

DIVIDEND CAPITAL TRUST INC
Form 8-K/A
July 16, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

AMENDMENT TO CURRENT REPORT

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

Date of Report (Date of earliest event reported): **May 3, 2004**

DIVIDEND CAPITAL TRUST INC.

(Exact name of small business issuer as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

333-86234, 333-113170

(Commission File No.)

82-0538520

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

**518 17th Street, Suite 1700
Denver, CO 80202**

(Address of principal executive offices)

(303) 228-2200

(Registrant's telephone number)

Item 2. Acquisition or Disposition of Assets

Purchase of Northwest Business Center and Riverport Commerce Center (previously referred to as MassPRIM). We previously filed a Form 8-K dated May 3, 2004 on May 14, 2004 with regard to the acquisition of Northwest Business Center and Riverport Commerce Center (collectively the Properties) without the requisite financial information. Accordingly, we are filing this Form 8-K/A to include that financial information. Due to the non-related party nature of this transaction, only audited statements for the year ended December 31, 2003 are required. The Company is not aware of any material factors relating to these Properties that would cause the reported financial information not to be necessarily indicative of future operating results.

Item 7. Financial Statements and Exhibits.

(a) Financial Statements of Real Estate Property Acquired:

Northwest Business Center and Riverport Commerce Center:

Report of Independent Registered Public Accounting Firm

Statement of Revenue and Certain Expenses for the Year Ended
December 31, 2003

Notes to Statement of Revenue and Certain Expenses

(b) Unaudited Pro Forma Financial Information:

Pro Forma Financial Information (Unaudited)

Pro Forma Consolidated Balance Sheet as of December 31, 2003
(Unaudited)

Notes to Pro Forma Consolidated Balance Sheet (Unaudited)

Pro Forma Consolidated Statement of Operations for the Year Ended
December 31, 2003 (Unaudited)

Notes to Pro Forma Consolidated Statement of Operations (Unaudited)

(c) Exhibits:

None.

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 thereunto duly authorized.

DIVIDEND CAPITAL TRUST INC.

July 16, 2004

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders

Dividend Capital Trust Inc.

Denver, Colorado

We have audited the accompanying statement of revenue and certain expenses of Northwest Business Center and Riverport Commerce Center (collectively the Properties) for the year ended December 31, 2003. This financial statement is the responsibility of the Properties management. Our responsibility is to express an opinion on this financial statement based upon our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenue and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Current Report on Form 8-K of Dividend Capital Trust Inc., as described in Note 1. The presentation is not intended to be a complete presentation of the Properties revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue and certain expenses of Northwest Business Center and Riverport Commerce Center for the year ended December 31, 2003, on the basis of accounting described in Note 1.

/s/ Ehrhardt Keefe Steiner & Hottman PC

July 9, 2004
Denver, Colorado

DIVIDEND CAPITAL TRUST INC.

Northwest Business Center and Riverport Commerce Center

Statement of Revenue and Certain Expenses

For the Year Ended December 31, 2003

| | |
|-----------------------------------------|--------------|
| Revenues | |
| Rental income | \$ 1,610,693 |
| Other revenue | 262,434 |
| Total revenues | 1,873,127 |
| Certain expenses | |
| Real estate taxes | 154,755 |
| Operating expenses | 125,544 |
| Management fee | 49,907 |
| Insurance | 27,862 |
| Total certain expenses | 358,068 |
| Excess of revenue over certain expenses | \$ 1,515,059 |

See notes to financial statement.

DIVIDEND CAPITAL TRUST INC.

Notes to Financial Statement

Note 1 - Description of Business and Summary of Significant Accounting Policies

The accompanying statement of revenue and certain expenses reflects the operations of the Northwest Business Center and Riverport Commerce Center (collectively the Properties). The Properties consist of two distribution facilities located in Springdale, Ohio and Riverport, Kentucky and contain 426,500 aggregate rentable square feet on 25.8 acres of land. As of December 31, 2003, the Properties had an occupancy percentage of 90%.

