

DIVIDEND CAPITAL TRUST INC  
Form S-3/A  
February 04, 2005

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As filed with the Securities and Exchange Commission on February 4, 2005

Registration No. 333-122260

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**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**PRE-EFFECTIVE AMENDMENT NO. 1 TO  
FORM S-3  
REGISTRATION STATEMENT UNDER  
THE SECURITIES ACT OF 1933**

**DIVIDEND CAPITAL TRUST INC.**  
(Exact name of Registrant as specified in its Charter)

<b>Maryland</b> (State or other jurisdiction of incorporation or organization)	<b>518 Seventeenth Street, Suite 1700 Denver, Colorado 80202 Telephone (303) 228-2200</b> (Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)	<b>82-0538520</b> (I.R.S. Employer Identification No.)
	<b>Evan H. Zucker Chief Executive Officer 518 Seventeenth Street, Suite 1700 Denver, Colorado 80202 Telephone (303) 228-2200</b> (Name, address, including zip code, and telephone number, including area code, of agent for service)	

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*With copies to:*

**Robert E. King Jr., Esq.**  
Clifford Chance US LLP  
31 West 52nd Street  
New York, New York 10019

**David C. Roos, Esq.**  
Moye Giles LLP  
1400 16<sup>th</sup> Street  
Denver, Colorado 80202

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**Approximate Date of Commencement of Proposed Sale to the Public:**  
**As soon as practicable after the effective date of this Registration Statement.**

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

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

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**EXPLANATORY NOTE**

The preliminary prospectus supplement and the preliminary prospectus are being filed as an amendment to this registration statement on Form S-3 filed with the Securities and Exchange Commission on January 24, 2005. The preliminary prospectus supplement is not part of the preliminary prospectus included in this registration statement on Form S-3.

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**The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. No person may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**Subject to Completion, Dated February 4, 2005**

## **PRELIMINARY PROSPECTUS SUPPLEMENT**

(To Prospectus Dated \_\_\_\_\_, 2005)

### **Shares**

#### **Common Stock**

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Dividend Capital Trust Inc. is organized as a real estate investment trust that owns, operates and develops real estate properties, consisting primarily of high-quality, generic distribution warehouses and light industrial properties that are net leased to creditworthy corporate customers. Dividend Capital Trust was formed as a Maryland corporation in April 2002. Dividend Capital Trust is organized and conducts its operations in a manner so as to qualify as a real estate investment trust (REIT) for federal income tax purposes.

We are offering \_\_\_\_\_ shares to the public at a price of \$ \_\_\_\_\_ per share. Dividend Capital Securities LLC, which is an affiliate of Dividend Capital Trust, is acting as an underwriter and dealer manager of this offering on a best efforts basis. We are also offering up to \_\_\_\_\_ shares to participants in our distribution reinvestment plan. Subject to certain exceptions described in this prospectus, investors that want to participate in this offering must invest a minimum of \$2,000.

Dividend Capital Advisors LLC, our advisor, which is an affiliate of Dividend Capital Trust, is responsible for managing our day-to-day activities under the terms and conditions of an advisory agreement. Our advisor is beneficially owned and/or controlled by three of our directors. See the "Conflicts of Interest" section of the accompanying prospectus for a discussion of the relationship between Dividend Capital Trust, our advisor and other of our affiliates.

**See "Risk Factors" beginning on page 22 of the accompanying prospectus for a discussion of certain factors that you should consider before you invest in our common stock. In particular, you should carefully consider the following risks:**

We have a limited operating history

There is no current public trading market for the common stock; if you choose to sell your shares, it will likely be at a price which is less than your purchase price

Reliance on our advisor to select properties and conduct our operations

Payment of substantial fees to our advisor and its affiliates

Borrowing which increases the risk of loss of our investments

Conflicts of interest between Dividend Capital Trust and certain affiliates which will be compensated for their services, including our advisor, Dividend Capital Property Management LLC, our property manager, and Dividend Capital Securities LLC, our dealer manager

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

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Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus are truthful or complete. In addition, the Attorney General of the State of New York has not passed on or endorsed the merits of this offering. Any representation to the contrary is a criminal offense. The use of forecasts in this offering is prohibited. Any representation to the contrary and any predictions, written or oral, as to the amount or certainty of any present or future cash benefits or tax consequences which may flow from your investment is not permitted.

	Price to Public	Selling Commissions	Proceeds to the Company(2)(3)
Primary Offering Per Share	\$	\$ (1)	\$
Total Maximum	\$	\$ (1)	\$
Distribution Reinvestment Plan Per Share	\$	\$	\$
Total Maximum	\$	\$	\$

- (1) We will pay a sales commission to participating broker-dealers of up to 6% of the gross offering proceeds.
- (2) Proceeds with respect to our primary offering are calculated before deducting certain dealer manager fees and organizational and offering expenses payable by us. We will pay a dealer manager fee to our dealer manager of up to 2% of gross offering proceeds and we will reimburse our advisor for organizational and offering expenses in an amount up to 2% of gross offering proceeds. Such fees and expenses are estimated to be approximately \$ if shares are sold based on a price of \$ per share. See the "Management Compensation" section of this prospectus supplement. Proceeds with respect to our distribution reinvestment plan are calculated before deducting a one-time servicing fee payable by us equal to 1% of the undiscounted selling price of the shares. Based on a price of \$ per share, such fee is estimated to be \$ if shares are sold pursuant to our distribution reinvestment plan. See the "Plan of Distribution" section of this prospectus supplement for a complete description of the amount and terms of such fees and expense reimbursement.
- (3) The selling commissions and, in some cases, all or a portion of the dealer manager fee will not be charged with regard to shares sold to or for the account of certain categories of purchasers. The reduction in these fees will be accompanied by a corresponding reduction in the per share purchase price. See the "Plan of Distribution" section of this prospectus supplement.

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## DIVIDEND CAPITAL SECURITIES LLC

(Dividend Capital Securities LLC is underwriting this offering on a best efforts basis)

The date of this prospectus supplement is , 2005

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### SUITABILITY STANDARDS

The shares we are offering are suitable only as a long-term investment for persons of adequate financial means. Initially, we do not expect to have a public market for the common stock, which means that it may be difficult for you to sell your shares. You should not buy these shares if you need to sell them immediately or will need to sell them quickly in the future.

Dividend Capital Advisors LLC (the "Advisor" or our advisor) and those selling shares on our behalf shall make every reasonable effort to determine that the purchase of common stock is a suitable and appropriate investment for each investor based on information obtained by those selling shares on our behalf concerning the investor's financial situation and investment objectives. In consideration of these factors, we have established suitability standards for initial shareholders and subsequent transferees. Those selling shares on our behalf will determine that each purchaser of common stock satisfy these standards. These suitability standards require that a purchaser of common stock have either:

A net worth of at least \$150,000; or

A gross annual income of at least \$45,000 and a net worth of at least \$45,000.

For purposes of determining suitability, net worth shall exclude the value of an investor's home, furnishings and automobiles.

The minimum purchase is \$2,000 except in certain states as described below. In order to satisfy the minimum purchase requirements for retirement plans, unless otherwise prohibited by state law, a husband and wife may jointly contribute funds from their separate IRAs, provided that each such contribution is made in increments of \$100. You should note that an investment in common stock of Dividend Capital Trust will not, in itself, create a retirement plan and that, in order to create a retirement plan, you must comply with all applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code").

The minimum purchase for Maine, Minnesota, New York and North Carolina residents is \$2,500, except for IRAs and other qualified retirement plans which must purchase a minimum of \$2,000.

Purchases of common stock pursuant to our distribution reinvestment plan may be in amounts less than set forth above.

Several states have established suitability standards different from those we have outlined. Shares will be sold only to investors in these states who meet the special suitability standards set forth below.

**Arizona, California, Iowa, Kansas, Michigan, Missouri, North Carolina, Oregon and Tennessee** Investors must have either (1) a net worth of at least \$225,000 or (2) gross annual income of \$60,000 and a net worth of at least \$60,000.

**Maine** Investors must have either (1) a net worth of at least \$200,000 or (2) gross annual income of \$50,000 and a net worth of at least \$50,000.

**Kansas, Michigan, Ohio and Pennsylvania** In addition to our suitability requirements, investors must have a net worth of at least ten times their investment in Dividend Capital Trust.

In the case of sales to fiduciary accounts, these suitability standards must be met by the fiduciary account, by the person who directly or indirectly supplied the funds for the purchase of the common stock or by the beneficiary of the account. These suitability standards are intended to help ensure that, given the long-term nature of an investment in our common stock, our investment objectives and the relative illiquidity of our common stock, shares of Dividend Capital Trust are an appropriate investment for each shareholder. Each participating broker-dealer must make every reasonable effort to determine that the purchase of shares is a suitable and appropriate investment for each shareholder based on information provided by the shareholder in the Subscription Agreement. Each participating broker-dealer is required to maintain for six years records of the information used to determine that an investment in the shares is suitable and appropriate for a shareholder.

## PROSPECTUS SUPPLEMENT SUMMARY

*This prospectus supplement summary summarizes information contained elsewhere in this prospectus supplement and the accompanying prospectus. You should read the entire prospectus supplement and the accompanying prospectus carefully, including the "Risk Factors" section of the accompanying prospectus.*

### **Dividend Capital Trust Inc.**

Dividend Capital Trust Inc. is organized as a real estate investment trust that owns, operates and develops real estate properties, consisting primarily of high-quality, generic distribution warehouses and light industrial properties that are net leased to creditworthy corporate customers. Dividend Capital Trust was formed as a Maryland corporation on April 12, 2002. We are structured as an umbrella partnership real estate investment trust ("UPREIT") under which substantially all of our current and future business is and will be conducted through our controlling interest in Dividend Capital Operating Partnership, LP (the "Partnership" or our operating partnership). Our office is located at 518 17th Street, Suite 1700, Denver, Colorado 80202 and our telephone number is (303) 228-2200.

The Advisor is responsible for managing our affairs on a day-to-day basis and for identifying and making investments on our behalf. Our board of directors, or our investment committee comprised of board members, must approve each property acquisition or development proposed by the Advisor, as well as certain other matters set forth in our articles of incorporation. We have seven members on our board of directors. Four of our directors are independent of the Advisor and have responsibility for reviewing the performance of the Advisor. Our directors are elected annually by the shareholders.

### **Summary Risk Factors**

Following are the most significant risks relating to your investment:

There is no current public market for the common stock and we have no obligation or immediate plans to apply for quotation or listing in any public securities market. Although in the future we will consider opportunities to establish a public market for our common stock, there can be no assurance that a public market will ever exist. It will therefore be very difficult for you to sell your shares promptly or at all.

We have a limited history of operations and a limited portfolio of properties which you are able to evaluate in making a decision to purchase our common stock.

We must rely on the Advisor for the day-to-day management of our business and the identification of real estate properties which we may acquire.

The timing and availability of cash distributions to our shareholders is uncertain.

To ensure that we continue to qualify as a REIT, our articles of incorporation prohibit 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. This may discourage or prevent a third party from acquiring Dividend Capital Trust on terms that might be favorable to our shareholders.

If for any reason we fail to qualify as a REIT for federal income tax purposes, we would be subject to tax on our income at corporate rates. That would reduce the amount of funds available for investment or distribution to our shareholders because of the additional tax liability for the years involved.

You will not have preemptive rights as a shareholder, so any common stock we issue in the future may dilute your interest in Dividend Capital Trust.



We will pay significant fees to the Advisor and its affiliates.

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Real estate investments are subject to cyclical trends, which are beyond our control.

We may enter into certain transactions that could potentially impair our ability to dispose of or otherwise turn our investments into cash and could potentially subject us to additional liabilities.

Loans we have and will obtain are and may be secured by some of our properties, which will put those properties at risk of forfeiture if we are unable to repay those loans.

To the extent we invest in vacant land to be developed, such investment may create risks relating to the builder's ability to control construction costs, failure to perform or failure to build in conformity with plans, specifications and timetables.

If we have not listed our common stock on a national securities exchange or an over-the-counter market, completed a sale or merger of Dividend Capital Trust in a transaction which provides our shareholders with a combination of cash and/or securities of a publicly traded company or sold substantially all of our properties for cash or other consideration by February 2013, our articles of incorporation require us to begin selling our properties and other assets and to distribute the net proceeds to our shareholders.

The Advisor will face various conflicts of interest resulting from its activities with affiliated entities.

Before you invest in Dividend Capital Trust, you should read the "Risk Factors" section of the accompanying prospectus.

### **Estimated Use of Proceeds of Offering**

Our management team intends to invest approximately 91.2% of the gross offering proceeds, assuming all shares are sold pursuant to our distribution reinvestment plan, to acquire properties as described above. The remainder of the gross offering proceeds will be used to pay fees and expenses of this offering, which shall include sales commissions, dealer manager fees, distribution reinvestment plan servicing fees, the reimbursement of offering expenses and acquisition fees. In the aggregate, these fees total an amount of up to approximately 8.8% of gross offering proceeds, assuming all shares are sold pursuant to our distribution reinvestment plan.

### **The Offering**

We are offering up to \_\_\_\_\_ shares to the public at \$ \_\_\_\_\_ per share. We are also offering up to \_\_\_\_\_ shares pursuant to our distribution reinvestment plan through which participants will be able to acquire shares at a discounted price equal to 95% of the current offering price.

### **Terms of the Offering**

This offering will continue until \_\_\_\_\_, 2007 (two years after the SEC's effective date of this offering) or until all shares under this offering are sold, whichever is sooner. However, our board of directors may also terminate this offering at any time prior to such termination dates. The offering proceeds will be available for the acquisition of properties or the payment of fees and expenses as soon as we accept your Subscription Agreement. We generally intend to continue to admit shareholders to Dividend Capital Trust on a daily basis.

### **Compensation to the Advisor**

The Advisor and its affiliates will receive compensation and fees for services relating to this offering and the investment and management of our assets. In addition, Dividend Capital Advisors Group LLC, the parent of the Advisor, has been issued partnership units in the Partnership constituting

a separate series of limited partnership interests with special distribution rights (the "Special Units"). The most significant items of compensation and the Special Units are as follows:

***Organizational and Offering Stage***

Sales Commissions:	Up to 6.0% of gross offering proceeds (all or substantially all of which we expect will be re-allowed to participating broker-dealers).
Dealer Manager Fee:	Up to 2.0% of gross offering proceeds (up to 1% of which Dividend Capital Securities LLC (the "Dealer Manager" or our dealer manager) may re-allow to participating broker-dealers as a marketing fee and due diligence expense reimbursement based on such factors as the volume of shares sold by such participating broker-dealers, marketing support and bona fide conference fees incurred).
Distribution Reinvestment Plan Servicing Fee:	Up to 1% of the undiscounted selling price of shares issued pursuant to our distribution reinvestment plan (all or substantially all of which we expect will be re-allowed to participating broker-dealers).
Organizational and Offering Expense Reimbursement:	Up to 2.0% of aggregate gross offering proceeds. Of the approximately \$            million maximum organizational and offering expense reimbursement, approximately \$            million of the expenses are anticipated to be used for wholesaling activities and are therefore deemed to be additional underwriting compensation within the meaning established by the National Association of Securities Dealers. To the extent that the remaining approximately \$            million of organizational and offering expenses are insufficient to cover our cost of administering this offering, such shortfall would serve to reduce the organizational and offering expenses available to provide underwriting compensation.

***Acquisition and Development Stage***

Acquisition and Advisory Fees:	Up to 1% of the aggregate purchase price of all properties we acquire.
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***Operational Stage***

Asset Management Fees:	Up to 0.75% annually of the cost of properties acquired (before non-cash reserves and depreciation).
Property Management Fees:	Up to the lesser of 3% of the gross revenues of our properties managed by Dividend Capital Property Management LLC (the "Property Manager" or our property manager) or 0.6% of the net asset value of our properties managed by the Property Manager.
Initial Lease-Up Fee for Newly Constructed Property:	Competitive fee for geographic location of property based on a survey of brokers and agents.

Real Estate Commissions: Up to the lesser of (1) 50% of the reasonable, customary and competitive commission paid for the sale of a comparable property or (2) 3% of the contract price of each property sold. Payment of any Real Estate Commissions is deferred until partners of the Partnership have received a return of capital plus a 7% cumulative non-compounded annual pre-tax return on their net capital contributions.

Special Units: In general, the holder of the Special Units will be entitled to receive 15% of specified distributions made after other partners of the Partnership have received, in the aggregate, cumulative distributions equal to their capital contributions plus a 7% cumulative non-compounded annual pre-tax return on their net contributions.

More specifically, while the Special Units are outstanding, and after other partners of the Partnership have received, in the aggregate, cumulative distributions from all sources equal to their net capital contributions plus a 7% cumulative non-compounded annual pre-tax return on their contributions, the holder will receive 15% of net sales proceeds received by the Partnership on dispositions of the Partnership's assets. Special Units will be redeemed upon the earlier of the listing of our common stock or a sale or merger that result in a termination or non-renewal of the Advisory Agreement for the amount that would have been distributed with respect to the Special Units in accordance with the preceding sentence if the Partnership sold all of its assets for their then fair market values, paid all of its liabilities and distributed any remaining amounts to partners in liquidation of the Partnership.

Except as described above, the Special Units shall not be entitled to receive any redemption or similar payment from Dividend Capital Trust or the Partnership.

There are many conditions to and restrictions on the amount of compensation the Advisor and its affiliates may receive. There are also some smaller items of expense reimbursements that the Advisor may receive. For a more detailed explanation of these fees and expenses payable to the Advisor and its affiliates, and for a more detailed discussion of the Special Units described above, please see the "Management Compensation" section of this prospectus supplement and the "Management Management Compensation" section of the accompanying prospectus.

## ESTIMATED USE OF PROCEEDS

The following table sets forth our best estimates of how we intend to use the gross proceeds from our offering assuming (i) shares sold to the public and no shares sold pursuant to our Distribution Reinvestment Plan ("DRIP"), (ii) shares sold to the public and shares sold pursuant to our DRIP and (iii) shares sold to the public and shares sold pursuant to our DRIP. As of December 31, 2004, we had sold approximately 67.9 million shares in our public offerings, which included approximately 950,000 shares issued pursuant to our distribution reinvestment plan. The number of distribution reinvestment plan shares sold in the future will depend on the level of continued shareholder participation in the distribution reinvestment plan and the length of time covered by this offering.

	Shares Sold		Shares Sold (Including Pursuant to DRIP)		Shares Sold (Including Pursuant to DRIP)	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Gross Proceeds	\$	100.0%	\$	100.0%	\$	100.0%
Less Public Offering Expenses:						
Sales Commissions(1)		6.0%		5.2%		4.6%
Dealer Manager Fee(1)		2.0%		1.7%		1.5%
DRIP Servicing Fee(2)				0.1%		0.3%
Organization and Offering Expenses(3)		2.0%		1.7%		1.5%
Amount Available for Investment(4)	\$	90.0%	\$	91.2%	\$	92.1%
Acquisition and Development:						
Acquisition and Advisory Fees(5)		0.9%		0.9%		0.9%
Initial Working Capital Reserve(6)						
Amount Invested in Properties(4)(7)	\$	89.1%	\$	90.3%	\$	91.2%

- (1) The shares sold includes selling commissions equal to 6.0% of gross offering proceeds for which commissions may be reduced under certain circumstances and a dealer manager fee equal to 2.0% of gross offering proceeds, both of which are payable to the Dealer Manager, an affiliate of the Advisor. The Dealer Manager, in its sole discretion, may re-allow selling commissions to other broker-dealers participating in this offering attributable to the shares sold by them and may re-allow out of its dealer manager fee up to 1.0% of aggregate gross offering proceeds for reimbursement of marketing and/or due diligence expenses. Reimbursement will be contingent upon the receipt of an invoice or a similar such statement from participating broker-dealers that demonstrate the actual expenses incurred by such broker-dealers. The maximum amount of reimbursements will be based on such factors as the number of shares sold by participating broker-dealers, the assistance of such participating broker-dealers in marketing the offering and bona fide expenses incurred. The amount of selling commissions may also be reduced under certain circumstances for volume or other discounts. See the "Plan of Distribution" section of this prospectus supplement for a description of such provisions. The maximum compensation payable to NASD members participating in this offering will not exceed 10% of gross offering proceeds plus a maximum of 0.5% for reimbursement of bona fide due diligence expenses.
- (2) The Dealer Manager will receive a one-time servicing fee of up to 1.0% of the undiscounted selling price of the shares issued pursuant to our distribution reinvestment plan. The Dealer Manager may re-allow all or a portion of this service fee to participating broker-dealers. Neither the sales commission, dealer manager fee nor the reimbursement of organization and offering expenses will be paid on shares issued pursuant to our DRIP.
- (3) Organizational and offering expenses consist of reimbursement of, among other things, the cumulative cost of actual legal, accounting, printing and other accountable offering expenses, including amounts to reimburse the Advisor for marketing, salaries and direct expenses of its



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employees, employees of its affiliates and others while engaged in registering and marketing the shares, which shall include development of marketing materials and marketing presentations, planning and participating in due diligence and marketing meetings and coordinating generally the marketing process for all of Dividend Capital Trust's public common stock offerings. Of the approximately \$ million maximum organizational and offering expense reimbursement, approximately \$ million of the expenses (or % of gross offering proceeds assuming we issue no shares pursuant to our Distribution Reinvestment Plan) are anticipated to be used for wholesaling activities and are therefore deemed to be additional underwriting compensation pursuant to NASD Rule 2810. To the extent that the remaining approximately \$ million of organizational and offering expenses are insufficient to cover our cost of administering this offering, such shortfall would serve to reduce the organizational and offering expenses available to provide underwriting compensation. Dividend Capital Trust will be responsible for the payment of all cumulative organizational and offering expenses not to exceed 2.0% of aggregate gross offering proceeds. The Advisor is obligated to fund all organizational and offering expenses in excess of these limitations. As of September 30, 2004, the Advisor had funded approximately \$17.3 million of offering related costs since inception of Dividend Capital Trust and we had reimbursed the Advisor approximately \$11.5 million for these costs.

- (4) Until substantially all of the net offering proceeds are invested in connection with the acquisition and development of properties, substantially all of the net offering proceeds and any working capital reserves of Dividend Capital Trust may be invested in short-term, highly-liquid investments including but not limited to government obligations, bank certificates of deposit, short-term debt obligations, interest-bearing accounts and preferred securities of other REITs. The number of properties we are able to acquire or develop will depend on several factors, including the amount of capital raised in this offering, the extent to which we incur debt or issue limited partnership interests in our operating partnership in order to acquire or develop properties and the purchase price of the properties we acquire or develop. We are not able to estimate the number of properties we may acquire or develop assuming the sale of any particular number of shares. However, in general we expect that the concentration risk of our portfolio of properties will be inversely related to the number of shares sold in this offering.
- (5) Acquisition and advisory fees are defined generally as fees and commissions paid by any party to any person in connection with the purchase, development or construction of properties. We will pay the Advisor acquisition and advisory fees up to a maximum amount of 1.0% of the aggregate purchase price of properties we acquire. The amount in this table is calculated assuming zero leverage. If we utilize debt to acquire our properties this amount would be greater as the acquisition and advisory fee is based upon the purchase price of our properties and not the equity used to purchase such properties.
- (6) Because most of the leases for the properties acquired and to be acquired by us provide, and will likely provide, for customer reimbursement of operating expenses, we do not anticipate that a permanent reserve for maintenance and repairs of real estate properties will be established. However, to the extent that we have insufficient funds for such purposes, we may apply an amount of up to 1.0% of gross offering proceeds for maintenance and repairs of properties. We also may, but are not required to, establish reserves from gross offering proceeds, out of cash flow generated by operating properties or out of net sale proceeds in non-liquidating sale transactions.
- (7) Includes amounts anticipated to be invested in properties, including other third-party acquisition expenses which are included in the total acquisition costs of the properties acquired. For properties that are not acquired these costs are expensed. Third-party acquisition expenses may include legal, accounting, consulting, appraisals, engineering, due diligence, title insurance, closing costs and other expenses related to potential acquisitions regardless of whether the property is actually acquired. Acquisition expenses as a percentage of a property's contract price vary. However, in no event will total acquisition fees and acquisition expenses on a property exceed 6% of the contract price of the property. Furthermore, in no event will the total of all acquisition fees and acquisition expenses paid by the us, including acquisition expenses on properties which are not acquired, exceed 6% of the aggregate contract price of all properties acquired by us.

**MANAGEMENT COMPENSATION**

Based on a price of \$        per share, the sections below summarize and disclose certain of the compensation and fees, including reimbursement of expenses, to be paid by Dividend Capital Trust to our advisor and our dealer manager. Our advisor is controlled collectively by Messrs. John Blumberg, James Mulvihill, Thomas Wattles and Evan Zucker and our dealer manager is controlled collectively by Messrs. Thomas Florence, Mark Quam, Phillip Perrone and Charles Murray. The estimated maximum dollar amount of each fee assumes the sale of        shares to the public and the sale of        shares pursuant to our distribution reinvestment plan.

**Organizational and Offering Stage**

*Sales Commissions*

Payable to the Dealer Manager

Estimated maximum amount of \$

A sales commission of up to 6.0% of gross offering proceeds (all or substantially all of which we expect to be re-allowed or paid to participating broker-dealers).

*Dealer Manager Fee*

Payable to the Dealer Manager

Estimated maximum amount of \$

Up to 2.0% of gross offering proceeds. The Dealer Manager, in its sole discretion, may re-allow a portion of its dealer manager fee of up to 1.0% of aggregate gross offering proceeds for reimbursement of marketing and/or due diligence expenses. Reimbursement will be contingent upon the receipt of an invoice or a similar such statement from participating broker-dealers that demonstrate the actual expenses incurred by such broker-dealers. The maximum amount of reimbursements will be based on such factors as the number of shares sold by participating broker-dealers, the assistance of such participating broker-dealers in marketing the offering and bona fide expenses incurred.

