

DCT Industrial Trust Inc.  
Form DEF 14A  
April 11, 2008  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

(Rule 14a-101)

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934**

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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**DCT Industrial Trust Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Title of each class of securities to which transaction applies:

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Notes:

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Notice of 2008  
Annual Meeting  
*and*  
Proxy Statement

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*518 17th Street*

*Denver, Colorado 80202*

April 11, 2008

Dear Stockholder,

You are invited to attend the 2008 Annual Meeting of Stockholders to be held at 10:00 a.m., local time, on Tuesday, May 20, 2008, at 518 17<sup>th</sup> Street, Suite 800, Denver, Colorado.

Details of the business to be conducted at the meeting are set forth in the accompanying notice of annual meeting and proxy statement.

Whether or not you plan to attend, you can ensure that your shares are represented at the meeting by promptly voting and submitting your proxy by telephone or by Internet, or by completing, signing, dating, and returning your proxy card in the enclosed envelope. If you decide to attend the annual meeting, you will be able to vote in person, even if you have previously submitted your proxy.

Cordially,

Thomas G. Wattles  
Chairman of the Board

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Every stockholder's vote is important. Please complete, sign, date and return your proxy form, or authorize your proxy by phone or via the Internet.

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**Notice of 2008 Annual Meeting of Stockholders**

10:00 a.m., May 20, 2008

518 17<sup>th</sup> Street, Suite 800

Denver, Colorado 80202

April 11, 2008

To the Stockholders:

DCT Industrial Trust Inc.'s 2008 Annual Meeting of Stockholders will be held at 518 17<sup>th</sup> Street, Suite 800, Denver, Colorado 80202, on Tuesday, May 20, 2008, at 10:00 a.m., local time, for the following purposes:

1. To elect nine directors to serve until the 2009 annual meeting;
  2. To ratify the selection of the independent registered public accounting firm for 2008; and
  3. To consider any other matters that may properly come before the meeting.
- Stockholders of record at the close of business on March 26, 2008, are entitled to notice of, and to vote at, the meeting and any adjournments.

By Order of the Board of Directors,

Stephen K. Schutte

Secretary

**Important Notice Regarding the Availability of**

**Proxy Materials for the Shareholder Meeting To Be Held on May 20, 2008**

**The proxy statement and annual report to security holders are available at [www.dctindustrial.com/investors](http://www.dctindustrial.com/investors)**

**Proxy Statement**

DCT Industrial Trust Inc.

518 17<sup>th</sup> Street

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## Edgar Filing: DCT Industrial Trust Inc. - Form DEF 14A

Denver, Colorado 80202

This proxy statement is furnished in connection with the solicitation of proxies by DCT Industrial Trust Inc. on behalf of the board of directors for the 2008 Annual Meeting of Stockholders. Distribution of this proxy statement and a proxy card to stockholders is scheduled to begin on or about April 11, 2008.

You can ensure that your shares are voted at the meeting by authorizing your proxy by phone, via the Internet, or by completing, signing, dating and returning the enclosed proxy or voting registration form in the envelope provided. You may still attend the meeting and vote despite authorizing your proxy by any of these methods. A stockholder who gives a proxy may revoke it at any time before it is exercised by voting in person at the annual meeting, by delivering a subsequent proxy, by notifying the inspector of election in writing of such revocation or, if previous instructions were given by phone or via the Internet, by providing new instructions by the same means.

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**Summary of Proposals Submitted for Vote**

**Proposal 1: Election of Directors**

*Nominees:* At the annual meeting you will elect nine directors to the board. Each director will be elected to a one-year term and will hold office until the 2009 annual meeting and until a successor has been duly elected and qualified or until such director's earlier resignation or removal.

*Vote Required:* You may vote for or withhold your vote from any of the director nominees. Assuming a quorum is present, the directors receiving a plurality of the votes cast in person or by proxy at the meeting will be elected.

**Proposal 2: Ratification of the Appointment of Independent Registered Public Accounting Firm**

*Independent Registered Public Accounting Firm:* At the annual meeting you will be asked to ratify the audit committee's appointment of KPMG LLP as our independent registered public accounting firm for 2008.

*Vote Required:* You may vote for, vote against, or abstain from voting on ratifying the appointment of the independent registered public accounting firm. Assuming a quorum is present, the affirmative vote of a majority of the common shares voted at the meeting or by proxy will be required to ratify the audit committee's appointment of the independent registered public accounting firm.

**Your board of directors unanimously recommends that you vote FOR each of its director nominees and proposals listed above.**

The foregoing are only summaries of the proposals. You should review the full discussion of each proposal in this proxy statement before casting your vote.



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### **Proposal I: Election of Directors**

At the 2008 annual meeting, nine directors are to be elected to each hold office until the 2009 annual meeting and until a successor has been duly elected and qualified or until a director's earlier resignation or removal. The nine nominees for election at the 2008 annual meeting, all proposed by the board of directors, are listed below with brief biographies. Each of these nominees is a current director of DCT Industrial Trust. We do not know of any reason why any nominee would be unable to serve as a director. If a nominee is unable to serve, however, proxies will be voted for the election of such other person as the board may recommend.

#### **Thomas G. Wattles.** Director since 2003

Mr. Wattles, age 56, has been the Executive Chairman of our company since 2003. Mr. Wattles also served as our Chief Investment Officer from March 2003 to September 2005 and was a consultant to our former advisor from 2003 through October 2006. Mr. Wattles is a principal of both Dividend Capital Group LLC and Black Creek Capital, LLC, each a Denver-based real estate investment firm and both of which he joined in February 2003. In addition, from April 2005 through October 2006, Mr. Wattles was a manager of Dividend Capital Total Advisors Group LLC, which owns the advisor of Dividend Capital Total Realty Trust Inc. From March 1997 to May 1998, Mr. Wattles served as Chairman of ProLogis, and served as Co-Chairman and Chief Investment Officer from November 1993 to March 1997. Mr. Wattles was a Managing Director of Security Capital Group Incorporated and served in various capacities including Chief Investment Officer from January 1991 to December 2002. Mr. Wattles is also currently a director of Regency Centers Corporation and chairs its Investment Committee and is a member of its Audit Committee. Mr. Wattles holds a Bachelor's degree and an M.B.A. degree from Stanford University.

#### **Philip L. Hawkins.** Director since 2006

Mr. Hawkins, age 52, has been our Chief Executive Officer since October 2006. Mr. Hawkins was the President, Chief Operating Officer and a director of CarrAmerica Realty Corporation, where he had been employed from 1996 until July 2006. CarrAmerica was a public REIT focused on the acquisition, development, ownership and operation of office properties in select markets across the United States and was acquired by a fund managed by The Blackstone Group in July 2006. Prior to joining CarrAmerica, Mr. Hawkins spent approximately 13 years with Jones Lang LaSalle, a real estate services company where he was a director and held various positions involving real estate investment, development, leasing and management. He is a member of the National Association of Real Estate Investment Trusts (NAREIT), the Urban Land Institute, and is a member of NAREIT's Board of Governors. Mr. Hawkins is currently a director of SBA Communications Corporation, a publicly traded wireless tower owner and operator. He holds an M.B.A. from the University of Chicago Graduate School of Business and a Bachelor of Arts degree from Hamilton College.

#### **Phillip R. Altinger.** Director since 2006

Mr. Altinger, age 45, is currently a private investor. From 2001 through 2006, he was Executive Director, Corporate Development with Seagate Technology, a leading disc drive company, where he structured, executed and managed various equity and debt investments, as well as mergers-and-acquisitions transactions. Prior to joining Seagate, Mr. Altinger served in numerous senior financial positions at companies including Rio Hotel and Casino, Inc., a casino/hotel, and Catapult Entertainment, a videogame networking company. Mr. Altinger also held investment-banking positions with Volpe Brown Whelan & Company and Salomon Brothers. Mr. Altinger received his M.B.A. and Bachelor's degrees in Mechanical Engineering and Economics from Stanford University.

#### **Thomas F. August.** Director since 2006

Mr. August, age 59, has served since February 2008 as the Executive Vice President and Chief Operating Officer of Behringer Harvard REIT I, Inc. Previously, Mr. August had served as President, Chief Executive Officer and a trustee of Prentiss Properties Trust from October 1999 to January 2006. Prior to that time, he was

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President and Chief Operating Officer of Prentiss since Prentiss' initial public offering in October 1996. From 1992 to 1996, Mr. August served as President and Chief Operating Officer of a Prentiss affiliate, Prentiss Properties Limited, Inc. From 1987 to 1992, Mr. August served as Executive Vice President and Chief Financial Officer of Prentiss' predecessor company. From 1985 to 1987, Mr. August served in executive capacities with Cadillac Fairview Urban Development, Inc. Prior to joining Cadillac Urban in 1985, Mr. August was Senior Vice President of Finance for Oxford Properties, Inc., in Denver, Colorado, an affiliate of a privately-held Canadian real estate firm. Previously, he was a Vice President of Citibank, responsible for real estate lending activities in the Midwest. Mr. August holds a Bachelor's degree from Brandeis University and an M.B.A. degree from Boston University.

**John S. Gates, Jr.** Director since 2006

Mr. Gates, age 54, has served since January 1, 2005 as the Chairman and Chief Executive Officer of PortaeCo, a private investment and asset management company. Prior to forming PortaeCo in 1984, Mr. Gates co-founded CenterPoint Properties Trust, or CenterPoint, and served as Co-Chairman and Chief Executive Officer. During that period, CenterPoint became the largest private property owner in the Metropolitan Chicago Region and the nation's first publicly traded industrial property REIT. In March 2006, CenterPoint was acquired by the California Public Employees Retirement System (CALPERS) and Jones Lang LaSalle for approximately \$3.5 billion. He began his career as an Assistant to Governor James R. Thompson of Illinois. In 1979, he joined CB Richard Ellis, and in 1981 co-founded the Chicago office of Jones Lang Wootton (now Jones Lang LaSalle), a global commercial property investment firm. Mr. Gates is a director of The Davis Funds, the Metropolitan Pier and Exhibition Authority of Chicago, and numerous other not-for-profit institutions. Mr. Gates graduated from Trinity College in 1976 with a Bachelor's degree in Economics and Philosophy.

**Tripp H. Hardin.** Director since 2002

Mr. Hardin, age 46, is Senior Vice President of Investments with CB Richard Ellis. Prior to joining CB Richard Ellis, Mr. Hardin was a principal of Trammell Crow Krombach Partners and was associated with them or their predecessor company since 1986. He has been active in the commercial real estate industry since 1984, focusing primarily on the sale and leasing of industrial and office properties. He also has extensive experience in real estate investment and build-to-suit transactions. Mr. Hardin graduated from Stanford University in 1984 with a Bachelor of Science degree in Industrial Engineering.

**James R. Mulvihill.** Director since 2002

Mr. Mulvihill, age 43, was our Treasurer and Chief Financial Officer from 2002 through October 2006. In addition, Mr. Mulvihill was a consultant to our former advisor from 2002 through October 2006. Mr. Mulvihill is a principal of Black Creek Capital, LLC, which he co-founded in 1993. In addition, since April 2005, Mr. Mulvihill has been a manager of Dividend Capital Total Advisors Group LLC, which owns the advisor of Divided Capital Total Realty Trust Inc. He was a co-founder and served as Chairman of Corporate Properties of the Americas, or CPA, is a fully-integrated industrial real estate company that acquires, develops and manages industrial properties throughout Mexico. Mr. Mulvihill has been active in real estate acquisition, development and redevelopment activities since 1992, and as of June 30, 2006, with affiliates has overseen directly, or indirectly through affiliated entities, the acquisition, development, redevelopment, financing and sale of real estate projects with an aggregate value of approximately \$4.0 billion. Mr. Mulvihill served as the Chairman and as a director of American Real Estate Investment Corp. (later known as Keystone Property Trust) from 1993 through 1997, and as a director of Keystone Property Trust from 1997 through 1999. Mr. Mulvihill had co-founded American Real Estate Investment Corp. in 1993, which became an industrial, office and logistics REIT acquired by ProLogis in August 2004. Prior to co-founding Black Creek Capital, LLC, Mr. Mulvihill served as Vice President of the Real Estate Banking and Investment Banking Groups of Manufacturer's Hanover and, subsequently, Chemical Bank. Mr. Mulvihill holds a Bachelor's degree from

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Stanford University in Political Science. Pursuant to a contribution agreement that we entered into on July 21, 2006 with our operating partnership and DCAG to acquire our former advisor, we agreed to nominate an individual designated by DCAG to our board at our annual meetings of our stockholders to be held in 2007, 2008 and 2009. The contribution agreement and related agreement are described in more detail in the section of this proxy statement titled Transactions with Related Persons. Mr. Mulvihill was designated by DCAG to be nominated to our board at our 2008 annual meeting of stockholders.

### **John C. O Keeffe.** Director since 2002

Mr. O Keeffe, age 48, has been associated with Wm. Blanchard Co., a construction management firm located in Springfield, NJ, since 1987. He has been active in the construction industry since 1983. Mr. O Keeffe serves as a Project Executive, managing the construction of large healthcare projects. He graduated from Denison University in 1983 with a Bachelor's degree in English Literature.

### **Bruce L. Warwick.** Director since 2005

Mr. Warwick, age 69, is currently a Vice Chairman of The Related Companies, overseeing the development of various real estate development projects including office and residential properties throughout the United States. Prior to joining The Related Companies in 1998, Mr. Warwick served as Vice Chairman, Development of The Galbreath Company, overseeing development and management in the Eastern Region. He has been active in real estate construction activities since 1961. Mr. Warwick received a Bachelor of Arts degree from Colgate University in 1960.

## **Corporate Governance**

DCT Industrial Trust remains committed to maintaining sound corporate governance practices. We seek to achieve this objective through, among other things, our governance policies and compliance with the Sarbanes-Oxley Act of 2002 and the rules of the New York Stock Exchange, or NYSE. Our board has formalized several policies, procedures and standards of corporate governance reflected in our governance guidelines. These governance guidelines, some of which we touch on below, can be viewed together with any future changes on the DCT Industrial Trust website at [www.dctindustrial.com](http://www.dctindustrial.com) under corporate governance on the investor relations webpage.

**Director Independence.** We require that a majority of our board be independent under listing standards adopted by the NYSE. To determine whether a director is independent, the board must affirmatively determine that there is no direct or indirect material relationship between the company and the director. The board has determined that Messrs. Altinger, August, Gates, Hardin, O Keeffe and Warwick are independent. The board reached its decision after reviewing director questionnaires, considering transactions and relationships between each director or any member of his or her immediate family and the company and considering other relevant facts and circumstances. The board has also determined that all members of the audit, compensation and nominating and corporate governance committees are independent in accordance with NYSE and applicable Securities and Exchange Commission, or SEC, rules and that all members of the audit committee are financially literate.

**Lead Director.** Our outside directors, meaning those who are not officers or employees of DCT Industrial Trust, meet at least three times a year in regular executive sessions without management being present. A lead director presides at the meetings and reports back to management to the extent appropriate. In addition, the lead director meets at least once in every quarter with the Chairman of the Board and the Chief Executive Officer. Currently, at each executive session, our outside directors select one of themselves to act as lead director for that meeting. Beginning as of the date of the 2008 annual meeting of stockholders, the lead director will be selected annually by the outside directors at the meeting of the board scheduled on the day of each annual meeting of our stockholders (or, if no such meeting is held, on the first subsequent regularly scheduled meeting of the board).

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***Communicating with Directors.*** Any interested party who desires to communicate with any of our directors individually, with the Board of Directors as a group, or with a particular group of the Board of Directors, may do so by writing to them c/o Secretary, DCT Industrial Trust Inc., 518 17<sup>th</sup> Street, Suite 1700, Denver, Colorado 80202. Communications should clearly indicate for whom they are intended and our secretary will deliver them to the appropriate persons accordingly.

***Stockholder Recommended Nominees for Director.*** The nominating and corporate governance committee considers stockholder recommended nominees for directors and screens all potential candidates in the same manner regardless of the source of the recommendation. Recommended nominees should be submitted to the committee following the same requirements as stockholder proposals generally and, like all proposals, must satisfy and will be subject to our bylaws and applicable rules and regulations. Submittals should also contain the name, age and address of the candidate, a description of the qualifications and background of the candidate, a consent of the candidate to be named in the proxy statement relating to our annual meeting of stockholders and to serve as director if elected at such meeting, a description of all arrangements or understanding between the stockholder and the candidate, information regarding the candidate's stock ownership, and evidence of the nominating person's stock ownership. The committee will consider stockholder recommendations for board candidates, which should be sent to: Secretary, DCT Industrial Trust Inc., 518 17<sup>th</sup> Street, Suite 1700, Denver, Colorado 80202. For more information on procedures for submitting nominees, refer to stockholder nominations under *Additional Information* on page 42. The committee reviews its recommendations with the board, which in turn selects the final nominees. The committee may look at a variety of factors in identifying potential candidates and may request interviews or additional information as it deems necessary. There are no minimum qualifications that the committee believes must be met by a nominee, other than those reflected in our corporate governance guidelines, which provide that each director must (1) have an unblemished reputation for integrity and values, (2) possess the highest personal and professional ethics, (3) remain committed to representing the long term interests of the stockholders, (4) have a reputation for exercising good business judgment and practical wisdom and (5) have education and experience that provides sound knowledge of business, financial, governmental or legal matters that are relevant to our business and our status as a publicly owned company. In the course of identifying and evaluating candidates, the committee may sometimes retain executive search firms to identify candidates for the board who are then screened following the same procedures as all other candidates. In addition to stockholder nominees, the committee will consider candidates recommended by directors, officers, third-party search firms, employees and others.

