

DCT Industrial Trust Inc.  
Form 10-Q  
July 31, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended June 30, 2015

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-33201 (DCT Industrial Trust Inc.) 333-195185 (DCT Industrial Operating Partnership LP)

DCT INDUSTRIAL TRUST INC.

DCT INDUSTRIAL OPERATING PARTNERSHIP LP

(Exact name of registrant as specified in its charter)

Maryland (DCT Industrial Trust Inc.)	82-0538520
Delaware (DCT Industrial Operating Partnership LP)	82-0538522
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
518 Seventeenth Street, Suite 800	80202

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Denver, Colorado

(Address of principal executive offices)

(Zip Code)

(303) 597-2400

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

DCT Industrial Trust Inc. Yes  No  DCT Industrial Operating Partnership LP. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

DCT Industrial Trust Inc. Yes  No  DCT Industrial Operating Partnership LP Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

DCT Industrial Trust Inc.:

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

DCT Industrial Operating Partnership LP:

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

DCT Industrial Trust Inc. Yes  No  DCT Industrial Operating Partnership LP Yes  No

As of July 24, 2015, 88,326,430 shares of common stock of DCT Industrial Trust Inc., par value \$0.01 per share, were outstanding.



## EXPLANATORY NOTE

This report combines the Quarterly Reports on Form 10-Q for the period ended June 30, 2015 of DCT Industrial Trust Inc., a Maryland corporation, and DCT Industrial Operating Partnership LP, a Delaware limited partnership. Except as otherwise indicated herein, the terms “Company,” “we,” “our” and “us” refer to DCT Industrial Trust Inc. and its subsidiaries, including its operating partnership, DCT Industrial Operating Partnership LP. When we use the term “DCT” or “DCT Industrial,” we are referring to DCT Industrial Trust Inc. by itself, and not including any of its subsidiaries, and when we use the term the “Operating Partnership,” we are referring to DCT Industrial Operating Partnership LP by itself, and not including any of its subsidiaries.

We are a leading industrial real estate company specializing in the acquisition, development, leasing and management of bulk distribution and light industrial properties located in high-volume distribution markets in the United States. DCT has elected to be treated as a real estate investment trust, or REIT, for U.S. federal income tax purposes. We are structured as an umbrella partnership REIT under which substantially all of our current and future business is, and will be, conducted through a majority owned and controlled subsidiary, DCT Industrial Operating Partnership LP, a Delaware limited partnership, for which DCT is the sole general partner. We own our properties through the Operating Partnership and its subsidiaries. As of June 30, 2015, DCT owned approximately 95.4% of the outstanding equity interests in the Operating Partnership.

We operate DCT and the Operating Partnership as one enterprise. The management of DCT consists of the same members as the management of the Operating Partnership. As general partner with control of the Operating Partnership, DCT consolidates the Operating Partnership for financial reporting purposes. DCT does not have significant assets other than its investment in the Operating Partnership. Therefore, the assets and liabilities of DCT and the Operating Partnership are the same on their respective financial statements.

We believe combining the quarterly reports on Form 10-Q of DCT and the Operating Partnership into this single report results in the following benefits:

- enhances investors’ understanding of DCT and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminates duplicative disclosures and provides a more streamlined and readable presentation as a substantial portion of the Company’s disclosures apply to both DCT and the Operating Partnership; and
- creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

We believe it is important to understand the few differences between DCT and the Operating Partnership in the context of how we operate as an interrelated consolidated company. DCT’s only material asset is its ownership of partnership interests in the Operating Partnership. As a result, DCT does not conduct business itself, other than acting as the sole general partner of the Operating Partnership and issuing public equity. DCT itself has not issued any debt, but guarantees the unsecured debt of the Operating Partnership. The Operating Partnership holds substantially all the assets of the business and conducts the operations of the business. Except for net proceeds from equity issuances by DCT, which are contributed to the Operating Partnership, the Operating Partnership generates capital through its operations, its borrowings and the issuance of partnership units to third parties.

