DIVIDEND CAPITAL TRUST INC
Form 424B3
September 28, 2006
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FILED PURSUANT TO 424(b)(3)

REGISTRATION NO. 333-122260

SUPPLEMENT NO. 2, DATED SEPTEMBER 28, 2006

TO THE PROSPECTUS DATED JULY 14, 2006

OF DIVIDEND CAPITAL TRUST INC.

We are providing this Supplement No. 2 to you in order to supplement our prospectus dated July 14, 2006 and Supplement No. 1 to our prospectus dated July 14, 2006. Capitalized terms used in this supplement have the same meaning as in our prospectus unless otherwise defined herein. The sub-section Internalization Transaction within the section Recent Developments is considered to be a replacement of the sub-section Proposed Internalization Transaction within our prospectus. All other information in this supplement is considered to be an addition to, and should be read in conjunction with, the information in our prospectus, including the information contained in the following sections: (i) Recent Developments, (ii) Risk Factors, (iii) Management s Discussion and Analysis of Financial Condition and Results of Operations, (iv) Quantitative and Qualitative Disclosures About Market Risk, and (v) Financial Statements.

RECENT DEVELOPMENTS

Internalization Transaction

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

Since our inception, our common stock not been listed or traded on any securities exchange (Listed) or in the over-the-counter market. In addition to considering the Internalization, our board of directors has also been considering whether we should list our common stock on a national securities exchange (a Listing) and has decided that a Listing is likely to be beneficial to us and our stockholders. Accordingly, as described below, our board has recommended that our stockholders approve at our upcoming annual meeting a series of additional corporate actions that will better position us to pursue a Listing, if market conditions make it desirable to do so and it is otherwise in our best interest to do so.

Our board s review of strategic alternatives included a deliberation of whether we should pursue a Listing because of the advantages a Listing could bring. Among other things, a Listing would create greater liquidity for our stockholders, who at present have only very limited opportunities to sell their shares of common stock if and when they wish to do so. A Listing also could allow us greater access to capital to fund our future growth. Finally, our articles of incorporation (our Articles) require that, by February 2013, we either arrange for a Listing of our common stock on a national securities exchange or an over-the-counter market, or begin a liquidation of our assets in an orderly fashion. Completing a Listing well before 2013 could help eliminate uncertainty about whether we could be forced to liquidate at that time. After considering these factors, our board has decided that we should pursue a Listing

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following the consummation of the Internalization, if and when market conditions make it desirable to do so and it is otherwise in our best interest to do so. In connection with such a Listing, we may pursue a capital transaction, including a public offering of our common stock. However, there can be no assurance that we will in fact complete a Listing or that market conditions will permit us to do so. In addition, while we believe that the proposed Internalization should help facilitate a Listing, the Internalization we are proposing is not contingent upon completion of a Listing because we believe the Internalization will be beneficial to us whether or not we complete a Listing.

Contribution Agreement

On July 21, 2006, we entered into a contribution agreement with the Partnership and Dividend Capital Advisors Group LLC (the Advisor s Parent), the parent company of the Advisor, which provides for the Internalization. Our board of directors (Messrs. Thomas G. Wattles, Evan H. Zucker and James R. Mulvihill, who have material financial interests in the transaction, abstained from voting on the matter) approved the contribution agreement after receiving the unanimous recommendation of a special committee comprised of our four independent directors, which special committee retained its own legal and financial advisors.

The contribution agreement provides that, subject to the approval thereof by our stockholders and subject to the satisfaction of certain other conditions, the entire outstanding membership interest, and all economic interests, in the Advisor will be contributed by the Advisor s Parent to the Partnership for an aggregate consideration of 15,111,111 limited partnership units in the Partnership, which includes the modification of the Special Units held by the Advisor s Parent into limited partnership units in the Partnership.

The Internalization is subject to the satisfaction of certain conditions including, among others, approval of the Internalization by our stockholders and there can be no guarantee that the Internalization will be consummated. The annual meeting of our stockholders to vote upon, among other proposals, the Contribution Agreement and the Internalization is to be held on October 6, 2006. Were the Internalization to be consummated, the Advisor would become our wholly-owned subsidiary, we would enter into the employment agreements described below and we would become a fully-integrated, self-administered and self-advised REIT. As a result, we would no longer bear the cost of the advisory fees and other amounts payable under the advisory agreement with the Advisor nor would we be subject to certain of the risks and conflicts of interests relating to the Advisor that are described in our prospectus.

In connection with the closing of the Internalization, we will enter into certain other agreements including:

- a pledge and security agreement whereby the Advisor s Parent will pledge the limited partnership units received as consideration in the Internalization and certain other assets for certain periods to secure its indemnification obligations under the contribution agreement;

- a registration rights agreement whereby we will grant registration rights to the Advisor s Parent and its permitted transferees in respect of any shares of our common stock issued in exchange for the limited partnership units issued in the Internalization; and

- a non-competition agreement with each of Evan H. Zucker and James R. Mulvihill.

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Certain of our directors and officers have material financial interests in the Internalization. In particular, certain of our directors collectively have beneficial ownership and control with their respective spouses of an aggregate of a 58.9% membership interest in the Advisor s Parent and are collectively entitled to receive 32.644% of the net cash flow of the Advisor s Parent, and the Internalization will result in such persons collectively receiving indirect beneficial ownership with their respective spouses of approximately 4.9 million limited partnership units.

Our Current Report on Form 8-K dated July 21, 2006 and filed with the Securities and Exchange Commission (SEC) on July 27, 2006 contains certain additional information related to the Internalization, the Contribution Agreement, certain other related agreements and the material financial interests of certain of our management. This Current Report (excluding the exhibits) is attached as **Annex A** to this Supplement No. 2.

Charter Amendments

In connection with the Internalization, we are also recommending that our stockholders approve at the annual meeting an amendment and restatement of our Articles, which we refer to as the Pre-Listing Charter Amendment. Our Articles contain a number of guidelines for transactions between us and the Advisor and our and its respective affiliates. As described above, if the Internalization is consummated, the Advisor will become a wholly-owned subsidiary of the Partnership, its operations will therefore become part of our business and we will become self-advised. Accordingly, if the Internalization is consummated, the provisions in our Articles relating to the Advisor, its affiliates and to transactions and relations between us and the Advisor and its affiliates will no longer be applicable to our situation. One of the principal purposes of the Pre-Listing Charter Amendment is to remove these inapplicable provisions effective upon the completion of the Internalization. The other principal purpose of the Pre-Listing Charter Amendment is to change the name of our company to DCT Industrial Trust Inc.