*Distribution Reinvestment Plan Servicing Fee*

Payable to the Dealer Manager

Estimated maximum amount of \$

Servicing fee up to 1% of the undiscounted selling price of the shares issued pursuant to our distribution reinvestment plan (all or substantially all of which we expect to be re-allowed or paid to participating broker-dealers).

*Reimbursement of Organization and Offering Expenses*

Payable to the Advisor or its affiliates



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Estimated maximum amount of \$

Up to 2.0% of aggregate gross offering proceeds. All organization and offering expenses (excluding selling commissions and the dealer manager fee) that are advanced by the Advisor or its affiliates will be reimbursed by Dividend Capital Trust based on the amount of aggregate gross offering proceeds. Of the approximately \$            million maximum organizational and offering expense reimbursement, approximately \$            million of the expenses (or            % of gross offering proceeds assuming we issue no shares pursuant to our Distribution Reinvestment

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Plan) are anticipated to be used for wholesaling activities and are therefore deemed to be additional underwriting compensation pursuant to NASD Rule 2810. To the extent that the remaining approximately \$       million of organizational and offering expenses are insufficient to cover our cost of administering this offering, such shortfall would serve to reduce the organizational and offering expenses available to provide underwriting compensation.

### Acquisition and Development Stage

#### *Acquisition Fees*

Payable to the Advisor or its affiliates

Estimated maximum amount of \$       in connection with this offering (assumes that       shares are sold in this offering, that approximately \$       of net offering proceeds and an equal amount of debt financing are used to purchase future properties and that we do not acquire properties with cash provided by operating activities, issuing new shares or limited partnership interests, which would increase the acquisition and advisory fees).

Up to 1.0% of the aggregate purchase price of properties for the review and evaluation of such acquisitions. Includes the acquisition of a specific property or the acquisition of a portfolio of properties through a purchase of assets, merger or similar transaction.

### Operational Stage

#### *Asset Management Fee*

Payable to the Advisor or its affiliates

Estimated annual maximum amount of \$       in connection with properties acquired pursuant to this offering (assumes total net offering proceeds of \$       and an equal amount of debt financing are used to acquire properties)

Up to 0.75% annually of the cost of properties acquired (before non-cash reserves and depreciation). Actual asset management fees will be determined in accordance with the Advisory Agreement based upon the actual value of all properties acquired, including properties acquired prior to or after this offering.

For a detailed discussion of the Property Management and Leasing Fee payable to our property manager, the Real Estate Commissions payable to our advisor and its affiliates and the amounts distributable with respect to the Special Units in our operating partnership that have been issued to Dividend Capital Advisors Group LLC, the parent of our advisor, see the "Management Management Compensation" section of the accompanying prospectus.

## PLAN OF DISTRIBUTION

We are offering a maximum of \_\_\_\_\_ shares to the public through the Dealer Manager, Dividend Capital Securities LLC, a registered broker-dealer affiliated with the Advisor. (See the "Conflicts of Interest" of the accompanying prospectus). The shares are being offered at a price of \$ \_\_\_\_\_ per share and are being underwritten by the Dealer Manager on a "best efforts" basis, which means generally that the Dealer Manager and the participating broker-dealers will be required to use only their best efforts to sell the shares and they have no firm commitment or obligation to purchase any of the shares. We are also offering \_\_\_\_\_ shares pursuant to our distribution reinvestment plan. Therefore, a total of \_\_\_\_\_ shares are being offered by this prospectus.

Our board of directors determined the price of our shares pursuant to this offering by considering a number of factors including, but not limited to: our historic, current and anticipated dividend yields; yields provided by similar and other real estate investments; our current and anticipated operating results; the quality, size, diversity and location of properties in our portfolio; the quality and diversity of our tenant base; our existing and anticipated debt structure; and our progress in executing our investment strategy.

Except for shares issued pursuant to our Distribution Reinvestment Plan, the Dealer Manager will receive sales commissions of up to 6.0% of the gross offering proceeds. The Dealer Manager will receive additional compensation in the form of a dealer manager fee as compensation for acting as the Dealer Manager and for expenses incurred in connection with coordinating sales efforts, training of personnel and generally managing the offering of our common stock. The Dealer Manager will receive a dealer manager fee of up to 2.0% of the gross offering proceeds. We will not pay referral or similar fees to any accountants, attorneys or other persons in connection with the distribution of the shares. Shareholders who elect to participate in our Distribution Reinvestment Plan will be charged a one-time 1% servicing fee payable to the Dealer Manager (all or a portion of which may be re-allowed to participating brokers-dealers) on shares purchased pursuant to our Distribution Reinvestment Plan.

The Dealer Manager will authorize certain other broker-dealers who are members of the NASD to sell shares. In connection with the sale of shares by such participating broker-dealers, the Dealer Manager may re-allow its commissions to such participating broker-dealers. In addition, the Dealer Manager, in its sole discretion, may re-allow to broker-dealers participating in the offering a portion of its dealer manager fee in the aggregate amount of up to 1.0% of gross offering proceeds to be paid to such participating broker-dealers for reimbursement of marketing expenses and/or due diligence expenses. Reimbursement will be contingent upon the receipt of an invoice or a similar such statement from the participating broker-dealers that demonstrates the actual expenses incurred by that broker-dealer. The maximum amount of reimbursements will be based on such factors as the number of shares sold by participating broker-dealers, the assistance of such participating broker-dealers in marketing the offering and bona fide expenses incurred. Out of organization and offering expenses, we may also reimburse actual due diligence expenses incurred by the Dealer Manager or non-affiliated broker-dealers in an amount of up to 0.5% of gross offering proceeds.

We anticipate that the total underwriting compensation and offering expense reimbursement, including sales commissions, the dealer manager fee and organizational and offering expense reimbursements (which includes costs of investor and broker-dealer sales meetings, marketing support fees, salaries of employees while engaged in registering, marketing and wholesaling and other costs associated with the issuance and distribution of shares), will not exceed \_\_\_\_\_ % of the gross offering proceeds (assuming we issue all shares pursuant to our Distribution Reinvestment Plan) or \_\_\_\_\_ % of gross offering proceeds (assuming we issue no shares pursuant to our Distribution Reinvestment Plan), except for the due diligence expenses described above. Of the approximately \$ \_\_\_\_\_ million maximum organizational and offering expense reimbursement, approximately \$ \_\_\_\_\_ million of the expenses (or \_\_\_\_\_ % of gross offering proceeds assuming we issue no shares pursuant to our Distribution Reinvestment

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Plan) are anticipated to be used for wholesaling activities and are therefore deemed to be additional underwriting compensation pursuant to NASD Rule 2810. To the extent that the remaining approximately \$ million of organizational and offering expenses are insufficient to cover our cost of administering this offering, such shortfall would serve to reduce the organizational and offering expenses available to provide underwriting compensation.

We have agreed to indemnify the participating broker-dealers, including the Dealer Manager, against certain liabilities arising under the Securities Act of 1933, as amended. The broker-dealers participating in the offering of our common stock are not obligated to obtain any subscriptions on our behalf, and we cannot assure you that any shares will be sold.

Our executive officers and directors and their immediate family members, as well as officers and employees of the Advisor or other affiliates and their immediate family members and, if approved by our board, joint venture partners consultants and other service providers, may purchase shares offered in this offering and may be charged a reduced rate for certain fees and expenses in respect of such purchases. We expect that a limited number of shares will be sold to such persons. However, except for certain share ownership and transfer restrictions contained in our Articles of Incorporation, there is no limit on the number of shares that may be sold to such persons.

The purchase price for such shares shall be \$ per share reflecting sales commissions in the amount of \$ per share and dealer manager fees in the amount of \$ per share that will not be paid in connection with such sales. The net offering proceeds we receive will not be affected by the reduced sales price of such shares. The Advisor and its affiliates shall be expected to hold their shares purchased as shareholders for investment and not with a view towards distribution. In addition, shares purchased by the Advisor or its affiliates shall not be entitled to vote on any matter presented to the shareholders for a vote.

In January 2005, in connection with our prior offering, members of our board of directors, managers of our advisor, our advisor's senior management team and/or each of their respective affiliates collectively purchased in excess of \$1.0 million of our common stock.

You should pay for your shares by check payable to "Dividend Capital Trust Inc." Subscriptions will be effective only upon our acceptance, and we reserve the right to reject any subscription in whole or in part. We may not accept a subscription for shares until at least five business days after the date you receive this prospectus supplement and the accompanying prospectus and until you have received a confirmation of your purchase.

The proceeds of the offering for shares sold to New York residents will be delivered to us for the benefit of investors and will be used only for the purposes set forth in this prospectus supplement. Before they are applied, funds may be placed in short-term, low-risk interest bearing investments including obligations of, or obligations guaranteed by, the United States government or bank money-market accounts or certificates of deposits of national or state banks that have deposits insured by the Federal Deposit Insurance Corporation which can be readily sold or otherwise disposed of for cash without any disposition of the offering proceeds.

In certain states, the offering may continue for just one year unless we renew the offering period for up to one additional year. In the event that other states impose different requirements than those set forth herein, such additional requirements will be set forth in a supplement to this prospectus.

Subscriptions will be accepted or rejected within 30 days of receipt by us, and if rejected, all funds shall be returned to subscribers within 10 business days. Investors whose subscriptions are accepted will be deemed admitted as shareholders of Dividend Capital Trust on the day on which their subscriptions are accepted. Our offering will terminate upon the earlier of \_\_\_\_\_, 2007, or the date on which all \_\_\_\_\_ shares have been sold.

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In connection with sales of \$500,000 or more to a Qualifying Purchaser (as defined below), a participating broker-dealer will offer such Qualifying Purchaser a volume discount by reducing the amount of its sales commissions. Such reduction will be credited to the Qualifying Purchaser by reducing the total purchase price of the shares payable by the Qualifying Purchaser.

Based on a price of \$ per share, the following table illustrates the various discount levels that may be offered to Qualifying Purchasers by participating broker-dealers for shares sold:

Dollar Volume Shares Purchased	Sales Commission		Purchase Price Per Share	Dealer Manager Fee Per Share	Net Proceeds Per Share
	Percent	Per Share			
Under \$499,999	6.0%	\$	\$	\$	\$
\$500,000 \$999,999	5.0%	\$	\$	\$	\$
\$1,000,000 \$1,499,999	4.0%	\$	\$	\$	\$
\$1,500,000 \$1,999,999	3.0%	\$	\$	\$	\$
\$2,000,000 \$2,999,999	2.0%	\$	\$	\$	\$
\$3,000,000 and Over	1.0%	\$	\$	\$	\$

For example, a Qualifying Purchaser may purchase 100,000 shares for \$ instead of \$ , the sales commission would be \$ (\$ per share), and, after payment of the dealer manager fee, we would receive net proceeds of \$ (\$ per share). The net proceeds to Dividend Capital Trust will not be affected by volume discounts. Because all shareholders will be deemed to have contributed the same amount per share to Dividend Capital Trust for purposes of declaring and paying distributions, a Qualifying Purchaser will receive a better return on his investment than investors who do not qualify for such discount.

Subscriptions may be combined for the purpose of determining volume discount levels in the case of subscriptions made by any Qualifying Purchaser, provided all such shares are purchased through the same broker-dealer. Any such reduction in sales commissions shall be prorated among the separate investors. Requests to combine subscriptions as a Qualifying Purchaser must be made in writing to the Dealer Manager and any such request will be subject to verification by the Dealer Manager.

The term Qualifying Purchaser includes:

An individual, his or her spouse and their children under the age of 21 who purchase the shares for his, her or their own accounts;

A corporation, partnership, association, joint-stock company, trust fund or any organized group of persons, whether incorporated or not;

An employees' trust, pension, profit sharing or other employee benefit plan qualified under Section 401(a) of the Internal Revenue Code; and

All commingled trust funds maintained by a given bank.

Notwithstanding the above, the Dealer Manager may, at its sole discretion, enter into an agreement with a participating broker-dealer, whereby such broker-dealer may aggregate subscriptions as part of a combined order for the purposes of offering investors reduced sales commissions to as low as 1%, provided that any such aggregate group of subscriptions must be received from such broker-dealer. Additionally, the Dealer Manager may, at its sole discretion, aggregate subscriptions as part of a combined order for the purposes of offering investors reduced sales commissions to as low as 1%, provided that any such aggregate group of subscriptions must be received from the Dealer Manager. Any reduction in sales commissions will be prorated among the separate subscribers.

Investors should ask their broker-dealer about the opportunity to receive volume discounts by either qualifying as a Qualifying Purchaser or by having their subscription(s) aggregated with the subscriptions of other investors, as described above.

In order to encourage purchases in amounts of 300,000 or more shares, the Dealer Manager may, in its sole discretion, agree with a Qualifying Purchaser to reduce the dealer manager fee with respect to the sale of such shares to as low as 0.5% and the sales commission with respect to the sale of such shares to as low as 0.5%. Additionally, the Advisor may, in its sole discretion, agree with a Qualifying Purchaser to reduce the organizational and offering expense reimbursements with respect to the sale of such shares to as low as 0.5%. If a Qualifying Purchaser acquired 300,000 or more shares, the Qualifying Purchaser could pay as little as \$ per share purchased, rather than \$ per share. The net proceeds to Dividend Capital Trust would not be affected by such fee reductions.

Investors may also agree with the participating broker-dealer selling them shares (or with the Dealer Manager if no participating broker-dealer is involved in the transaction) to reduce the amount of sales commission to zero (i) in the event the investor has engaged the services of a registered investment advisor with whom the investor has agreed to pay a fee for investment advisory services, or (ii) in the event the investor is investing in a bank trust account with respect to which the investor has delegated the decision-making authority for investments made in the account to a bank trust department. The amount of proceeds to Dividend Capital Trust will not be affected by eliminating commissions payable in connection with sales to investors purchasing through such registered investment advisors or bank trust department. All such sales must be made through registered broker-dealers. Neither the Dealer Manager nor its affiliates will directly or indirectly compensate any person engaged as an investment advisor or a bank trust department by a potential investor as an inducement for such investment advisor or bank trust department to advise favorably for an investment in Dividend Capital Trust.

### **Supplemental Sales Material**

In addition to this prospectus supplement and the accompanying prospectus, we may utilize certain sales material in connection with the offering of the shares, although only when accompanied by or preceded by the delivery of this prospectus supplement and the accompanying prospectus. In certain jurisdictions, some or all of such sales material may not be available. This material may include information relating to this offering, the past performance of the Advisor and its affiliates, property brochures and articles and publications concerning real estate. In addition, the sales material may contain certain quotes from various publications without obtaining the consent of the author or the publication for use of the quoted material in the sales material.

The offering of shares is made only by means of this prospectus supplement and the accompanying prospectus. Although the information contained in such sales material will not conflict with any of the information contained in this prospectus supplement and the accompanying prospectus, such material does not purport to be complete, and should not be considered a part of this prospectus supplement, the accompanying prospectus or the registration statement of which the accompanying prospectus is a part, or as incorporated by reference in this prospectus supplement, the accompanying prospectus or said registration statement or as forming the basis of the offering of the shares.

**The information in this prospectus is not complete and may be changed. No person may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**Subject to Completion, Dated February 4, 2005**

**\$1,000,000,000**

## **Common Stock**

Dividend Capital Trust Inc. is organized as a real estate investment trust that owns, operates and develops real estate properties, consisting primarily of high-quality, generic distribution warehouses and light industrial properties that are net leased to creditworthy corporate customers. Dividend Capital Trust was formed as a Maryland corporation in April 2002. Dividend Capital Trust is organized and conducts its operations in a manner so as to qualify as a real estate investment trust (REIT) for federal income tax purposes.

We may offer the common stock described in this prospectus at prices and on terms to be determined at or prior to the time of sale. Dividend Capital Securities LLC, which is an affiliate of Dividend Capital Trust, will act as an underwriter and dealer manager of any offering on a best efforts basis. As part of any offering, we may also offer common stock to participants in our distribution reinvestment plan at a discounted price equal to 95% of the current offering price. Subject to certain exceptions described in this prospectus, investors that want to participate in any offering must invest a minimum of \$2,000.

The common stock offered by this prospectus will have gross offering proceeds of up to \$1,000,000,000. For purposes of describing the offering fees and expenses and net offering proceeds that would result from the sale of \$1,000,000,000 of our common stock, we have assumed, based on the offering price per share of our prior public offering, that we will sell 72,770,273 shares to the public at an offering price of \$10.50 per share and 23,650,339 shares pursuant to our distribution reinvestment plan at a price of \$9.975 per share. However, the number of shares to be offered, including the number of shares to be offered to participants in our distribution reinvestment plan, offering price and other terms of any offering under this prospectus may vary from these assumptions.

This prospectus describes the general manner in which our common stock may be offered using this prospectus. We will provide specific information about any offerings of our common stock in one or more supplements to this prospectus. We encourage you to read this prospectus and the accompanying prospectus supplement carefully before you make your investment decision.

Dividend Capital Advisors LLC, our advisor, which is an affiliate of Dividend Capital Trust, is responsible for managing our day-to-day activities under the terms and conditions of an advisory agreement. Our advisor is beneficially owned and/or controlled by three of our directors. See the "Conflicts of Interest" section of this prospectus for a discussion of the relationship between Dividend Capital Trust, our advisor and other of our affiliates.

**See "Risk Factors" beginning on page 22 for a discussion of certain factors that you should consider before you invest in our common stock. In particular, you should carefully consider the following risks:**

We have a limited operating history

There is no current public trading market for the common stock; if you choose to sell your shares, it will likely be at a price which is less than your purchase price

Reliance on our advisor to select properties and conduct our operations

Payment of substantial fees to our advisor and its affiliates

Borrowing which increases the risk of loss of our investments

Conflicts of interest between Dividend Capital Trust and certain affiliates which will be compensated for their services, including our advisor, Dividend Capital Property Management LLC, our property manager, and Dividend Capital Securities LLC, our dealer manager

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

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of these securities or determined if this prospectus is truthful or complete. In addition, the Attorney General of the State of New York has not passed on or endorsed the merits of this offering. Any representation to the contrary is a criminal offense. The use of forecasts in this offering is prohibited. Any representation to the contrary and any predictions, written or oral, as to the amount or certainty of any present or future cash benefits or tax consequences which may flow from your investment is not permitted.

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## **DIVIDEND CAPITAL SECURITIES LLC**

(Dividend Capital Securities LLC will be underwriting any offering on a best efforts basis)

The date of this prospectus is \_\_\_\_\_, 2005

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### **FORWARD-LOOKING STATEMENTS**

This prospectus, any accompanying prospectus supplement and the documents we incorporate by reference may contain statements that are considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are usually identified by the use of words such as "will," "anticipates," "believes," "estimates," "expects," "projects," "plans," "intends," "should" 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 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, 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 and expectations as reflected in or suggested by those forward-looking statements are reasonable, we can give no assurance that the plans, intentions or expectations will be achieved. We have discussed in this prospectus some important risks, uncertainties and contingencies which could cause our actual results, performance or achievements to be materially different from the forward-looking statements we make in these documents.

We assume no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. In evaluating forward-looking statements, you should consider these risks and uncertainties, together with the other risks described from time to time in our reports and documents filed with the SEC, and you should not place undue reliance on those statements.

### **ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we filed with SEC using a "shelf" registration, or continuous offering, process. Under this shelf registration process, we may, from time to time, issue and sell common stock in one or more offerings of common stock with a maximum aggregate offering price of \$1,000,000,000.

This prospectus provides you with a general description of the common stock we may offer. Each time we offer common stock, we will provide a prospectus supplement that will contain specific information about the terms of that offering and the offered common stock. Any prospectus supplement may also add, update or change information contained in this prospectus. Any statement that we make in this prospectus will be modified or superseded by any inconsistent statement made by us in a prospectus supplement. The registration statement we filed with the SEC includes exhibits that provide more detail on descriptions of the matters discussed in this prospectus. You should read this prospectus and the related exhibits filed with the SEC and any prospectus supplement, together with additional information described under the heading "Where You Can Find Additional Information."

### SUITABILITY STANDARDS

The shares we may offer are suitable only as a long-term investment for persons of adequate financial means. Initially, we do not expect to have a public market for the common stock, which means that it may be difficult for you to sell your shares. You should not buy these shares if you need to sell them immediately or will need to sell them quickly in the future.

Dividend Capital Advisors LLC (the "Advisor" or our advisor) and those selling shares on our behalf shall make every reasonable effort to determine that the purchase of common stock is a suitable and appropriate investment for each investor based on information obtained by those selling shares on our behalf concerning the investor's financial situation and investment objectives. In consideration of these factors, we have established suitability standards for initial shareholders and subsequent transferees. Those selling shares on our behalf will determine that each purchaser of common stock satisfy these standards. These suitability standards require that a purchaser of common stock have either:

A net worth of at least \$150,000; or

A gross annual income of at least \$45,000 and a net worth of at least \$45,000.

For purposes of determining suitability, net worth shall exclude the value of an investor's home, furnishings and automobiles.

The minimum purchase is \$2,000 except in certain states as described below. In order to satisfy the minimum purchase requirements for retirement plans, unless otherwise prohibited by state law, a husband and wife may jointly contribute funds from their separate IRAs, provided that each such contribution is made in increments of \$100. You should note that an investment in common stock of Dividend Capital Trust will not, in itself, create a retirement plan and that, in order to create a retirement plan, you must comply with all applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code").

The minimum purchase for Maine, Minnesota, New York and North Carolina residents is \$2,500, except for IRAs and other qualified retirement plans which must purchase a minimum of \$2,000.

Purchases of common stock pursuant to our distribution reinvestment plan may be in amounts less than set forth above.

Several states have established suitability standards different from those we have outlined. Shares will be sold only to investors in these states who meet the special suitability standards set forth below.

**Arizona, California, Iowa, Kansas, Michigan, Missouri, North Carolina, Oregon and Tennessee** Investors must have either (1) a net worth of at least \$225,000 or (2) gross annual income of \$60,000 and a net worth of at least \$60,000.

**Maine** Investors must have either (1) a net worth of at least \$200,000 or (2) gross annual income of \$50,000 and a net worth of at least \$50,000.

**Kansas, Michigan, Ohio and Pennsylvania** In addition to our suitability requirements, investors must have a net worth of at least ten times their investment in Dividend Capital Trust.

In the case of sales to fiduciary accounts, these suitability standards must be met by the fiduciary account, by the person who directly or indirectly supplied the funds for the purchase of the common stock or by the beneficiary of the account. These suitability standards are intended to help ensure that, given the long-term nature of an investment in our common stock, our investment objectives and the relative illiquidity of our common stock, shares of Dividend Capital Trust are an appropriate investment for each shareholder. Any participating broker-dealer must make every reasonable effort to determine that the purchase of shares is a suitable and appropriate investment for each shareholder based on information provided by the shareholder in the Subscription Agreement. Any participating broker-dealer is required to maintain for six years records of the information used to determine that an investment in the shares is suitable and appropriate for a shareholder.

## PROSPECTUS SUMMARY

*This prospectus summary summarizes information contained elsewhere in this prospectus. You should read the entire prospectus and any accompanying prospectus supplement carefully, including the "Risk Factors" section.*

### **Dividend Capital Trust Inc.**

Dividend Capital Trust Inc. is organized as a real estate investment trust that owns, operates and develops real estate properties, consisting primarily of high-quality, generic distribution warehouses and light industrial properties that are net leased to creditworthy corporate customers. Dividend Capital Trust was formed as a Maryland corporation on April 12, 2002. We are structured as an umbrella partnership real estate investment trust ("UPREIT") under which substantially all of our current and future business is and will be conducted through our controlling interest in Dividend Capital Operating Partnership, LP (the "Partnership" or our operating partnership). Our office is located at 518 17th Street, Suite 1700, Denver, Colorado 80202 and our telephone number is (303) 228-2200.

The Advisor is responsible for managing our affairs on a day-to-day basis and for identifying and making investments on our behalf. Our board of directors, or our investment committee comprised of board members, must approve each property acquisition or development proposed by the Advisor, as well as certain other matters set forth in our articles of incorporation. We have seven members on our board of directors. Four of our directors are independent of the Advisor and have responsibility for reviewing the performance of the Advisor. Our directors are elected annually by the shareholders.

### **Recent Developments**

#### ***Sale of Common Stock***

Since February 10, 2003, the date of our initial issuance of common stock, through December 31, 2004 we have raised approximately \$683 million in aggregate gross offering proceeds from the sale of our common stock, including the sale of our common stock pursuant to our distribution reinvestment plan, of which approximately \$157 million has been raised subsequent to September 30, 2004.

#### ***Our Operating Partnership's Private Placement***

Since November 26, 2003 through December 31, 2004, we have raised approximately \$32.6 million in gross proceeds from the issuance of DCX Units, of which approximately \$15.0 million has been raised subsequent to September 30, 2004.

#### ***Issuance of Mortgage Debt***

Since October 1, 2004 through January 21, 2005, we have issued two tranches of fixed rate first mortgage debt totaling \$112 million to affiliates of ING Investment Management LLC. The first tranche closed on December 29, 2004 and totaled \$55 million with a fixed annual interest rate of 5.31% and a maturity of ten years. The second tranche closed on January 7, 2005 and totaled \$57 million with a fixed annual interest rate of 4.40% and a maturity of five years. Monthly debt service for both tranches of mortgage debt will be 12 months of interest only payments, with principal and interest payments thereafter over a 25 year amortization period.

#### ***Hedging Activity***

Since October 1, 2004 through January 21, 2005, we have entered into two forward treasury locks which have effectively locked current interest rates for our future issuance of debt. The first forward treasury lock is for a 10-year, \$50 million notional at a rate of 4.439% and the second forward treasury lock is for a 5-year, \$50 million notional at a rate of 4.0425%. The determination date of both forward

treasury locks is October 20, 2005 and will be based on the then current 10-year treasury and 5-year treasury, respectively.

