect the taxation of a stockholder. Any such changes could have an adverse effect on an investment in our common stock. You are urged to consult with your tax advisor with respect to the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in common stock.

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

Tax legislation enacted in 2003 and 2006 generally reduces the maximum tax rate for distributions payable by corporations to individuals to 15% through 2008. Distributions payable by REITs, however, generally continue to be taxed at the normal rate applicable to the individual recipient rather than the 15% preferential rate. Although this legislation does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular corporate distributions could cause investors who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay distributions, which could adversely affect the value of the stock of REITs, including our common stock. (See Federal Income Tax Considerations Taxation of Taxable U.S. Stockholders Distributions Generally.)

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

The IRS could recharacterize transactions under our operating partnership s private placement such that our operating partnership is treated as the bona fide owner, for tax purposes, of properties acquired and resold by the entity established to facilitate the transaction. Such recharacterization could result in the income realized on these transactions by our operating partnership being treated as gain on the sale of property that is held as inventory or otherwise held primarily for the sale to customers in the ordinary course of business. In such event, such gain would constitute income from a prohibited transaction and would be subject to a 100% tax. If this occurs, our ability to pay cash distributions to our stockholders will be adversely affected.

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

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

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

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

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

Our operating partnership is organized as a partnership for U.S. federal income tax purposes. Even though our operating partnership will not elect to be treated as an association taxable as a corporation, it may be taxed as a corporation if it is deemed to be a publicly traded partnership. A publicly traded partnership is a partnership whose interests are traded on an established securities market or are considered readily tradable on a secondary market or the substantial equivalent thereof. We believe and currently intend to take the position that our operating partnership should not be classified as a publicly traded partnership because interests in our operating partnership are not traded on an established securities market, and our operating partnership should satisfy certain safe harbors which prevent a partnership s interests from being treated as readily tradable on an established securities market or substantial equivalent thereof. No assurance can be given, however, that the IRS would not assert that our operating partnership constitutes a publicly traded partnership or that facts and circumstances will not develop which could result in our operating partnership being treated as a publicly traded partnership. If the IRS were to assert successfully that our operating partnership is a publicly traded partnership, and substantially all of our operating partnership s gross income did not consist of the specified types of passive income, our operating partnership would be treated as an association taxable as a corporation and would be subject to corporate tax at the entity level. In such event, the character of our assets and items of gross income would change and would result in a termination of our status as a REIT. In addition, the imposition of a corporate tax on our operating partnership would reduce the amount of cash available for distribution to you. (See Federal Income Tax Considerations Federal Income Tax Aspects of Our Partnership.)

Foreign investors may be subject to Foreign Investment Real Property Tax Act, or FIRPTA, tax on sale of common stock if we are unable to qualify as a domestically controlled REIT or if our stock is not considered to be regularly traded on an established securities market.

A foreign person disposing of a U.S. real property interest, including shares of a U.S. corporation whose assets consist principally of U.S. real property interests or USRPIs, is generally subject to a tax, known as FIRPTA tax, on the gain recognized on the disposition. Such FIRPTA tax does not apply, however, to the disposition of stock in a REIT if the REIT is a domestically controlled qualified investment entity. A domestically controlled qualified investment entity includes a REIT in which, at all times during a specified testing period, less than 50% in value of its shares is held directly or indirectly by non-U.S. holders. In the event that we do not constitute a domestically controlled qualified investment entity, a person s sale of stock nonetheless will generally not be subject to tax under FIRPTA as a sale of a USRPI, provided that (1) the stock owned is of a class that is regularly traded, as defined by applicable Treasury regulations, on an established securities market, and (2) the selling non-U.S. holder held 5% or less of our outstanding stock of that class at all times during a specified testing period. We believe that, following this offering, our stock will be regularly traded on an established securities market. (See Federal Income Tax Considerations Special Tax Considerations for Non-U.S. Stockholders Non-Dividend Distributions.) If we were to fail to so qualify as a domestically controlled qualified investment entity, and our common stock were to fail to be regularly traded, gain realized by a foreign investor on a sale of our common stock would be subject to FIRPTA tax. No assurance can be given that we will be a domestically controlled qualified investment entity.

