

DIVIDEND CAPITAL TRUST INC
Form S-3/A
March 24, 2004

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As filed with the Securities and Exchange Commission on March 24, 2004

Registration No. 333-113170

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**PRE-EFFECTIVE
AMENDMENT NO. 1**

to

FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

DIVIDEND CAPITAL TRUST INC.

(Exact name of Registrant as specified in its Charter)

**518 Seventeenth Street, Suite 1700
Denver, Colorado 80202
Telephone (303) 228-2200**

(Address, including zip code, and telephone number,
including
area code, of registrant's principal executive offices)

82-0538520

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

Maryland
(State or other jurisdiction of
incorporation or organization)

**Evan Zucker
Chief Executive Officer
518 Seventeenth Street, Suite 1700
Denver, Colorado 80202
Telephone (303) 228-2200**

(Name, address, including zip code, and telephone number, including area
code, of agent for service)

With copies to:

Robert E. King Jr., Esq.
Clifford Chance US LLP
200 Park Avenue
New York, New York 10166

David C. Roos, Esq.
Moye Giles LLP
1225 17th Street, Suite 2900
Denver, Colorado 80202

**Approximate Date of Commencement of Proposed Sale to the Public:
April 1, 2004.**

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

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

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per Share	Proposed maximum aggregate offering price	Amount of Registration fee(1)
Common Stock, \$0.01 par value(2)	40,000,000	\$10.00	\$400,000,000	\$50,680
Common Stock, \$0.01 par value(3)	1,200,000	\$12.00	\$14,400,000	\$1,824
Soliciting Dealer Warrants(4)	1,200,000	\$.001	\$1,200	\$.15
Total			\$414,401,200	\$52,505

- (1) A registration fee of \$61,728 was previously paid upon the original filing of this registration statement.
- (2) Includes 10,000,000 shares issuable pursuant to the Company's distribution reinvestment plan.
- (3) Represents shares issuable upon exercise of warrants to be issued to Dividend Capital Securities LLC or its assigns pursuant to the Warrant Purchase Agreement with the Registrant. Pursuant to Rule 416, includes such indeterminate number of additional shares of Common Stock as may be required for issuance on exercise of the Soliciting Dealer Warrants as a result of any adjustment in the number of shares of Common Stock issuable on such exercise by reason of the anti-dilution provisions of the Soliciting Dealer Warrants.
- (4) Consists of warrants to purchase up to 1,200,000 shares pursuant to the Warrant Purchase Agreement.

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

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

Subject to Completion Dated March 24, 2004

40,000,000 Shares

Common Stock

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Dividend Capital Trust Inc. is a real estate investment trust that owns and operates real estate properties, consisting primarily of high-quality, generic distribution warehouses and light industrial properties net leased to creditworthy corporate tenants. Dividend Capital Trust was formed as a Maryland corporation in April 2002.

We are offering 30,000,000 shares to the public at a price of \$10.00 per share. Dividend Capital Securities LLC, which is an affiliate of Dividend Capital Trust, is acting as an underwriter and dealer manager of this offering on a best efforts basis. We are also offering up to 10,000,000 shares to participants in our distribution reinvestment plan and up to 1,200,000 shares upon the exercise of certain warrants that may be issued to broker-dealers participating in this offering. Subject to certain exceptions described in this prospectus, investors that want to participate in this offering must purchase a minimum of 200 shares for \$2,000.

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

See "Risk Factors" beginning on page 10 for a discussion of certain factors that you should consider before you invest in our common stock. In particular, you should carefully consider the following risks:

We have a limited operating history

There will not be a public trading market for the common stock; if you choose to sell your shares, you will likely receive less than \$10.00 per share

Reliance on our advisor to select properties and conduct our operations

Payment of substantial fees to our advisor and its affiliates

Borrowing which increases the risk of loss of our investments

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

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

	Price to Public	Selling Commissions	Proceeds to the Company(1)(2)
Primary Offering			
Per Share	\$10.00	\$0.60	\$9.40
Total Maximum	\$300,000,000	\$18,000,000	\$282,000,000
Distribution Reinvestment Plan			
Per Share	\$9.50	\$	\$9.50
Total Maximum	\$95,000,000	\$	\$95,000,000