### ***Investment in Real Estate***

Consistent with our investment strategy to invest in high-quality, generic distribution warehouses and light industrial properties, since October 1, 2004 through January 21, 2005, we have completed a number of property acquisitions with a total acquisition cost of approximately \$126 million. As of January 21, 2005, the total estimated acquisition cost of our properties was approximately \$770 million comprised of 107 industrial buildings located in 16 of our 25 target markets. (See the "Recent Developments" section of this prospectus).

### **Our REIT Status**

We operate in a manner to qualify as a real estate investment trust ("REIT") for federal income tax purposes commencing with our taxable year ending December 31, 2003. As a REIT, we generally will not be subject to federal income tax on income that we distribute to our shareholders. Under the Internal Revenue Code of 1986, as amended (the "Code"), REITs are subject to numerous organizational and operational requirements, including a requirement that they 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 shareholders 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 federal income tax purposes, we may still be subject to state and local taxes on our income and property and to federal income and excise taxes on our undistributed income.

### **Summary Risk Factors**

Following are the most significant risks relating to your investment:

There is no current public market for the common stock and we have no obligation or immediate plans to apply for quotation or listing in any public securities market. Although in the future we will consider opportunities to establish a public market for our common stock, there can be no assurance that a public market will ever exist. It will therefore be very difficult for you to sell your shares promptly or at all.

We have a limited history of operations and a limited portfolio of properties which you are able to evaluate in making a decision to purchase our common stock.

We must rely on the Advisor for the day-to-day management of our business and the identification of real estate properties which we may acquire.

The timing and availability of cash distributions to our shareholders is uncertain.

To ensure that we continue to qualify as a REIT, our articles of incorporation prohibit 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. This may discourage or prevent a third party from acquiring Dividend Capital Trust on terms that might be favorable to our shareholders.

If for any reason we fail to qualify as a REIT for federal income tax purposes, we would be subject to tax on our income at corporate rates. That would reduce the amount of funds available for investment or distribution to our shareholders because of the additional tax liability for the years involved.

You will not have preemptive rights as a shareholder, so any common stock we issue in the future may dilute your interest in Dividend Capital Trust.





We will pay significant fees to the Advisor and its affiliates.

Real estate investments are subject to cyclical trends, which are beyond our control.

We may enter into certain transactions that could potentially impair our ability to dispose of or otherwise turn our investments into cash and could potentially subject us to additional liabilities.

Loans we have and will obtain are and may be secured by some of our properties, which will put those properties at risk of forfeiture if we are unable to repay those loans.

To the extent we invest in vacant land to be developed, such investment may create risks relating to the builder's ability to control construction costs, failure to perform or failure to build in conformity with plans, specifications and timetables.

If we have not listed our common stock on a national securities exchange or an over-the-counter market, completed a sale or merger of Dividend Capital Trust in a transaction which provides our shareholders with a combination of cash and/or securities of a publicly traded company or sold substantially all of our properties for cash or other consideration by February 2013, our articles of incorporation require us to begin selling our properties and other assets and to distribute the net proceeds to our shareholders.

The Advisor will face various conflicts of interest resulting from its activities with affiliated entities.

Before you invest in Dividend Capital Trust, you should read the "Risk Factors" section of this prospectus.

### **Description of Properties**

We invest in commercial real estate properties consisting primarily of high-quality, generic distribution warehouses and light industrial properties that are net leased to creditworthy corporate customers. These facilities will generally be located in the top 25 distribution and logistics markets in the United States. Such properties may include properties which are under development or construction, newly constructed or have been constructed and have operating histories. In addition, we may acquire properties with some level of vacancy at the time of closing. Please see the "Real Estate Investments" section of this prospectus for a more complete description of the properties we have acquired.

### **Estimated Use of Proceeds**

Our management team intends to invest approximately 91.2% of the gross offering proceeds, assuming we sell 72,770,273 shares to the public at an offering price of \$10.50 per share and 23,650,339 shares pursuant to our distribution reinvestment plan at a price of \$9.975 per share, to acquire properties as described above. The remainder of the gross offering proceeds will be used to pay fees and expenses of the offering, which shall include sales commissions, dealer manager fees, distribution reinvestment plan servicing fees, the reimbursement of offering expenses and acquisition fees. In the aggregate, these fees total an amount of up to approximately 8.8% of gross offering proceeds, assuming we sell 72,770,273 shares to the public at an offering price of \$10.50 per share and 23,650,339 shares pursuant to our distribution reinvestment plan at a price of \$9.975 per share. However, the number of shares to be offered, including the number of shares to be offered to participants in our distribution reinvestment plan, offering price and other terms of any offering under this prospectus may vary from these assumptions.

## Investment Objectives

Our investment objectives are:

To pay consistent quarterly cash distributions to our shareholders and to increase the amount of such distributions over time;

To manage risk in order to preserve, protect and return our shareholders' capital contributions; and

To ultimately list our common stock on a national securities exchange or an over-the counter market or complete a sale or merger of Dividend Capital Trust in a transaction which provides our shareholders with securities of a publicly traded company or sell substantially all of our properties for cash or other consideration and to realize capital appreciation for our shareholders; if we do not complete such a transaction or obtain such listing of our common stock by February 2013, our articles of incorporation require us to begin selling our properties and other assets and distribute the net proceeds to our shareholders.

We may only change these investment objectives upon a majority vote of our shareholders. See the "Investment Objectives and Criteria" section of this prospectus for a more complete description of our business and objectives.

## Conflicts of Interest

The Advisor will experience conflicts of interest in connection with the management of our business affairs, including but not limited to the following:

The managers of the Advisor will have to allocate their time between Dividend Capital Trust and other real estate projects and business activities in which they are involved;

The Advisor must determine whether any related entities should enter into joint ventures with Dividend Capital Trust for the acquisition and operation of specific properties. The terms of any joint ventures proposed by the Advisor may not be the result of arm's-length negotiations;

The Advisor will present to Dividend Capital Trust all investment opportunities which the Advisor determines are suitable for Dividend Capital Trust given our investment objectives and certain other considerations. Opportunities which the Advisor determines are not suitable for us may be pursued by affiliates of the Advisor. As a result, the Advisor may be subject to certain conflicts of interest in evaluating the suitability of investment opportunities and making recommendations to our board of directors;

The Advisor and its affiliates will receive distributions with respect to their limited partnership interests in the Partnership and fees in connection with transactions involving the purchase, management and sale of our properties regardless of the quality of the property acquired or the services provided to us; and

Dividend Capital Property Management LLC (the "Property Manager" or our property manager) may perform certain property management and leasing services with respect to the properties which we acquire and Dividend Capital Securities LLC (the "Dealer Manager" or our dealer manager) will serve as the dealer manager of any offering. The Property Manager is presently managed and directed by John Blumberg, Thomas Florence, James Mulvihill, Thomas Wattles and Evan Zucker, each of whom is a manager of the Advisor and each of whom, with the exception of Mr. Blumberg and Mr. Florence, is a director of Dividend Capital Trust. The Dealer Manager is beneficially owned by Mark Quam and Messrs. Blumberg, Florence, Mulvihill, Wattles and Zucker and/or their affiliates and is controlled by Mr. Florence, Mr. Quam, Phillip Perrone and Charles Murray. As a result, conflicts of interest may exist with



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respect to certain transactions between Dividend Capital Trust and the Property Manager and the Dealer Manager. See the "Management" and "Conflicts of Interest" sections of this prospectus for a more detailed discussion of these relationships and certain conflicts of interest.

The following chart shows the ownership structure of the various Dividend Capital entities that are affiliated with the Advisor. Dividend Capital Securities Group LLLP, Dividend Capital Management Group LLC, Dividend Capital Advisors Group LLC and Dividend Capital Exchange Facilitators LLC are presently each majority owned by one or more of the following: John Blumberg, Thomas Florence, James Mulvihill, Mark Quam, Thomas Wattles, Evan Zucker and/or their affiliates. Dividend Capital Advisors Group LLC has issued and may further issue, and Dividend Capital Management Group LLC has not issued as of the date of this prospectus but may in the future issue, equity interests or derivatives thereof to certain of their employees or other unaffiliated individuals, consultants or other parties. However, none of such transactions are expected to result in a change in control of these entities.

The Advisor initially invested \$200,000 in the Partnership in exchange for a regular limited partner interest. Dividend Capital Trust, which serves as the general partner of the Partnership, contributed \$2,000 in exchange for 200 general partnership units of the Partnership. Dividend Capital Advisors

Group LLC, the parent of the Advisor, has invested \$1,000 in the Partnership and has been issued limited partnership units of the Partnership which constitute the Special Units (as defined below). Currently, except as described above, the Advisor, the Dealer Manager and the Property Manager do not have any ownership interests in Dividend Capital Trust or the Partnership.

In January 2005, in connection with our prior offering, members of our board of directors, managers of our advisor, our advisor's senior management team and/or each of their respective affiliates collectively purchased in excess of \$1.0 million of our common stock.

### **Prior Offering Summary**

Certain managers of the Advisor, directly or indirectly through affiliated entities, have sponsored two public REITs, (i) American Real Estate Investment Corp. (known as Keystone Property Trust, NYSE:KTR), an industrial, office and logistics REIT which raised approximately \$93,230,000 of equity capital (including \$10,750,000 in its initial public offering and \$82,480,000 in connection with the acquisition of real estate) from more than 130 investors and was acquired by ProLogis Trust (NYSE:PLD) in August 2004, and (ii) Dividend Capital Trust Inc., which as of December 31, 2004, had raised approximately \$683,000,000 from more than 17,500 investors. In addition, as of December 31, 2004, certain of these managers have sponsored 49 private real estate programs which had raised approximately \$480,000,000 of equity capital from over 580 investors. Collectively, as of December 31, 2004, the public and private programs sponsored by certain managers of the Advisor, as described above, purchased interests in 204 real estate projects having combined acquisition and development costs of approximately \$1.6 billion. In addition, our Chief Investment Officer, in his capacity as either or both Co-Chairman and Chief Investment Officer of ProLogis Trust, participated in overseeing the growth in its asset base from its inception in 1992 to approximately \$2.5 billion in March 1997.

### **The Offering**

We may offer our common stock in one or more offerings at prices and on terms to be determined at or prior to the time of sale. As part of any offering, we may also offer common stock to participants in our distribution reinvestment plan at a discounted price equal to 95% of the current offering price. We will provide specific information about any offering of our common stock in one or more supplements to this prospectus.

The common stock we are offering will have gross offering proceeds of up to \$1,000,000,000. For purposes of describing the offering fees and expenses and net offering proceeds that would result from the sale of \$1,000,000,000 of our common stock, we have assumed, based on the offering price per share of our prior public offering, that we will sell 72,770,273 shares to the public at an offering price of \$10.50 per share and 23,650,339 shares pursuant to our distribution reinvestment plan at a price of \$9.975 per share. However, the number of shares to be offered, including the number of shares to be offered to participants in our distribution reinvestment plan, offering price and other terms of any offering under this prospectus may vary from these assumptions.

### **Terms of the Offering**

This offering will continue until \_\_\_\_\_, 2007 (two years after the SEC's effective date of this offering) or until all shares under this offering are sold, whichever is sooner. However, our board of directors may also terminate this offering at any time prior to such termination dates. The offering proceeds will be available for the acquisition of properties or the payment of fees and expenses as soon as we accept your Subscription Agreement. We generally intend to continue to admit shareholders to Dividend Capital Trust on a daily basis.

**Compensation to the Advisor**

The Advisor and its affiliates will receive compensation and fees for services relating to any offering and the investment and management of our assets. In addition, Dividend Capital Advisors Group LLC, the parent of the Advisor, has been issued partnership units in the Partnership constituting a separate series of limited partnership interests with special distribution rights (the "Special Units"). The most significant items of compensation and the Special Units are as follows:

***Organizational and Offering Stage***

Sales Commissions:	Up to 6.0% of gross offering proceeds (all or substantially all of which we expect will be re-allowed to participating broker-dealers).
Dealer Manager Fee:	Up to 2.0% of gross offering proceeds (up to 1% of which the Dealer Manager may re-allow to participating broker-dealers as a marketing fee and due diligence expense reimbursement based on such factors as the volume of shares sold by such participating broker-dealers, marketing support and bona fide conference fees incurred).
Distribution Reinvestment Plan Servicing Fee:	Up to 1% of the undiscounted selling price of shares issued pursuant to our distribution reinvestment plan (all or substantially all of which we expect will be re-allowed to participating broker-dealers).
Organizational and Offering Expense Reimbursement:	Up to 2.0% of aggregate gross offering proceeds. Of the approximately \$15.3 million maximum organizational and offering expense reimbursement (assuming we sell 72,770,273 shares to the public at an offering price of \$10.50 per share), approximately \$12.7 million of the expenses are anticipated to be used for wholesaling activities and are therefore deemed to be additional underwriting compensation within the meaning established by the National Association of Securities Dealers. To the extent that the remaining approximately \$2.6 million of organizational and offering expenses are insufficient to cover our cost of administering this offering, such shortfall would serve to reduce the organizational and offering expenses available to provide underwriting compensation.

***Acquisition and Development Stage***

Acquisition and Advisory Fees:	Up to 1% of the aggregate purchase price of all properties we acquire.
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***Operational Stage***

Asset Management Fees:	Up to 0.75% annually of the cost of properties acquired (before non-cash reserves and depreciation).
Property Management Fees:	Up to the lesser of 3% of the gross revenues of our properties managed by the Property Manager or 0.6% of the net asset value of our properties managed by the Property Manager.
Initial Lease-Up Fee for Newly Constructed Property:	Competitive fee for geographic location of property based on a survey of brokers and agents.



Real Estate Commissions: Up to the lesser of (1) 50% of the reasonable, customary and competitive commission paid for the sale of a comparable property or (2) 3% of the contract price of each property sold. Payment of any Real Estate Commissions is deferred until partners of the Partnership have received a return of capital plus a 7% cumulative non-compounded annual pre-tax return on their net capital contributions.

Special Units: In general, the holder of the Special Units will be entitled to receive 15% of specified distributions made after other partners of the Partnership have received, in the aggregate, cumulative distributions equal to their capital contributions plus a 7% cumulative non-compounded annual pre-tax return on their net contributions.

More specifically, while the Special Units are outstanding, and after other partners of the Partnership have received, in the aggregate, cumulative distributions from all sources equal to their net capital contributions plus a 7% cumulative non-compounded annual pre-tax return on their contributions, the holder will receive 15% of net sales proceeds received by the Partnership on dispositions of the Partnership's assets. Special Units will be redeemed upon the earlier of the listing of our common stock or a sale or merger that results in a termination or non-renewal of the Advisory Agreement for the amount that would have been distributed with respect to the Special Units in accordance with the preceding sentence if the Partnership sold all of its assets for their then fair market values, paid all of its liabilities and distributed any remaining amounts to partners in liquidation of the Partnership.

Except as described above, the Special Units shall not be entitled to receive any redemption or similar payment from Dividend Capital Trust or the Partnership.

There are many conditions to and restrictions on the amount of compensation the Advisor and its affiliates may receive. There are also some smaller items of expense reimbursements that the Advisor may receive. For a more detailed explanation of these fees and expenses payable to the Advisor and its affiliates, and for a more detailed discussion of the Special Units described above, please see the "Management Management Compensation" section of this prospectus.

### **Distribution Policy**

Dividend Capital Trust operates in a manner to qualify as a real estate investment trust for federal income tax purposes commencing with our taxable year ending December 31, 2003. In order to qualify as a REIT, we are required to distribute 90% of our annual taxable income to our shareholders. We accrue and pay distributions on a quarterly basis and we will calculate our distributions based upon daily record and distribution declaration dates so investors will be entitled to earn distributions immediately upon purchasing common stock.

### **Liquidity Event**

We presently intend to list our common stock on a national securities exchange or an over-the-counter market or complete a sale or merger of Dividend Capital Trust in a transaction which



provides our shareholders with securities of a publicly traded company. In the event we do not list our common stock, complete a sale or merger of Dividend Capital Trust in a transaction which provides our shareholders with a combination of cash and/or securities of a publicly-traded company or sell substantially all of our properties for cash or other consideration prior to February 2013, our articles of incorporation require us to begin selling our properties and other assets and to distribute the net proceeds to our shareholders.

### Distribution Reinvestment Plan

You may participate in our distribution reinvestment plan pursuant to which you may have the cash distributions you receive reinvested in common stock of Dividend Capital Trust at a discount purchase price equal to the current or most recent offering price of our common stock less 5%. If you participate, you will be taxed on an amount equal to the fair market value, on the relevant distribution date, of the shares of our common stock purchased with reinvested distributions even though you will not receive the cash from those distributions. As a result, you may incur a tax liability without receiving cash to pay such liability. Our board of directors may terminate the distribution reinvestment plan in our discretion at any time upon 10 days notice to our shareholders. Following any termination of the distribution reinvestment plan, all subsequent distributions to shareholders would be made in cash. Any such termination may limit our ability to fund the share redemptions discussed below. (See "Description of Securities Distribution Reinvestment Plan").

### Share Redemption Program

As long as our common stock is not listed on a national securities exchange or traded on an over-the-counter market, shareholders of Dividend Capital Trust who have held their shares for at least one year may be able to redeem all or any portion of their shares in accordance with the procedures outlined in the prospectus relating to the shares they purchased. At that time, we may, subject to the conditions and limitations described below, redeem the shares presented for redemption for cash to the extent that we have sufficient funds available to us to fund such redemption.

The amount received from the redemption of shares issued pursuant to this prospectus will be equal to a percentage of the price actually paid for the shares, which percentage is dependent upon the number of years the shares are held, as described in the following table:

Share Purchase Anniversary	Redemption Price as a Percentage of Purchase Price
0-1	No Redemption Allowed
1	92.5%
2	95.0%
3	97.5%
4	100.0%

We currently expect that our distribution reinvestment plan will be the primary source of funds used to redeem common stock. Our board of directors reserves the right to use other sources of funds to redeem common stock, to reject any request for redemption of common stock for any reason or no reason or to amend or terminate the share redemption program at any time. You will have no right to request the redemption of your shares after the common stock is listed on a national securities exchange or an over-the-counter market. (See "Description of Securities Share Redemption Program").

### Dividend Capital Operating Partnership

We intend to own all of our real estate properties through Dividend Capital Operating Partnership LP or its subsidiaries. We are the sole general partner of the Partnership. Along with the Advisor and

the parent of the Advisor, we are currently the only limited partners of the Partnership. Our ownership of properties in the Partnership allows us to acquire real estate properties in exchange for limited partnership units in the Partnership. This structure will also allow sellers of properties to transfer their properties to the Partnership in exchange for limited partnership units of the Partnership and defer recognition of taxable gain that would have been recognized if the properties had instead been sold to us. The holders of limited partnership units in the Partnership may have their units redeemed under certain circumstances. (See "The Partnership Agreement").

#### **ERISA Considerations**

The section of this prospectus entitled "ERISA Considerations" describes the effect the purchase of common stock will have on individual retirement accounts (IRAs) and retirement plans subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA), and/or the Code. ERISA is a federal law that regulates the operation of certain tax-advantaged retirement plans. Any retirement plan trustee or individual considering purchasing common stock for a retirement plan or an IRA should read this section of the prospectus very carefully.

#### **Description of Securities**

##### ***General***

Your investment will be recorded on our books only. We will not issue stock certificates. If you wish to transfer your shares, you will be required to send an executed transfer form to us. We will provide the required form to you upon request.

##### ***Shareholder Voting Rights and Limitations***

We will hold annual meetings of our shareholders for the purpose of electing our directors and conducting other business matters that may be presented at such meetings. We may also call a special meeting of shareholders from time to time for the purpose of conducting certain matters. You are entitled to one vote for each share you own at any of these meetings.

##### ***Restriction on Share Ownership***

Our articles of incorporation contain 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. (See "Description of Securities Restriction on Ownership of Common Stock"). These restrictions, as well as other share ownership and transfer restrictions contained in our articles of incorporation, 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 Securities" section of this prospectus.

**QUESTIONS AND ANSWERS ABOUT THIS OFFERING**

Set forth below are some of the more frequently asked questions and answers relating to an offering of this type. Please see the "Prospectus Summary", the remainder of this prospectus and any accompanying prospectus supplement for more detailed information about this offering.

**Q: What is a real estate investment trust?**

**A:** In general, a real estate investment trust, or REIT, is a company that:

Offers the benefit of a diversified real estate portfolio under professional management;

Pays distributions to its shareholders of at least 90% of its taxable income for each year;

Prevents the federal "double taxation" treatment of income that generally results from investments in a corporation because a REIT is not generally subject to federal corporate income taxes on its taxable income, provided certain income tax requirements are satisfied; and

Combines the capital of many investors to acquire or provide financing for real estate properties.

**Q: What is Dividend Capital Trust Inc.?**

**A:** Dividend Capital Trust was formed in April 2002 as a Maryland corporation to invest in commercial real estate properties consisting primarily of high-quality, generic distribution warehouses and light industrial properties that are net leased to creditworthy corporate customers. Our management team targets for acquisitions or development facilities generally located in what we believe are the top 25 distribution and logistics markets in the United States.

**Q: Who will choose which real estate properties to invest in?**

**A:** Dividend Capital Advisors LLC is our advisor and it makes recommendations on all property acquisitions, developments and joint ventures to our board of directors. Our board of directors may delegate to its investment committee, which is comprised of three directors, two of whom are independent directors, the ability to approve acquisitions or developments of up to \$25 million. Acquisitions or developments in excess of \$25 million must be approved by our full board of directors, including a majority of the independent directors.

**Q: What is Dividend Capital Advisors?**

**A:** The Advisor was formed as a Colorado limited liability company in April 2002 in order to provide management and advisory services to us. Certain managers of the Advisor, directly or indirectly through affiliated entities, have sponsored two public REITs, American Real Estate Investment Corp. (known as Keystone Property Trust, NYSE:KTR), an industrial, office and logistics REIT which raised approximately \$93,230,000 of equity capital (including \$10,750,000 in its initial public offering and \$82,480,000 in connection with the acquisition of real estate) from more than 130 investors and was acquired by ProLogis Trust in August 2004, and Dividend Capital Trust Inc., which as of December 31, 2004, has raised approximately \$683,000,000 from more than 17,500 investors. In addition, as of December 31, 2004, certain of these managers have sponsored 49 private real estate programs which had raised approximately \$480,000,000 of equity capital from over 580 investors. Collectively, as of December 31, 2004, the public and private programs sponsored by certain managers of the Advisor, as described above, purchased interests in 204 real estate projects having combined acquisition and development costs of approximately \$1.6 billion. In addition, our Chief Investment Officer, in his capacity as either or both Co-Chairman and Chief Investment Officer of ProLogis Trust, participated in overseeing the growth in its asset base from its inception in 1992 to approximately \$2.5 billion in March 1997.



**Q:** **What is the ownership structure of Dividend Capital Trust and its affiliates?**

**A:** The following chart shows the ownership structure of the various Dividend Capital entities that are affiliated with the Advisor. Dividend Capital Securities Group LLLP, Dividend Capital Management Group LLC and Dividend Capital Advisors Group LLC are presently each majority owned by one or more of the following: John Blumberg, Thomas Florence, James Mulvihill, Mark Quam, Thomas Wattles, Evan Zucker and/or their affiliates. Dividend Capital Advisors Group LLC has issued and may further issue, and Dividend Capital Management Group LLC has not issued as of the date of this prospectus but may in the future issue, equity interests or derivatives thereof to certain of their employees or other unaffiliated individuals, consultants or other parties. However, none of such transactions are expected to result in a change in control of these entities.

**Q:** **What are some of the risks and conflicts to investing in this offering?**

**A:** We have summarized certain risks in the "Risk Factors" section of this prospectus, which you should review carefully. We have also described certain conflicts in the "Conflicts of Interest" section of this prospectus. These risks and conflicts include, but are not limited to:

We have a limited operating history;

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There is no current public market for your shares and no such public market may ever develop; it may be difficult for you to sell your shares and should you choose to sell your shares it will likely be at a price which is less than your purchase price;

We rely on the Advisor and our board of directors for the selection of properties and the application of offering proceeds;

The timing and availability of cash distributions to our shareholders is uncertain;

We will be subject to the risks which are inherent in the ownership of real estate;

Failure to qualify as a REIT for federal income tax purposes could adversely affect our operations and our ability to make distributions to shareholders;

The Advisor will be subject to conflicts of interest in the allocation of both management time and real estate opportunities among Dividend Capital Trust and other entities affiliated with the Advisor; and

We will pay the Advisor and its affiliates significant fees. Certain fees, such as those relating to property acquisitions and asset management services, will be paid regardless of the quality of the properties acquired or the services provided.

**Q:**  
**What fees will Dividend Capital Trust incur?**

- A:**
- We will incur various fees and expenses in our organization and offering stage, our acquisition and development stage and our operating stage. In most cases, these fees will be paid to the Advisor or its affiliates, including the Dealer Manager and our property manager. These fees, which are discussed in detail in the "Management Management Compensation" section of this prospectus, consist of:
- (i) Dealer manager fee payable to our dealer manager of up to 2% of gross offering proceeds;
  - (ii) Sales commissions payable to our dealer manager (all or substantially all of which we expect will be re-allowed to participating broker-dealers) of up to 6% of gross offering proceeds;
  - (iii) One-time servicing fee payable to our dealer manager (all or substantially all of which we expect will be re-allowed to participating broker-dealers) of up to 1% of the undiscounted selling price of the shares issued pursuant to our distribution reinvestment plan;
  - (iv) Reimbursement to the Advisor or its affiliates for organization and offering expenses of up to 2% of aggregate gross offering proceeds;
  - (v) Acquisition fees payable to the Advisor or its affiliates which may represent up to 1% of the aggregate purchase price of properties we acquire;
  - (vi) Asset management fee payable to the Advisor of up to 0.75% annually of the cost of properties acquired (before non-cash reserves and depreciation);
  - (vii) Property management and leasing fees payable to our property manager which may equal up to 3% of the gross revenues of each property per annum;

- (viii) Initial lease-up fees for newly constructed properties;
- (ix) Real estate commissions payable to the Advisor or its affiliates on property sales of up to 50% of the brokerage commission paid, provided that 50% of such commission shall not exceed 3% of the contract price of the property sold; and
- (x) Distributions made to an affiliate of the Advisor with respect to the Special Units (as defined in the "Prospectus Summary" section of this prospectus). In general, the holder of the Special Units will be entitled to receive 15% of specified distributions after other



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partners have received, in the aggregate, cumulative distributions equal to their capital contributions plus a 7% cumulative non-compounded annual pre-tax return on their net contributions.