***Code of Business Conduct and Ethics.*** We have adopted a code of business conduct and ethics which can be viewed on the DCT Industrial Trust website at [www.dctindustrial.com](http://www.dctindustrial.com) under corporate governance on the investor relations webpage. In addition, copies of our code of ethics and business conduct can be obtained, free of charge, upon written request to: Secretary, DCT Industrial Trust Inc., 518 17<sup>th</sup> Street, Suite 1700, Denver, Colorado 80202. The code outlines in detail the key principles of ethical conduct expected of DCT Industrial Trust employees, officers and directors, including, among others, matters related to transactions involving company securities, conflicts of interest, use of company assets, fair dealing and company accounting. In addition, we have adopted a Whistleblowing and Whistleblower Protection Policy to enable anonymous and confidential submission by employees of complaints or concerns regarding a violation of applicable laws, regulations, or business ethical standards or a questionable accounting, accounting control or auditing matter. Our Whistleblowing and Whistleblower Protection Policy can be viewed on the DCT Industrial Trust website at [www.dctindustrial.com](http://www.dctindustrial.com) under corporate governance on the investor relations webpage.

***Corporate Governance Guidelines.*** We have adopted corporate governance guidelines which can be viewed on the DCT Industrial Trust website at [www.dctindustrial.com](http://www.dctindustrial.com) under corporate governance on the investor relations webpage. In addition, copies of our corporate governance guidelines can be obtained, free of charge, upon written request to: Secretary, DCT Industrial Trust Inc., 518 17<sup>th</sup> Street, Suite 1700, Denver, Colorado 80202.

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**Board of Directors and Committees**

Our board of directors currently consists of nine directors, six of whom are independent under the requirements of the NYSE listing rules. The board held eight meetings during 2007 and all directors attended 75% or more of the board meetings and meetings of the committees on which they served during the periods they served. All members of our board are expected to attend our annual meetings of stockholders in person, unless doing so is impracticable because of unavoidable conflicts. All directors attended the annual meeting last year.

The four standing committees of the board are an audit committee, an investment committee, a compensation committee and a nominating and corporate governance committee. The audit, compensation and nominating and corporate governance committee responsibilities are stated more fully in their respective charters which have been adopted by the board. The charters can be viewed, together with any future changes, on the DCT Industrial Trust website at [www.dctindustrial.com](http://www.dctindustrial.com) under corporate governance-committee charting on the investor relations webpage. In addition, copies of the charters can be obtained, free of charge, upon written request to: Secretary, DCT Industrial Trust Inc., 518 17<sup>th</sup> Street, Denver, Colorado 80202.

***Audit Committee.*** The members of the audit committee are Messrs. Altinger, who chairs the committee, August and Warwick, each of whom is independent under the rules of the NYSE and the SEC. The board has determined that Mr. Altinger is qualified as an audit committee financial expert within the meaning of the SEC regulations. There were five meetings of the committee in 2007 and its report appears on page 40. The primary responsibilities of this committee are to assist the board in overseeing: (1) our accounting and financial reporting processes; (2) the integrity and audits of our consolidated financial statements, (3) our compliance with legal and regulatory requirements; (4) the qualifications and independence of our independent registered public accounting firm; and (5) the performance of our independent registered public accounting firm and any internal auditors. The committee is also responsible for engaging the independent registered public accounting firm, approving professional services provided by the independent registered public accounting firm, considering and approving the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls.

***Investment Committee.*** The members of the investment committee are Messrs. Hardin, who chairs the committee, Gates, O'Keeffe and Wattles. This committee is responsible for approving material acquisitions, dispositions and other investment decisions of the company up to \$25.0 million. Proposed acquisitions in excess of \$25.0 million require approval by our board. There were twelve meetings of the committee in 2007.

***Compensation Committee.*** The members of the compensation committee are Messrs. August, who chairs the committee, Altinger, and Warwick, each of whom is independent under the rules of the NYSE. The primary responsibilities of this committee are to: (1) evaluate the performance and determine the compensation of our chief executive officer; (2) review and determine the compensation payable to our executive officers; (3) make recommendations to the board regarding the compensation payable to members of the board; (4) review our incentive compensation and other stock-based plans and administer our long-term incentive plan and our incentive compensation plan; and (5) review and discuss with management the Compensation Discussion and Analysis to be included in the proxy statement for our annual meetings. There were seven meetings of the committee in 2007 and its report appears on page 38.

***Nominating and Corporate Governance Committee.*** The members of the nominating and corporate governance committee are Messrs. Gates, who chairs the committee, Hardin, and O'Keeffe, each of whom is independent under the rules of the NYSE. The primary responsibilities of this committee are to: (1) review and make recommendations to the board on board organization matters; (2) assist the board with evaluating the effectiveness of the board and its committees; (3) review and make recommendations for committee appointments to the board; (4) identify individuals qualified to become board members and propose to the board

a slate of nominees for election at the annual meeting of stockholders; (5) assess and make recommendations to the board on corporate governance matters; and (6) develop and recommend to the board a set of corporate governance principles. There were two meetings of the committee in 2007.

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The following table sets forth certain information concerning our executive officers who, subject to rights pursuant to any employment agreements, serve at the pleasure of our board of directors.

| <b>Name</b>        | <b>Age</b> | <b>Position</b>                              |
|--------------------|------------|----------------------------------------------|
| Thomas G. Wattles  | 56         | Executive Chairman*                          |
| Philip L. Hawkins  | 52         | Chief Executive Officer*                     |
| James D. Cochran   | 47         | President and Chief Investment Officer       |
| Stuart B. Brown    | 42         | Chief Financial Officer                      |
| Daryl H. Mechem    | 47         | Managing Director, Operations                |
| Matthew T. Murphy  | 43         | Senior Vice President, Finance and Treasurer |
| Michael J. Ruen    | 41         | Managing Director, Development               |
| Stephen K. Schutte | 41         | Senior Vice President and General Counsel    |

\* See biographical summary under Proposal I: Election of Directors Nominees .  
The following is a biographical summary of the experience of our executive officers.

*James D. Cochran*, age 47, has been our President since October 2006. In addition, since September 2005, he has been our Chief Investment Officer and responsible for overall acquisition, development, institutional capital management and dispositions. Through October 2006, Mr. Cochran was also an employee of our former advisor. Since he joined our former advisor in February 2004, he has overseen over \$3.0 billion in investment activity. Prior to joining our former advisor, he spent ten years with ProLogis where he was a senior vice president, member of the Investment Committee and served as a member of the Board of Directors and Executive Committee for Macquarie ProLogis Trust, a publicly traded property trust in Australia. At ProLogis, Mr. Cochran held various positions including acquisition officer, market officer responsible for operations and development in Denver and Kansas City, head of the national acquisition and sales group, and capital markets where he raised private equity for joint ventures and funds in North America. Prior to joining ProLogis, Mr. Cochran worked at TCW Realty Advisors where he held acquisition and leasing positions with a focus on industrial product. Mr. Cochran also worked for Economics Research Associates where he performed market and financial feasibility studies for a variety of development projects. Mr. Cochran has a Bachelor of Arts degree from the University of California, Davis and an M.B.A. from The Anderson School at UCLA.

*Stuart B. Brown*, age 42, has been our Chief Financial Officer since October 2006. Mr. Brown previously served as Vice President and Chief Accounting Officer of Federal Realty Investment Trust from 2003 to 2006. Federal Realty is a public REIT specializing in the ownership, management, development and redevelopment of high-quality retail assets. Before joining Federal Realty, Mr. Brown was Vice President, Finance for Giant Food, Inc., a domestic retail grocery chain that is part of the Netherlands-based Royal Ahold supermarket company. He also served in other corporate and operational finance positions at Royal Ahold over approximately ten years, including Vice President, Accounting at Ahold USA, the company's U.S. retail headquarters, and Vice President, Investor Relations at the company's global headquarters in the Netherlands. Mr. Brown began his career with Deloitte & Touche. He holds a Bachelor's degree and a Masters of Accountancy degree, both from the University of Georgia.

*Daryl H. Mechem*, age 47, has been a Managing Director of our company since 2005 and is responsible for property operations. Through October 2006, Mr. Mechem was also an employee of our former advisor. Since joining our former advisor in January 2004, Mr. Mechem has been responsible for the organizational infrastructure to implement the primary functions of property management, leasing and capital expenditures for our company's real estate portfolio. Currently, the operations department consists of approximately 35 associates located in our corporate headquarters in Denver, Colorado and two regional offices in Dallas, Texas and Atlanta,

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Georgia. Prior to joining our former advisor, Mr. Mechem was most recently a Senior Vice President and Regional Director for ProLogis where he had overall responsibilities for the day-to-day real estate operations in the Mid-Atlantic region which encompassed over 43 million square feet in eight markets (Chicago, Cincinnati, Columbus, Indianapolis, Louisville, New Jersey, Pennsylvania and St. Louis). Mr. Mechem joined ProLogis in May 1995 as a Marketing Representative in the Houston market, was promoted to Vice President Market Officer in November 1999, First Vice President in 2001 and Senior Vice President in January 2003. Mr. Mechem holds a Bachelor's degree from the University of New Mexico.

*Michael J. Ruen*, age 41, has been a Managing Director of our company since early 2007 and prior to that a Senior Vice President of our company since 2005. Mr. Ruen is responsible for capital deployment in the eastern United States and development. Through October 2006, Mr. Ruen was also an employee of our former advisor. Prior to joining our former advisor in February 2004, he was employed for nine years in various positions with ProLogis. Before leaving ProLogis, Mr. Ruen had been a First Vice President and Market Officer with responsibility over development, acquisition and portfolio operations for the state of Tennessee. Prior to that, he had similar responsibilities for Denver, Birmingham and Chattanooga after managing the leasing and marketing activities for Atlanta. Prior to joining ProLogis, Mr. Ruen was with CB Richard Ellis-Atlanta and was responsible for various institutional account activities including general brokerage. Mr. Ruen has 16 years of experience in real estate. He received his Bachelor of Sciences degree from the University of Alabama and an M.B.A. from Georgia State University.

*Matthew T. Murphy*, age 43, has been a Senior Vice President of our company since 2005 and our Treasurer since October 2006. Through October 2006, Mr. Murphy was also the Controller of our former advisor. From February 1998 until joining our former advisor in May 2003, Mr. Murphy was a Vice President and Controller of Pritzker Residential, LLC, a privately-owned, fully-integrated multi-family real estate investment company. Prior to joining Pritzker, Mr. Murphy served in various positions with Security Capital Group and its affiliates, including Archstone-Smith Trust and ProLogis. Prior to joining Security Capital Group, Mr. Murphy was a staff accountant with Coopers and Lybrand. Mr. Murphy has been active in the accounting functions in connection with real estate companies since 1992. Mr. Murphy holds a Bachelor's degree in Accounting from Colorado State University.

*Stephen K. Schutte*, age 41, has been a Senior Vice President and General Counsel of our company since October 2006 and is responsible for overseeing the provision of all legal services for the company. Prior to that, Mr. Schutte was with ProLogis for five years, most recently as First Vice President and Associate General Counsel, where he was responsible for structuring and closing numerous acquisitions and dispositions, development transactions, complex joint ventures and financings and where he was responsible for all legal services in Mexico, China and Canada. Before ProLogis, Mr. Schutte was an associate attorney with the international law firm of LeBoeuf, Lamb, Greene & MacRae LLP. Mr. Schutte received his J.D. from the University of Iowa College of Law and his B.A. from Creighton University.

There is no family relationship between our directors or executive officers. None of the organizations at which our directors or executive officers served or were employed prior to their employment with us is an affiliate of us, other than our former advisor and its affiliates.

**Table of Contents****Principal Stockholders**

The following table sets forth, as of February 1, 2008, ownership information with respect to our common stock and partnership units in our operating partnership, for those persons known to us to be the beneficial owner of 5% or more of our outstanding common stock, each of our named executive officers, directors and director nominees, individually, and all of our executive officers and directors, as a group.

| Name and Address of Beneficial Owner                | Common Stock                                       |                                        | Common Stock and Units                                       |                                                  |
|-----------------------------------------------------|----------------------------------------------------|----------------------------------------|--------------------------------------------------------------|--------------------------------------------------|
|                                                     | Number of Shares Beneficially Owned <sup>(1)</sup> | Percent of Common Stock <sup>(2)</sup> | Number of Shares and Units Beneficially Owned <sup>(1)</sup> | Percent of Common Stock and Units <sup>(2)</sup> |
| <b>Directors and Executive Officers</b>             |                                                    |                                        |                                                              |                                                  |
| Thomas G. Wattles                                   | 41,407 <sup>(3)</sup>                              | *                                      | 1,262,928 <sup>(3)</sup>                                     | *                                                |
| Philip L. Hawkins                                   | 134,028 <sup>(4)</sup>                             | *                                      | 665,102 <sup>(4)</sup>                                       | *                                                |
| Phillip R. Altinger                                 | 36,197 <sup>(5)</sup>                              | *                                      | 39,345 <sup>(5)</sup>                                        | *                                                |
| Thomas F. August                                    | 28,111 <sup>(6)</sup>                              | *                                      | 31,259 <sup>(6)</sup>                                        | *                                                |
| John S. Gates, Jr.                                  | 53,111 <sup>(6)</sup>                              | *                                      | 56,259 <sup>(6)</sup>                                        | *                                                |
| Tripp H. Hardin                                     | 26,578 <sup>(7)</sup>                              | *                                      | 29,726 <sup>(7)</sup>                                        | *                                                |
| John C. O. Keeffe                                   | 24,266 <sup>(8)</sup>                              | *                                      | 27,414 <sup>(8)</sup>                                        | *                                                |
| James R. Mulvihill                                  | 14,619 <sup>(9)</sup>                              | *                                      | 1,873,406 <sup>(9)</sup>                                     | *                                                |
| Bruce L. Warwick                                    | 61,462 <sup>(10)</sup>                             | *                                      | 64,610 <sup>(10)</sup>                                       | *                                                |
| James D. Cochran                                    | 25,625 <sup>(11)</sup>                             | *                                      | 699,162 <sup>(11)</sup>                                      | *                                                |
| Stuart B. Brown                                     | 37,048 <sup>(12)</sup>                             | *                                      | 88,159 <sup>(12)</sup>                                       | *                                                |
| Daryl H. Mechem                                     | 15,339 <sup>(13)</sup>                             | *                                      | 424,583 <sup>(13)</sup>                                      | *                                                |
| Michael J. Ruen                                     | 10,175 <sup>(14)</sup>                             | *                                      | 331,594 <sup>(14)</sup>                                      | *                                                |
| All directors and officers as a group (15 persons)  | 516,736 <sup>(15)</sup>                            | *                                      | 5,787,510 <sup>(15)</sup>                                    | 2.8%                                             |
| <b>Five Percent Stockholders</b>                    |                                                    |                                        |                                                              |                                                  |
| Dividend Capital Advisors Group LLC <sup>(16)</sup> |                                                    | *                                      | 15,111,111 <sup>(17)</sup>                                   | 7.3%                                             |
| FMR LLC                                             |                                                    |                                        |                                                              |                                                  |
| Edward C. Johnson 3d <sup>(18)</sup>                | 13,419,205                                         | 8.0%                                   | 13,419,205                                                   | 6.4%                                             |
| Davis Selected Advisers, L.P. <sup>(19)</sup>       | 10,870,476                                         | 6.5%                                   | 10,870,476                                                   | 5.2%                                             |
| The Vanguard Group, Inc. <sup>(20)</sup>            | 10,578,893                                         | 6.3%                                   | 10,578,893                                                   | 5.1%                                             |
| DIAM Co., Ltd. <sup>(21)</sup>                      | 8,966,092                                          | 5.3%                                   | 8,966,092                                                    | 4.3%                                             |

Unless otherwise indicated below, to our knowledge, all persons named in the table have sole voting and investment power with respect to their shares of common stock or units, except to the extent authority is shared by spouses under community property laws. Unless otherwise listed, the address of each of the stockholders is c/o DCT Industrial Trust Inc., 518 17th Street, Suite 1700, Denver, Colorado 80202.

- \* Less than 1.0% of the outstanding securities of our company and its subsidiaries.
- (1) Number of shares beneficially owned includes shares of common stock that may be acquired by (i) exercising stock options within 60 days of February 1, 2008 or (ii) converting phantom share grants vesting within 60 days of February 1, 2008 to actual shares, but does not include shares of common stock that may be acquired by redeeming OP units in our operating partnership. Number of shares and units beneficially owned includes all shares included in the column titled Number of shares beneficially owned plus shares of common stock that may be acquired by converting all unvested phantom share grants and redeeming OP units in our operating partnership assuming that (i) all outstanding OP units are immediately redeemable/exchangeable, (ii) all outstanding LTIP units have vested in full and have been converted into an equal number of OP units and (iii) all OP units have been exchanged for shares of common stock. Pursuant to the limited partnership agreement of our operating partnership, after receiving a redemption notice from a unit holder, our operating partnership must redeem units for cash or, at our option, shares of common stock on a one-for-one basis, subject





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to certain conditions including that such OP units have been issued and outstanding for at least a year. The terms of the LTIP units are described in Executive and Director Compensation-Compensation Discussion and Analysis-Long-Term Equity Incentive Compensation-LTIP Units.