Moreover, we are recommending that our stockholders approve at the annual meeting a second set of amendments to our Articles, which we refer to as the Post-Listing Charter Amendment, that would become effective only upon consummation of a Listing to conform more closely with the charters of companies that qualify as REITs for U.S. federal income tax purposes and whose securities are publicly traded and listed on the New York Stock Exchange, Inc. (Listed REITs). If a Listing occurs, it will be possible to remove a number of the limitations and restrictions that are included in our existing Articles, but which our board of directors believes restrict and could possibly prevent us from pursuing favorable investment opportunities. These restrictions are mandated by the Statement of Policy Regarding Real Estate Investment Trusts published by the North American Securities Administrators Association (the NASAA REIT Guidelines) and are currently applicable because we have raised funds through public offerings of our common stock without listing our securities on a national securities exchange. If our securities are Listed, those restrictions no longer will be required because the NASAA REIT Guidelines do not apply to offerings of shares that are Listed. The charters of most Listed REITs do not contain these kinds of limitations and restrictions, and accordingly, if we did not eliminate these restrictions effective upon the completion of a Listing, these restrictions could impair our ability to compete effectively for investments and management talent. Our board of directors believes that these limitations and restrictions should be removed so that we can be governed by a charter that is similar to the charters of Listed REITs. If the Post-Listing Charter Amendment is approved by our stockholders, certain stockholder voting provisions contained in our Articles will be eliminated. Although the amendments to our Articles contained in the Post-Listing Charter Amendment reduce or otherwise eliminate certain voting rights that our stockholders currently have, we are of the view that these proposed amendments will provide greater flexibility with respect to the implementation of our business plan and will make us more competitive with Listed REITs. If the two proposed charter amendments take effect, our bylaws will be amended to eliminate inconsistencies resulting from the proposed amendments to our Articles.

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Compensation Plans

In addition, we are recommending that our stockholders approve the adoption of a 2006 Long-Term Incentive Plan and a 2006 Incentive Compensation Plan. These plans were established by our board of directors, which worked with its legal advisors and with employment compensation consultants to survey and study the market compensation ranges of our competitors.

Our board of directors believes that the ability to offer incentive compensation pursuant to the 2006 Long-Term Incentive Plan and the 2006 Incentive Compensation Plan will be important because it should help us to attract, retain and motivate highly qualified individuals, and to more directly align the interests of our management with those of our stockholders. If the 2006 Long-Term Incentive Plan is approved, no further grants will be made under our existing incentive plans. Many of our competitors have incentive compensation plans that are broader in some ways than our current plans and our board of directors believes that, if we do not adopt plans which provide adequate incentives to our management and other employees, in line competitively with plans of our competitors, we will be at a competitive disadvantage in our ability to attract and retain highly qualified employees. The 2006 Long-Term Incentive Plan is designed to achieve this objective. Our board of directors also believes that issuing shares of our common stock to management pursuant to the 2006 Long-Term Incentive Compensation Plan, under appropriate circumstances, more directly aligns their interests with those of our stockholders and can be used as an effective motivational tool.

The 2006 Incentive Compensation Plan is designed to take advantage of deductions available to us for performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). Section 162(m) generally limits the U.S. federal income tax business expense deduction taken by a publicly-traded company for annual compensation paid to its chief executive officer and its four other most highly compensated officers to $1.0 million. However, there is no limit on the deductibility of qualified performance-based compensation.

To satisfy the requirements of Section 162(m), compensation must be payable solely on account of the attainment of one or more objective performance goals established in writing by our compensation committee at a time when the attainment of those goals is substantially uncertain. Performance goals may be based on one or more business criteria that apply to an individual, a business unit or our company as a whole, but need not be based on an increase or positive result under the business criteria selected. The compensation committee cannot increase the amount of compensation payable if a performance goal is met, but may reduce or eliminate compensation even if the performance goal is attained. Stockholders must approve the types of performance goals and the maximum amount that may be paid to covered executive officers or the formula used to calculate such amount.

Our Management After the Internalization

If the Internalization is consummated, Evan H. Zucker will resign as Chief Executive Officer, President, Secretary and a director and James R. Mulvihill will resign as Treasurer and Chief Financial Officer. Furthermore, Philip L. Hawkins will become our new Chief Executive Officer and a director and will devote substantially all of his business, time and attention to our company, James D. Cochran will become our new President, Stuart B. Brown will become our new Chief Financial Officer and Matthew T. Murphy will become our new Treasurer.

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Employment Agreements

In connection with the Internalization, on July 21, 2006, we also entered into employment agreements with the following employees of the Advisor or its affiliates: Thomas G. Wattles, James D. Cochran, Daryl H. Mechem, Matthew T. Murphy and Michael Ruen. Each of these persons is currently an officer of our company and has agreed to continue to serve as an officer of our company, effective as of the closing date of the Internalization. These agreements will become effective only if the Internalization is consummated and provide for the executives, upon the closing of the Internalization, to serve as follows: Mr. Wattles will serve as our Executive Chairman; Mr. Cochran will serve as our President and Chief Investment Officer; Mr. Mechem will serve as our Managing Director, Operations; Mr. Murphy will serve as our Senior Vice President, Finance; and Mr. Ruen will serve as our Senior Vice President. The terms of these employment agreements are described in more detail in our Current Report attached as **Annex A** to this Supplement No. 2.

On August 14, 2006, we entered into an employment agreement with Philip L. Hawkins. The employment agreement will become effective only if the Internalization is consummated, and provides for Mr. Hawkins to serve, upon the closing of the Internalization, as our Chief Executive Officer. It is also contemplated that Mr. Hawkins will become a director upon the closing of the Internalization. The terms of this employment agreement are described in more detail in our Current Report on From 8-K, dated August 14, 2006 and filed with the SEC on August 18, 2006. This Current Report is attached as **Annex B** to this Supplement No. 2.

On September 18, 2006, we entered into an employment agreement Stuart B. Brown. The employment agreement will become effective only if the Internalization is consummated, and provides for Mr. Brown to serve, upon the closing of the Internalization, as our Chief Financial Officer. The terms of this employment agreement are described in more detail in our Current Report on From 8-K, dated September 18, 2006 and filed with the SEC on September 22, 2006. This Current Report is attached as **Annex C** to this Supplement No. 2.

Filing of Our June 30, 2006 Quarterly Report on Form 10-Q

On August 14, 2006, we filed with the SEC our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2006. This Quarterly Report (excluding the exhibits thereto) is attached as **Annex D** to this Supplement No. 2.