Stockholders’ equity, partners’ capital and noncontrolling interests are the main areas of difference between the consolidated financial statements of DCT and those of the Operating Partnership. Equity interests in the Operating Partnership held by entities other than DCT are classified within partners’ capital in the Operating Partnership’s financial statements and as noncontrolling interests in DCT’s financial statements. Equity interests of 4.6% of the Operating Partnership were owned by executives and non-affiliated limited partners as of June 30, 2015.

To help investors understand the differences between DCT and the Operating Partnership, this report provides separate consolidated financial statements for DCT and the Operating Partnership; a single set of consolidated notes to such financial statements that includes separate discussions of each entity’s stockholders’ equity or partners’ capital, as

applicable; and a combined Management's Discussion and Analysis of Financial Condition and Results of Operations section that includes distinct information related to each entity.

This report also includes separate Part I, Item 4. Controls and Procedures sections and separate Exhibits 31 and 32 certifications for DCT and the Operating Partnership in order to establish that the requisite certifications have been made and that DCT and the Operating Partnership are both compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.

## DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

## DCT INDUSTRIAL OPERATING PARTNERSHIP LP AND SUBSIDIARIES

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## DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

## Consolidated Balance Sheets

(in thousands, except share information)

	June 30, 2015	December 31, 2014
<b>ASSETS</b>	(unaudited)	
Land	\$1,006,608	\$950,963
Buildings and improvements	2,879,538	2,787,959
Intangible lease assets	89,330	86,515
Construction in progress	85,795	134,938
Total investment in properties	4,061,271	3,960,375
Less accumulated depreciation and amortization	(724,788 )	(703,840 )
Net investment in properties	3,336,483	3,256,535
Investments in and advances to unconsolidated joint ventures	92,715	94,728
Net investment in real estate	3,429,198	3,351,263
Cash and cash equivalents	22,914	19,631
Restricted cash	5,424	3,779
Deferred loan costs, net	9,646	8,026
Straight-line rent and other receivables, net of allowance for doubtful accounts of \$665 and \$956, respectively	54,752	54,183
Other assets, net	11,127	14,652
<b>Total assets</b>	<b>\$3,533,061</b>	<b>\$3,451,534</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$67,544	\$83,543
Distributions payable	26,038	25,973
Tenant prepaids and security deposits	30,584	30,539
Other liabilities	17,401	14,078
Intangible lease liabilities, net	22,792	22,940
Line of credit	149,000	37,000
Senior unsecured notes	1,082,732	1,122,621
Mortgage notes	266,831	249,424
<b>Total liabilities</b>	<b>1,662,922</b>	<b>1,586,118</b>
<b>Equity:</b>		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized, none outstanding	-	-
Shares-in-trust, \$0.01 par value, 100,000,000 shares authorized, none outstanding	-	-
Common stock, \$0.01 par value, 500,000,000 shares authorized 88,203,274 and 88,012,696 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	882	880
Additional paid-in capital	2,765,228	2,762,431



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Distributions in excess of earnings	(988,679 )	(986,289 )
Accumulated other comprehensive loss	(25,428 )	(27,190 )
Total stockholders' equity	1,752,003	1,749,832
Noncontrolling interests	118,136	115,584
Total equity	1,870,139	1,865,416
Total liabilities and equity	\$3,533,061	\$3,451,534

The accompanying notes are an integral part of these Consolidated Financial Statements.

## DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

## Consolidated Statements of Operations

(unaudited, in thousands, except per share information)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
<b>REVENUES:</b>				
Rental revenues	\$88,115	\$83,302	\$176,177	\$165,921
Institutional capital management and other fees	423	308	801	1,072
Total revenues	88,538	83,610	176,978	166,993
<b>OPERATING EXPENSES:</b>				
Rental expenses	8,408	9,433	18,556	21,835
Real estate taxes	13,521	13,711	28,026	26,908
Real estate related depreciation and amortization	38,449	37,270	77,445	73,703
General and administrative	9,856	7,498	17,192	14,332
Impairment losses	-	376	-	4,735
Casualty and involuntary conversion gain	-	(340 )	-	(340 )
Total operating expenses	70,234	67,948	141,219	141,173
Operating income	18,304	15,662	35,759	25,820
<b>OTHER INCOME (EXPENSE):</b>				
Development profit, net of taxes	2,627	1,288	2,627	2,016
Equity in earnings of unconsolidated joint ventures, net	1,036	697	1,843	4,310
Gain on business combination	-	-	-	1,000
Gain on dispositions of real estate interests	14,932	372	41,086	1,417
Interest expense	(13,609 )	(16,182 )	(27,513 )	(32,238 )
Interest and other income (expense)	(11 )	(23 )	(29 )	5
Income tax benefit (expense) and other taxes	(278 )	241	(471 )	184
Income from continuing operations	23,001	2,055	53,302	2,514
Income from discontinued operations	-	5,215	-	5,224
Consolidated net income of DCT Industrial Trust Inc.	23,001	7,270	53,302	7,738
Net income attributable to noncontrolling interests	(4,704 )	(469 )	(6,260 )	(620 )
Net income attributable to common stockholders	18,297	6,801	47,042	7,118
Distributed and undistributed earnings allocated to				
participating securities	(201 )	(170 )	(344 )	(336 )
Adjusted net income attributable to common				
stockholders	\$18,096	\$6,631	\$46,698	\$6,782
<b>EARNINGS PER COMMON SHARE - BASIC</b>				
Income from continuing operations	\$0.21	\$0.02	\$0.53	\$0.02
Income from discontinued operations	0.00	0.06	0.00	0.06
Net income attributable to common stockholders	\$0.21	\$0.08	\$0.53	\$0.08

**EARNINGS PER COMMON SHARE - DILUTED**

Income from continuing operations	\$0.20	\$0.02	\$0.53	\$0.02
Income from discontinued operations	0.00	0.06	0.00	0.06
Net income attributable to common stockholders	\$0.20	\$0.08	\$0.53	\$0.08

**WEIGHTED AVERAGE COMMON SHARES****OUTSTANDING:**

Basic	88,187	82,280	88,139	81,636
Diluted	88,486	82,563	88,453	81,909

Distributions declared per common share	\$0.28	\$0.28	\$0.56	\$0.56
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The accompanying notes are an integral part of these Consolidated Financial Statements.

## DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

(unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Consolidated net income of DCT Industrial Trust Inc.	\$23,001	\$7,270	\$53,302	\$ 7,738
Other comprehensive income:				
Net derivative gain (loss) on cash flow hedging instruments	58	(518 )	(455 )	(846 )
Net reclassification adjustment on cash flow				
hedging instruments	1,158	1,172	2,311	2,328
Other comprehensive income	1,216	654	1,856	1,482
Comprehensive income	24,217	7,924	55,158	9,220
Comprehensive income attributable to noncontrolling interests	(4,843 )	(513 )	(6,354 )	(778 )
Comprehensive income attributable to common				
stockholders	\$19,374	\$7,411	\$48,804	\$ 8,442

The accompanying notes are an integral part of these Consolidated Financial Statements.

## DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

## Consolidated Statement of Changes in Equity

(unaudited, in thousands)

	Total Equity	Common Shares	Stock Amount	Additional Paid-in Capital	Distributions in Excess of Earnings	Accumulated Other Comprehen- sive Loss	Non- controlling Interests
Balance at December 31, 2014	\$1,865,416	88,013	\$ 880	\$2,762,431	\$(986,289 )	\$(27,190 )	\$115,584
Net income	53,302	-	-	-	47,042	-	6,260
Other comprehensive income	1,856	-	-	-	-	1,762	94
Issuance of common stock, stock-							
based compensation plans	(425 )	86	1	(426 )	-	-	-
Amortization of stock-based compensation	3,368	-	-	874	-	-	2,494
Distributions to common stockholders and							
noncontrolling interests	(52,437 )	-	-	-	(49,432 )	-	(3,005 )
Redemptions of noncontrolling interests	(941 )	104	1	2,349	-	-	(3,291 )
Balance at June 30, 2015	\$1,870,139	88,203	\$ 882	\$2,765,228	\$(988,679 )	\$(25,428 )	\$118,136

The accompanying notes are an integral part of these Consolidated Financial Statements.

## DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

(unaudited, in thousands)

	Six Months Ended June 30,	
	2015	2014
<b>OPERATING ACTIVITIES:</b>		
Consolidated net income of DCT Industrial Trust Inc.	\$53,302	\$7,738
Adjustments to reconcile consolidated net income of DCT Industrial Trust Inc. to net cash provided by operating activities:		
Real estate related depreciation and amortization	77,445	73,703
Gain on acquisitions and dispositions of real estate interests	(41,086 )	(7,534 )
Distributions of earnings from unconsolidated joint ventures	2,827	2,284
Equity in earnings of unconsolidated joint ventures, net	(1,843 )	(4,310 )
Impairment losses	-	4,735
Stock-based compensation	2,540	2,211
Casualty and involuntary conversion gain	-	(340 )
Straight-line rent	(3,402 )	(5,303 )
Other	(1 )	2,669
Changes in operating assets and liabilities:		
Other receivables and other assets	10,668	11,871
Accounts payable, accrued expenses and other liabilities	(316 )	(7,228 )
Net cash provided by operating activities	100,134	80,496
<b>INVESTING ACTIVITIES:</b>		
Real estate acquisitions	(143,465 )	(116,074 )
Capital expenditures and development activities	(97,639 )	(84,120 )
Proceeds from dispositions of real estate investments	136,188	31,932
Investments in unconsolidated joint ventures	(840 )	(940 )
Proceeds from casualties and involuntary conversion	-	491
Distributions of investments in unconsolidated joint ventures	1,014	16,757
Other investing activities	(3,441 )	(2,792 )
Net cash used in investing activities	(108,183 )	(154,746 )
<b>FINANCING ACTIVITIES:</b>		
Proceeds from senior unsecured revolving line of credit	166,000	76,000
Repayments of senior unsecured revolving line of credit	(54,000 )	(42,000 )
Repayments of senior unsecured notes	(40,000 )	-
Principal payments on mortgage notes	(4,112 )	(8,033 )
Proceeds from issuance of common stock	-	86,928
Net settlement on issuance of stock-based compensation awards	(425 )	(274 )
Offering costs for issuance of common stock and OP Units	-	(1,110 )
Redemption of noncontrolling interests	(941 )	(796 )
Dividends to common stockholders	(49,387 )	(45,367 )
Distributions to noncontrolling interests	(2,985 )	(3,077 )
Contributions from noncontrolling interests	-	101
Other financing activity	(2,818 )	(13 )

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Net cash provided by financing activities	11,332	62,359
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,283	(11,891 )
CASH AND CASH EQUIVALENTS, beginning of period	19,631	32,226
CASH AND CASH EQUIVALENTS, end of period	\$22,914	\$20,335
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest, net of capitalized interest	\$25,848	\$30,378
Supplemental Disclosures of Non-Cash Activities		
Retirement of fully depreciated and amortized assets	\$13,159	\$14,420
Redemptions of OP Units settled in shares of common stock	\$2,350	\$6,084
Assumption of mortgage notes in connection with real estate acquired	\$22,958	\$7,459

The accompanying notes are an integral part of these Consolidated Financial Statements.

## DCT INDUSTRIAL OPERATING PARTNERSHIP LP AND SUBSIDIARIES

## Consolidated Balance Sheets

(in thousands, except unit information)