- (2) As of February 1, 2008, 168,451,379 shares of common stock, 39,289,395 OP units and 662,464 LTIP units were outstanding. To compute the percentage of common stock held by each person and unless otherwise noted, any share of common stock which such person beneficially owned, as described in footnote 1 above, is deemed to be outstanding even if it was not actually outstanding as of February 1, 2008, but such shares are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. The percentage of common stock and units held by each person is calculated in the same manner as the percentage of common stock, except that in performing this calculation we assume that all outstanding LTIP units held by all persons have vested in full and have been converted into an equal number of OP units and that all OP units held by all persons, other than us, have been exchanged for shares of common stock.
- (3) Includes 41,407 shares held by Thomas and Joan Wattles Revocable Trust and, only under the Number of shares and units beneficially owned column, 1,221,521 OP units owned by DCAG attributed to Mr. Wattles based upon his right to receive a portion of the net cash flows, or cash flow interest, in DCAG (described below in the section titled Transactions with Related Persons ). Mr. Wattles does not have voting or investment control over the OP units owned by DCAG, and may not be deemed to beneficially own these units, and 182,475 of these units have been pledged to us as described below in the section titled Transactions with Related Persons.
- (4) Includes 40,139 shares issuable upon exercise of options which are currently exercisable or which will become exercisable within 60 days after February 1, 2008, and, only under the Number of shares and units beneficially owned column, 531,074 LTIP units (of which 16,055 are currently vested).
- (5) Includes 6,000 shares issuable upon exercise of options which are currently exercisable or which will become exercisable within 60 days after February 1, 2008, and, only under the Number of shares and units beneficially owned column, 3,148 phantom shares that are not currently vested.
- (6) For each of Messrs. August and Gates, includes, only under the Number of shares and units beneficially owned column, 3,148 phantom shares that are not currently vested.
- (7) Includes 2,277 shares held through a trust for the benefit of Mr. Hardin and an additional 1,190 shares held through his profit sharing plan (self-directed). Also includes 20,000 shares issuable upon exercise of options which are currently exercisable or which will become exercisable within 60 days after February 1, 2008, and, only under the Number of shares and units beneficially owned column, 3,148 phantom shares that are not currently vested.
- (8) Includes 20,000 shares issuable upon exercise of options which are currently exercisable or which will become exercisable within 60 days after February 1, 2008, and, only under the Number of shares and units beneficially owned column, 3,148 phantom shares that are not currently vested.
- (9) Includes 11,508 shares held through a trust for the benefit of Mr. Mulvihill and his spouse. Also includes, only under the Number of shares and units beneficially owned column, 3,148 phantom shares that are not currently vested and 1,855,639 OP units owned by DCAG attributed to Mr. Mulvihill based upon his cash flow interest in DCAG. Mr. Mulvihill does not have voting or investment control over the OP units owned by DCAG, and may not be deemed to beneficially own these units, and 277,201 of these units have been pledged to us as described below in the section titled Transactions with Related Persons.
- (10) Includes 6,000 shares issuable upon exercise of options which are currently exercisable or which will become exercisable within 60 days after February 1, 2008. Also includes, only under the Number of shares and units beneficially owned column, 3,148 phantom shares that are not currently vested.
- (11) Includes 17,452 shares issuable upon exercise of options which are currently exercisable or which will become exercisable within 60 days after February 1, 2008, and, only under the Number of shares and units beneficially owned column, 34,904 LTIP units (of which 6,980 are currently vested) and 638,633 OP units owned by DCAG attributed to Mr. Cochran based upon his cash flow interest in DCAG. Mr. Cochran does not have voting or investment control over the OP units owned by DCAG, and may not be deemed to beneficially own these units, and 95,403 of these units have been pledged to us as described below in the section titled Transactions with Related Persons.

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- (12) Includes 8,726 shares issuable upon exercise of options which are currently exercisable or which will become exercisable within 60 days after February 1, 2008, 13,962 shares of restricted stock (none of which are currently vested) and, only under the Number of shares and units beneficially owned column, 51,111 LTIP units (none of which are currently vested) .
- (13) Includes 7,853 shares issuable upon exercise of options which are currently exercisable or which will become exercisable within 60 days after February 1, 2008, and, only under the Number of shares and units beneficially owned column, 15,707 LTIP units (of which 3,141 are currently vested) and 393,537 OP units owned by DCAG attributed to Mr. Mechem based upon his cash flow interest in DCAG. Mr. Mechem does not have voting or investment control over the OP units owned by DCAG, and may not be deemed to beneficially own these units, and 58,790 of these units have been pledged to us as described below in the section titled Transactions with Related Persons.
- (14) Includes 9,598 shares issuable upon exercise of options which are currently exercisable or which will become exercisable within 60 days after February 1, 2008, and, only under the Number of shares and units beneficially owned column, 19,197 LTIP units (of which 3,839 are currently vested) and 302,222 OP units owned by DCAG attributed to Mr. Ruen based upon his cash flow interest in DCAG. Mr. Ruen does not have voting or investment control over the OP units owned by DCAG, and may not be deemed to beneficially own these units, and 45,147 of these units have been pledged to us as described below in the section titled Transactions with Related Persons.
- (15) Includes an aggregate of 375,733 shares of common stock and 141,003 shares of common stock underlying currently exercisable stock options which will become exercisable within 60 days after February 1, 2008, and, only under the Number of shares and units beneficially owned column, 4,586,274 OP units (including 4,586,274 OP units attributed to certain directors and officers based upon each of such director s or officer s cash flow interest in DCAG, 685,118 of which have been pledged to us as described below in the section titled Transactions with Related Persons ), 662,464 LTIP units, and 22,036 phantom shares. See also notes (3) (14) above.
- (16) DCAG is indirectly majority owned and/or controlled by Mr. Wattles, Mr. Mulvihill and Evan H. Zucker (our former Chief Executive Officer, President, Secretary and a former Director) and their affiliates. The address of DCAG is 518 17<sup>th</sup> Street, 17<sup>th</sup> Floor, Denver, Colorado 80202.
- (17) Comprised entirely of OP units.
- (18) FMR LLC reported sole voting power with respect to 2,862,948 shares and each of FMR LLC and Edward C. Johnson 3d reported sole investment power with respect to the same 13,419,205 shares. FMR LLC and Edward C. Johnson 3d reported that Fidelity Management & Research Company, a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 10,536,365 shares or 6.3% of our outstanding common stock. In addition, FMR LLC and Edward C. Johnson 3d reported that Real Estate Investment Portfolio is the beneficial owner of 8,580,565 shares or 5.1% of our outstanding common stock. The address of FMR LLC and Edward C. Johnson 3d is 82 Devonshire Street, Boston, Massachusetts 02109. Information regarding FMR LLC and Edward C. Johnson 3d is based solely upon a Schedule 13G filed jointly by FMR LLC and Edward C. Johnson 3d with the Securities and Exchange Commission on February 13, 2008.
- (19) Davis Selected Advisers, L.P. reported sole voting power with respect to 1,721,565 shares and sole investment power with respect to 10,870,476 shares. The address of Davis Selected Advisers, L.P. is 2949 East Elvira Road, Suite 101, Tucson, Arizona 85706. Information regarding Davis Selected Advisers, L.P. is based solely upon a Schedule 13G filed by Davis Selected Advisers, L.P. with the Securities and Exchange Commission on February 13, 2008.
- (20) The Vanguard Group, Inc. reported sole voting power with respect to 219,364 shares and sole investment power with respect to 10,578,893 shares. The address of The Vanguard Group, Inc. is 100 Vanguard Blvd., Malvern, Pennsylvania 19355. Information regarding The Vanguard Group, Inc. is based solely upon a Schedule 13G filed by The Vanguard Group, Inc. with the Securities and Exchange Commission on February 13, 2008.
- (21) DIAM Co., Ltd. reported sole voting power and sole investment power with respect to 8,966,092 shares. The address of DIAM Co., Ltd. is 3-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-0005, Japan. Information regarding DIAM Co., Ltd. is based solely upon a Schedule 13G filed by DIAM Co., Ltd. with the Securities and Exchange Commission on January 30, 2008.

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**Transactions with Related Persons**

**The Internalization**

On October 10, 2006, pursuant to a contribution agreement, our operating partnership acquired our former affiliated external advisor, Dividend Capital Advisors LLC, or our former advisor, from Dividend Capital Advisors Group LLC, the parent company of our former advisor, or DCAG, for an aggregate of 15,111,111 OP units, which included the modification of a special series of units, or the special units, of limited partnership interest in our operating partnership held by DCAG into 7,111,111 OP units. We refer to this transaction as the Internalization. In connection with the Internalization, our former advisor became a wholly-owned subsidiary of our operating partnership and certain employees of, or consultants to, our former advisor or its affiliates became our employees.

Some of our directors and officers had material financial interests in the Internalization. Mr. Wattles has indirect beneficial ownership and control with his spouse of a 12.825% membership interest in DCAG and is entitled to receive 8.084% of the net cash flows of DCAG, which we refer to as a cash flow interest; and Mr. Mulvihill has indirect beneficial ownership and control with his spouse of a 23.014% membership interest in DCAG and a 12.280% cash flow interest. Furthermore, Messrs. Cochran, Mechem, Murphy and Ruen, pursuant to certain contractual arrangements, have an aggregate 9.987% cash flow interest in DCAG.

On July 21, 2006, our operating partnership entered into a contribution agreement with DCAG to acquire our former advisor. In the Internalization, the entire outstanding membership interest and all economic interests in our former advisor were contributed by DCAG to our operating partnership. The contribution agreement obligates us to nominate an individual designated by DCAG to our board at our annual meetings of our stockholders to be held in 2007, 2008 and 2009, in each case to serve a one-year term. This obligation will terminate if at any time the persons who on the closing date of the Internalization are the beneficial owners of the outstanding membership interests in DCAG, together with certain other specified persons, cease to beneficially own, directly or indirectly, an aggregate of at least 5.0 million of the OP units issued in connection within the Internalization. DCAG designated James Mulvihill for nomination at our 2007 and 2008 annual meetings of stockholders.

Pursuant to the contribution agreement, subject to certain qualifications and limitations, DCAG 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 DCAG in the contribution agreement, breaches of the representations and warranties made by DCAG in the pledge agreement (described below) and breaches of certain of the covenants made by DCAG in the contribution agreement. In addition, subject to certain qualifications and limitations, we agreed to indemnify and hold harmless DCAG, our former 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 January 10, 2010; however, certain of our and DCAG's representations and warranties did not survive the closing or are subject to shorter survival periods. Both DCAG's indemnification obligations for breaches of representations and warranties and our 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 \$170.0 million. DCAG 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 OP units' market value, as defined in the contribution agreement, on the date of surrender.

In the contribution agreement, DCAG agreed to secure its indemnification obligations under the contribution agreement by entering into a pledge agreement with us. Pursuant to the pledge agreement, DCAG pledged in our favor the following (or any substituted collateral permitted pursuant to the pledge agreement):

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(a) from the closing date of the Internalization until January 10, 2008 (which we refer to as the lockup period), all of the OP units received in the Internalization, (b) from January 10, 2008 until October 10, 2008 (which we refer to as the first follow-on period), cash and/or OP units having a fair market value of \$20.0 million plus an amount reasonably sufficient to cover any unresolved indemnification claims asserted before the end of the first follow-on period, (c) from October 10, 2008 until October 10, 2009 (which we refer to as the second follow-on period), cash and/or OP units having a fair market value of \$10.0 million plus an amount reasonably sufficient to cover any unresolved indemnification claims asserted before the end of the second follow-on period, and (d) following the end of the second follow-on period, assets having a fair market value equal to the amount of unresolved indemnification claims asserted before the end of the second follow-on period until those claims are resolved. Under the terms of the pledge agreement, we hold a first-priority security interest in all of the assets pledged pursuant to the pledge agreement (or any substituted collateral). As of February 1, 2008, we had not made any claims under these indemnification obligations.

In addition, as part of the Internalization, we entered into a registration rights agreement with DCAG in respect of any shares of common stock acquired or otherwise owned by or issuable to DCAG or its permitted transferees upon exchange of the OP units issued in the Internalization, which requires us, on up to two occasions, on demand of DCAG or its permitted transferees, to prepare and file a registration statement that covers the resale of the shares specified in the demand and provides for certain additional arrangements relating to those registration rights.

### **Agreements with Affiliates of DCAG**

#### ***Shared Services Agreement***

At the closing of the Internalization, we entered into a transitional services agreement with DC Services, LLC, or DC Services, an affiliate of DCAG, whereby we received enumerated transitional services, including IT services, human resources, payroll and accounts payable services, necessary to operate our business for a one-year period for a monthly fee of approximately \$72,000. Upon the expiration of the one-year period, we renewed this agreement through December 31, 2007. During 2007, we paid approximately \$0.9 million to DC Services pursuant to this agreement. DC Services has continued to provide us shared services in 2008 and on March 24, 2008, we entered into a shared services agreement with DC Services whereby DC Services is to provide us shared services during 2008 for a monthly fee of approximately \$57,600, starting January 2008.

#### ***DCTRT Joint Ventures***

We have entered into a strategic relationship with Divided Capital Total Realty Trust Inc., or DCTRT, whereby we have entered into two joint ventures with DCTRT and/or its affiliates to serve as the exclusive vehicles through which DCTRT will acquire industrial real estate assets in certain major markets in which we currently operate until the end of 2008. The exclusivity provisions will remain in effect so long as we introduce a certain minimum amount of potential acquisition opportunities within a specified time frame for each joint venture. In addition, as described below, we have entered into non-competition agreements with James Mulvihill, which generally restrict his ability to engage in various activities in North America in respect of industrial real estate for three years. The non-competition agreements contain certain exceptions, including a provision that Mr. Mulvihill can provide various services to DCTRT and other related entities if (and only for so long as) the DCTRT exclusivity provisions described above remain in effect.

We act as the managing member of these joint ventures, subject to the approval of major decisions by DCTRT, and earn an asset management fee of 45 basis points per annum on assets under management, an acquisition fee of 50 basis points of the joint venture's pro rata share of the purchase price (including any assumed debt, but excluding certain transaction costs) of assets it acquires and, under certain circumstances, a construction management fee and a disposition fee. Distributions of available cash will be paid (1) to us and DCTRT, *pari passu*, in accordance with our respective percentage interests, until DCTRT has received an 8.5%

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internal rate of return; (2) after DCTRT has received an 8.5% internal rate of return, 80.0% to us and DCTRT, pari passu, in accordance with our respective percentage interests and 20.0% to us, until DCTRT has received a 13.0% internal rate of return; and (3) after DCTRT has received a 13.0% internal rate of return, 70.0% to us and DCTRT, pari passu, in accordance with our respective percentage interests and 30.0% to us. Each joint venture will be funded as follows: (1) an equity contribution from DCTRT to the joint venture (which generally will be not less than approximately 80.0% of the joint venture's required equity capitalization); (2) an equity contribution from us to the joint venture (which generally will be up to 20.0% of the joint venture's required equity capitalization); and (3) secured debt financing to be obtained by the joint venture with a targeted loan-to-value of no less than 55.0% and no more than 75.0%. Our actual ownership percent may vary depending on amounts of capital contributed and the timing of contributions and distributions.

On September 1, 2006, we entered into the first joint venture, TRT-DCT Industrial Joint Venture I, or TRT-DCT Venture I. As of December 31, 2007, this joint venture owned approximately \$144.4 million in real estate assets. During the year ended December 31, 2007, we contributed four properties to TRT-DCT Venture I comprised of approximately 1.4 million square feet with a combined gross contribution value of approximately \$84.2 million. Through February 2008, DCTRT had contributed two additional properties, with a contribution value of approximately \$25.4 million, to this joint venture in 2008. No further assets are planned to be acquired by this joint venture, except that DCTRT has the option, subject to our consent, to contribute certain additional real estate assets with an aggregate current value of approximately \$40.5 million. In June 2007, we issued a secured \$16.0 million, 6.0% interest note, maturing on July 1, 2014 to TRT-DCT Venture I. The note is guaranteed by us until all related obligations are satisfied.

As co-general partner, we make the initial determination as to whether an asset will be acquired by TRT-DCT Venture I, and this determination is then subject to DCTRT's review and approval. With respect to our own assets, if the proposed asset has been owned by us for four months or less and no significant leasing, development or repositioning of the asset has occurred, the purchase price for the asset is equal to our total gross cost basis and, if the proposed asset has been owned by us for more than four months or significant leasing, development or repositioning of the asset has occurred, the purchase price for the asset is equal to the asset's fair market value as determined by an unaffiliated appraiser plus incremental third-party costs including legal, due diligence and debt financing expenses. However, we have no obligation to sell an asset if the appraised value is less than our cost basis. Assets that are acquired from third parties are valued at the acquisition's total gross cost, which includes the purchase price, due diligence costs and closing costs. We will receive an acquisition fee of 50 basis points as described above in connection with all assets that are contributed or sold.

On March 27, 2007, we formed our second joint venture agreement with DCTRT, TRT-DCT Industrial Joint Venture II, G.P., or TRT-DCT Venture II, pursuant to which TRT-DCT Venture II may own up to \$190.75 million of industrial properties. As of December 31, 2007, this joint venture owned approximately \$67.8 million of real estate assets. TRT-DCT Venture II is structured and funded in a manner similar to TRT-DCT Venture I. During 2008, additional assets may be (1) contributed by us to TRT-DCT Venture II, (2) sold by us to DCTRT pursuant to terms described in the partnership agreement, or (3) acquired by TRT-DCT Venture II through third-party purchases.