- (1) Proceeds with respect to our primary offering are calculated before deducting certain dealer manager fees and organization and offering expenses payable by us. We will pay a dealer manager fee to our dealer manager of up to 2% of gross offering proceeds. We will reimburse our advisor for organization and offering expenses in an amount up to 2% of gross offering proceeds. Such fees and expenses are estimated to be approximately \$12,000,000 if 30,000,000 shares are sold. See "Management Management Compensation." Proceeds with respect to our distribution reinvestment plan are calculated before deducting a one-time servicing fee payable by us equal to 1% of the undiscounted selling price of the shares. Such fee is estimated to be \$1,000,000 if 10,000,000 shares are sold pursuant to our distribution reinvestment plan. We will also issue, for nominal consideration, soliciting dealer warrants to our dealer manager to purchase one share of common stock at a price of \$12 per share for each 25 shares sold in this offering. See the "Plan of Distribution" section of this prospectus for a complete description of the amount and terms of such fees and expense reimbursement.
- (2) The selling commissions and, in some cases, all or a portion of the dealer manager fee will not be charged with regard to shares sold to or for the account of certain categories of purchasers. The reduction in these fees will be accompanied by a corresponding reduction in the per share purchase price. See "Plan of Distribution."

DIVIDEND CAPITAL SECURITIES LLC

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

The date of this prospectus is _____, 2004

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FORWARD-LOOKING STATEMENTS

We make statements in this prospectus and the documents we incorporate by reference that are considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are usually identified by the use of words such as "will," "anticipates," "believes," "estimates," "expects," "projects," "plans," "intends," "should" or similar expressions. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Reform Act of 1995 and are including this statement for purposes of complying with those safe harbor provisions. These forward-looking statements reflect our current views about our plans, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions and expectations as reflected in or suggested by those forward-looking statements are reasonable, we can give no assurance that the plans, intentions or expectations will be achieved. We have discussed in this prospectus some important risks, uncertainties and contingencies which could cause our actual results, performance or achievements to be materially different from the forward-looking statements we make in these documents.

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

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SUITABILITY STANDARDS

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

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

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

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

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

The minimum purchase is 200 shares (\$2,000), except in certain states as described below. In order to satisfy the minimum purchase requirements for retirement plans, unless otherwise prohibited by state law, a husband and wife may jointly contribute funds from their separate IRAs, provided that each such contribution is made in increments of \$100. You should note that an investment in common stock of Dividend Capital Trust will not, in itself, create a retirement plan and that, in order to create a retirement plan, you must comply with all applicable provisions of the Code.

The minimum purchase for Maine, Minnesota, New York and North Carolina residents is 250 shares (\$2,500), except for IRAs and other qualified retirement plans which must purchase a minimum of 200 shares (\$2,000).

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

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

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

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

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

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

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QUESTIONS AND ANSWERS ABOUT THIS OFFERING

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

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

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

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

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Pays dividends to investors of at least 90% of its taxable income for each year;

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

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

Q:

What is Dividend Capital Trust Inc.?

A:

Dividend Capital Trust was formed in April 2002 as a Maryland corporation to invest in commercial real estate properties consisting primarily of high-quality, generic distribution warehouses and light industrial properties net leased to creditworthy corporate tenants. Our management team targets for acquisitions facilities generally located in the top 20% of the distributions and logistics markets in the United States.

Q:

Who will choose which real estate properties to invest in?

A:

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

Q:

What is Dividend Capital Advisors?