**Q:** **Will our advisor use any specific criteria when selecting a potential property acquisition?**

**A:** Yes. The Advisor will generally seek to invest in properties that satisfy four primary objectives: (1) providing consistent quarterly distributions to our shareholders with the potential to increase the amount of the distribution over time; (2) protecting our shareholders' capital contributions; (3) exhibiting potential to realize capital appreciation upon the ultimate sale of our properties or the occurrence of a liquidity event; and (4) having a high degree of liquidity, relative to other real estate assets, due to their attractiveness to the institutional market.

The Advisor's management team plans to accomplish these objectives by acquiring primarily high-quality, generic distribution warehouses and light industrial properties that are net leased to creditworthy corporate customers. These facilities will generally be located in the top 25 distribution and logistics markets in the United States. Such properties may include properties which are under development or construction, newly constructed or have been constructed and have operating histories. The Advisor's management team will on a limited basis also develop properties directly or in joint ventures with third party developers. In general, national, regional and local companies utilize the space in these building types to store and ship product to their customers. In some cases, the buildings can be used for light manufacturing or assembly. The Advisor intends to generally focus on properties that have been leased or pre-leased on a net basis to one or more creditworthy corporate customers, although some of the properties we purchase may have some vacancy to be filled after closing.

**Q:** **Why do you plan on focusing your investments on industrial properties?**

**A:** We believe that ownership of industrial properties may have certain potential advantages relative to ownership of other classes of real estate. We believe that industrial customers tend to be more stable than customers of residential or office properties, resulting in greater revenue stability. Because industrial properties are typically leased on a net basis, the owner has limited management responsibilities. We believe that the costs of capital improvements are also generally lower for industrial properties. We also believe that many industrial properties have a shorter development period than other real estate classes, allowing owners to respond more quickly to changes in demand.

Although our management team also believes that there may be certain advantages to investing in industrial properties, by focusing on industrial properties we will not have the advantage of a portfolio of properties that is diversified across different property types. As a result, we will be exposed to risks or trends that have a greater impact on the market for industrial properties. These risks or trends may include the movement of manufacturing facilities to foreign markets which have lower labor or production costs, transportation or distribution trends which may change user demand for distribution space on a national or regional basis, including our target markets and other economic trends or events which would cause industrial properties to under-perform other property types.

**Q:** **Why may you acquire certain properties in joint ventures?**

**A:** We may acquire some of our properties in joint ventures, some of which may be entered into with affiliates of the Advisor. Joint ventures may allow us to acquire an interest in a property without requiring that we fund the entire purchase price. In addition, certain properties may be available to us only through joint ventures. As a result, joint ventures may allow us to diversify our portfolio of properties in terms of geographic region, property type and industry group of our customers. We may also enter into joint ventures with developers to construct new properties or into ventures

that include acquisition rights on current or future properties to be built or leased or both. Depending upon the circumstance, the joint ventures may have a debt and/or an equity component.

**Q: What steps do you intend to take to make sure you purchase environmentally compliant property?**

A: We intend to obtain a new Phase I environmental assessment of each property purchased which, in addition to our internal review, is also reviewed by our environmental legal counsel. In addition, we generally intend to obtain a representation from the seller that, to its knowledge, the property is not contaminated with hazardous materials. Although these steps may reduce certain environmental risks, Dividend Capital Trust may nevertheless be liable for the costs related to removal or redemption of hazardous materials found on any properties we acquire.

**Q: What are the proposed terms of the leases you expect to enter into?**

A: The Advisor's management team will seek primarily to enter into "net" leases, the majority of which we expect will have five to seven year original lease terms, and many of which will have renewal options for additional periods. "Net" means that the customer is responsible for repairs, maintenance, property taxes, utilities, insurance and other operating costs. We expect that the majority of our leases will provide that we, as landlord, have responsibility for certain capital repairs or replacement of specific structural components of a property such as the roof of the building, the truck court and parking areas, as well as the interior floor or slab of the building.

**Q: How will Dividend Capital Trust own its real estate properties?**

A: We expect to own all of our real estate properties through an operating partnership called Dividend Capital Operating Partnership LP or subsidiaries of our operating partnership. Our operating partnership has been organized to own and lease real properties on our behalf. Dividend Capital Trust is the sole general partner of our operating partnership and Dividend Capital Trust, the Advisor and Dividend Capital Advisors Group LLC, the parent of the Advisor, are currently the only limited partners of our operating partnership. Dividend Capital Trust has and will continue to contribute net offering proceeds to our operating partnership in return for limited partnership interests. Our operating partnership will use these proceeds to acquire real estate properties. In addition, fractional interests in certain of our properties are held in a taxable REIT subsidiary, and may continue to be held in one or more taxable REIT subsidiaries that are wholly owned by our operating partnership. We intend to utilize the taxable REIT subsidiary, or additional taxable REIT subsidiaries, in certain transactions to potentially facilitate the sale of interests in our limited partnership.

**Q: What is an "UPREIT"?**

A: UPREIT stands for "Umbrella Partnership Real Estate Investment Trust". An UPREIT is a REIT that holds all or substantially all of its properties through a partnership in which the REIT holds an interest. We use this structure because a sale of property directly to the REIT is generally a taxable transaction to the selling property owner. In an UPREIT structure, a seller of a property who desires to defer taxable gain on the sale of his property may transfer the property to the partnership in exchange for limited partnership units in the operating partnership and defer taxation of gain until the seller later sells the partnership units or redeems his partnership units normally on a one-for-one basis for REIT common stock. If the REIT common stock is publicly traded, the former property owner will achieve liquidity for his investment. Using an UPREIT structure gives us an advantage in acquiring desired properties from persons who may not otherwise sell their properties because of unfavorable tax results.

**Q: If I buy common stock, will I receive distributions and how often?**

**A:** We intend to pay distributions on a quarterly basis to our shareholders. The amount of each distribution is determined by the board of directors and typically depends on the amount of distributable funds, current and projected cash requirements, tax considerations and other factors. Certain portions of distributions paid to our shareholders have previously included amounts in excess of our earnings and profits. It is likely that certain portions of future distributions, if any, that may be paid to our shareholders will include amounts in excess of our earnings and profits. In order to qualify as a REIT, we must make distributions of at least 90% of our taxable income for each year. Please see the question in this section entitled "Will the distributions I receive be taxable as ordinary income?"

**Q: How do you calculate the payment of distributions to shareholders?**

**A:** We will calculate our quarterly distribution using daily record and declaration dates so your distributions will begin to accrue immediately upon becoming a shareholder.

**Q: May I reinvest the distributions I may receive in common stock of Dividend Capital Trust?**

**A:** Yes. You may participate in our distribution reinvestment plan by checking the appropriate box on the Subscription Agreement (see "Appendix A" of this prospectus) or by filling out an enrollment form we will provide to you upon your request. The \$1,000,000,000 maximum gross offering proceeds of this offering include common stock which may be sold under the distribution reinvestment plan at a discounted price equal to the current offering price per share less a 5% discount on the applicable distribution date. (See "Description of Securities Distribution Reinvestment Plan").

**Q: Will the distributions I receive be taxable as ordinary income?**

**A:** Yes and No. Generally, distributions that you receive, including distributions that are reinvested pursuant to our distribution reinvestment plan, will be taxed as ordinary income to the extent they are from current or accumulated earnings and profits. Although recently enacted tax legislation generally reduces the maximum tax rate for distributions payable by corporations to individuals to 15% through 2008, distributions payable by REITs generally continue to be taxed at the normal ordinary income rates applicable to the individual recipient, rather than the 15% preferential rate. We expect that some portion of your distributions may not be subject to tax in the year received due to the fact that depreciation expenses reduce earnings and profits but do not reduce cash available for distribution. Amounts distributed to you in excess of our earnings and profits will reduce the tax basis of your investment and distributions in excess of tax basis will be taxable as an amount realized from a deemed sale of your shares of our common stock. This, in effect, would defer a portion of your taxes until your investment is sold or our assets are liquidated and the net proceeds are distributed to our shareholders, at which time you may be taxed at capital gains rates. However, because each shareholder's tax considerations are different, you are urged to consult with your tax advisor. You should also review the section of this prospectus entitled "Federal Income Tax Considerations."

**Q: What will you do with the capital raised in this offering?**

**A:** Our management team will use the net offering proceeds to invest in commercial real estate consisting primarily of high quality, generic distribution warehouses and light industrial properties that are net leased to creditworthy corporate customers. Our management team intends to invest approximately 91.2% of the gross offering proceeds, assuming we sell 72,770,273 shares to the public at an offering price of \$10.50 per share and 23,650,339 shares pursuant to our distribution reinvestment plan at a price of \$9.975 per share, to acquire such properties. The remainder of the gross offering proceeds will be used to pay fees and expenses of the offering, which shall include

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sales commissions, dealer manager fees, distribution reinvestment plan servicing fees, reimbursement of offering expenses and acquisition fees in an aggregate amount of up to approximately 8.8% of gross offering proceeds, assuming we sell 72,770,273 shares to the public at an offering price of \$10.50 per share and 23,650,339 shares pursuant to our distribution reinvestment plan at a price of \$9.975 per share. However, the number of shares to be offered, including the number of shares to be offered to participants in our distribution reinvestment plan, offering price and other terms of any offering under this prospectus may vary from these assumptions.

**Q:**  
**How will the payment of fees and expenses affect my invested capital?**

**A:**  
The payment of fees and expenses will reduce the funds available for investment in real estate. The payment of fees and expenses will also reduce the book value of your shares. Until we invest the proceeds of any offering in real estate, we may invest in short-term, highly liquid investments including but not limited to government obligations, bank certificates of deposit, short-term debt obligations, interest bearing accounts and preferred securities of other REITs. These short-term investments may earn a lower return than we expect to earn on our real estate investments, and we cannot guarantee how long it will take to fully invest the proceeds in real estate.

**Q:**  
**What kind of offering is this?**

**A:**  
We may offer our common stock in one or more offerings at prices and on terms to be determined at or prior to the time of sale. The Dealer Manager will act as an underwriter and dealer manager of any offering on a best efforts basis. As part of any offering, we may also offer common stock to participants in our distribution reinvestment plan at a discounted price equal to 95% of the current or most recent offering price. We will provide specific information about any offering of our common stock in one or more supplements to this prospectus.

The common stock we are offering will have gross offering proceeds of up to \$1,000,000,000. For purposes of describing the offering fees and expenses and net offering proceeds that would result from the sale of \$1,000,000,000 of our common stock, we have assumed, based on the offering price per share of our prior public offering, that we will sell 72,770,273 shares to the public at an offering price of \$10.50 per share and 23,650,339 shares pursuant to our distribution reinvestment plan at a price of \$9.975 per share. However, the number of shares to be offered, including the number of shares to be offered to participants in our distribution reinvestment plan, offering price and other terms of any offering under this prospectus may vary from these assumptions.

**Q:**  
**How does a "best efforts" offering work?**

**A:**  
When common stock is offered to the public on a "best efforts" basis, the broker-dealers participating in the offering are only required to use their best efforts to sell the common stock. Broker-dealers do not have a firm commitment or obligation to purchase any common stock.

**Q:**  
**How long will this offering last?**

**A:**  
This offering will continue until \_\_\_\_\_, 2007 (two years after the SEC's effective date of this offering) or until we sell all shares under this offering, whichever is sooner. However, our board of directors may also terminate this offering at any time prior to such termination dates.

**Q:**  
**Who can buy our common stock?**

**A:**  
You can buy our common stock pursuant to this prospectus provided that you have either (1) a net worth of at least \$45,000 and an annual gross income of at least \$45,000, or (2) a net worth of at least \$150,000. For this purpose, net worth does not include your home, home furnishings and personal automobiles. These minimum levels may be higher in certain states, so you should

carefully read the more detailed description in the "Suitability Standards" section of this prospectus.

**Q: May persons affiliated with Dividend Capital Trust purchase common stock in this offering?**

A: Yes. In connection with any offering, we may permit our officers and directors and their immediate families, as well as officers and employees of the Advisor or other affiliated entities and their immediate families, to purchase common stock and may charge such persons a reduced purchase price per share. This reduced offering price would reflect the elimination of the sales commissions and the dealer manager fees that would otherwise be paid on each share. Notwithstanding this reduced sale price, the net proceeds received by Dividend Capital Trust would be the same on all common stock sold in the offering. The terms of any such arrangement will be described in a supplement to this prospectus.

In January 2005, in connection with our prior offering, members of our board of directors, managers of our advisor, our advisor's senior management team and/or each of their respective affiliates collectively purchased in excess of \$1.0 million of our common stock.

**Q: Is there any minimum investment required?**

A: Yes. Generally, you must invest at least \$2,000. This minimum investment level may be higher in certain states, so you should carefully read the more detailed description of the minimum investment requirements appearing in the "Suitability Standards" section of this prospectus.

**Q: How do I subscribe for common stock?**

A: If you choose to purchase common stock in any offering, you will need to complete a Subscription Agreement in the form attached to this prospectus as Appendix A for a specific number of shares. You must pay for the common stock at the time you subscribe. Offering proceeds will be released to us on an ongoing basis at the time we accept each Subscription Agreement.

**Q: If I buy common stock in this offering, how may I later sell it?**

A: At the time you purchase common stock, it will not be listed for trading on any national securities exchange or over-the-counter market. Our management team presently believes it is unlikely that we would apply to have the common stock listed for trading in any public market or provide for any other type of liquidating event for at least the next two years or longer, and we may never list our common stock. However, we plan to consider opportunities to list our common stock for trading or provide for any other type of liquidating event based on a number of factors, such as the public market for REITs generally, the amount of capital we have been able to raise and the economic performance of the properties we have acquired.

As discussed in the following paragraph, the absence of a public market may continue for an extended period of time after the date of this prospectus. As a result, you may find it difficult to find a buyer for your shares and realize a return on your investment. Subject to certain resale restrictions, you may sell your shares to any buyer unless such sale would cause any person or entity to directly or indirectly own more than 9.8% of the outstanding shares of any class or series of our stock or would violate the other restrictions imposed by our articles of incorporation on ownership and transfers of our common stock. (See "Description of Securities Restriction on Ownership of Common Stock").

In addition, after you have held your shares for at least one year, you may be able to redeem all or a portion of your shares pursuant to our share redemption program as outlined in the prospectus (See "Description of Securities Share Redemption Program"). If we have not listed the common stock on a national securities exchange or an over-the-counter market, completed a sale or merger of Dividend Capital Trust in a transaction which provides our shareholders with a

combination of cash and/or securities of a publicly traded company or sold substantially all of our properties for cash or other consideration by February 2013, our articles of incorporation require us to begin selling our properties and other assets and to distribute the net proceeds to our shareholders.

**Q: What is the experience of your officers and directors?**

A: The key members of our management team are James R. Mulvihill, Thomas G. Wattles and Evan H. Zucker, each of whom is a director of Dividend Capital Trust as well as a manager of the Advisor. From 1989 through December 31, 2004, Messrs. Mulvihill and Zucker have, along with other affiliates, overseen directly, or indirectly through affiliated entities, the acquisition, development, financing and sale of approximately 204 real estate projects with an aggregate value in excess of approximately \$1.6 billion. See the "Management Directors and Executive Officers" section of this prospectus for a more detailed description of the background and experience of each of our officers and directors. In addition, Mr. Wattles, in his capacity as either or both Co-Chairman and Chief Investment Officer of ProLogis Trust, participated in overseeing the growth in its asset base from its inception in 1992 to approximately \$2.5 billion in 1997.

**Q: Will I be notified of how my investment is doing?**

A: Each year we will provide our shareholders with an annual report providing financial information about us. In addition, we will provide periodic updates on our performance in conjunction with our filings with the SEC including three quarterly filings and an annual filing. Additionally, we will provide periodic press releases describing significant developments, current period performance and current period earnings. We will provide these reports and press releases on our website at [www.dividendcapital.com](http://www.dividendcapital.com). (See "Where You Can Find Additional Information").

**Q: When will I get my detailed tax information?**

A: We intend to mail your Form 1099 tax information by January 31st of each year.

**Q: Who can help answer my questions?**

A: If you have more questions about the offering or if you would like additional copies of this prospectus and any accompanying prospectus supplement, you should contact your registered representative or contact:

Charles Murray, President  
Dividend Capital Securities LLC  
518 17th Street, Suite 1700  
Denver, Colorado 80202  
Telephone: (303) 228-2200  
Fax: (303) 228-2201

## RISK FACTORS

Your purchase of common stock involves a number of risks. In addition to other risks discussed in this prospectus and any accompanying prospectus supplement, you should specifically consider the following:

### INVESTMENT RISKS

***We have a limited operating history.***

Dividend Capital Trust was formed as a Maryland corporation on April 12, 2002 in order to own, operate and develop industrial real estate properties. We have a limited history of operations and a limited portfolio of properties which you are able to evaluate in making a decision to purchase our common stock.

***There is no current public trading market for your shares.***

There is no current public market for the common stock and we have no obligation or immediate plans to apply for quotation or listing in any public securities market. Although in the future we will consider opportunities to establish a public market for our common stock, there can be no assurance that a public market will ever exist. It will therefore be very difficult for you to sell your shares promptly or at all. Even if you are able to sell your shares, the absence of a public market may cause the price received for any common stock sold to be less than the proportionate value of the real estate we own or less than the price you paid. Therefore, you should purchase the common stock only as a long-term investment. (See the "Description of Securities Share Redemption Program" section of this prospectus).

***We currently do not have research analysts reviewing the performance of our company.***

We do not have research analysts reviewing the performance of our company or our securities on an ongoing basis. Therefore, we do not have an independent review of our performance and value of our common stock relative to publicly traded companies.

***We currently utilize the Advisor for selection of properties and we rely on our board of directors for ultimate approval of the investment of offering proceeds.***

Our ability to pay distributions and achieve our other investment objectives is partially dependent upon the performance of the Advisor in the acquisition of real estate properties, the operation of such properties and the determination of any financing arrangements. Our board of directors, which must approve all property acquisitions, will have broad discretion to monitor the performance of the Advisor as well as to determine the manner in which the net offering proceeds are invested. Our board of directors may delegate to our investment committee, which is comprised of three directors, two of whom are independent directors, the authority to approve individual property acquisitions or developments of up to \$25 million. All acquisitions or developments in excess of \$25 million must be approved by our board of directors, including a majority of the independent directors. As a result, you must rely on the Advisor to identify properties and propose transactions and on the board of directors to oversee and approve such transactions. (See "Management").

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

Tax legislation enacted in 2003 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 distributions 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. Shareholders Distributions Generally").

***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 James R. Mulvihill, Thomas G. Wattles, Evan H. Zucker, Thomas I. Florence, John A. Blumberg, James D. Cochran, Daryl H. Mechem and Matthew T. Murphy, each of whom would be difficult to replace. We do not have employment agreements with any of our key personnel, and we currently do not have key man life insurance on any person. If any of our key personnel were to cease employment with us, our operating results could suffer. We also believe that our future success depends, in large part, upon our ability to hire and retain highly skilled managerial, 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. (See "Management").

***The Advisor will face conflicts of interest relating to time management.***

The Advisor is currently pursuing other business opportunities with third parties. Managers of the Advisor are currently engaged in other real estate activities, including acquisition and development of commercial and residential real estate in the United States and Mexico. We are not able to estimate the amount of time that the managers of the Advisor will devote to our business. As a result, the managers of the Advisor may have conflicts of interest in allocating their time between our business and these other activities. During times of intense activity in other programs and ventures, the time they devote to our business may decline and be less than we would require. We expect that as our real estate activities expand, the Advisor may attempt to hire additional employees who would devote substantially all of their time to the business of Dividend Capital Trust and its affiliates. However, there can be no assurance that the Advisor will devote adequate time to our business activities. (See "Conflicts of Interest").

***The Advisor may face conflicts of interest relating to the purchase and leasing of properties.***

We may buy properties at the same time as other entities that are affiliated with the Advisor are buying properties. There is a risk that the Advisor will choose a property that provides lower returns to us than a property purchased by another entity affiliated with the Advisor. We may acquire properties in geographic areas where other affiliates of the Advisor own properties. If one of the entities affiliated with the Advisor attracts a customer that we are competing for, we could suffer a loss of revenue due to delays in locating another suitable customer. (See "Conflicts of Interest Competition").

***The Advisor will face conflicts of interest relating to joint ventures with affiliates.***

We may enter into joint ventures with third parties, including entities that are affiliated with the Advisor, for the acquisition, development and improvement of properties. We may also purchase and develop properties directly or in joint ventures or partnerships, co-tenancies or other co-ownership arrangements with the sellers of the properties, affiliates of the sellers, developers or other persons. Such investments may involve risks not otherwise present with a direct investment in real estate, including, for example:

The possibility that our venture partner, co-tenant or partner in an investment might become bankrupt;



That such venture partner, co-tenant 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; or

That such venture partner, co-tenant or partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives.

Actions by such a venture partner or co-tenant might have the result of subjecting the property to liabilities in excess of those contemplated and may have the effect of reducing your returns.

Under certain joint venture arrangements, neither venture partner may have the power to control the venture, and an impasse could be reached, which might have a negative influence on the joint venture and decrease potential returns to you. In the event that a venture partner has a right of first refusal to buy out the other partner, it may be unable to finance such buy-out at that time. It may also be difficult for us to sell our interest in any such joint venture or partnership or as a co-tenant in property. In addition, to the extent that our venture partner or co-tenant is an affiliate of the Advisor, certain conflicts of interest will exist. (See "Conflicts of Interest Joint Ventures with Affiliates of the Advisor").

***The Dealer Manager was recently formed and has not participated in similar offerings.***

The Dealer Manager was formed in December 2001 and it has not participated in any securities offering other than our prior public offerings. The Dealer Manager may enter into agreements with broker-dealers pursuant to which those firms will sell our common stock in connection with any offering. Should the Dealer Manager be unable to maintain agreements with a significant group of broker-dealers, then we may be unable to sell a significant number of shares. If we do not sell a significant number of shares then we will likely acquire a limited number of properties and will not achieve significant diversification of our property holdings. Because the Dealer Manager has limited experience in prior offerings, it may be difficult to evaluate its ability to manage any offering under this prospectus.

***A limit on the number of shares a person may own may discourage a takeover or business combination.***

Our articles of incorporation restrict direct or indirect ownership by one person or entity to no more than 9.8% of the outstanding shares of any class or series of our stock. This restriction may discourage a change of control of Dividend Capital Trust and may deter individuals or entities from making tender offers for common stock on terms that might be financially attractive to shareholders or which may cause a change in our management. This ownership restriction may also prohibit business combinations that would have otherwise been approved by our board of directors and shareholders. (See "Description of Securities Restriction on Ownership of Common Stock").

***You are limited in your ability to sell your shares pursuant to our share redemption program.***

Our share redemption program may provide you with a limited opportunity to redeem your shares after you have held them for a period of one year. However, our board of directors reserves the right to suspend or terminate the share redemption program at any time. In addition, our share redemption program contains certain restrictions and limitations. Common stock may be redeemed quarterly on a pro rata basis. Subject to funds being available, the number of shares redeemed during any calendar year will be limited to the lesser of (1) three percent (3%) of the weighted average number of shares outstanding during the prior calendar year, and (2) the number of shares we can redeem with the proceeds we receive from the sale of common stock under our distribution reinvestment plan. Therefore, in making a decision to purchase our common stock, you should not assume that you will be able to sell any of your shares back to us pursuant to our share redemption program. (See "Description of Securities Share Redemption Program").

***We will not establish the offering price of our common stock based on an appraised value of our properties.***

We will not obtain an appraisal of our properties in connection with any offering. Our board of directors will determine the selling price of the common stock; however, such price may bear no relationship to property appraisals or to any established criteria for valuing our issued or outstanding common stock. Our board of directors will determine the price of our shares pursuant to any offering considering a number of factors including, but not limited to: our historic, current and anticipated dividend yields; yields provided by similar and other real estate investments; our current and anticipated operating results; the quality, size, diversity and location of properties in our portfolio; the quality and diversity of our tenant base; our existing and anticipated debt structure; and our progress in executing our investment and operating strategy.

***If we have not listed our stock for public trading or created an alternative liquidity event for our shareholders by February 2013, then we will take steps to liquidate our assets.***

If we have not listed our common stock on a national securities exchange or an over-the-counter market, completed a sale or merger of Dividend Capital Trust in a transaction which provides our shareholders with a combination of cash and/or securities of a publicly traded company or sold substantially all of our properties for cash or other consideration by February 2013, our articles of incorporation require us to begin selling our properties and other assets and to distribute the net proceeds to our shareholders. Various economic and political conditions existing at the time we liquidate our assets may adversely affect our ability to sell assets at favorable prices. As a result, there can be no assurance that we would be able to sell our assets at prices which are consistent with our estimate of the fair market value of our properties or that would provide our stockholders with any particular return. (See "Questions and Answers About this Offering If I buy common stock in this offering, how may I later sell it?").