During the year ended December 31, 2007, we contributed five properties to TRT-DCT Venture II comprised of approximately 1.4 million square feet with a combined gross contribution value of approximately \$67.2 million.

Although he is not an officer, director or employee of DCTRT, Mr. Mulvihill serves as manager to the parent of DCTRT's advisor. In such capacity, he provides consultative support on the business plan of DCTRT and participates on its Advisor Investment Committee.

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**Non-Competition Agreement**

In connection with the Internalization, we entered into a non-competition agreement with Mr. Mulvihill. Pursuant to the non-competition agreement, during the period commencing on October 10, 2006 and terminating on October 10, 2009, which we refer to as the restricted period, Mr. Mulvihill has agreed not to, individually or together with any other person or entity, directly or indirectly, (1) engage in the business of owning, acquiring, developing or managing industrial real estate located anywhere in North America, for his own account, (2) render any managerial, consulting or other services to any person or entity who or which is engaged in such business (other than us, our operating partnership or any of our or its respective subsidiaries), or (3) become a partner, member, manager, shareholder, principal, agent, employee, trustee or consultant of any person or entity engaged in such business (other than us, our operating partnership or any of our or its respective subsidiaries); provided, however, that, Mr. Mulvihill is permitted to:

own or acquire, directly or indirectly, solely as an investment, securities of any entity which are traded on any national securities exchange or an over-the-counter market if Mr. Mulvihill (1) does not control such entity and is not a member of a group that controls such entity and (2) does not, directly or indirectly, own 5% or more of any class of equity securities of such entity;

become associated with a specific division, group or department of any entity engaged in the business of owning, acquiring, developing or managing industrial real estate located anywhere in North America, which we refer to as the business, for his own account, if the division, group or department with which Mr. Mulvihill becomes associated is not itself engaged in the business and Mr. Mulvihill does not provide any services, assistance or advice to the division, group or department of such entity which is engaged in the business;

acquire an interest in any entity engaged in the business, solely as an investment, if the fair market value of any industrial real estate owned, acquired, developed or managed by such entity does not constitute more than 20% of the fair market value of all real estate owned, acquired, developed or managed by such entity;

invest in any pooled investment vehicle or fund which is managed by and/or includes capital provided by unaffiliated third parties;

engage in any and all activities in respect of a fund if the fair market value of such fund's industrial real estate assets does not exceed 20% of such fund's total real estate assets; provided, that if such fund allows a third-party equity participation in industrial real estate in Mexico, we will have the right of first offer with respect thereto; and

engage in any and all activities with respect to (1) DCTRT and a fund with similar investment objectives for accredited investors that enters into an agreement with us that is substantially identical to the DCTRT joint ventures (which we collectively refer to as the DCTRT Entities), and (2) any advisor to the DCTRT Entities, so long as the exclusivity provisions of the DCTRT joint ventures are in effect; if the exclusivity provisions of the DCTRT joint ventures are not in effect, this exception will no longer be applicable and Mr. Mulvihill will be prohibited from actively participating in the procurement, sourcing or identification of acquisition or investment opportunities in respect of industrial real estate on behalf of either of the DCTRT Entities.

The above restrictions will not apply and will become null and void in their entirety if at any time a representative of DCAG is not serving as a director on our board of directors as a result of our breach of the provisions of the contribution agreement that obligate us to nominate an individual designated by DCAG to our board.

In addition, Mr. Mulvihill has agreed not to, during the restricted period, directly or indirectly, knowingly (1) solicit or entice to leave employment, or (2) employ any person, who is an employee (or was in the previous three months) of us, our operating partnership or any of its, or our, respective subsidiaries.

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### **Transactions with Related Person Approval Policy**

Our corporate governance guidelines set forth in writing our transactions with related person approval policy. According to this policy, each related person transaction must be reviewed and approved in advance by the audit committee or, for contributions, acquisitions, and dispositions of real property, the investment committee; provided that if we enter into a transaction without recognizing that it constitutes a related person transaction, this approval requirement can be satisfied if the transaction is subsequently ratified by the audit committee or investment committee, as applicable. Our transactions with related person approval policy under our corporate governance guidelines covers all transactions with related parties required to be disclosed in the proxy statement under SEC rules and all other related person transactions in which the amount involved exceeds \$60,000.

Our code of business conduct and ethics sets forth in writing the standards, policies and procedures that the company follows in situations where there is a possibility of a conflict of interest. Each employee, officer or director is expected to avoid any situation in which his or her personal interests conflict, or have the appearance of conflicting, with those of the company. All employees, officers and directors must promptly and fully disclose the occurrence of any situation that may amount to such conflict of interest, including the existence of a personal direct or indirect financial interest in a transaction, to our general counsel. Non-employee directors are expected to make appropriate disclosures to our board and recuse themselves from board decisions with respect to transactions involving the company to which they are an interested party. A waiver with respect to any transaction involving a director or officer that may violate our code of business conduct and ethics may be made only by the board or by the nominating and corporate governance committee and must be promptly disclosed to our stockholders in accordance with all applicable laws and regulations. Our code of business conduct and ethics may or may not cover all transactions with related parties required to be disclosed in the proxy statement under SEC rules.

Our transactions with related persons approval policy under our corporate governance guidelines and our code of business conduct and ethics were put in place after the Internalization and did not apply to the Internalization or the other agreements described above that were entered into in connection with the Internalization, including the original transitional services agreement, the contribution agreement, the non-competition agreement and TRT-DCT Venture I. These transactions were reviewed by a special committee of our board comprised of all of our then independent directors that was formed to review, consider and negotiate the terms and conditions of the Internalization and its related transactions and to make recommendations to our entire board regarding these transactions.



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### **Executive and Director Compensation**

#### **Compensation Discussion and Analysis**

We provide what we believe is a competitive total compensation package to our executive management team through a combination of base salary, annual cash incentive bonuses, long-term equity incentive compensation and broad-based benefits programs. This Compensation Discussion and Analysis explains our compensation objectives, policies and practices with respect to our Chief Executive Officer, Chief Financial Officer and the other three most highly-compensated executive officers as determined in accordance with applicable SEC rules, who are collectively referred to as our named executive officers or, in this Compensation Discussion and Analysis section, our executives. Our named executive officers are as follows: Philip L. Hawkins, Chief Executive Officer; James D. Cochran, President and Chief Investment Officer; Stuart B. Brown, Chief Financial Officer; Daryl H. Mechem, Managing Director, Operations; and Michael J. Ruen, Managing Director, Development.

#### ***Objectives of Our Executive Compensation Programs***

Our compensation programs for our named executive officers are designed to achieve the following objectives:

Attract and retain top contributors to ensure that we have the caliber of executive needed to perform at the highest levels of the industry;

Create and maintain a performance-driven organization, by providing upside compensation opportunity for outstanding performance and downside compensation risk in the event of performance below expectations;

Align the interests of our executives and stockholders by motivating executives to increase stockholder value along with the achievement of other key corporate goals and objectives and rewarding executives when stockholder value increases;

Encourage teamwork and cooperation while recognizing individual contributions by linking variable compensation to company and individual performance based on position responsibilities and ability to influence financial and organizational results;

Provide flexibility and allow for discretion in applying our compensation principles in order to appropriately reflect individual circumstances as well as changing business conditions and priorities;

Motivate our executives to manage our business to meet and appropriately balance our short- and long-term objectives, and reward them for meeting these objectives; and

Reinforce our entrepreneurial culture.

Additionally, we generally take into account the tax treatment of the compensation of our executives, including the expected tax treatment to our executives and whether we will be able to deduct the amount of any compensation paid as a result of limitations under Section 162(m) of the Internal Revenue Code or otherwise. To the extent consistent with our other compensation objectives, we attempt to preserve the deductibility of the compensation that we pay to our executives, for example, through the use of non-qualified stock options instead of options qualifying as incentive stock options under Section 422 of the Internal Revenue Code. However, in order to appropriately compensate our executives and maintain the flexibility we desire in our bonus programs, we are prepared to exceed the \$1 million limit under Section 162(m) for compensation to our named executive officers. Additionally, we use LTIP units or offer to executives the choice of LTIP units, which may be more advantageous to executives from a tax perspective than other types of full-value awards as described below under Our Compensation Programs Long-Term Equity Incentive Awards LTIP Units, but result in the loss of a tax deduction for us.



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***Our Executive Compensation Programs***

Our executive compensation primarily consists of base salary, annual cash incentive bonuses, long-term equity incentive compensation and broad-based benefits programs. Additionally, we have entered into employment agreements with each of our named executive officers that provide for payments and other benefits in connection with a termination of his employment. Overall, we designed our executive compensation programs to achieve the objectives described above. In particular, consistent with the emphasis we place on maintaining a performance-driven organization and aligning the interests of our executives and stockholders, long-term equity incentive compensation constitutes a significant portion of our total executive compensation. We also structured our annual cash incentive bonuses to take into account our actual performance compared to predetermined performance goals, but also provide flexibility and allow for discretion to appropriately reflect individual circumstances as well as changing business conditions and priorities. In determining the mix of the different elements of executive compensation, we considered the mix being offered by comparable companies. Generally, we structured the mix of base salary, annual cash incentive bonuses and long-term equity incentive compensation to approximate the average mix for our peers, except that we placed a greater emphasis on long-term equity incentive compensation.

Each of the primary elements of our executive compensation is discussed in detail below, including a description of the particular element and how it fits into our overall executive compensation and a discussion of the amounts of compensation paid to our named executive officers for 2007 under each of these elements. In the descriptions below, we highlight particular compensation objectives that are addressed by specific elements of our executive compensation program; however, it should be noted that we have designed our compensation programs to complement each other and collectively serve all of our executive compensation objectives described above. Accordingly, whether or not specifically mentioned below, we believe that, as a part of our overall executive compensation, each element, to a greater or lesser extent, serves each of our objectives.

**Table of Contents****Peer Group Data**

In order to assist us in determining the amount of executive compensation to pay, we engaged the services of FPL Associates, L.P., a nationally recognized consulting firm specializing in advisory services for the real estate industry. Specifically, FPL Associates was engaged by the compensation committee to analyze our executive compensation versus current market practices and summarize key compensation trends in the industry. As part of FPL's engagement, the compensation committee directed FPL Associates to, among other things, compare our executive compensation with competitive market compensation data for two different peer groups: an asset-based peer group consisting of eight public REITs with an industrial asset class focus; and a size-based REIT peer group consisting of 19 public REITs similar in size to our company, but in varying asset classes. In addition, the compensation committee directed FPL Associates to compare the compensation of Messrs. Cochran and Ruen with competitive market compensation data for an additional peer group of private companies, consisting of 17 private companies that are active investors in, or developers of, industrial real estate. These three peer groups included the following companies, which were identified by FPL Associates based on discussions with the compensation committee and our Chief Executive Officer:

**Asset-Based Peer Group**

AMB Property Corporation  
 Duke Realty Corporation  
 EastGroup Properties, Inc.  
 First Industrial Realty Trust, Inc.  
 First Potomac Realty Trust  
 Liberty Property Trust  
 ProLogis  
 PS Business Parks, Inc.

**Size-Based Peer Group**

Alexandria Real Estate Equities, Inc.  
 BRE Properties, Inc.  
 Corporate Office Properties Trust  
 Cousins Properties Incorporated  
 Equity One, Inc.  
 Glimcher Realty Trust  
 Healthcare Realty Trust, Inc.  
 Highwoods Properties, Inc.  
 Home Properties, Inc.  
 Kilroy Realty Corporation  
 Lexington Realty Trust  
 Mid-America Apartment Communities, Inc.  
 Nationwide Health Properties, Inc.  
 Omega Healthcare Investors, Inc.  
 Pennsylvania Real Estate Investment Trust  
 Post Properties, Inc.  
 PS Business Parks, Inc.  
 Realty Income Corporation  
 Washington Real Estate Investment Trust

**Private Company Peer Group**

American Realty Advisors  
 Birtcher Real Estate Group  
 CenterPoint Properties  
 Dermody Properties (DP Partners)  
 Flagler Development Company  
 Hillwood Development Corporation  
 Industrial Developments International, Inc.  
 ING Clarion Partners  
 JPMorgan Asset Management  
 Morgan Stanley Investment Management  
 Panattoni Development Company  
 The RREEF Funds  
 The Carson Companies  
 The Pizzuti Companies  
 USAA Real Estate Company  
 Walton Street Partners  
 Watson Land Company

The peer group data presented was based on historical 2006 information, and included information regarding base salary, total annual cash compensation, annual long-term incentive award value, total annual cash and long-term incentive award values, maximum multi-year long-term incentive compensation opportunity and total remuneration. For each of the peer groups, we reviewed information at the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentiles and average information for positions comparable to each of our executives' positions, with adjustments determined by FPL Associates, as necessary, to reflect our executives' actual responsibilities.

Overall, our analysis of this competitive market compensation data was an important component in our decisions regarding executive compensation. Base salaries and target annual cash incentive bonuses and long-term equity grants for 2007 were equal to the amounts negotiated with each of our named executive officers in the

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employment agreements that we entered into with each of them in 2006. Accordingly, for 2007, we primarily used this competitive market compensation data in the determination of the amounts to pay to our executives as annual cash incentive bonuses and the amounts of our annual grants under our long-term equity incentive compensation program. We did not target a single percentile or range of percentiles to be used consistently for all of our executives, but rather we used this information in connection with a number of factors, including, among others, the individual experience and skills of, and expected contributions from, our executives; the difficulty that we would have in replacing each of our executives; actual 2007 performance; and the target levels of compensation established in each of our executive's employment agreement. Additionally, we used private company peer group information as an additional data point for purposes of determining the compensation of Messrs. Cochran and Ruen. We used this information for Messrs. Cochran and Ruen because of the similarity in the roles of executives in capital deployment functions (e.g., acquisitions/investments and development) in both public and private companies and the significant competition among both public and private companies for executives serving in these roles.

***Base Salary***

We pay our executives a base salary, which we review and determine annually, subject to the commitments we have made to our executives in their employment agreements. We believe that a competitive base salary is a necessary element of any compensation program that is designed to attract and retain talented and experienced executives. We also believe that attractive base salaries can motivate and reward executives for their overall performance. Although base salaries are established in part based on the individual experience, skills and expected contributions during the coming year of our executive and our executive's performance during the prior year, we do not view base salaries as primarily serving our objective of paying for performance.

During 2006, we entered into employment agreements with our named executive officers which became effective upon completion of the internalization of our external advisor in October 2006. Pursuant to these arrangements, the minimum annual base salaries for our named executive officers were established as follows: Mr. Hawkins's minimum base salary was \$575,000 per year, Mr. Cochran's minimum base salary was \$300,000 per year, Mr. Brown's minimum base salary was \$250,000 per year, Mr. Mechem's minimum base salary was \$250,000 per year and Mr. Ruen's minimum base salary was \$235,000 per year. The minimum base salaries that we negotiated with our executives were based on our understanding of base salaries for comparable positions at similarly situated companies at the time, the individual experience and skills of, and expected contribution from, each executive, the roles and responsibilities of the executive, the expected or previously negotiated base salaries of our other executives and other factors. The base salary for each of our named executive officers for 2007 was equal to the minimum base salary negotiated with that executive in his employment agreement and was not reevaluated based on competitive market compensation data or otherwise. In the future, we expect to reevaluate our named executive officers' base salaries annually based on competitive market compensation data and other factors, as we have done for 2008.

***Annual Cash Incentive Bonuses***

Our executives are eligible to receive annual cash incentive bonuses each year primarily based upon their performance. Our annual cash incentive bonuses are intended to reward our executives with currently paid compensation based on annual performance.

For 2007, target annual cash incentive bonuses for each of our named executive officers were the minimum amounts established in the employment agreements we entered into with these individuals. In 2007, under the terms of their respective employment agreements, (1) Mr. Hawkins was eligible to receive a target annual cash bonus equal to at least 100% of his base salary, which was \$575,000, and was entitled to receive a minimum guaranteed annual cash bonus equal to 80% of his base salary, or \$460,000, (2) Mr. Cochran was eligible to receive a target annual cash bonus of at least \$200,000, (3) Mr. Brown was eligible to receive a target annual cash bonus of at least \$200,000 and was entitled to receive a minimum guaranteed annual cash bonus of \$160,000, (4) Mr. Mechem was eligible to receive a target annual cash bonus of at least \$125,000 and

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(5) Mr. Ruen was eligible to receive a target annual cash bonus of at least \$90,000. The targeted and minimum guaranteed annual cash bonuses that we negotiated with our executives were based on our understanding of these amounts for comparable positions at similarly situated companies at the time, the individual experience and skills of, and expected contribution from, each executive, the roles and responsibilities of the executive, these amounts for our other executives and other factors. In the employment agreements with our named executive officers, we committed to minimum specific target annual cash bonuses for these executives during the term of their employment under the agreement and minimum guaranteed annual cash bonuses for Messrs. Hawkins and Brown for 2007. However, other than with respect to the guaranteed bonuses, we may establish the criteria that must be met for the annual cash bonuses to be earned and we may also establish bonus opportunities above and below the target level in order to fully motivate and reward our executives.