A:

Our advisor was formed as a Colorado limited liability company in April 2002. Certain managers of our advisor, directly or indirectly through affiliated entities, have sponsored two public REITs, American Real Estate Investment Corp. (now known as Keystone Property Trust, NYSE: KTR), which raised approximately \$93,230,000 of equity capital (including \$10,750,000 in its initial public offering and \$82,480,000 in connection with the acquisition of real estate) from more than 130 investors, and Dividend Capital Trust, Inc., which as of March 21, 2004, has raised approximately \$209,200,000 from more than 5,000 investors. In addition, as of March 31, 2004, certain of these managers have sponsored 47 private real estate programs which had raised approximately \$414,000,000 of equity capital from over 500 investors. Collectively, as of March 31, 2004, the public and private programs sponsored by certain managers of our advisor, as described above, purchased interests in 126 real estate projects having combined acquisition and development costs of approximately \$930,000,000. In addition, the Chief Investment Officer of our advisor, in his capacity as either or both of Co-Chairman and Chief Investment Officer of ProLogis Trust, participated in overseeing the growth in its asset base from its inception in 1992 to approximately \$2.5 billion in March 1997.

Q:

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

A:

The following chart shows the ownership structure of the various Dividend Capital entities that are affiliated with our advisor. Dividend Capital Securities Group LLP, Dividend Capital Management

Group LLC and Dividend Capital Advisors Group LLC are presently each majority owned and controlled by John Blumberg, Thomas Florence, James Mulvihill, Mark Quam, Thomas Wattles, Evan Zucker and their affiliates. Dividend Capital Advisors Group LLC and Dividend Capital Management Group LLC have issued and may further issue equity interests or derivatives thereof to certain of their employees or other unaffiliated individuals, consultants or other parties. However, none of such transactions are expected to result in a change in control of these entities.

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

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

We have a limited operating history;

There is not a public market for your shares and no such public market may ever develop; it may be difficult for you to sell your shares and should you choose to sell your shares it will likely be at a price which is less than your purchase price;

Reliance on our advisor and the board of directors for the selection of properties and the application of offering proceeds;

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

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

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

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

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

Q:
What fees will Dividend Capital Trust incur?

A:
We will incur various fees and expenses in our organization and offering stage, our acquisition and development stage and our operating stage. In most cases, these fees will be paid to our advisor or its affiliates, including our dealer manager and our property manager. These fees, which are discussed in detail in the "Management Management Compensation" section of this prospectus, consist of:

- (i) Sales commissions, dealer manager fees and reimbursement of offering expenses which in the aggregate may represent up to 10% of future gross offering proceeds;
- (ii) Acquisition fees which may represent up to 1% of the aggregate purchase price of properties we acquire;
- (iii) Asset management fee of up to 0.75% annually of gross assets (before non-cash reserves and depreciation), in excess of \$170 million;
- (iv) Property management and leasing fees which may equal up to 3% of the gross revenues of each property per annum;
- (v) Initial lease-up fees for newly constructed properties; and
- (vi) Real estate commissions on property sales.

In addition to these fees, certain cash distributions may be made under certain circumstances to an affiliate of our advisor in connection with the Special Units (as defined below).

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

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

Our management team will attempt to accomplish these objectives by acquiring primarily high-quality, generic distribution warehouses and light industrial properties generally located in the top 20% of U.S. industrial markets which are newly constructed, under construction, or which have been previously constructed and have operating histories. In general, national and regional companies utilize the space in these building types to store and ship product to their customers. In some cases, the buildings can be used for light manufacturing or assembly. Our advisor intends to generally focus on properties that have been leased or pre-leased on a net basis to one or more creditworthy corporate tenants.

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

A: Our management team believes that ownership of industrial properties may have certain potential advantages relative to ownership of other classes of real estate. Our management team believes that industrial tenants tend to be more stable than tenants of residential or office properties,

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resulting in greater revenue stability. Because industrial properties are typically leased on a net basis, the owner has limited management responsibilities. Our management team believes that the costs of capital improvements are also generally lower for industrial properties. Our management team also believes that many industrial properties have a shorter development period than other real estate classes, allowing owners to respond more quickly to changes in demand.

Although our management team also believes that there may be certain advantages to investing in industrial properties, by focusing on industrial properties we will not have the advantage of a portfolio of properties that is diversified across different property types. As a result, we will be exposed to risks or trends that have a greater impact on the market for industrial properties. These risks or trends may include the movement of manufacturing facilities to foreign markets which have lower labor or production costs, changes in land use or zoning regulations which restrict the availability of suitable industrial properties and other economic trends or events which would cause industrial properties to under-perform other property types.

