

DCT Industrial Trust Inc.
Form 10-Q
May 09, 2007
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2007**

OR

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____
Commission File Number 001-33201**

DCT INDUSTRIAL TRUST INC.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

518 Seventeenth Street, Suite 1700

Denver, Colorado

(Address of principal executive offices)

82-0538520

(I.R.S. Employer
Identification No.)

80202

(Zip Code)

(303) 597-2400

(Registrant's telephone number, including area code)

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

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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

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

As of April 30, 2007, 168,416,700 shares of common stock of DCT Industrial Trust Inc., par value \$0.01 per share, were outstanding.

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DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

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Table of Contents**DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES****Consolidated Balance Sheets**

(in thousands, except share and per share information)

	March 31, 2007 (unaudited)	December 31, 2006
ASSETS		
Land	\$ 505,275	\$ 513,143
Buildings and improvements	2,083,206	2,120,821
Intangible lease assets	191,144	198,222
Construction in progress	33,222	32,702
Total Investment in Properties	2,812,847	2,864,888
Less accumulated depreciation and amortization	(227,355)	(199,574)
Net Investment in Properties	2,585,492	2,665,314
Investments in and advances to unconsolidated joint ventures	54,911	42,336
Net Investment in Real Estate	2,640,403	2,707,650
Cash and cash equivalents	96,718	23,310
Notes receivable	9,192	9,205
Deferred loan costs, net	5,839	6,175
Deferred loan costs financing obligations, net	9,101	16,467
Straight-line rent and other receivables	20,785	17,137
Deferred acquisition costs and other assets, net	18,360	27,637
Assets held for sale		41,895
Total Assets	\$ 2,800,398	\$ 2,849,476
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 20,180	\$ 27,341
Distributions payable	31,946	30,777
Tenant prepaids and security deposits	14,072	12,329
Other liabilities	15,273	14,135
Intangible lease liability, net	15,913	17,595
Lines of credit	22,000	34,278
Senior unsecured notes	425,000	425,000
Mortgage notes	652,365	641,081
Financing obligations	95,682	191,787
Liabilities related to assets held for sale		276
Total Liabilities	1,292,431	1,394,599
Minority interests	291,426	225,920
Stockholders equity:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized, none outstanding		
Shares-in-trust, \$0.01 par value, 100,000,000 shares authorized, none outstanding		
Common stock, \$0.01 par value, 350,000,000 shares authorized, 168,354,596 shares issued and outstanding as of March 31, 2007 and December 31, 2006	1,684	1,684

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Additional paid-in capital	1,595,319	1,595,808
Distributions in excess of earnings	(369,172)	(357,076)
Accumulated other comprehensive loss	(11,290)	(11,459)
Total Stockholders' Equity	1,216,541	1,228,957
Total Liabilities and Stockholders' Equity	\$ 2,800,398	\$ 2,849,476

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

Table of Contents**DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES****Consolidated Statements of Operations**

(unaudited, in thousands, except per share information)

	Three Months Ended March 31,	
	2007	2006
REVENUES:		
Rental revenues	\$ 64,975	\$ 44,824
Institutional capital management and other fees	746	52
Total Revenues	65,721	44,876
OPERATING EXPENSES:		
Rental expenses	7,859	4,114
Real estate taxes	8,520	6,139
Real estate related depreciation and amortization	28,768	23,239
General and administrative	4,056	679
Asset management fees, related party		3,518
Total Operating Expenses	49,203	37,689
Operating Income	16,518	7,187
OTHER INCOME AND EXPENSE:		
Equity in income (losses) of unconsolidated joint ventures, net	74	(53)
Gain on dispositions of real estate interests	7,885	3,988
Interest expense (including loan cost amortization of \$0.4 million and \$0.4 million, respectively)	(16,867)	(11,534)
Interest income and other	982	2,462
Income taxes	(471)	(51)
Income Before Minority Interests and Discontinued Operations	8,121	1,999
Minority interests	(1,082)	175
Income From Continuing Operations	7,039	2,174
Income (Loss) From Discontinued Operations	8,316	(219)
NET INCOME	\$ 15,355	\$ 1,955
INCOME PER COMMON SHARE BASIC		
Income From Continuing Operations	\$ 0.04	\$ 0.01
Income (Loss) From Discontinued Operations	0.05	0.00
Net Income	\$ 0.09	\$ 0.01
INCOME PER COMMON SHARE DILUTED:		
Income From Continuing Operations	\$ 0.04	\$ 0.01
Income (Loss) From Discontinued Operations	0.05	0.00
Net Income	\$ 0.09	\$ 0.01

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING

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Basic	168,355	145,402
Diluted	196,720	147,315

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

Table of Contents**DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES****Consolidated Statement of Stockholders Equity****And Other Comprehensive Loss****For the Three Months Ended March 31, 2007****(unaudited, in thousands)**

	Common Stock		Additional Paid-in Capital	Distributions in Excess of Earnings	Accumulated		Total Stockholders Equity
	Shares	Amount			Other Comprehensive Loss		
Balance at December 31, 2006	168,355	\$ 1,684	\$ 1,595,808	\$ (357,076)	\$ (11,459)	\$ 1,228,957	
Cumulative impact of change in accounting for uncertainty in income taxes (FIN 48 see Note 1)				(500)		(500)	
Comprehensive income:							
Net income				15,355		15,355	
Net unrealized gain on cash flow hedging derivatives					17	17	
Amortization of cash flow hedging derivatives					152	152	
Comprehensive income						15,524	
Offering costs related to issuance of common stock			(983)			(983)	
Amortization of stock-based compensation			494			494	
Distributions on common stock				(26,951)		(26,951)	
Balance at March 31, 2007	168,355	\$ 1,684	\$ 1,595,319	\$ (369,172)	\$ (11,290)	\$ 1,216,541	

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

Table of Contents**DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****(unaudited, in thousands)**

	Three Months Ended March 31,	
	2007	2006
OPERATING ACTIVITIES:		
Net income	\$ 15,355	\$ 1,955
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interests	2,486	(190)
Gain on disposition of real estate interests	(13,735)	(3,988)
Gain on contributions of nondepreciable real estate and other land sales	(3,711)	
Real estate related depreciation and amortization	28,783	24,492
Distributions of earnings from unconsolidated joint ventures	175	
Equity in (income) losses of unconsolidated joint ventures, net, and other	(2,584)	(1,026)
Changes in operating assets and liabilities:		
Other assets	(1,453)	74
Accounts payable, accrued expenses and other liabilities	(825)	(1,286)
Net cash provided by operating activities	24,491	20,031