

DCT Industrial Trust Inc.  
 Form 10-Q  
 August 03, 2018

UNITED STATES  
 SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549  
 Form 10-Q  
 (Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
 For the quarterly period ended June 30, 2018

OR  
 Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
 For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
 Commission File Number 001-33201 (DCT Industrial Trust Inc.) 333-195185 (DCT Industrial Operating Partnership LP)

---

DCT INDUSTRIAL TRUST INC.  
 DCT INDUSTRIAL OPERATING PARTNERSHIP LP  
 (Exact name of registrant as specified in its charter)

---

Maryland (DCT Industrial Trust Inc.)	82-0538520
Delaware (DCT Industrial Operating Partnership LP)	82-0538522
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
555 17th Street, Suite 3700	80202
Denver, Colorado	(Zip Code)
(Address of principal executive offices)	
(303) 597-2400	
(Registrant's telephone number, including area code)	

---

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

DCT Industrial Trust Inc. Yes  No  DCT Industrial Operating Partnership LP Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

DCT Industrial Trust Inc. Yes  No  DCT Industrial Operating Partnership LP Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

DCT Industrial Trust Inc.:

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
	(Do not check if a smaller reporting company)	Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

Exchange Act.

..

DCT Industrial Operating Partnership LP:

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

..

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

DCT Industrial Trust Inc. Yes  No  DCT Industrial Operating Partnership LP Yes  No

As of July 27, 2018, 94,204,340 shares of common stock of DCT Industrial Trust Inc., par value \$0.01 per share, were outstanding.

## EXPLANATORY NOTE

This report combines the Quarterly Reports on Form 10-Q for the period ended June 30, 2018 of DCT Industrial Trust Inc., a Maryland corporation, and DCT Industrial Operating Partnership LP, a Delaware limited partnership. Except as otherwise indicated herein, the terms “Company,” “we,” “our” and “us” refer to DCT Industrial Trust Inc. and its subsidiaries, including its operating partnership, DCT Industrial Operating Partnership LP. When we use the term “DCT” or “DCT Industrial,” we are referring to DCT Industrial Trust Inc. by itself, and not including any of its subsidiaries, and when we use the term “Operating Partnership,” we are referring to DCT Industrial Operating Partnership LP by itself, and not including any of its subsidiaries.

We are a leading industrial real estate company specializing in the ownership, acquisition, development, leasing and management of bulk-distribution and light-industrial properties located in high-demand distribution markets in the United States. DCT's actively managed portfolio is strategically located near population centers and well-positioned to take advantage of market dynamics. DCT has elected to be treated as a real estate investment trust, or REIT, for U.S. federal income tax purposes. We are structured as an umbrella partnership REIT under which substantially all our current and future business is, and will be, conducted through a majority owned and controlled subsidiary, DCT Industrial Operating Partnership LP, a Delaware limited partnership, for which DCT is the sole general partner. We own our properties through the Operating Partnership and its subsidiaries. As of June 30, 2018, DCT owned approximately 96.7% of the outstanding equity interests in the Operating Partnership.

We operate DCT and the Operating Partnership as one enterprise. The management of DCT consists of the same members as the management of the Operating Partnership. As general partner with control of the Operating Partnership, DCT consolidates the Operating Partnership for financial reporting purposes. DCT does not have significant assets other than its investment in the Operating Partnership. Therefore, the assets and liabilities of DCT and the Operating Partnership are the same on their respective financial statements.

We believe combining the quarterly reports on Form 10-Q of DCT and the Operating Partnership into this single report results in the following benefits:

- enhances investors' understanding of DCT and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminates duplicative disclosures and provides a more streamlined and readable presentation as a substantial portion of the Company's disclosures apply to both DCT and the Operating Partnership; and
- creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

Stockholders' equity, partners' capital and noncontrolling interests are the main areas of difference between the Consolidated Financial Statements of DCT and those of the Operating Partnership. Equity interests in the Operating Partnership held by entities other than DCT are classified within partners' capital in the Operating Partnership's financial statements and as noncontrolling interests in DCT's financial statements. Equity interests of 3.3% of the Operating Partnership were owned by executives and non-affiliated limited partners as of June 30, 2018.

To help investors understand the differences between DCT and the Operating Partnership, this report provides separate Consolidated Financial Statements for DCT and the Operating Partnership; a single set of consolidated notes to such financial statements that includes separate discussions of each entity's stockholders' equity or partners' capital, as applicable; and a combined Management's Discussion and Analysis of Financial Condition and Results of Operations section that includes distinct information related to each entity.