***Your interest in Dividend Capital Trust may be diluted if we issue additional common stock.***

Our shareholders do not have preemptive rights to any common stock issued by Dividend Capital Trust in the future. Therefore, in the event that we (1) sell common stock in the future, including those issued pursuant to the distribution reinvestment plan, (2) sell securities that are convertible into common stock, (3) issue common stock in a private offering to institutional investors, (4) issue shares of common stock upon the exercise of the options granted to our independent directors or employees of the Advisor and our property manager or warrants issued or that may be issued to our dealer manager or to participating broker-dealers, or (5) issue common stock to sellers of properties acquired by us in connection with an exchange of limited partnership interests in our operating partnership or one of its subsidiaries, existing shareholders and investors purchasing shares in any offering under this prospectus will experience dilution of their percentage ownership in Dividend Capital Trust. Depending on the terms of such transactions, most notably the offer price per share, which may be less than the price paid per share in any offering under this prospectus, and the value of our properties, existing shareholders might also experience a dilution in the book value per share of their investment in Dividend Capital Trust. (See "Description of Securities").

***Payment of fees to the Advisor and its affiliates will reduce cash available for investment and distribution.***

The Advisor and its affiliates will perform services for us in connection with the offer and sale of the common stock, the selection and acquisition of our properties, and the management and leasing of our properties. They will be paid substantial fees for these services, which will reduce the amount of cash available for investment in properties and distribution to shareholders. We estimate that approximately 8.8% of gross offering proceeds, assuming we sell 72,770,273 shares to the public at an offering price of \$10.50 per share and 23,650,339 shares pursuant to our distribution reinvestment plan at a price of \$9.975 per share, will be paid to the Advisor, its affiliates and third parties for up-front

fees and expenses associated with the offer and sale of our common stock. However, the number of shares to be offered, including the number of shares to be offered to participants in our distribution reinvestment plan, offering price and other terms of any offering under this prospectus may vary from these assumptions. (See "Management Management Compensation").

***The availability and timing of cash distributions is uncertain.***

We expect to pay quarterly distributions to our shareholders. However, we bear all expenses incurred by our operations, which are deducted from cash funds generated by operations prior to computing the amount of cash distributions to be distributed to our shareholders. In addition, our board of directors, in its discretion, may retain any portion of such funds for working capital. We cannot assure you that sufficient cash will be available to pay distributions to you.

***We are uncertain of our sources for funding our future capital needs.***

Substantially all of the gross offering proceeds will be used for investment in properties and for payment of various fees and expenses. (See the "Estimated Use of Proceeds" section of this prospectus). In addition, we do not anticipate that we will maintain any permanent working capital reserves. Accordingly, in the event that we develop a need for additional capital in the future for the improvement of our properties or for any other reason, we cannot assure you that such sources of funding will be available to us.

***If we are unable to find suitable investments, we may not be able to achieve our investment objectives or pay distributions.***

Our ability to achieve our investment objectives, including the payment of distributions, depends upon the performance of the Advisor in the acquisition of our investments and the determination of any financing arrangements and upon the performance of our operating professionals and to maintain our customer base, maintain strong occupancies and negotiate favorable leasing arrangements. Except for the investments described in our previous filings, which are incorporated by reference into this prospectus, you will have no opportunity to evaluate the terms of transactions or other economic or financial data concerning our investments. You must rely entirely on the management abilities of the Advisor, the property managers the Advisor selects and the oversight by our board of directors. We cannot be sure that the Advisor will be successful in obtaining suitable investments on financially attractive terms or that, if the Advisor makes investments on our behalf, our objectives will be achieved. The more capital we raise in this offering or any future offerings, the greater will be our challenge to invest all of the net offering proceeds on attractive terms. Therefore, the large size of this offering increases the risk that we may pay too much for real estate acquisitions. If we, through the Advisor, are unable to find suitable investments promptly, we will hold the proceeds from any offering in an interest-bearing account or invest the proceeds in short-term, investment-grade investments (which are not likely to earn as high a return as we expect to earn on our real estate investments) and may, ultimately, liquidate. In such an event, our ability to pay distributions to our shareholders would be adversely affected. (See "Investment Objectives and Criteria Acquisition and Investment Policies").

***We may have difficulty funding our distributions with funds provided by our operations.***

As a growing company, to date we have funded our quarterly distributions to investors with funds from operations and, to a lesser extent, with borrowings under our bank credit facility. Our long-term corporate strategy is to fund the payment of quarterly distributions to our shareholders entirely from funds from our operations. However, if we are unsuccessful in deploying the offering proceeds we raise on an effective and efficient basis, we may continue to fund our quarterly distributions to investors from a combination of funds from operations and financing proceeds. In the event we are unable to consistently fund future quarterly distributions to investors entirely from our funds from operations, the

value of your shares upon the possible listing of our stock, the sale of our assets or any other liquidity event may be negatively impacted.

***Our articles of incorporation permit our board of directors to issue stock with terms that may subordinate the rights of our common stockholders or discourage a third party from acquiring us in a manner that could result in a premium price to our shareholders.***

Our board of directors may classify or reclassify any unissued common stock or preferred stock and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to cash distributions and other distributions, qualifications and terms or conditions of redemption of any such stock. Thus, our board of directors could authorize the issuance of preferred stock with terms and conditions that could have priority as to distributions and amounts payable upon liquidation over the rights of the holders of our common stock. Such preferred stock could also have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might otherwise provide a premium price to holders of our common stock. (See "Description of Securities Preferred Stock").

***Our management has broad control over our operations and you will have limited control over changes in our policies and operations.***

Our board of directors determines our major policies, including our policies regarding financing, growth, debt capitalization, REIT qualification, distributions, acquisitions of properties and acquisitions of businesses (including the business of our advisor or property manager). Our board of directors may amend or revise these and other policies without a vote of the shareholders. Under the Maryland General Corporation Law and our articles of incorporation, our shareholders have a right to vote only on limited matters. Our board's broad discretion in setting policies and our shareholders' inability to exert control over those policies increases the uncertainty and risks you face as a shareholder. (See "Management General").

***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 customer defaults under our leases;

job transfers, layoffs and overbuilding may increase vacancies;

maintaining occupancy levels may require increased concessions or reduced rental rates; and

increased insurance premiums may reduce funds available for distribution or, to the extent we can pass such increases through to customers, may lead to customer defaults. Increased insurance premiums also may make it difficult to increase rents to customers on turnover, which may adversely affect our ability to increase our returns.

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

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

We are likely to enter into additional joint ventures with third parties to acquire, develop or improve properties. We may also purchase and develop properties directly or in joint ventures or through partnerships, co-tenancies or other co-ownership arrangements. Such investments may involve

risks not otherwise present with other methods of investment in real estate, including, but not limited to:

the possibility that our co-venturer, co-tenant or partner in an investment might become bankrupt;

that such co-venturer, co-tenant 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; or

that such co-venturer, co-tenant or partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives.

Any of the above might subject a property to liabilities in excess of those contemplated and thus reduce your returns. (See "Investment Objectives and Criteria Joint Venture Investments").

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

We have incurred indebtedness and expect that we will incur additional indebtedness in the future. Interest we pay reduces our cash available for distributions. Additionally, since we have incurred variable rate debt, increases in interest rates raise our interest costs, which reduces our cash flows and our ability to make distributions to you. 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. (See "Investment Objectives and Criteria Borrowing Policies and Related Indebtedness").

***Our hedging strategies may not be successful in mitigating our risks associated with interest rates.***

We use various derivative financial instruments to provide a level of protection against interest rate risks, but no hedging strategy can protect us completely. We cannot assure you that our use of derivatives will offset the risks related to changes in interest rates. 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. In addition, 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.

***Your return on investment may be reduced if we are required to register as an investment company under the Investment Company Act.***

We are not registered as an investment company under the Investment Company Act of 1940. If we were obligated to register as an investment company, we would have to comply with a variety of substantive requirements under the Investment Company Act. These requirements include:

limitations on capital structure;

restrictions on specified investments;

prohibitions on transactions with affiliates; and

compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly change our operations.

In order to maintain our exemption from regulation under the Investment Company Act of 1940, we must engage primarily in the business of buying real estate, and these investments must be made within a year after any offering under this prospectus ends. If we are unable to invest a significant portion of the proceeds of the offering in properties within one year of the termination of the offering,



we may avoid being required to register as an investment company by temporarily investing any unused proceeds in government securities with low returns. This would reduce the cash available for distribution to shareholders and possibly lower your returns.

To maintain compliance with the Investment Company Act exemption, we may be unable to sell assets we would otherwise want to sell and may need to sell assets we would otherwise wish to retain. In addition, we may have to acquire additional income or loss generating assets that we might not otherwise have acquired or may have to forgo opportunities to acquire interests in companies that we would otherwise want to acquire and would be important to our strategy.

If we were required to register as an investment company but failed to do so, we would be prohibited from engaging in our business, and criminal and civil actions could be brought against us. In addition, our contracts would be unenforceable unless a court were to require enforcement, and a court could appoint a receiver to take control of us and liquidate our business.

***Our derivative financial instruments used to hedge against interest rate fluctuations could reduce the overall returns on your investment.***

We have and may continue to use derivative financial instruments to hedge exposures to changes in interest rates on loans secured by our properties. These instruments involve risk, such as the risk that counterparties may fail to perform under the terms of the derivative contract or that such arrangements may not be effective in reducing our exposure to interest rate changes. In addition, the possible use of such instruments may reduce the overall return on our investments. These instruments may also generate income that may not be treated as qualifying REIT income for purposes of the 75% or 95% REIT income test.

***The Advisor may have conflicting fiduciary obligations if we acquire properties with its affiliates.***

The Advisor may cause us to acquire an interest in a property through a joint venture with its affiliates. In these circumstances, the Advisor will have a fiduciary duty to both us and its affiliates participating in the joint venture. The resolution of this conflict of interest may cause the Advisor to sacrifice our best interest in favor of the seller of the property and therefore, we may enter into a transaction that is not in our best interest. The resolution of this conflict of interest may negatively impact our financial performance. (See "Conflicts of Interest").

***The fees we pay in connection with this offering were not determined on an arm's-length basis and therefore may not be on the same terms we could achieve from a third-party.***

The compensation paid to the Advisor, Dealer Manager and other affiliates for services they provide us was not determined on an arm's-length basis. All agreements, contracts or arrangements with our affiliates were not negotiated at arm's length. Such agreements include, but are not limited to, the Advisory Agreement, the Dealer Manager Agreement and the Property Management and Leasing Agreement. These agreements may contain terms that are not in our best interest and may not otherwise be applicable if we entered into arm's-length agreements. See "Conflicts of Interest" for a discussion of various conflicts of interest. (See "Management Management Compensation").

***We cannot predict the amounts of compensation to be paid to the Advisor and our other affiliates.***

Because the fees that we will pay to the Advisor and our other affiliates are based in part on the level of our business activity, it is not possible to predict the amounts of compensation that we will be required to pay these entities. In addition, because key employees of our affiliates are given broad discretion to determine when to consummate a transaction, we rely on these key persons to dictate the level of our business activity. Furthermore, the fees paid to our affiliates will reduce funds available for

distribution, and therefore we cannot predict precisely how such fees will impact our distributions. (See "Management Management Compensation").

***Our dealer manager, which is affiliated with us, has not made an independent review of us or the prospectus.***

The Dealer Manager is one of our affiliates and will not make an independent review of us or any offering under this prospectus. Accordingly, you do not have the benefit of an independent review of the terms of any offering. Further, the due diligence investigation of us by the Dealer Manager cannot be considered to be an independent review and, therefore, may not be as meaningful as a review conducted by an unaffiliated broker-dealer or investment banker. In addition, a substantial portion of the proceeds of any offering will be paid to the Dealer Manager for managing the offering, including selling commissions, a dealer manager fee and marketing and due diligence expense reimbursements.

***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 also be required to take our interests in other investments as a non-managing general partner as in the case of our initial investment. 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 investment we initially made or then had in the partnership.

***If we do not have sufficient capital resources from equity and debt financings for acquisitions of new properties or other assets because of our inability to retain earnings, our growth may be limited.***

In order to maintain our qualification as a REIT, we are required to distribute to our shareholders at least 90% of our taxable income. This requirement limits our ability to retain income or cash flow from operations to finance the acquisition of new properties. We will explore acquisition opportunities from time to time with the intention of expanding our operations and increasing our profitability. We anticipate that we will use debt and equity financing for such acquisitions because of our inability to retain significant earnings. Consequently, if we cannot obtain debt or equity financing on acceptable terms, our ability to acquire new properties and expand our operations will be adversely affected.

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

We may purchase properties located in Mexico and Canada. 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;



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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.

### ***Our UPREIT structure may result in potential conflicts of interest.***

Persons holding units in our operating partnership have the right to vote on certain amendments to the Limited Partnership Agreement, 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 shareholders. As general partner of the operating partnership, we will be obligated to act in a manner that is in the best interest of all partners of the operating partnership. Circumstances may arise in the future when the interest of limited partners in the operating partnership may conflict with the interests of our shareholders. For example, the timing and terms of dispositions of properties held by the operating partnership may result in tax consequences to certain limited partners and not to our shareholders. (See "The Partnership Agreement").

## **REAL ESTATE RISKS**

### ***General Real Estate Risks***

We will be subject to risks generally incident to the ownership of real estate, including:

Changes in general or local economic conditions;

Changes in supply of or demand for similar or competing properties in an area;

Bankruptcies, financial difficulties or lease defaults by our customers;

Changes in interest rates and availability of permanent mortgage funds that may render the sale of a property difficult or unattractive or otherwise reduce the returns to shareholders;

Changes in operating expenses;

Changes in governmental rules, regulations and fiscal policies, including changes in tax, real estate, environmental and zoning laws;

Changes in the cost or availability of insurance, including coverage for mold or asbestos;

Periods of high interest rates and tight money supply;

Customer turnover; and

General overbuilding or excess supply in the market area.

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. (See "Investment Objectives and Criteria Acquisition and Investment Policies").

***Competition for investments may increase costs and reduce returns.***

We will compete for real property investments with pension funds and their advisors, bank and insurance company investment accounts, other real estate investment trusts, real estate limited partnerships, individuals and other entities engaged in real estate investment activities. Many other competitors have greater financial resources than us and a greater ability to borrow funds to acquire properties. Competition for investments may reduce the number of suitable investment opportunities available to us and may have the effect of increasing acquisition costs reducing the rents we can charge and, as a result, reducing your returns. We believe the current market for acquisitions to be extremely competitive.

***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 customer 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 customer. We may have difficulty obtaining a new customer 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 shareholders. 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. (See "Investment Objectives and Criteria Acquisition and Investment Policies").

***We are dependent on customers for our revenue.***

Certain of our properties are occupied by a single customer. As a result, the success of those properties will depend on the financial stability of a single customer. Lease payment defaults by customers could cause us to reduce the amount of distributions to shareholders. A default by a customer on its lease payments could force us to find an alternative source of revenue to pay any mortgage loan on the property. In the event of a customer default, we may experience delays in enforcing our rights as landlord and may incur substantial costs 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 "Investment Objectives and Criteria Terms of Leases and Customer Creditworthiness").

***We may not have funding for future tenant improvements.***

When a customer 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 customers, we will be required to expend funds to construct new tenant improvements in the vacated space. Substantially all of our net offering proceeds will be invested in real estate properties and therefore, while 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.

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

The Advisor will attempt to ensure that all of our properties are adequately insured to cover casualty losses. However, 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 any such uninsured loss. 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 "Real Estate Investments Insurance Coverage on Properties").

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

We may invest some of the net offering proceeds available for investment in the acquisition of 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 customers 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. (See "Investment Objectives and Criteria Development and Construction of Properties").

***Delays in acquisitions 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 8 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. Our articles of incorporation limits the amount we can invest in unimproved land to 10% of our total assets.

***Uncertain market conditions and the broad discretion of the Advisor relating to the future disposition of properties could adversely affect the return on your investment.***

We expect to hold the various real properties in which we invest until such time as the Advisor decides that a sale or other disposition is appropriate given our investment objectives. The Advisor, subject to approval of the board, may exercise its discretion as to whether and when to sell a property, and we will have no obligation to sell properties at any particular time, except in the event of a liquidation of our properties in accordance with our articles of incorporation if we do not list our common stock, complete a sale or merger of Dividend Capital Trust in a transaction which provides our shareholders with a combination of cash and/or securities of a publicly traded company or sell substantially all of our properties for cash or other consideration by February 2013. 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. (See "Management Advisor").

***Discovery of previously undetected 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. 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, by 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 shareholders.

***If we fail to make our debt payments, we could lose our investment in a property.***

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 the common stock and the distributions payable to shareholders 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 "Investment Objectives and Criteria Borrowing Policies and Related Indebtedness").

***Lenders may require us to enter into restrictive covenants relating to our operations.***

In connection with obtaining certain financing, a lender may impose certain restrictions on us which affect our ability to incur additional debt and our ability to make distributions to our shareholders. Loan documents we enter into may contain negative covenants which limit our ability to further mortgage the property, replace the Advisor or impose other limitations. (See "Investment Objectives and Criteria Borrowing Policies and Related Indebtedness").

***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 shareholders 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. (See "Investment Objectives and Criteria Borrowing Policies and Related Indebtedness").

***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. Some of these laws and regulations may impose joint and several liability on customers, owners or operators for the costs to investigate or remediate contaminated properties, regardless of fault or whether the acts causing the contamination were legal. In addition, the presence of hazardous 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 customers' 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.

***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 shareholders. Even in the absence of a purchaser default, the distribution of the proceeds of sales to our shareholders, 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.

***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 flow 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.

***We may be unable to sell a property if or when we decide to do so.***

The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control. We cannot predict whether we will be able to sell any property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We cannot predict the length of time needed to find a willing purchaser and to close the sale of a property.

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 a sale and leaseback transaction is recharacterized, our financial condition could be adversely affected.***

We may enter into sale and leaseback transactions, where we would purchase a property and then lease the same property back to the person from whom we purchased it. In the event of the bankruptcy of a customer, a transaction structured as a sale and leaseback may be recharacterized as either a financing or a joint venture, either of which outcomes could adversely affect our business.

If the sale and leaseback was recharacterized as a financing, we might not be considered the owner of the property, and as a result would have the status of a creditor in relation to the customer. In that event, we would no longer have the right to sell or encumber our ownership interest in the property. Instead, we would have a claim against the customer for the amounts owed under the lease, with the claim arguably secured by the property. The customer/debtor might have the ability to propose a plan restructuring the term, interest rate and amortization schedule of its outstanding balance. If confirmed by the bankruptcy court, we could be bound by the new terms, and prevented from foreclosing our lien on the property. These outcomes could adversely affect our cash flow and the amount available for distributions to you.

If the sale and leaseback were recharacterized as a joint venture, we and our customer could be treated as co-venturers with regard to the property. As a result, we could be held liable, under some circumstances, for debts incurred by the customer relating to the property. The imposition of liability on us could adversely affect our cash flow and the amount available for distributions to our stockholders. (See "Federal Income Tax Considerations Sale-Leaseback Transactions").

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

Of our customers 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 customer 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 shareholders. We may have highly leveraged customers in the future. (See "Investment Objectives and Criteria Terms of Leases and Customer Creditworthiness").

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

We may acquire properties that are subject to contractual "lock-out" provisions that could restrict our ability to dispose of the property for a period of time. 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 shareholders and, therefore, may have an adverse impact on the value of our shares, relative to the value that would result if the lock-out provisions did not exist.

**RISKS ASSOCIATED WITH OUR OPERATING PARTNERSHIP'S PRIVATE PLACEMENT**

***Our operating partnership's private placement subjects us to liabilities.***

Affiliates of the Advisor have developed certain transaction structures that are designed to provide investors that own real property, either directly or indirectly through a limited liability company or a limited partnership, with the opportunity to receive limited partnership units in our operating partnership in exchange for their direct or indirect interests in such real property on a tax-deferred basis. These transactions depend on the interpretation of, and compliance with, extremely technical tax laws and regulations. As the general partner of our operating partnership, we may be subject to

liability, from litigation or otherwise, as a result of these transactions, including in the event an investor in these transactions fails to qualify for the desired tax advantage.

***We have and may continue to acquire co-ownership interests in real property that are subject to certain co-ownership agreements which may affect our ability to operate or dispose of the property or our co-ownership interest.***

We have and may continue to acquire co-ownership interests, especially in connection with our operating partnership's private placement, such as tenancy-in-common interests in real property, that are subject to certain co-ownership agreements. The co-ownership agreements may limit our ability to encumber, lease, or dispose of our co-ownership interest. Such agreements could affect our ability to turn our investments into cash and could affect cash available for distributions to you. The co-ownership agreements could also impair our ability to take actions that would otherwise be in the best interest of our shareholders and, therefore, may have an adverse impact on the value of our shares, relative to the value that would result if the co-ownership agreements did not exist.

***We may acquire interests in partnerships and limited liability companies that could subject us to additional liabilities.***

We will acquire partnership interests, especially in connection with our operating partnership's private placement, including general partnership interests, in partnerships that could subject us to the liabilities of the partnership.

Our operating partnership's private placement is discussed in greater detail in the "Investment Objectives and Criteria Our Operating Partnership's Private Placement" section of this prospectus.

## **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 federal income tax purposes commencing with our taxable year ending December 31, 2003. Although we do not intend to request a ruling from the Internal Revenue Service as to our REIT status, we will receive the opinion of our special tax counsel, Skadden, Arps, Slate, Meagher & Flom LLP, with respect to our qualification as a REIT. This opinion will be issued in connection with this offering. Investors should be aware, however, that opinions of counsel are not binding on the Internal Revenue Service 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 "Federal Income Tax Considerations Requirements for Qualification as a REIT."

If we 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 distributions paid to our shareholders 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 entitled to 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 shareholders 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 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 shareholders at least 90% of our REIT taxable income, determined without regard to the deduction for distributions 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 would 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. These requirements could cause us to distribute amounts that otherwise would be spent on acquisitions or development of properties and it is possible that we might be required to borrow funds or sell assets to fund these distributions. Although we intend to make distributions sufficient to meet the annual distribution requirements and to avoid corporate income taxation on the earnings that we distribute, it is possible that we might not always be able to do so.

***Legislative or regulatory action could adversely affect our shareholders.***

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 to continue to occur in the future, and we cannot assure you that any such changes will not adversely affect the taxation of a shareholder. 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.

***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 shareholders.***

The Internal Revenue Service 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 shareholders will be adversely affected.

***You may have current tax liability on distributions you elect to reinvest in our common stock.***

If you participate in our distribution reinvestment plan, you will be deemed to have received, and for income tax purposes will be taxed on, the amount reinvested in common stock to the extent the

amount reinvested was not a tax-free return of capital. As a result, you may have to use funds from other sources to pay your tax liability on the value of the common stock received.

***In certain circumstances, we may be subject to federal and state income taxes as a REIT, 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 taxable REIT subsidiary we utilize to hold fractional 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, will render its opinion upon commencement of this offering 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 Internal Revenue Service, 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.

***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 shareholders could be adversely affected.***

Our operating partnership is organized as a partnership for 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 Internal Revenue Service 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 Internal Revenue Service 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 FIRPTA tax on sale of common shares if we are unable to qualify as a "domestically controlled" REIT.***

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, 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 REIT." A domestically controlled REIT is 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. We cannot assure you that we will qualify as a domestically controlled REIT. If we were to fail to so qualify, gain realized by a foreign investor on a sale of our common stock would be subject to FIRPTA tax unless our common stock was traded on an established securities market and the foreign investor did not at any time during a specified testing period directly or indirectly own more than 5% of the value of our outstanding common stock. See "Federal Income Tax Considerations Special Tax Considerations for Non-U.S. Shareholders Non-Dividend Distributions."

## **RETIREMENT PLAN RISKS**

***There are special considerations that apply to pension or profit sharing trusts or IRAs investing in common stock.***

If you are investing the assets of an IRA, pension, profit sharing, 401(k), Keogh or other qualified retirement plan, you should satisfy yourself that:

You have analyzed to your satisfaction the question of whether your investment will not produce "unrelated business taxable income" for the plan or IRA;

Your investment is consistent with your fiduciary obligations under ERISA and the Code;

Your investment is made in accordance with the documents and instruments governing your plan or IRA, including your plan's investment policy;

Your investment satisfies the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA;

Your investment will not impair the liquidity of the plan or IRA;

Your investment will not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code; and

You will be able to value the assets of the plan annually in accordance with ERISA requirements.

For a more complete discussion of the foregoing issues and other risks associated with an investment in our common stock by retirement plans, please see the "ERISA Considerations" section of this prospectus.

## ESTIMATED USE OF PROCEEDS

The following table sets forth our best estimates of how we intend to use the gross proceeds from our offering assuming (i) 72,770,273 shares sold to the public and no shares sold pursuant to our Distribution Reinvestment Plan ("DRIP"), (ii) 72,770,273 shares sold to the public and 11,825,169 shares sold pursuant to our DRIP and (iii) 72,770,273 shares sold to the public and 23,650,339 shares sold pursuant to our DRIP. In each case we have assumed that shares will be sold to the public at a price of \$10.50 per share and pursuant to our DRIP at a price of \$9.975 per share. However, the number of shares to be offered, including the number of shares to be offered to participants in our distribution reinvestment plan, offering price and other terms of any offering under this prospectus may vary from these assumptions. As of December 31, 2004, we had sold approximately 67.9 million shares in our public offerings, which included approximately 950,000 shares issued pursuant to our distribution reinvestment plan. The number of distribution reinvestment plan shares sold in the future will depend on the level of continued shareholder participation in the distribution reinvestment plan and the length of time covered by this offering.