In particular, Item 1A of this Quarterly Report describes certain risks that relate to the Internalization, which you should review and consider.

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ANNEX A TO SUPPLEMENT NO. 2

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 21, 2006

DIVIDEND CAPITAL TRUST INC.

(Exact name of registrant as specified in its charter)

Maryland	**000-50724**	**82-0538520**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

518 17th Street, Suite 1700

Denver, CO 80202

(Address of principal executive offices)

(303) 228-2200

(Registrant s telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01 Entry into a Material Definitive Agreement.
Contribution Agreement

On July 21, 2006, we entered into a contribution agreement (the Contribution Agreement) with Dividend Capital Operating Partnership LP (our Operating Partnership) and Dividend Capital Advisors Group LLC (the Advisor s Parent), the parent company of Dividend Capital Advisors LLC (the Advisor). Our Board of Directors (excluding Messrs. Thomas Wattles, Evan Zucker and James Mulvihill, who have interests in the transaction that are different from, and may potentially conflict with, those of our stockholders and, accordingly, abstained) approved the Contribution Agreement after receiving the unanimous recommendation of a special committee comprised of our four independent directors, which special committee retained its own legal and financial advisors.

Pursuant to an amended and restated advisory agreement with us, the Advisor currently has responsibility for our day-to-day operations subject to the supervision of our Board of Directors, including investment analysis, acquisitions and developments, financing and refinancing, asset management and certain administrative services. The Advisor s Parent owns the entire outstanding membership interest in the Advisor. In addition, the Advisor s Parent holds a special series of units of limited partnership interest (the Special Units) in our Operating Partnership with special distribution rights.

The Contribution Agreement provides that, subject to the approval thereof by our stockholders and subject to the satisfaction of certain other conditions, the entire outstanding membership interest, and all economic interests, in the Advisor will be contributed by the Advisor s Parent to our Operating Partnership and the Special Units will be modified into units of limited partnership interest (OP Units) in our Operating Partnership for a total transaction consideration of 15,111,111 OP Units with an aggregate stated value of approximately $170.0 million (before transaction expenses) (the Internalization). As a result of the Internalization, the Advisor will become a wholly-owned subsidiary of our Operating Partnership and we will become self-advised. In connection with the Internalization, we anticipate that approximately 50 of the Advisor s employees will become our employees. In addition, we have entered into the Employment Agreements described below with certain of the Advisor s or its affiliates employees and, upon closing, such persons will become our employees.

We and the Advisor s Parent have made representations and warranties in the Contribution Agreement and we, our Operating Partnership and the Advisor s Parent have made certain covenants in the Contribution Agreement. In addition, we will submit the Contribution Agreement to our stockholders for approval at a meeting of our stockholders. Consummation of the Internalization is subject to a number of closing conditions, including, among others, (i) the approval of the Contribution Agreement and the transactions contemplated thereby by the affirmative vote of the holders of at least a majority of the shares represented in person or by proxy at a duly constituted meeting of our stockholders and actually voted on the matter and (ii) the receipt of certain consents and approvals. In connection with the closing of the Internalization, we will enter into certain other agreements including (i) noncompete agreements, which will generally restrict the ability of Evan Zucker, our Chief Executive Officer, President, Secretary and a director, and James Mulvihill, our Treasurer, Chief Financial Officer and a director, to engage in various activities in North America in respect of industrial real estate for three years, (ii) a pledge agreement with respect to the indemnification provisions of the Contribution Agreement, pursuant to which the Advisor s Parent will pledge in our favor, and we will hold a first priority security interest in, (a) for a period of 15 months after the Closing Date (the Lock-Up Period), all of the OP Units received in the Internalization, (b) for a period of nine months after the end of the Lock-Up Period (the First Follow-On Period), $20.0 million of cash and/or OP Units plus an amount reasonably sufficient to cover any unresolved claims asserted before the end of the First Follow-On Period, (c) for a period of 12 months after the end of the First Follow-On Period (the Second Follow-On Period), $10.0 million of cash and/or OP Units plus an amount reasonably sufficient to cover any unresolved claims asserted before the end of the Second Follow-On Period and (d) following the end of the Second Follow-On Period, assets equal to the amount of unresolved claims asserted before the end of the Second Follow-On Period until those claims are resolved and (iii) a registration rights agreement pursuant to which we will grant registration rights to the Advisor s Parent and to permitted transferees in respect of any shares of common stock issued to such persons in exchange for the OP Units issued in the Internalization.

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Pursuant to the Contribution Agreement, subject to certain qualifications and limitations, the Advisor s Parent has agreed to indemnify and hold harmless us, our subsidiaries and certain other parties related to us from all losses relating to breaches of the representations and warranties made by the Advisor s Parent in the Contribution Agreement, breaches of the representations and warranties made by the Advisor s Parent in the pledge agreement and breaches of certain of the covenants made by the Advisor s Parent in the Contribution Agreement. In addition, subject to certain qualifications and limitations, we have agreed to indemnify and hold harmless the Advisor s Parent, the Advisor and certain other parties related to them from all losses relating to inaccuracies in the representations and warranties made by us or our Operating Partnership in the Contribution Agreement, the other transaction documents or certain certificates and breaches of certain of the covenants made by us or our Operating Partnership in the Contribution Agreement or the other transaction documents. In general, the representations and warranties survive the closing of the Internalization until 15 months after the Closing Date; provided, however, that certain of our representations and warranties respecting our Securities and Exchange Commission (SEC) filings, the absence of certain changes or events affecting our business and the disclosure in our representations and warranties do not survive the closing, the Advisor s Parent s ERISA representations and warranties survive until 36 months after the Closing Date and certain of the parties other representations and warranties survive until 60 days after the applicable statutes of limitation. Both the Advisor s Parent s indemnification obligations for breaches of representations and warranties and our Operating Partnership s indemnification obligations for breaches of representations and warranties are subject, with limited exceptions, to a $350,000 deductible and are subject to a cap of $170 million. The Advisor s Parent may elect to pay any indemnity obligation in cash or by surrender of the OP Units received in connection with the Internalization on the basis of the units market value, as defined in the Contribution Agreement, on the date of surrender.

The Contribution Agreement may be terminated at any time prior to the closing of the Internalization by the mutual written agreement of us and the Advisor s Parent or by either us or the Advisor s Parent in certain circumstances. In particular, the Contribution Agreement may be terminated by either us or the Advisor s Parent after January 31, 2007 if the closing of the Internalization shall not have occurred by such date.