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FORWARD-LOOKING STATEMENTS

We make statements in this prospectus that are considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which are usually identified by the use of words such as anticipates, believes, estimates, expects, intends, may, plans, projects, seeks, 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;
- 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;
- 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; and
- 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.

In addition, our current and continuing qualification as a REIT involves the application of highly technical and complex provisions of 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. You should carefully review our financial statements and the notes thereto, as well as the section entitled Risk Factors in this prospectus.

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USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of shares of our common stock in this offering will be approximately $184.2 million (or approximately $212.2 million if the underwriters exercise their overallotment option in full) after deducting underwriting discounts and commissions of approximately $13.0 million (or approximately $14.9 million if the underwriters exercise their overallotment option in full) and estimated offering expenses of approximately $2.5 million payable by us.

We will contribute the net proceeds of this offering to our operating partnership in exchange for OP units. Our operating partnership will subsequently use the net proceeds received from us to repay outstanding indebtedness under our senior unsecured revolving credit facility, which may be reborrowed. This facility matures in 2008 and bears interest either at LIBOR plus between 0.875% and 1.375%, depending upon our consolidated leverage, or at prime (8.25% at September 30, 2006). The indebtedness being repaid was used to acquire properties, including a portion of the Cal-TIA portfolio. If the underwriters exercise their overallotment option in full, we expect to use the additional net proceeds to repay additional outstanding indebtedness under this facility.

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DISTRIBUTION POLICY

We intend to continue to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes. U.S. federal income tax law requires that a REIT distribute with respect to each year at least 90% of its annual REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain. We will not be required to make distributions with respect to income derived from the activities conducted through DCT Industrial TRS Inc., our TRS, that are not distributed to us. To the extent our TRS s income is not distributed and is instead reinvested in the operations of our TRS, the value of our equity interest in our TRS will increase. The aggregate value of the securities that we hold in our TRS may not exceed 20% of the total value of our gross assets. Distributions from our TRS to us will qualify for the 95% gross income test but will not qualify for the 75% gross income test. Therefore, distributions from our TRS to us in no event will exceed 25% of our gross income with respect to any given taxable year. For more information, please see Federal Income Tax Considerations beginning on page 167.

To satisfy the requirements to qualify as a REIT and generally not be subject to U.S. federal income and excise tax, we intend to make regular quarterly distributions of all or substantially all of our net income to holders of our common stock out of assets legally available therefor. Any future distributions we make will be at the discretion of our board of directors and will depend upon our earnings and financial condition, maintenance of REIT qualification, applicable provisions of the MGCL and such other factors as our board of directors deems relevant. For more information regarding risk factors that could materially adversely affect our earnings and financial condition, please see Risk Factors beginning on page 25.

We anticipate that our distributions generally will be taxable as ordinary income to our stockholders, although a portion of the distributions may be designated by us as qualified dividend income or capital gain or may constitute a return of capital for U.S. federal income tax purposes. We will furnish annually to each of our stockholders a statement setting forth distributions paid during the preceding year and their characterization as ordinary income, return of capital, qualified dividend income or capital gain.

The following table sets forth the distributions that have been paid and/or declared to date by our board of directors.