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

A: We may acquire some of our properties in joint ventures, some of which may be entered into with affiliates of our advisor. Joint ventures may allow us to acquire an interest in a property without requiring that we fund the entire purchase price. In addition, certain properties may be available to us only through joint ventures. As a result, joint ventures may allow us to diversify our portfolio of properties in terms of geographic region, property type and industry group of our tenants. We may also enter into joint ventures with developers that include acquisition rights on current or future properties to be built or leased or both. Depending upon the circumstance, the joint ventures may have a debt and/or an equity component.

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

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

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

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

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

A: We expect to own all of our real estate properties through an operating partnership called Dividend Capital Operating Partnership LP or subsidiaries of our operating partnership. Our operating partnership has been organized to own and lease real properties on our behalf. Dividend Capital Trust is the sole general partner of our operating partnership and Dividend Capital Trust, our advisor and

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Dividend Capital Advisors Group LLC, the parent of our advisor, are currently the only limited partners of our operating partnership. Dividend Capital Trust has and will continue to contribute the net proceeds of the offering to our operating partnership in return for limited partnership interests. Our operating partnership will use these proceeds to acquire real

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estate properties. In addition, fractional interests in certain of our properties are held in a taxable REIT subsidiary, and may continue to be held in one or more taxable REIT subsidiaries that are wholly owned by our operating partnership. We intend to utilize the taxable REIT subsidiary, or additional taxable REIT subsidiaries in certain transactions to potentially facilitate the sale of interests in our limited partnership.

Q: What is an "UPREIT"?

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

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

A: We pay dividends on a quarterly basis to our shareholders. The amount of each dividend is determined by the board of directors and typically depends on the amount of distributable funds, current and projected cash requirements, tax considerations and other factors. However, in order to remain qualified as a REIT, we must make distributions of at least 90% of our taxable income for each year.

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

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

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

A: Yes. You may participate in our distribution reinvestment plan by checking the appropriate box on the Subscription Agreement (see "Appendix B" of this prospectus) or by filling out an enrollment form we will provide to you at your request. As part of this offering we have registered 10,000,000 shares to be sold under the distribution reinvestment plan at a discounted price equal to the current offering price per share less a 5% discount (currently \$9.50 per share) on the applicable dividend date. (See "Description of Securities Distribution Reinvestment Plan").

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

A: Yes and No. Generally, dividends that you receive, including dividends that are reinvested pursuant to our distribution reinvestment plan, will be taxed as ordinary income to the extent they are from current or accumulated earnings and profits. Although recently enacted tax legislation generally reduces the maximum tax rate for dividends payable by corporations to individuals to 15% through 2008, dividends payable by REITs generally continue to be taxed at the normal ordinary income rates applicable to the individual recipient, rather than the 15% preferential rate. We expect that some portion of your dividends may not be subject to tax in the year received due to the fact that depreciation expenses reduce earnings and profits but do not reduce cash available for distribution. Amounts distributed to you in excess of our earnings and profits will reduce the tax basis of your investment and distributions in

excess of tax basis will be taxable as an amount realized from the sale of your shares of our common stock. This, in effect, would defer a portion of your taxes until

your investment is sold or our assets are liquidated and the net proceeds are distributed to our investors, at which time you may be taxed at capital gains rates. However, because each investor's tax considerations are different, you are urged to consult with your tax advisor. You should also review the section of this prospectus entitled "Federal Income Tax Considerations."

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

A: Our management team will use the net offering proceeds to invest in commercial real estate consisting primarily of high quality, generic distribution warehouses and light industrial properties that are net leased to creditworthy corporate tenants. Our management team intends to invest a minimum of approximately 91.2% of the gross offering proceeds, including shares sold pursuant to our distribution reinvestment plan, to acquire such properties. The remainder of the gross offering proceeds will be used to pay fees and expenses of this offering, which shall include sales commissions, dealer manager fees, reimbursement of offering expenses and acquisition fees in an aggregate amount of up to approximately 8.8% of future gross offering proceeds.