Certain of our directors and officers have interests in connection with the Internalization and the Advisor. In particular, all of our officers and three of our directors are also employees of the Advisor. Moreover, Thomas Wattles, our Chairman and a director, has indirect beneficial ownership and control with his spouse of a 12.825% membership interest in the Advisor s Parent and is entitled to receive 8.084% of the net cash flow of the Advisor s Parent; Evan Zucker has indirect beneficial ownership and control with his spouse of a 23.014% membership interest in the Advisor s Parent and is entitled to receive 12.280% of the net cash flow of the Advisor s Parent; and James Mulvihill has indirect beneficial ownership and control with his spouse of a 23.014% membership interest in the Advisor s Parent and is entitled to receive 12.280% of the net cash flow of the Advisor s Parent. Accordingly, the Internalization will result in Messrs. Wattles, Zucker and Mulvihill receiving indirect beneficial ownership with their respective spouses of approximately 4.9 million OP Units.

Holders of OP Units generally have the right to cause our Operating Partnership to redeem all or a portion of their OP Units for cash or, at our sole discretion, shares of our common stock, or a combination of both. If the Advisor s Parent exercised its redemption rights with respect to its OP Units and we elected to redeem the OP Units for shares of our common stock, Messrs. Wattles, Zucker and Mulvihill would have indirect beneficial ownership with their respective spouses of approximately 4.9 million shares of common stock representing approximately 2.926% of our outstanding shares of common stock, assuming all outstanding OP Units are exchanged for shares of common stock on an one-for-one basis, as of June 30, 2006. In addition, James Cochran, Daryl Mechem, Matthew Murphy and Michael Ruen, employees of the Advisor who are also our officers, pursuant to certain contractual arrangements, are entitled to receive an aggregate of 9.987% of the net cash flow of the Advisor s Parent, which, in connection with the Internalization, will entitle them to receive indirect beneficial ownership of an aggregate of approximately 1.5 million OP Units.

We have certain other relationships with the Advisor and its affiliates which are more fully described in our filings with the SEC, including, but not limited to, our Annual Report on Form 10-K for the year ended December 31, 2005 filed with the SEC on March 16, 2006 and amended on Form 10-K/A filed on April 28, 2006.

The foregoing description of the Internalization and the Contribution Agreement does not purport to be complete and is qualified in its entirety by reference to the Contribution Agreement, which is filed herewith as Exhibit 2.1 and incorporated herein by reference thereto.

The Contribution Agreement contains representations and warranties by us and the Advisor s Parent. The representations and warranties reflect negotiations between the parties to the Contribution Agreement and, in certain cases, merely represent allocation decisions among the parties and may not be statements of fact. As such, the representations and warranties are solely for the benefit of the parties to the Contribution Agreement and may be limited or modified by a variety of factors, including, but not limited to, subsequent events, information included in public filings, disclosures made

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during negotiations, correspondence between the parties and disclosure schedules to the Contribution Agreement. Accordingly, the representations and warranties may not describe the actual state of affairs at the date they were made or at any other time and you should not rely on them as statements of fact.

Employment Agreements

On July 21, 2006, we also entered into employment agreements with the following employees of the Advisor or its affiliates: Thomas Wattles, James Cochran, Daryl Mechem, Matthew Murphy and Michael Ruen (the Employment Agreements). Each of such persons is currently an officer of our company and each has agreed to continue to serve as an officer of our company, effective as of the closing date of the Internalization (the Closing Date). These agreements will become effective only if the Internalization is consummated.

1. Thomas Wattles

The employment agreement with Thomas Wattles (the Wattles Employment Agreement) provides for Mr. Wattles to serve as our Executive Chairman. The Wattles Employment Agreement s initial term commences on the Closing Date and continues for a three-year period.

The Wattles Employment Agreement provides for an annual salary of $200,000. In addition, Mr. Wattles may be eligible to receive a target cash bonus in an amount to be determined and a long-term incentive award.

If Mr. Wattles s employment is terminated by us without cause or by him for good reason, he will be entitled to severance generally equal to the sum of his annual base compensation and target bonus (if any) and six months continuing coverage under the group health plans. In addition, in that event, Mr. Wattles will be entitled to a prorated target bonus for the year of termination and the vesting of all outstanding equity awards, if applicable.

Mr. Wattles is subject to a number of restrictive covenants, including an up to one-year non-competition provision that becomes applicable following certain terminations, and non-solicitation, noninterference and confidentiality provisions.

The Wattles Employment Agreement resulted from an arms-length negotiation between us and Mr. Wattles.

2. James Cochran

The employment agreement with James Cochran (the Cochran Employment Agreement) provides for Mr. Cochran to serve as our President. The Cochran Employment Agreement s initial term commences on the Closing Date and continues for a three-year period.

The Cochran Employment Agreement provides for an annual salary of $300,000 and for a target cash bonus of $200,000. In addition to annual salary and target cash bonus, Mr. Cochran will be eligible to receive a long-term incentive award with an aggregate annual target value of $500,000 that vests in equal annual installments over four to five years, subject to the achievement or pre-established, performance-related goals.

If Mr. Cochran s employment is terminated by us without cause or by him for good reason, he will be entitled to severance generally equal to the sum of his annual base compensation and target bonus and two years continuing coverage under the group health plans. In addition, in that event, Mr. Cochran will be entitled to a prorated target bonus for the year of termination and the vesting of all outstanding equity awards. In addition, in the case of a termination by us without cause or by Mr. Cochran for good reason following certain changes in control of us, the termination payments will be two times salary and bonus rather than one times salary and bonus.

Mr. Cochran is subject to a number of restrictive covenants, including an up to one-year non-competition provision that becomes applicable following certain terminations, and non-solicitation, noninterference and confidentiality provisions. Upon the scheduled expiration of the employment term or upon a termination following a change of control of us, the non-competition provision will expire upon the date of the termination of employment. Upon a termination of employment by us without cause or by Mr. Cochran for good reason, the non-competition provision will expire six months following the termination of employment.

The Cochran Employment Agreement resulted from an arms-length negotiation between us and Mr. Cochran.

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3. Daryl Mechem

The employment agreement with Daryl Mechem (the Mechem Employment Agreement) provides for Mr. Mechem to serve as our Managing Director, Operations. The Mechem Employment Agreement s initial term commences on the Closing Date and continues for a three-year period.

The Mechem Employment Agreement provides for an annual salary of $250,000 and for a target cash bonus of $125,000. In addition to annual salary and target cash bonus, Mr. Mechem will be eligible to receive a long-term incentive award with an aggregate annual target value of $225,000 that vests in equal annual installments over four to five years, subject to the achievement or pre-established, performance-related goals.