The Properties were acquired by Dividend Capital Trust Inc. (the Company) from an unrelated party on May 3, 2004 for a total cost, including acquisition costs, of approximately \$14.9 million, which was paid with proceeds from the Company s public offering. Such costs included an acquisition fee of \$145,000 paid to an affiliate.

The accounting records of the Properties are maintained on the accrual basis. The accompanying statement of revenue and certain expenses was prepared pursuant to the rules and regulations of the Securities and Exchange Commission, and excludes certain expenses such as mortgage interest, depreciation and amortization, professional fees and other costs not directly related to future operations of the Properties.

The Properties recognize revenue from tenant leases on the straight-line method over the life of the related lease. The results of operations can be significantly impacted by the rental market of the Springdale, Ohio and Riverport, Kentucky region.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Operating Leases

The Properties revenue is obtained from tenant rental payments as provided for under non-cancelable operating leases. The Properties record rental revenue for the full term of the lease on a straight-line basis. In this case, where the minimum rental payments increase over the life of the lease, the Properties record a receivable due from tenants for the difference between the amount of revenue recorded and the amount of cash received. This accounting treatment resulted in an increase in rental revenue of approximately \$39,700 for the year ended December 31, 2003.

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Future minimum lease payments due under these leases, excluding tenant reimbursements of operating expenses, as of December 31, 2003 are as follows:

Year Ending December 31,

| | | |
|------|----|-----------|
| 2004 | \$ | 1,425,511 |
| 2005 | | 1,039,048 |
| 2006 | | 855,832 |
| 2007 | | 874,083 |
| 2008 | | 495,273 |
| | \$ | 4,689,747 |

Tenant reimbursements of operating expenses are included in other revenue in the accompanying statement of revenue and certain expenses.

The following table exhibits those tenants who accounted for greater than 10% of the rental revenues for the year ended December 31, 2003, and the corresponding percentage of the future minimum revenues above:

| Tenant | Industry | Lease Expiration | Percentage of 2003 Revenues | Percentage of Future Minimum Revenues |
|--------|--------------------|------------------|-----------------------------|---------------------------------------|
| A | Distribution | May 2005 | 38% | 17% |
| B | Manufacturing | October 2008 | 25% | 37% |
| C | Furniture retailer | May 2008 | 22% | 34% |

Certain leases above contain tenant lease renewal options for various periods under various terms that may or may not be similar to the existing terms.

Note 3 - Subsequent Event

In May 2004, the Properties settled certain claims by tenant C above by paying the tenant \$91,630. Such settlement was contingent upon the sale of the Properties to the Company. There was no effect on the terms of the underlying lease.

DIVIDEND CAPITAL TRUST INC.

Pro Forma Financial Information

(Unaudited)

The accompanying unaudited pro forma consolidated balance sheet presents the historical financial information of Dividend Capital Trust Inc. (the Company) as of December 31, 2003 as adjusted for (i) the acquisition of the properties made subsequent to December 31, 2003, and (ii) the issuance of the Company's common stock as if these transactions had occurred on December 31, 2003.

The accompanying unaudited pro forma consolidated statement of operations for the year ended December 31, 2003 combine the historical operations of the Company with (i) the incremental effect of the acquisitions of properties in 2003, (ii) the historical operations of properties acquired subsequent to December 31, 2003, (iii) the issuance of debt and (iv) the issuance of the Company's common stock, as if these transactions had occurred on January 1, 2003.

The unaudited pro forma consolidated financial statements have been prepared by the Company's management based upon the historical financial statements of the Company and of the individually acquired properties. These pro forma statements may not be indicative of the results that actually would have occurred if the combination had been in effect on the dates indicated or which may be obtained in the future. The pro forma financial statements should be read in conjunction with the historical financial statements included in the Company's previous filings with the Securities and Exchange Commission.

DIVIDEND CAPITAL TRUST INC.