In the first quarter of 2007, we established a number of performance objectives for our named executive officers that were also intended to serve as guidelines for our determination regarding the actual bonuses to be paid to these executives. Included among these performance objectives were (1) corporate objectives, including funds from operations, or FFO, and adjusted funds from operations, or AFFO, per share targets that were consistent for all executives, (2) strategic or departmental objectives that were focused on the primary areas of responsibility for each executive and (3) individual objectives. The strategic, departmental and individual objectives for each of our named executive officers were based on the following:

| <b>Named Executive Officer</b> | <b>Strategic/Departmental and Individual Objectives</b>                                                                                                                                                                                                                                   |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Philip L. Hawkins              | Objectives relating to the growth of our capital management business, our entry into markets in Mexico, our progress with the SCLA joint venture and the executive's overall leadership, effectiveness in investor communications and other related individual objectives                 |
| James D. Cochran               | Objectives relating to our acquisition and development activity in the United States, including through our SCLA joint venture, and Mexico, the growth of our capital management business and the executive's overall and departmental leadership and other related individual objectives |
| Stuart B. Brown                | Objectives relating to our capital management, financial reporting and accounting and the executive's overall and departmental leadership, effectiveness in investor communications, support of key strategic initiatives and other related individual objectives                         |
| Daryl H. Mechem                | Objectives relating to our net operating income, percentage occupancy, tenant retention, leasing costs, rental rate growth, leasing activity and the executive's overall and departmental leadership and other related individual objectives                                              |
| Michael J. Ruen                | Objectives relating to our U.S. acquisition and development activity and the executive's overall and departmental leadership and other related individual objectives                                                                                                                      |

Although we did identify specific performance objectives, they were not designed to be applied, and were not applied, in a predetermined, formulaic manner to determine actual bonuses. Consistent with the intended design, in determining actual bonuses, we reviewed executive performance on a holistic basis taking into account the various changes in strategic direction and other unforeseen developments that occurred during the year as opposed to a strictly line-by-line comparison of actual performance compared to the specific predetermined performance objectives. In reviewing executive performance, the compensation committee considered, among others, the following aspects of our overall performance during 2007:

FFO per diluted share of \$0.69 for 2007, which was within the range of the original guidance that we provided in February 2007 of between \$0.67 and \$0.72 per diluted share, and AFFO per diluted share

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within \$.01 of the internal performance objective originally established FFO per diluted share for these purposes is calculated in the same manner as we calculate it for purposes of investor reporting purposes, as described in more detail in our annual report on Form 10-K, as amended, for the year ended December 31, 2007;

Strong operating performance based on the property net operating income generated from our operating portfolio, our tenant retention and rent growth rates, our average and year-end percentage occupancy and our leasing costs;

Strong development activity based on overall U.S. development starts, FFO gains from new development and progress at our SCLA joint venture and in Mexico;

Acquisition yields achieved during 2007 that are consistent with our overall strategy and volumes that appropriately reflected the reduced emphasis on acquisitions due to market conditions during 2007;

Growth in our institutional capital management business, with an increase of \$434.2 million of assets under management and the establishment of a new joint venture with JPMorgan Asset Management;

Our executives' successful leadership and management of our company following the Internalization in October 2006; and

Our executives' success in establishing and building a relationship with the investor community following our initial listing transaction in late 2006 and meeting our obligations as a public company listed on the New York Stock Exchange.

In addition to our executives' performance, our decisions regarding the amount of the annual bonuses to be paid was based on our analysis of competitive market compensation data. Overall, for all of our executives other than our Chief Executive Officer, we determined that, if we paid the target annual bonus, we would be providing total annual cash compensation and total annual compensation to our executives that was significantly less than the market median for the peer groups described above under Peer Group Data. As a result, taking into account our evaluation of our executives' performance during 2007, as described above, we determined to pay bonuses to our executives, other than our Chief Executive Officer, for 2007 in amounts in excess of the target amounts in order to begin moving their total compensation closer to the market medians of our peer groups, with individual variances reflecting the individual experience and skills of, and expected contributions from, our executives and the subjective judgment of the compensation committee. We determined to pay our Chief Executive Officer a bonus equal to the target amount of his annual bonus, as his target bonus was more closely aligned with the market medians of our peer groups than our other executives. The following are the target and actual annual bonuses for each of our named executive officers for 2007:

| Named Executive Officer | 2007 Target Bonus | 2007 Actual Bonus |
|-------------------------|-------------------|-------------------|
| Philip L. Hawkins       | \$ 575,000        | \$ 575,000        |
| James D. Cochran        | 200,000           | 275,000           |
| Stuart B. Brown         | 200,000           | 225,000           |
| Daryl H. Mechem         | 125,000           | 175,000           |
| Michael J. Ruen         | 90,000            | 150,000           |

***Long-Term Equity Incentive Compensation***

We grant long-term equity incentive awards in the form of restricted stock, LTIP units in our operating partnership and stock options to executives as part of our total compensation package. There are two primary components of our long-term equity incentive awards: an annual grant program and a multi-year program.

**Table of Contents****Annual Grant Program**

Under the annual grant program, our executives are eligible to receive annual grants of long-term equity incentive compensation. We determine our annual grants based on a dollar value, with 80% being paid in the form of restricted stock or LTIP units and 20% being paid in the form of stock options. Our annual grant program is intended to reward our executives with long-term compensation for annual performance. The primary objectives of this program are to incent our executives to achieve annual performance goals, further align the interests of our executives with our stockholders over the longer term and serve as a retention tool for our executives. We use a mix of restricted stock/LTIP units and stock options in order to provide an appropriate blend of downside risk and upside potential at the time of the initial award and in the future as our stock price may change.

Minimum target annual grants for each of our named executive officers have been established in the employment agreements we entered into with these individuals. Under the terms of their respective employment agreements, in 2008, (1) Mr. Hawkins was entitled to receive annual equity awards with an aggregate target value of at least \$1,150,000, (2) Mr. Cochran was entitled to receive annual equity awards with an aggregate target value of at least \$500,000, (3) Mr. Brown was entitled to receive annual equity awards with a value of at least \$250,000, (4) Mr. Mechem was eligible to receive annual equity awards with an aggregate target value of at least \$225,000 and (5) Mr. Ruen was eligible to receive annual equity awards with an aggregate target value of at least \$275,000. Our employment agreements with these executives also specified that the vesting of these awards was to occur in equal annual installments over four to five years. In the employment agreements with our named executive officers, we committed to specific target annual grants of long-term equity incentive compensation for these executives during the term of their employment under the agreements. However, we may establish the criteria that must be met for the annual grants to be awarded and we may also establish opportunities above and below the target level in order to fully motivate and reward our executives.

In the first quarter of 2007, we established a number of performance objectives for our named executive officers that were also intended to serve as guidelines for our determination regarding the actual grants to be made to these executives. These performance objectives were the same performance objectives that we used in connection with the determination of annual cash bonuses, and they were evaluated in the same manner for purposes of determining actual equity grants for 2007. Similar to the annual cash bonuses, for all of our executives other than our Chief Executive Officer, we determined that, if we granted equity awards with a value equal to the target value, we would be providing total annual compensation and, in some cases, total annual equity compensation to our executives that was significantly less than the market median for the peer groups described above under Peer Group Data. Accordingly, we determined to grant equity awards to our executives, other than our Chief Executive Officer, for 2007 with a value in excess of the target values in order to begin moving their total compensation closer to the market medians of our peer groups, with individual variances reflecting the individual experience and skills of, and expected contributions from, our executives and the subjective judgment of the compensation committee. We determined to grant equity awards to our Chief Executive Officer with a value equal to the target value previously established, as his target value was more closely aligned with the market medians of our peer groups than our other executives. The following are the target and actual values of the annual equity awards for each of our named executive officers for 2007:

| <b>Named Executive Officer</b> | <b>2007 Target Value</b> | <b>2007 Actual Value</b> |
|--------------------------------|--------------------------|--------------------------|
| Philip L. Hawkins              | \$ 1,150,000             | \$ 1,150,000             |
| James D. Cochran               | 500,000                  | 700,000                  |
| Stuart B. Brown                | 250,000                  | 325,000                  |
| Daryl H. Mechem                | 225,000                  | 350,000                  |
| Michael J. Ruen                | 275,000                  | 450,000                  |

For each executive officer, 80% of the annual grant was made in the form of restricted stock or LTIP units, at the election of the executive, and 20% was made in the form of stock options. For purposes of determining the annual grants, we valued restricted stock and LTIP units based on, and set the exercise price of the stock options at, \$8.64, which was the closing stock price of our common stock on February 11, 2008, the date the awards were



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approved. The stock options had a ten-year term and were valued at \$0.64 per share, which was the ratio approved by the compensation committee at the time based on Black-Scholes valuation data provided by FPL Associates. Each of these annual equity awards vests over four years with 25% vesting on each of the first four anniversaries of January 1, 2008. In addition to these annual grants, we also awarded Mr. Cochran a special grant of an equity award with a value of \$1,000,000, which Mr. Cochran was able to elect to receive in the form of either restricted stock or LTIP units vesting 25% on January 1, 2011, 25% on January 1, 2012 and 50% on January 1, 2013 based on continued employment. We awarded this special grant to Mr. Cochran in order to more closely align his total compensation with the market medians of our peer groups, as a retention tool in recognition of the critical role that he is expected to play in the success of our company and in order to further align his long-term incentives with those of our stockholders.

**Equity Award Grant Policy**

In 2007, we adopted an equity award grant policy in order to formalize our approach regarding the timing and pricing of equity awards made to the named executive officers and all other employees. Under this policy, equity awards will only be made to existing employees on an annual basis or in connection with a promotion or other extraordinary event. The amount of annual awards will be determined at a pre-scheduled meeting of our compensation committee that is expected to be held in January or February of each year. Shares of restricted stock, LTIP units or other full-value awards granted as part of the annual awards will be denominated in dollars and will be priced based on the closing price of our common stock on the date of the meeting at which they were approved. Stock options granted as part of the annual awards will either be denominated in shares or dollars, will have an exercise price per share equal to the closing price of our common stock on the date of the meeting at which they were approved and, if denominated in dollars, will be for the number of shares determined using the formula approved by our compensation committee at the time of the grants. Promotional or extraordinary grants will be granted and priced on a quarterly basis on the third trading day following each of our quarterly earnings releases.

**Multi-Year Program 2006 Outperformance Program**

On December 13, 2006, we adopted a 2006 outperformance program, which became effective upon the closing of our initial listed public offering on December 15, 2006. The purpose of the program is to further align the interests of our stockholders and management by encouraging our senior officers to create stockholder value in a pay for performance compensation structure.

Under the program, participating executives will share in an outperformance pool if our total stockholder return for the three-year performance period beginning on the closing date of our initial listed public offering, December 15, 2006, exceeds the greater of an absolute compound annual total stockholder return of 10% or 110% of the compound annual return of the MSCI US REIT Index during the same period measured against a baseline value equal to \$12.25 per share, which was the public offering price in such offering. The size of the outperformance pool for the program will be 10% of our total stockholder return in excess of the performance hurdle, subject to a maximum amount of \$40 million. Each executive's award under the program will be designated as a specified participation percentage of the aggregate outperformance pool. Assuming the performance hurdles are met, the outperformance pool will be allocated among the award recipients in accordance with each executive's specified participation percentage. Any unallocated portion of the outperformance pool remaining at the end of the performance period will be reallocated among the program's participants at that time on a pro-rata basis.

If the performance hurdles are met, each participating executive will be issued shares of restricted stock as of the end of the performance period with a value equal to such executive's share of the outperformance pool. Half of the restricted stock issued will be fully vested at the end of the performance period and the remaining half will vest in two equal installments on the first two anniversaries of that date based on continued employment. We may also permit the participating executives to elect to receive their awards in the form of LTIP units in our operating partnership or other equivalent forms of equity in lieu of shares of restricted stock.

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The program provides that if the outperformance pool is established, each participating executive will be entitled to the distributions that would have been paid had the number of his or her earned shares of restricted stock been issued at the beginning of the performance period. These distributions will be paid in cash at the end of the performance period. Thereafter, distributions will be paid currently on all shares of restricted stock that were issued, whether vested or unvested.

In the event of a change in control (as determined for purposes of the program) during the performance period, the performance period will be shortened to end on the date of the change in control and participating executives' awards will be based on performance relative to the hurdle through the date of the change in control. Any shares of common stock earned upon a change in control will be fully vested. If a participating executive's employment is terminated before the end of the performance period as a result of death or disability (as determined for purposes of the program), or is terminated by us without cause or by the executive for good reason, in each case as determined under the program, the executive's award will be based on performance relative to the hurdle through the date of termination and any earned shares of common stock will be fully vested upon such date of termination. In the event of a change in control or termination as a result of death or disability, without cause or for good reason after the performance period has ended, all unvested awards issued under the program will become fully vested. If an award recipient's employment is terminated by us for cause or by the award recipient without good reason, all unearned awards and unvested restricted shares of common stock will be forfeited.

We made the following awards under the program to our named executive officers: Philip L. Hawkins (16%); James D. Cochran (16%); Stuart B. Brown (10%); Daryl H. Mechem (8%); and Michael J. Ruen (8%). These awards became effective upon the closing of our initial listed public offering on December 15, 2006.

## LTIP Units

In 2006, we established a program under our Amended and Restated 2006 Long-Term Incentive Plan, or our 2006 long-term incentive plan, for the grant of other equity-based awards, valued by reference to shares of our common stock, consisting of equity interests in our operating partnership which we refer to as long-term incentive units or LTIP units. LTIP units will be issued as a separate class of units of limited partnership interest in our operating partnership. LTIP units, which can be granted either as free-standing awards or together with other awards under our 2006 long-term incentive plan will be valued by reference to the value of our common stock, and will be subject to such conditions and restrictions as the compensation committee may determine, including continued employment or service, computation of financial metrics and/or achievement of pre-established performance goals and objectives. If applicable conditions and/or restrictions are not attained, participants would forfeit their LTIP units. Generally, LTIP unit awards, whether vested or unvested, entitle the holder to receive distributions from our operating partnership that are equivalent to the dividends and distributions that would be made with respect to the number of shares of our common stock underlying the LTIP unit award, though receipt of such distributions may be delayed or made contingent on vesting.

LTIP units are structured as profits interests for U.S. federal income tax purposes, and we do not expect the grant, vesting or conversion of LTIP units into common units to produce a tax deduction for us. As profits interests, LTIP units initially will not have full parity, on a per-unit basis, with common units with respect to liquidating distributions. Upon the occurrence of specified events, LTIP units can over time achieve full parity with common units and therefore accrete to an economic value for the participant equivalent to common units. This accretion to parity is driven, in part, by partnership tax rules and is based on the book capital account associated with LTIP units for tax purposes. Generally, the book capital account associated with LTIP units when they are initially issued is zero, while the book capital account associated with common units is equal on a per unit basis to the price per share of our common stock. Economic parity is reached when the book capital account of the LTIP units has grown, through special allocations of unrealized or realized gain, to be equal to that of an equal number of common units. Events that allow such special allocations under the partnership agreement and applicable federal tax regulations include: (1) our issuance of common stock, (2) the issuance by our operating

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partnership of common or other partnership units, (3) our repurchases of significant amounts of common stock for cash, and (4) the redemption by our operating partnership of common units for cash, in each case so long as the price of our common stock at the time is higher than the price on the date on which the LTIP units were initially issued. If such parity is achieved, LTIP units may be converted, subject to the satisfaction of applicable vesting conditions, on a one-for-one basis into common units, which in turn are redeemable by the holder for cash or, at our election, shares of our common stock on a one-for-one basis. However, there are circumstances under which LTIP units will not achieve parity with common units, and until such parity is reached, the value that a participant in the program could realize for a given number of LTIP units will be less than the value of an equal number of shares of our common stock and may be zero. Ordinarily, we anticipate that each LTIP unit awarded will be equivalent to an award of one share of common stock reserved under our 2006 long-term incentive plan, thereby reducing the number of shares of common stock available for subsequent awards of stock options, shares of restricted stock, phantom shares, dividend equivalent rights and other equity-based awards on a one-for-one basis. However, our compensation committee has the authority to determine the number of shares of common stock underlying an award of LTIP units in light of all applicable circumstances, including performance-based vesting conditions, operating partnership capital account allocations, to the extent set forth in the limited partnership agreement for our operating partnership, the Internal Revenue Code or applicable regulations, value accretion factors or conversion ratios.

LTIP units are designed to offer executives the same long-term incentive as shares of restricted stock, while allowing them to enjoy the more favorable U.S. federal income tax treatment available for profits interests. More specifically, one key disadvantage of restricted stock is that executives are generally taxed on the full market value of a grant at the time of vesting, even if they choose to hold the stock. As a result, executives often need to sell a portion of their vested shares upon vesting to pay taxes on their restricted stock awards from prior years, which may limit an executive's ability to increase his or her equity ownership over the long term. Conversely, an executive would generally be taxed only when he or she chooses to liquidate his or her LTIP units. Therefore, an executive who wishes to hold his or her equity awards for the long term can do so in a more tax-efficient manner with LTIP units. In light of the trade-offs between increased tax efficiency and incremental economic risk involved in LTIP units as compared to restricted stock, it is generally our policy to allow eligible executives a choice between restricted stock and LTIP units on a one-for-one basis for their equity-based incentive compensation awards. We believe that the use of LTIP units (1) enhances our equity-based compensation package overall, (2) advances the goal of promoting long-term equity ownership by executives, (3) has no adverse impact on dilution as compared to restricted stock, and (4) further aligns the interests of our executives with the interests of our stockholders. We also believe that these benefits outweigh the loss of the U.S. federal income tax business-expense deduction from the issuance of LTIP units, as compared to restricted stock.