	72,770,273 Shares Sold		72,770,273 Shares Sold (Including 11,825,169 Pursuant to DRIP)		72,770,273 Shares Sold (Including 23,650,339 Pursuant to DRIP)	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Gross Proceeds	\$ 764,087,870	100.0%	\$ 882,043,935	100.0%	\$ 1,000,000,000	100.0%
Less Public Offering Expenses:						
Sales Commissions(1)	45,845,272	6.0%	45,845,272	5.2%	45,845,272	4.6%
Dealer Manager Fee(1)	15,281,757	2.0%	15,281,757	1.7%	15,281,757	1.5%
DRIP Servicing Fee(2)			1,241,643	0.1%	2,483,286	0.3%
Organization and Offering Expenses(3)	15,281,757	2.0%	15,281,757	1.7%	15,281,757	1.5%
Amount Available for Investment(4)	\$ 687,679,084	90.0%	\$ 804,393,506	91.2%	\$ 921,107,928	92.1%
Acquisition and Development:						
Acquisition and Advisory Fees(5)	6,876,791	0.9%	8,043,935	0.9%	9,211,079	0.9%
Initial Working Capital Reserve(6)						
Amount Invested in Properties(4)(7)	\$ 680,802,293	89.1%	\$ 796,349,571	90.3%	\$ 911,896,849	91.2%

- (1) The 72,770,273 shares sold includes selling commissions equal to 6.0% of gross offering proceeds for which commissions may be reduced under certain circumstances and a dealer manager fee equal to 2.0% of gross offering proceeds, both of which will be payable to the Dealer Manager, an affiliate of the Advisor. The Dealer Manager, in its sole discretion, may re-allow selling commissions to other broker-dealers participating in this offering attributable to the shares sold by them and may re-allow out of its dealer manager fee up to 1.0% of aggregate gross offering proceeds for reimbursement of marketing and/or due diligence expenses. Reimbursement will be contingent upon the receipt of an invoice or a similar such statement from participating broker-dealers that demonstrate the actual expenses incurred by such broker-dealers. The maximum amount of reimbursements will be based on such factors as the number of shares sold by participating broker-dealers, the assistance of such participating broker-dealers in marketing the offering and bona fide expenses incurred. The amount of selling commissions may also be reduced

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under certain circumstances for volume or other discounts. See the "Plan of Distribution" section of this prospectus for a description of such provisions. The maximum compensation payable to NASD members participating in this offering will not exceed 10% of gross offering proceeds plus a maximum of 0.5% for reimbursement of bona fide due diligence expenses.

- (2) The Dealer Manager will receive a one-time servicing fee of up to 1.0% of the undiscounted selling price of the shares issued pursuant to our distribution reinvestment plan. The Dealer Manager may re-allow all or a portion of this service fee to participating broker-dealers. Neither the sales commission, dealer manager fee nor the reimbursement of organization and offering expenses will be paid on shares issued pursuant to our DRIP.
- (3) Organizational and offering expenses consist of reimbursement of, among other things, the cumulative cost of actual legal, accounting, printing and other accountable offering expenses, including amounts to reimburse the Advisor for marketing, salaries and direct expenses of its employees, employees of its affiliates and others while engaged in registering and marketing the shares, which shall include development of marketing materials and marketing presentations, planning and participating in due diligence and marketing meetings and coordinating generally the marketing process for all of Dividend Capital Trust's public common stock offerings. Of the approximately \$15.3 million maximum organizational and offering expense reimbursement, approximately \$12.7 million of the expenses (or 1.7% of gross offering proceeds assuming we issue no shares pursuant to our Distribution Reinvestment Plan) are anticipated to be used for wholesaling activities and are therefore deemed to be additional underwriting compensation pursuant to NASD Rule 2810. To the extent that the remaining approximately \$2.6 million of organizational and offering expenses are insufficient to cover our cost of administering this offering, such shortfall would serve to reduce the organizational and offering expenses available to provide underwriting compensation. Dividend Capital Trust will be responsible for the payment of all cumulative organizational and offering expenses not to exceed 2.0% of aggregate gross offering proceeds. The Advisor will be obligated to fund all organizational and offering expenses in excess of these limitations. As of September 30, 2004, the Advisor had funded approximately \$17.3 million of offering related costs since inception of Dividend Capital Trust and we had reimbursed the Advisor approximately \$11.5 million for these costs.
- (4) Until substantially all of the net offering proceeds are invested in connection with the acquisition and development of properties, substantially all of the net offering proceeds and any working capital reserves of Dividend Capital Trust may be invested in short-term, highly-liquid investments including but not limited to government obligations, bank certificates of deposit, short-term debt obligations, interest-bearing accounts and preferred securities of other REITs. The number of properties we are able to acquire or develop will depend on several factors, including the amount of capital raised in this offering, the extent to which we incur debt or issue limited partnership interests in our operating partnership in order to acquire or develop properties and the purchase price of the properties we acquire or develop. We are not able to estimate the number of properties we may acquire or develop assuming the sale of any particular number of shares. However, in general we expect that the concentration risk of our portfolio of properties will be inversely related to the number of shares sold in this offering.
- (5) Acquisition and advisory fees are defined generally as fees and commissions paid by any party to any person in connection with the purchase, development or construction of properties. We will pay the Advisor acquisition and advisory fees up to a maximum amount of 1.0% of the aggregate purchase price of properties we acquire. The amount in this table is calculated assuming zero leverage. If we utilize debt to acquire our properties this amount would be greater as the acquisition and advisory fee is based upon the purchase price of our properties and not the equity used to purchase such properties.

- (6) Because most of the leases for the properties acquired and to be acquired by us provide, and will likely provide, for customer reimbursement of operating expenses, we do not anticipate that a permanent reserve for maintenance and repairs of real estate properties will be established. However, to the extent that we have insufficient funds for such purposes, we may apply an amount of up to 1.0% of gross offering proceeds for maintenance and repairs of properties. We also may, but are not required to, establish reserves from gross offering proceeds, out of cash flow generated by operating properties or out of net sale proceeds in non-liquidating sale transactions.
- (7) Includes amounts anticipated to be invested in properties, including other third-party acquisition expenses which are included in the total acquisition costs of the properties acquired. For properties that are not acquired these costs are expensed. Third-party acquisition expenses may include legal, accounting, consulting, appraisals, engineering, due diligence, title insurance, closing costs and other expenses related to potential acquisitions regardless of whether the property is actually acquired. Acquisition expenses as a percentage of a property's contract price vary. However, in no event will total acquisition fees and acquisition expenses on a property exceed 6% of the contract price of the property. Furthermore, in no event will the total of all acquisition fees and acquisition expenses paid by the us, including acquisition expenses on properties which are not acquired, exceed 6% of the aggregate contract price of all properties acquired by us.

## RECENT DEVELOPMENTS

### Sale of Common Stock

Since February 10, 2003, the date of our initial issuance of common stock, through December 31, 2004 we have raised approximately \$683 million in aggregate gross offering proceeds from the sale of our common stock, including the sale of our common stock pursuant to our distribution reinvestment plan, of which approximately \$157 million has been raised subsequent to September 30, 2004. These proceeds, net of commissions, fees and reimbursements, together with debt proceeds were used primarily to fund the acquisition of 107 industrial buildings.

### Our Operating Partnership's Private Placement

Since November 26, 2003 through December 31, 2004, we have raised approximately \$32.6 million in gross proceeds from the issuance of DCX Units, of which approximately \$15.0 million has been raised subsequent to September 30, 2004.

### Issuance of Mortgage Debt

Since October 1, 2004 through January 21, 2005, we have issued two tranches of fixed rate first mortgage debt totaling \$112 million to affiliates of ING Investment Management LLC. The first tranche closed on December 29, 2004 and totaled \$55 million with a fixed annual interest rate of 5.31% and a maturity of ten years. The second tranche closed on January 7, 2005 and totaled \$57 million with a fixed annual interest rate of 4.40% and a maturity of five years. Monthly debt service for both tranches of mortgage debt will be 12 months of interest only payments, with principal and interest payments thereafter over a 25 year amortization period.

### Hedging Activity

Since October 1, 2004 through January 21, 2005, we have entered into two forward treasury locks which have effectively locked current interest rates for our future issuance of debt. The first forward treasury lock is for a 10-year, \$50 million notional at a rate of 4.439% and the second forward treasury lock is for a 5-year, \$50 million notional at a rate of 4.0425%. The determination date of both forward treasury locks is October 20, 2005 and will be based on the then current 10-year treasury and 5-year treasury, respectively.

### Investment in Real Estate

Consistent with our investment strategy to invest in high-quality, generic distribution warehouses and light industrial properties, since October 1, 2004 through January 21, 2005, we have completed a number of property acquisitions with a total acquisition cost of approximately \$126 million.

#### *Cypress Park East Central Park, FL*

On October 22, 2004, we acquired two distribution facilities totaling 367,167 square feet that are located in Central Park, a submarket of Orlando, Florida. The total estimated cost of these facilities is approximately \$15.7 million (including an acquisition fee of \$154,000 paid to the Advisor), which was paid from net proceeds from our prior public offering.

#### *Bayside Distribution Center Hayward, CA*

On November 3, 2004, we acquired two distribution facilities totaling 340,765 square feet that are located in Hayward, California, a submarket of San Francisco. The total estimated cost of these facilities is approximately \$22.1 million (including an acquisition fee of \$218,000 paid to the Advisor), which was paid from net proceeds from our prior public offering.

***Norcross Facilities Atlanta, GA***

On November 5, 2004, we acquired two distribution facilities totaling 458,426 square feet that are located in the Northeast market, a submarket of Atlanta, Georgia. The total estimated cost of these facilities is approximately \$17.5 million (including an acquisition fee of \$172,000 paid to the Advisor), which was paid from net proceeds from our prior public offering.

***Sky Harbor Transit Center Phoenix, AZ***

On November 24, 2004, we acquired a bulk distribution building totaling 145,228 square feet. The Sky Harbor Transit Center is located in the South Central sub-market of Phoenix, Arizona and was constructed in 2002. The total estimated cost of this facility is approximately \$10.1 million (including an acquisition fee of \$97,000 paid to the Advisor), which was paid from net proceeds from our public offering and the assumption of debt.

***C&L Facilities Fort Worth, TX and Atlanta, GA***

On December 3, 2004, we acquired two industrial facilities comprising 445,636 square feet. One facility comprising 405,636 square feet is located in Fort Worth, Texas. Another facility comprising 40,000 square feet is located in Atlanta, Georgia. The total estimated cost of these facilities is approximately \$17.9 million (including an acquisition fee of \$176,050 paid to the Advisor), which was paid from net proceeds from our prior public offering.

***Foothill Business Center Foothill Ranch, CA***

On December 9, 2004, we acquired three distribution buildings comprising 242,573 square feet that are located in South Orange County, a submarket of Los Angeles, California. The total estimated cost of these facilities is approximately \$22.4 million (including an acquisition fee of \$221,000 paid to the Advisor), which was paid from net proceeds from our prior public offering.

***Wickes Distribution Center Chicago, IL***

On January 5, 2005, we acquired a distribution facility comprising 440,000 square feet that is located in Central DuPage County, a submarket of Chicago, Illinois. The total estimated cost of this facility is approximately \$20.4 million (including an acquisition fee of \$201,050 payable to the Advisor), which was paid from net proceeds from our prior public offering.

As of January 21, 2005, our portfolio consisted of 107 industrial buildings located in 16 of our 25 target markets. The combined acquisition cost of these properties totals approximately \$770 million (including acquisition fees paid to our advisor).



## SUMMARY FINANCIAL DATA

The following table sets forth selected financial data relating to our historical financial condition and results of operations for the nine months ended September 30, 2004 and 2003 and for the periods ended December 31, 2003 and 2002. The table also sets forth selected financial data relating to the balance sheets as of September 30, 2004 and 2003 and December 31, 2003 and 2002. Since this information is only a summary, you should refer to our consolidated financial statements and the notes thereto and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" each as appearing in our Annual Report on Form 10-K for the year ended December 31, 2003 and for the period from inception (April 12, 2002) to December 31, 2002, and in our Quarterly Reports on Form 10-Q for the three and nine month periods ended September 30, 2004 and 2003, incorporated by reference into this prospectus, for additional information.

	For the Nine Months Ended September 30,		For the Year Ended December 31,	
	2004	2003	2003	2002(1)
<b>Operating Data:</b>				
Rental revenue	\$ 14,955,010	\$ 877,714	\$ 2,289,074	\$
Other real estate income	3,068,237	82,401	356,019	
Total revenue	19,196,615	1,010,863	2,706,457	155
Operating expenses	3,713,764	88,978	366,650	
Depreciation and amortization	9,298,803	428,391	1,195,330	
Interest expense	3,194,753	164,263	385,424	
General and administrative	2,208,341	223,491	411,948	212,867
Net income (loss)	\$ 780,954	\$ 105,740	\$ 347,105	\$ (12,712)
<b>Per Share Data:</b>				
Basic earning (loss) per common share	\$ 0.03	\$ 0.05	\$ 0.09	\$ (63.56)
Diluted earnings (loss) per common share	\$ 0.03	\$ 0.05	\$ 0.09	\$ (63.56)
Common share distributions declared	\$ 12,075,354	\$ 977,476	\$ 2,451,367	\$
<b>Weighted average common shares outstanding:</b>				
Basic	30,315,854	2,160,712	3,987,429	200
Diluted	30,335,854	2,180,712	4,007,429	200
	<b>As of September 30,</b>		<b>As of December 31,</b>	
	2004	2003	2003	2002
<b>Balance Sheet Data:</b>				
Net investment in real estate	\$ 398,220,703	\$ 39,007,770	\$ 150,633,351	\$
Total assets	\$ 580,571,823	\$ 56,974,984	\$ 156,607,536	\$ 751,678
Total liabilities	\$ 128,977,210	\$ 1,873,501	\$ 49,782,191	\$ 761,390
Total shareholders' equity	\$ 451,593,613	\$ 55,100,483	\$ 106,824,345	\$ (10,712)
Number of common shares outstanding	52,728,536	6,398,066	12,470,400	200

(1)

Covers the period from inception (April 12, 2002) to December 31, 2002.

## MANAGEMENT

### General

We operate under the direction of our board of directors, the members of which are accountable to us and our shareholders as fiduciaries. The board is responsible for the management and control of our affairs. The board has retained the Advisor, subject to the board's approval and oversight, to manage our day-to-day affairs and the acquisition and disposition of our investments. Our articles of incorporation were reviewed and ratified by our board of directors, including our independent directors, at their initial meeting.

Our articles of incorporation and bylaws provide that the number of our directors may be established by a majority of the entire board of directors but may not be fewer than three nor more than fifteen. We currently have a total of seven directors. Our articles of incorporation also provide that a majority of the directors must be independent directors. An "independent director" is a person who is not an officer or employee of Dividend Capital Trust, the Advisor or their affiliates and has not otherwise been affiliated with such entities for the previous two years. Of our seven current directors, four are considered to be independent directors.

Pursuant to our bylaws and the Maryland General Corporation Law, each director will serve until the next annual meeting of shareholders or until his successor has been duly elected and qualified. Our 2004 annual meeting was intended to be held on June 15, 2004, primarily to re-elect our current board members; however, a quorum was not reached. Our annual meeting was therefore adjourned until August 12, 2004. Despite the efforts of our proxy solicitor, we were unable to obtain a quorum on August 12, 2004 and pursuant to our bylaws, our directors will continue in their current capacity as board members until their successors have been duly elected. The next election of our board members is anticipated to be held at our annual meeting in 2005. Although the number of directors may be increased or decreased, a decrease shall not have the effect of shortening the term of any incumbent director.

Any director may resign at any time and may be removed with or without cause by the shareholders upon the affirmative vote of at least a majority of all the votes entitled to be cast at a meeting called for the purpose of the proposed removal. The notice of the meeting shall indicate that the purpose, or one of the purposes, of the meeting is to determine if the director shall be removed.

Unless filled by a vote of our shareholders as permitted by the Maryland General Corporation Law, a vacancy created by an increase in the number of directors or the death, resignation, removal, adjudicated incompetence or other incapacity of a director shall be filled by a vote of a majority of the remaining directors and:

in the case of a director who is not an independent director (affiliated director), by a vote of a majority of the remaining affiliated directors, unless there are no remaining affiliated directors, in which case by a majority vote of the remaining directors; or

in the case of an independent director, by a vote of a majority of the remaining independent directors, unless there are no remaining independent directors, in which case by a majority vote of the remaining directors.

If at any time there are no independent or affiliated directors in office, these successor directors shall be elected by the shareholders. Each director will be bound by the articles of incorporation and the bylaws.

Our directors are not required to devote all of their time to our business and are only required to devote the time to our affairs as their duties require. Our directors will meet quarterly or more frequently if necessary. We do not expect that our directors will be required to devote a substantial portion of their time to discharge their duties as our directors. Consequently, in the exercise of their

fiduciary responsibilities, our directors will be relying heavily on the Advisor. Our board is empowered to fix the compensation of all officers that it may select and may pay compensation to independent directors for services rendered to us in any other capacity.

Our general investment and borrowing policies are set forth in this prospectus. Our directors may establish further written policies on investments and borrowings and shall monitor our administrative procedures, investment operations and performance to ensure that the policies are fulfilled and are in the best interest of our shareholders. We will follow the policies on investments and borrowings set forth in this prospectus unless and until they are modified by our directors.

Our board is also responsible for reviewing all of our fees and expenses at least annually and with sufficient frequency to determine that the expenses incurred are in the best interest of our shareholders. In addition, a majority of our independent directors and a majority of directors not otherwise interested in the transaction must approve all transactions with the Advisor or its affiliates. Our independent directors will also be responsible for reviewing the performance of the Advisor and determining that the compensation to be paid to the Advisor is reasonable in relation to the nature and quality of services to be performed and that the provisions of the Advisory Agreement are being carried out. Specifically, our independent directors will consider factors such as:

The size of the advisory fee in relation to the size, composition and profitability of our portfolio;

The success of the Advisor in generating opportunities that meet our investment objectives;

The rates charged to other REITs and to investors other than REITs by advisors performing similar services;

Additional revenues realized by the Advisor and its affiliates through their relationships with us;

The quality and extent of service and advice furnished by the Advisor;

The performance of our real estate properties, including income, conservation or appreciation of capital, frequency of problem investments and competence in dealing with distress situations; and

The quality of our real estate properties in relationship to the investments generated by the Advisor or its affiliates for the account of other clients.

Neither our directors nor their affiliates will vote or consent to the voting of shares they now own or hereafter acquire on matters submitted to the shareholders regarding either (1) the removal of the Advisor, any director or any affiliate of the Advisor, or (2) any transaction between us and the Advisor, any director or any affiliate of the Advisor.

#### **Committees of the Board of Directors**

Our entire board of directors considers all major decisions concerning our business. However, our board has established an Investment Committee, Audit Committee and a Compensation Committee so that issues arising in these areas can be addressed in more depth and with greater frequency than may be possible with a full board meeting.

#### ***Investment Committee***

The Investment Committee's primary function is to review, evaluate and ultimately vote to approve acquisitions or developments proposed by the Advisor of up to \$25 million. Proposed acquisitions or developments in excess of \$25 million require approval by the board of directors, including a majority of the independent directors. The Investment Committee is required to include three directors, at least two of whom must be independent directors, and is currently comprised of Tripp H. Hardin, John C. O'Keeffe and Thomas G. Wattles.



**Audit Committee**

The Audit Committee meets on a regular basis (and meets at least once annually) throughout the year as necessary. The Audit Committee's primary function is to assist the board of directors in fulfilling its oversight responsibilities by reviewing the financial information to be provided to the shareholders and others, the system of internal controls which management has established, and the audit and financial reporting process all in accordance with our Audit Committee Charter. The Audit Committee is comprised of three directors, two of whom shall be independent directors. The Audit Committee is currently comprised of Tripp H. Hardin, John C. O'Keeffe and Thomas G. Wattles.

**Compensation Committee**

Our board of directors has established a Compensation Committee to administer our Employee Option Plan, as described below. The Compensation Committee is comprised of three directors, two of whom shall be independent directors. The primary function of the Compensation Committee is to administer the granting of stock options to selected employees of the Advisor and our property manager based upon recommendations from the Advisor, and to set the terms and conditions of such options in accordance with the Employee Option Plan. The Compensation Committee is currently comprised of James R. Mulvihill, Robert F. Masten and Lars O. Soderberg.

**Directors and Executive Officers**

The directors and executive officers of Dividend Capital Trust, their ages and their positions and offices are as follows:

Name	Age	Position
Thomas G. Wattles	52	Chairman, Chief Investment Officer and Director
Evan H. Zucker	39	Chief Executive Officer, President, Secretary and Director
James R. Mulvihill	40	Chief Financial Officer and Director
Tripp H. Hardin	43	Director*
Robert F. Masten	55	Director*
John C. O'Keeffe	45	Director*
Lars O. Soderberg	45	Director*

\*

Independent Director

*Thomas G. Wattles*, age 52, is the Chairman, Chief Investment Officer and a director of Dividend Capital Trust, a manager and Chief Investment Officer of Dividend Capital Advisors and a manager of Dividend Capital Property Management. Mr. Wattles is a principal of both Dividend Capital Group LLC and Black Creek Capital, LLC, both of which he joined in February 2003. From November 1993 to March 1997, Mr. Wattles served as Co-Chairman and Chief Investment Officer of ProLogis Trust (NYSE:PLD), and served as Chairman between March 1997 and May 1998. ProLogis is a publicly-traded industrial REIT. Mr. Wattles was a Managing Director of Security Capital Group Incorporated ("Security Capital Group") and was with Security Capital Group in various capacities including Chief Investment Officer from January 1991 to December 2002. Mr. Wattles is a director of Regency Centers Corporation (NYSE:REG) and chairs its Investment Committee. Mr. Wattles holds a Bachelor's degree and an MBA degree from Stanford University.

*Evan H. Zucker*, age 39, is the Chief Executive Officer, President, Secretary and a director of Dividend Capital Trust. Mr. Zucker is also a manager of both Dividend Capital Advisors and Dividend Capital Property Management. Mr. Zucker is a principal of both Dividend Capital Group LLC and Black Creek Capital, LLC, a Denver-based real estate investment firm which he co-founded in 1993. Mr. Zucker has been active in real estate acquisition, development and redevelopment activities since

1989 and as of December 31, 2004 with Mr. Mulvihill and other affiliates has overseen directly or indirectly through affiliated entities, the acquisition, development, redevelopment, financing and sale of approximately 204 real estate projects with an aggregate value in excess of approximately \$1.6 billion. In 1993 Mr. Zucker co-founded American Real Estate Investment Corp. (known as Keystone Property Trust, NYSE:KTR) which was an industrial, office and logistics REIT and was acquired by ProLogis Trust (NYSE:PLD) in August 2004. Mr. Zucker served as the President and as a director of American Real Estate Investment Corp. from 1993 through 1997 and as a director of Keystone Property Trust from 1997 through 1999. Mr. Zucker graduated from Stanford University with a Bachelor's degree in Economics.

*James R. Mulvihill*, age 40, is the Treasurer, Chief Financial Officer and a director of Dividend Capital Trust. Mr. Mulvihill is also a manager of both Dividend Capital Advisors and Dividend Capital Property Management. Mr. Mulvihill is a principal of both Dividend Capital Group LLC and Black Creek Capital, LLC, a Denver-based real estate investment firm which he co-founded in 1993. He is also a co-founder and Chairman of the Board of Corporate Properties of the Americas ("CPA"). CPA, a joint venture between an affiliate of Black Creek Capital and Equity International Properties, is a fully-integrated industrial real estate company that acquires, develops and manages industrial properties throughout Mexico. To date, CPA has developed and/or acquired approximately 8.9 million square feet of industrial buildings and developed industrial parks totaling approximately 660 acres. Mr. Mulvihill has been active in real estate acquisition, development and redevelopment activities since 1992 and as of December 31, 2004 with Mr. Zucker and other affiliates has overseen directly, or indirectly through affiliated entities, the acquisition, development, redevelopment, financing and sale of approximately 204 real estate projects with an aggregate value in excess of approximately \$1.6 billion. In 1993 Mr. Mulvihill co-founded American Real Estate Investment Corp. (known as Keystone Property Trust, NYSE:KTR) which was an industrial, office and logistics REIT and was acquired by ProLogis Trust (NYSE:PLD) in August 2004. Mr. Mulvihill served as its Chairman and as a director from 1993 through 1997 and as a director of Keystone Property Trust from 1997 through 2001. Prior to co-founding Black Creek Capital, Mr. Mulvihill served as Vice President of the Real Estate Banking and Investment Banking Groups of Manufacturer's Hanover and subsequently Chemical Bank, where his responsibilities included real estate syndication efforts, structured debt underwritings and leveraged buyout real estate financings. Mr. Mulvihill holds a Bachelor's degree from Stanford University in Political Science.

*Tripp H. Hardin*, age 43, is an independent director of Dividend Capital Trust. Mr. Hardin is a Vice President of Grubb & Ellis, and he has been active in real estate activities since 1984, focusing primarily on the sale and leasing of industrial, office and commercial properties. He has also been active in real estate investment and build-to-suit transactions. Mr. Hardin graduated from Stanford University with a Bachelor of Science Degree.

*Robert F. Masten*, age 55, is an independent director of Dividend Capital Trust. Mr. Masten has been active in commercial real estate transactions and title insurance matters since 1972. Mr. Masten is currently a Senior Vice President of Chicago Title Company, Denver, Colorado. Prior to joining Chicago Title Company, from 1993 to 2003, Mr. Masten had been a Senior Vice President of North American Title Company, Denver, Colorado, where he has provided title insurance for commercial real estate transactions. Prior to joining North American Title Company he was with Land Title Guaranty Company for 16 years. Before joining Land Title, Mr. Masten leased, managed and sold properties for 33 different syndicates for which Perry & Butler was the general partner. Mr. Masten graduated from the University of Colorado with a Bachelor's degree in Arts and Sciences.

*John C. O'Keefe*, age 45, is an independent director of Dividend Capital Trust. Mr. O'Keefe has been active in real estate construction activities since 1987. Since 1987 he has served as a project manager for Wm. Blanchard Co., Springfield, New Jersey, where he has been responsible for the

construction of large healthcare projects. Mr. O'Keeffe graduated from Denison University with a Bachelor's Degree in English Literature.