This report also includes separate Part I, Item 4. Controls and Procedures sections and separate Exhibits 31 and 32 certifications for DCT and the Operating Partnership to establish that the requisite certifications have been made and that DCT and the Operating Partnership are both compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.

DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES  
DCT INDUSTRIAL OPERATING PARTNERSHIP LP AND SUBSIDIARIES  
Index to Form 10-Q

	Page
<b>PART I. FINANCIAL INFORMATION</b>	
Item 1. Consolidated Financial Statements:	
DCT Industrial Trust Inc.	
<u>Consolidated Balance Sheets as of June 30, 2018 (unaudited) and December 31, 2017</u>	<u>3</u>
<u>Consolidated Statements of Operations for the three and six months ended June 30, 2018 and 2017 (unaudited)</u>	<u>4</u>
<u>Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2018 and 2017 (unaudited)</u>	<u>5</u>
<u>Consolidated Statement of Changes in Equity for the six months ended June 30, 2018 (unaudited)</u>	<u>6</u>
<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2018 and 2017 (unaudited)</u>	<u>7</u>
DCT Industrial Operating Partnership LP	
<u>Consolidated Balance Sheets as of June 30, 2018 (unaudited) and December 31, 2017</u>	<u>8</u>
<u>Consolidated Statements of Operations for the three and six months ended June 30, 2018 and 2017 (unaudited)</u>	<u>9</u>
<u>Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2018 and 2017 (unaudited)</u>	<u>10</u>
<u>Consolidated Statement of Changes in Capital for the six months ended June 30, 2018 (unaudited)</u>	<u>11</u>
<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2018 and 2017 (unaudited)</u>	<u>12</u>
DCT Industrial Trust Inc. and DCT Industrial Operating Partnership LP	
<u>Notes to Consolidated Financial Statements (unaudited)</u>	<u>13</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>27</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>49</u>
Item 4. <u>Controls and Procedures</u>	<u>50</u>
<b>PART II. OTHER INFORMATION</b>	
Item 1. <u>Legal Proceedings</u>	<u>51</u>
Item 1A. <u>Risk Factors</u>	<u>51</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>56</u>
Item 3. <u>Defaults upon Senior Securities</u>	<u>56</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>56</u>
Item 5. <u>Other Information</u>	<u>56</u>
Item 6. <u>Exhibits</u>	<u>57</u>
<b><u>SIGNATURES</u></b>	<b><u>58</u></b>

## DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

## Consolidated Balance Sheets

(in thousands, except share information)

	June 30, 2018	December 31, 2017
ASSETS	(unaudited)	
Land	\$ 1,216,121	\$ 1,162,908
Buildings and improvements	3,385,873	3,284,976
Intangible lease assets	57,869	65,919
Construction in progress	173,139	149,994
Total investment in properties	4,833,002	4,663,797
Less accumulated depreciation and amortization	(961,173 )	(919,186 )
Net investment in properties	3,871,829	3,744,611
Investments in and advances to unconsolidated joint ventures	73,031	72,231
Net investment in real estate	3,944,860	3,816,842
Cash and cash equivalents	19,843	10,522
Restricted cash	15,813	14,768
Straight-line rent and other receivables, net of allowance for doubtful accounts of \$230 and \$425, respectively	82,726	80,119
Other assets, net	19,904	25,740
Assets held for sale	—	62,681
Total assets	\$4,083,146	\$4,010,672
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 106,714	\$ 115,150
Distributions payable	35,184	35,070
Tenant prepaids and security deposits	36,654	34,946
Other liabilities	36,669	34,172
Intangible lease liabilities, net	16,985	18,482
Line of credit	324,000	234,000
Senior unsecured notes	1,287,426	1,328,225
Mortgage notes	163,330	160,129
Liabilities related to assets held for sale	—	1,035
Total liabilities	2,006,962	1,961,209
Equity:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized, none outstanding	—	—
Shares-in-trust, \$0.01 par value, 100,000,000 shares authorized, none outstanding	—	—
Common stock, \$0.01 par value, 500,000,000 shares authorized, 94,113,116 and 93,707,264 shares issued and outstanding as of June 30, 2018 and December 31, 2017, respectively	941	937
Additional paid-in capital	3,000,086	2,985,122
Distributions in excess of earnings	(1,015,254 )	(1,022,605 )
Accumulated other comprehensive loss	(5,036 )	(11,893 )

Edgar Filing: DCT Industrial Trust Inc. - Form 10-Q

Total stockholders' equity	1,980,737	1,951,561
Noncontrolling interests	95,447	97,902
Total equity	2,076,184	2,049,463
Total liabilities and equity	\$4,083,146	\$4,010,672

The accompanying notes are an integral part of these Consolidated Financial Statements.

DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES  
Consolidated Statements of Operations  
(unaudited, in thousands, except per share information)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
<b>REVENUES:</b>				
Rental revenues	\$109,781	\$104,217	\$219,204	\$209,641
Institutional capital management and other fees	288	304	672	776
Total revenues	110,069	104,521	219,876	210,417
<b>OPERATING EXPENSES:</b>				
Rental expenses	9,246	9,226	19,485	18,688
Real estate taxes	17,061	15,529	33,785	32,295
Real estate related depreciation and amortization	41,896	41,447	83,128	83,052
General and administrative	12,824	7,821	20,288	15,013
Casualty loss (gain)	240	—	245	(270)
Total operating expenses	81,267	74,023	156,931	148,778
Operating income	28,802	30,498	62,945	61,639
<b>OTHER INCOME (EXPENSE):</b>				
Equity in earnings of unconsolidated joint ventures, net	1,089	2,737	2,166	4,253
Gain on dispositions of real estate interests	11,784	28,076	43,974	28,102
Interest expense	(16,133)	(16,805)	(32,183)	(33,560)
Other expense	(114)	(7)	(80)	(12)
Impairment loss on land	—	(938)	(371)	(938)
Income tax expense and other taxes	(140)	(69)	(221)	(203)
Consolidated net income of DCT Industrial Trust Inc.	25,288	43,492	76,230	59,281
Net income attributable to noncontrolling interests	(1,172)	(1,858)	(3,291)	(2,688)
Net income attributable to common stockholders	24,116	41,634	72,939	56,593
Distributed and undistributed earnings allocated to participating securities	(191)	(162)	(408)	(323)
Adjusted net income attributable to common stockholders	\$23,925	\$41,472	\$72,531	\$56,270
<b>NET EARNINGS PER COMMON SHARE:</b>				
Basic	\$0.25	\$0.45	\$0.77	\$0.61
Diluted	\$0.25	\$0.45	\$0.77	\$0.61
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:</b>				
Basic	94,101	92,307	93,956	92,030
Diluted	94,124	92,429	93,981	92,156
Distributions declared per common share	\$0.36	\$0.31	\$0.72	\$0.62

The accompanying notes are an integral part of these Consolidated Financial Statements.





DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES  
 Consolidated Statements of Comprehensive Income  
 (unaudited, in thousands)

	Three Months		Six Months Ended	
	Ended June 30,		June 30,	
	2018	2017	2018	2017
Consolidated net income of DCT Industrial Trust Inc.	\$25,288	\$43,492	\$76,230	\$59,281
Other comprehensive income (loss):				
Net derivative gain (loss) on cash flow hedging instruments	1,516	(1,503 )	5,171	(1,142 )
Net reclassification adjustment on cash flow hedging instruments	906	1,402	2,006	2,888
Other comprehensive income (loss)	2,422	(101 )	7,177	1,746
Comprehensive income	27,710	43,391	83,407	61,027
Comprehensive income attributable to noncontrolling interests	(1,278 )	(1,882 )	(3,611 )	(2,781 )
Comprehensive income attributable to common stockholders	\$26,432	\$41,509	\$79,796	\$58,246

The accompanying notes are an integral part of these Consolidated Financial Statements.

## DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

## Consolidated Statement of Changes in Equity

(unaudited, in thousands)

	Total Equity	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Distributions in Excess of Earnings	Accumulated Other Comprehen- sive Loss	Non-controlling Interests
Balance at December 31, 2017	\$2,049,463	93,707	\$ 937	\$2,985,122	\$(1,022,605)	\$(11,893 )	\$ 97,902
Cumulative effect of revenue accounting change (Note 2)	2,256	—	—	—	2,256	—	—
Net income	76,230	—	—	—	72,939	—	3,291
Other comprehensive income	7,177	—	—	—	—	6,857	320
Issuance of common stock, net of offering costs	10,769	191	2	10,767	—	—	—
Issuance of common stock, stock-based compensation plans	(764 )	36	—	(764 )	—	—	—
Amortization of stock-based compensation	3,852	—	—	880	—	—	2,972
Distributions to common stockholders and noncontrolling interests	(71,588 )	—	—	—	(67,844 )	—	(3,744 )
Capital contributions from noncontrolling interests	873	—	—	—	—	—	873
Redemptions of noncontrolling interests	(2,084 )	179	2	4,081	—	—	(6,167 )
Balance at June 30, 2018	\$2,076,184	94,113	\$ 941	\$3,000,086	\$(1,015,254)	\$(5,036 )	\$ 95,447

The accompanying notes are an integral part of these Consolidated Financial Statements.

## DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

(unaudited, in thousands)

	Six Months Ended June 30,	
	2018	2017
<b>OPERATING ACTIVITIES:</b>		
Consolidated net income of DCT Industrial Trust Inc.	\$76,230	\$59,281
Adjustments to reconcile consolidated net income of DCT Industrial Trust Inc. to net cash provided by operating activities:		
Real estate related depreciation and amortization	83,128	83,052
Gain on dispositions of real estate interests	(43,974 )	(28,102 )
Distributions of earnings from unconsolidated joint ventures	3,353	22,717
Equity in earnings of unconsolidated joint ventures, net	(2,166 )	(4,253 )
Impairment loss on land	371	938
Stock-based compensation	3,198	3,004
Casualty loss (gain)	245	(270 )
Straight-line rent	(2,553 )	(4,214 )
Other	2,286	2,515
Changes in operating assets and liabilities:		
Other receivables and other assets	4,234	8,395
Accounts payable, accrued expenses and other liabilities	(5,179 )	(3,599 )
Net cash provided by operating activities	119,173	139,464
<b>INVESTING ACTIVITIES:</b>		
Real estate acquisitions	(78,157 )	(35,555 )
Capital expenditures and development activities	(152,827)	(97,532 )
Proceeds from dispositions of real estate investments	133,619	52,868
Investments in unconsolidated joint ventures	(622 )	(11,891 )
Proceeds from casualties	—	300
Distributions of investments in unconsolidated joint ventures	773	3,546
Other investing activities	(733 )	(3,278 )
Net cash used in investing activities	(97,947 )	(91,542 )
<b>FINANCING ACTIVITIES:</b>		
Proceeds from senior unsecured revolving line of credit	145,000	189,000
Repayments of senior unsecured revolving line of credit	(55,000 )	(131,000)
Proceeds from senior unsecured notes	—	51,940
Repayments of senior unsecured notes	(41,500 )	(76,000 )
Proceeds from mortgage notes	7,113	—
Principal payments on mortgage notes	(3,417 )	(37,770 )
Net settlement on issuance of stock-based compensation awards	(764 )	(1,452 )
Proceeds from issuance of common stock	10,963	60,694
Offering costs for issuance of common stock and OP Units	(194 )	(1,199 )
Redemption of noncontrolling interests	(2,084 )	(4,280 )
Dividends to common stockholders	(67,700 )	(56,908 )
Distributions paid to noncontrolling interests	(3,774 )	(2,868 )
Contributions from noncontrolling interests	873	532
Other financing activity	(365 )	(698 )
Net cash used in financing activities	(10,849 )	(10,009 )
<b>NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>10,377</b>	<b>37,913</b>

Edgar Filing: DCT Industrial Trust Inc. - Form 10-Q

CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	25,845	18,074
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	\$36,222	\$55,987

Supplemental Disclosures of Cash Flow Information

Cash paid for interest, net of capitalized interest \$29,190 \$30,616

Supplemental Disclosures of Non-Cash Activities

Retirement of fully depreciated and amortized assets \$20,651 \$15,660

Redemptions of OP Units settled in shares of common stock \$4,083 \$2,380

Increase in dividends declared and not paid \$(114 ) \$(410 )

Contributions from noncontrolling interests \$— \$745

Decrease in capital expenditures accruals \$(901 ) \$(8,301 )

Capitalized stock compensation \$654 \$687

The accompanying notes are an integral part of these Consolidated Financial Statements.