**Stock Ownership Guidelines**

In order to complement our long-term equity incentive compensation program and further align the interests of our executives with those of our stockholders, our board of directors adopted stock ownership guidelines that apply to our executives. See Executive and Director Compensation Director and Officer Stock Ownership Guidelines below for a summary of these guidelines.

**Employment Agreements**

We have entered into employment agreements with each of our named executive officers. These agreements, among other things, provide for severance payments generally equal to a multiple of salary and bonus plus acceleration of all time-based vesting on equity awards and continuation of coverage under our group health plan for a period of time in the event of a termination of employment by us without cause or by an executive for good reason. In return, each executive has agreed to non-compete, non-solicitation, non-interference and confidentiality provisions. We believe that because the severance level is negotiated up front, it makes it easier for us to terminate executives without the need for protracted negotiations over severance. See Executive and Director Compensation Potential Payments Upon Termination or Change-in-Control for a summary of the employment agreements.

**Table of Contents*****Broad-Based Benefits***

All full-time employees, including our named executive officers, may participate in our health and welfare benefit programs, including medical, dental and vision care coverage, disability insurance and life insurance, and our 401(k) plan.

***Executive Compensation Process***

Information regarding our processes and procedures for considering and determining the compensation of our named executive officers, including the role of any executive officers, is described below under Executive and Director Compensation Executive and Director Compensation Process.

**Summary of Executive Compensation**

The following table sets forth certain information with respect to compensation for the year ended December 31, 2007 earned by or paid to our Chief Executive Officer, Chief Financial Officer and our three other most highly compensated executive officers, which are referred to as our named executive officers.

**SUMMARY COMPENSATION TABLE**

| <b>Name and Principal Position</b> | <b>Year</b> | <b>Salary<sup>(1)</sup></b> | <b>Bonus</b> | <b>Stock Award(s) (\$)<sup>(2)</sup></b> | <b>Option Awards (\$)<sup>(2)</sup></b> | <b>All Other Compensation<sup>(3)</sup></b> | <b>Total</b> |
|------------------------------------|-------------|-----------------------------|--------------|------------------------------------------|-----------------------------------------|---------------------------------------------|--------------|
| Philip L. Hawkins                  | 2007        | \$ 575,000                  | \$ 575,000   | \$ 1,237,282                             | \$ 57,283                               | \$ 198,873                                  | \$ 2,643,438 |
| Chief Executive Officer            | 2006        | 129,375                     | 200,000      | 211,074                                  |                                         | 16,251                                      | 556,700      |
| James D. Cochran                   | 2007        | 300,000                     | 275,000      | 173,654                                  | 24,906                                  |                                             | 773,559      |
| President and Chief                | 2006        | 63,750                      | 95,000       | 8,592                                    |                                         |                                             | 167,342      |
| Investment Officer                 |             |                             |              |                                          |                                         |                                             |              |
| Stuart B. Brown                    | 2007        | 250,000                     | 225,000      | 217,244                                  | 12,453                                  | 9,492                                       | 714,189      |
| Chief Financial Officer            | 2006        | 56,250                      | 105,000      | 29,119                                   |                                         | 139,197                                     | 329,556      |
| Daryl H. Mechem                    | 2007        | 250,000                     | 175,000      | 83,300                                   | 11,208                                  |                                             | 519,507      |
| Managing Director,                 | 2006        | 52,917                      | 48,000       | 4,296                                    |                                         |                                             | 105,213      |
| Operations                         |             |                             |              |                                          |                                         |                                             |              |
| Michael J. Ruen                    | 2007        | 235,000                     | 150,000      | 90,354                                   | 13,698                                  |                                             | 489,052      |
| Managing Director,                 |             |                             |              |                                          |                                         |                                             |              |
| Development                        |             |                             |              |                                          |                                         |                                             |              |

(1) Salary in 2006 represents salary paid from the Internalization on October 10, 2006, through the end of 2006. Prior to the closing of the Internalization, we did not pay any salary to any of our named executive officers.

(2) Amounts for 2006 and 2007 are based on the dollar amounts recognized for financial statement reporting purposes with respect to the years ended December 31, 2006 and 2007, respectively, in accordance with SFAS 123R, disregarding the estimate of forfeitures. The assumptions we used for calculating the grant date fair values are set forth in note 12 to our consolidated financial statements included in our annual report on Form 10-K, as amended, for the fiscal year ended December 31, 2007. These amounts for 2007 include the following amounts relating to the awards made to our named executive officers under our 2006 outperformance program: Mr. Hawkins \$103,104;

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Mr. Cochran \$103,104; Mr. Brown \$64,440; Mr. Mechem \$51,552; and Mr. Ruen \$51,552. The full grant date fair value of the awards made under our 2006 outperformance program to our named executive officers are as follows: Mr. Hawkins \$515,520; Mr. Cochran \$515,520; Mr. Brown \$322,200; Mr. Mechem \$257,760; and Mr. Ruen \$257,760.

- (3) For 2006 and 2007, all amounts consist of reimbursement of relocation expenses, including a housing allowance and commuting costs.

**Table of Contents****Grants of Plan-Based Awards**

The following table sets forth certain information with respect to grants of plan-based awards for the year ended December 31, 2007 to our named executive officers.

**2007 GRANTS OF PLAN-BASED AWARDS**

| Name              | Grant Date | Approval Date           | All Other Stock Awards: Number of Shares of Stock or Units (#) <sup>(1)</sup> | All Other Stock Awards: Number of Securities Underlying Options (#) | Exercise or Base Price of Option Awards (\$/Sh) | Grant Date Fair Value of Stock and Option Awards (\$) |
|-------------------|------------|-------------------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------|
| Philip L. Hawkins | 01/11/07   | 01/11/07                |                                                                               | 200,698                                                             | \$ 11.46                                        | \$ 283,924                                            |
|                   | 02/13/07   | 01/11/07 <sup>(2)</sup> | 80,279                                                                        |                                                                     |                                                 | 865,408                                               |
| James D. Cochran  | 01/11/07   | 01/11/07                |                                                                               | 87,260                                                              | 11.46                                           | 123,445                                               |
|                   | 02/13/07   | 01/11/07 <sup>(2)</sup> | 34,904                                                                        |                                                                     |                                                 | 376,265                                               |
| Stuart B. Brown   | 01/11/07   | 01/11/07                |                                                                               | 43,630                                                              | 11.46                                           | 61,723                                                |
|                   | 02/13/07   | 01/11/07 <sup>(2)</sup> | 17,452                                                                        |                                                                     |                                                 | 206,981                                               |
| Daryl H. Mechem   | 01/11/07   | 01/11/07                |                                                                               | 39,267                                                              | 11.46                                           | 55,550                                                |
|                   | 02/13/07   | 01/11/07 <sup>(2)</sup> | 15,707                                                                        |                                                                     |                                                 | 169,321                                               |
| Michael J. Ruen   | 01/11/07   | 01/11/07                |                                                                               | 47,993                                                              | 11.46                                           | 67,895                                                |
|                   | 02/13/07   | 01/11/07 <sup>(2)</sup> | 19,197                                                                        |                                                                     |                                                 | 206,944                                               |

- (1) Grants to all officers, except Mr. Brown who received restricted shares of common stock, were LTIP units. All grants were made under our 2006 long-term incentive plan.
- (2) In order to enable our named executive officers to elect to receive some or all of their awards in the form of LTIP units, the grant date for the awards occurred after the approval of the awards. The total number of LTIP units and/or shares of restricted stock granted were based on the dollar value of the awards approved on January 11, 2007, and the closing price of our common stock on the New York Stock Exchange on January 11, 2007.

**Discussion of Summary Compensation and Grants of Plan-Based Awards Tables**

Our executive compensation policies and practices, pursuant to which the compensation set forth in the Summary Compensation Table and the Grants of Plan Based Awards Table was paid or awarded, are described above under Executive and Director Compensation-Compensation Discussion and Analysis. A summary of certain material terms of our compensation plans and arrangements is set forth below.

In 2007, we granted equity awards to our named executive officers under our 2006 long-term incentive plan, as described in the 2007 Grants of Plan-Based Awards table. Each stock option granted has a term of ten-years from its grant date. Generally, to the extent vested, each stock option is exercisable during the term of the option while the grantee maintains a service relationship with us and for a period of three months thereafter, unless such termination is upon death or disability, in which case the grantee may continue to exercise the stock option for a period of one year thereafter. Each of the equity awards granted in 2007 vests over five years with 20% vesting on October 10, 2007, and 20% on each October 10 thereafter based on continued employment; provided that vesting of each is also subject to acceleration in connection with a change-in-control as described in Executive and Director Compensation-Potential Payments Upon Termination or Change-in-Control. Generally, we pay distributions and dividends to holders of all LTIP units and shares of restricted stock, whether vested or not, at the same rate per share as the dividends per share paid to our common stockholders. The terms of the LTIP units are described in Executive and Director Compensation-Compensation Discussion and Analysis-Long-Term Equity Incentive Compensation-LTIP Units.

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The terms of employment agreements that we have entered into with our executives are described below under Executive and Director Compensation-Potential Payments Upon Termination or Change-in-Control.

**Outstanding Equity Awards**

The following table sets forth certain information with respect to outstanding equity awards at December 31, 2007, with respect to our named executive officers.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2007**

| Name              | Option Awards                                                       |                                                                       |                            |                        | Stock Awards                                                |                                                                                   |                                                                                                                        | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Awards That Have Not Vested (\$) <sup>(2)</sup> |
|-------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------|------------------------|-------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
|                   | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(1)</sup> | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Awards That Have Not Vested (#) <sup>(2)</sup> | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Awards That Have Not Vested (\$) <sup>(2)</sup> |
| Philip L. Hawkins | 40,139                                                              | 160,559 <sup>(3)</sup>                                                | \$ 11.46                   | 01/11/2017             | 450,795 <sup>(4)</sup><br>64,224 <sup>(5)</sup>             | \$ 4,196,901<br>597,925                                                           | 0                                                                                                                      | \$ 0                                                                                                                                    |
| James D. Cochran  | 17,452                                                              | 69,808 <sup>(3)</sup>                                                 | 11.46                      | 01/11/2017             | 27,924 <sup>(5)</sup>                                       | 259,972                                                                           | 0                                                                                                                      | 0                                                                                                                                       |
| Stuart B. Brown   | 8,726                                                               | 34,904 <sup>(3)</sup>                                                 | 11.46                      | 01/11/2017             | 51,111 <sup>(6)</sup><br>13,962 <sup>(5)</sup>              | 475,843<br>129,986                                                                | 0                                                                                                                      | 0                                                                                                                                       |
| Daryl H. Mechem   | 7,853                                                               | 31,414 <sup>(3)</sup>                                                 | 11.46                      | 01/11/2017             | 12,566 <sup>(5)</sup>                                       | 116,989                                                                           | 0                                                                                                                      | 0                                                                                                                                       |
| Michael J. Ruen   | 9,598                                                               | 38,395 <sup>(3)</sup>                                                 | 11.46                      | 01/11/2017             | 15,358 <sup>(5)</sup>                                       | 142,983                                                                           | 0                                                                                                                      | 0                                                                                                                                       |

- (1) Based on a price of \$9.31 per unit, which was the closing price on the New York Stock Exchange of one share of our common stock on December 31, 2007. Assumes that the value of LTIP units on a per unit basis is equal to the per share value of our common stock.
- (2) The number and market or payout value of equity incentive plan awards is based on the amount that the executives would have earned under our 2006 outperformance program if our performance for the three-year performance period under the program continued at the same annualized rate as we experienced from our initial listing on December 13, 2006, through December 31, 2007. Because the annualized total stockholder return during this period was less than that required for the executives to earn awards under our 2006 outperformance program, no amounts were reported for the number and market or payout value. The terms of our 2006 outperformance program, including the vesting terms, are described above under Executive and Director Compensation-Compensation Discussion and Analysis.
- (3) Represents the unvested portion of stock options to purchase the following number of shares of common stock, which were granted on January 11, 2007, under our 2006 long-term incentive plan: Mr. Hawkins 200,698 shares; Mr. Cochran 87,260 shares; Mr. Brown 43,630 shares; Mr. Mechem 39,267 shares; and Mr. Ruen 47,993 shares. The total number of shares originally subject to the stock options were subject to vesting over five years with 20% vesting on October 10, 2007, and 20% on each October 10 thereafter based on continued employment.
- (4) Includes 450,795 LTIP units granted on October 25, 2006 that vest 25% on August 1, 2009, 25% on August 1, 2010, and 50% on August 1, 2011, based on continued employment.
- (5)

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Represents the unvested portion of the following equity awards that were granted on February 13, 2007, under our 2006 long-term incentive plan: Mr. Hawkins 80,279 LTIP units; Mr. Cochran 34,904 LTIP units; Mr. Brown 17,452 shares of restricted stock; Mr. Mechem 15,707 LTIP units; and Mr. Ruen



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19,197 LTIP units. The total number of LTIP units or shares of restricted stock originally granted were subject to vesting over five years with 20% vesting on October 10, 2007, and 20% on each October 10 thereafter based on continued employment.

- (6) Includes 51,111 LTIP units granted on October 25, 2006, that vest 25% on October 10, 2009, 25% on October 10, 2010, and 50% on October 10, 2011, based on continued employment.

**Option Exercises and Stock Vested**

The following table sets forth the aggregate number of shares of common stock and LTIP units that vested in 2007. The value realized on vesting is the product of (1) the closing price on the New York Stock Exchange of a share of common stock on the vesting date (or, if there were no reported sales on such date, the most recent previous date on which there were reported sales), multiplied by (2) the number of shares/LTIP units vesting.

**2007 OPTION EXERCISES AND STOCK VESTED**

| Name              | Stock Awards                                            |                                |
|-------------------|---------------------------------------------------------|--------------------------------|
|                   | Number of Shares Acquired on Vesting (#) <sup>(1)</sup> | Value Realized on Vesting (\$) |
| Philip L. Hawkins | 16,055                                                  | \$ 181,422                     |
| James D. Cochran  | 6,980                                                   | 78,874                         |
| Stuart B. Brown   | 3,490                                                   | 39,437                         |
| Daryl H. Mechem   | 3,141                                                   | 35,493                         |
| Michael J. Ruen   | 3,839                                                   | 43,381                         |

- (1) For Messrs. Hawkins, Cochran, Mechem and Ruen, represents the number of LTIP units that vested in 2007 and, for Mr. Brown, represents shares of common stock that vested in 2007.

**Potential Payments Upon Termination or Change-in-Control**

We entered into employment agreements with each of our named executive officers, which took effect on October 10, 2006. Under these agreements, Mr. Hawkins serves as our Chief Executive Officer and a director; Mr. Cochran serves as our President and Chief Investment Officer; Mr. Brown serves as our Chief Financial Officer; Mr. Mechem serves as our Managing Director of Operations and Mr. Ruen serves as our Managing Director, Development. The employment agreements all have a three-year term, ending October 10, 2009, except that Messrs. Hawkins and Brown's terms automatically renew for successive one-year periods unless either party gives notice of non-renewal. The following is a description of the material terms of our employment agreements with Messrs. Hawkins and Brown and our other named executive officers.

*Mr. Hawkins.* The employment agreement for Mr. Hawkins provides for an annual salary of at least \$575,000. For 2006, Mr. Hawkins was entitled to a pro-rated portion of a minimum annual guaranteed bonus of \$575,000 and, for 2007, Mr. Hawkins was entitled to a minimum guaranteed bonus of 80% of his annual salary. Thereafter, Mr. Hawkins will be eligible to receive an annual target cash bonus equal to at least 100% of his annual salary. Mr. Hawkins will be entitled to receive an annual long-term incentive compensation award with an aggregate annual target value of at least \$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 his agreement, as a signing bonus Mr. Hawkins received, under our 2006 long-term incentive plan, 450,795 LTIP units, which vest over five years (0%, 0%, 25%, 25% and 50%) commencing on August 1, 2007. Under the agreement, we also agreed to provide Mr. Hawkins with a housing allowance and reimburse him for his relocation expenses, including any broker's fees, (with a tax gross-up) and his commuting expenses relating to his relocation to the Denver area. If Mr. Hawkins' 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

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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' equity awards will also all vest in the event of a change in control. 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 awards will be eliminated. If any payments under his employment agreement, including compensation triggered by a change of control, constitute a parachute payment under the Internal Revenue Code, 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.

*Mr. Brown.* The employment agreement for Mr. Brown provides for an annual salary of at least \$250,000. For 2006, Mr. Brown was entitled to a pro-rated portion of a minimum annual guaranteed bonus of \$200,000 and, for 2007, Mr. Brown was entitled to a minimum guaranteed bonus of \$160,000. Thereafter, Mr. Brown will be entitled to receive an annual target cash bonus equal to at least \$200,000. Mr. Brown will also be entitled to receive an annual long-term incentive compensation award with an aggregate annual target value of at least \$250,000, 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 his employment agreement, as a signing bonus in 2006 Mr. Brown received a \$35,000 cash bonus and received, under our 2006 long-term incentive plan, 51,111 LTIP units, which vest over five years (0%, 0%, 25%, 25% and 50%) commencing on October 10, 2007. Under the agreement, we also agreed to provide Mr. Brown with a housing allowance and reimburse him for his relocation expenses, including any broker's fees, (with a tax gross-up) and his commuting expenses relating to his relocation to the Denver area. 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 awards will also all vest in the event of a change in control. 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 awards will be eliminated. If the payments made by us under his employment agreement, including compensation triggered by a change in control, constitute a parachute payment under the Internal Revenue Code, 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.