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

A: The payment of fees and expenses will reduce the funds available for investment in real estate. The payment of fees and expenses will also reduce the book value of your shares. However, your initial invested capital amount will remain \$10.00 per share, and your dividend yield will be based on your \$10.00 per share investment. Until we invest the proceeds of this offering in real estate, we may invest in short-term, highly liquid investments. These short-term investments may earn a lower return than we expect to earn on our real estate investments, and we cannot guarantee how long it will take to fully invest the proceeds in real estate.

Q: What kind of offering is this?

A: We are offering the public up to 30,000,000 shares of common stock on a "best efforts" basis. We have also registered 10,000,000 shares to be offered under our distribution reinvestment plan and 1,200,000 shares to be issued upon the exercise of warrants that may be issued to broker-dealers participating in this offering.

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

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

Q: How long will this offering last?

A: The offering will not last beyond April 2006 or until we sell all shares registered under this offering, whichever is sooner.

Q: Who can buy common stock?

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

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

A: Yes. Officers and directors of Dividend Capital Trust and their immediate families, as well as officers and employees of our advisor or other affiliated entities and their immediate families, may

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purchase common stock at a price of \$9.20 per share. The reduced offering price reflects a elimination of the \$0.60 sales commission and the \$0.20 dealer manager fee that would otherwise be paid on each share. Notwithstanding this reduced sale price, the net proceeds received by Dividend Capital Trust will be the same on all common stock sold in the offering.

Q: Is there any minimum investment required?

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

Q: How do I subscribe for common stock?

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

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

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

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

In addition, after you have held your shares for at least one year, you may be able to have your shares repurchased by us pursuant to our share redemption program. (See "Description of Securities Share Redemption Program"). If we have not listed the common stock on a national securities exchange or over-the-counter market by February 2013, our articles of incorporation require us to begin selling our properties and other assets and to distribute the net proceeds to our shareholders.

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

A: The key members of our management team are James R. Mulvihill, Thomas G. Wattles and Evan H. Zucker, each of whom is a director of Dividend Capital Trust as well as a manager of our advisor. From 1989 through March 31, 2004, Messrs. Mulvihill and Zucker have, along with other affiliates, overseen directly, or indirectly through affiliated entities, the acquisition, development, financing and sale of approximately 126 real estate projects with an aggregate value in excess of \$930,000,000. See the "Management Directors and Executive Officers" section of this prospectus for a more detailed description of the background and

experience of each of our officers and directors and the Prior Performance Tables which appear as Appendix A of this Prospectus for detailed information concerning certain real estate programs sponsored by managers of our advisor. In addition, Mr. Wattles, in his capacity as either or both of Co-Chairman and Chief

Investment Officer of ProLogis Trust, participated in overseeing the growth in its asset base from its inception in 1992 to approximately \$2.5 billion in 1997.

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

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

Q: When will I get my detailed tax information?

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

Q: Who can help answer my questions?

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

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

RISK FACTORS

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

INVESTMENT RISKS

We have a limited operating history.

Dividend Capital Trust was formed in April 2002 in order to invest primarily in industrial real estate properties. We have a limited history of operations and a limited portfolio of properties which you are able to evaluate in making a decision to purchase our common stock.

There is no public trading market for your shares.

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

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

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

Dividends payable by REITs do not qualify for the reduced tax rates under recently enacted tax legislation.

Recently enacted tax legislation generally reduces the maximum tax rate for dividends payable by corporations to individuals to 15% through 2008. Dividends payable by REITs, however, generally continue to be taxed at the normal rate applicable to the individual recipient, rather than the 15% preferential rate. Although this legislation does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular corporate dividends could cause investors who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our common stock. (See "Federal Income Tax Considerations Taxation of Taxable U.S. Shareholders Distributions Generally").

We depend on key personnel.