Quarter	**Amount Declared per Share/Unit(1)**	**Date Paid**
2003		
2nd Quarter	$0.1558	July 15, 2003
3rd Quarter	$0.1575	October 15, 2003
4th Quarter	$0.1575	January 15, 2004
2004		
1st Quarter	$0.1591	April 15, 2004
2nd Quarter	$0.1591	July 15, 2004
3rd Quarter	$0.1609	October 15, 2004
4th Quarter	$0.1609	January 18, 2005
2005		
1st Quarter	$0.1578	April 15, 2005
2nd Quarter	$0.1596	July 15, 2005
3rd Quarter	$0.1613	October 17, 2005
4th Quarter	$0.1613	January 17, 2006
2006		
1st Quarter	$0.1578	April 17, 2006
2nd Quarter	$0.1596	July 17, 2006
3rd Quarter	$0.1613	October 2, 2006
4th Quarter	$0.1600	January 8, 2007(2)

(1) Assumes with respect to all distributions paid through October 2, 2006 that the share/unit was owned for the entire quarter. The fourth quarter 2006 distribution to be paid on January 8, 2007 will be paid to holders of record as of the close of business on December 20, 2006.

(2) Anticipated payment date.

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Historically, we calculated our quarterly distributions based upon daily record and distribution declaration dates so that our stockholders would be entitled to be paid distributions beginning with the quarter in which their shares were purchased. As a result, the amounts of the quarterly distributions shown in the table above vary from quarter to quarter based on the number of days in the quarter. We intend to calculate and declare our future distributions on a quarterly basis.

We cannot assure you that we will have sufficient cash available for future quarterly distributions at this level, or at all. (See Risk Factors Risks Related to Our Business and Operations We may have difficulty funding our distributions with our available cash flows.)

To the extent that our cash available for distribution is less than 90% of our REIT taxable income, we may consider various funding sources to cover any such shortfall, including borrowing under our credit facility, selling certain of our assets or using a portion of the net proceeds we receive in this offering or future offerings. Our distribution policy enables us to review the alternative funding sources available to us from time to time.

Prior to this offering, there has been no established public trading market for our common stock. As of November 27, 2006, there were approximately 36,000 stockholders of record.

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CAPITALIZATION

The following table sets forth (1) our historical capitalization at September 30, 2006 and (2) our pro forma capitalization which gives effect to: (i) our acquisition, including one pending acquisition that was deemed to be probable, from October 1, 2006 through November 27, 2006 of 16 properties for a total cost of approximately $93.5 million; (ii) the Internalization; and (iii) the sale of our common stock in this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us and the use of proceeds thereof. You should read this table together with Use of Proceeds, Selected Consolidated Financial and Pro Forma Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated historical and pro forma financial statements and notes thereto included elsewhere in this prospectus.

	As of September 30, 2006	
	Historical	Pro Forma
	(in thousands, except share and per share information)	
Lines of credit	$ 165,012	$ 59,356
Unsecured notes	425,000	425,000
Mortgage notes	638,148	638,148
Financing obligations	235,822	235,822
Minority interests	46,447	197,593
Stockholders equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized, none outstanding, historical and pro forma		
Shares-in-trust, $0.01 par value, 100,000,000 shares authorized, none outstanding, historical and pro forma		
Common stock, $0.01 par value, 350,000,000 shares authorized, 150,557,138 shares issued and outstanding, historical, and 166,857,138 shares issued and outstanding, pro forma[1]	1,506	1,669
Additional paid-in capital	1,396,674	1,580,706
Distributions in excess of earnings	(181,951)	(336,427)
Accumulated other comprehensive income (loss)	(11,712)	(11,712)
Total Stockholders Equity	1,204,517	1,234,236
Total Capitalization	$ 2,714,946	$ 2,790,155

(1) Excludes the following:

1,403,849 shares of our common stock issued pursuant to our distribution reinvestment plan on October 2, 2006;

88,889 shares of our common stock purchased by Phil Hawkins subsequent to the closing of the Internalization at $11.25 per share;

up to 2,445,000 shares of our common stock that may be issued by us upon exercise of the underwriters overallotment option;

421,000 shares of our common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of $11.19 per share;

2,199,855 shares of our common stock issuable upon the exercise of 2,199,855 outstanding warrants at an exercise price of $12.00 per share;

21,778 shares of our common stock issuable upon settlement of outstanding phantom shares;

23,729,474 shares of common stock issuable, in our sole discretion, upon the exchange of 23,729,474 outstanding OP units on a one-for-one basis; and 501,906 shares of common stock issuable, in our sole discretion, upon the exchange of 501,906 OP units issuable upon conversion of outstanding LTIP units; and

7,476,316 shares of our restricted stock reserved for future issuance under our long-term incentive plan.