*Other Named Executive Officers.* The employment agreements with our other executives provide for annual salaries of at least \$300,000 for Mr. Cochran, \$250,000 for Mr. Mechem and \$235,000 for Mr. Ruen. In addition, the employment agreements also provide for a target cash bonus of at least \$200,000 for Mr. Cochran, \$125,000 for Mr. Mechem and \$90,000 for Mr. Ruen. In addition to annual salary and target cash bonus, the executives will be eligible to receive an annual long-term incentive compensation award that vests in equal annual installments over four to five years, subject to the achievement of pre-established, performance-related goals, of at least the following aggregate annual target values: \$500,000 for Mr. Cochran, \$225,000 for Mr. Mechem and \$275,000 for Mr. Ruen. The executive's equity awards will also vest in the event of a change in control. If the executive'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 (for Mr. Mechem, six months' continuing coverage). In addition, in that event the executive will be entitled to a pro-rated target bonus for the year of termination and the vesting of all outstanding equity awards. With respect to Mr. Cochran, in the case of a termination by us without cause or by him for good reason following changes in control of us, termination payments will be two times salary and bonus rather than one time salary and bonus. Additionally, upon the termination of any of our other named executive officers upon death or 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 awards will be eliminated.

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Under the employment agreements, each of Messrs. Hawkins, Cochran, Brown, Mechem and 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, non-interference and confidentiality provisions. Generally, for Messrs. Cochran, Mechem and Ruen 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 and, upon a termination of employment by us without cause or by the executive for good reason, the non-competition provision will expire six months following the termination of employment. For Messrs. Hawkins and Brown, upon the scheduled expiration of the employment term, the non-competition provision will expire upon the date of the termination of employment.

In addition to these employment agreements, each of Messrs. Hawkins, Cochran, Brown, Mechem and Ruen has entered into an indemnification agreement providing for indemnification and advancement of expenses to the indemnitee to the fullest extent permitted by applicable law.

Generally, under our 2006 long-term incentive plan, all of an executive's equity awards fully vest upon a change-in-control or the executive's termination upon death or disability. A description of the provision of our 2006 outperformance program relating to termination of employment of a change-in-control as described in the Executive and Director Compensation-Compensation Discussion and Analysis.

The following tables set forth the amounts that would have been paid to our named executive officers in the event of a termination by us without cause or by the executive for good reason other than in connection with a change-in-control; upon death or disability; upon a change-in-control without termination and upon a termination by us without cause or by the executive for good reason in connection with a change-in-control occurring, in each case, as of December 31, 2007:

*Philip L. Hawkins*

| <b>Payments Upon Termination</b>                     | <b>Without Cause/For Good Reason</b> | <b>Death/Disability</b> | <b>Change-in-Control (No Termination)</b> | <b>Change-in-Control (Termination Without Cause/For Good Reason)</b> |
|------------------------------------------------------|--------------------------------------|-------------------------|-------------------------------------------|----------------------------------------------------------------------|
| Bonus                                                | \$ 575,000                           | \$ 575,000              | \$                                        | \$ 575,000                                                           |
| Cash Severance                                       | 2,300,000                            |                         |                                           | 2,300,000                                                            |
| Restricted Stock & LTIP Units Vesting <sup>(1)</sup> | 4,794,826                            | 4,794,826               | 4,794,826                                 | 4,794,826                                                            |
| 2006 Outperformance Program <sup>(2)</sup>           |                                      |                         |                                           |                                                                      |
| Benefits Continuation <sup>(3)</sup>                 | 14,852                               |                         |                                           | 14,852                                                               |
| Excise Tax Gross-Up <sup>(4)</sup>                   |                                      |                         | 512,383                                   | 1,095,251                                                            |
| <b>Total</b>                                         | <b>\$ 7,684,678</b>                  | <b>\$ 5,369,826</b>     | <b>\$ 5,307,209</b>                       | <b>\$ 8,779,929</b>                                                  |

*James D. Cochran*

| <b>Payments Upon Termination</b>                     | <b>Without Cause/For Good Reason</b> | <b>Death/Disability</b> | <b>Change-in-Control (No Termination)</b> | <b>Change-in-Control (Termination Without Cause/For Good Reason)</b> |
|------------------------------------------------------|--------------------------------------|-------------------------|-------------------------------------------|----------------------------------------------------------------------|
| Bonus                                                | \$ 200,000                           | \$ 200,000              | \$                                        | \$ 200,000                                                           |
| Cash Severance                                       | 500,000                              |                         |                                           | 1,000,000                                                            |
| Restricted Stock & LTIP Units Vesting <sup>(1)</sup> | 259,972                              | 259,972                 | 259,972                                   | 259,972                                                              |
| 2006 Outperformance Program <sup>(2)</sup>           |                                      |                         |                                           |                                                                      |
| Benefits Continuation <sup>(3)</sup>                 | 14,852                               |                         |                                           | 14,852                                                               |
| <b>Total</b>                                         | <b>\$ 974,824</b>                    | <b>\$ 459,972</b>       | <b>\$ 259,972</b>                         | <b>\$ 1,474,824</b>                                                  |

**Table of Contents***Stuart B. Brown*

| <b>Payments Upon Termination</b>                     | <b>Without Cause/For Good Reason</b> | <b>Death/Disability</b> | <b>Change-in-Control (No Termination)</b> | <b>Change-in-Control (Termination Without Cause/For Good Reason)</b> |
|------------------------------------------------------|--------------------------------------|-------------------------|-------------------------------------------|----------------------------------------------------------------------|
| Bonus                                                | \$ 200,000                           | \$ 200,000              | \$                                        | \$ 200,000                                                           |
| Cash Severance                                       | 475,000                              |                         |                                           | 475,000                                                              |
| Restricted Stock & LTIP Units Vesting <sup>(1)</sup> | 605,829                              | 605,829                 | 605,829                                   | 605,829                                                              |
| 2006 Outperformance Program <sup>(2)</sup>           |                                      |                         |                                           |                                                                      |
| Benefits Continuation <sup>(3)</sup>                 | 7,426                                |                         |                                           | 7,426                                                                |
| Excise Tax Gross-Up <sup>(4)</sup>                   |                                      |                         |                                           | 167,558                                                              |
| <b>Total</b>                                         | <b>\$ 1,288,255</b>                  | <b>\$ 805,829</b>       | <b>\$ 605,829</b>                         | <b>\$ 1,455,813</b>                                                  |

*Daryl H. Mechem*

| <b>Payments Upon Termination</b>                     | <b>Without Cause/For Good Reason</b> | <b>Death/Disability</b> | <b>Change-in-Control (No Termination)</b> | <b>Change-in-Control (Termination Without Cause/For Good Reason)</b> |
|------------------------------------------------------|--------------------------------------|-------------------------|-------------------------------------------|----------------------------------------------------------------------|
| Bonus                                                | \$ 125,000                           | \$ 125,000              | \$                                        | \$ 125,000                                                           |
| Cash Severance                                       | 375,000                              |                         |                                           | 375,000                                                              |
| Restricted Stock & LTIP Units Vesting <sup>(1)</sup> | 116,989                              | 116,989                 | 116,989                                   | 116,989                                                              |
| 2006 Outperformance Program <sup>(2)</sup>           |                                      |                         |                                           |                                                                      |
| Benefits Continuation <sup>(3)</sup>                 | 3,713                                |                         |                                           | 3,713                                                                |
| <b>Total</b>                                         | <b>\$ 620,702</b>                    | <b>\$ 241,989</b>       | <b>\$ 116,989</b>                         | <b>\$ 620,702</b>                                                    |

*Michael J. Ruen*

| <b>Payments Upon Termination</b>                     | <b>Without Cause/For Good Reason</b> | <b>Death/Disability</b> | <b>Change-in-Control (No Termination)</b> | <b>Change-in-Control (Termination Without Cause/For Good Reason)</b> |
|------------------------------------------------------|--------------------------------------|-------------------------|-------------------------------------------|----------------------------------------------------------------------|
| Bonus                                                | \$ 90,000                            | \$ 90,000               | \$                                        | \$ 90,000                                                            |
| Cash Severance                                       | 325,000                              |                         |                                           | 325,000                                                              |
| Restricted Stock & LTIP Units Vesting <sup>(1)</sup> | 142,983                              | 142,983                 | 142,983                                   | 142,983                                                              |
| 2006 Outperformance Program <sup>(2)</sup>           |                                      |                         |                                           |                                                                      |
| Benefits Continuation <sup>(3)</sup>                 | 14,852                               |                         |                                           | 14,852                                                               |
| <b>Total</b>                                         | <b>\$ 572,835</b>                    | <b>\$ 232,983</b>       | <b>\$ 142,983</b>                         | <b>\$ 572,835</b>                                                    |

- (1) All of the executives' outstanding equity awards fully vest upon a change-in-control, the executive's termination upon death or disability or termination by us without cause or by the executive for good reason. As of December 31, 2007, Messrs. Hawkins, Cochran, Brown, Mechem and Ruen held unvested restricted common stock and unvested LTIP units as follows: Mr. Hawkins 515,019 LTIP units; Mr. Cochran 27,924 LTIP units; Mr. Brown 51,111 LTIP units and 13,962 shares of restricted stock; Mr. Mechem 12,566 LTIP units; and Mr. Ruen 15,358 LTIP units. For purposes of the tables above, the value of the equity awards that vest are based on the value of unvested

awards set forth in the Outstanding Equity Awards at Fiscal Year-End 2007 above.

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- (2) None of our executives would have been entitled to receive any amounts under our 2006 outperformance program upon the occurrence of any of the events described above as of December 31, 2007.
- (3) Benefits continuation amounts are based on the actual expense for financial reporting purposes for the year ended December 31, 2007 for covering an employee under each our group health plans for the entire year, assuming that the employee elected family coverage under each of these plans, less the minimum contribution required by employees participating in these plans.
- (4) Assumes a combined tax rate of 41.1% for federal and state income tax and Medicare tax.

The amounts described above do not include payments and benefits to the extent they have been earned prior to the termination of employment or are provided on a non-discriminatory basis to salaried employees upon termination of employment. These include:

Accrued salary and vacation pay;

Distribution of plan balances under our 401(k) plan;

Life insurance proceeds in the event of death; and

Disability insurance payouts in the event of disability.

**Director Compensation**

Currently, we pay each of our directors who is not an employee of our company:

an annual retainer of \$30,000 for services as a director;

a fee of \$1,000 for each board meeting attended in person or telephonically;

a fee of \$1,000 for each committee meeting attended in person or telephonically;

an additional annual retainer of \$10,000 for directors who serve as the chair of our audit committee; and

an additional annual retainer of \$7,500 for directors who serve as the chair of one of our other committees.

Directors who are employees of our company or our subsidiaries do not receive compensation for their service as directors.

In addition, on the date of our 2007 annual meeting of stockholders, each non-employee director elected at that meeting received a phantom share award having a value of \$35,000 and subject to one year vesting.

Effective as of the date of the 2008 annual meeting of stockholders, we will provide the following compensation for non-employee directors:

an annual retainer of \$30,000 for services as a director;

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a fee of \$1,500 for each board meeting attended in person and \$1,000 for each meeting attended telephonically;

a fee of \$1,000 for each committee meeting attended in person or telephonically;

an additional annual retainer of \$10,000 for directors who serve as the chair of our audit and/or compensation committee; and

an additional annual retainer of \$7,500 for directors who serve as the chair of our investment and/or nominating and corporate governance committee.

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Beginning with the 2008 annual meeting of stockholders, on the date of each annual meeting of stockholders at which each non-employee director is re-elected to our board of directors, such non-employee director will be entitled to receive phantom share awards having a value of \$40,000. In addition, any non-employee director who is initially elected or appointed to our board of directors will be entitled to receive phantom share awards having a value of \$40,000 on the date of such initial election or appointment. These phantom share awards will be subject to one year vesting.

The following table sets forth certain information with respect to our director compensation during the year ended December 31, 2007.

| Name <sup>(1)</sup> | Fees Earned or Paid in |                                  |                                   | Total      |
|---------------------|------------------------|----------------------------------|-----------------------------------|------------|
|                     | Cash (\$)              | Stock Awards (\$) <sup>(2)</sup> | Option Awards (\$) <sup>(3)</sup> |            |
| Phillip R. Altinger | \$ 62,000              | \$ 49,586                        | \$ 3,789                          | \$ 115,375 |
| Thomas F. August    | 58,500                 | 49,586                           |                                   | 108,086    |
| John S. Gates, Jr.  | 58,500                 | 49,586                           |                                   | 108,086    |
| Tripp H. Hardin     | 59,500                 | 49,586                           | 3,219                             | 112,305    |
| James R. Mulvihill  | 37,000                 | 49,586                           |                                   | 86,586     |
| John C. O Keeffe    | 51,000                 | 49,586                           | 3,219                             | 103,805    |
| Bruce L. Warwick    | 49,000                 | 49,586                           | 3,780                             | 102,366    |

- (1) This table does not include compensation paid to Mr. Wattles, as he is an executive officer of our company, other than a named executive officer, who did not receive any additional compensation for his service as a director.
- (2) Based on the dollar amount recognized for financial statement reporting purposes with respect to the year ended December 31, 2007 in accordance with SFAS 123R, disregarding the estimate of forfeitures. The grant date fair value of the awards made to the directors in 2007 are as follows: for each of Messrs. Altinger, August, Hardin, Gates, Mulvihill, O Keeffe and Warwick \$35,006. The assumptions we used for calculating the grant date fair values are set forth in note 12 to our consolidated financial statements included in our annual report on Form 10-K, as amended, for the fiscal year ended December 31, 2007. As of December 31, 2007, our non-employee directors held the following number of phantom shares that had been granted by us as director compensation: each of Messrs. Altinger, August, Hardin, Gates, Mulvihill, O Keeffe and Warwick 3,148.
- (3) Based on the dollar amount recognized for financial statement reporting purposes with respect to the year ended December 31, 2007 in accordance with SFAS 123R, disregarding the estimate of forfeitures. The assumptions we used for calculating the grant date fair values are set forth in note 12 to our consolidated financial statements included in our annual report on Form 10-K, as amended, for the fiscal year ended December 31, 2007. As of December 31, 2007, our non-employee directors held options that had been granted by us as director compensation to purchase the following number of shares of our common stock: Mr. Altinger 15,000; Mr. Hardin 25,000; Mr. O Keeffe 25,000; and Mr. Warwick 15,000.

In addition to the compensation described above, we also reimburse all non-employee directors for their reasonable out-of-pocket expenses incurred in attending meetings of our board of directors or any committees thereof.

**Executive and Director Compensation Process**

The compensation committee of our board of directors typically meets several times each year in connection with the consideration and determination of executive compensation. As the timing of most of these compensation decisions follow a predictable annual schedule, regular meetings and general agenda topics are scheduled well in advance by the compensation committee. Special meetings are scheduled as needed by the compensation committee, and specific meeting agendas are prepared by the chair of the compensation committee and our Chief Executive Officer, although they reflect the direction of the full compensation committee.



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Additionally, for purposes of granting equity awards, our compensation committee adopted an equity award grant policy as described above under -Compensation Discussion and Analysis-Long-Term Equity Incentive Compensation-Equity Award Grant Policy. The compensation committee of our board of directors has the authority to determine all compensation payable to our executive officers. Our Chief Executive Officer provides detailed information to the compensation committee regarding the performance of our executive officers and makes detailed recommendations to the compensation committee regarding the compensation of all executive officers, excluding his own. Additionally, as noted above in -Compensation Discussion and Analysis, in 2007 continuing through 2008, the compensation committee engaged FPL Associates, L.P. to analyze our executive compensation versus current market practices and summarize key compensation trends in the industry. FPL prepared a written report to the compensation committee and presented this report at a meeting of the compensation committee. The compensation committee ultimately made all determinations regarding compensation payable to our executive officers.

Our board of directors and compensation committee review our director compensation regularly on at least an annual basis. Our board of directors has the authority to approve all compensation payable to our directors, although the compensation committee is responsible for making recommendations to our board regarding this compensation. Additionally, our Chief Executive Officer may also make recommendations or assist the compensation committee in making recommendations regarding director compensation. In 2007, the compensation committee engaged FPL Associates, L.P. to complete a competitive review of director compensation. Based on this review, our Chief Executive Officer provided recommendations to the compensation committee regarding director compensation. The compensation committee then made recommendations to the full board of directors, which approved the changes in director compensation described above under -Director Compensation.