	June 30, 2015	December 31, 2014
<b>ASSETS</b>	(unaudited)	
Land	\$1,006,608	\$950,963
Buildings and improvements	2,879,538	2,787,959
Intangible lease assets	89,330	86,515
Construction in progress	85,795	134,938
Total investment in properties	4,061,271	3,960,375
Less accumulated depreciation and amortization	(724,788 )	(703,840 )
Net investment in properties	3,336,483	3,256,535
Investments in and advances to unconsolidated joint ventures	92,715	94,728
Net investment in real estate	3,429,198	3,351,263
Cash and cash equivalents	22,914	19,631
Restricted cash	5,424	3,779
Deferred loan costs, net	9,646	8,026
Straight-line rent and other receivables, net of allowance for doubtful accounts of \$665 and \$956, respectively	54,752	54,183
Other assets, net	11,127	14,652
<b>Total assets</b>	<b>\$3,533,061</b>	<b>\$3,451,534</b>
<b>LIABILITIES AND CAPITAL</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$67,544	\$83,543
Distributions payable	26,038	25,973
Tenant prepaids and security deposits	30,584	30,539
Other liabilities	17,401	14,078
Intangible lease liabilities, net	22,792	22,940
Line of credit	149,000	37,000
Senior unsecured notes	1,082,732	1,122,621
Mortgage notes	266,831	249,424
<b>Total liabilities</b>	<b>1,662,922</b>	<b>1,586,118</b>
<b>Partners' Capital:</b>		
<b>General Partner:</b>		
OP Units, 924,395 and 922,131 issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	18,811	18,819
<b>Limited Partners:</b>		
OP Units, 91,515,090 and 91,290,942 issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	1,862,285	1,863,050



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Accumulated other comprehensive loss	(26,648 )	(28,487 )
Total partners' capital	1,854,448	1,853,382
Noncontrolling interests	15,691	12,034
Total capital	1,870,139	1,865,416
Total liabilities and capital	\$3,533,061	\$3,451,534

The accompanying notes are an integral part of these Consolidated Financial Statements.

## DCT INDUSTRIAL OPERATING PARTNERSHIP LP AND SUBSIDIARIES

## Consolidated Statements of Operations

(unaudited, in thousands, except per unit information)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
<b>REVENUES:</b>				
Rental revenues	\$88,115	\$83,302	\$176,177	\$165,921
Institutional capital management and other fees	423	308	801	1,072
Total revenues	88,538	83,610	176,978	166,993
<b>OPERATING EXPENSES:</b>				
Rental expenses	8,408	9,433	18,556	21,835
Real estate taxes	13,521	13,711	28,026	26,908
Real estate related depreciation and amortization	38,449	37,270	77,445	73,703
General and administrative	9,856	7,498	17,192	14,332
Impairment losses	-	376	-	4,735
Casualty and involuntary conversion gain	-	(340 )	-	(340 )
Total operating expenses	70,234	67,948	141,219	141,173
Operating income	18,304	15,662	35,759	25,820
<b>OTHER INCOME (EXPENSE):</b>				
Development profit, net of taxes	2,627	1,288	2,627	2,016
Equity in earnings of unconsolidated joint ventures, net	1,036	697	1,843	4,310
Gain on business combination	-	-	-	1,000
Gain on dispositions of real estate interests	14,932	372	41,086	1,417
Interest expense	(13,609)	(16,182)	(27,513 )	(32,238 )
Interest and other income (expense)	(11 )	(23 )	(29 )	5
Income tax benefit (expense) and other taxes	(278 )	241	(471 )	184
Income from continuing operations	23,001	2,055	53,302	2,514
Income from discontinued operations	-	5,215	-	5,224
Consolidated net income of DCT Industrial				
Operating Partnership LP	23,001	7,270	53,302	7,738
Net income attributable to noncontrolling interests	(3,824 )	(103 )	(3,977 )	(236 )
Net income attributable to OP Unitholders	19,177	7,167	49,325	7,502
Distributed and undistributed earnings allocated to				
participating securities	(201 )	(170 )	(344 )	(336 )
Adjusted net income attributable to OP Unitholders	\$18,976	\$6,997	\$48,981	\$7,166
<b>EARNINGS PER OP UNIT - BASIC</b>				
Income from continuing operations	\$0.21	\$0.02	\$0.53	\$0.02
Income from discontinued operations	0.00	0.06	0.00	0.06
Net income attributable to OP Unitholders	\$0.21	\$0.08	\$0.53	\$0.08

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EARNINGS PER OP UNIT - DILUTED				
Income from continuing operations	\$0.20	\$0.02	\$0.53	\$0.02
Income from discontinued operations	0.00	0.06	0.00	0.06
Net income attributable to OP Unitholders	\$0.20	\$0.08	\$0.53	\$0.08
WEIGHTED AVERAGE OP UNITS OUTSTANDING:				
Basic	92,443	86,620	92,417	86,033
Diluted	92,742	86,903	92,731	86,306
Distributions declared per OP Unit	\$0.28	\$0.28	\$0.56	\$0.56

The accompanying notes are an integral part of these Consolidated Financial Statements.