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SELECTED CONSOLIDATED FINANCIAL AND PRO FORMA DATA

The following table sets forth selected financial data relating to our historical results of operations for the periods ended December 31, 2005, 2004, 2003 and 2002, as well as for the nine months ended September 30, 2006 and 2005, and selected pro forma financial data relating to our results of operations for the year ended December 31, 2005 and the nine months ended September 30, 2006. The table also sets forth selected financial data relating to the historical balance sheets as of December 31, 2005, 2004 and 2003 and as of September 30, 2006 and 2005 and selected pro forma financial data relating to the balance sheet as of September 30, 2006.

The historical consolidated financial information for the periods ended December 31, 2005, 2004, 2003 and 2002 and as of December 31, 2005, 2004 and 2003 presented below have been derived from our historical consolidated financial statements which were audited by KPMG LLP, an independent registered public accounting firm. The historical consolidated financial information for the nine-month periods ended, and as of, September 30, 2006 and 2005 have been derived from our unaudited condensed consolidated financial statements. Certain amounts presented for the fiscal years ended December 31, 2004, 2003 and 2002 and for the nine-month period ended September 30, 2005 have been reclassified to conform to the presentation for the year ended December 31, 2005 and the nine-month period ended September 30, 2006.

The unaudited pro forma financial information as of September 30, 2006 and for the nine months then ended has been prepared to reflect adjustments to the historical financial statements to illustrate the estimated effect of the following transactions as if they had occurred on January 1, 2005:

- our acquisition, including one pending acquisition that was deemed to be probable, from January 1, 2006 through November 27, 2006 of 134 properties located in 18 markets for a total cost of approximately $1.1 billion. These properties were acquired using net proceeds from our prior continuous public offerings, our operating partnership s private placement and debt issuances and existing cash balances;

- the acquisition on October 10, 2006 by our operating partnership of our former advisor from DCAG for an aggregate of 15,111,111 OP units, which included the modification of the special units held by DCAG into 7,111,111 OP units;

- this offering of 16,300,000 shares of our common stock; and

- the application of the net proceeds from this offering to repay $184.2 million of outstanding indebtedness under our senior unsecured revolving credit facility.

The unaudited pro forma financial information as of December 31, 2005 and for the year then ended has been prepared to illustrate the estimated effect of the following transactions as if they had occurred on January 1, 2005:

- the transactions described above; and

- our acquisition in 2005 of 158 properties located in 18 markets for a total cost of approximately $1.2 billion. These properties were acquired using net proceeds from our prior continuous public offerings, our operating partnership s private placement and debt issuances and existing cash balances.

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Since the information presented below is only a summary and does not provide all of the information contained in our historical consolidated financial statements and pro forma condensed consolidated financial statements, including the related notes, you should read it in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements and pro forma condensed consolidated financial statements, including the related notes, included elsewhere in this prospectus. The amounts in the table are in thousands except for per-share information.