If Mr. Mechem s employment is terminated by us without cause or by him for good reason, he will be entitled to severance generally equal to the sum of his annual base compensation and target bonus and six months continuing coverage under the group health plans. In addition, in that event, Mr. Mechem will be entitled to a prorated target bonus for the year of termination and the vesting of all outstanding equity awards.

Mr. Mechem is subject to a number of restrictive covenants, including an up to one-year non-competition provision that becomes applicable following certain terminations, and non-solicitation, noninterference and confidentiality provisions. Upon the scheduled expiration of the employment term or upon a termination following a change of control of us, the non-competition provision will expire upon the date of the termination of employment. Upon a termination of employment by us without cause or by Mr. Mechem for good reason, the non-competition provision will expire six months following the termination of employment.

The Mechem Employment Agreement resulted from an arms-length negotiation between us and Mr. Mechem.

4. Matthew Murphy

The employment agreement with Matthew Murphy (the Murphy Employment Agreement) provides for Mr. Murphy to serve as our Senior Vice President, Finance. The Murphy Employment Agreement s initial term commences on the Closing Date and continues for an eighteen-month period.

The Murphy Employment Agreement provides for an annual salary of $200,000 and for a target cash bonus of $75,000. In addition to annual salary and target cash bonus, Mr. Murphy will be eligible to receive a long-term incentive award with an aggregate annual target value of $25,000 that vests in equal annual installments over four to five years, subject to the achievement or pre-established, performance-related goals.

If Mr. Murphy s employment is terminated by us without cause or by him for good reason, he will be entitled to severance generally equal to the sum of his annual base compensation and target bonus and six months continuing coverage under the group health plans. In addition, in that event, Mr. Murphy will be entitled to a prorated target bonus for the year of termination and the vesting of all outstanding equity awards.

Mr. Murphy is subject to a number of restrictive covenants, including an up to one-year non-competition provision that becomes applicable following certain terminations, and non-solicitation, noninterference and confidentiality provisions. Upon the scheduled expiration of the employment term or upon a termination following a change of control of us, the non-competition provision will expire upon the date of the termination of employment. Upon a termination of employment by us without cause or by Mr. Murphy for good reason, the non-competition provision will expire six months following the termination of employment.

The Murphy Employment Agreement resulted from an arms-length negotiation between us and Mr. Murphy.

5. Michael Ruen

The employment agreement with Michael Ruen (the Ruen Employment Agreement) provides for Mr. Ruen to serve as our Senior Vice President. The Ruen Employment Agreement s initial term commences on the Closing Date and continues for a three-year period.

The Ruen Employment Agreement provides for an annual salary of $235,000 and for a target cash bonus of $90,000. In addition to annual salary and target cash bonus, Mr. Ruen will be eligible to receive a long-term incentive award with an aggregate annual target value of $275,000 that vests in equal annual installments over four to five years, subject to the achievement or pre-established, performance-related goals.

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If Mr. Ruen s employment is terminated by us without cause or by him for good reason, he will be entitled to severance generally equal to the sum of his annual base compensation and target bonus and two years continuing coverage under the group health plans. In addition, in that event, Mr. Ruen will be entitled to a prorated target bonus for the year of termination and the vesting of all outstanding equity awards.

Mr. Ruen is subject to a number of restrictive covenants, including an up to one-year non-competition provision that becomes applicable following certain terminations, and non-solicitation, noninterference and confidentiality provisions. Upon a termination of employment on or after the second anniversary of the date of the Ruen Employment Agreement or upon a termination following a change of control of us, the non-competition provision will expire upon the date of his termination of employment. Upon a termination of employment by us without cause or by Mr. Ruen for good reason that occurs prior to the second anniversary of the date of the agreement and that does not follow a change of control, the non-competition provision will expire six months following the termination of employment. In addition, Mr. Ruen will forfeit his entire interest in his long-term incentive awards (both vested and unvested) if he terminates without good reason or is terminated for cause on or after the second anniversary of the Ruen Employment Agreement.

The Ruen Employment Agreement resulted from an arms-length negotiation between us and Mr. Ruen.

Item 3.02 Unregistered Sales of Equity Securities.

The information contained in Item 1.01 of this Current Report is incorporated by reference in this Item 3.02. The OP Units to be issued and sold to the Advisor s Parent pursuant to the Contribution Agreement will be issued and sold in reliance on Section 4(2) of the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

2.1	Contribution Agreement by and among Dividend Capital Trust Inc., Dividend Capital Operating Partnership LP and Dividend Capital Advisors Group LLC, dated as of July 21, 2006
10.1	Form of Noncompete Agreement
10.2	Form of Pledge Agreement
10.3	Form of Registration Rights Agreement

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DIVIDEND CAPITAL TRUST INC.

July 27, 2006	By:	/s/ *Evan H. Zucker* Evan H. Zucker Chief Executive Officer

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ANNEX B TO SUPPLEMENT NO. 2

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 14, 2006

DIVIDEND CAPITAL TRUST INC.

(Exact name of registrant as specified in its charter)

Maryland	**000-50724**	**82-0538520**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

518 17th Street, Suite 1700

Denver, CO 80202

(Address of principal executive offices)

(303) 228-2200

(Registrant s telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

x Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01 Entry into a Material Definitive Agreement.
Employment Agreement with Philip L. Hawkins

As previously disclosed in our Current Report on Form 8-K filed on July 27, 2006, we have entered into a contribution agreement (the Contribution Agreement), dated as of July 21, 2006, with Dividend Capital Operating Partnership LP (our Operating Partnership) and Dividend Capital Advisors Group LLC (the Advisor s Parent), the parent company of Dividend Capital Advisors LLC (the Advisor), our external advisor. The Contribution Agreement provides that, subject to approval by our stockholders and subject to the satisfaction of certain other conditions, the entire outstanding membership interest and all economic interests in the Advisor will be contributed by the Advisor s Parent to our Operating Partnership in exchange for aggregate consideration of 15,111,111 units of limited partnership interest (OP Units) in our Operating Partnership, which includes the modification of a special series of units of limited partnership interest in our Operating Partnership held by the Advisor s Parent into OP Units. We refer to this transaction as the Internalization. In connection with the proposed Internalization, we are also proposing the adoption of our 2006 Long-Term Incentive Plan, which plan will be submitted to our stockholders for approval.

In connection with the Internalization, on August 14, 2006, we entered into an employment agreement (the Employment Agreement) with Philip L. Hawkins. The Employment Agreement will become effective only if the proposed Internalization is consummated.