## DCT INDUSTRIAL OPERATING PARTNERSHIP LP AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

(unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Consolidated net income of DCT Industrial Operating				
Partnership LP	\$23,001	\$7,270	\$53,302	\$7,738
Other comprehensive income:				
Net derivative gain (loss) on cash flow				
hedging instruments	58	(518 )	(455 )	(846 )
Net reclassification adjustment on cash flow				
hedging instruments	1,158	1,172	2,311	2,328
Other comprehensive income	1,216	654	1,856	1,482
Comprehensive income	24,217	7,924	55,158	9,220
Comprehensive income attributable to				
noncontrolling interests	(3,894 )	(50 )	(3,994 )	(218 )
Comprehensive income attributable to OP Unitholders	\$20,323	\$7,874	\$51,164	\$9,002

The accompanying notes are an integral part of these Consolidated Financial Statements.

## DCT INDUSTRIAL OPERATING PARTNERSHIP LP AND SUBSIDIARIES

## Consolidated Statement of Changes in Capital

(unaudited, in thousands)

	Total Capital	General Partner OP Units		Limited Partners OP Units		Accumulated Other Comprehensive Loss		Non- controlling Interests	
		Units	Amount	Units	Amount				
Balance at December 31, 2014	\$1,865,416	922	\$18,819	91,291	\$1,863,050	\$ (28,487	)	\$ 12,034	
Net income	53,302	-	493	-	48,832	-		3,977	
Other comprehensive income	1,856	-	-	-	-	1,839		17	
Issuance of OP Units, share-based									
compensation plans	(425	)	-	-	253	(425	)	-	
Amortization of share-based compensation	3,368	-	-	-	3,368	-		-	
Distributions to OP Unitholders									
and noncontrolling interests	(52,437	)	-	(521	)	-	(51,579	)	(337
Redemption of limited partner OP Units, net	(941	)	-	-	(27	)	(941	)	-
Conversion of limited partner OP Units									
to OP Units of general partner	-	2	20	(2	)	(20	)	-	
Balance at June 30, 2015	\$1,870,139	924	\$18,811	91,515	\$1,862,285	\$ (26,648	)	\$ 15,691	

The accompanying notes are an integral part of these Consolidated Financial Statements.

## DCT INDUSTRIAL OPERATING PARTNERSHIP LP AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

(unaudited, in thousands)

	Six Months Ended June 30,	
	2015	2014
<b>OPERATING ACTIVITIES:</b>		
Consolidated net income of DCT Industrial Operating Partnership LP	\$53,302	\$7,738
Adjustments to reconcile consolidated net income of DCT Industrial Operating Partnership LP to net cash provided by operating activities:		
Real estate related depreciation and amortization	77,445	73,703
Gain on acquisitions and dispositions of real estate interests	(41,086 )	(7,534 )
Distributions of earnings from unconsolidated joint ventures	2,827	2,284
Equity in earnings of unconsolidated joint ventures, net	(1,843 )	(4,310 )
Impairment losses	-	4,735
Share-based compensation	2,540	2,211
Casualty and involuntary conversion gain	-	(340 )
Straight-line rent	(3,402 )	(5,303 )
Other	(1 )	2,669
Changes in operating assets and liabilities:		
Other receivables and other assets	10,668	11,871
Accounts payable, accrued expenses and other liabilities	(316 )	(7,228 )
Net cash provided by operating activities	100,134	80,496
<b>INVESTING ACTIVITIES:</b>		
Real estate acquisitions	(143,465)	(116,074)
Capital expenditures and development activities	(97,639 )	(84,120 )
Proceeds from dispositions of real estate investments	136,188	31,932
Investments in unconsolidated joint ventures	(840 )	(940 )
Proceeds from casualties and involuntary conversion	-	491
Distributions of investments in unconsolidated joint ventures	1,014	16,757
Other investing activities	(3,441 )	(2,792 )
Net cash used in investing activities		