	For the Nine Months Ended September 30,			For the Year Ended December 31,				For the Period From Inception (April 12, 2002 to December 31)
	Pro Forma	Historical		Pro Forma	Historical			Historical
	2006	2006	2005	2005	2005	2004	2003	2002
Operating Data:								
Rental revenues	$ 187,810	$ 158,080	$ 81,340	$ 250,464	$ 123,228	$ 34,112	$ 2,645	$
Institutional capital management and other fees	398	398						
Total revenues	188,208	158,478	81,340	250,464	123,228	34,112	2,645	
Rental expenses and real estate taxes	44,449	36,592	17,881	60,469	27,558	7,043	367	
Real estate depreciation and amortization expense	89,954	81,196	47,430	120,269	70,280	18,919	1,195	
General and administrative expenses	13,937	3,939	2,294	15,315	3,004	2,372	412	213
Asset management fees, related party		12,907	5,640		8,901	1,525		
Total expenses	148,340	134,634	73,245	196,053	109,743	29,859	1,974	213
Equity in losses of unconsolidated joint ventures, net	(254)	(254)						
Gain from disposition of real estate interests	7,550	7,550						
Interest expense	(56,028)	(46,687)	(18,253)	(67,961)	(28,474)	(5,978)	(385)	
Interest and other income	5,745	5,004	2,216	3,291	3,193	1,408	61	
Income (loss) before minority interests and discontinued operations	(3,119)	(10,543)	(7,942)	(10,259)	(11,796)	(317)	347	(213)
Minority interests	394	562	256	979	452			200
Income (loss) from continuing operations	(2,725)	(9,981)	(7,686)	(9,280)	(11,344)	(317)	347	(13)
Income (loss) from discontinued operations	125	125	(345)	(616)	(616)	62		
Net income (loss)	$ (2,600)	$ (9,856)	$ (8,031)	$ (9,896)	$ (11,960)	$ (255)	$ 347	$ (13)
Common Share Distributions:								
Common share cash distributions declared		$ 71,207	$ 42,672		$ 62,292	$ 24,263	$ 2,452	
Common share cash distributions declared per share		$ 0.480	$ 0.480		$ 0.640	$ 0.640	$ 0.625	
Per Share Data:								
Basic earnings (loss) per common share	$ (0.02)	$ (0.07)	$ (0.09)	$ (0.06)	$ (0.12)	$ (0.01)	$ 0.09	$ (63.56)
Diluted earnings (loss) per common share	$ (0.02)	$ (0.07)	$ (0.09)	$ (0.06)	$ (0.12)	$ (0.01)	$ 0.09	$ (63.56)
Other Data:								
FFO attributable to common shares, basic[(1)]	$ 77,179	$ 67,195	$ 39,897	$ 101,302	$ 58,307	$ 19,008	$ 1,535	$ (13)
FFO attributable to common shares, diluted[(1)]	$ 85,605	$ 68,579	$ 40,019	$ 110,732	$ 58,569	$ 19,018	$ 1,542	$ (13)
Basic FFO per common share[(1)]	$ 0.46	$ 0.45	$ 0.45	$ 0.60	$ 0.60	$ 0.50	$ 0.38	$ (63.56)
Diluted FFO per common share[(1)]	$ 0.46	$ 0.45	$ 0.45	$ 0.60	$ 0.60	$ 0.50	$ 0.38	$ (63.56)
Weighted average common shares outstanding:								

Basic	168,261	148,731	89,147	168,261	97,333	37,908	3,987	
Diluted	168,261	148,731	89,147	168,261	97,774	37,928	4,007	
Net cash provided by operating activities		$ 75,857	$ 48,978		$ 66,295	$ 21,452	$ 1,700	$ (139)
Net cash used in investing activities		(924,535)	(547,536)		(750,877)	(560,036)	(149,948)	
Net cash provided by financing activities		773,267	514,633		755,980	558,027	152,314	150

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	As of September 30,			As of December 31,			
	Pro Forma	Historical		Historical			
	2006	2006	2005	2005	2004	2003	2002
Balance Sheet Data:							
Net investment in real estate	$ 2,782,929	$ 2,688,520	$ 1,721,823	$ 1,904,411	$ 732,202	$ 150,633	$
Total assets	2,899,233	2,819,654	1,806,282	2,057,695	784,808	156,608	751
Lines of credit	59,356	165,012	16	16	4	1,000	
Unsecured notes	425,000	425,000					
Mortgage notes	638,148	638,148	636,875	642,242	142,755	40,500	
Total liabilities	1,467,404	1,568,690	816,712	869,307	203,593	49,782	761
Total stockholders equity (deficit)	1,234,236	1,204,517	945,690	1,132,811	581,214	106,824	(11)
Minority interests	197,593	46,447	43,880	55,577	1	1	1
Number of common shares outstanding	166,857	150,557	111,569	133,207	67,720	12,470	