The Employment Agreement provides for Mr. Hawkins to serve, upon the closing of the proposed Internalization, as our Chief Executive Officer. It is also contemplated that Mr. Hawkins will become a director upon the closing of the proposed Internalization. The Employment Agreement has a three-year term, which, commencing August 14, 2009, will automatically renew for successive one-year periods unless Mr. Hawkins or we give notice of non-renewal or his employment otherwise terminates.

The Employment Agreement provides for an annual salary of $575,000. Mr. Hawkins s initial target annual bonus will be at least 100% of salary, with a guaranteed *pro rata* bonus of 100% of salary for 2006 and a guaranteed *pro rata* bonus of 80% of salary for 2007. Mr. Hawkins will be entitled to receive an annual long-term incentive compensation award with an aggregate annual target value of $1,150,000, which will vest in equal annual installments over four to five years, subject to the achievement of pre-established, performance-related goals. In addition, as contemplated by the Employment Agreement, as a signing bonus, Mr. Hawkins, under our 2006 Long-Term Incentive Plan, will receive, subject to the approval of the 2006 Long-Term Incentive Plan by our stockholders, 450,795 shares of our common stock (or equivalent full value awards and including either dividend rights or dividend equivalent rights) vesting over five years (0%, 0%, 25%, 25% and 50%) commencing on August 1, 2007, and in addition, upon the closing of the proposed Internalization, will purchase 88,889 shares of our common stock for $11.25 per share.

Pursuant to the Employment Agreement, Mr. Hawkins will be reimbursed for reasonable moving and relocation expenses related to his relocation to the Denver, Colorado area, with a gross-up for taxes; we will also provide him with a reasonable allowance for temporary housing extending possibly through September 15, 2007 at the latest; and he will be entitled to reimbursement for travel, including commuting costs prior to the relocation of his family to Denver.

If Mr. Hawkins s employment is terminated by us without cause or by him for good reason, he will be entitled to severance generally equal to the sum of two times annual salary, two times the greater of the target bonus for the year of termination and the average of the actual bonuses for the two years prior to the year of termination, two years of continuing coverage under the group health plan, and payments in respect of certain relocation-related obligations. In addition, in that event, Mr. Hawkins will be entitled to a pro-rated target bonus for the year of termination and the vesting of all outstanding equity awards. Mr. Hawkins s equity compensation awards will also vest in the event of a change in control. If the payments under the Employment Agreement, including compensation triggered by a change in control, constitute a parachute payment under the Internal Revenue Code of 1986, as amended, such that an excise tax is imposed, Mr. Hawkins is generally entitled to receive a gross-up payment equal to the amount of such excise tax owed (including any penalties and interest for underpayments) plus the amount necessary to put him in the same after-tax position as if no excise tax had been imposed. Upon his death or termination by us on account of his disability, a pro-rated target bonus for the year of termination will be payable, and any exclusively time-based (as opposed to performance-based) vesting conditions on his equity compensation awards will become inapplicable.

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Under the Employment Agreement, Mr. Hawkins is subject to a number of restrictive covenants, including a non-competition provision for up to one year that becomes applicable following certain terminations, and non-solicitation, non-interference and confidentiality provisions. Upon the scheduled expiration of the employment term, the non-competition provision will expire upon the date of the termination of employment.

Additional Information and Where to Find It

The information contained in this Current Report on Form 8-K shall not constitute an offer of any securities for sale. Dividend Capital Trust has filed a preliminary proxy statement with the Securities and Exchange Commission, and will file will a definitive proxy statement and other materials with the SEC, relating to its upcoming stockholders meeting. At the stockholders meeting, stockholders will be asked to approve, among other proposals, a proposal relating to Dividend Capital Trust s proposed internalization of its external management advisor, Dividend Capital Advisors. Investors and security holders are urged to read the preliminary proxy statement, and the definitive proxy statement and these other materials when they become available, because they will contain important information about Dividend Capital Trust, the stockholders meeting, the proposed internalization and other proposals. Investors and security holders may obtain a free copies of the preliminary proxy statement, and the definitive proxy statement and other documents when filed with the SEC, containing information about Dividend Capital Trust, at the SEC s website at *www.sec.gov*. The preliminary proxy statement, and the definitive proxy statement and Dividend Capital Trust s other SEC filings are also available on Dividend Capital Trust s web site at *www.dividendcapitaltrust.com*, and may also be obtained free of charge from Dividend Capital Trust by directing such request in writing to: Dividend Capital Trust Inc., 518 17th Street, Suite 1700, Denver, Colorado 80202, Attention: Investor Relations. Investors and security holders are urged to read the preliminary proxy statement, and the definitive proxy statement and other relevant material when they become available, before making any voting or investment decisions with respect to the proposed internalization.

Participants in the Solicitation

Dividend Capital Trust and its executive officers and directors and Dividend Capital Advisors and its affiliates may be deemed, under SEC rules, to be participants in the solicitation of proxies from Dividend Capital Trust s stockholders with respect to the stockholders meeting, the proposed internalization and the other proposals. Detailed information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, are set forth in the preliminary proxy statement, which was filed with the SEC on August 14, 2006, and will be set forth in the definitive proxy statement and other materials to be filed with the SEC in connection with the stockholders meeting, the proposed internalization and the other proposals.

Item 3.02 Unregistered Sales of Equity Securities.

The information contained in Item 1.01 of this Current Report on Form 8-K is incorporated by reference in this Item 3.02. The 88,889 shares of our common stock to be issued and sold to Mr. Hawkins upon the closing of the proposed Internalization pursuant to his Employment Agreement will be issued and sold in reliance on the exemption from registration contained in Section 4(2) of the Securities Act of 1933, as amended.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DIVIDEND CAPITAL TRUST INC.

August 18, 2006	By: */s/ Evan H. Zucker*
	Name: Evan H. Zucker
	Title: Chief Executive Officer

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ANNEX C TO SUPPLEMENT NO. 2

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 18, 2006

DIVIDEND CAPITAL TRUST INC.