## DCT INDUSTRIAL OPERATING PARTNERSHIP LP AND SUBSIDIARIES

## Consolidated Balance Sheets

(in thousands, except unit information)

	June 30, 2018	December 31, 2017
ASSETS		
	(unaudited)	
Land	\$ 1,216,121	\$ 1,162,908
Buildings and improvements	3,385,873	3,284,976
Intangible lease assets	57,869	65,919
Construction in progress	173,139	149,994
Total investment in properties	4,833,002	4,663,797
Less accumulated depreciation and amortization	(961,173 )	(919,186 )
Net investment in properties	3,871,829	3,744,611
Investments in and advances to unconsolidated joint ventures	73,031	72,231
Net investment in real estate	3,944,860	3,816,842
Cash and cash equivalents	19,843	10,522
Restricted cash	15,813	14,768
Straight-line rent and other receivables, net of allowance for doubtful accounts of \$230 and \$425, respectively	82,726	80,119
Other assets, net	19,904	25,740
Assets held for sale	—	62,681
Total assets	\$4,083,146	\$ 4,010,672
LIABILITIES AND CAPITAL		
Liabilities:		
Accounts payable and accrued expenses	\$ 106,714	\$ 115,150
Distributions payable	35,184	35,070
Tenant prepaids and security deposits	36,654	34,946
Other liabilities	36,669	34,172
Intangible lease liabilities, net	16,985	18,482
Line of credit	324,000	234,000
Senior unsecured notes	1,287,426	1,328,225
Mortgage notes	163,330	160,129
Liabilities related to assets held for sale	—	1,035
Total liabilities	2,006,962	1,961,209
Partners' Capital:		
General Partner:		
OP Units, 973,093 and 969,565 issued and outstanding as of June 30, 2018 and December 31, 2017, respectively	20,657	20,467
Limited Partners:		
OP Units, 96,336,213 and 95,986,961 issued and outstanding as of June 30, 2018 and December 31, 2017, respectively	2,045,062	2,026,234
Accumulated other comprehensive loss	(5,205 )	(12,303 )
Total partners' capital	2,060,514	2,034,398
Noncontrolling interests	15,670	15,065
Total capital	2,076,184	2,049,463
Total liabilities and capital	\$4,083,146	\$ 4,010,672

The accompanying notes are an integral part of these Consolidated Financial Statements.



## DCT INDUSTRIAL OPERATING PARTNERSHIP LP AND SUBSIDIARIES

## Consolidated Statements of Operations

(unaudited, in thousands, except per unit information)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
<b>REVENUES:</b>				
Rental revenues	\$109,781	\$104,217	\$219,204	\$209,641
Institutional capital management and other fees	288	304	672	776
Total revenues	110,069	104,521	219,876	210,417
<b>OPERATING EXPENSES:</b>				
Rental expenses	9,246	9,226	19,485	18,688
Real estate taxes	17,061	15,529	33,785	32,295
Real estate related depreciation and amortization	41,896	41,447	83,128	83,052
General and administrative	12,824	7,821	20,288	15,013
Casualty loss (gain)	240	—	245	(270 )
Total operating expenses	81,267	74,023	156,931	148,778
Operating income	28,802	30,498	62,945	61,639
<b>OTHER INCOME (EXPENSE):</b>				
Equity in earnings of unconsolidated joint ventures, net	1,089	2,737	2,166	4,253
Gain on dispositions of real estate interests	11,784	28,076	43,974	28,102
Interest expense	(16,133 )	(16,805 )	(32,183 )	(33,560 )
Other expense	(114 )	(7 )	(80 )	(12 )
Impairment loss on land	—	(938 )	(371 )	(938 )
Income tax expense and other taxes	(140 )	(69 )	(221 )	(203 )
Consolidated net income of DCT Industrial Operating Partnership LP	25,288	43,492	76,230	59,281
Net income attributable to noncontrolling interests	(366 )	(247 )	(754 )	(480 )
Net income attributable to OP Unitholders	24,922	43,245	75,476	58,801
Distributed and undistributed earnings allocated to participating securities	(191 )	(162 )	(408 )	(323 )
Adjusted net income attributable to OP Unitholders	\$24,731	\$43,083	\$75,068	\$58,478
<b>NET EARNINGS PER OP UNIT:</b>				
Basic	\$0.25	\$0.45	\$0.77	\$0.61
Diluted	\$0.25	\$0.45	\$0.77	\$0.61
<b>WEIGHTED AVERAGE OP UNITS OUTSTANDING:</b>				
Basic	97,311	95,827	97,223	95,622
Diluted	97,334	95,949	97,248	95,748
Distributions declared per OP Unit	\$0.36	\$0.31	\$0.72	\$0.62

The accompanying notes are an integral part of these Consolidated Financial Statements.

DCT INDUSTRIAL OPERATING PARTNERSHIP LP AND SUBSIDIARIES  
Consolidated Statements of Comprehensive Income  
(unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Consolidated net income of DCT Industrial Operating Partnership LP	\$25,288	\$43,492		