(1) We believe that FFO, as defined by NAREIT is a meaningful supplemental measure of our operating performance because historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time, as reflected through depreciation and amortization expenses. However, since real estate values have historically risen or fallen with market and other conditions, many industry investors and analysts have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient. Thus, NAREIT created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation and amortization, among other items, from net income, as defined by GAAP. We believe that the use of FFO, combined with the required GAAP presentations, has been beneficial in improving the understanding of operating results of REITs among the investing public and making comparisons of operating results among such companies more meaningful. We consider FFO to be a useful measure for reviewing our comparative operating and financial performance because, by excluding gains or losses related to sales of previously depreciated operating real estate assets and real estate depreciation and amortization, FFO can help the investing public compare the operating performance of a company s real estate between periods or as compared to other companies. However, you should note that FFO excludes depreciation and amortization and 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 (loss) for the periods indicated below on a historical and pro forma basis (unaudited, amounts in thousands):

	For the Nine Months Ended September 30,			For the Year Ended December 31,				For the Period From Inception (April 12, 2002) to December 31,
	Pro Forma	Historical		Pro Forma	Historical			Historical
	2006	2006	2005	2005	2005	2004	2003	2002
Reconciliation of net income (loss) to FFO:								
Net income (loss) attributable to common shares	$ (2,600)	$ (9,856)	$ (8,031)	$ (9,896)	$ (11,960)	$ (255)	$ 347	$ (13)
Adjustments:								
Real estate related depreciation and amortization	91,522	82,764	48,796	121,635	72,206	19,273	1,195	
Equity in losses of unconsolidated joint ventures	254	254						
Equity in FFO of unconsolidated joint ventures	324	324						
Minority interests in losses	(419)	(587)	(284)	(1,007)	(526)			
FFO attributable to minority interests	(8,426)	(2,228)	(584)	(9,430)	(1,413)	(10)	(7)	
Gain recognized on disposition of real estate interests	(3,476)	(3,476)						
FFO attributable to common shares, basic	77,179	67,195	39,897	101,302	58,307	19,008	1,535	(13)
FFO attributable to dilutive securities	8,426	1,384	122	9,430	262	10	7	
FFO attributable to common shares, diluted	$ 85,605	$ 68,579	$ 40,019	$ 110,732	$ 58,569	$ 19,018	$ 1,542	$ (13)

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the audited consolidated financial statements and notes thereto as of December 31, 2005 and 2004 and for the years ended December 31, 2005, 2004 and 2003, as well as the unaudited consolidated financial statements and notes thereto as of September 30, 2006 and for the three and nine months ended September 30, 2006 and 2005.

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 23 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 leased to corporate tenants.

Our primary business objectives are to maximize sustainable long-term growth in earnings and 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.

Prior to this offering, in order to provide capital for our real estate investments, we have sold our common stock through four distinct continuous public offerings, raised capital through 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 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. 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.

We own our properties through our operating partnership and its subsidiaries. We are the sole general partner of our operating partnership and owned approximately 97% of the outstanding equity interests of our operating partnership as of September 30, 2006.

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 earnings 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.

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We believe that our near-term earnings in our existing properties will increase through increased rents on leases that are expiring, as well as an increase in our occupancy rates as we lease properties which were vacant when acquired. 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.

Our net income and FFO 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. 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 will include the compensation and benefits of our officers and the other employees and consultants previously paid by our former advisor or its affiliates. Further, our net income per share and FFO per share may decrease by a material amount in the near term due to the additional expenses recognized, as well as the OP units issued in connection with the Internalization, which may be exchanged for shares of common stock on a one-for-one basis.