(Exact name of registrant as specified in its charter)

Maryland	**000-50724**	**82-0538520**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

518 17th Street, Suite 1700

Denver, CO 80202

(Address of principal executive offices)

(303) 228-2200

(Registrant s telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01 Entry into a Material Definitive Agreement.
Employment Agreement with Stuart B. Brown

As previously disclosed in our Current Report on Form 8-K filed on July 27, 2006, we have entered into a contribution agreement (the Contribution Agreement), dated as of July 21, 2006, with Dividend Capital Operating Partnership LP (our Operating Partnership) and Dividend Capital Advisors Group LLC (the Advisor s Parent), the parent company of Dividend Capital Advisors LLC (the Advisor), our external advisor. The Contribution Agreement provides that, subject to approval by our stockholders and subject to the satisfaction of certain other conditions, the entire outstanding membership interest, and all economic interests, in the Advisor will be contributed by the Advisor s Parent to our Operating Partnership in exchange for aggregate consideration of 15,111,111 units of limited partnership interest (OP Units) in our Operating Partnership, which includes the modification of a special series of units of limited partnership interest in our Operating Partnership held by the Advisor s Parent into OP Units. We refer to this transaction as the Internalization. In connection with the proposed Internalization, we are also proposing the adoption of our 2006 Long-Term Incentive Plan, which plan will be submitted to our stockholders for approval.

In connection with the Internalization, on September 18, 2006, we entered into an employment agreement (the Employment Agreement) with the Advisor s Parent and Stuart B. Brown. The Advisor s Parent is a party to the Employment Agreement solely in respect of the consulting arrangement described below. Except with respect to the consulting arrangement described below, the Employment Agreement will become effective only if the proposed Internalization is consummated. Furthermore, the term of Mr. Brown s employment with us will not commence and Mr. Brown will not become an employee if the consulting arrangement described below is terminated at or before the time of the closing of the Internalization.

The Employment Agreement provides for Mr. Brown to serve, upon the closing of the proposed Internalization, as our Chief Financial Officer. The Employment Agreement has a three-year term, which, commencing September 18, 2009, will automatically renew for successive one-year periods unless Mr. Brown or we give notice of non-renewal or his employment otherwise terminates.

The Employment Agreement provides for an annual salary of $250,000 and a target annual bonus of $200,000 based on a Bonus Formula (as defined in our 2006 Long-Term Incentive Plan). For 2006, Mr. Brown will be entitled to a prorated portion of a minimum annual guaranteed bonus of $200,000 and, for 2007, Mr. Brown will be entitled to a minimum guaranteed bonus of $160,000. Mr. Brown will also be entitled to receive an annual long-term incentive compensation award with an aggregate annual target value of $250,000, which will vest in equal annual installments over four to five years, subject to the achievement of pre-established, performance-related goals. The 2007 long-term incentive compensation award will be made in February 2007 and will have a value of $250,000. In addition, as contemplated by the Employment Agreement, as a signing bonus, Mr. Brown will receive upon the closing date of the Internalization (the Start Date) a $35,000 cash bonus and, under our 2006 Long-Term Incentive Plan, subject to the approval of the plan by our stockholders, 51,111 restricted shares of our common stock (or equivalent full value awards and including either dividend rights or dividend equivalent rights) vesting over five years (0%, 0%, 25%, 25% and 50%) commencing on the first anniversary of the Start Date.

Pursuant to the Employment Agreement, Mr. Brown will be reimbursed for reasonable moving and relocation expenses related to his relocation to the Denver, Colorado area, with a gross-up for taxes (if applicable); we will also provide him with a reasonable allowance for temporary housing extending up to six months from the Start Date; and he will be entitled to reimbursement for travel, including commuting costs prior to the relocation of his family to Denver, until the date that is six months after the Start Date at the latest.

If Mr. Brown s employment is terminated by us without cause or by him for good reason, he will be entitled to severance generally equal to (i) the greater of (A) his annual aggregate cash compensation for the year of termination and (B) his actual annual cash compensation for the year prior to the year of termination, (ii) one year of continuing coverage under the group health plan and (iii) payments in respect of certain relocation-related obligations. In addition, in that event, Mr. Brown will be entitled to a pro-rated target bonus for the year of termination and the vesting of all outstanding equity awards. Mr. Brown s equity compensation awards will also vest in the event of a change in control. In addition, if we do not become listed on a national securities exchange or market within 24 months after the Start Date and if Mr. Brown then terminates his employment without good reason no later than 27 months after the Start Date, Mr. Brown will also receive, in addition to any other amounts, a cash payment of $250,000. If the payments made by us under the Employment Agreement, including compensation triggered by a change in control, constitute a parachute payment under the Internal

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Revenue Code of 1986, as amended, such that an excise tax is imposed, Mr. Brown is generally entitled to receive a gross-up payment equal to the amount of such excise tax owed (including any penalties and interest for underpayments) plus the amount necessary to put him in the same after-tax position as if no excise tax had been imposed. Upon his death or termination by us on account of his disability, a pro-rated target bonus for the year of termination will be payable, and any exclusively time-based (as opposed to performance-based) vesting conditions on his equity compensation awards will be eliminated.

Under the Employment Agreement, Mr. Brown is subject to a number of restrictive covenants, including a non-competition provision for up to one-year that becomes applicable following certain terminations, and non-solicitation, non-interference and confidentiality provisions. Upon the scheduled expiration of the employment term, the non-competition provision will expire upon the date of the termination of employment.

In addition, the Employment Agreement provides that, prior to the Start Date, Mr. Brown will be retained by the Advisor s Parent as a consultant pursuant to a consulting arrangement, which will terminate on the first day of the term of Mr. Brown s employment with us. In addition, either Mr. Brown or the Advisor s Parent may terminate the consulting arrangement before the commencement of the term of Mr. Brown s employment with us at any time upon 10 days notice.

A description of certain relationships between the Advisor s Parent and our company and our affiliates can be found in the section entitled Certain Relationships and Related Transactions in our definitive Proxy Statement filed with the Securities and Exchange Commission on September 1, 2006 and is incorporated by reference into this item.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

September 22, 2006

DIVIDEND CAPITAL TRUST INC.

By: */s/ Evan H. Zucker*
Name: Evan H. Zucker
Title: Chief Executive Officer

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ANNEX D TO SUPPLEMENT NO. 2

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended June 30, 2006

OR

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

Commission File Number 000-50724

DIVIDEND CAPITAL TRUST INC.

(Exact name of registrant as specified in its charter)

Maryland **(State or other jurisdiction of** **incorporation or organization)**	**82-0538520** **(I.R.S. Employer** **Identification No.)**
518 Seventeenth Street, Suite 1700 **Denver, Colorado** **(Address of principal executive offices)**	**80202** **(Zip Code)**

(303) 228-2200

(Registrant s telephone number, including area code)

Not Applicable

(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

As of July 31, 2006, 150,965,616 shares of common stock of Dividend Capital Trust Inc., par value $0.01 per share, were outstanding.