*Lars O. Soderberg*, age 45, is an independent director of Dividend Capital Trust. From 1995 until July 2004, Mr. Soderberg was employed by Janus Funds. In his capacity as Vice President and Managing Director of Janus Institutional Services, he was responsible for the development, marketing and distribution of Janus' investment products to the institutional market place. Prior to joining Janus, Mr. Soderberg was employed by Fidelity Investments for approximately 14 years. Mr. Soderberg graduated from Denison University with a Bachelor of Arts Degree in History.

#### **Compensation of Directors**

We pay each of our independent directors \$5,000 per quarter plus \$1,000 for each meeting attended. In addition, we have reserved 300,000 shares of common stock for future issuance upon the exercise of stock options granted to the independent directors pursuant to our Independent Director Option Plan (as discussed below). All directors receive reimbursement of reasonable out-of-pocket expenses incurred in connection with attendance at meetings of the board of directors. If a director also is an officer of Dividend Capital Trust, we do not pay separate compensation for services rendered as a director.

#### **Independent Director Option Plan**

We have adopted an independent director stock option plan which we will use in an effort to attract and retain qualified independent directors (the "Independent Director Option Plan"). We have granted 15,000 non-qualified stock options to purchase 15,000 shares of common stock to each independent director for a total of 60,000 stock options, pursuant to the Independent Director Option Plan. We intend to issue options to purchase 5,000 shares to each independent director then in office on the date of each annual shareholder's meeting. Options may not be granted under the Independent Director Option Plan at any time when the grant would cause the total number of options outstanding under the Independent Director Option Plan and the Employee Option Plan to collectively exceed 10% of our issued and outstanding shares.

A total of 300,000 shares are authorized and reserved for issuance under the Independent Director Option Plan. If the number of outstanding shares is changed into a different number or kind of shares or securities through a reorganization or merger in which Dividend Capital Trust is the surviving entity, or through a combination, recapitalization or otherwise, an appropriate adjustment will be made in the number and kind of shares that may be issued pursuant to exercise of the options. A corresponding adjustment to the exercise price of the options granted prior to any change will also be made. Any such adjustment, however, will not change the total payment, if any, applicable to the portion of the director options not exercised, but will change only the exercise price for each share. Options granted under the Independent Director Option Plan shall lapse on the first to occur of (1) the tenth anniversary of the date we grant them, (2) the removal of the independent director for cause, or (3) three months following the date the independent director ceases to be a director for any reason other than death or disability. Options may be exercised by payment of cash or through the delivery of fully-paid common stock. Options granted under the Independent Director Option Plan are generally exercisable in the case of death or disability for a period of one year after death or the disabling event. No option may be granted or exercised if such grant or exercise would jeopardize our status as a REIT under the Code or otherwise violate the ownership and transfer restrictions imposed under our articles of incorporation. The independent directors may not sell, pledge, assign or transfer their options other than by will or the laws of descent or distribution.

Upon the dissolution or liquidation of Dividend Capital Trust, upon our reorganization, merger or consolidation with one or more corporations as a result of which we are not the surviving corporation

or upon sale of all or substantially all of our properties, the Independent Director Option Plan will terminate, and any outstanding options will terminate and be forfeited. The board of directors may provide in writing in connection with any such transaction for any or all of the following alternatives:

For the assumption by the successor corporation of the options granted or the replacement of the options with options covering the stock of the successor corporation, or a parent or subsidiary of such corporation, with appropriate adjustments as to the number and kind of shares and exercise prices;

For the continuance of the Independent Director Option Plan and the options by such successor corporation under the original terms; or

For the payment in cash or shares of common stock in lieu of and in complete satisfaction of such options.

### **Employee Option Plan**

We have adopted an employee stock option plan (the "Employee Option Plan"). The Employee Option Plan is designed to enable Dividend Capital Trust, the Advisor and our property manager to obtain or retain the services of employees (not to include any person who is a sponsor or affiliate of Dividend Capital Trust) considered essential to our long-range success and the success of the Advisor and our property manager by offering such employees an opportunity to participate in the growth of Dividend Capital Trust through ownership of our common stock. The Employee Option Plan will be administered by the Compensation Committee, which is authorized to grant "non-qualified" stock options (the "Employee Options") to selected employees of the Advisor and our property manager. All grants of Employee Options will be based upon the recommendation of the Advisor and subject to the absolute discretion of the Compensation Committee and applicable limitations of the Employee Option Plan. Employee Options may not be granted under the Employee Option Plan at any time when the grant would cause the total number of options outstanding under the Employee Option Plan and the Independent Director Option Plan to exceed 10% of our issued and outstanding shares. A total of 750,000 shares are authorized and reserved for issuance under the Employee Option Plan. The Compensation Committee shall set the term of the Employee Options in its discretion, which shall not exceed ten years. The Compensation Committee shall set the period during which the right to exercise an Employee Option vests. No Employee Option may be issued or exercised, however, if such issuance or exercise would jeopardize our status as a REIT under the Code or otherwise violate the ownership and transfer restrictions imposed under our articles of incorporation. In addition, no Employee Option may be sold, pledged, assigned or transferred by an employee in any manner other than by will or the laws of descent or distribution. As of December 31, 2004, 107,000 Employee Options had been granted to purchase 107,000 shares of common stock to employees of the Advisor and its affiliates.

In the event that the Compensation Committee determines that any cash distribution or other distribution, recapitalization, stock split, reorganization, merger, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of our assets, or other similar corporate transaction or event, affects the shares such that an adjustment is determined by the Compensation Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Employee Option Plan or with respect to an Employee Option, then the Compensation Committee shall, in such manner as it may deem equitable, adjust the number and kind of shares or the exercise price with respect to any option.

### **Limited Liability and Indemnification of Directors, Officers and Others**

Our organizational documents limit the personal liability of our shareholders, directors and officers for monetary damages to the fullest extent permitted under the current Maryland General Corporation Law. In addition, we have obtained directors and officers liability insurance. The Maryland General



Corporation Law allows directors and officers to be indemnified against judgments, penalties, fines, settlements and expenses actually incurred in a proceeding unless the following can be established:

An act or omission of the director or officer was material to the cause of action adjudicated in the proceeding, and was 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

With respect to any criminal proceeding, the director or officer had reasonable cause to believe his act or omission was unlawful.

Any indemnification or any agreement to hold harmless is recoverable only out of our assets and not from the shareholders. Indemnification could reduce the legal remedies available to us and the shareholders against the indemnified individuals, however.

This provision does not reduce the exposure of directors and officers to liability under federal or state securities laws, nor does it limit the shareholder's ability to obtain injunctive relief or other equitable remedies for a violation of a director's or an officer's duties to us or our shareholders, although the equitable remedies may not be an effective remedy in some circumstances.

In spite of the above provisions of the Maryland General Corporation Law, our articles of incorporation provide that the directors, the Advisor and its affiliates will be indemnified by us for losses arising from our operation only if all of the following conditions are met:

Our directors, the Advisor or its affiliates have determined, in good faith, that the course of conduct which caused the loss or liability was in our best interests;

Our directors, the Advisor or its affiliates were acting on our behalf or performing services for us;

In the case of affiliated directors, the Advisor or its affiliates, the liability or loss was not the result of negligence or misconduct by the party seeking indemnification;

In the case of independent directors, the liability or loss was not the result of gross negligence or willful misconduct by the party seeking indemnification; and

The indemnification or agreement to hold harmless is recoverable only out of our net assets and not from the shareholders.

We have agreed to indemnify and hold harmless the Advisor and its affiliates performing services for us from specific claims and liabilities arising out of the performance of their obligations under the Advisory Agreement. As a result, we and our shareholders may be entitled to a more limited right of action than we would otherwise have if these indemnification rights were not included in the Advisory Agreement. Notwithstanding any provision of the Maryland General Corporation Law or our organizational documents, we may not indemnify or hold harmless the Advisor, its affiliates or any of their respective officers, directors, partners or employees in any manner that would be inconsistent with the REIT Guidelines adopted by the North American Securities Administrators Association.

The general effect to investors of any arrangement under which any of our controlling persons, directors or officers are insured or indemnified against liability is a potential reduction in distributions resulting from our payment of premiums associated with insurance. In addition, indemnification could reduce the legal remedies available to Dividend Capital Trust and our shareholders against the officers and directors.

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The Securities and Exchange Commission takes the position that indemnification against liabilities arising under the Securities Act of 1933 is against public policy and unenforceable. Indemnification of the directors, officers, the Advisor or its affiliates will not be allowed for liabilities arising from or out of a violation of state or federal securities laws, unless one or more of the following conditions are met:

There has been a successful adjudication on the merits of each count involving alleged securities law violations;

Such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction; or

A court of competent jurisdiction approves a settlement of the claims against the indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the Securities and Exchange Commission and of the published position of any state securities regulatory authority in which the securities were offered as to indemnification for violations of securities laws.

Indemnification will be allowed for settlements and related expenses of lawsuits alleging securities laws violations and for expenses incurred in successfully defending any lawsuits, provided that a court either:

Approves the settlement and finds that indemnification of the settlement and related costs should be made; or

Dismisses with prejudice or there is a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and a court approves the indemnification.

### The Advisor

Certain of our officers and directors also actively participate in management of the Advisor. The Advisor has certain contractual responsibilities to Dividend Capital Trust and its shareholders pursuant to the Advisory Agreement. The Advisor is collectively managed by the following individuals:

John A. Blumberg	James D. Cochran	Matthew T. Murphy	Bonnie B. Micus
James R. Mulvihill	Teresa L. Corral	Michael J. Ruen	
Thomas G. Wattles	Matthew R. Holberton	Gregory D. Skirving	
Evan H. Zucker	Daryl H. Mechem	Mark W. Bowen	

*John A. Blumberg*, age 45, is a manager of both Dividend Capital Advisors and Dividend Capital Property Management. Mr. Blumberg is a principal of both Dividend Capital Group LLC and Black Creek Capital, LLC, a Denver-based real estate investment firm which he co-founded in 1993. He is also a co-founder and Chief Executive Officer of Mexico Retail Partners ("MRP"). MRP, a joint venture between an affiliate of Black Creek Capital and Equity International Properties, is a fully-integrated retail real estate company that acquires, develops and manages retail properties throughout Mexico. Mr. Blumberg has been active in real estate acquisition, development and redevelopment activities since 1993 and as of December 31, 2004 with Mr. Zucker and Mr. Mulvihill has overseen directly, or indirectly through affiliated entities, the acquisition, development, redevelopment, financing and sale of approximately 204 real estate projects with an aggregate value in excess of approximately \$1.6 billion. Prior to co-founding Black Creek Capital, Mr. Blumberg was president of JJM Investments, which owned 113 shopping center properties in Texas. During the 12 years prior to joining JJM, Mr. Blumberg served in various positions with Manufacturer's Hanover Real Estate, Inc., Chemical Bank and Chemical Real Estate, Inc., most recently as President of Chemical Real

Estate, Inc. and its predecessor company, Manufacturer's Hanover Real Estate, Inc. In this capacity Mr. Blumberg oversaw real estate investment banking, merchant banking and loan syndications. Mr. Blumberg holds a Bachelor's degree from the University of North Carolina at Chapel Hill.

*James R. Mulvihill*, age 40, is the Treasurer, Chief Financial Officer and a director of Dividend Capital Trust. Mr. Mulvihill is also a manager of both Dividend Capital Advisors and Dividend Capital Property Management. Mr. Mulvihill is a principal of both Dividend Capital Group LLC and Black Creek Capital, LLC, a Denver-based real estate investment firm which he co-founded in 1993. He is also a co-founder and Chairman of the Board of Corporate Properties of the Americas ("CPA"). CPA, a joint venture between an affiliate of Black Creek Capital and Equity International Properties, is a fully-integrated industrial real estate company that acquires, develops and manages industrial properties throughout Mexico. To date, CPA has developed and/or acquired approximately 8.9 million square feet of industrial buildings and developed industrial parks totaling approximately 660 acres. Mr. Mulvihill has been active in real estate acquisition, development and redevelopment activities since 1992 and as of December 31, 2004 with Mr. Zucker and other affiliates has overseen directly, or indirectly through affiliated entities, the acquisition, development, redevelopment, financing and sale of approximately 204 real estate projects with an aggregate value in excess of approximately \$1.6 billion. In 1993 Mr. Mulvihill co-founded American Real Estate Investment Corp. (known as Keystone Property Trust, NYSE:KTR) which was an industrial, office and logistics REIT and was acquired by ProLogis Trust (NYSE:PLD) in August 2004. Mr. Mulvihill served as its Chairman and as a director from 1993 through 1997 and as a director of Keystone Property Trust from 1997 through 2001. Prior to co-founding Black Creek Capital, Mr. Mulvihill served as Vice President of the Real Estate Banking and Investment Banking Groups of Manufacturer's Hanover and subsequently Chemical Bank, where his responsibilities included real estate syndication efforts, structured debt underwritings and leveraged buyout real estate financings. Mr. Mulvihill holds a Bachelor's degree from Stanford University in Political Science.

*Thomas G. Wattles*, age 52, is the Chairman, Chief Investment Officer and a director of Dividend Capital Trust, a manager and Chief Investment Officer of Dividend Capital Advisors and a manager of Dividend Capital Property Management. Mr. Wattles is a principal of both Dividend Capital Group LLC and Black Creek Capital, LLC, both of which he joined in February 2003. From November 1993 to March 1997, Mr. Wattles served as Co-Chairman and Chief Investment Officer of ProLogis Trust (NYSE:PLD), and served as Chairman between March 1997 and May 1998. Mr. Wattles was a Managing Director of Security Capital Group Incorporated ("Security Capital Group") and was with Security Capital Group in various capacities including Chief Investment Officer from January 1991 to December 2002. Mr. Wattles is a director of Regency Centers Corporation (NYSE:REG) and chairs its Investment Committee. Mr. Wattles holds a Bachelor's degree and an MBA degree from Stanford University.

*Evan H. Zucker*, age 39, is the Chief Executive Officer, President, Secretary and a director of Dividend Capital Trust. Mr. Zucker is also a manager of both Dividend Capital Advisors and Dividend Capital Property Management. Mr. Zucker is a principal of both Dividend Capital Group LLC and Black Creek Capital, LLC, a Denver-based real estate investment firm which he co-founded in 1993. Mr. Zucker has been active in real estate acquisition, development and redevelopment activities since 1989 and as of December 31, 2004 with Mr. Mulvihill and other affiliates has overseen directly or indirectly through affiliated entities, the acquisition, development, redevelopment, financing and sale of approximately 204 real estate projects with an aggregate value in excess of approximately \$1.6 billion. In 1993 Mr. Zucker co-founded American Real Estate Investment Corp. (known as Keystone Property Trust, NYSE:KTR) which was an industrial, office and logistics REIT and was acquired by ProLogis Trust (NYSE:PLD) in August 2004. Mr. Zucker served as the President and as a director of American Real Estate Investment Corp. from 1993 through 1997 and as a director of Keystone Property Trust

from 1997 through 1999. Mr. Zucker graduated from Stanford University with a Bachelor's degree in Economics.

*James D. Cochran*, age 44, is a Managing Director of the Advisor, and is responsible for capital deployment. He has 20 years of experience in real estate. He most recently spent 10 years with ProLogis where he was a member of the Investment Committee and served as a member of the Board of Directors and Executive Committee for Macquarie ProLogis Trust, a publicly traded listed property trust in Australia. At ProLogis, Mr. Cochran held various positions including acquisition officer, market officer responsible for operations and development in Denver and Kansas City, head of the national acquisition and sales group, and capital markets where he raised private equity for joint ventures in North America. Prior to joining ProLogis, Mr. Cochran worked at TCW Realty Advisors where he held acquisition and leasing positions with a focus on industrial product. Mr. Cochran also worked for Economics Research Associates where he performed market and financial feasibility studies for a variety of development projects. Mr. Cochran has a B.A. from the University of California, Davis and a M.B.A. from The Anderson School at UCLA.

*Teresa L. Corral*, age 41, is a Vice President and Senior Due Diligence Officer of the Advisor. Ms. Corral has been active in acquisition and development due diligence, underwriting, transaction closings for institutional real estate since 1987. Prior to joining the Advisor in May 2003, Ms. Corral served in various positions with Clayton, Williams, and Sherwood, Inc. and its affiliates, including CWS Communities Trust, a private REIT whose majority shareholder was affiliated with Security Capital Group and JPI, a privately owned multi-family real estate investment company. Ms. Corral holds a Bachelor's degree in business administration and economics from St. Mary's College of California.

*Matthew R. Holberton*, age 33, is the Vice President of Real Estate Finance of the Advisor and our property manager. Mr. Holberton has been active in investment banking, mergers and acquisitions, capital raising and structured financings for corporate clients since 1994. Prior to joining the Advisor in June 2002, Mr. Holberton served in various positions with Merrill Lynch, most recently as an investment banker in the Real Estate Investment Banking Group. Mr. Holberton also served as an investment banker in the Structured Finance Group of Merrill Lynch. Prior to joining Merrill Lynch's Structured Finance Group, Mr. Holberton was an investment banker in the Asset Finance Group of Citicorp Securities, Inc. Mr. Holberton holds a Bachelor's degree from Bucknell University and an MBA from Columbia University's Graduate School of Business.

*Daryl H. Mechem*, CCIM, age 44, is a Senior Vice President of the Advisor, and is responsible for property operations. Prior to joining us, Mr. Mechem was most recently a Senior Vice President and Regional Director for Prologis where he had overall responsibilities for the day-to-day real estate operations in the Mid-Atlantic region which encompassed over 43 million square feet in 8 markets (Chicago, Cincinnati, Columbus, Indianapolis, Louisville, New Jersey, Pennsylvania, and St. Louis). Mr. Mechem joined Prologis in May 1995 as a Marketing Representative in the Houston market, was promoted to Vice President Market Officer in November of 1999, First Vice President in 2001 and Senior Vice President in January of 2003.

*Matthew T. Murphy*, age 40, is the Vice President of Finance and Controller of the Advisor and our property manager. Mr. Murphy has been active in the accounting functions in connection with real estate companies since 1989. Prior to joining the Advisor in May 2003, Mr. Murphy was a Vice President and Controller of Pritzker Residential, LLC, a privately-owned, fully-integrated multi-family real estate investment company. Prior to joining Pritzker, Mr. Murphy served in various positions with Security Capital Group and its affiliates, including Archstone-Smith Trust and ProLogis Trust. Prior to joining Security Capital Group, Mr. Murphy was a staff accountant with Coopers and Lybrand. Mr. Murphy holds a Bachelor's degree in Accounting from Colorado State University.

*Michael J. Ruen*, age 38, is a Senior Vice President and a Regional Director of Acquisitions of the Advisor. He has 15 years of experience in real estate and most recently spent 9 years with ProLogis in

various positions. At ProLogis, Mr. Ruen was a First Vice President and Market Officer with responsibility over development, acquisition and portfolio operations for the state of Tennessee. Prior to that, he had similar responsibilities for Denver, Birmingham and Chattanooga after managing the leasing and marketing activities for Atlanta. Prior to joining ProLogis, Mr. Ruen was with CB Richard Ellis-Atlanta and responsible for various institutional account activities including general brokerage. Mr. Ruen has a BS from the University of Alabama and an MBA from Georgia State University.

*Gregory D. Skirving*, age 57, is a Vice President and a Regional Director of Acquisitions of the Advisor, and is responsible for identifying and advising on investment opportunities in the central United States, including Texas. He has been directly involved in industrial real estate for over 25 years. From 1998 to 2003, Mr. Skirving was Vice President and Global Services Officer for ProLogis (NYSE:PLD). Mr. Skirving served as Senior Vice President and Global Services Officer for Meridian Industrial Trust from 1996 to 1998, when Meridian was acquired by ProLogis. From 1990 to 1996, Mr. Skirving was Executive Vice President and Partner with Trammell Crow Corporate Services, where he led TCC's entry into their corporate real estate outsourcing services platform. From 1982 to 1990, Mr. Skirving was Partner and Chief Operating Officer for Reynolds Properties, a Denver based developer of suburban office and industrial buildings, and planned business parks. Mr. Skirving graduated from Arizona State University with a Bachelor of Science Degree in Economics.

*Mark W. Bowen*, age 40, is a Vice President and Senior Due Diligence Officer of the Advisor. Mr. Bowen has been active in real estate and finance for over 18 years, in both the private and institutional sectors. He most recently spent three years with the Laramar Group, a privately held multifamily company, where he was a partner and served as a member on the investment committee as well as directed the acquisitions and capital raising activities in the western half of the U.S. Prior to joining Laramar, Mr. Bowen spent 15 years with General Electric Corporation in various positions, the most recent of which was as the West Director of Joint Ventures. Other positions held at General Electric included, Regional Manager of structured debt and capital markets as well as equity, Manager of the Denver District office, which he opened, National Portfolio Manager, where he managed approximately \$3.2 billion in assets, Investment Manager and Credit Officer. Mr. Bowen holds a Bachelor's degree in Management and Finance from Colorado State University.

*Bonnie B. Micus*, CPM, CCIM, age 58, is a Vice President and Director of Property Management for the Advisor and is responsible for the oversight of all property management activities and third party property management companies. Ms. Micus has over 20 years of real estate experience in property management and leasing in various property types, including, office, industrial, retail and multi-family. Prior to joining the Advisor, Ms. Micus worked for a national pension fund advisor, Lowe Enterprises Realty Group, where she oversaw the management operations for the Rocky Mountain region. Prior to joining Lowe Enterprises Realty Group, Ms. Micus worked for MONY's management subsidiary ARES as Vice President Director of Property Management. Ms. Micus received her Bachelor's degree from the University of New York at Albany, and holds the CPM and CCIM designations from the Institute of Real Estate Management.

### **The Advisory Agreement**

Many of the services to be performed by the Advisor in managing our day-to-day activities are summarized below. This summary is provided to illustrate the material functions which the Advisor performs for us and it is not intended to include all of the services which may be provided to us by third parties. Under the terms of the Advisory Agreement, the Advisor undertakes to use its best efforts to present to us investment opportunities consistent with our investment policies and objectives as adopted by the board of directors. In its performance of this undertaking, the Advisor, either directly

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or indirectly by engaging an affiliate other than our property manager, shall, subject to the authority of the board:

Find, present and recommend to us real estate investment opportunities consistent with our investment policies and objectives;

Structure the terms and conditions of transactions pursuant to which acquisitions or development of properties will be made;

Acquire and develop properties on our behalf in compliance with our investment objectives and policies;

Arrange for financing and refinancing of properties;

Enter into leases and service contracts for the properties acquired;

Evaluate, recommend to the board and, at the direction of the Board, execute suitable strategies for providing our shareholders the opportunity to liquidate their ownership of our common stock, whether as a result of the listing of our shares, the merger or sale of Dividend Capital Trust, the sale of any or all properties, or otherwise; and

Provide daily management and other various administrative functions.

The term of the current Advisory Agreement ends on February 25, 2005 and may be renewed by our board of directors for an unlimited number of successive one-year periods. The Advisory Agreement may be terminated:

Immediately by us for "cause," or upon the bankruptcy of the Advisor, or upon a material breach of the Advisory Agreement by the Advisor;

Without cause by a majority of our independent directors or a majority of all our directors upon 60 days' written notice; or

Without "cause" by the Advisor upon 60 days' written notice.

"Cause" is defined in the Advisory Agreement to mean fraud, criminal conduct, willful misconduct or willful or negligent breach of fiduciary duty by the Advisor or a breach of the Advisory Agreement by the Advisor.

The Advisor and its affiliates have and will continue to engage in other business ventures and, as a result, their resources will not be dedicated exclusively to our business. However, pursuant to the Advisory Agreement, the Advisor must devote sufficient resources to our business operations to discharge its obligations. The Advisor may assign the Advisory Agreement to an affiliate other than our property manager upon approval of a majority of our independent directors. The Advisor may not make any acquisition or development of property or financing of such acquisition on our behalf without the prior approval of a majority of our independent directors or, in certain instances, of our board's investment committee which is composed of a majority of independent directors. The actual terms and conditions of transactions involving investments in properties shall be determined in the sole discretion of the Advisor, subject at all times to such board approval.

We will reimburse the Advisor for all of the costs it incurs in connection with the services it provides to us, including, but not limited to:

Organization and offering expenses in an amount up to 2.0% of the aggregate gross offering proceeds, which include but are not limited to actual legal, accounting, printing and expenses attributable to organizing Dividend Capital Trust, preparing the Securities and Exchange Commission registration statement, qualification of the shares for sale in the states and filing fees incurred by the Advisor, as well as reimbursements for marketing, salaries and direct



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expenses of its employees while engaged in registering and marketing the shares, other than selling commissions and the dealer manager fee;

The annual cost of goods and materials used by us and obtained from entities not affiliated with the Advisor, including brokerage fees paid in connection with the purchase and sale of our properties; and

Administrative services including personnel costs; provided, however, that no reimbursement shall be made for costs of personnel to the extent that personnel are used in transactions for which the Advisor receives a separate fee.

The Advisor must reimburse us at least quarterly for reimbursements paid to the Advisor in any four consecutive fiscal quarters to the extent that such reimbursements cause operating expenses to exceed the greater of (1) 2% of our average invested assets, which generally consists of the average book value of our real estate properties before reserves for depreciation, or (2) 25% of our net income, which is defined as our total revenues less total expenses for any given period excluding reserves for depreciation and bad debt. Such operating expenses do not include amounts payable out of capital contributions which may be capitalized for tax and/or accounting purposes such as the acquisition and advisory fees payable to the Advisor. To the extent that operating expenses payable or reimbursable by us exceed this limit and the independent directors determine that the excess expenses were justified based on unusual and nonrecurring factors which they deem sufficient, the Advisor may be reimbursed in future years for the full amount of the excess expenses, or any portion thereof, but only to the extent the reimbursement would not cause our operating expenses to exceed the limitation in any year. Within 60 days after the end of any of our fiscal quarters for which total operating expenses for the four consecutive fiscal quarters then ended exceed the limitation, there shall be sent to the shareholders a written disclosure, together with an explanation of the factors the independent directors considered in arriving at the conclusion that the excess expenses were justified.