The principal risks to our business outlook include:

- an economic slowdown or softening of the U.S. economy and the local economies of our target markets;
- the development of new distribution space in our target markets in excess of net new demand for such space;
- our ability to attract institutional partners in our institutional capital management business on terms that we find acceptable;
- our ability to acquire properties that meet our quantitative and qualitative criteria and whether we can successfully integrate such acquisitions; and
- our ability to locate development opportunities and to successfully develop such properties on time and within budget and then to successfully lease such properties.

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

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

- 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.

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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. In addition, we may engage in future offerings of common stock or other securities, although we have no current expectation of doing so in the near term.

Significant Transactions During 2005 and Recent Developments

The following discussion describes certain significant transactions that occurred during the year ended December 31, 2005 and certain recent developments.

We have experienced a substantial increase in acquisition activity since we acquired our first property in June 2003. As a result of our investment strategy, as of September 30, 2006, we owned or controlled 374 consolidated operating properties comprising 55.0 million rentable square feet located in 24 markets, including 23 of our target markets. We acquired 158 of these properties for a total estimated cost of approximately $1.2 billion during 2005 using net proceeds from our prior continuous public offerings, our operating partnership s private placement and debt financings, including the assumption of 19 secured, non-recourse notes totaling $434.1 million. We acquired 118 properties for a total cost of approximately $965.9 million during the nine months ended September 30, 2006 using net proceeds from our prior continuous public offerings, our operating partnership s private placement, debt issuances and existing cash balances.

Between February 2, 2005 and May 13, 2005, we acquired seven bulk distribution properties comprising approximately 3.6 million rentable square feet for a total estimated cost of approximately $132.8 million in connection with our purchase agreement with Panattoni Development Company LLC, a national development company and an unrelated third party. We assumed four secured, non-recourse mortgage notes totaling approximately $30.6 million associated with the acquisition of these properties.

On July 21, 2005, we completed a merger with Cabot Industrial Value Fund, Inc., or Cabot, an unrelated third party, whereby we acquired all of the outstanding shares of Cabot s common stock for approximately $312.6 million in cash and assumption of debt and certain other net liabilities. Through our ownership of Cabot, we initially acquired an approximate 87% interest in Cabot Industrial Value Fund, LP which, as of December 31, 2005, owned a portfolio of 104 properties located in 12 markets throughout the United States with a total historical cost of approximately $654.5 million and approximately $308.8 million of mortgage debt outstanding. As of December 31, 2005, this portfolio was 89.6% leased (see Note 3 Real Estate to our audited consolidated financial statements as of and for the year ended December 31, 2005). On April 21, 2006, we purchased the remaining interests in the Cabot Industrial Value Fund, LP for approximately $40.4 million.

On December 9, 2005, we amended our existing $225.0 million senior secured revolving credit facility to increase its borrowing capacity to $250.0 million and extended the maturity to December 2008.

On January 4, 2006, we issued $50.0 million of unsecured, non-recourse debt with a fixed interest rate of 5.68% maturing in January 2014. In addition, we finalized the terms of $100.0 million of additional unsecured debt issued on April 27, 2006. All the notes require quarterly payments of interest only.

On January 23, 2006, we closed the primary offering component of our fourth continuous public offering of common stock. However, we continued to offer shares of our common stock pursuant to our distribution reinvestment plan through our 2006 third quarter distribution.

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On February 21, 2006, we entered into a joint venture with BBK to create an institutional fund that owns and operates industrial properties located in the United States. We contributed six industrial properties to Fund I totaling approximately 2.6 million rentable square feet after completion of a 330,000 square foot expansion project. The contribution value of the six buildings upon completion of the expansion was approximately $122.8 million. Contemporaneously with our contribution, Fund I issued $84.4 million of secured non-recourse debt to a third party and BBK contributed $19.7 million of equity to Fund I. Upon receipt of these proceeds, Fund I made a special distribution to us of approximately $102.7 million. The expansion was completed during June 2006, and, contemporaneously with the completion of the expansion, Fund I issued $11.1 million of additional secured non-recourse debt to a third party and BBK contributed $2.6 million of equity to Fund I. Upon receipt of these proceeds,