Our success depends to a significant degree upon the continued contributions of certain key personnel, including James Mulvihill, Thomas Wattles and Evan Zucker, each of whom would be difficult to replace. We do not have employment agreements with any of our key personnel, and we currently do not have key man life insurance on any person. If any of our key personnel were to cease employment with us, our operating results could suffer. We also believe that our future success depends, in large part, upon our ability to hire and retain highly skilled managerial, operational and marketing personnel. Competition for such personnel is intense, and we cannot assure you that we will be successful in attracting and retaining such skilled personnel. (See "Management").

Our Advisor will face conflicts of interest relating to time management.

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

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

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

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

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

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

That such venture partner, co-tenant or partner may at any time have economic or business interests or goals which are or which become inconsistent with our business interests or goals; or

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

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

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

Our dealer manager was recently formed and has not participated in similar offerings.

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

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

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

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

Our share redemption program may provide you with a limited opportunity to redeem your shares after you have held them for a period of one year. However, our board of directors reserves the right to suspend or terminate the share redemption program at any time. In addition, our share redemption program contains certain restrictions and limitations. Common stock may be redeemed quarterly on a pro rata basis. Subject to funds being available, the number of shares redeemed during any calendar year will be limited to the lesser of (1) three percent (3%) of the

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weighted average number of shares outstanding during the prior calendar year, and (2) that number of shares we can redeem with the proceeds we receive from the sale of common stock under our distribution reinvestment plan. Therefore, in making a decision to purchase our common stock, you should not assume that you will be able to sell any of your shares back to us pursuant to our share redemption program. (See "Description of Securities Share Redemption Program").

We established the offering price on an arbitrary basis.

Our board of directors arbitrarily determined the selling price of the common stock and such price bears no relationship to property appraisals or to any established criteria for valuing issued or outstanding common stock.

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

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

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

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

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

Our Advisor and its affiliates will perform services for us in connection with the offer and sale of the common stock, the selection and acquisition of our properties, and the management and leasing of our properties. They will be paid substantial fees for these services, which will reduce the amount of cash available for investment in properties and distribution to shareholders. We estimate 8.8% of gross proceeds, including shares issued pursuant to our distribution reinvestment plan, will be paid to our advisor, its affiliates and third parties for up-front fees and expenses associated with the offer and sale of our common stock. (See "Management Management Compensation").

The availability and timing of cash distributions is uncertain.

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

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

Substantially all of the gross offering proceeds will be used for investment in properties and for payment of various fees and expenses. (See the "Estimated Use of Proceeds" section of this prospectus). In addition, we do not anticipate that we will maintain any permanent working capital reserves. Accordingly, in the event that we develop a need for additional capital in the future for the

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improvement of our properties or for any other reason, we cannot assure you that such sources of funding will be available to us.

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

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

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

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

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

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

Adverse economic and geopolitical conditions could negatively affect our returns and profitability.

Recent geopolitical events have exacerbated the general economic slowdown that has affected the nation as a whole and the local economies where our properties may be located. Among others, the following market and economic challenges may adversely affect our operating results:

poor economic times may result in tenant defaults under leases;

job transfers and layoffs may increase vacancies;

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

increased insurance premiums, resulting in part from the increased risk of terrorism, may reduce funds available for distribution or, to the extent we can pass such increases through to tenants, may lead to tenant defaults. Increased insurance premiums also may make it difficult to increase rents to tenants on turnover, which may adversely affect our ability to increase our returns.

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

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

We are likely to enter into joint ventures with third parties to acquire, develop or improve properties. We may also purchase and develop properties in joint ventures or in partnerships, co-tenancies or other co-ownership arrangements. Such investments may involve risks not otherwise present with other methods of investment in real estate, including, but not limited to:

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

that such co-venturer, co-tenant or partner may at any time have economic or business interests or goals which are or which become inconsistent with our business interests or goals; or

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

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

Increases in interest rates could increase the amount of our debt payments and adversely affect our ability to pay dividends to our stockholders.