The Advisor and its affiliates will be paid fees in connection with services provided to us. (See "Management Management Compensation"). In the event the Advisory Agreement is terminated, the Advisor will be paid all accrued and unpaid fees and expense reimbursements, and any subordinated fees earned prior to the termination. We will not reimburse the Advisor or its affiliates for services for which the Advisor or its affiliates are entitled to compensation in the form of a separate fee.

### **Holdings of Common Stock and Partnership Units**

The Advisor currently owns 20,000 limited partnership units of our operating partnership, for which it contributed \$200,000. The Advisor may not sell any of these units during the period it serves as the Advisor. Dividend Capital Trust, which serves as the general partner of our operating partnership, currently owns 200 general partnership units for which it contributed \$2,000. Dividend Capital Trust, as of September 30, 2004, owned approximately 52.7 million limited partnership units or approximately 99.9% of our operating partnership. The parent of the Advisor owns all of the Special Units, for which it contributed \$1,000. An affiliate of the Advisor also owns 200 shares of Dividend Capital Trust, which it acquired upon the initial formation of Dividend Capital Trust. The resale of any shares by our affiliates is subject to the provisions of Rule 144 promulgated under the Securities Act of 1933, which rule limits the number of shares that may be sold at any one time and the manner of such resale.

Although the Advisor and its affiliates generally are not prohibited from acquiring our common stock, the Advisor has no options or warrants to acquire shares and has no current plans to acquire shares. The affiliate of the Advisor which owns outstanding shares has agreed to abstain from voting any shares it now owns or hereafter acquires in any vote for the election of directors or any vote regarding the approval or termination of any contract with the Advisor or any of its affiliates.



In January 2005, in connection with our prior offering, members of our board of directors, managers of our advisor, our advisor's senior management team and/or each of their respective affiliates collectively purchased in excess of \$1.0 million of our common stock.

## **Affiliated Companies**

### ***Property Manager***

As of September 30, 2004, all of our properties were managed by third party property managers. However, in the future some or all of our properties may be managed and leased by Dividend Capital Management Company LLC, our property manager. Our property manager is an affiliate of the Advisor. Our property manager is currently managed and directed by John A. Blumberg, James R. Mulvihill, Thomas G. Wattles and Evan H. Zucker. (See the "Conflicts of Interest" section of this prospectus). The backgrounds of Messrs. Blumberg, Mulvihill, Wattles and Zucker are described above in the "Management The Advisor" section of this prospectus.

Our property manager was organized in April 2002 to provide leasing and management services. For properties managed by our property manager we will pay our property manager property management and leasing fees not exceeding the lesser of: (A) 3.0% of gross revenues or (B) 0.6% of the net asset value of the properties (excluding vacant properties) managed, calculated on an annual basis. For purposes of this calculation, net asset value shall be defined as (1) the aggregate of the fair market value of all properties managed by our property manager (excluding vacant properties), minus (2) our aggregate outstanding debt associated with the managed properties (excluding debts having maturities of one year or less). In addition, we may pay our property manager a separate fee for the one-time initial rent-up or leasing-up of newly constructed properties in an amount not to exceed the fee customarily charged in arm's length transactions by others rendering similar services in the same geographic area for similar properties as determined by a survey of brokers and agents in such area (which may in certain markets be equal to the first month's rent).

In the event our property manager assists a customer with tenant improvements, a separate fee may be charged to the customer and paid by the customer. This fee will not exceed 5% of the cost of the tenant improvements. Our property manager will only provide these services if the provision of the services does not cause any of our income from the applicable property to be treated as other than rents from real property for purposes of the applicable REIT requirements described in the "Federal Income Tax Considerations" section of this prospectus.

Our property manager will derive all of its income from the property management and leasing services it performs for us. Our property manager may hire, direct and establish policies for employees who will have direct responsibility for the operations of each property managed, which may include but not be limited to on-site managers and building and maintenance personnel. Certain employees of our property manager may be employed on a part-time basis and may also be employed by the Advisor, Dealer Manager or certain companies affiliated with them. Our property manager may also direct the purchase of equipment and supplies and will supervise all maintenance activity. The management fees to be paid to our property manager will cover, without additional expense to us, all of our property manager's general overhead costs.

The principal office of our property manager is located at 518 17th Street, Suite 1700, Denver, Colorado 80202. Generally, if our property manager is not engaged to manage our properties, we will employ unaffiliated third party property managers to perform the day-to-day property management tasks.

**Dealer Manager**

Dividend Capital Securities LLC, our dealer manager, is a member firm of the National Association of Securities Dealers, Inc. ("NASD"). The Dealer Manager was organized in December 2001 for the purpose of participating in and facilitating the distribution of our common stock. Dividend Capital Securities acted as our dealer manager for our previous offerings and acts as the dealer manager for the offering by our operating partnership of its limited partnership units. Prior to these offerings, Dividend Capital Securities had not participated in any private or public securities transactions.

The Dealer Manager will provide certain sales, promotional and marketing services to Dividend Capital Trust in connection with the distribution of the shares offered pursuant to this prospectus. It may, but does not currently expect to, sell a limited number of shares at the retail level. (See "Plan of Distribution" and "Management Management Compensation").

The Dealer Manager is an affiliate of both the Advisor and our property manager (See "Conflicts of Interest"). The Dealer Manager is collectively managed by the following individuals:

Thomas I. Florence	Mark D. Quam
Francis P. Gaffney	Charles Murray
Thomas E. Pellowe	Phillip Perrone

*Thomas I. Florence*, age 42, is a manager of the Dealer Manager and a principal of Dividend Capital Group LLC, both of which he joined in June of 2003. Mr. Florence has over 18 years of experience in the financial services industry. Prior to joining the Dealer Manager he was a Managing Director at Morningstar Inc. with oversight responsibility of the 800 person company operating in 13 countries. In addition, he founded and was President of Morningstar Investment Services, an investment advisory firm managing portfolios for the clients of investment advisors. Prior to Morningstar, Mr. Florence was a Senior Vice President at Pilgrim Baxter and Associates responsible for managing a distribution organization with over \$25 billion in assets under management. Prior to Pilgrim Baxter, he held management positions at Fidelity Investments. Mr. Florence holds a Bachelor's degree from the Pennsylvania State University and is a graduate of Northwestern University's Kellogg Management Institute.

*Charles Murray*, age 42, is the President of the Dealer Manager. Mr. Murray has over 18 years of experience in the financial services industry. Prior to joining the Dealer Manager, Mr. Murray was a Senior Managing Director for Spencer Trask Ventures, Inc., where he was responsible for their sales and marketing efforts. Prior to Spencer Trask Ventures, Mr. Murray held various senior management positions with Oppenheimer Funds, Inc. from June 1986 through October 2001. Most recently, Mr. Murray was a Senior Vice President and corporate spokesperson responsible for representing the company at national and regional sales conferences and developing presentations for all sales and marketing campaigns. From January 1998 until December 2000, Mr. Murray was a Senior Vice President and a Director of Sales with responsibility for the company's national and regional brokerage distribution channel. From March 1996 until December 1997, he served as a Senior Vice President and as Eastern Division Sales Manager, in which capacity he was responsible for 50% of the firm's gross sales volume and managed a team of 20 regional sales managers. From June 1986 until September 1990, he held various senior management positions, in which he developed business strategies for increasing sales. Mr. Murray holds a Bachelor's degree in Economics from Saint Peter's College.

*Francis P. Gaffney*, age 47, is Senior Vice President and Director of Operations of the Dealer Manager. Prior to joining the Dealer Manager, Mr. Gaffney worked at Founders Asset Management as Senior Vice President of Operations where he was responsible for a variety of functions including portfolio accounting, information technology, its transfer agency and shareholder services. Mr. Gaffney

has been active in the financial services industry since 1992. Mr. Gaffney holds a MBA and a BA in psychology from the State University of New York at Albany.

*Thomas E. Pellowe*, age 36, is Senior Vice President and Director of National Accounts of the Dealer Manager. Mr. Pellowe has been active in the financial services industry since 1990. Prior to joining the Dealer Manager, Mr. Pellowe served in various positions with INVESCO Funds Group, most recently as Vice President, National Accounts Manager, where he was responsible for all distribution and strategic relationships in the broker-dealer intermediary marketplace. Mr. Pellowe holds a Bachelor's degree in Economics and Finance from Bentley College.

*Mark D. Quam*, age 35, is Senior Vice President of the Dealer Manager. Prior to joining the Dealer Manager, Mr. Quam served as Director of Capital Markets for Black Creek Capital. Mr. Quam has also been active in real estate development as a Director of Construction and Project Management for CB Richard Ellis. Additionally, Mr. Quam participated in the development of several master planned residential communities while working with the Writer Corporation as Project Manager. Combined, Mr. Quam participated in the oversight of over 2 million square feet of construction and development. Previously Mr. Quam was an Investment Advisor for Dain Bosworth (now RBC Dain Rauscher). Mr. Quam holds an MBA in Real Estate and Construction from the University of Denver and a B.A. in Finance from the University of Arizona.

*Phillip Perrone*, age 46, is the Vice President and Chief Compliance Officer of the Dealer Manager. Prior to joining our dealer manager, Mr. Perrone spent six years with Oppenheimer Funds, Inc., where he served as a Compliance Manager, ensuring adherence to a comprehensive set of federal, state and company-enforced rules and regulations. Prior to that, he spent eight years conducting audits of brokerage firms across six states and conducting special investigations for the National Association of Securities Dealers. His career began more than 20 years ago as Assistant Vice President and Operations Manager for Kidder, Peabody & Company, Inc. Mr. Perrone holds a Bachelor's degree in business administration/finance from Regis University.

#### **Management Decisions of the Advisor**

John A. Blumberg, James R. Mulvihill, Thomas G. Wattles and Evan H. Zucker will have control and primary responsibility for the management decisions of the Advisor and certain of its affiliates, including the selection of investment properties to be recommended to our board of directors, the negotiations for these investments, and the property management and leasing of these properties. The Advisor will attempt to invest in commercial real estate properties, consisting primarily of high-quality, generic distribution warehouses and light industrial properties net leased to creditworthy corporate customers.

#### **Management Compensation**

The sections below summarize and disclose all of the compensation and fees, including reimbursement of expenses, to be paid by Dividend Capital Trust to our advisor, our property manager and the dealer manager. Our advisor and our property manager are controlled collectively by Messrs. Blumberg, Mulvihill, Wattles and Zucker and the Dealer Manager is controlled collectively by Messrs. Florence, Quam, Perrone and Murray. The estimated maximum dollar amount of each fee assumes the sale of 72,770,273 shares to the public at a price of \$10.50 per share and the sale of 23,650,339 shares pursuant to our distribution reinvestment plan at a price of \$9.975 per share. However, the number of shares to be offered, including the number of shares to be offered to participants in our distribution reinvestment plan, offering price and other terms of any offering under this prospectus may vary from these assumptions. The sections below also summarize the amounts distributable with respect to the Special Units in the Partnership that have been issued to Dividend Capital Advisors Group LLC, the parent of the Advisor.

**Organizational and Offering Stage**

***Sales Commissions***

Payable to the Dealer Manager

Estimated maximum amount of \$45,845,272

A sales commission of up to 6.0% of gross offering proceeds (all or substantially all of which we expect to be re-allowed or paid to participating broker-dealers).

***Dealer Manager Fee***

Payable to the Dealer Manager

Estimated maximum amount of \$15,281,757

Up to 2.0% of gross offering proceeds. The Dealer Manager, in its sole discretion, may re-allow a portion of its dealer manager fee of up to 1.0% of aggregate gross offering proceeds for reimbursement of marketing and/or due diligence expenses. Reimbursement will be contingent upon the receipt of an invoice or a similar such statement from participating broker-dealers that demonstrate the actual expenses incurred by such broker-dealers. The maximum amount of reimbursements will be based on such factors as the number of shares sold by participating broker-dealers, the assistance of such participating broker-dealers in marketing the offering and bona fide expenses incurred.

***Distribution Reinvestment Plan Servicing Fee***

Payable to the Dealer Manager

Estimated maximum amount of \$2,483,286

Servicing fee up to 1% of the undiscounted selling price of the shares issued pursuant to our distribution reinvestment plan (all or substantially all of which we expect to be re-allowed or paid to participating broker-dealers).

***Reimbursement of Organization and Offering Expenses***

Payable to the Advisor or its affiliates

Estimated maximum amount of \$15,281,757

Up to 2.0% of aggregate gross offering proceeds. All organization and offering expenses (excluding selling commissions and the dealer manager fee) that are advanced by the Advisor or its affiliates will be reimbursed by Dividend Capital Trust based on the amount of aggregate gross offering proceeds. Of the approximately \$15.3 million maximum organizational and offering expense reimbursement, approximately \$12.7 million of the expenses (or 1.7% of gross offering proceeds assuming we issue no shares pursuant to our Distribution Reinvestment Plan) are anticipated to be used for wholesaling activities and are therefore deemed to be additional underwriting compensation pursuant to NASD Rule 2810. To the extent that the

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remaining approximately \$2.6 million of organizational and offering expenses are insufficient to cover our cost of administering this offering, such shortfall would serve to reduce the organizational and offering expenses available to provide underwriting compensation.

## **Acquisition and Development Stage**

### ***Acquisition Fees***

Payable to the Advisor or its affiliates

Estimated maximum amount of \$18,422,159 in connection with this offering (assumes that 72,770,273 shares are sold to the public at a price of \$10.50 per share and 23,650,339 shares are sold pursuant to our distribution reinvestment plan at a price of \$9.975 per share in this offering, that approximately \$921,107,928 of net offering proceeds and an equal amount of debt financing are used to purchase future properties and that we do not acquire properties with cash provided by operating activities, issuing new shares or limited partnership interests, which would increase the acquisition and advisory fees).

Up to 1.0% of the aggregate purchase price of properties for the review and evaluation of such acquisitions. Includes the acquisition of a specific property or the acquisition of a portfolio of properties through a purchase of assets, merger or similar transaction.

## **Operational Stage**

### ***Asset Management Fee***

Payable to the Advisor or its affiliates

Estimated annual maximum amount of \$13,816,619 in connection with properties acquired pursuant to this offering (assumes 72,770,273 shares are sold to the public at a price of \$10.50 per share and 23,650,339 shares are sold pursuant to our distribution reinvestment plan at a price of \$9.975 per share, total net offering proceeds of \$921,107,928 and an equal amount of debt financing are used to acquire properties)

Up to 0.75% annually of the cost of properties acquired (before non-cash reserves and depreciation). Actual asset management fees will be determined in accordance with the Advisory Agreement based upon the actual value of all properties acquired, including properties acquired prior to or after this offering.

### ***Property Management and Leasing Fee***

Payable to our property manager

Maximum amount will depend on operations

For the management and leasing of our properties, we may pay our property manager property management and leasing fees equal to up to 3.0% of gross revenues with respect to each property (or such other percentage of gross revenues that we consider reasonable, taking into account the going rate of compensation for managing similar properties in the same locality, the services rendered and other relevant factors); provided, however, that aggregate property management and leasing fees payable to our property manager may not exceed the lesser of: (A) 3.0% of gross revenues, or (B) 0.6% of the net asset value of the properties (excluding vacant properties) owned by Dividend Capital Trust, calculated on an annual basis. For purposes of this calculation, net asset value shall be defined as (1) the aggregate of the fair market value of all properties owned by Dividend Capital Trust (excluding vacant properties), minus (2) the aggregate outstanding debt of Dividend Capital Trust (excluding debts having maturities of one year or less). In addition, we may pay our property manager a separate fee for the one-time initial rent-up or leasing-up of newly constructed properties in an amount not to exceed the fee customarily charged in arm's length transactions by others rendering similar services in the same



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geographic area for similar properties as determined by a survey of brokers and agents in such area.

### *Real Estate Commissions*

Payable to the Advisor or its affiliates

Maximum amount will depend on property sales

In connection with the sale of properties (which shall include the sale of a specific property or the sale of a portfolio of properties through a sale of assets, merger or similar transaction), an amount equal to 50% of the brokerage commission paid; provided that 50% of such commission may not exceed 3% of the contract price of each property sold; provided further that the total amount of brokerage commission paid on the sale of any property may not exceed the lesser of the reasonable, customary and competitive total real estate brokerage commissions that would be paid for the sale of a comparable property in light of the size, type and location of the property, and an amount equal to 6% of the contract price of the property sold. The payment of these fees will be deferred until partners of the Partnership have received cumulative distributions equal to their capital contributions plus a 7% cumulative non-compounded annual pre-tax return on their net contributions.

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Footnote to Management Compensation:

(1)

If the Advisory Agreement is terminated, then the properties owned by Dividend Capital Trust will be appraised and any deferred real estate commissions shall be deemed to have been earned to the extent the appraised value of the properties plus total distributions paid to partners of the Partnership exceeds, in the aggregate, 100% of their net capital contributions plus a 7% cumulative non-compounded annual pre-tax return on their gross capital contributions. Any such deferred real estate commissions shall be promptly paid to the Advisor after termination of the Advisory Agreement.

### *Special Units in the Partnership*

Held by Dividend Capital Advisors Group LLC, the parent of the Advisor.

Amounts distributable with respect to the Special Units prior to redemption of the Special Units will depend on operations and the amount of net sales proceeds from property dispositions. The amount distributable with respect to the Special Units upon their redemption normally will depend on amounts previously distributed to other partners and the net value of our operating partnership's assets.

In general, the holder of the Special Units will be entitled to receive 15% of specified distributions made after other partners of the Partnership, including Dividend Capital Trust, have received, in the aggregate, cumulative distributions equal to their capital contributions plus a 7% cumulative non-compounded annual pre-tax return on their net contributions. After we and the Partnership's investors, other than the holder of the Special Units, have received, in the aggregate, cumulative distributions from operating income, sales proceeds or other sources equal to their capital contributions plus a 7% cumulative non-compounded annual pre-tax return on their net contributions, the holder of the Special Units will receive 15% of the net sales proceeds received by the Partnership on the dispositions of its assets and dispositions of real property held by joint ventures or partnerships in which the Partnership owns an interest. It is possible that certain of our shareholders would receive more or less than the 7% cumulative non-compounded annual pre-tax return on their net contributions described above prior to the commencement of distributions to the Special Units holder.



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The Special Units will be redeemed by the Partnership for cash upon the earlier of the listing of our common stock or the occurrence of specified events that result in a termination or non-renewal of the Advisory Agreement. If the Advisory Agreement is terminated by us for cause, the redemption price will be \$1. Upon the listing of our common stock or the termination or non-renewal of the Advisory Agreement by the Advisor for "good reason" or by the general partner of the Partnership other than for "cause" (each as defined in the Advisory Agreement) or in connection with a transaction involving us pursuant to which a majority of our directors are replaced or removed, the redemption price will be the amount that would have been distributed with respect to the Special Units in accordance with the preceding paragraph if the Partnership sold all of its assets for their then fair market values (as determined by an appraisal of the Partnership's investments in the case of a termination or non-renewal of the Advisory Agreement), paid all of its liabilities and distributed any remaining amount to partners in liquidation of our operating partnership.

Except as described above, the Special Units shall not be entitled to receive any redemption or similar payment from Dividend Capital Trust or the Partnership.

***Dividend Capital Trust may not reimburse any entity for operating expenses that would cause operating expenses to be in excess of the greater of 2% of our average invested assets or 25% of our net income for the year. Operating Expenses for these purposes include aggregate expenses of every character paid or incurred by Dividend Capital Trust other than the expenses of raising capital (such as organizational and offering expenses), interest payments, taxes, non-cash expenditures such as depreciation and amortization, property acquisition fees and property acquisition expenses.***

As of the date of this prospectus, there is no contractual agreement between us and the Advisor with respect to the advisory fee structure or other arrangements in the event the shares become listed on a national securities exchange or traded on an over-the-counter market. The independent directors of our board of directors are considering entering into an agreement with the Advisor whereby in the event our common stock is approved for listing, we would have the ability to acquire the Advisor for a price to be based on a fixed valuation formula. Any such contract would have to be approved by our board of directors, including a majority of the independent directors. We cannot assure you that any such contract will be entered into or what the terms of such contract will be.

In the event the board of directors does not enter into such a contract, if at any time the shares become listed on a national securities exchange or traded on an over-the-counter market, we will negotiate in good faith with the Advisor a fee structure appropriate for an entity with a perpetual life. Our articles of incorporation requires that a majority of the independent directors approve any new fee structure that is negotiated with the Advisor. In negotiating a new fee structure, the independent directors shall consider all of the factors they deem relevant, including but not limited to:

The size of the advisory fee in relation to the size, composition and profitability of our portfolio;

The success of the Advisor in generating opportunities that meet our investment objectives;

The rates charged to other REITs and to investors other than REITs by advisors performing similar services;

Additional revenues realized by the Advisor and its affiliates through their relationships with us;

The quality and extent of service and advice furnished by the Advisor;

The performance of our investment portfolio, including income, conservation or appreciation of capital, frequency of problem investments and competence in dealing with distress situations;

The quality of our portfolio in relationship to the investments generated by the Advisor or its affiliates for the account of other clients; and

The quality and make-up of our advisor's management team, their familiarity with our portfolio of properties and their ongoing real estate relationships.



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The board, including a majority of the independent directors, may not approve a new fee structure that is, in its judgment, more favorable to the Advisor than the current fee structure.

The Advisor and its affiliates will also be reimbursed only for the actual cost of goods, services and materials used for or by Dividend Capital Trust. The Advisor may be reimbursed for the administrative services necessary to the prudent operation of Dividend Capital Trust provided that the reimbursement shall be at the lower of the Advisor's actual cost or the amount Dividend Capital Trust would be required to pay to independent parties for comparable administrative services in the same geographic location. We will not reimburse the Advisor or its affiliates for services for which they are entitled to compensation by way of a separate fee.

Since the Advisor and its affiliates are entitled to different levels of compensation for undertaking different transactions on behalf of Dividend Capital Trust (such as the property management fees for operating the properties and the acquisition and advisory fees), the Advisor has the ability to affect the nature of the compensation it receives by undertaking different transactions. However, the Advisor is obligated to exercise good faith and integrity in all its dealings with respect to our affairs pursuant to the Advisory Agreement. (See "Management The Advisory Agreement"). Because these fees or expenses are payable only with respect to certain transactions or services, they may not be recovered by the Advisor or its affiliates by reclassifying them under a different category.

## CONFLICTS OF INTEREST

We are subject to various conflicts of interest arising out of our relationship with the Advisor and its affiliates, including conflicts related to the compensation arrangements between the Advisor and its affiliates and Dividend Capital Trust (see "Management Management Compensation") and conflicts related to the interests in the Partnership held by the Advisor and its parent. (See "The Partnership Agreement"). The independent directors have an obligation to function on our behalf in all situations in which a conflict of interest may arise and will have a fiduciary obligation to act on behalf of the shareholders. These conflicts include, but are not limited to, the following:

### Interests in Other Real Estate Programs

Other than its activities related to its status as Advisor to Dividend Capital Trust, the Advisor presently has no interest in other real estate programs. Certain affiliates of the Advisor are presently, and plan in the future to continue to be, involved with real estate programs and activities which are unrelated to Dividend Capital Trust. Present activities of these affiliates generally include investments in the ownership, acquisition, development and management of industrial and retail properties located in various markets in Mexico, the ownership, acquisition, development and management of multifamily, condominium, golf and residential community properties primarily located in the Denver, Colorado and New York metropolitan areas and the ownership and management of various other real estate assets primarily located in Denver, Colorado. Affiliates of the Advisor are not presently involved in any real estate activities related to the acquisition, development or management of industrial properties located in the United States.

### Other Activities of the Advisor and its Affiliates

Certain affiliates of the Advisor are presently, and plan in the future to continue to be, involved in non-real estate activities. These activities presently include the ownership, management and operation of CapEx, LP, a \$60 million private equity and mezzanine debt fund which invests in and provides capital to non-real estate operating companies, as well as the direct ownership, management and operation of various other non-real estate operating companies.

### Competition

Conflicts of interest will exist to the extent that we may acquire properties in the same geographic areas where properties owned by other programs affiliated with the Advisor are located. In such a case, a conflict could arise in the leasing of properties in the event that Dividend Capital Trust and a related entity were to compete for the same customers in negotiating leases, or a conflict could arise in connection with the resale of properties in the event that Dividend Capital Trust and a related entity were to attempt to sell similar properties at the same time. (See "Risk Factors Investment Risks"). Conflicts of interest may also exist at such time as Dividend Capital Trust or our affiliates managing property on our behalf seek to employ developers, contractors or building managers. The Advisor will seek to reduce conflicts relating to the employment of developers, contractors or building managers by making prospective employees aware of all such properties seeking to employ such persons. In addition, the Advisor will seek to reduce conflicts which may arise with respect to properties available for sale or rent by making prospective purchasers or customers aware of all such properties. However, these conflicts cannot be fully avoided in that the Advisor may establish differing compensation arrangements for employees at different properties or differing terms for re-sales or leasing of the various properties.

The following chart shows the ownership structure of the various Dividend Capital entities that are affiliated with the Advisor. Dividend Capital Securities Group LLLP, Dividend Capital Management Group LLC and Dividend Capital Advisors Group LLC are presently each majority owned by one or more of the following: John Blumberg, Thomas Florence, James Mulvihill, Mark Quam, Thomas Wattles, Evan Zucker and/or their affiliates. Dividend Capital Advisors Group LLC has issued and may

further issue, and Dividend Capital Management Group LLC has not issued as of the date of this prospectus but may in the future issue, equity interests or derivatives thereof to certain of their employees or other unaffiliated individuals, consultants or other parties. However, none of such transactions are expected to result in a change in control of these entities.

**Affiliated Dealer Manager**

Since the Dealer Manager is an affiliate of the Advisor, we will not have the benefit of an independent due diligence review and investigation of the type normally performed by an unaffiliated, independent underwriter in connection with the offering of securities. (See "Plan of Distribution").

**Affiliated Property Manager**