Pro Forma Consolidated Balance Sheet

December 31, 2003

| | DCT Historical (1) | Acquisitions | Other Pro Forma Adjustments | Pro Forma Consolidated |
|--------------------------------------------------|-----------------------|------------------|-----------------------------------|---------------------------|
| Assets | | | | |
| Net Investment in Real Estate | \$ 150,633,351 | \$ 44,723,566(2) | \$ | \$ 195,356,917 |
| Cash and cash equivalents | 4,076,642 | (44,723,566)(2) | 177,955,020(3) | 137,308,096 |
| Other assets, net | 1,897,543 | | | 1,897,543 |
| Total Assets | \$ 156,607,536 | \$ | \$ 177,955,020 | \$ 334,562,556 |
| Liabilities and Stockholders Equity | | | | |
| Mortgage note | \$ 40,500,000 | \$ | \$ | \$ 40,500,000 |
| Line of credit | 1,000,000 | | | 1,000,000 |
| Financing obligation | 2,695,696 | | | 2,695,696 |
| Accounts payable and other liabilities | 5,586,495 | | | 5,586,495 |
| Total Liabilities | 49,782,191 | | | 49,782,191 |
| Minority Interest | 1,000 | | | 1,000 |
| Shareholders Equity: | | | | |
| Common stock | 106,824,345 | | 177,955,020(3) | 284,779,365 |
| Total Shareholders Equity | 106,824,345 | | 177,955,020 | 284,779,365 |
| Total Liabilities and Shareholders Equity | \$ 156,607,536 | \$ | \$ 177,955,020 | \$ 334,562,556 |

The accompanying notes are an integral part of this pro forma consolidated financial statement.

DIVIDEND CAPITAL TRUST INC.

Notes to Pro Forma Consolidated Balance Sheet

(Unaudited)

(1) Reflects the historical consolidated balance sheet of the Company as of December 31, 2003. Please refer to the Company's historical consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K.

(2) Reflects the acquisition of properties that were acquired after December 31, 2003. These properties were acquired using the net proceeds from the Company's public offerings. The total cost of these facilities, including acquisitions costs, was approximately \$44.7 million.

(3) A certain amount of capital was raised through the Company's public offerings after December 31, 2003 which was used to fund the acquisition of the properties acquired in 2004. As such, the net proceeds from the shares that were sold subsequent to December 31, 2003 through May 3, 2004, the date of the latest acquisition, are included in the accompanying pro forma balance sheet. The following table reflects the calculation used to determine the net proceeds received from the Company's public offering:

| | | |
|--------------------------------------------------------|----|--------------|
| Shares Sold from December 31, 2003 through May 3, 2004 | | 19,772,780 |
| Gross Proceeds | \$ | 197,727,800 |
| Less Selling Costs | | (19,772,780) |
| Net Proceeds | \$ | 177,955,020 |

F-7

DIVIDEND CAPITAL TRUST INC.

Pro Forma Consolidated Statement of Operations

For the Year Ended December 31, 2003

| | DCT Historical (1) | 2003 Acquisitions | 2004 Acquisitions | Other Pro Forma Adjustments | Pro Forma Consolidated |
|---------------------------------------------------------------------|-----------------------|----------------------|----------------------|-----------------------------------|---------------------------|
| REVENUE: | | | | | |
| Rental revenue | \$ 2,645,093 | \$ 8,194,285(2) | \$ 5,221,987(5) | \$ (110,309)(7) | \$ 15,951,056 |
| Other income | 61,364 | | | | 61,364 |
| Total Income | 2,706,457 | 8,194,285 | 5,221,987 | (110,309) | 16,012,420 |
| EXPENSES: | | | | | |
| Rental expenses | 366,650 | 2,159,121(2) | 1,030,759(5) | | 3,556,530 |
| Depreciation & amortization | 1,195,330 | 4,898,414(3) | 2,517,290(6) | | 8,611,034 |
| Interest expense | 385,424 | 1,980,625(4) | | | 2,366,049 |
| General and administrative expenses | 411,948 | | | | 411,948 |
| Total Operating Expenses | 2,359,352 | 9,038,160 | 3,548,049 | | 14,945,561 |
| NET INCOME (LOSS) | \$ 347,105 | \$ (843,875) | \$ 1,673,938 | \$ (110,309) | \$ 1,066,859 |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | | | | | |
| Basic | 3,987,429 | | | 28,255,751(8) | 32,243,180 |
| Diluted | 4,007,429 | | | 28,255,751(8) | 32,263,180 |
| NET INCOME (LOSS) PER COMMON SHARE | \$ 0.09 | | | | \$ 0.03 |
| Basic and diluted | | | | | |