### **Director and Officer Stock Ownership Guidelines**

Our board of directors believes it is important to align the interests of the directors and senior management with those of the stockholders and for directors and senior management to hold equity ownership positions in DCT Industrial Trust. Accordingly, each of the following persons is expected to own our equity with the following value as of the end of each fiscal year:

| <b>Position</b>                                   | <b>Equity Ownership Guideline</b>                                                                                                                                                                                                      |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Non-employee director                             | Lesser of (1) 4x value of annual equity award to each non-employee directors and (2) value of the annual equity awards made during the first 4 years following the later of the director's initial election or the 2008 annual meeting |
| Chief Executive Officer and President             | Lesser of (1) 4x annual salary or (2) value of the annual equity awards made during the first 4 years beginning on the later of 2008 or the year in which the executive is initially appointed to such position                        |
| Chief Financial Officer and any Managing Director | Lesser of (1) 3x annual salary or (2) value of the annual equity awards made during the first 3 years beginning on the later of 2008 or the year in which the executive is initially appointed to such position                        |
| Any Senior Vice President                         | Lesser of (1) 2x annual salary or (2) value of the annual equity awards made during the first 2 years beginning on the later of 2008 or the year in which the executive is initially appointed to such position                        |

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For purposes of these ownership guidelines, equity includes shares of common stock, dividend equivalent rights, options and phantom shares in DCT Industrial Trust and LTIP units and common units in our operating partnership, whether vested or not; provided that stock options will be valued using the same methodology used by the compensation committee for purposes of making equity awards to executives. The target date for acquiring and maintaining such ownership is the later of: (1) our 2013 annual meeting of stockholders, (2) in the case of a non-employee director, our fifth annual meeting of stockholders following the director's initial election or appointment to the board and (3) in the case of an executive, the fifth year anniversary of the executive's appointment to the applicable position. Any director who is prohibited by law or by applicable regulation of his or her employer from owning our equity shall be exempt from this requirement. The nominating and corporate governance committee may consider whether exceptions should be made for any director on whom this requirement could impose a financial hardship.

## **Compensation Committee Interlocks and Insider Participation**

During 2007, the following directors, all of whom are independent directors, served on our compensation committee: Thomas F. August, Phillip R. Altinger, and Bruce L. Warwick.

## **Compensation Committee Report**

The Compensation Committee of DCT Industrial Trust Inc. has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

*Submitted by the Compensation Committee:*

Thomas F. August, Chair

Phillip R. Altinger

Bruce L. Warwick

**Table of Contents****Equity Compensation Plan Table**

The following table shows for our equity compensation plans and warrants, as a group, the number of common shares to be issued upon exercise of options, warrants and rights outstanding at December 31, 2007, the weighted average exercise price of these options, warrants and rights and the number of common shares remaining available for future issuance under our 2006 long-term incentive plan as of December 31, 2007, excluding shares to be issued in connection with equity awards already granted under such plan:

| Plan Category                                                             | Number of securities to<br>be issued upon exercise<br>of options, warrants<br>and rights<br>(a) | Weighted<br>average<br>exercise<br>price of<br>outstanding options,<br>warrants<br>and rights<br>(b) | Number of securities<br>remaining available for<br>future issuance under<br>equity compensation<br>plans (excluding<br>securities reflected in<br>column (a))<br>(c) |
|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Equity compensation plans approved by security holders                    | 1,627,716 <sup>(1)</sup>                                                                        | \$ 11.35 <sup>(2)</sup>                                                                              | 6,650,746 <sup>(3)</sup>                                                                                                                                             |
| Equity compensation plans not approved by security holders <sup>(4)</sup> | 1,199,908                                                                                       | \$ 12.00                                                                                             |                                                                                                                                                                      |
| <b>Total</b>                                                              | <b>2,827,624</b>                                                                                | <b>\$ 11.63</b>                                                                                      | <b>6,650,746</b>                                                                                                                                                     |

- (1) Represents our previously adopted independent director option plan, under which options to purchase 80,000 shares were outstanding, our previously adopted employee option plan, under which options to purchase 293,500 shares were outstanding and our 2006 long-term incentive plan, under which options to purchase 569,716 shares, 22,036 phantom shares and 662,464 LTIP units were outstanding, all as of December 31, 2007.
- (2) Because there is no exercise price associated with the phantom shares or the LTIP units, such shares and units are not included in the weighed-average exercise price calculation.
- (3) Reflects 8,000,000 shares previously available for issuance under our 2006 long-term incentive plan reduced by 1,254,216 shares subject to outstanding options to purchase shares, phantom shares and LTIP units under our 2006 long-term incentive plan, and 95,038 shares previously issued under the long-term incentive plan, including 69,771 shares of restricted stock that are subject to vesting. No new stock grants or awards will be made under our previously adopted independent director option plan or our previously adopted employee option plan.
- (4) Represents dealer warrants owned by our dealer manager and certain participating broker dealers, of which 1,199,908 warrants were unexpired as of December 31, 2007 and shall expire on April 15, 2009. These were all granted prior to the initial listing of our common stock on the New York Stock Exchange.

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**Audit Committee Report**

*Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933, as amended, or the Securities Act, or the Securities Exchange Act of 1934, as amended, or the Exchange Act, that might incorporate this proxy statement or future filing with the SEC, in whole or in part, the following report shall not be deemed incorporated by reference into any such filing.*

The undersigned members of the Audit Committee of the Board of Directors of DCT Industrial Trust Inc. submit this report in connection with the committee's review of the financial reports for the fiscal year ended December 31, 2007 as follows:

1. the Audit Committee has reviewed and discussed with management the audited financial statements for DCT Industrial Trust Inc. for the fiscal year ended December 31, 2007;
2. the Audit Committee has discussed with representatives of KPMG LLP the matters required to be discussed with them by the statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and
3. the Audit Committee has received the written disclosures and the letter from KPMG LLP required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*), as adopted by the Public Company Accounting Oversight Board in Rule 3600T, and has discussed with KPMG LLP the independent accountant's independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the company's annual report on Form 10-K, as amended, for the fiscal year ended December 31, 2007 for filing with the SEC.

*Submitted by the Audit Committee:*

Phillip R. Altinger, Chair

Thomas F. August

Bruce L. Warwick

**Table of Contents****Independent Registered Public Accounting Firm**

The following table represents fees for professional audit services rendered by KPMG LLP for the audit of the company's annual financial statements for 2007 and 2006 and fees billed for other services rendered by KPMG LLP:

| <b>Types of Fees</b> | <b>2007</b>       | <b>2006</b>       |
|----------------------|-------------------|-------------------|
| Audit Fees           | \$ 921,065        | \$ 954,314        |
| Audit-Related Fees   | 0                 | 0                 |
| Tax Fees             | 0                 | 0                 |
| All Other Fees       | 0                 | 0                 |
| <b>Total</b>         | <b>\$ 921,065</b> | <b>\$ 954,314</b> |

In the above table, "audit fees" refers to fees for professional services for the audit of DCT Industrial Trust's consolidated financial statements included in Form 10-Ks and review of DCT Industrial Trust's consolidated financial statements included in Form 10-Qs, including all services required to comply with standards of the Public Company Accounting Oversight Board (United States), comfort letters, statutory audits, and review of documents filed with the SEC (fees for registration statements and comfort letters in 2007 and 2006 were \$34,205 and \$230,459, respectively); "audit-related fees" refers to fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements; "tax fees" refers to fees for tax compliance, tax advice, and tax planning; and "all other fees" refers to fees billed by KPMG LLP to DCT Industrial Trust for any services not included in the foregoing categories.

**Pre-Approval Policies and Procedures**

Under the audit committee's charter, the audit committee is authorized to delegate to one or more of its members the authority to pre-approve audit and non-audit services. The audit committee has not delegated its pre-approval authority. The audit committee approved all audit and non-audit services provided to us by KPMG LLP during the 2007 fiscal year.

**Proposal II: Ratification of Independent Registered Public Accounting Firm**

The consolidated balance sheets of DCT Industrial Trust Inc. as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2007, were audited by KPMG LLP, an independent registered public accounting firm, and our management believes that they are knowledgeable about our operations and accounting practices and are well qualified to act as our independent registered public accounting firm. Therefore, our audit committee has appointed KPMG LLP to act as our independent registered public accounting firm for the year ending December 31, 2008. We are asking you to ratify this selection, which requires the affirmative vote of a majority of the votes cast at a meeting where a quorum is present.

KPMG LLP representatives will be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so. In addition, the KPMG LLP representatives will be available to respond to appropriate questions posed by any stockholders. KPMG LLP has advised us that neither it nor any member thereof has any financial interest, direct or indirect, in our company or in any of our subsidiaries, in any capacity.

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### **Additional Information**

#### **Stockholder Proposals for Inclusion in Next Year's Proxy Statement**

To be considered for inclusion in next year's proxy statement, stockholder proposals must be received at our principal executive offices no later than the close of business on December 12, 2008. Proposals should be addressed to: Secretary, DCT Industrial Trust Inc., 518 17<sup>th</sup> Street, Suite 1700, Denver, Colorado 80202.

#### **Stockholder Nominations and Other Stockholder Proposals for Presentation at Next Year's Annual Meeting**

For any stockholder nomination or proposal that is not submitted for inclusion in next year's proxy statement, but is instead sought to be presented directly at the 2009 annual meeting, our bylaws permit such a presentation if (1) a stockholder's notice of the proposal or nominee and any required supporting information is delivered to our secretary during the period from 150 to 120 days before the anniversary date of the mailing of the notice for the previous year's annual meeting, and (2) it meets the bylaws and SEC requirements for submittal. For consideration at the 2009 annual meeting, therefore, any stockholder nominee or proposals not submitted by the deadline for inclusion in the proxy must be received by us between November 11, 2008 and December 12, 2008. Notices of intention to present proposals at the 2009 annual meeting should be addressed to: Secretary, DCT Industrial Trust Inc., 518 17<sup>th</sup> Street, Suite 1700, Denver, Colorado 80202.

### **Voting Securities**

Common stockholders of record at the close of business on March 26, 2008, will be eligible to vote at the meeting on the basis of one vote for each share held. On such date there were 168,518,113 common shares outstanding. There is no right to cumulative voting and the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast will constitute a quorum.

### **Vote Required for Approval**

Assuming the presence of a quorum:

- (1) directors must be elected by the vote of a plurality of all the votes cast by stockholders entitled to vote.
- (2) the ratification of the independent registered public accounting firm must be approved by the affirmative vote of a majority of the common shares voted at the meeting or by proxy.

Abstentions and broker non-votes, if any, will have no effect on the outcome of the matters to be voted on at the meeting. Abstentions and broker non-votes are counted for purposes of determining whether a quorum is reached.

### **Manner for Voting Proxies**

The shares represented by all valid proxies received by phone, by Internet, or by mail will be voted in the manner specified. Where specific choices are not indicated, the shares represented by all valid proxies received will be voted (1) for the nominees for director named earlier in this proxy statement; (2) for ratification of the appointment of our independent registered public accounting firm; and (3) as otherwise recommended by the board. The board knows of no other matters which may be presented to the meeting.

### **Solicitation of Proxies**

Proxies may be solicited on behalf of the board by mail, telephone, other electronic means, or in person. Copies of proxy material and of the annual report may be supplied to brokers, dealers, banks and voting directors,

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or their nominees, for the purpose of soliciting proxies from beneficial owners, and we will reimburse such record holders for their reasonable expenses. Proxies may be solicited by officers or employees of the company, none of whom will receive additional compensation.

### **Attendance at the Meeting**

All stockholders of record of shares of common stock of DCT Industrial Trust at the close of business on the record date, or their designated proxies, are authorized to attend the annual meeting. If you are not a stockholder of record but hold shares through a broker, bank or other nominee (i.e., in street name), you should provide proof of beneficial ownership as of the record date, such as an account statement reflecting your stock ownership as of the record date, a copy of the voting instruction card provided by your broker, bank or other nominee, or other similar evidence of ownership. If you do not have proof of ownership, you may not be admitted to the annual meeting. Each stockholder and proxy may be asked to present a valid government-issued photo identification, such as a driver's license or passport, before being admitted. Cameras, recording devices and other electronic devices will not be permitted, and attendees may be subject to security inspections and other security precautions.

### **Annual Report**

Our current annual report and annual report on Form 10-K, as amended, which include consolidated financial statements, are being mailed to stockholders concurrently with this proxy statement. We will provide additional complete copies of the annual report to requesting stockholders, free of charge. You may send your written request to DCT Industrial Trust Inc., Investor Relations, 518 17<sup>th</sup> Street, Suite 1700, Denver, Colorado 80202.

### **Delivery of Documents to Stockholders Sharing an Address**

If you share an address with any of our other stockholders, your household might receive only one copy of the annual report and proxy statement. To request individual copies of the annual report and proxy statement for each stockholder in your household, please contact the Investor Relations Department, DCT Industrial Trust Inc., 518 17<sup>th</sup> Street, Suite 1700, Denver, Colorado 80202 (telephone: 303-597-2400). We will deliver copies of the annual report and proxy statement promptly following your written or oral request. To ask that only one set of the documents be mailed to your household, please contact your broker.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our directors, officers and certain beneficial owners, or, collectively, reporting persons, to file reports of holdings and transactions in DCT Industrial Trust shares with the SEC and the NYSE. Based on our records and other information we believe that all of the reporting persons filed all the applicable SEC reports required for 2007, except as noted below. Philip L. Hawkins, James D. Cochran, Stuart B. Brown, Daryl H. Mechem, Michael J Ruen, Matthew T. Murphy and Stephen K. Schutte were each late in filing the Form 4 reporting the stock option grant made to such officer by us on January 11, 2007. The Form 4s reporting these grants were filed in February 2007.

### **Other Matters**

We do not anticipate any other business being brought before the meeting. In addition to the scheduled items, however, the meeting may consider properly presented stockholder proposals and matters relating to the conduct of the meeting. As to any other business, it is intended that proxies will be voted in the discretion of the persons voting such proxies.

April 11, 2008

Denver, Colorado

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518 17TH STREET, SUITE 1700  
DENVER, CO 80202

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE STOCKHOLDER COMMUNICATIONS**

If you would like to reduce the costs incurred by DCT Industrial Trust Inc. in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access stockholder communications electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to DCT Industrial Trust Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: DCTIT1

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**DCT INDUSTRIAL TRUST INC.**

|            |                 |                |                                                                                                                                                      |
|------------|-----------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>For</b> | <b>Withhold</b> | <b>For All</b> | To withhold authority to vote for any individual nominee(s), mark <b>For All</b> Except and write the number(s) of the nominee(s) on the line below. |
| <b>All</b> | <b>All</b>      | <b>Except</b>  |                                                                                                                                                      |
| ..         | ..              | ..             |                                                                                                                                                      |

**Vote on Directors**

1. Election of the following nominees as directors  
(Terms expire in 2009)

**Nominees:**

- |                         |                        |
|-------------------------|------------------------|
| 01) Thomas G. Wattles   | 06) Tripp H. Hardin    |
| 02) Philip L. Hawkins   | 07) James R. Mulvihill |
| 03) Phillip R. Altinger | 08) John C. O Keefe    |
| 04) Thomas F. August    | 09) Bruce L. Warwick   |
| 05) John S. Gates, Jr.  |                        |

**Vote on Proposals**

**For Against Abstain**

- |                                                                                                                                               |    |    |    |
|-----------------------------------------------------------------------------------------------------------------------------------------------|----|----|----|
| 2. Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2008                        | .. | .. | .. |
| 3. At the discretion of such proxies on any other matter that properly may come before the meeting or any adjournment or postponement thereof |    |    |    |

**This proxy, when properly completed and returned, will be voted in the manner directed herein by the undersigned stockholder. Unless direction is given to the contrary, this proxy will be voted FOR all nominees standing for election as directors and FOR the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm.**



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**The undersigned hereby acknowledges receipt of the Company's Notice of 2008 Annual Meeting of Stockholders, Proxy Statement and Annual Report. By submitting this proxy the undersigned revokes all prior proxies made by the undersigned in connection with the Company's 2008 Annual Meeting of Stockholders.**

For address changes and/or comments, please check this box and write them on the back where indicated.

Please indicate if you plan to attend this meeting.

|  | Yes | No |
|--|-----|----|
|  | ..  | .. |

Please sign exactly as your name appears. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person.

Signature [PLEASE SIGN WITHIN BOX]      Date

Signature (Joint Owners)      Date

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**YOUR PROXY CARD IS ATTACHED BELOW.**

PLEASE READ AND FOLLOW THE INSTRUCTIONS

CAREFULLY AND DETACH AND RETURN YOUR

COMPLETED PROXY CARD IN THE ENCLOSED

POSTAGE-PAID ENVELOPE

DO NOT MAIL YOUR

PROXY CARD IF YOU VOTE

BY TELEPHONE OR INTERNET

**YOUR VOTE IS IMPORTANT. THANK YOU FOR VOTING.**

**Important Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and Annual Report are available at [www.dctindustrial.com/investors](http://www.dctindustrial.com/investors).

**DCT INDUSTRIAL TRUST INC.**

**PROXY**

Annual Meeting of Stockholders To be held May 20, 2008, at 10:00 a.m.,

at 518 17th Street, Suite 800, Denver, Colorado 80202

**THE BOARD OF DIRECTORS OF DCT INDUSTRIAL TRUST INC. SOLICITS THIS PROXY**

The undersigned hereby appoints Philip L. Hawkins, Stuart B. Brown, and Stephen K. Schutte, or any one or more of them, as proxies, each with the power to appoint his substitute, and hereby authorizes each of them to represent and to vote as designated on the reverse side all the shares of the common stock of DCT Industrial Trust Inc., held of record by the undersigned on March 26, 2008, at the 2008 Annual Meeting of Stockholders, and any adjournment or postponement thereof.

**THIS PROXY, WHEN PROPERLY COMPLETED AND RETURNED BY YOU, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. UNLESS DIRECTION IS GIVEN TO THE CONTRARY, THIS PROXY WILL BE VOTED FOR ALL NOMINEES STANDING FOR ELECTION AS DIRECTORS AND FOR THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.**

Please sign exactly as your name appears. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person.

**Address Changes/Comments:**

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

(Continued and to be dated and signed on the reverse side)