We have incurred indebtedness and expect that we will incur additional indebtedness in the future. Interest we pay reduces our cash available for distributions. Additionally, when we incur variable rate debt, increases in interest rates increases our interest costs, which reduces our cash flows and our ability to pay dividends to you. In addition, if we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments in properties at times which may not permit realization of the maximum return on such investments. We have incurred indebtedness and expect that we will incur additional indebtedness in the future. Interest we pay reduces our cash available for distributions. Additionally, when we incur variable rate debt, increases in interest rates increases our interest costs, which reduces our cash flows and our ability to pay dividends to you. In addition, if we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments in properties at times which may not permit realization of the maximum return on such investments. (See "Investment Objectives and Criteria Borrowing Policies and Related Indebtedness").

Your investment return may be reduced if we are required to register as an investment company under the investment company act.

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

limitations on capital structure;

restrictions on specified investments;

prohibitions on transactions with affiliates; and

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

In order to maintain our exemption from regulation under the Investment Company Act of 1940, we must engage primarily in the business of buying real estate, and these investments must be made within a year after the offering ends. If we are unable to invest a significant portion of the proceeds of this offering in properties within one year of the termination of the offering, we may avoid being required to register as an investment company by temporarily investing any unused proceeds in government securities with low returns. This would reduce the cash available for distribution to investors and possibly lower your returns.

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

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

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

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

Our advisor may have conflicting fiduciary obligations if we acquire properties with its affiliates.

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

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

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

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

Because the fees that we will pay to our advisor and our other affiliates are based in part on the level of our business activity, it is not possible to predict the amounts of compensation that we will be required to pay these entities. In addition, because key employees of our affiliates are given broad discretion to determine when to consummate a transaction, we rely on these key persons to dictate the level of our business activity. Fees paid to our affiliates will reduce funds available for distribution. Because we cannot predict the amount of fees due to these affiliates, we cannot predict precisely how such fees will impact our distributions. (See "Management Management Compensation").

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

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Our dealer manager, Dividend Capital Securities LLC, is one of our affiliates and will not make an independent review of us or the offering. Accordingly, you do not have the benefit of an independent review of the terms of this offering. Further, the due diligence investigation of us by the dealer manager cannot be considered to be an independent review and, therefore, may not be as meaningful as a review conducted by an unaffiliated broker-dealer or investment banker. In addition, a substantial portion of the proceeds of the offering will be paid to our dealer manager for managing the offering, including cash selling commissions, a marketing contribution and a due diligence expense allowance.

If we invest in a limited partnership as a general partner we could be responsible for all liabilities of such partnership.

In some joint ventures or other investments we may make, if the entity in which we invest is a limited partnership, we may acquire all or a portion of our interest in such partnership as a general partner. As a general partner, we could be liable for all the liabilities of such partnership. Additionally, we may also be required to take our interests in other investments as a non-managing general partner as in the case of our initial investment. Consequently, we would be potentially liable for all such liabilities without having the same rights of management or control over the operation of the partnership as the managing general partner or partners may have. Therefore, we may be held responsible for all of the liabilities of an entity in which we do not have full management rights or control, and our liability may far exceed the amount or value of investment we initially made or then had in the partnership.

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

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

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

We may purchase property located in Mexico and Canada. These investments may be affected by factors peculiar to the laws and business practices of the jurisdictions in which the properties are located. These laws may expose us to risks that are different from and in addition to those commonly found in the United States. Foreign investments could be subject to the following risks:

changing governmental rules and policies, including changes in land use and zoning laws;

enactment of laws relating to the foreign ownership of real property or mortgages and laws restricting the ability of foreign persons or companies to remove profits earned from activities within the country to the person's or company's country of origin;

variations in currency exchange rates;

adverse market conditions caused by terrorism, civil unrest and changes in national or local governmental or economic conditions;

the willingness of domestic or foreign lenders to make mortgage loans in certain countries and changes in the availability, cost and terms of mortgage funds resulting from varying national economic policies;

the imposition of unique tax structures and changes in real estate and other tax rates and other operating expenses in particular countries;

general political and economic instability;

Our limited experience and expertise in foreign countries relative to its experience and expertise in the United States; and

more stringent environmental laws or changes in such laws.

Our UPREIT structure may result in potential conflicts of interest.

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

REAL ESTATE RISKS

General Real Estate Risks

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