The accompanying notes are an integral part of this pro forma consolidated financial statement.

DIVIDEND CAPITAL TRUST INC.

Notes to Pro Forma Consolidated Statement of Operations

(Unaudited)

(1) Reflects the historical consolidated statement of operations of the Company for the year ended December 31, 2003. Please refer to the Company's historical consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K.

(2) The following table sets forth the incremental rental revenues and operating expenses of the properties acquired during 2003 for the year ended December 31, 2003 based on the historical operations of such properties for the periods prior to acquisition.

| | Acquisition Date | Rental Revenues | Operating Expenses | Revenues in Excess of Expenses |
|------------------------------------------------------|---------------------|--------------------|-----------------------|-----------------------------------------|
| Bridgestone/Firestone Distribution Center | 6/9/2003 | \$ | \$ | \$ |
| Chickasaw Distribution Center | 7/22/2003 | 802,031 | 217,995 | 584,036 |
| Rancho Technology Park | 10/16/2003 | | | |
| Mallard Lake Distribution Center | 10/29/2003 | 803,627 | 13,063 | 790,564 |
| West by Northwest Business Center | 10/30/2003 | 368,977 | 253,354 | 115,623 |
| Park West, Pinnacle & DFW Distribution Facilities | 12/15/2003 | 5,191,090 | 1,496,064 | 3,695,026 |
| Plainfield Distribution Center | 12/22/2003 | 1,028,560 | 178,645 | 849,915 |
| Total | | \$ 8,194,285 | \$ 2,159,121 | \$ 6,035,164 |

The properties acquired during 2003 were acquired with the net proceeds from the Company's initial public offering, the borrowings on the senior secured revolving credit facility and the borrowings on the mortgage indebtedness.

The Bridgestone/Firestone Distribution Center and the Rancho Technology Park were vacant prior to acquisition. As such, no rental revenues and operating expenses have been reflected in the accompanying pro forma statement of operations related to these acquisitions.

(3) The following table sets forth the initial allocation of land and building and other costs based on the preliminary purchase price allocation for the 2003 property acquisitions. This table also reflects the estimated incremental depreciation and amortization for the 2003 property acquisitions using a 40 year life for building, a 20 year life for land improvements and the life of the related lease for leasehold improvements and for other intangible assets based on the preliminary purchase price allocation in accordance with Statement of Financial Accounting Standard No. 141, *Business Combinations* (SFAS 141).

| | Acquisition Date | Land | Building and Other Costs | Total Cost | Incremental Depreciation and Amortization |
|-------------------------------------------|------------------|--------------|--------------------------|---------------|-------------------------------------------|
| Bridgestone/Firestone Distribution Center | 6/9/2003 | \$ 2,544,999 | \$ 21,938,672 | \$ 24,483,671 | \$ |
| Chickasaw Distribution Center | 7/22/2003 | 1,140,561 | 13,779,870 | 14,920,431 | 464,957 |
| Rancho Technology Park | 10/16/2003 | 2,789,574 | 7,002,354 | 9,791,928 | |
| Mallard Lake Distribution Center | 10/29/2003 | 2,561,328 | 8,808,242 | 11,369,570 | 274,304 |
| West by Northwest Business Center | 10/30/2003 | 1,033,352 | 7,563,574 | 8,596,926 | 356,670 |
| Park West Distribution Facilities | 12/15/2003 | 3,348,000 | 22,893,585 | 26,241,585 | 1,050,368 |
| Pinnacle Industrial Center | 12/15/2003 | 1,587,762 | 27,838,070 | 29,425,832 | 1,523,983 |
| DFW Trade Center | 12/15/2003 | 980,666 | 10,381,628 | 11,362,294 | 688,622 |
| Plainfield Distribution Center | 12/22/2003 | 1,394,147 | 14,259,728 | 15,653,875 | 539,510 |
| Total 2002 Acquisitions | | 17,380,389 | 134,465,723 | 151,846,112 | 4,898,414 |