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Dividend Capital Trust Inc. and Subsidiaries

Index to Form 10-Q

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Dividend Capital Trust Inc. and Subsidiaries

Consolidated Balance Sheets

(in thousands, except share and per share information)

	June 30, 2006 (Unaudited)	December 31, 2005
ASSETS		
Land	$ 453,844	$ 327,428
Buildings and improvements	2,133,227	1,499,414
Intangible lease assets	206,701	155,276
Construction in progress	29,999	12,807
Total Investment in Properties	2,823,771	1,994,925
Less accumulated depreciation and amortization	(147,445)	(96,604)
Net Investment in Properties	2,676,326	1,898,321
Investments in and advances to unconsolidated joint ventures	16,982	6,090
Net Investment in Real Estate	2,693,308	1,904,411
Cash and cash equivalents	44,849	94,918
Restricted cash	7,048	5,027
Notes receivable	9,231	9,670
Deferred loan costs, net	6,096	6,498
Deferred loan costs financing obligation, net	19,435	12,270
Deferred acquisition costs and deposits	1,849	2,855
Straight line rent and other receivables	15,617	18,347
Other assets, net	7,206	3,699
Total Assets	$ 2,804,639	$ 2,057,695
LIABILITIES AND SHAREHOLDERS EQUITY		
Liabilities:		
Accounts payable and accrued expenses	$ 29,801	$ 26,139
Distributions payable	24,451	19,787
Tenant prepaids and security deposits	13,507	9,321
Other liabilities	5,869	6,769
Intangible lease liability, net	14,370	10,320
Lines of credit	132,016	16
Unsecured notes	425,000	
Mortgage notes	650,941	642,242
Financing obligations	228,633	154,713
Total Liabilities	1,524,588	869,307
Minority interests	35,016	55,577

Shareholders equity:		
Preferred shares, 50,000,000 shares authorized, none outstanding		
Shares-in-trust, 100,000,000 shares authorized, none outstanding		
Common shares, $0.01 par value, 350,000,000 shares authorized, 149,598,403 and 133,206,784 shares issued and outstanding, at June 30, 2006 and December 31, 2005, respectively	1,496	1,332
Additional paid-in capital	1,387,485	1,235,156
Distributions in excess of earnings	(147,472)	(100,888)
Accumulated other comprehensive income (loss)	3,526	(2,789)
Total Shareholders Equity	1,245,035	1,132,811
Total Liabilities and Shareholders Equity	$ 2,804,639	$ 2,057,695

The accompanying notes are an integral part of these consolidated financial statements.

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Dividend Capital Trust Inc. and Subsidiaries

Consolidated Statements of Operations

(Unaudited, in thousands, except per share information)

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
REVENUE:				
Rental revenue	$ 51,294	$ 26,375	$ 97,974	$ 45,977
Institutional capital management fees	126		178	
Total Revenue	51,420	26,375	98,152	45,977
EXPENSES:				
Rental expenses	4,859	2,415	9,321	4,850
Real estate taxes	6,587	2,944	13,068	5,328
Depreciation and amortization expense	27,199	14,192	51,691	26,542
General and administrative expense	1,452	701	2,182	1,429
Asset management fees, related party	4,297	1,524	7,815	2,703
Total Expenses	44,394	21,776	84,077	40,852
Operating Income	7,026	4,599	14,075	5,125
Other Income and Expenses:				
Equity in losses of unconsolidated joint ventures, net	(129)		(182)	
Gain recognized on dispositions of real estate interests	4,044		8,032	
Interest expense	(14,755)	(4,827)	(26,436)	(8,545)
Interest income and other	2,060	979	4,522	1,589
Total Other Income and Expenses	(8,780)	(3,848)	(14,064)	(6,956)
Income (Loss) Before Minority Interests	(1,754)	751	11	(1,831)
Minority Interests	108	(3)	298	(3)
NET INCOME (LOSS)	$ (1,646)	$ 748	$ 309	$ (1,834)
NET INCOME (LOSS) PER COMMON SHARE				
Basic	$ (0.01)	$ 0.01	$ 0.00	$ (0.02)
Diluted	$ (0.01)	$ 0.01	$ 0.00	$ (0.02)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	150,053	88,066	147,812	81,331
Diluted	150,053	88,473	150,315	81,331

The accompanying notes are an integral part of these consolidated financial statements.

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Dividend Capital Trust Inc. and Subsidiaries

Consolidated Statement of Shareholders Equity

And Other Comprehensive Income (Loss)

For the Six Months Ended June 30, 2006

(Unaudited, in thousands)

	Common Shares				Accumulated	
	Shares	Amount	Additional Paid-in Capital	Distributions in Excess of Earnings	Other Comprehensive Income (Loss)	Total Shareholders Equity
Balance at December 31, 2005	133,207	$ 1,332	$ 1,235,156	$ (100,888)	$ (2,789)	$ 1,132,811
Comprehensive income:						
Net income				309		309
Net unrealized gain on cash flow hedging derivatives					5,986	5,986
Amortization of cash flow hedging derivatives					329	329
Comprehensive income						6,624
Issuance of common shares, net of offering costs	17,313	173	161,218			161,391
Redemption of common shares	(922)	(9)	(8,921)			(8,930)
Amortization of stock options			32			32
Distributions on common shares				(46,893)		(46,893)
Balance at June 30, 2006	149,598	$ 1,496	$ 1,387,485	$ (147,472)	$ 3,526	$ 1,245,035

The accompanying notes are an integral part of these consolidated financial statements.

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Dividend Capital Trust Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(Unaudited, in thousands)

	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
OPERATING ACTIVITIES:		
Net income (loss)	$ 309	$ (1,834)
Minority interests	(298)	3
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Equity in losses of unconsolidated joint ventures, net	182	
Gain recognized on disposition of real estate interests	(8,032)	
Real estate depreciation and amortization	51,691	26,542
Other depreciation and amortization	1,591	127
Loss on hedging activities	11	72
Changes in operating assets and liabilities:		
Other assets	(2,037)	(1,102)
Accounts payable, accrued expenses and other liabilities	5,320	3,539
Net cash provided by operating activities	48,737	27,347
INVESTING ACTIVITIES:		
Real estate investments	(965,557)	(202,068)
Proceeds from dispositions of real estate investments	116,418	
Decrease (increase) in deferred acquisition costs	1,007	(6,384)
Decrease in restricted cash		4,854
Originations of notes receivable from unconsolidated joint ventures	(650)	(3,940)
Proceeds from repayment of notes receivable		