The Bridgestone/Firestone Distribution Center and the Rancho Technology Park were vacant prior to acquisition and therefore no depreciation or amortization expenses have been reflected in the accompanying pro forma statement of operations related to these acquisitions.

(4) The following table sets forth the debt which has been assumed to have been outstanding as of January 1, 2003 and the incremental interest expense that has been included in the pro forma statement of operations.

| Amount | Note | Interest Rate | Incremental Interest Expense | |
|--------------|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------|
| \$1,000,000 | Senior Secured Revolving Credit Facility | Annual interest rate equal to adjusted LIBOR plus 1.125% or (at the election of Dividend Capital) 1.0% over the Prime rate. | \$ | 40,000 |
| | | | | |
| \$40,500,000 | Mortgage Note | Annual interest rate equal to 5.0%. | \$ | 1,940,625 |
| | | Total | \$ | 1,980,625 |

(5) The following table sets forth the incremental rental revenues and operating expenses of the properties acquired during 2004 for the year ended December 31, 2003 based on the historical operations of such properties for the periods prior to acquisition.

| | Acquisition Date | Rental Revenues | Operating Expenses | Revenues in Excess of Expenses |
|----------------------------------|------------------|-----------------|--------------------|--------------------------------|
| Eastgate Distribution Center III | 3/19/2004 | \$ 1,777,697 | \$ 386,335 | \$ 1,391,362 |
| Newpoint Place I | 3/31/2004 | 1,571,163 | 286,356 | 1,284,807 |
| Northwest and Riverport Centers | 5/03/2004 | 1,873,127 | 358,068 | 1,515,059 |
| Total | | \$ 5,221,987 | \$ 1,030,759 | \$ 4,191,228 |

The properties acquired in 2004 were acquired with the net proceeds raised from the Company's public offerings.

(6) The following table sets forth the initial allocation of land and building and other costs based on the preliminary purchase price allocation for the 2004 property acquisitions. This table also reflects the estimated incremental depreciation and amortization for the 2004 property acquisitions using a 40 year life for building, a 20 year life for land improvements and the life of the related lease for leasehold improvements and for other intangible assets based on the preliminary purchase price allocation in accordance with Statement of Financial Accounting Standard No. 141, *Business Combinations* (SFAS 141).

| | Acquisition Date | Land | Building and Other Costs | Total Cost | Incremental Depreciation and Amortization |
|---------------------------------------------------------|------------------|--------------|--------------------------|---------------|-------------------------------------------|
| Eastgate Distribution Center III | 3/19/2004 | \$ 1,445,321 | \$ 13,351,343 | \$ 14,796,664 | \$ 894,010 |
| Newpoint Place I | 3/31/2004 | 2,143,152 | 12,908,143 | 15,051,295 | 628,861 |
| Northwest Business Center and Riverport Commerce Center | 5/03/2004 | 2,317,500 | 12,558,107 | 14,875,607 | 994,419 |
| Total | | \$ 5,905,973 | \$ 38,817,593 | \$ 44,723,566 | \$ 2,517,290 |

(7) This amount represents the pro forma adjustment for the amortization of above and below market rents pursuant to SFAS 141.

(8) For purposes of presenting pro forma weighted average shares outstanding, it has been assumed that the number of shares outstanding as of the latest acquisition, May 3, 2004, have been outstanding since January 1, 2003.

